

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

April 20, 2016

An Adjourned Meeting of the Board of Directors of Vista Irrigation District was held on Wednesday, April 20, 2016, at the offices of the District, 1391 Engineer Street, Vista, California.

1. CALL TO ORDER

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

2. ROLL CALL

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

Directors absent: None.

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

Other attendees: None.

3. PLEDGE OF ALLEGIANCE

Director MacKenzie led the pledge of allegiance.

4. APPROVAL OF AGENDA

16-04-40	<i>Upon motion by Director MacKenzie, seconded by Director Reznicek and unanimously carried (5 ayes: Miller, Vásquez, Dorey, Reznicek, and MacKenzie), the Board of Directors approved the agenda as presented.</i>
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5. PUBLIC COMMENT TIME

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

6. CONSENT CALENDAR

Director MacKenzie requested two clarifications be made to Page 5 of the draft minutes of the April 6 Board meeting. She said that the last sentence in the second paragraph should read: *ACWA is now considering dividing the amendment into separate issues, tackling storm water separately and lifeline and tiered rates through the amendment to Article 10.* She further stated that in the fourth paragraph, Jim Bennet should be identified as the Hydrologist for the County of San Diego. The Secretary stated that she would make the corrections.

16-04-41 *Upon motion by Director Dorey, seconded by Director Miller and unanimously carried (5 ayes: Miller, Vásquez, Dorey, Reznicek, and MacKenzie), the Board of Directors approved the Consent Calendar, including the minutes of April 6, 2016 as amended, and Resolution No. 16-10 approving disbursements.*

A. Minutes of the Public Affairs Committee meeting on April 5, 2016

The Minutes of the Public Affairs Committee meeting on April 5, 2016 were presented for information only.

B. Minutes of Board of Directors meetings on April 6 and 12, 2016

The minutes of April 6 and 12, 2016 were both approved as amended.

C. Resolution ratifying check disbursements

RESOLUTION NO. 16-10

BE IT RESOLVED, that the Board of Directors of Vista Irrigation District does hereby approve checks numbered 52874 through 52948 drawn on Union Bank totaling \$931,272.24.

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 20th day of April 2016.

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7. VID SCHOLARSHIP CONTEST

See staff report attached hereto.

Administrative Services Manager Brett Hodgkiss provided an overview of the 2016 VID Scholarship Contest, stating that this year the District received six applications. Mr. Hodgkiss said that the Public Affairs Committee, as the official recommending body, met and reviewed the applications and the Committee's recommendations were being presented for the Board's consideration. Chair of the Public Affairs Committee, President Vasquez, stated that the winner being recommended by himself and fellow committee member Director Reznicek, wrote a very technical and well thought out essay addressing the District's current and future water supplies in light of the ongoing drought conditions in California. President Vásquez added that the runners-up also wrote good essays that were well researched. Director Reznicek stated that he and President Vásquez reviewed the applications independently, and both came to the same conclusion regarding the winner. Director Reznicek stated that the two runners-up were agreed upon after deliberations by the Committee.

16-04-42 *Upon motion by Director Miller, seconded by Director Dorey and unanimously carried (5 ayes: Miller, Vásquez, Dorey, Reznicek, and MacKenzie), the Board of Directors approved the Public Affairs Committee's recommendations to award a \$1,500 scholarship to Nicholas Smith from Tri-City Christian School as the winner of the Vista Irrigation District scholarship contest, and \$750 scholarships to Marcy Faison from North County Trade Tech and Randy Robbins from Rancho Buena Vista High School as runners-up in the scholarship contest.*

8. 2015 ANNUAL REPORT

See staff report attached hereto.

Mr. Hodgkiss stated that this item was also reviewed by the Public Affairs Committee, and the draft Annual Report before the Board is recommended by the Committee for approval by the Board. President Vásquez said that the articles that were put together based on input from the 2015 Public Affairs Committee were well put together. President Vásquez further complimented the colorful and graphic style of the report, adding that he is quite pleased with the overall report. The Board was also complimentary of the look, feel and readability of the report. Director MacKenzie noted that the Lake Henshaw service area was not depicted in the Division Boundary Map, and she asked that staff see if there is a way to add it to the map in the future.

16-04-43 *Upon motion by Director Reznicek, seconded by Director MacKenzie and unanimously carried (5 ayes: Miller, Vásquez, Dorey, Reznicek, and MacKenzie), the Board of Directors approved the 2015 Annual Report as presented.*

9. LOCAL AGENCY FORMATION COMMISSION SPECIAL DISTRICTS ELECTION

See staff report attached hereto.

General Manager Roy Coox noted that both candidates in the run-off election sent letters requesting the District's support. Mr. Coox recalled that in the original election which resulted in this run-off election the Board cast its vote for Dennis Sanford of the Rainbow Municipal Water District.

16-04-44 *Upon motion by Director Miller, seconded by Director Dorey and unanimously carried (5 ayes: Miller, Vásquez, Dorey, Reznicek, and MacKenzie), the Board of Directors cast its vote for Dennis Sanford of Rainbow Municipal Water District in the 2015-2016 San Diego Local Agency Formation Commission Special Districts Run-off Election.*

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

See staff report attached hereto.

Director Miller reported that there has not been a Water Authority Board meeting since his last report. Mr. Coox reported on the Water Authority General Managers' meeting he and Assistant General Manager Eldon Boone attended the previous day where there was a presentation from the State Division of Drinking Water about a new rule for testing for lead and copper in drinking water which is related to the recent introduction of desalinated water into the systems and how it may impact pipes differently from non-desalinated water. Mr. Coox said that the District and several other agencies that all receive minimal desalinated water have all sent letters requesting an exemption to this rule. Mr. Coox added that the water the District receives from the Water Authority is only 2-3 percent desalinated water.

Mr. Coox further reported on the Water Authority General Managers' meeting stating that there was a discussion about drought regulations, which are still being discussed at the State level as to whether any permanent regulations will be imposed. Mr. Coox said that a decision is expected on this sometime in May. Mr. Coox said there was also an interesting discussion of a bill being considered by the legislature which would require Padre Dam Municipal Water District and/or Otay Water District, in conjunction with the Water Authority, to provide Sycuan Indian Reservation with water service, and potentially waiving all requirements such as the California Environmental Quality Act, and all fees related to becoming a Water Authority member. Mr. Coox said that this could be precedent setting for San Diego County, and there could be future ramifications.

11. REPORTS ON MEETINGS AND EVENTS ATTENDED BY DIRECTORS, AND AUTHORIZATION FOR DIRECTOR ATTENDANCE AT UPCOMING MEETINGS AND EVENTS

See staff report attached hereto.

Director MacKenzie reported on her attendance at a meeting of the CSDA Finance Corporation the previous Thursday where it was noted that the Finance Corp. closed two financings the previous year totaling \$5.7 million. She noted that there are four financings currently in process totaling \$3 million. Director MacKenzie reported on her attendance at a meeting of the Special Districts Leadership Foundation (SDLF) where it was reported that so far this year, the SDLF has awarded nearly \$15,000 in scholarships to districts with annual budgets less than \$500,000.

Director MacKenzie reported on her attendance at an ACWA State Legislative Committee meeting. She provided the Board with a list of the bills that were discussed, and the position taken by the ACWA State Legislative Committee (attached hereto as Exhibit A). ACWA Executive Director Tim Quinn also made a presentation at this meeting regarding the ACWA Strategic and Business Plan recently adopted by the ACWA Board.

Director MacKenzie reported on her attendance at a CSDA Board meeting where there was a discussion regarding proposed legislation SB 885 having to do with design-build construction contracts, and specifying that a design professional would not have a duty to defend claims against any other person or entity arising from the project. She noted that this bill is open to interpretation, and has been met with great opposition. Director MacKenzie reported on other legislation such as SB 1292 regarding the elimination of the authority of a grand jury to request a subject person to come before it for purposes of reading and discussing the findings of a grand jury report. The bill would instead require a grand jury to conduct at least one exit interview of an official to which recommendations will be directed in a final grand jury report. This bill was sponsored by CSDA and is passing out of committee unanimously.

Director Dorey reported on his attendance at a meeting of the San Luis Rey Watershed Council (SLRWC) Board meeting where the new representative for San Diego County was introduced to the group. There was a discussion at this meeting regarding a grant the SLRWC received from the California Department of Fish and Wildlife to help support community water conservation and habitat restoration in San Luis Rey River. Director Dorey said that he brought up the subject of transparency and notification of meetings, especially in light of the SLRWC receiving a large grant. Director Dorey said that there was a long discussion on this topic.

Director Dorey reported on his attendance at a meeting of the Southern California Groundwater Resources Committee in Orange County. The speaker, Ty Ferre, a Professor of Hydrology and Water Resources, University of Arizona, who was named the 2016 Henry Darcy Distinguished Lecturer by the National Ground Water Research and Educational Foundation, made a presentation on ground water.

Director Dorey reported on his attendance at the Council of Water Utilities (COWU) meeting where Julia Richards, Executive Director of the San Diego River Conservancy, made a presentation about what the Conservancy is and what it does. Director Dorey noted that the Conservancy is an independent, non-regulatory agency within the Resources Agency of the State of California. The mission of the Conservancy is the restoration and conservation of the San Diego River area.

President Vásquez reported on his participation in a teleconference with the ACWA Region 10 Board discussing the upcoming Region 10 Program to be hosted by the Vista Irrigation District. The choice of moderators, the name of the program, and other details for the event were discussed, with another teleconference planned for May.

President Vasquez said that due to his wife's recently scheduled surgery and the care for her that he will need to provide in the weeks following the surgery, it is necessary for him to cancel his attendance at the upcoming ACWA Spring Conference. He said that all of the expenditures that were made on his behalf were recouped by staff except for the ACWA cancellation fee, which was \$75. He requested that the Board approve forgiveness for the cancellation fee. President Vásquez also requested forgiveness of the \$25 registration fee for the April COWU meeting, which he missed due to car problems.

President Vásquez and Director MacKenzie requested authorization to attend the "Meet with the ACWA President" event the following day at the Water Authority. Director Dorey requested to attend the COWU meeting in May. Director MacKenzie requested to attend the CSDA Annual Conference in San Diego in October. She requested hotel accommodations for the conference, and she asked that staff make the reservations now before the hotel block fills up. She stated that she anticipated some early meetings that will necessitate her staying overnight the night before. Director MacKenzie said that once the agenda is available for the conference, she would determine how many nights lodging she will need, and she will cancel the nights not needed.

16-04-45	<i>Upon motion by Director Dorey, seconded by Director Miller and unanimously carried (5 ayes: Miller, Vásquez, Dorey, Reznicek, and MacKenzie), the Board of Directors approved forgiveness of \$75 for President Vásquez' ACWA Conference Cancellation Fee, and \$25 for President Vásquez' missed COWU meeting in April; President Vasquez and Director MacKenzie to attend the meeting with the ACWA President on April 21 at the Water Authority; Director Dorey to attend COWU in May; Director MacKenzie to attend the CSDA Annual Conference in San Diego in October with hotel accommodations as needed.</i>
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12. ITEMS FOR FUTURE AGENDAS AND/OR PRESS RELEASES

See staff report attached hereto.

Director MacKenzie requested an update regarding the District's tap water promotion and the partnership between the District and the City of Vista and the Vista Unified School District for the installation of hydration stations to further the promotion. Mr. Coox responded that staff will prepare an update for the Board on this matter. Mr. Coox stated that the District plans to host a booth which will feature the District's portable hydration station and bottle giveaways at the Vista Strawberry Festival in May in support of the District's *Love Tap!* drink tap water promotion.

13. COMMENTS BY DIRECTORS

Director MacKenzie commented that she found two letters online, one from San Diego Mayor Faulconer and another from San Diego Gas and Electric in support of AB 2470 mentioned by Mr. Coox earlier in the meeting regarding the bill requiring Padre Dam Municipal Water District and/or Otay Water District, in conjunction with the Water Authority, to provide Sycuan Indian Reservation with water service.

President Vásquez said that if there is a need to cast a vote on behalf of the District while at the ACWA Conference, it would be up to Director Miller as First Vice President to assume that duty since he will not be present to do so himself. Director Miller agreed.

Director Dorey thanked staff for an enjoyable and informative trip to tour and inspect the District facilities at Lake Henshaw and the Warner Ranch. The rest of the Board members concurred.

14. COMMENTS BY GENERAL COUNSEL

None were presented.

15. COMMENTS BY GENERAL MANAGER

Mr. Coox informed the Board that with the warm weather, the water level at Lake Henshaw has decreased to 5,667 acre feet due to evaporation. Mr. Coox called the Board's attention to the Service Charge Adjustment memo left at the Board's places at the dais (attached hereto as Exhibit B). Mr. Coox said that this inflationary adjustment to water rates will be reflected on bills going out as of July 1, 2016. Mr. Boone said that on bills going out from May through June, a message will be added informing customers of the new rate which will be effective on July 1.

Mr. Coox informed the Board about a couple of events to celebrate his retirement in June.

A brief break was taken from 9:45 a.m. to 9:54 a.m.

Director MacKenzie forwarded comments from Rick Wood, CSDA Finance & Administration Director, who was very complimentary and thankful to Eldon Boone for his financial notes to the audit. Mr. Wood commented that the audit would not be as good, relevant, and readable without his assistance.

16. CLOSED SESSION FOR CONFERENCE WITH LEGAL COUNSEL

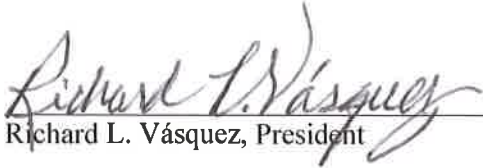
President Vásquez adjourned the meeting to closed session at 9:54 a.m. for a conference with legal counsel per Paragraph (1) of subdivision (d) of Government Code section 54956.9 to discuss the following pending litigation:

A. San Luis Rey Indian Water Rights Litigation (Settlement)

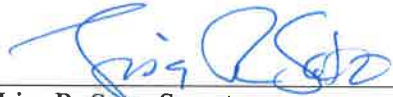
The meeting reconvened in open session at 10:17 a.m. President Vásquez declared that no reportable action had been taken.

17. **ADJOURNMENT**

There being no further business to come before the Board, at 10:17 a.m., President Vásquez adjourned the meeting.


Richard L. Vásquez, President

ATTEST:


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

Cash Disbursement Report



Payment Dates 3/24/2016 - 4/6/2016

Payment Number	Payment Date	Vendor	Description	Amount
52847	04/01/2016	ABABA Bolt	Stainless Hardware - D2 Regulator	96.32
	04/01/2016		Stainless Hardware - D2 Regulator	43.24
52848	04/01/2016	Adco Underground Services	Potholing Service - Penview Dr	3,515.00
52849	04/01/2016	Airgas USA LLC	Oxygen & Acetylene	554.61
52850	04/01/2016	AT&T	Calnet3 02/13/16-03/12/16	968.77
52851	04/01/2016		Web Security Service 03/2016	66.00
52852	04/01/2016	Blue Shield of CA Life & Health	Vision Insurance 04/2016 - Cobra	14.24
	04/01/2016		Vision Insurance 04/2016 - Employees	1,710.50
	04/01/2016		Vision Insurance 04/2016 - M Miller	14.24
	04/01/2016		Vision Insurance 04/2016 - R Vasquez	14.24
	04/01/2016		Vision Insurance 04/2016 - J MacKenzie	14.24
	04/01/2016		Vision Insurance 04/2016 - R Reznicek	22.54
	04/01/2016		Vision Insurance 04/2016 - P Dorey	14.24
52853	04/01/2016	Boot World Inc	Footwear Program	156.93
52854	04/01/2016	California Crane Safety Consulting	Crane Operator Training 03/01/16	2,500.00
52855	04/01/2016	CDW Government Inc	HDMI Cable	16.92
	04/01/2016		Video Card for PC for 55 inch Monitor	82.49
	04/01/2016		12' Power Cable	7.95
52856	04/01/2016	Cecilia's Safety Service Inc	Traffic Control - Tower Dr	555.00
	04/01/2016		Traffic Control - Sunrise Dr	2,079.00
	04/01/2016		Traffic Control - Sunrise Dr	252.00
	04/01/2016		Traffic Control - N Santa Fe Ave	1,071.00
52857	04/01/2016	City Of Escondido	Water Treatment Plant FY 2014/2015	575,809.00
	04/01/2016		Escondido Water Treatment Plant 01/2016 - 02/2016	169,200.00
52858	04/01/2016	CW Wulff Associates	D1-D5 Distribution Exam Review 03/08/16-03/09/16	3,400.00
52859	04/01/2016	Daniel Ventura	2015 Water Awareness Poster Contest (reissue)	100.00
52860	04/01/2016	DIRECTV	Direct TV Service	66.99
52861	04/01/2016	El Camino Rental	Concrete	397.11
52862	04/01/2016	Electrical Sales Inc	Ballast & Lamps	147.78
52863	04/01/2016	Ergo Works Inc	Ergo Supplies	111.53
52864	04/01/2016	Ferguson Waterworks	Cover 12" Valve Box Cast Iron	58.97
	04/01/2016		Gate Valve 4" RW Cast Iron Flange (4)	2,013.76
	04/01/2016		Gate Valve 6" POxFL R/W C900	658.15

Payment Number	Payment Date	Vendor	Description	Amount
	04/01/2016			3,529.72
	04/01/2016		Corp Stop 1" Flare (40)	1,867.50
	04/01/2016		Service Saddle 4x1 C900 PVC (13)	1,001.46
	04/01/2016		Reducer 8x6 Cast Iron POxFL (2)	305.12
	04/01/2016		Gate Valve 8" POxFL R/W C900	1,040.14
	04/01/2016		Tee 8" Cast Iron Flange	243.07
	04/01/2016		Service Saddle 8x1 C900 PVC (6)	709.59
	04/01/2016		Tee 8x6 Cast Iron POxFL	162.83
	04/01/2016		Gate Valve 4" POxFL R/W C900 (2)	999.31
	04/01/2016		Wire 10 Copper (2000)	401.45
	04/01/2016		Tubing 1" Copper Soft (1020)	3,818.12
	04/01/2016		Service Saddle 8x2 C900 PVC (2)	251.72
	04/01/2016		Tubing 2" Copper Soft (20)	237.62
	04/01/2016		Service Saddle 4x2 C900 PVC (3)	276.68
	04/01/2016		Pipe 4" PVC DR-14 C900 (700)	1,913.94
	04/01/2016		Pipe 8" PVC DR-14 C900 (500)	4,605.83
	04/01/2016		Pipe 6" PVC DR-14 C900 (20)	107.42
52865	04/01/2016	Fleet Pride	Brake Control, Stop Lamp Switch	312.62
	04/01/2016		Oil Hub Caps (2) - T19	38.34
52866	04/01/2016	Flyers Energy, LLC	Fuel	42.02
52867	04/01/2016	Fredricks Electric Inc	Electrical Work	722.20
52868	04/01/2016	Glennie's Office Products Inc	Office Supplies	36.03
	04/01/2016		Office Supplies	517.87
	04/01/2016		Office Supplies	(80.70)
52869	04/01/2016	Grainger	Float Switch, Hour Meter, Lamps	184.54
52870	04/01/2016	J & R Concrete Products, Inc	Vault Delivery & Sealing Supplies	581.38
52871	04/01/2016	Jo MacKenzie	AWCA Legislative Meeting 03/18/16	613.62
52872	04/01/2016	Kevin Scherer	Customer Refund - Closing	138.67
52873	04/01/2016	Liliana Prado	Customer Refund - Overpayment	144.74
52874	04/01/2016	Major League Pest/Gemini Pest Control	Bee Removal Services (2)	170.00
52875	04/01/2016	Miramar Ford Truck Body & Equipment	Stop Lamp Switch - Truck 44	24.96
52876	04/01/2016	Nancy Ramirez	Customer Refund - Overpayment	1,146.00
52877	04/01/2016	NAPA Auto Parts	Vacuum Gauge - Shop	20.60
	04/01/2016		Battery Cable Ends, Solder Pellets - Shop	20.38
	04/01/2016		Air & Oil Filters - B21	(24.14)
52878	04/01/2016	North County Auto Parts	Oil Filter, Windshield Washer Connector	7.49
	04/01/2016		Gasket Material	11.12
	04/01/2016		Top Hatch Lift Supports (2) - B17	136.71

Payment Number	Payment Date	Vendor	Description	Amount
	04/01/2016		Coolant Tank - Car 4	40.17
	04/01/2016		Hood Release Handle - Truck 58	10.39
52879	04/01/2016	Pacific Pipeline Supply	Meter Box Lid (50)	1,256.43
52880	04/01/2016	Quality Chevrolet	Mirror Head - Truck 51	482.29
52881	04/01/2016	Ramco Petroleum	Fuel 02/2016	1,077.16
52882	04/01/2016	RDO Water LLC	Herbicide	405.82
52883	04/01/2016	Rutan & Tucker LLP	Legal 02/2016	3,120.00
	04/01/2016		Legal 02/2016	984.00
	04/01/2016		Legal 02/2016	1,968.00
	04/01/2016		Legal 02/2016	720.00
	04/01/2016		Legal 02/2016	696.00
	04/01/2016		Legal 02/2016	1,440.00
	04/01/2016		Legal 02/2016	552.00
52884	04/01/2016	S & R Towing	Towing - Truck 2	85.00
52885	04/01/2016	San Diego Gas & Electric	Electric 03/2016 - Ranch House	28.73
52886	04/01/2016	Shred-it USA LLC	Document Destruction Service	86.11
52887	04/01/2016	SignArt	"No Trespassing " Signs	142.56
52888	04/01/2016	Steve Frey	Tuition Reimbursement 03/2016	199.00
52889	04/01/2016	Sunrise Materials Inc	Pavers, Pallet	514.29
52890	04/01/2016	TS Industrial Supply	Hammer 4lb Sledge (2)	49.04
	04/01/2016		Abrasive Roll 120G (5)	81.00
	04/01/2016		Shovel Mud	58.61
	04/01/2016		Shovel Square Point Straight (4)	82.89
	04/01/2016		Hammer 3lb Sledge (2)	42.10
	04/01/2016		Shovel 4" Trench Straight (3)	44.92
52891	04/01/2016	Tyco Integrated Security LLC	Diagnose Fire Panel Problem	318.00
52892	04/01/2016	UniFirst Corporation	Uniform Service	375.98
52893	04/01/2016	Verizon Wireless	Air Cards 02/13/16-03/12/16	76.02
	04/01/2016		Cell Phone Service 02/16/16-03/15/16	1,049.38
52894	04/01/2016	Vista Firestone Brake & Smog	Tires & Mounting (2) - T4	379.03
	04/01/2016		Tires (2) - T19	314.61
52895	04/01/2016	Volt	Temporary Service PE 03/06/16	378.00
52896	04/01/2016	WM LampTracker Inc	Disposal Containers for Universal Waste	239.90
52897	04/06/2016	Aquajet Art	Pole Base Plate, Gussets - D2 Regulator SCADA	135.00
52898	04/06/2016	ARC Ergonomics	Ergonomic Supplies	148.59
52899	04/06/2016	AT&T	20Mbps Internet Service 03/19/16-04/18/16	1,062.10
52900	04/06/2016	AT&T	Air Card	39.01
52901	04/06/2016	Boot World Inc	Footwear Program	155.50

Payment Number	Payment Date	Vendor	Description	Amount
52902	04/06/2016	Brewer Crane & Rigging	Crane Service - Station 12	393.75
52903	04/06/2016	Capital One Commercial	Microwave	96.93
	04/06/2016		TV Mount	135.61
	04/06/2016		Warehouse Supplies	395.07
	04/06/2016		Warehouse Supplies	1,374.07
	04/06/2016		All Hands/Training Supplies	110.80
52904	04/06/2016	CI Solutions	ID Badges	100.42
52905	04/06/2016	Cecilia's Safety Service Inc	Traffic Control - Olive Ave	820.00
	04/06/2016		Traffic Control - Sunrise Dr	1,290.00
	04/06/2016		Traffic Control - Vista Grande Dr	630.00
	04/06/2016		Traffic Control - W Vista Way	370.00
52906	04/06/2016	Craneworks Southwest Inc	Crane Inspection Log Books (2) - Shop	43.20
	04/06/2016		Crane Inspection Log Book - Truck 64	21.60
52907	04/06/2016	Downtown Ford Sales	Ford F250 4x4 Super Cab Pickup	36,978.86
52908	04/06/2016	EDCO Waste & Recycling Services Inc	Trash/Recycle 03/2016	204.21
52909	04/06/2016	Electrical Sales Inc	Electrical Supplies	193.55
52910	04/06/2016	Central Voice	Answering Service 02/2016	46.00
	04/06/2016		Answering Service 03/2016	66.00
52911	04/06/2016	Escondido Metal Supply	Galvanized Steel Pipe - D2 Regulator	120.07
52912	04/06/2016	Fastenal	Hardware	46.66
52913	04/06/2016	Ferguson Waterworks	Sleeve 12" Galvanized Top Sections (17)	276.68
	04/06/2016		Nipple 2x4 Brass (6)	79.55
	04/06/2016		Clamp 6x12 Repair Full Circle Stainless Steel (2)	350.09
	04/06/2016		Plug 5" Steel Solid (4)	190.96
	04/06/2016		Coupling 5" Black (4)	286.44
	04/06/2016		Meter Box Lid Jumbo (15)	1,367.10
	04/06/2016		Tee 8x6 Cast Iron POxFL	150.82
	04/06/2016		Pipe 8" PVC DR-14 C900 (340)	2,932.76
	04/06/2016		DFW Meter Box Lid Small (4)	230.02
	04/06/2016		DFW Meter Box Small (4)	316.82
	04/06/2016		Coupling 4" Repair XR501	173.60
	04/06/2016		Wire 10 Copper (500)	108.50
	04/06/2016		Pipe 6" PVC DR-14 C900 (20)	107.42
	04/06/2016		Pipe 4" PVC DR-14 C900 (20)	54.47
	04/06/2016		Ell 4" Cast Iron PO 45 Degree (2)	100.91
	04/06/2016		Ell 8" Cast Iron PO 45 Degree (2)	219.17
	04/06/2016		Reducer 8x4 Cast Iron POxPO	79.21
	04/06/2016		Gate Valve 6" POxFL R/W C900	675.03

Payment Number	Payment Date	Vendor	Description	Amount
	04/06/2016		8" x 4" PO x FL Tee (2)	306.06
	04/06/2016		8" End Cap (2)	195.67
	04/06/2016		4" End Cap (2)	82.37
52914	04/06/2016	Glennie's Office Products Inc	Office Supplies	124.44
	04/06/2016		Office Supplies	57.69
52915	04/06/2016	Grainger	Hour Meters (2) - Station 10	87.70
	04/06/2016		Pipe Insulation, Pipe Cutter Wheel	109.26
52916	04/06/2016	Groundwater Resources Assoc of CA	Membership 2016	345.00
52917	04/06/2016	Hawthorne Machinery Co	Crankcase Breather Elements (2) - B21	36.20
	04/06/2016		Front Bumper Guards - B21	180.47
52918	04/06/2016	Hello Deli	Lunch Mtg (6)	82.98
52919	04/06/2016	Home Depot Credit Services	Cell Phone Cases (2)	28.14
	04/06/2016		Supplies for Cubicle/Office Remodel	55.93
	04/06/2016		Materials to Install Office Furniture	42.34
	04/06/2016		Supplies for Carpenter Shop	102.65
	04/06/2016		Scour Pads	10.81
	04/06/2016		Screen, Filters	114.77
	04/06/2016		Plumbing Parts for E1 Reservoir	32.85
	04/06/2016		Electrical Supplies for BCS Regulator SCADA Project	113.10
	04/06/2016		J-Bolt for D2 Regulator	42.04
	04/06/2016		Supplies for D2 Regulator	55.57
	04/06/2016		Electrical Supplies for D2 Regulator	50.98
	04/06/2016		Expansion Joint for D2 Regulator	8.69
	04/06/2016		Supplies for D2 Regulator	147.36
	04/06/2016		Supplies for D2 Regulator	242.99
	04/06/2016		Plumbing Parts	18.10
	04/06/2016		Materials for Dam House	190.65
	04/06/2016		Plumbing Parts	275.75
	04/06/2016		Batteries	6.45
	04/06/2016		Regulator Supplies	96.57
	04/06/2016		Electrical Supplies	91.13
	04/06/2016		Electrical Conduit Supplies & Cutting Supplies	134.08
52920	04/06/2016	HUB Construction Specialties	Concrete Form Material - D2 Regulator SCADA	36.72
	04/06/2016		Sealant - D2 Regulator Vault	42.98
52921	04/06/2016	Interstate Battery of San Diego Inc	Batteries (2) - Truck 30	252.16
52922	04/06/2016	Joe's Paving	Road Repair - Cypress Dr	359.10
	04/06/2016		Road Repair - Rockhill Road	19,969.35
	04/06/2016		Road Repair - Thumbkin Lane	8,537.50

Payment Number	Payment Date	Vendor	Description	Amount
	04/06/2016		Road Repair - Rose Drive	4,074.45
	04/06/2016		Road Repair (various locations)	4,335.60
52923	04/06/2016	Lightning Messenger Express	Messenger Service 03/11/16	43.50
52924	04/06/2016	Major League Pest/Gemini Pest Control	Bee Removal Services (6)	510.00
52925	04/06/2016	Moodys	Dump Fee	600.00
52926	04/06/2016	Mutual of Omaha	LTD/STD/Life Insurance 04/2016	6,084.47
52927	04/06/2016	NAPA Auto Parts	Front Struts - Truck 16	298.35
	04/06/2016		Oil, Air Filters - B21	77.63
	04/06/2016		Cabin Air Filter - Truck 44	9.15
52928	04/06/2016	North County Auto Parts	Grease Seals - Truck 58	8.31
	04/06/2016		Turn Rotors (2) - Truck 58	37.00
	04/06/2016		Socket	7.94
	04/06/2016		Fuel & Oil Filters, O2 Sensor	116.32
	04/06/2016		Oil (12 qts) - Truck 26	54.94
	04/06/2016		Starter, Core - Truck 1	149.91
52929	04/06/2016	North County Human Resources	Effective D-Escalation Techniques Training	50.00
52930	04/06/2016	O'Reilly Auto Parts	Starter & Core - Truck 1	212.75
52931	04/06/2016	Pacific Pipeline Supply	Plumbing Supplies	64.70
	04/06/2016		Brass Saddle for Service Installation	145.82
52932	04/06/2016	Pacific Safety Center	Trench & Excavation Safety Training	250.00
52933	04/06/2016	Packard Government Affairs	San Luis Rey Indian Water Settlement	7,038.03
52934	04/06/2016	Parkhouse Tire Inc	Tires (4), Mounting, Road Call - Truck 1	931.82
	04/06/2016		Tire & Mounting (4) - B20	838.59
52935	04/06/2016	Pauley Equipment Rental Inc	Chipper Rental	300.00
52936	04/06/2016	Raymond Handling Solutions Inc	Electric Forklift Repair - F1	131.71
	04/06/2016		Electric Forklift Repair - F1	(131.71)
	04/06/2016		Forklift Service - F1	126.42
52937	04/06/2016	Red Wing Shoe Store	Tuff Toe Applications (20)	647.78
52938	04/06/2016	San Diego Gas & Electric	Gas 03/2016	537.42
	04/06/2016		Electrical Transmission 03/2016	1,801.52
52939	04/06/2016	Sherry Thorpe	Training - RIMS Chapter Mtg	50.00
	04/06/2016		Supplies, Training Refreshments	151.06
52940	04/06/2016	Statewide Traffic Safety and Signs, Inc	Safety Supplies	2,192.40
52941	04/06/2016	Sunrise Materials Inc	Concrete 90lb bags (140)	883.19
	04/06/2016		Pallets Returned	156.24
52942	04/06/2016	TS Industrial Supply	Impact Wrench	187.77
52943	04/06/2016	UniFirst Corporation	Uniform Service	329.84

Payment Number	Payment Date	Vendor	Description	Amount
52944	04/06/2016	Unisource Solutions	Parts for Office Setup	1,722.20
52945	04/06/2016	Verizon Wireless	SCADA Remote Access 02/21/16-03/20/16	242.70
52946	04/06/2016	Vista Firestone Brake & Smog	Tires (3)/Mounting, Alignment - Truck 57	436.29
	04/06/2016		Flat Repair - Truck 32	25.00
	04/06/2016		Tires (2)/Mounting/Alignment -Truck 2	481.31
52947	04/06/2016	Vista Printing	Business Cards	271.25
52948	04/06/2016	Waterjet West Inc	Solar Pole Footing Anchors	181.26

Grand Total: 931,272.24



**PUBLIC AFFAIRS
COMMITTEE REPORT**

Agenda Item: 7

Board Meeting Date: April 20, 2016
Prepared By: Dirs. Vásquez & Reznicek

SUBJECT: VID SCHOLARSHIP CONTEST

RECOMMENDATION: Approve the Public Affairs Committee's recommendation to award a \$1,500 scholarship to Nicholas Smith from Tri-City Christian School as the winner of the Vista Irrigation District scholarship contest. The Committee also recommends awarding \$750 scholarships to Marcy Faison from North County Trade Tech and Randy Robbins from Rancho Buena Vista High School as runners-up in the scholarship contest.

PRIOR BOARD ACTION:

04/15/15 Awarded a \$1,500 scholarship to Kirandeep Chhokar from Mission Vista High School as the winner of the Vista Irrigation District scholarship contest. Awarded \$500 scholarships to Britni Chau, Chloe Grogan and Baylin Herington, all from Vista High School as runner-ups in the scholarship contest.

FISCAL IMPACT: \$3,000.

SUMMARY: For sixteen years, the District had participated in the scholarship contest sponsored by the California Special Districts Association (CSDA). After many successful years of the scholarship program, CSDA decided "to embark on a new and expanded educational opportunity to reach a greater number of students in our local schools." To this end, CSDA has replaced the scholarship program with a new educational grant program to facilitate teachers to add curriculum geared toward increasing students' knowledge and awareness of special districts and their role in local government.

In January 2010, the Board decided to continue running the District's scholarship contest without CSDA participation. While a majority of the requirements remained the same as the CSDA scholarship contest, the essay topic has been changed periodically to focus on issues impacting San Diego County water supplies and more specifically the District. Per the Board's suggestion, the Public Affairs Committee changed the essay question for the 2016 contest to focus on the District's current and future water supplies in light of ongoing drought conditions in California.

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. This year, the Committee recommends that the Board award a \$1,500 scholarship to the contest winner and two \$750 scholarships as runners-up.

DETAILED REPORT: In December 2015, application packets for VID's 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, recording a segment on the scholarship program for Vista High School's daily video bulletin, issuing a news release, and announcing the program on our on-hold telephone message and web site. Application materials were also made available on the District's web site. The District received six applications by the February 26, 2016 deadline.

Public Affairs Committee members Vázquez and Reznicek were the competition judges. The Committee reviewed the applications and recommends Nicholas Smith from Tri-City Christian School as the winner of the Vista Irrigation District scholarship contest. The Committee also recommends awarding \$750 scholarships to Marcy Faison from North County Trade Tech and Randy Robbins from Rancho Buena 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 May 11, 2016 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: Scholarship Applications

The scholarship applications were provided to the Board under separate cover.



**PUBLIC AFFAIRS
COMMITTEE REPORT**

Agenda Item: 8

Board Meeting Date: April 20, 2016
Prepared By: Dirs. Vásquez & Reznicek

SUBJECT: 2015 ANNUAL REPORT

RECOMMENDATION: Approve the 2015 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 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 conservation, infrastructure improvements and security. The Annual Report is posted on the District's website and printed upon request.

DETAILED REPORT: On November 24, 2015, the Public Affairs Committee met and provided input on information to be contained in the 2015 Annual Report. The layout and design process of the Annual Report was completed in March, and the Committee reviewed and approved a draft of the Annual Report on April 5, 2016. The draft Annual Report is now ready for the full Board's review and approval. A copy of the document is attached.

ATTACHMENTS: Draft 2015 Annual Report



VISTA IRRIGATION DISTRICT
ANNUAL REPORT

2015

A decorative graphic at the bottom of the page consisting of several horizontal, wavy lines in a light blue color, resembling water or irrigation channels. The lines are layered and have a soft, painterly texture.

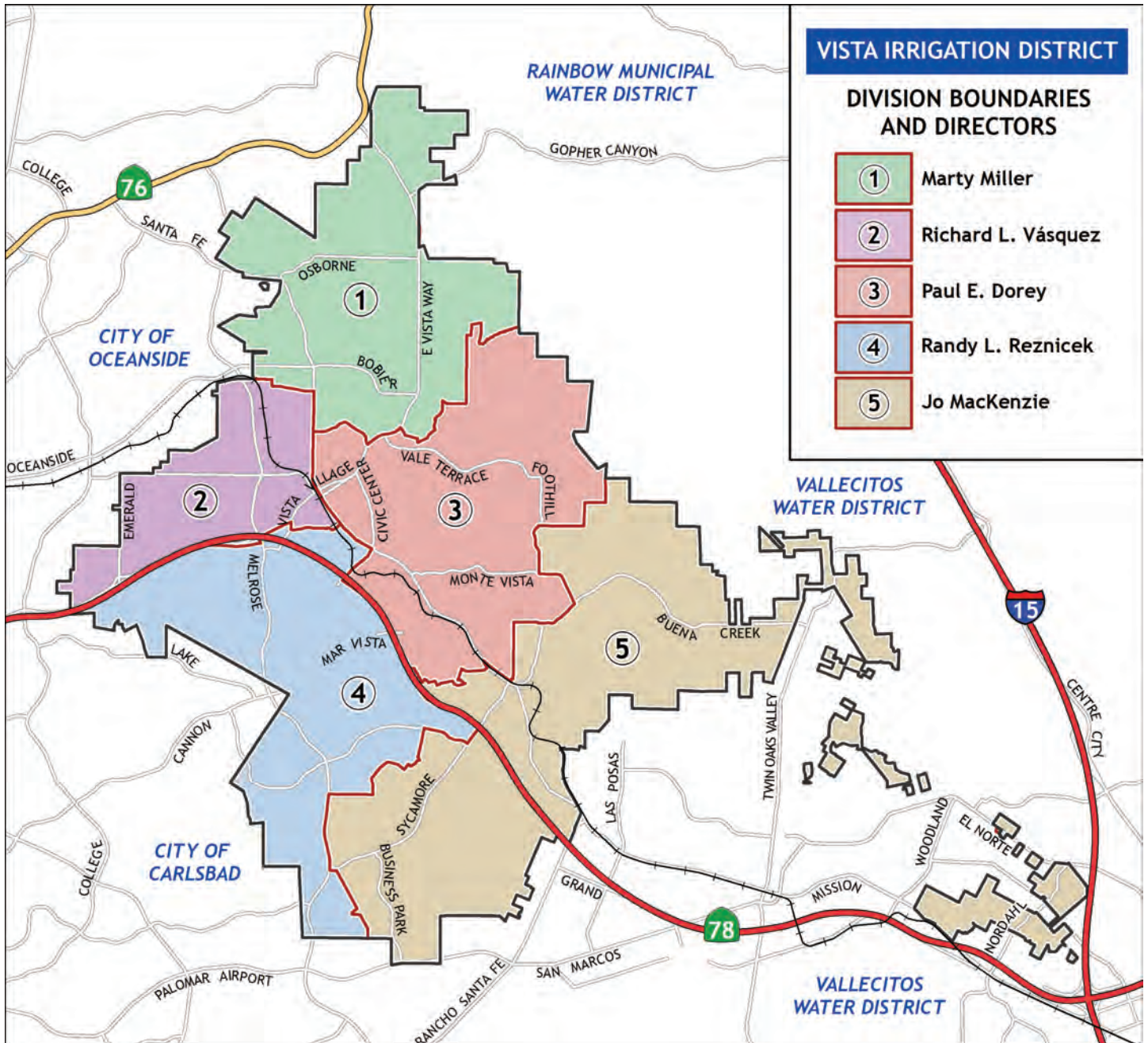


Cover photograph:
Vista Irrigation District office

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Division Boundary Map



The Vista Irrigation District serves more than 127,000 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

The ultimate decision-making responsibility of the Vista Irrigation District (VID) rests with a five-member governing board. Elected to four-year terms, VID's board members are active community leaders in many organizations. Their awareness of the changing needs of the District is enhanced by their experience and understanding of local and state water issues. They are committed to efficient and economic methods of supplying high-quality water to the District's customers.

Marty Miller
Division 1



Richard L. Vásquez
Division 2



Paul E. Dorey
Division 3



Randy L. Reznicek
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. All 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.

Message from the General Manager



Roy A. Coox
General Manager
2008-2016

When I wrote my first annual report message as General Manager of the Vista Irrigation District back in 2008, I mentioned how proud I was to have been named the eleventh General Manager in the 90-year history of the District. As I reflect upon my upcoming retirement in 2016, and as I write what will be my final annual report message, I am even more proud of the District and its accomplishments over the past decade. These accomplishments are truly a collaborative effort, and I have enjoyed working with the District's Board of Directors and the staff to realize significant achievements on behalf of the District's ratepayers.

In my 2008 message, I talked about how we were in the throes of a significant statewide drought, which was resulting in mandatory cutbacks and water conservation measures for all of our customers. Things have come full circle and now, eight years later, we are in another drought and are talking about the same cutbacks and water conservation measures. The difference this time is that the drought crisis is even more severe and widespread. The State has stepped in this time, with an emergency drought declaration by the Governor and the imposition, monitoring and enforcement of mandatory water cutbacks for every water agency in the state. I am happy to report that, thanks to the outstanding response from our customers, the District has met or exceeded its conservation mandates from the State. However, we must continue to work together to address our water crisis, and residents, businesses and farmers alike need to contribute in order to help educate each other, to help keep the economy going, and to help maintain our quality of life.

What may be even more significant is that, due to extensive cost-cutting measures and careful financial planning, the District has been able to achieve meaningful water conservation and accommodate reduced water sales without the need for an additional District rate increase. Some of the measures implemented by the District in this regard, which have allowed us to remain on sound financial footing, include:

- The District has executed an agreement with the City of Oceanside to purchase treated water from the Weese Filtration Plant, achieving a savings over water obtained from other sources.

continued...

"Thanks to the outstanding response from our customers, the District has met or exceeded our conservation mandates from the State."

Message from the General Manager

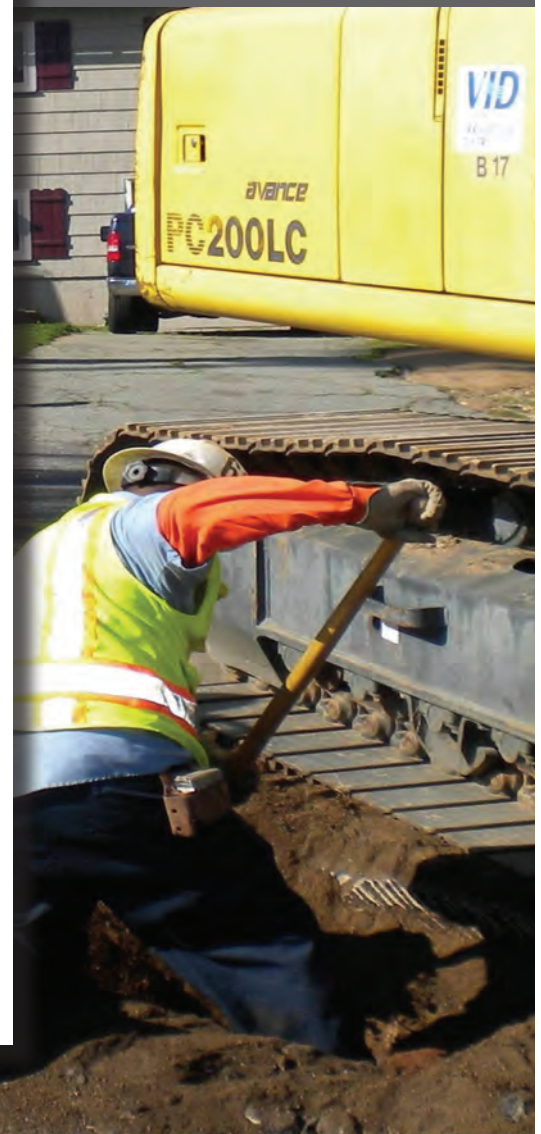
- The District has implemented an innovative rate structure tied to meter sizes and actual costs of delivering water, which has assured us of a justifiable and equitable revenue stream in compliance with recent rulings and regulations.
- The District has reorganized its work force for more efficiency and productivity, and is performing more work (such as replacing more miles of aging water pipes) despite reducing its work force.
- The District has analyzed its water system supplies, infrastructure and related costs, and prioritized expansion and replacement costs, resulting in the ability to defer significant costs based on current performance and needs.

During this past year, we celebrated many recent accomplishments but we have also continued to look toward the future and for opportunities to improve the District's operations and communications. We launched the redesign of the District's new website, which will streamline the look and functionality of this important communication tool with the public. We began implementing a new and improved utility billing system, which will integrate meter reading, billing, collections and account information into a comprehensive automated system to help District staff and customers. We also promoted the District's unique and innovative tap water outreach campaign called "Love Tap!", where we continued to work with the community to promote drinking tap water for health, environmental, and financial reasons.

I encourage anyone interested in these programs and initiatives to contact the District to offer insights, suggestions, and criticism, as all of this will help us to serve the public in the future. I think you will find that our staff is as dedicated and passionate as I am, and that they will be eager to engage with you on these topics. Every one of these programs, and in fact everything that we do, is for the purpose of helping the public and to fulfill our mission of delivering to our customers the most important natural resource that we have, water.

So, to all of our ratepayers and the public, thank you for the opportunity to serve you. The District is in good hands, and will continue to provide safe, reliable and economical water, just as it has for the better part of a century, well into the future.

"The District has been able to achieve meaningful water conservation and accommodate reduced water sales without the need for an additional District rate increase."



San Diego County Water Authority Report

For more than two decades, the San Diego County Water Authority (Water Authority) has viewed seawater desalination as an important component of a diversified water supply portfolio that is comprised of recycled water, groundwater, water transfers and imported water from the Metropolitan Water District of Southern California (Metropolitan). After nearly three years of construction, this vision has finally become a reality as the nation's largest seawater desalination plant in Carlsbad is now producing a drought-proof supply of water. The Claude "Bud" Lewis Carlsbad Desalination Plant will produce enough water to meet 7 to 10 percent of the county's water demands.

The \$1 billion Carlsbad Desalination Project, which is comprised of the desalination plant, pipeline and upgrades

to Water Authority facilities for distributing the desalinated water throughout the region, is the result of a 30-year Water Purchase Agreement between the Water Authority and Poseidon Water for the purchase of between 48,000 and 56,000 acre-feet per year of desalinated seawater. Poseidon Water developed the plant and pipeline with joint-venture contractor Kiewit Shea Desalination. The project will deliver about 50 million gallons a day of drought-proof, highly reliable water that will become a core, day-to-day resource for the region.

According to the Water Authority, the Water Purchase Agreement sets the price of water produced by the desalination plant at \$2,131 to \$2,367 per acre-foot in 2016, depending on how much water is purchased. (One acre-foot is enough water to serve two average homes in a year.) The first 48,000 acre-feet purchased each year will pay for the fixed costs of the project and the variable costs of water production. The Water Authority has the option to purchase an additional 8,000 acre-feet per year at a slightly lower rate.

The Carlsbad Desalination Project is an important part of the Water Authority's long-term strategy to improve the region's water supply reliability. The desalination plant will make the San Diego region's water supplies more reliable by reducing dependence on imported water from Metropolitan that is vulnerable to droughts, natural disasters and regulatory restrictions. With the completion of the Carlsbad project, the Water Authority says it is on pace to meet its diversification goals for 2020.



Carlsbad desalination plant.
Photo credit: San Diego County Water Authority

State Mandated Restrictions

Reacting to record dry conditions, Governor Jerry Brown declared a state of emergency due to drought in January 2014. The year that followed saw drought conditions worsen, as the state suffered through another year of higher than normal temperatures and meager rainfall and snowpack. Entering the fourth year of drought, the state remained concerned about its water supply levels and was poised to take action should dry conditions persist into 2015.

On April 1, 2015, Governor Brown accompanied California Department of Water Resources staff as they conducted the final manual snow survey of the year in the Sierra Nevada Mountains. The unwelcomed results highlighted the severity of the drought. For the first time in 75 years, no snow was found during the survey.



California Department of Water Resources photo showing an unprecedented no snow pack in an area of the Sierra's where there is usually 5 feet of snow.

At a press conference that day, standing upon dry grass at the survey site, the Governor declared that the state must take unprecedented action to deal with the continuing historic drought. With that declaration, the Governor issued an executive order requiring a mandatory reduction in urban water use by 25% throughout the state. This would be the first time a statewide mandatory water use reduction would be enacted in California. The order tasked the State Water Resources Control Board (State Board) to develop and impose restrictions to achieve a 25% reduction in urban water use through February 2016.

To comply with the Governor's executive order, the State Board worked throughout the month of April, to develop usage targets for urban water suppliers that cumulatively would meet the 25% conservation standard. Throughout this process, the San Diego County Water Authority along with its member agencies, including the Vista Irrigation District, provided state regulators with feedback on the proposed regulations. The Vista Irrigation District expressed its concerns with the proposed "one size fits all" approach, especially given its customers' past conservation efforts as well as the region's investments in drought proof water supplies, such as seawater desalination.

On May 5, 2015, the State Board adopted emergency regulations that set reduction percentages for urban water suppliers and enacted new state-wide water use prohibitions. The State Board's emergency regulation assigned each urban water supplier with a target reduction percentage ranging from 4% to 36%. The Vista Irrigation District was assigned a conservation standard of 20%.

In response to the State Board's emergency regulation, the Vista Irrigation District implemented mandatory water use restrictions designed to assist the District in meeting its 20% conservation standard. Customers were asked to limit their landscape irrigation to assigned days and watering times, eliminate run-off and fix leaks promptly. As they did in 2009, customers have done their part, aiding the District in meeting the 20% conservation standard.

No one knows how long the current drought will continue or how long the State Board's emergency regulations will remain in place. What is known, however, is that the Vista Irrigation District's long-term planning has minimized the financial impacts of the drought on its customers. As the result of the implementation of sustained cost saving measures over a number of years, the District has been able to meet the State Board's mandates and remain financially stable without the need for an additional District rate increase, which many water agencies have been forced to do as a result of reduced water sales.

Although many things have changed since the last drought in 2009, the Vista Irrigation District's commitment to provide its customers with a reliable water supply to maintain our economy and quality of life has not. The District will continue to work with the San Diego County Water Authority and other water agencies to find new supplies, increase efficiency and eliminate waste. We will get through the current drought and continue to prepare for future water supply challenges.

Vista Irrigation 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 the Vista Irrigation District, are also encouraged to be more transparent and share vital information about the agency with its customers and/or constituents. The Vista Irrigation District has been successful on all fronts, receiving statewide and national recognition for its efforts.

In September 2015, the District received recognition as a District of Distinction from the Special District Leadership Foundation, an independent, non-profit organization formed to promote good governance and best practices among California special districts. This recognition is given to special districts that show their commitment to good governance, transparency, prudent fiscal policies and sound operating practices. The District originally obtained its accreditation in 2009 and just received its most recent re-accreditation. The District is one of only 20 current Districts of Distinction statewide, which is quite an achievement considering that there over 2,300 special districts in the state of California that provide essential services such as water, sewer, fire protection and recreation services.

In addition to the District of Distinction award, the District received the Transparency Certificate of Excellence, in recognition of its efforts to promote transparency in operations and governance to the public. There are approximately 100 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 fifteen different website requirements.

In addition to receiving statewide recognition, the District also received national recognition when it was presented with the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA) for its comprehensive annual financial report (CAFR) for the 2014 fiscal year. This certificate is the only national award for public sector financial reporting. 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.

The District's CAFR has been judged by an impartial panel to meet the high standards of the program including demonstrating a constructive "spirit of full disclosure" to clearly communicate the district's financial story and motivate customers and user groups to read the CAFR.

In 2012, the California legislature passed legislation that suspended all state mandated local programs, which relieved local agencies, like the Vista Irrigation District, of the requirement to comply with the Brown Act, the state's open meeting law. The District's Board of Directors recognized the importance of providing open and transparent government and pledged to continue to comply with the requirements of said Act even though it was not required to do so. The District has been and will continue to be committed to practicing good governance, transparency and sound financial management on the behalf of its customers and is proud to be recognized for its achievements.



Roy Coox, Randy Reznicek, Jo MacKenzie and Eldon Boone accept the District of Distinction award from the Special District Leadership Foundation.



**VID Partners with
Vista Unified School District
and the City of Vista to
Install Hydration Stations in
Schools and Parks**

water bottles to all students. Vista Irrigation District staff also made assembly presentations, teaching the children about the benefits of drinking tap water. The hydration stations have been so well received at the schools where they have been installed, that the school district has recently let the District know that it will be installing hydration stations at every school within the school district and incorporate them in their branded nutrition program.

VID also partnered with the City of Vista to install hydration stations at two of the City’s busiest parks: a community park and a sports park. According to City staff, the hydration stations have been well received by park users. The District is looking forward to working with the City of Vista to install more hydration stations at other City facilities.

Many Americans have developed a negative perception of tap water, especially when it comes to drinking it. Advertising campaigns by beverage companies and water treatment service providers, combined with a general lack of knowledge about the quality of tap water, have created a perception that tap water is low quality, unhealthy, and certainly something you would not want to drink. Many Americans feel they have no choice but to buy bottled water to drink.

The District’s mission is to provide the community with a high quality, affordable and reliable source of water. The Love Tap! program provides the District with a unique opportunity to connect with our customers and directly communicate the benefits of the service we provide. It is the District’s hope that through the use of the hydration stations the community will realize that tap water is a safe and inexpensive alternative to bottled water.

As a provider of water service to over 127,000 people, the Vista Irrigation District (District) knows that the tap water that we provide is of high quality. At the same time, the District recognizes that there is a perception problem among many of our customers, as well as the general public, regarding our product. As a result, customers spend money unnecessarily to buy bottled water or water from vending machines because they feel that our water is not safe for consumption. Frequently, many of these customers are lower income and are least able to afford the significant additional expense, and may also have a cultural bias toward the safety of tap water.

The District’s drink tap water campaign, Love Tap!, debunks myths regarding bottled water versus tap water, and even addresses factors such as taste and convenience when it comes to individual preferences about drinking and transporting water. To promote the Love Tap! message, the District developed a creative outreach strategy aimed at getting young people and adults alike to drink tap water by making it easy and convenient to access. This strategy involved installing water bottle filling stations (called hydration stations) at schools and city recreational facilities and promoting their use throughout the community.

Based on our success with getting kids to teach their parents about water conservation, the District recognized that a key demographic to be reached is school children. The District worked with the Vista Unified School District to install hydration stations in three public schools: an elementary school, a middle school, and a high school. At the elementary school, the District coupled the installation of the hydration station with the distribution of refillable



WATER SUPPLY FACTS

WATER SOURCES

The 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.



Colorado River

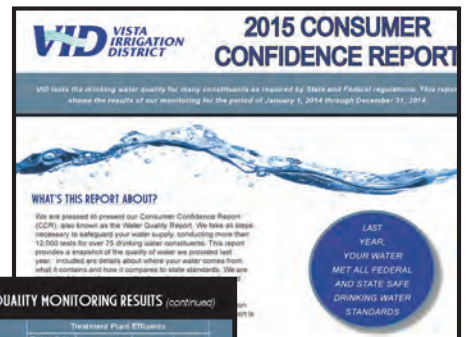
Typically, 30 percent of the District's water has come from Lake Henshaw and 70 percent has come from imported water from the Colorado River and Northern California. In fiscal year 2015, just nine percent of the District's water came from Lake Henshaw. During years when rainfall is significantly below average, like this year, and the availability of local water is limited, well over ninety percent of the District's water supply can come from imported sources.

WATER QUALITY

The 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 June 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?"

Excerpts from the 2015 Consumer Confidence Report (CCR) reporting data for 2014



2014 WATER QUALITY MONITORING RESULTS (continued)									
Parameter	Units	Federal or State MCL (MRDL)	PHQ (MCLD) (MRDL)	Range	Treatment Plant Effluents				
					Exceeds MCL (MRDL)	Vista Water Treatment Plant	San Marcos Water Treatment Plant	Shimada Treatment Plant	Weston Purification Plant
Additional Analyzed (continued)									
Residual Chlorine (mg/L)	mg/L	NS	NS	Range: 140-180 Average: 145	NR	NR	NR	NR	NR
Total Hardness as CaCO ₃ (mg/L)	mg/L	NS	NS	Range: 200-270 Average: 240	NR	NR	NR	NR	NR
Calcium (Ca) (mg/L)	mg/L	NS	NS	Range: 80-88 Average: 81	NR	NR	NR	NR	NR
Magnesium (Mg) (mg/L)	mg/L	NS	NS	Range: 18-25 Average: 22	NR	NR	NR	NR	NR
Nitrate (NO ₃ -N) (mg/L)	mg/L	10	10	Range: ND-02 Average: ND	NR	NR	NR	NR	NR
Iron (mg/L)	mg/L	ND	ND	Range: 78-88 Average: 83	NR	NR	NR	NR	NR
Chloride (mg/L)	mg/L	NS	NS	Range: 7.84-9.25 Average: 8.52	NR	NR	NR	NR	NR
pH	Units	NR	NR	Range: 4.1-4.9 Average: 4.5	NR	NR	NR	NR	NR

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.

WATER INFRASTRUCTURE

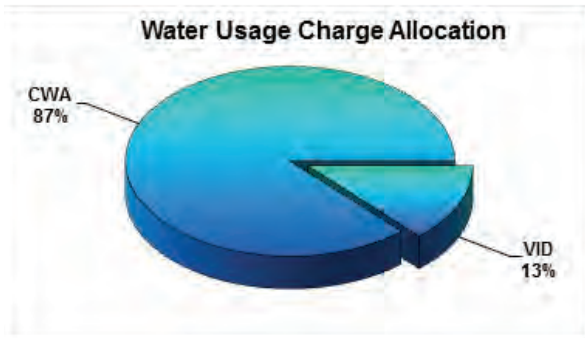
In 1995, the Board of Directors initiated an on-going Main Replacement Program with the goal of replacing aging pipelines before they reach the end of their useful life and become a maintenance liability. Formalizing the Main Replacement Program has allowed pipe replacements to be prioritized based on the age of the line, leak history, and pipe material as well as a number of factors related to site conditions. Another important factor is input from District crews, who evaluate every line's condition at the time repairs are being made.

WATER SUPPLY FACTS continued...

Since its inception, the Board has allocated \$19.7 million to this program which has allowed the replacement of just over 29 miles of older pipe ranging in size from 4 to 20 inches. This year the District spent about \$1.7 million replacing approximately 10,300 feet of pipe as part of this program.

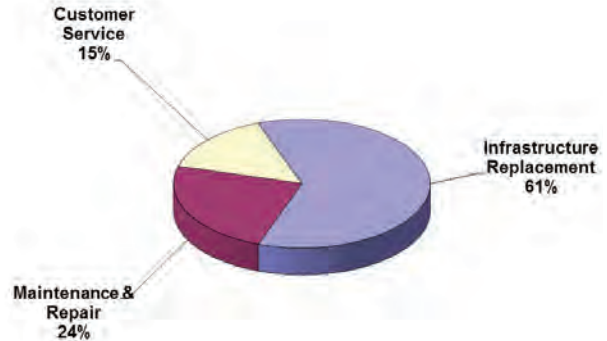
WATER RATES AND CHARGES

Approximately 13% of the revenue generated by water usage charges is utilized by the Vista Irrigation District to cover operating and maintenance expenses. The remaining 87% 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 the Vista Irrigation District.

The 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.



MORE INFORMATION ABOUT THE VISTA IRRIGATION DISTRICT

Information about the Vista Irrigation District's water supply as well as an electronic copy of the latest Consumer Confidence Report can be found on the District's web site, www.vid-h2o.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/drawings.



EMPLOYEE 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 VID and this year was no exception. The employees pictured here received service awards commemorating their involvement with VID.

**5
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Davian Chambers, Phil Zamora, Chris Weatherwax and Martin Villalobos

**10
Y
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A
R
S**



Susan Montgomery, Michelle Bernal, Ross Miles, Christina Moyer, Ramee Ogilvie and Ben Parks (not pictured)



**15
Y
E
A
R
S**



Farrokh Shahamiri, Brad Bates, Gary Arrasmith, Rosemary Garza, Don Smith, Al Ducusin, Richard Setter and John Rauch (not pictured)

**20
Y
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R
S**



Lisa Soto and Roy Cook

**25
Y
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Brian Smith, Mary Poggemeyer and Manny Macias



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. – 34' High	3.30	536.0	568.0
Pechstein	Prestressed Concrete – 355'Dia. - 28' High	20.00	810.0	837.0
Deodar	Prestressed Concrete - 86' Dia. - 31' High	1.30	869.0	899.0
San Luis Rey	Concrete - 156' x 136' x 26' High	3.00	540.0	565.0
Virginia Pl. (A)	Concrete - 100' Dia. - 13'8" High	0.76	695.0	708.0
Summit Trail (C)	Concrete - 100' Dia. - 13'8" High	0.76	625.0	638.0
Edgehill (E)	Concrete - 96' Dia. - 12' High	1.49	741.0	753.0
Cabrillo Cir. (E-1)	Concrete - 90' Dia. - 13'8" High	0.62	546.8	560.0
Rockhill (MD)	Concrete - 55' Dia. - 14' High	0.23	886.4	899.0
Edgehill (HP)	Prestressed Concrete – 160' Dia. – 33' High	4.85	942.7	972.0
Buena Creek (HB)	Prestressed Concrete – 160' Dia. – 33' High	4.85	950.9	980.0
Elevado (H)	Prestressed Concrete – 160' Dia. – 36' High	5.30	774.0	810.0
Total		46.46		

Water Transmission Facilities

Escondido Canal and Intake	Carrying Capacity: 70 C.F.S.	VID rights = 2/3rds
Vista Main Canal (Flume)	Carrying Capacity: 44 C.F.S.	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)	24,191
Commercial/Industrial	1,630
Irrigation	914
Agricultural	586
Fire Service (Fire Sprinklers)	1,236
Governmental	92
Total	28,649

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	266 miles
14" to 36" AC	17 miles
4" to 12" PVC	82 miles
14" to 18" PVC	1 mile
4" to 12" Steel	68 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 2014-2015)

This table shows water delivered to the District (from imported 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.

	Water In	Water Out
Received at Intake of Main Conduit (Henshaw Water)	1,618	
Received from San Diego Aqueduct (Imported)	16,215	
Miscellaneous Purchases	0	
Metered to VID users		17,117
Losses		766
Total	17,833	17,833

Lake Henshaw Properties

Warner Ranch:

43,402 acres (68 square miles)

Groundwater Development:

21 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

This table presents a snapshot of ownership of the water stored in the lake at the beginning and end of the fiscal year. The categories of water listed are defined in terms of contractual obligations.

Information gathered from Ownership Analysis Report.

	July 1, 2014	July 1, 2015
Rincon Indians	0	0
Escondido Replacement	0	0
Vista Replacement	0	0
Escondido Pumped	0	0
Escondido Contract	951	716
Vista Contract	4,131	4,035
Vista Pumped	392	0
Unallocated Henshaw Surplus	(829)	(144)
Total	4,645	4,607

Lake Henshaw Releases

(Fiscal Year 2014-2015)

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.

Losses in San Luis Rey River	218
Delivered to Rincon Indians	0
Escondido "A" Water*	19
In Lieu "A" Water*	0
Escondido "B" Water*	1,137
In Lieu "B" Water, Esc. Joint Well Water*	365
Replacement Water to Lake Wohlford	1,618
Loss of Release below Intake	130
Total Releases	3,487

"A", "B", "In Lieu" refer to different classes of water provided to the City of Escondido from Lake Henshaw per the terms of historic water contracts. These classes of water correspond to historic water rights and are available in quantities, times, and costs that vary per the terms of those contracts.

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.

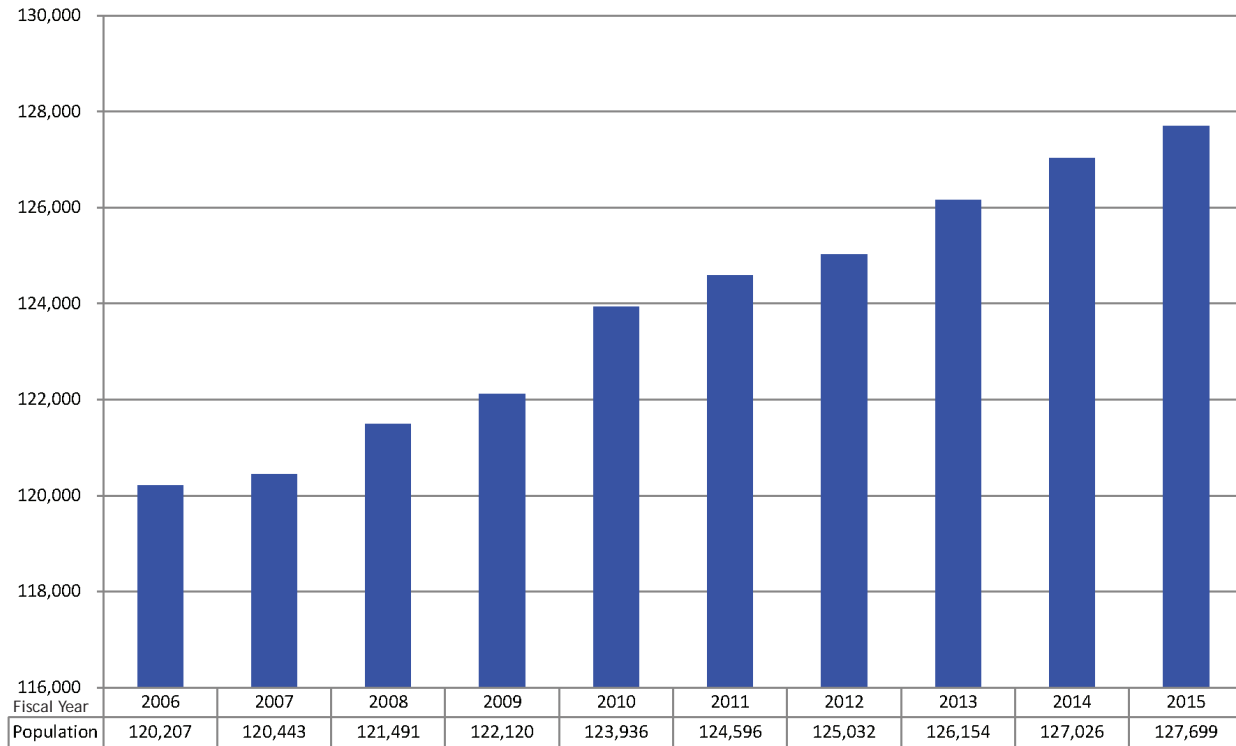
	Acre Feet
Total Storage July 1, 2014	4,645
Less Release	(3,487)
Less Evaporation	(4,437)
Less Spill	0
Plus Pumped Water	7,943
Plus Runoff*	(57)
Total Storage July 1, 2015	4,607

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

DISTRICT DEMOGRAPHICS

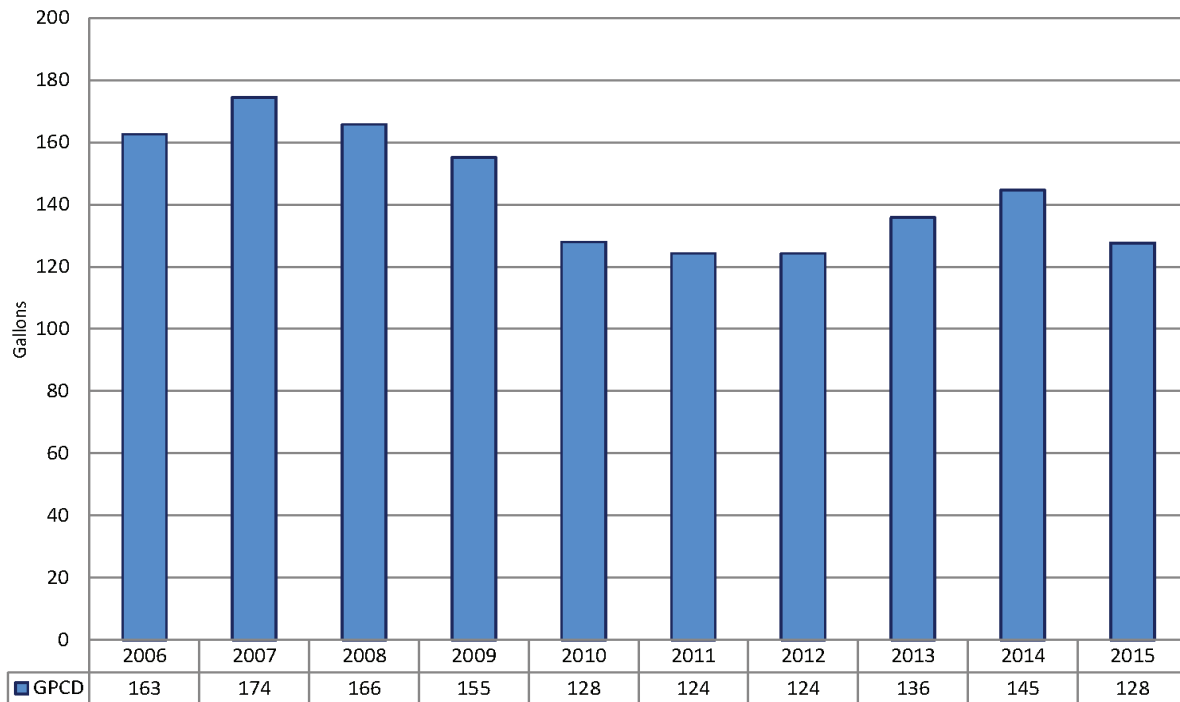
Population

This 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

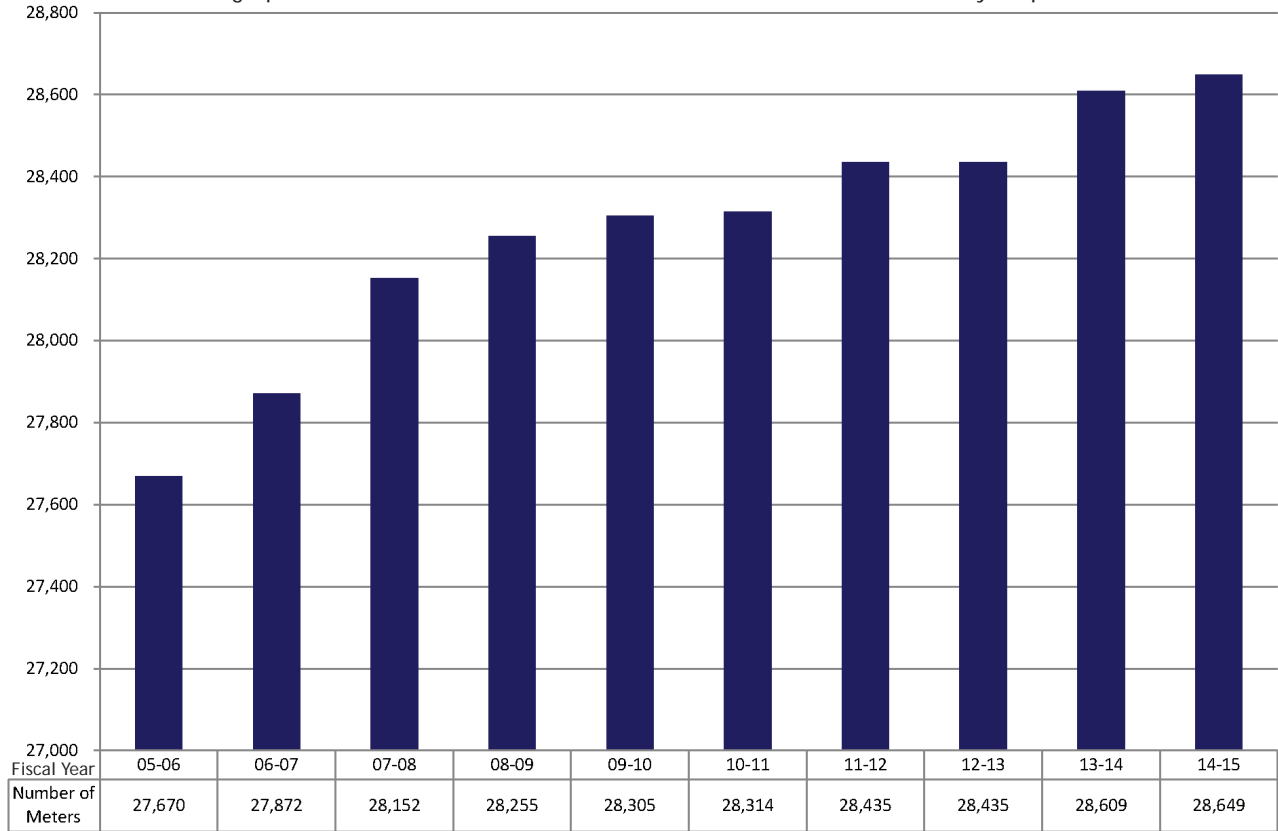
SBX 7-7 requires retail water agencies to achieve a 10% reduction in per capita water use by 2015 and 20% reduction in per capita water use by December 31, 2020 (referred to as "20 X 2020"). The District's 2015 interim target for 2015 is 159 GPCD and its 2020 target is 142 GPCD. The District's estimated daily per capita water use in 2015 was 128 gallons per capita per day (GPCD), which is 31 GPCD less than its 2015 interim target and 14 GPCD less than its 2020 target.



DISTRICT DEMOGRAPHICS

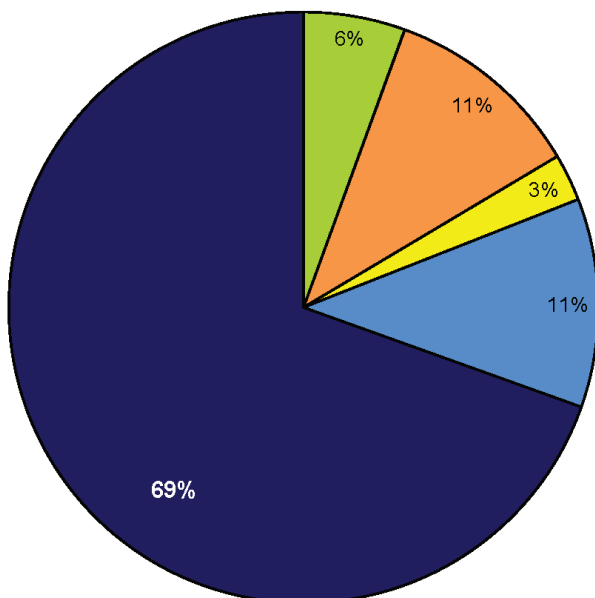
Meters in Use

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



Water Delivered by Use Type

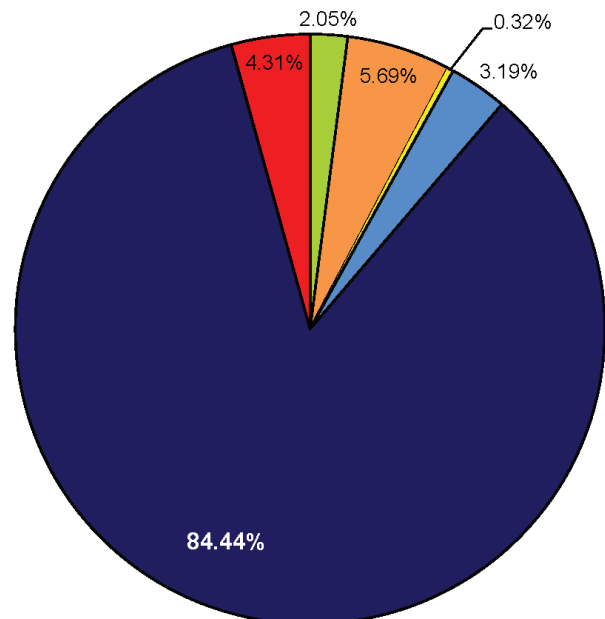
This graph shows how much water is delivered for different uses. As illustrated, a majority of the water delivered to District Customers (69%) is for residential use. The balance is delivered for irrigation, commercial/industrial (business), agriculture and governmental/institutional (parks, libraries, 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 28,649 meters are used to supply water to single-family residences.

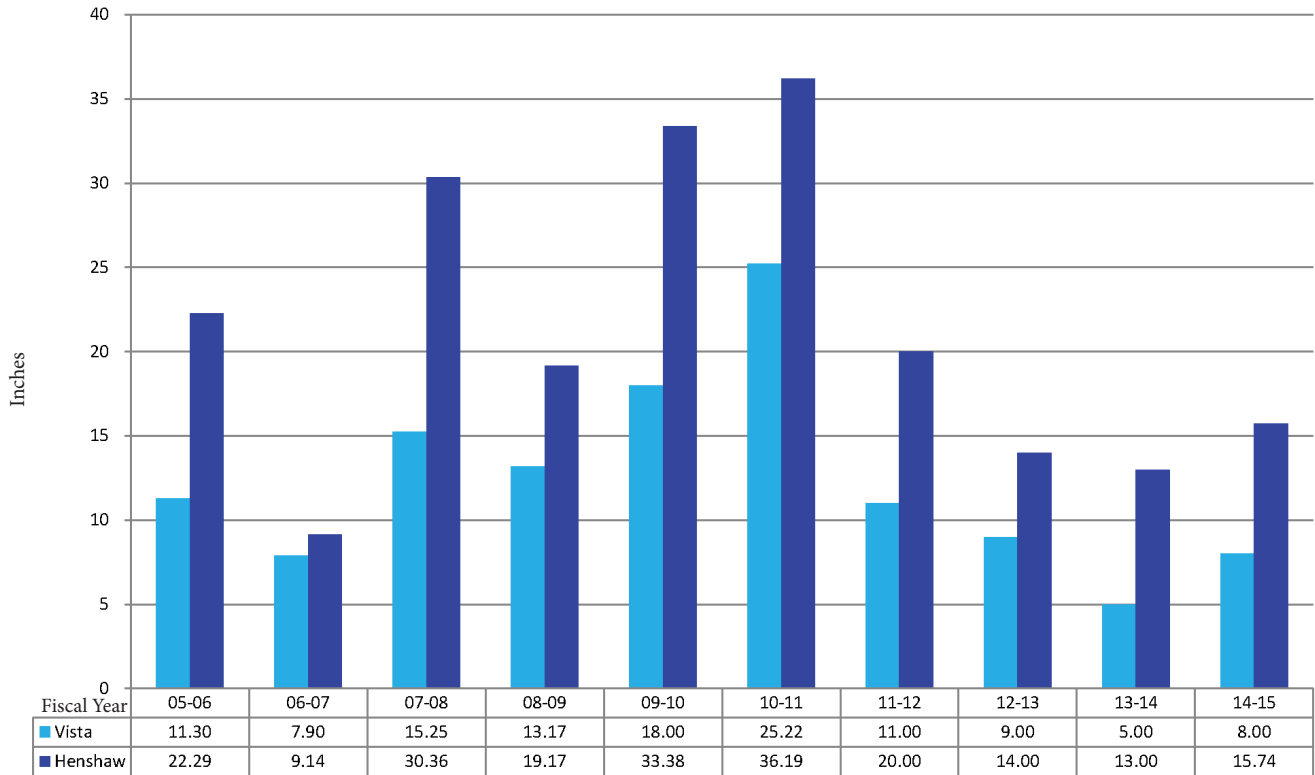


- Agriculture
- Commercial/Industrial
- Government/Institutional
- Irrigation
- Residential
- Fire Service

DISTRICT DEMOGRAPHICS

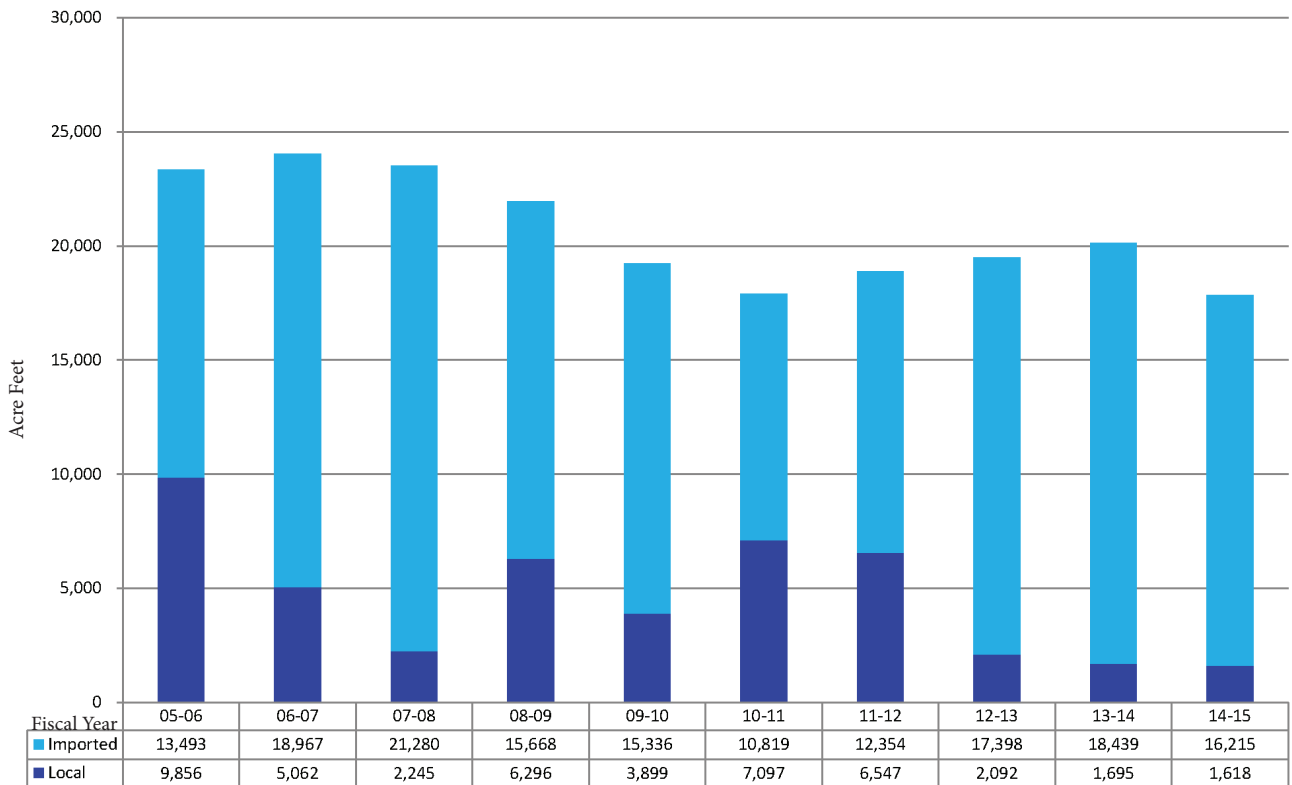
Rainfall

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



Water Received

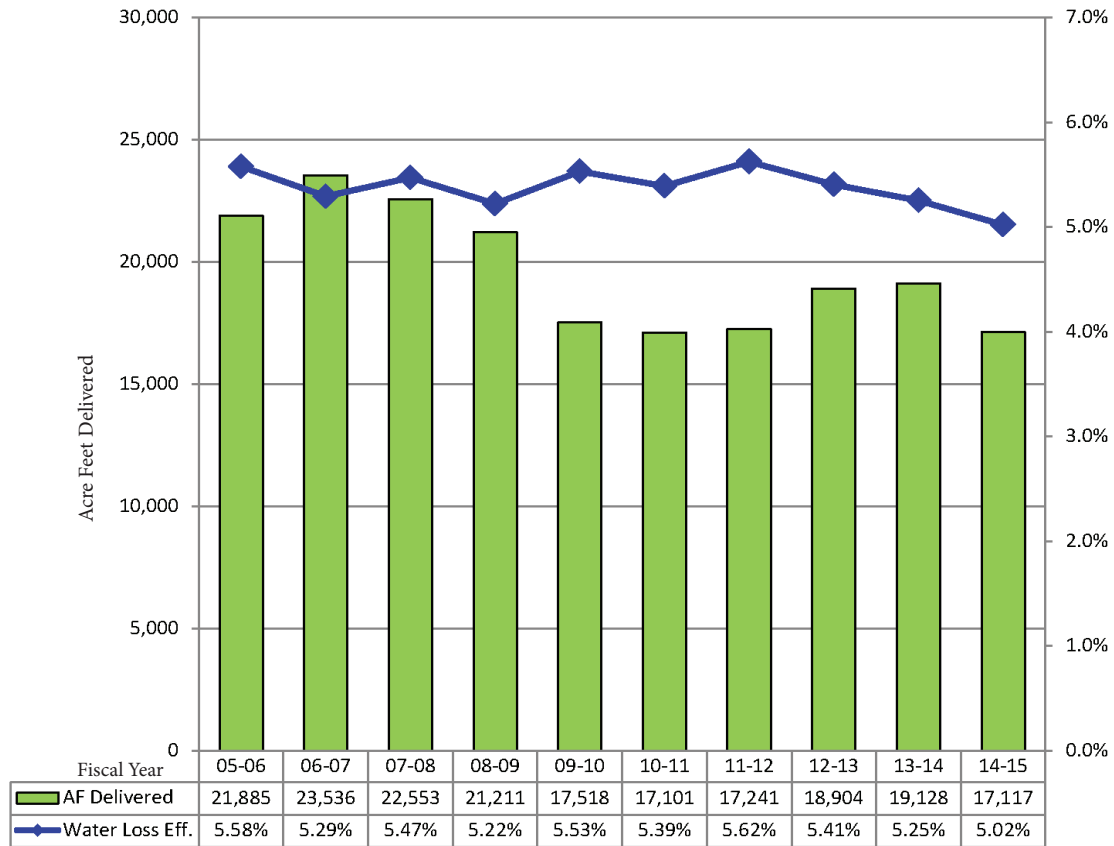
The District receives water from Lake Henshaw (local) and from Northern California and the Colorado River (imported). This graph shows how much of each source was received in a given year.



DISTRICT DEMOGRAPHICS

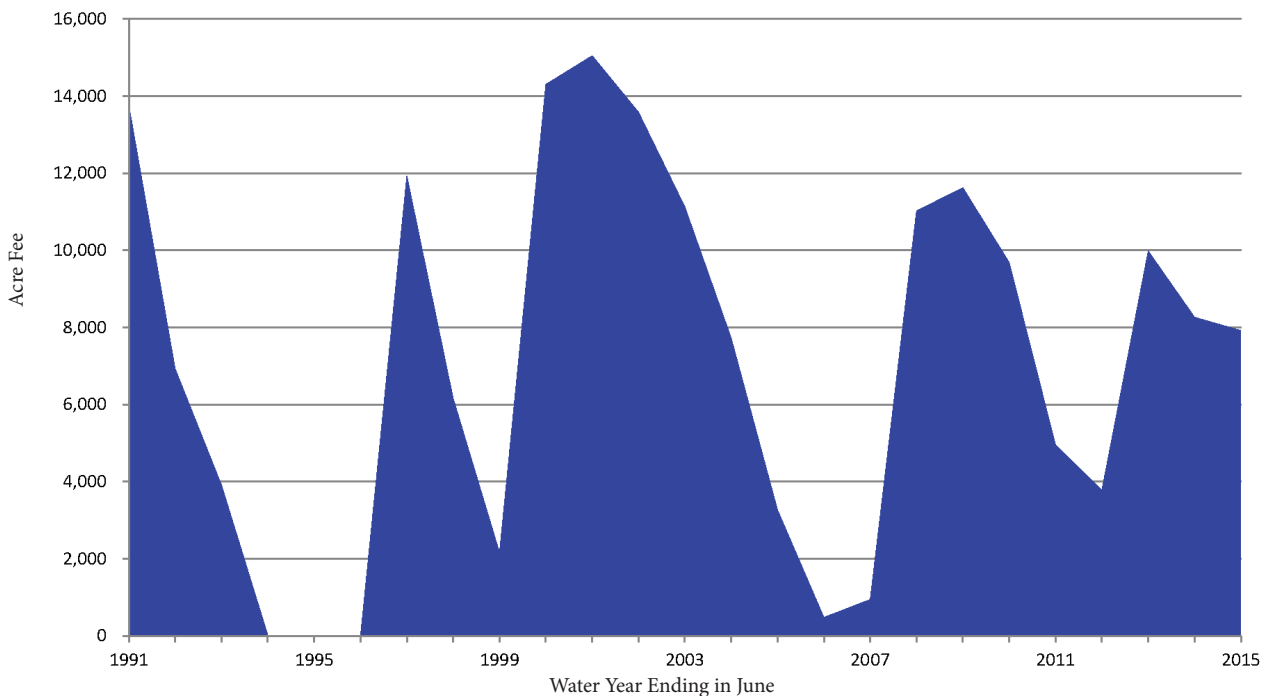
Distribution Efficiency

This graph shows water delivered to customers (from imported and local sources) which is represented by the green bars. The blue 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)

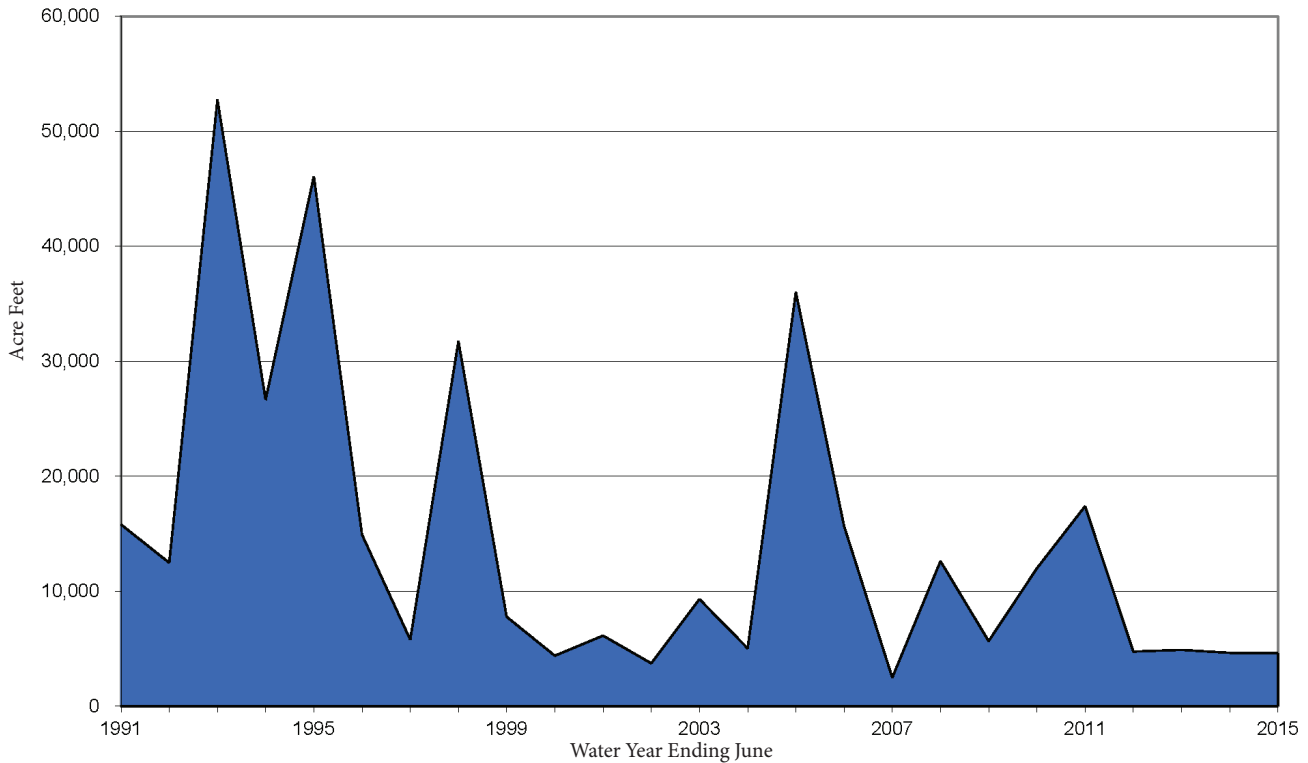
Lake Henshaw's water comes from run-off as well as pumped groundwater from the Warner Basin, which surrounds the lake. This graph shows pumped water totals from 1991 to 2015. Typically, pumped water is more heavily relied on during extended dry periods.



DISTRICT DEMOGRAPHICS

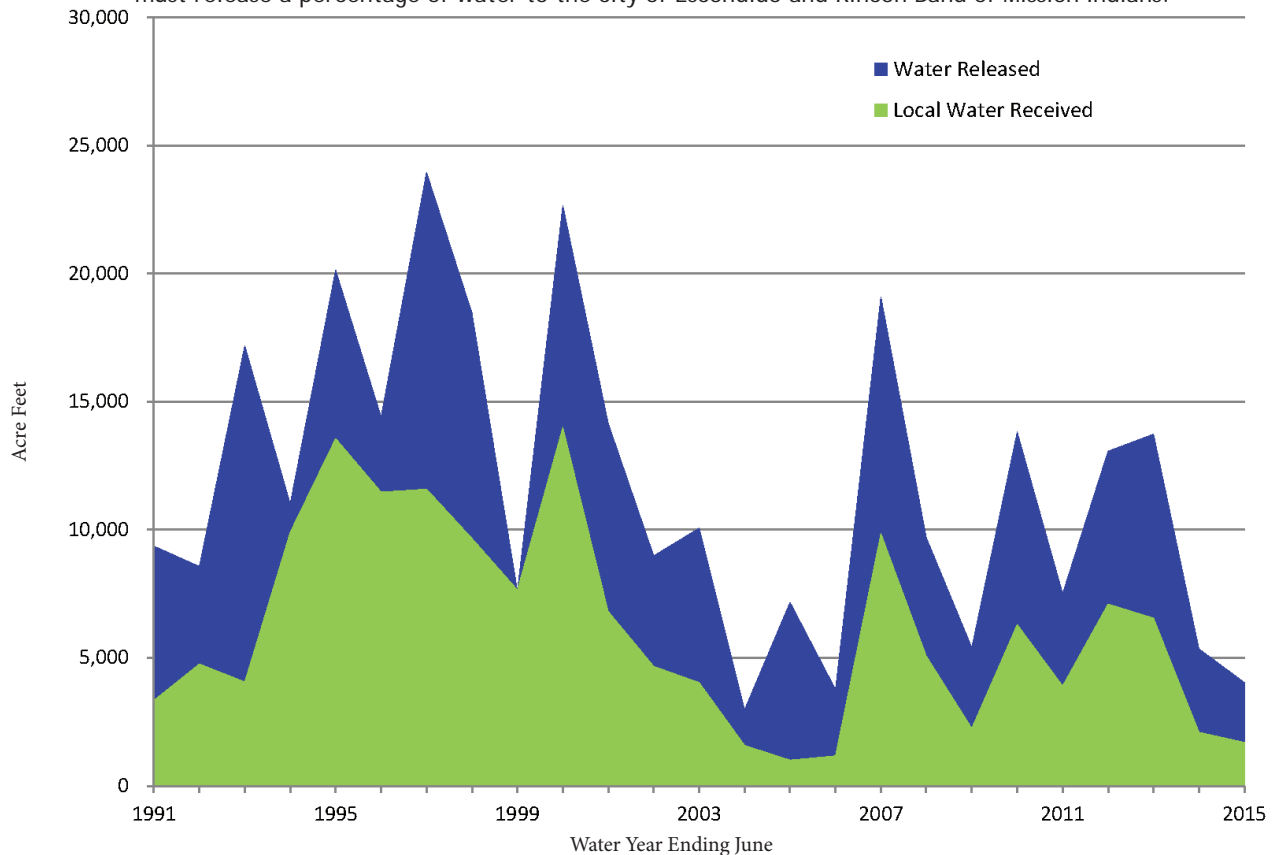
Water Stored in Lake Henshaw

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.

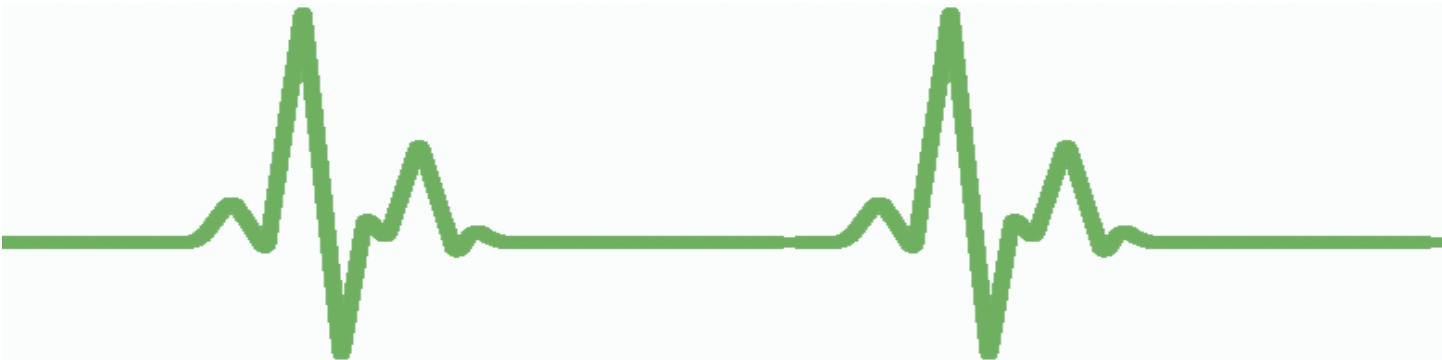


Water Released from Lake Henshaw versus Local Water Received

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 Rincon Band of Mission Indians.



DISTRICT FINANCIALS



Management's Discussion and Analysis

Our discussion and analysis of the Vista Irrigation District's financial performance provides an overview of the District's financial activities for the year ended June 30, 2015. 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:

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

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

The statement 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 statement 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 statement of cash flows provide information regarding the District's cash receipts and cash disbursements during the year. This statement reports cash activity in four categories:

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

This statement differs from the statement 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 decreased 4.1%, while operating expenses decreased 4.0%.

See independent auditors' report

Management's Discussion and Analysis

- The District realized a \$5.2 million operating gain during the current fiscal year primarily due to the result of purchasing less imported water, due to decreased demand arising from water conservation efforts.
- Contributed capital increased \$0.4 million due to the completion of five capital contribution jobs in the current year, as compared to two in the prior year.
- The District implemented GASB Statement No. 68 during the current fiscal year, which requires the establishment of pension plan liabilities, deferred outflows/inflows of resources, and pension expense according to the Statement's provisions. This resulted in a \$16.9 million prior period restatement of the June 30, 2014 net position balance, as well as the recording of \$18.5 million in net pension liability and \$1.8 million in deferred outflows of resources.

Financial Analysis of the District

Net Position - The District's overall net position decreased \$10.7 million between fiscal years 2014 and 2015, from \$113.0 to \$102.3 million primarily due to the \$16.9 million prior period restatement of net position as previously reported in the Financial Highlights section. The net investment in capital assets increased \$0.8 million which reflects the excess of net capital additions over the current year depreciation and dispositions. The unrestricted net position decreased \$11.5 million primarily due to the prior period restatement, along with operating income exceeding operating expenses.

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

	<u>2015</u>	<u>2014</u>
Current assets	\$ 45.4	\$ 40.7
Capital assets	82.5	81.8
Long-term prepaid expenses	2.4	2.1
Total Assets	<u>130.3</u>	<u>124.6</u>
Deferred outflows of resources	<u>1.5</u>	<u>-</u>
Current liabilities	6.8	7.4
Noncurrent liabilities	17.8	4.2
Total Liabilities	<u>24.6</u>	<u>11.6</u>
Deferred inflows of resources	<u>4.9</u>	<u>-</u>
Net Position:		
Net investment in capital assets	82.6	81.8
Unrestricted	19.7	31.2
Total Net Position	<u>\$ 102.3</u>	<u>\$ 113.0</u>

See independent auditors' report

Management's Discussion and Analysis

Change in Net Position - The District's operating revenues decreased by 4.1% to \$46.6 million. In fiscal year 2015, 95.7% 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.

The District's operating expenses decreased 4.0% to \$41.4 million primarily due to a decrease of \$2.1 million in purchased water, due to lesser demand as discussed above.

The District's contributed capital increased from \$67.3 thousand to \$0.5 million due to more capital contribution jobs completed in the current year.

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

	<u>2015</u>	<u>2014</u>
Operating Revenues		
Water sales, net	\$ 44.6	\$ 46.8
System fees	0.9	0.7
Property rentals	0.7	0.7
Other services	<u>0.4</u>	<u>0.4</u>
Total Operating Revenues	<u>46.6</u>	<u>48.6</u>
 Operating Expenses	 <u>41.4</u>	 <u>43.1</u>
 Operating Income	 <u>5.2</u>	 <u>5.5</u>
 Nonoperating Revenues (Expenses)		
Property taxes	0.4	0.4
Investment income	0.1	0.1
Legal settlement	<u>(0.1)</u>	<u>(0.1)</u>
Total Nonoperating	<u>0.4</u>	<u>0.4</u>
 Contributed Capital	 <u>0.5</u>	 <u>-</u>
 Change in Net Position	 <u>\$ 6.1</u>	 <u>\$ 5.9</u>

See independent auditors' report.

Management's Discussion and Analysis

Capital Assets

At June 30, 2015, the District had invested \$164.7 million in capital assets with \$82.1 million in accumulated depreciation. Net capital assets increased \$0.8 million as a result of capital acquisitions exceeding the annual depreciation and dispositions. During the year the District added \$4.2 million of capital assets. The largest capital additions were \$1.8 million in costs for several mainline replacement projects, \$0.7 million for SCADA upgrades and expansion, and \$0.6 million for water treatment plant construction costs. This year's capital reductions included replacement/disposals of pipelines, pumping equipment, vehicles, and copiers with a total historical cost of \$0.4 million. Depreciation for the year was \$3.4 million.

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

	<u>2015</u>	<u>2014</u>
Land, franchises and water rights	\$ 6.0	\$ 6.0
Buildings, canals, pipelines, reservoirs and dams	73.6	73.9
Equipment	1.2	1.0
Henshaw pumping project	0.4	0.4
Construction in progress	<u>1.3</u>	<u>0.5</u>
Total Capital Assets, Net	<u>\$ 82.5</u>	<u>\$ 81.8</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, 2015, 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 the Vista Irrigation District's Finance Department at 1391 Engineer Street, Vista, California 92081.

See independent auditors' report.

Financial Statements

STATEMENT OF NET POSITION JUNE 30, 2015

Assets

Current Assets:

Cash and cash equivalents (notes 1 and 2)	\$ 18,204,575
Investments (notes 1 and 2)	19,485,885
Accounts receivable, net (notes 1 and 3)	6,958,027
Taxes receivable	33,228
Accrued interest receivable	7,509
Inventories of materials and supplies	547,277
Prepaid expenses and other current assets	123,865
Total Current Assets	<u>45,360,366</u>

Noncurrent Assets:

Capital assets: (notes 1 and 4)

Depreciable assets, net of accumulated depreciation:

Buildings, canals, pipelines, reservoirs and dams	73,650,324
Equipment	1,165,718
Henshaw pumping project	379,715

Nondepreciable assets:

Land, franchises and water rights	6,001,127
Construction in progress	1,354,968
Total capital assets	<u>82,551,852</u>

Long-term prepaid expenses (note 9)

	<u>2,374,626</u>
--	------------------

Total Noncurrent Assets	<u>84,926,478</u>
-------------------------	-------------------

Total Assets	<u>130,286,844</u>
--------------	--------------------

Deferred Outflows of Resources

Pension related (notes 1, 6 and 8)	<u>1,488,966</u>
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Total Deferred Outflows of Resources	<u>1,488,966</u>
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The accompanying notes are an integral part of the financial statements.

(Continued)

Financial Statements

STATEMENT OF NET POSITION JUNE 30, 2015

Liabilities

Current Liabilities:

Accounts payable (note 5)	\$ 4,331,156
Deposits	726,632
Accrued expenses and other liabilities	<u>1,736,973</u>
Total Current Liabilities	<u>6,794,761</u>

Noncurrent Liabilities:

Claims payable (note 6)	4,245,365
Net pension liability (notes 1, 6 and 8)	<u>13,526,753</u>
Total Noncurrent Liabilities	<u>17,772,118</u>

Total Liabilities	<u>24,566,879</u>
-------------------	-------------------

Deferred Inflows of Resources

Pension related (notes 1, 6 and 8)	<u>4,932,631</u>
Total Deferred Inflows of Resources	<u>4,932,631</u>

Net Position

Net investment in capital assets	82,551,852
Unrestricted (notes 7 and 11)	<u>19,724,448</u>
Total Net Position	<u>\$ 102,276,300</u>

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

Financial Statements

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2015

Operating Revenues

Water sales, net (notes 1 and 3)	\$ 44,594,810
System fees	853,041
Property rentals	738,767
Other services	428,667
Total Operating Revenues	<u>46,615,285</u>

Operating Expenses

Purchased water	19,235,486
Wages and benefits	12,298,601
Contractual services	3,827,299
Depreciation	3,363,263
Supplies	1,309,636
Power	662,164
Professional fees	658,616
Insurance	489,023
Office and general	488,237
Communications	55,126
Burden allocation	(945,126)
Total Operating Expenses	<u>41,442,325</u>

Operating Income 5,172,960

Nonoperating Revenues (Expenses)

Property taxes	381,843
Investment income	63,423
Federal and state assistance	42,810
Gain on disposal of capital assets	30,557
Legal settlement	(55,173)
Total Nonoperating Revenues	<u>463,460</u>

Income Before Contributed Capital 5,636,420

Contributed Capital 499,911

Change in Net Position 6,136,331

Total Net Position - beginning, as restated (note 11) 96,139,969

Total Net Position - ending \$ 102,276,300

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

Financial Statements

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2015

Cash Flows From Operating Activities

Receipts from customers	\$ 46,771,464
Payments to suppliers	(31,356,878)
Payments to employees	(6,646,243)
Collection of deposits	1,021,251
Return of deposits	(786,508)
Net Cash Provided by Operating Activities	<u>9,003,086</u>

Cash Flows From Noncapital Financing Activities

Receipts from property taxes	376,947
Proceeds from Federal and State assistance	42,810
Net Cash Provided by Noncapital Financing Activities	<u>419,757</u>

Cash Flows From Capital and Related Financing Activities

Proceeds from disposal of capital assets	40,827
Acquisition of capital assets	(3,667,212)
Net Cash Used by Capital and Related Financing Activities	<u>(3,626,385)</u>

Cash Flows From Investing Activities

Proceeds from maturities of investments	13,000,000
Interest on cash and investments	32,540
Purchase of investments	(19,461,325)
Net Cash Used by Investing Activities	<u>(6,428,785)</u>

Net Decrease in Cash and Cash Equivalents (632,327)

Cash and Cash Equivalents - beginning 18,836,902

Cash and Cash Equivalents - ending \$ 18,204,575

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

(Continued)

Financial Statements

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2015

Reconciliation of Operating Income to Net

Cash Provided by Operating Activities

Operating Income	\$	5,172,960
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		3,363,263
Pension related adjustments		100,885
Changes in Assets and Liabilities:		
Accounts receivable, net		1,177,430
Inventories of materials and supplies		(162,368)
Prepaid expenses and other assets		(91,311)
Accounts payable		(830,498)
Deposits		234,742
Accrued expenses and other liabilities		37,983
Net Cash Provided by Operating Activities	\$	<u>9,003,086</u>

Noncash Investing, Capital and Financing Activities

Contributed capital assets	\$	499,911
Capital asset acquisitions included in accounts payable and accrued expenses	\$	577,141
Increase in fair value of investments	\$	28,758

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

Notes to 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.

Basis of Accounting

The accounting principles of the District conform to accounting principles generally accepted in the United States of America applicable to enterprise funds. Accordingly, the statements of net position and the statements of revenues, expenses and changes in net position have been prepared using the economic resources measurement focus and the accrual basis of accounting.

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.

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.

Notes to Financial Statements

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

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.

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 fair market 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 - 60 years
Equipment	3 - 20 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 and Sick Leave

The District records a liability equal to 100% of vacation earned and the applicable percentage of sick leave available to employees at year end (25%-100%), which is included in accrued expenses and other liabilities.

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 (see Implementation of New Pronouncement below) requires that the reported results must pertain to liability and asset information within certain defined time frames. For this report, the following time frames are used.

Valuation Date (VD)	June 30, 2013
Measurement Date (MD)	June 30, 2014
Measurement Period (MP)	July 1, 2013 to June 30, 2014

Revenue Recognition

The District recognizes revenues from water sales, property rentals, investments and other fees and services as they are earned. Water sales are reported net of uncollectible accounts expense. Taxes and assessments are recognized as revenue, based upon amounts reported to the District by the County of San Diego. The District first utilizes restricted resources to finance qualifying activities, then unrestricted resources as they are needed. 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. 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.

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 \$28,297,441) 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.

Notes to Financial Statements

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

Risk Management (Continued)

General Liability - Insured up to \$60,000,000 per occurrence with no deductible; the Authority is self-insured up to \$2,000,000 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 \$2,000,000 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 \$2,000,000 and excess insurance coverage has been purchased.

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

Dam Failure Liability - Insured up to \$5,000,000 per occurrence with \$250,000 deductible; the Authority is self-insured up to \$250,000 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.

Implementation of New Pronouncement

GASB has issued Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68) – An Amendment of GASB Statement No. 27. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. For defined benefit pension plans, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

GASB has issued Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date (GASB 71) – An Amendment of GASB Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

These pronouncements have been implemented for purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense/expenditures. Information about the fiduciary net position of the District's CalPERS plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Notes to Financial Statements

Note 2 - Cash and Investments

The following is a detail of cash and cash equivalents as of June 30, 2015:

Cash on hand	\$ 6,147
Deposits	599,935
State Treasurer's investment pool	10,941,309
California Asset Management Program	6,657,184
Total cash and cash equivalents	<u>\$ 18,204,575</u>

As of June 30, 2015, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
State Treasurer's investment pool	8 months weighted average	\$ 10,941,309
California Asset Management Program	1 month weighted average	<u>6,657,184</u>
Total cash equivalents		<u>\$ 17,598,493</u>
U.S. Treasury bills	6 months weighted average	<u>\$ 19,485,885</u>
Total Investments		<u>\$ 19,485,885</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, 2015, the District's bank balances were \$402,133, of which \$250,000 were insured and the remaining \$152,133 were uninsured and collateralized with securities held by the pledging institution's trust department.

Note 3 - Accounts Receivable, Net

As of June 30, 2015, the net balances were comprised of accounts receivable balances of \$7,449,667 less the allowances for doubtful accounts of \$491,640.

On the Statement of Revenues, Expenses and Changes in Net Position for the year ended June 30, 2015, the balance of water sales, net of uncollectible accounts expense, was comprised of water sales revenues of \$44,596,500 less uncollectible amounts of \$1,690.

Notes to Financial Statements

Note 4 - Capital Assets

Capital assets consist of the following at June 30, 2015:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land, franchises, and water rights	\$ 5,960,313	\$ 40,814	\$ -	\$ 6,001,127
Construction in progress	<u>456,338</u>	<u>3,194,297</u>	<u>(2,295,667)</u>	<u>1,354,968</u>
Total capital assets not being depreciated	<u>6,416,651</u>	<u>3,235,111</u>	<u>(2,295,667)</u>	<u>7,356,095</u>
Capital assets being depreciated:				
Buildings, canals, pipelines, reservoirs and dams	146,320,440	2,752,855	(37,476)	149,035,819
Equipment	5,228,882	417,137	(367,078)	5,278,941
Henshaw pumping project	<u>2,977,296</u>	<u>54,618</u>	<u>(28,119)</u>	<u>3,003,795</u>
Total capital assets being depreciated	<u>154,526,618</u>	<u>3,224,610</u>	<u>(432,673)</u>	<u>157,318,555</u>
Less accumulated depreciation for:				
Buildings, canals, pipelines, reservoirs and dams	(72,378,776)	(3,044,142)	37,423	(75,385,495)
Equipment	(4,182,763)	(290,389)	359,929	(4,113,223)
Henshaw pumping project	<u>(2,623,467)</u>	<u>(28,732)</u>	<u>28,119</u>	<u>(2,624,080)</u>
Total accumulated depreciation	<u>(79,185,006)</u>	<u>(3,363,263)</u>	<u>425,471</u>	<u>(82,122,798)</u>
Total capital assets being depreciated, net	<u>75,341,612</u>	<u>(138,653)</u>	<u>(7,202)</u>	<u>75,195,757</u>
Total capital assets, net	<u>\$ 81,758,263</u>	<u>\$ 3,096,458</u>	<u>\$ (2,302,869)</u>	<u>\$ 82,551,852</u>

Note 5 - Accounts Payable

At June 30, 2015, the accounts payable of \$4,331,156 included \$2,869,116 for water purchases from the San Diego County Water Authority and \$1,462,040 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 is owed to the Indian Water Authority.

Changes in the claims payable amounts for the year ended June 30, 2015 were as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Consumer Price Adjustment</u>	<u>Ending Balance</u>
2015	\$ 4,190,193	\$ 55,172	\$ 4,245,365

Notes to Financial Statements

Note 6 - Noncurrent Liabilities (Continued)

Increases to the claims payable amount are 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.

Changes in the net pension liability amounts for the year ended June 30, 2015 were as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Additions*</u>	<u>Reductions</u>	<u>Ending Balance</u>
2015	\$ -	\$ 18,482,409	\$ 4,955,656	\$ 13,526,753

*Additions to the net pension liability resulted from the implementation of GASB 68.

The entire net pension liability is reported as a noncurrent liability in the accompanying Statement of Net Position in accordance with GASB 68.

Note 7 - Unrestricted Net Position

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

Emergency and contingency	\$ 8,000,000
Future construction	2,643,279
Working capital	9,000,000
Ranch improvements	81,169
Total unrestricted net position	<u>\$ 19,724,448</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, 2013 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.

Notes to Financial Statements

Note 8 - Defined Benefit Pension Plan (Continued)

A. General Information about the Pension Plan (Continued)

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, 2015 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	21.322%	8.005%	6.25%

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 period ended June 30, 2014 (the measurement date), the average active employee contribution rate for the respective miscellaneous Tier 1, Tier 2, and PEPRA plans are 4.5%, 7.0%, and 6.25% of annual pay, and the employer's contribution rates are 20.273%, 8.049% and 6.25% of annual payroll. Employer contribution rates may change if plan contracts are amended. Employer Contributions for the measurement period

Notes to Financial Statements

Note 8 - Defined Benefit Pension Plan (Continued)

A. General Information about the Pension Plan (Continued)

Contributions (Continued)

ended June 30, 2014 for the combined miscellaneous Tier 1, Tier 2, and PEPRA plans are \$1,459,677. The actual employer payments of \$1,459,677 made to CalPERS by the District during the measurement period ended June 30, 2014 differed from the District's proportionate share of the employer's contributions of \$1,636,341 by \$176,664, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

B. Net Pension Liability

The District's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and June 30, 2014 total pension liabilities for the Plan was based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.50%
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, 2013 valuation 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.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 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 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. 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.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan. Refer to the sensitivity of the net pension liability to changes in the discount rate section of this note, which provides information on the sensitivity of the net pension liability to changes in the discount rate.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

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.

Notes to Financial Statements

Note 8 - Defined Benefit Pension Plan (Continued)

B. Net Pension Liability (Continued)

Discount Rate (Continued)

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	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	(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

Pension Plan Fiduciary Net Position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website under Forms and Publications, at www.calpers.ca.gov. The Plan's fiduciary net position and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Investments are reported at fair value.

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations,

Notes to Financial Statements

Note 8 - Defined Benefit Pension Plan (Continued)

B. Net Pension Liability (Continued)

Pension Plan Fiduciary Net Position (Continued)

CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and Other Post-Employment Benefits (OPEB) expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

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: 6/30/2013 (VD)	\$ 75,227,170	\$ 56,744,761	\$ 18,482,409
Balance at: 6/30/2014 (MD)	\$ 79,703,912	\$ 66,177,159	\$ 13,526,753
Net Changes during 2013-14	\$ 4,476,742	\$ 9,432,398	\$ (4,955,656)

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

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2014, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The District's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website under Forms and Publications, at www.calpers.ca.gov. The District's proportionate share of the net pension liability for the Plan as of June 30, 2013 and 2014 was as follows:

Proportionate Share - June 30, 2013	<u>Miscellaneous</u> 0.56406%
Proportionate Share - June 30, 2014	<u>0.54731%</u>
Change - Increase (Decrease)	<u>(0.01675%)</u>

Notes to Financial Statements

Note 8 - Defined Benefit Pension Plan (Continued)

C. Proportionate Share of Net Pension Liability (Continued)

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 7.50 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 (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	Discount Rate - 1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate + 1% (8.50%)
Miscellaneous Plan's Net Pension Liability	\$ 24,100,492	\$ 13,526,753	\$ 4,751,554

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and 5 year straight-line amortization
actual earnings

All other amounts

Straight-line amortization over the average expected
remaining service lives of all members that are provided
with benefits (active, inactive and retired) as of the
beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for the Plan for the 2013-14 measurement period is 3.8 years, which was obtained by dividing the total service years of 460,700 (the sum of remaining service lifetimes of the active employees) by 122,789 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

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

As of the start of the measurement period (July 1, 2013), the net pension liability for the plan is \$18,482,409 (the net pension liability of the aggregate plan as of June 30, 2013 is \$3,276,668,431).

For the measurement period ending June 30, 2014 (the measurement date), the District incurred a pension expense of \$1,589,850 for the Plan (the pension expense for the aggregate plan for the measurement period is \$239,824,465). A complete breakdown of the pension expense is as follows:

Description	Risk Pool Amounts	Employer's Share	Percentage of Employer's Share
Service Cost	\$ 338,829,351	\$ 1,873,950	0.5531%
Interest on the Total Pension Liability	921,162,366	5,599,919	0.6079%
Employee Contributions	(159,834,203)	(379,778)	0.2376%
Projected Earnings on Pension Plan Investments	(678,133,636)	(4,229,617)	0.6237%
Recognized Differences between Projected and Actual Earnings on Plan Investments	(182,199,413)	(1,136,404)	0.6237%
Recognized Portion of Adjustment due to Differences in Proportions	-	(91,729)	N/A
Recognized Difference Between Contributions and Proportionate Share of Contributions	-	(46,491)	
Subtotal: Employer's Share of Expense Components	\$ 239,824,465	1,589,850	
Employer's Proportionate Share of Pension Expense		\$ 1,589,850	

Note: Plan administrative expenses are not displayed in the above pension expense table. Since the expected investment return of 7.50 percent is net of administrative expenses, administrative expenses are excluded from the above table, but implicitly included as part of investment earnings.

As of June 30, 2014, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference between Projected and Actual Earnings on Pension Plan Investments	\$ -	\$ (4,545,617)
Adjustment due to Differences in Proportions	-	(256,841)
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	(130,173)
Pension Contributions Subsequent to Measurement Date	1,488,966	-
Total	\$ 1,488,966	\$ (4,932,631)

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)

These amounts above are net of outflows and inflows recognized in the 2013-14 measurement period expense. \$1,488,966 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, 2016. Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources, Net
2015	\$ (1,228,133)
2016	(1,274,624)
2017	(1,256,278)
2018	(1,173,596)
2019	-
Thereafter	-
	<u>\$ (4,932,631)</u>

E. Payable to the Pension Plan

At June 30, 2015, the District reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

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.

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.

Notes to Financial Statements

Note 9 - Other Postemployment Benefits (Continued)

Plan Description (Continued)

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 year ended June 30, 2015, 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:

	<u>Retiree Healthcare Plan</u>
Contribution rate:	Actuarially determined
District	4.3%
Annual required contribution	\$ 316,284
Adjustment to annual required contribution	138,785
Interest on net OPEB asset	<u>(172,439)</u>
Annual OPEB cost (expense)	282,630
Contributions made	<u>(391,306)</u>
Increase (decrease) in net OPEB obligation/(asset)	(108,676)
Net OPEB obligation (asset) - beginning of year	<u>(2,265,950)</u>
Net OPEB obligation (asset) - end of year	\$ <u><u>(2,374,626)</u></u>

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, 2013	\$349,516	\$372,236	106.5%	(\$66,617)
Retiree Healthcare Plan	June 30, 2014	\$306,082	\$2,505,415	818.5%	(\$2,265,950)
Retiree Healthcare Plan	June 30, 2015	\$282,630	\$391,306	138.5%	(\$2,374,626)

Funded Status and Funding Progress

The funded status of the plan was as follows:

Actuarial Valuation Date	Actuarial Value of Plan Assets (A)	Actuarial Accrued Liability (B)	Unfunded Liability (A-B)	Funded Ratio (A/B)	Annual Covered Payroll (C)	Unfunded Liability as a % of Annual Covered Payroll [(A-B)/C]
July 1, 2012	\$1,370,387	\$4,162,912	(\$2,792,525)	32.9%	\$7,416,382	(37.7%)
July 1, 2013	\$1,238,734	\$3,574,767	(\$2,336,033)	34.7%	\$7,494,718	(31.2%)

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. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

In June 2014, the District opted to make a lump sum payment of \$2,119,265 in order to pay off the unfunded portion of the District's OPEB liability, and as a result, the District was fully funded as of June 30, 2014. This payment was not included in the most recent actuarial valuation dated July 1, 2013 but will be included in the actuarial valuation dated July 1, 2015.

Notes to Financial Statements

Note 9 - Other Postemployment Benefits (Continued)

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, 2013
Actuarial cost method	Projected Unit Credit
Amortization method	Level percentage of pay
Remaining amortization period	24 years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	7.61%
Projected salary increases	3.00%

The actuarial cost method used for determining the benefit obligations is the Projected Unit Credit with service prorated. The actuarial assumptions included a 7.61% 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 2015, each declining by 0.5% per year through 2018, and 0.5% per year for both HMO and PPO for all years after 2018. 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, 2013 is assumed to be 24 years. It is assumed the District's payroll will increase 3.00% per year.

Note 10 - Commitments and Contingencies

Commitments

Under terms of a 1922 contractual agreement with the United States Department of the Interior, the District and the City of Escondido are obligated to provide the first 6 cubic feet per second of the natural flow of the San Luis Rey River to the Rincon Indians. The agreement is one of those claimed to be void ab initio by the United States and the Rincon Indians in the litigation discussed below.

In July 2007, the District announced entry into a "settlement agreement in principle" with the City of Escondido (Escondido) and the Indian bands. Per the terms of the "settlement agreement in principle", the Rincon Band would continue to receive its historic entitlement of water, but now quantified as a right to 2,900 acre-feet per year, on average, adjusted by annual hydrologic conditions. Following are the provisions of the "settlement agreement in principle":

1. Allocation of Local Water and Supplemental Water
 - a) The Rincon Band shall receive its historic right to the first 6 cubic feet per second of the natural flow of the San Luis Rey River (local water). The District and Escondido shall have the right to use the remaining local water, subject to the right of the Bands to divert and use local water through an acre foot for acre foot exchange with supplemental water.

Notes to Financial Statements

Note 10 - Commitments and Contingencies (Continued)

Commitments (Continued)

- b) The Indian Water Authority (an intertribal entity established by the Bands) shall be entitled to the benefit of the 16,000 acre feet of supplemental water provided by the Settlement Act. The Indian Water Authority may exchange supplemental water for local water.

2. Financial Obligations

- a) The Indian Water Authority is responsible for all costs associated with obtaining supplemental water. The District and Escondido are responsible for all costs associated with maintaining and operating the local water system, including the cost of a proposed canal undergrounding on the San Pasqual Indian Reservation (currently estimated to cost \$27 million). The cost of the proposed undergrounding project will be divided evenly between the District and Escondido.
- b) In return for the Bands' and the United States' agreement that the Settlement shall be an entire agreement, and no obligations among the parties from the 1894, 1914, and 1922 contracts shall endure, there shall be no annual charges paid by the District or Escondido for the use of tribal lands, and all liability among the parties shall be waived prior to the effective date of the Settlement Agreement. The District and Escondido agree to each pay the Indian Water Authority \$3.85 million on October 1, 2008. This amount can be paid either as a lump sum, or paid over the next 20 years at 5% interest, or paid over 20 years, delayed for 5 years, at 6% interest. Any payment may be prepaid without a prepayment penalty.
- c) The Rincon Band's revised entitlement to local water is estimated to cost the District approximately \$240,000 annually, based on the current cost of imported water and the assumption that the new formulation of the Rincon entitlement will result in the District purchasing additional imported water.

On September 30, 2008, the negotiators for the District, the Bands and Escondido announced a Settlement Agreement regarding the water rights issues. The provisions of the Settlement Agreement are essentially the same as those of the "settlement agreement in principle" announced in July, 2007 as mentioned above.

However, in order for the Agreement to take effect, the following conditions are necessary: (i) the Agreement must be executed by all of the parties; (ii) the Agreement must be approved by the United States District Court for the Southern District of California after the Court has ascertained in open court and on the record that all parties understand and agree with the terms of the Agreement and represent that: (a) the Settlement was entered into in good faith, and this Agreement provides fair and reasonable terms for the use of Local and Supplemental Water by the Parties and for financial and other consideration among the Parties, and (b) that all Parties understand and agree with the terms of this Agreement and represent that they have received adequate legal representation in reaching that conclusion; (iii) a stipulated judgment of dismissal or other appropriate final disposition has been entered in the litigation involving the City of Escondido and Vista Irrigation District (Local Entities), the United States, and the Bands in all of the proceedings among the parties pending in United States District Court for the Southern District of California and the Federal Energy Regulatory Commission (FERC); (iv) FERC has issued the Conduit Exemption License and has approved the Surrender Application; (v) the Secretary of the Interior has issued all necessary rights-of-way for the Local Water System in accordance with section 109(b) of the Settlement Act; and

Notes to Financial Statements

Note 10 - Commitments and Contingencies (Continued)

Commitments (Continued)

(vi) all applicable appeal periods have expired. The date when all these conditions have been satisfied shall be the effective date of the Agreement.

The District's legal counsel and management are unable to opine upon the length of time it will take to resolve the matter and obtain all required approvals for a final settlement agreement.

Litigation

Several bands of Indians have claimed the rights to certain water now utilized by the District, substantial actual and punitive damages, and the invalidation of certain contracts. Actions on those claims naming the District as a defendant have been filed in the United States District Court by the bands and by the United States, in its own right and on behalf of the bands. Legislation authorizing the settlement of the Indian water rights dispute was enacted on November 17, 1988, as the "San Luis Rey Indian Water Rights Settlement Act". This legislation authorizes the parties to the dispute to enter into a settlement agreement and establishes a trust fund in the amount of \$30,000,000. Implementation of this legislation is pending development of a 16,000 acre foot per year supplemental water supply and negotiation of the precise terms of the settlement agreement. In October 2000, the source of the 16,000 acre foot supplemental water supply was identified as a portion of the water conserved from the lining of the All-American Canal and the Coachella Branch of the All-American Canal. Commencing in about January 2007, the settlement parties began obtaining 4,500 acre feet of water annually from the completed Coachella Branch Canal Lining Project. Construction of the lining of the All-American Canal (which produces the remaining 11,500 acre feet) was completed in 2010.

The District's legal counsel and management are unable to opine upon the ultimate outcome of the above matters. The Settlement Agreement summarizes some of the major proposed terms of agreement among the parties.

Discussions have continued on a long-standing dispute between the District and the City of Escondido (successor to Escondido Mutual Water Company) over the calculations and allocations between the two entities of natural flow of the San Luis Rey River. Management's opinion is that this matter will be resolved concurrently with the dispute with the Indian bands by adhering to the settlement rubric outlined in the July 2007 "settlement agreement in principle."

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 – Prior Year Restatement

Change in Accounting Principle

As discussed in Note 1, the District implemented GASB 68 effective July 1, 2014. GASB 68, among other provisions, amended prior guidance with respect to the reporting of pensions. GASB 68, establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. For defined benefit pensions, the District's net pension liability was not previously recorded on the statement of net position. GASB 68 requires that accounting changes adopted to conform to the provisions of the Statement be applied retroactively by restating financial statements. Restatement of the comparative financial data for the prior

Notes to Financial Statements

Note 11 – Prior Year Restatement (Continued)

Change in Accounting Principle (Continued)

period presented is not practical due to the unavailability of information from the pension plan; therefore, the provisions of GASB 68 and GASB 71 were not applied to the prior period. The cumulative effects of applying the provisions of GASB 68 and GASB 71 have been reported as a restatement of beginning net position for the year ended June 30, 2015 in accordance with the Statements.

Accordingly, beginning net position on the Statement of Net Position for the year ended June 30, 2015 has been restated for changes related to GASB 68 as follows:

Beginning net position, as previously reported	\$ 113,009,502
Restatement due to change in accounting principle	<u>(16,869,533)</u>
Beginning net position, as restated	<u>\$ 96,139,969</u>

Required Supplementary Information

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>6/30/2014</u>
Plan's Proportion of the Net Pension Liability ¹	0.21738%
Plan's Proportionate Share of the Net Pension Liability	\$ 13,526,753
Plan's Covered-Employee Payroll ²	\$ 7,846,034
Plan's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	172.40%
Plan's Proportion of the Fiduciary Net Position ³	0.622%
Plan's Share of Risk Pool Fiduciary Net Position ³	\$ 66,177,159
Plan's Additional Payments to Side Fund During Measurement Period	\$ -
Plan's Proportionate Share of the Fiduciary Net Position (sum of the two preceding lines)	\$ 66,177,159
Plan's Proportionate Share of the Fiduciary Net Position as a percentage of the Plan's Total Pension Liability	83.03%
Plan's Proportionate Share of Aggregate Employer Contributions ⁴	\$ 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 term Fiduciary Net Position (FNP) as used in this line denotes the aggregate risk pool's FNP at June 30, 2014 less the sum of all employers' additional side fund contributions made during the measurement period.

⁴ 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

* Measurement period 2013-14 (fiscal year 2015) was the 1st year of implementation, therefore, only one year is shown.

Required Supplementary Information

Schedule of Plan Contributions

Last 10 Years*

	Measurement Period 2013-14
Actuarially Determined Contribution	\$ 1,527,803
Contributions in Relation to the Actuarially Determined Contribution	(1,527,803)
Contribution Deficiency (Excess)	\$ -
Covered-Employee Payroll ¹	\$ 7,846,034
Contributions as a Percentage of Covered-Employee Payroll	19.47%

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 1st year of implementation, therefore, only one year is shown.

Notes to Schedule

Change in Benefit Terms: None

Change in Assumptions: None



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www.vid-h2o.org





STAFF REPORT

Board Meeting Date: April 20, 2016
Prepared By: Lisa Soto
Approved By: Roy Coox

SUBJECT: LOCAL AGENCY FORMATION COMMISSION SPECIAL DISTRICTS ELECTION

RECOMMENDATION: Select the candidate for whom to vote in the 2015-2016 San Diego Local Agency Formation Commission (LAFCO) Special Districts Run-off Election, and authorize the Board President to cast the District's vote accordingly.

PRIOR BOARD ACTION:

1/6/16 Cast the District's ballot in the LAFCO 2015-2016 Special Districts Election which included a vote for Dennis Sanford of Rainbow Municipal Water District for the alternate special district member position.

FISCAL IMPACT: None.

SUMMARY: LAFCO consists of eight commissioners from five different membership categories: two commissioners are members of the County Board of Supervisors; one commissioner is from the San Diego City Council; two commissioners are city council members from the 17 other incorporated cities; two commissioners are directors from independent special districts; and one commissioner represents the public. In addition, there are five alternates to the regular members, one for each membership category. All commissioners serve four year terms.

DETAILED REPORT: LAFCO has distributed its ballots for a run-off Special Districts election for the alternate special district member position. Per election rules, a run-off election is necessary between the top two vote getters, Judy Hanson and Dennis Sanford, because none of the four candidates received a majority of the votes cast. Judy Hanson of Leucadia Wastewater District received 15 votes; Dennis Sanford of the Rainbow Municipal Water District (for whom the District cast its vote) received nine votes; Mark Robak of the Otay Water District received five votes; and Joel Scalzitti of the Helix Water District received four votes.

The run-off election is being held my mailed ballot, with a June 3 deadline to cast ballots. Installation is tentatively set for the August 1 LAFCO meeting.

ATTACHMENTS: LAFCO Election Packet
Request for support for Judy Hanson of the Leucadia Wastewater District



RECEIVED
MAR 29 2016
VISTA IRRIG. DIST.

Chairman

Bill Horn
County Board of
Supervisors

March 25, 2016

Vice Chairman

Sam Abed
Mayor
City of Escondido

TO: Independent Special Districts of San Diego County

FROM: Executive Officer
Administrative Assistant

Members

Dianne Jacob
County Board of
Supervisors

SUBJECT: **2015–2016 RUN-OFF Special Districts Election**

Andrew Vanderlaan
Public Member

Lorie Zapf
Councilmember
City of San Diego

Lorraine Wood
Councilmember
City of Carlsbad

Jo MacKenzie
Vista Irrigation District

Vacant
Special District

On March 4, 2016, the independent special districts were notified by letter that a run-off election would be required for the alternate special district member position on the Local Agency Formation Commission (LAFCO). A run-off election between the two top vote getters is necessary per the election rules, because none of the four candidates that participated in the recent election received a majority of the votes cast. Judy Hanson of the Leucadia Wastewater District received 15 votes; Dennis Sanford of the Rainbow Municipal Water District received 9 votes; Mark Robak of the Otay Water District received 5 votes and Joel Scalzitti of the Helix Water District received 4 votes.

Alternate Members

Greg Cox
County Board of
Supervisors

An approximate ten week time period will be provided for the run-off election for the two top vote getters (Judy Hanson and Dennis Sanford), commencing on **March 25, 2016**. The run-off election will be held by mailed ballot with a **June 3, 2016** due date for the return of ballots. The top vote getter must again receive a majority of the votes cast and the installation is tentatively scheduled for the August 1, 2016 LAFCO meeting.

Chris Cate
Councilmember
City of San Diego

Racquel Vasquez
Councilmember
City of Lemon Grove

Ed Sprague
Olivenhain Municipal
Water District

Special District Election Ballots and Vote Certification forms on which to record the votes are attached (**Attachment 1**). A list of the eligible independent special districts is provided for your convenience in label format (**Attachment 2**). A summary of the nominations and copies of Nomination Forms are also attached (**Attachment 3**).

Harry Mathis
Public Member

Executive Officer

Michael D. Ott

Ballots without a valid authorized signature, or ballots cast for more than the indicated number of positions will be disregarded.

Legal Counsel

Michael G. Colantuono

The ballots should be considered by your full district board. As stated in the previous ballot materials, State Law and the Selection Committee Rules require a district's vote to be cast by its presiding officer, or an alternate member of the *legislative body* appointed by the other members. Therefore, the certification form has been incorporated with the ballot forms to be signed by the board member who has been designated to cast your district's votes. **A ballot received without a signed certification form will not be counted.**

Write-in candidates are permitted, and spaces have been provided for that purpose. The deadline for receipt of the ballots by LAFCO is **June 3, 2016**. The Selection Committee Rules require that marked ballots be returned **by certified mail, return receipt requested**. Facsimile (FAX) ballots and certification forms will be accepted, **if necessary to meet the ballot deadline**, but originals must be submitted as soon as possible thereafter.

The Selection Committee Rules stipulate that a majority of the districts shall constitute a quorum for the conduct of committee business. There are 61 independent special districts in San Diego County; therefore, a minimum of **31** ballots must be received to certify that a legal election was conducted. The ballots will be kept on file in this office, and may be inspected, upon request.

Please contact me or Tamaron Lockett at (858) 614-7755 if you have any questions.



MICHAEL D. OTT
Executive Officer



TAMARON R. LUCKETT
Administrative Assistant

MDO:TRL/trl

Attachments

- (1) Special District Election Ballots and Vote Certification Run-Off Form
- (2) Independent Special District List
- (3) Independent Special District Summary of Nominations and Copies of Nomination Forms

2015-2016 RUN-OFF SPECIAL DISTRICTS ELECTION
BALLOT and VOTE CERTIFICATION
FOR ALTERNATE LAFCO SPECIAL DISTRICT MEMBER

VOTE FOR ONLY ONE

* **Judy Hanson** []
(Leucadia Wastewater District)

Dennis A. Sanford []
(Rainbow Municipal Water District)

Write-In

_____ []
(Print Name)

I hereby certify that I cast the votes of the _____
(Name of District)
at the 2015-2016 Special Districts Selection Committee Election as:

[] the presiding officer, or**

[] the duly-appointed alternate board member.**

(Print Name)

(Signature)

(Title)

(Date)

****The ballot and vote certification form must be signed by the board member who has been designated to cast your district's votes. A ballot received without a signed certification form will not be counted.**

* = Nominating Committee's Recommendation

**Return Ballot and Vote Certification Form to:
San Diego LAFCO
Tameron Luckett
9335 Hazard Way, Suite 200
San Diego, CA 92123
(858) 614-7755 (office) · (858) 614-7766 (FAX)**

LIST OF INDEPENDENT SPECIAL DISTRICTS

FIRE CHIEF
ALPINE FPD
1364 TAVERN ROAD
ALPINE CA 91909-3831

FIRE CHIEF
BONTIA-SUNNYSIDE FPD
4900 BONITA ROAD
BONITA CA 91902-1725

FIRE CHIEF
BORREGO SPRINGS FPD
PO BOX 898
BORREGO SPRINGS CA 92004-0898

GENERAL MANAGER
BORREGO WATER DISTRICT
PO BOX 1870
BORREGO SPRINGS CA 92004-1870

GENERAL MANAGER
CANEBRAKE CWD
140 SMOKETREE LANE
JULIAN CA 92036-9336

GENERAL MANAGER
CUYAMACA WATER DISTRICT
PO BOX 609
JULIAN CA 92036-0609

FIRE CHIEF
DEER SPRING FPD
8709 CIRCLE R DRIVE
ESCONDIDO CA 92026-5802

GENERAL MANAGER
DESCANSO CSD
C/O DAN DEMOSS
4131 NORTHGATE BLVD
SACRAMENTO CA 95834-1218

GENERAL MANAGER
FAIRBANKS RANCH CSD
C/O DUDEK & ASSOC
605 THIRD STREET
ESCINITAS CA 92024-3513

GENERAL MANAGER
FALLBROOK HEALTHCARE DIST
577 EAST ELDER STREET UNIT U
FALLBROOK CA 92028-3079

GENERAL MANAGER
FALLBROOK PUD
PO BOX 2290
FALLBROOK CA 92088-2290

AMINISTRATIVE DIRECTOR
GROSSMONT HEALTHCARE DIST
9001 WAKARUSA STREET
LA MESA CA 91942-3300

GENERAL MANAGER
HELIX WATER DISTRICT
7811 UNIVERSITY AVENUE
LA MESA CA 91941-0427

GENERAL MANAGER
JACUMBA CSD
PO BOX 425
JACUMBA CA 91934-0425

GENERAL MANAGER
JULIAN CSD
PO BOX 681
JULIAN CA 92036-0681

FIRE CHIEF
JULIAN - CUYAMACA FPD
PO BOX 33
JULIAN CA 92036-0033

GENERAL MANAGER
LAKE CUYAMACA REC & PARK DIST
15027 HIGHWAY 79
JULIAN CA 92036-9530

FIRE CHIEF
LAKESIDE FPD
12216 LAKESIDE AVENUE
LAKESIDE CA 92040-1715

GENERAL MANAGER
LAKESIDE WATER DISTRICT
10375 VINE STREET
LAKESIDE CA 92040-2440

GENERAL MANAGER
LEUCADIA WASTEWATER DIST
1960 LA COSTA AVENUE
CARLSBAD CA 92009-6810

FIRE CHIEF
LOWER SWEETWATER FPD
2725-B GRANGER AVENUE
NATIONAL CITY CA 91950

GENERAL MANAGER
MAJESTIC PINES CSD
PO BOX 266
JULIAN CA 92036-0266

GENERAL MANAGER
MISSION RCD
1588 S MISSION ROAD SUITE 100
FALLBROOK CA 92028-4112

GENERAL MANAGER
MOOTAMAI MWD
PO BOX 812
PAUMA VALLEY CA 92061-0812

GENERAL MANAGER
MORRO HILLS CSD
PO BOX 161
FALLBROOK CA 92088-0161

GENERAL MANAGER
NORTH COUNTY CEMETERY DIST
2640 GLEN RIDGE ROAD
ESCONDIDO CA 92027-4532

FIRE CHIEF
NORTH COUNTY FPD
330 SOUTH MAIN AVENUE
FALLBROOK CA 92028-2938

GENERAL MANAGER
OLIVENHAIN MWD
1966 OLIVENHAIN ROAD
ENCINITAS CA 92024-5676

GENERAL MANAGER
OTAY WATER DISTRICT
2554 SWEETWATER SPRINGS BLVD
SPRING VALLEY CA 91978-2004

GENERAL MANAGER
PADRE DAM MWD
PO BOX 719003
SANTEE CA 92072-9003

GENERAL MANAGER
PALOMAR HEALTH
975 SOUTH ANDREASEN DRIVE
ESCONDIDO CA 92029-1934

GENERAL MANAGER
PAUMA MWD
PO BOX 706
PAUMA VALLEY CA 92061-0706

GENERAL MANAGER
PAUMA VALLEY CSD
33129 COLE GRADE ROAD
PAUMA VALLEY CA 92061-9518

FIRE CHIEF
PINE VALLEY FPD
PO BOX 130
PINE VALLEY CA 91962-0130

GENERAL MANAGER
POMERADO CEMETERY DISTRICT
14361 TIERRA BONITA ROAD
POWAY CA 92064-3027

GENERAL MANAGER
QUESTHAVEN MWD
20560 QUESTHAVEN ROAD
SAN MARCOS CA 92078-6810

GENERAL MANAGER
RAINBOW MWD
3707 OLD HIGHWAY 395
FALLBROOK CA 92028-9372

GENERAL MANAGER
RAMONA CEMETERY DISTRICT
532 ASH STREET
RAMONA CA 92065-1404

GENERAL MANAGER
RAMONA MWD
105 EARLHAM STREET
RAMONA CA 92065-1558

GENERAL MANAGER
C/O DUDEK & ASSOCIATES
605 THIRD STREET
ENCINITAS CA 92024-3513

FIRE CHIEF
RANCHO SANTA FE FPD
PO BOX 410
RANCHO SANTA FE CA 92067-0410

GENERAL MANAGER
RESOURCE CONSERVATION DIST
OF GREATER SAN DIEGO COUNTY
11769 WATERHILL ROAD
LAKESIDE CA 92040-2905

GENERAL MANAGER
RINCON DEL DIABLO MWD
1920 NORTH IRIS LANE
ESCONDIDO CA 92026-1318

GENERAL MANAGER
RINCON RANCH CSD
PO BOX 882
PAUMA VALLEY CA 92061-0882

FIRE CHIEF
SAN DIEGO RURAL FPD
14024 PEACEFUL VALLEY RANCH RD
JAMUL CA 91935-3202

GENERAL MANAGER
SAN LUIS REY MWD
5328 HIGHWAY 76
FALLBROOK CA 92028-7806

FIRE CHIEF
SAN MIGUEL CONSOL FPD
2850 VIA ORANGE WAY
SPRING VALLEY CA 91978-1746

GENERAL MANAGER
SANTA FE IRRIGATION DISTRICT
PO BOX 409
RANCHO SANTA FE CA 92067-0409

GENERAL MANAGER
SOUTH BAY IRRIGATION DISTRICT
PO BOX 2328
CHULA VISTA CA 91912-2328

ADMINISTRATION
TRI-CITY HEALTHCARE DISTRICT
4002 VISTA WAY
OCEANSIDE CA 92056-4506

GENERAL MANAGER
UPPER SAN LUIS REY RCD
PO BOX 921
PAUMA VALLEY CA 92061-0921

GENERAL MANAGER
VALLECITOS WATER DISTRICT
201 VALLECITOS DE ORO
SAN MARCOS CA 92069-1453

GENERAL MANAGER
VALLEY CENTER CEMETERY DIST
PO BOX 645
VALLEY CENTER CA 92082-0645

GENERAL MANAGER
VALLEY CENTER PARKS AND REC DIST
PO BOX 141
VALLEY CENTER CA 92082-0141

FIRE CHIEF
VALLEY CENTER FPD
28234 LILAC ROAD
VALLEY CENTER CA 92082-5413

GENERAL MANAGER
VALLEY CENTER MWD
PO BOX 67
VALLEY CENTER CA 92082-0067

FIRE CHIEF
VISTA FPD
955 VALE TERRACE DRIVE #A
VISTA CA 92084-5213

GENERAL MANAGER
VISTA IRRIGATION DISTRICT
1391 ENGINEER STREET
VISTA CA 92081-8840

GENERAL MANAGER
WYNOLA WATER DISTRICT
PO BOX 193
SANTA YSABEL CA 92070-0193

GENERAL MANAGER
WHISPERING PALMS CSD
C/O DUDEK & ASSOCIATES
605 THIRD STREET
ENCINITAS CA 92024-3513

GENERAL MANAGER
YUIMA MWD
PO BOX 177
PAUMA VALLEY CA 92061-0177

SUMMARY OF NOMINATIONS

LAFCO Alternate Special District Member Nominees

Judy Hanson (Leucadia Wastewater District)

Dennis A. Sanford (Rainbow Municipal Water District)

RECEIVED

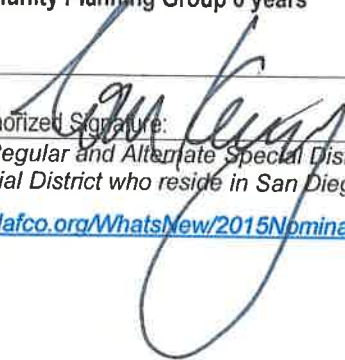
DATE RECEIVED
BY LAFCO:

SEP 21 2015

2015 LOCAL AGENCY FORMATION COMMISSION
NOMINATION / RESUME

(Office Use)

SAN DIEGO LAFCO

NOMINATED BY:	
District Name:	Rainbow Municipal Water District
District Phone:	760-728-1178
NAME OF NOMINEE:	
Name:	Dennis A. Sanford
Address:	3707 Old Highway 395 Rainbow CA 92028
Phone:	714-299-9865
NOMINATED FOR:	
<i>Please check <u>one</u> box Refer to the List of Incumbents.</i>	LAFCO POSITION: () Regular Special District Member (Term expires in 2017) (x) Alternate Special District Member (Term expires in 2019)
	SPECIAL DISTRICTS ADVISORY COMMITTEE POSITION: () Special Districts Advisory Committee (Term expires in 2019)
DISTRICT EXPERIENCE:	Served as Director for 5 years Served as President of the Board of Directors 1 year Served as President of North County JPA 1 year Served as Director San Diego County Water Authority 2 years Served as RMWD Santa Margarita Watershed Representative 3 years
LAFCO EXPERIENCE:	As President and Director the RMWD Board of Directors during the FPUD/RMWD situation, I have developed a very good working knowledge of the importance of LAFCO and its functions over the past 2 years. I believe, due to my experience with various public agencies in San Diego County, I could lend valuable insight and favorably contribute to the LAFCO Commission. I have also served as the RMWD LAFCO representative for the past 3 years.
ADDITIONAL INFORMATION:	Served at President of Rainbow Community Planning Group 2 years Served a member of Rainbow Community Planning Group 6 years
Print name: Dennis A. Sanford	Presiding Officer Authorized Signature: 


**In accordance with Government Code Section 56332, LAFCO Regular and Alternate Special District Commissioners must be members of the legislative body of an independent Special District who reside in San Diego County.*

This form can be downloaded at the following link: <http://www.sdlafco.org/WhatsNew/2015Nomination.doc>.

ATTACHMENT 2

(Office Use)

SAN DIEGO LAFCO

NOMINATED BY:	
District Name:	Leucadia Wastewater District
District Phone:	(760) 753-0155
NAME OF NOMINEE:	
Name:	Judy Hanson
Address:	1960 La Costa Avenue, Carlsbad, CA 92009
Phone:	(760) 753-0155
NOMINATED FOR:	
<i>Please check <u>one</u> box Refer to the List of Incumbents.</i>	LAFCO POSITION: () Regular Special District Member (Term expires in 2017) (<input checked="" type="checkbox"/>) Alternate Special District Member (Term expires in 2019)
	SPECIAL DISTRICTS ADVISORY COMMITTEE POSITION: () Special Districts Advisory Committee (Term expires in 2019)
DISTRICT EXPERIENCE:	Ms. Hanson has served on Leucadia Wastewater District (LWD) Board of Directors since 1983 and was re-elected in 2012. She is also a member of LWD's Human Resources, Investment & Finance, and Employee Recognition Committees.
LAFCO EXPERIENCE:	Ms. Hanson has served on the Special Districts Advisory Committee since 1996 and has consistently attended LAFCO meetings.
ADDITIONAL INFORMATION:	Ms. Hanson also serves as a Board member of the California Sanitation Risk Management Authority (CSRMA). In addition, she has served on the San Diego Chapter of California Special District Association (CSDA) for approximately seven years, where she held various positions including the Chapter President.
Print name: Paul J. Bushee, General Manager	Presiding Officer Authorized Signature: 

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This form can be downloaded at the following link: <http://www.sdlafco.org/WhatsNew/2015Nomination.doc>.



LEADERS IN
ENVIRONMENTAL
PROTECTION

BOARD OF DIRECTORS

DONALD F. OMSTED, PRESIDENT
JUDY K. HANSON, VICE PRESIDENT
ALLAN JULIUSSEN, DIRECTOR
DAVID KULCHIN, DIRECTOR
ELAINE SULLIVAN, DIRECTOR
PAUL J. BUSHEE, GENERAL MANAGER

APR - 1 2016

March 28, 2016

Ref: 16-4903

VISTA IRRIG. DIST.

Re: LAFCO Run-Off Election – Request Your Vote for Ms. Judy Hanson

Dear LAFCO Members,

On behalf of the Leucadia Wastewater District (LWD) Board of Directors, I am writing to request your vote for Ms. Judy Hanson for the Special District's Board Alternate position in the upcoming LAFCO run-off election. The LWD Board nominated Ms. Hanson for the Board position in September 2015. Please note that the LAFCO Special District's Nominating Committee has also selected Ms. Hanson as its recommended candidate.

Ms. Hanson presently serves as the Vice Chair of the LAFCO Special District Advisory Committee (SDAC) and has served on this committee since 1996. In addition to the SDAC, Ms. Hanson has an extensive professional background with special districts that has spanned over 50 years. She has been on the LWD Board of Directors since 1983, serving on various Board committees as well as Board president in 2003, 2007 and 2011.

Ms. Hanson has also held various officer positions on the Board of Directors of the San Diego Chapter of the California Special Districts Association (CSDA), serving as Chapter President in 2004. Furthermore, Ms. Hanson was a special district employee for virtually her entire professional career, which included over 33 years of service with the San Dieguito Water District and later the City of Encinitas.

As can be seen, Ms. Hanson's involvement with special districts has been extensive on a personal, professional and political level. Throughout her career, Judy has been a long-time and tireless advocate for special districts from the platform of local control and fiscal conservatism. We are confident that, if elected, Ms. Hanson will continue to make many valuable contributions to LAFCO and represent special districts in a very positive way.

For these reasons, we urge you to vote for Ms. Judy Hanson for the LAFCO Special Districts Board Alternate in the upcoming run-off election. Your support is greatly appreciated.

Best regards,

A handwritten signature in blue ink that reads "Donald F. Omsted".

Donald Omsted
President, Board of Directors



#9

RECEIVED

APR 16 2016

April 14, 2016

VISTA IRRIG. DIST.

Jo MacKenzie
President
Vista Irrigation District
1391 Engineer Street
Vista CA 92081

Subject: LAFCO Runoff Election - Dennis Sanford for LAFCO Alternate Commissioner Seat

Dear Ms. MacKenzie,

As you may be aware, there is a runoff election for the Special District Alternate seat on the San Diego Local Agency Formation Commission (LAFCO). The Board of Directors of the Rainbow Municipal Water District nominated me to run for this position and I was gratified to receive enough votes to be included in the runoff election.

Over the last several years, I have been working closely with LAFCO staff and others related to a number of topics. While the most publicized efforts were related to the Fallbrook PUD merger application, at Rainbow we have also handled more routine annexations and other less controversial LAFCO activities.

I realize that much has been made in the media about Rainbow and our opposition to the FPUD efforts, but this does not mean that I do not value LAFCO and the important role it plays in our local governments. I was one of the leaders who supported the formation of the Joint Powers Authority, and I am in favor of consolidations under the right conditions. Unfortunately, the conditions present between RMWD and FPUD were not amenable to a successful merger.

Over the last several years I have gained a great deal of experience and knowledge related to LAFCO and the statutes that are the foundation of its actions. This experience is essential to being a successful member of the Commission.

I would be honored to receive your vote to serve our region as an Alternate Member on the Commission.

Sincerely,

Dennis Sanford
President, RMWD Board of Directors



Agenda Item: 10

STAFF REPORT

Board Meeting Date: April 20, 2016
Prepared By: Roy Coox

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.



STAFF REPORT

Agenda Item: 11.A

Board Meeting Date: April 20, 2016
Prepared By: Lisa Soto
Approved By: Roy Coox

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.

BILL PACKET #1

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AB 2409 Water quality standards: trash: single-use carryout bags *watch* 23

AB 2480 Source watersheds: financing *not favor unless Amended* 24

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SB 919 Water supply: creation or augmentation of local water supplies *Favor... if Amended* 36

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SB 1233 Joint powers authorities: Water Bill Savings Act *Watch* 41

SB 1262 Water supply planning *watch* 43

SB 1264 Monterey County Water Resources Agency: Salinas River System *Favor* 46

SB 1317 Conditional use permit: groundwater extraction facility *Not favor* 47

SB 1318 Local government: drinking water infrastructure or services: wastewater infrastructure or services *OPPOSE* 49

SB 1340 Water Conservation in Landscaping Act *Favor* 53

BILL PACKET #2

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SB 814 Drought: excessive water use: urban retail water suppliers <i>Oppose unless</i>	17
SB 1456 Safe Drinking Water State Revolving Fund Law of 1997: public water systems: financing <i>Watch</i>	21



STAFF REPORT

Board Meeting Date: April 20, 2016
Prepared By: Marian Schmidt
Approved By: Roy Coox

SUBJECT: SCHEDULE OF UPCOMING MEETINGS AND EVENTS AND DIRECTORS ATTENDING

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 *	Council of Water Utilities Meeting Apr. 19, 2016, 7:00 a.m., Stoneridge Country Club, Poway Reservation deadline: 4/14/16	Vásquez (R) Dorey (R)
2	Meet ACWA's President Apr. 20, 2016, 9:30 – 11:00 a.m., San Diego County Water Authority 4677 Overland Avenue, San Diego RSVP deadline: 4/18/16	
3	California Water Policy Conference Apr. 20-21, 2016 – UC Davis Conference Center Registration deadline: 4/1/16	
4	Who Does What? Best Practices in Board/Staff Relations (CSDA) Apr. 25, 2016 – McKinleyville CSD, McKinleyville Registration deadline: 4/18/16	
5	ACWA Spring Conference May 3-6, 2016 – Monterey Marriott Registration deadline: 4/8/16	Vásquez (H) Dorey (A,H,R) Miller (A,H,R) MacKenzie (A,H,R)
6	Communication Protocols for Board Members/Staff Webinar (CSDA) May 12, 2016 – 10:00 a.m. – 12:00 p.m. Registration deadline: 5/5/16	
7 *	Council of Water Utilities Meeting May 17, 2016, 7:00 a.m., Stoneridge Country Club, Poway Reservation deadline: 5/12/16	
8	Legislative Days (CSDA) May 17-18, 2016 – Sacramento Convention Center, Sacramento Registration deadline: 5/10/16	MacKenzie (R)
9 *	CSDA Quarterly Dinner Meeting May 19, 2016 – 6:00-9:00 p.m. – The Butcher Shop Steakhouse, Kearny Mesa Reservation deadline: 5/12/16	MacKenzie
10	San Diego Tour – Carlsbad Desalination Plant (Water Education Foundation) May 19-20, 2016 – Start 7:00 a.m. on 5/19 – end at 6:00 p.m. on 5/20 Registration deadline: 4/19/16	
11	Colorado River Aqueduct System Tour (SDCWA) May 21-22, 2016 – Meets at SDCWA Reservation deadline: First come first serve basis	
12	Communication Protocols for Board Members/Staff Webinar (CSDA) May 26, 2016 – 10:00 a.m. – 12:00 p.m. Registration deadline: 5/19/16	

13	AB 1825 Sexual Harassment Prevention Training Webinar (CSDA) <i>June 1, 2016 – 10:00 a.m. – 12:00 p.m.</i> <i>Registration deadline: 5/26/16</i>	
14	California Water Summit <i>June 1-3, 2016 – The Westin Sacramento</i> <i>Early Bird Registration Deadline: 4/15/16</i>	
15	Vista Historical Society Annual Meeting and Hall of Fame Induction <i>June 4, 2016, 11:30 a.m., Vista Valley Country Club, 29354 Vista Valley Drive, Vista</i> <i>Registration deadline: 5/27/16</i>	Dorey Vásquez
16	California Water Law & Policy Conference <i>June 13-14, 2016 – Hotel Nikko, San Francisco</i> <i>Registration deadline: None</i>	
17	Bay Delta Tour (Water Education Foundation) <i>June 15-17, 2016 – Tour starts at Sacramento Airport</i> <i>Registration deadline: 5/15/16</i>	
18 *	Council of Water Utilities Meeting <i>June 21, 2016, 7:00 a.m., Stoneridge Country Club, Poway</i> <i>Reservation deadline: 6/16/16</i>	
19	LAFCO 101 for Special Districts Webinar (CSDA) <i>June 29, 2016 – 10:00 a.m. – 11:30 a.m.</i> <i>Registration deadline: 6/23/16</i>	
20	Special District Leadership Academy Conference #2 (CSDA) <i>July 10-13, 2016 – Embassy Suites Napa Valley, Napa</i> <i>Registration deadline: 7/1/16</i>	
21 *	Council of Water Utilities Meeting <i>July 19, 2016, 7:00 a.m., Stoneridge Country Club, Poway</i> <i>Reservation deadline: 7/14/16</i>	
22	Legislative Round-Up Webinar (CSDA) <i>Aug. 11, 2016 – 10:00 a.m. – 12:00 p.m.</i> <i>Registration deadline: 8/4/16</i>	
23 *	Council of Water Utilities Meeting <i>Aug. 16, 2016, 7:00 a.m., Stoneridge Country Club, Poway</i> <i>Reservation deadline: 8/11/16</i>	
24 *	CSDA Quarterly Dinner Meeting <i>Aug. 18, 2016 – 6:00-9:00 p.m. – The Butcher Shop Steakhouse, Kearny Mesa</i> <i>Reservation deadline: 8/11/16</i>	
25	Urban Water Institute's Annual Water Conference <i>Aug. 24-26, 2016 – Hilton San Diego</i> <i>Registration deadline: 8/10/16</i>	
26	The Who, What, Where, When, Why and How of Public Engagement (CSDA) <i>Sept. 7, 2016 – CSDA Training Center, Sacramento</i> <i>Registration deadline: 9/1/16</i>	
27 *	Council of Water Utilities Meeting <i>Sept. 20, 2016, 7:00 a.m., Stoneridge Country Club, Poway</i> <i>Reservation deadline: 9/15/16</i>	
28	CEQA – California Environmental Quality Act (CSDA) <i>Sept. 21, 2016 – CSDA Training Center, Sacramento</i> <i>Registration deadline: 9/15/16</i>	
29	CSDA Annual Conference <i>Oct. 10-13, 2016 – Sheraton San Diego Hotel</i> <i>Registration deadline: 9/9/16</i>	
30 *	Council of Water Utilities Meeting <i>Oct. 18, 2016, 7:00 a.m., Stoneridge Country Club, Poway</i> <i>Reservation deadline: 10/13/16</i>	

31	Northern California Tour (Water Education Foundation) <i>Oct. 19-21, 2016 – Tour starts at Sacramento Airport</i> <i>Registration deadline: 9/19/16</i>	
32	ACWA Region 10 Program <i>Oct. 28, 2016 – Vista Irrigation District</i>	
33	San Joaquin Restoration Tour (Water Education Foundation) <i>Nov. 2-3, 2016 – Tour starts at Sacramento Airport</i> <i>Registration deadline: 10/2/16</i>	
34	Ethics AB 1234 Compliance Training Webinar (CSDA) <i>Nov. 8, 2016 – 10:00 a.m. – 12:00 p.m.</i> <i>Registration deadline: 11/3/16</i>	
35 *	Council of Water Utilities Meeting <i>Nov. 15, 2016, 7:00 a.m., Stoneridge Country Club, Poway</i> <i>Reservation deadline: 11/10/16</i>	
36 *	CSDA Quarterly Dinner Meeting <i>Nov. 17, 2016 – 6:00-9:00 p.m. – The Butcher Shop Steakhouse, Kearny Mesa</i> <i>Reservation deadline: 11/10/16</i>	
37	ACWA Fall Conference <i>Nov. 29-Dec. 2, 2016 – Anaheim Marriott Hotel</i> <i>Registration deadline: TBD</i>	
38	Colorado River Water Users Association Annual Conference <i>Dec. 7-9, 2016 – Caesar's Palace, Las Vegas</i> <i>Registration deadline: TBD</i>	
39 *	Council of Water Utilities Meeting <i>Dec. 20, 2016, 7:00 a.m., Stoneridge Country Club, Poway</i> <i>Reservation deadline: 12/15/16</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



Agenda Item: 12

STAFF REPORT

Board Meeting Date: April 20, 2016
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:

- Website review
- CSDA Special Recognition for Directors Miller and Reznicek
- Flume relocation (Shea Homes)
- Update on status of Warner-Carrillo Ranch House Barn
- Pipeline replacement program
- Groundwater study update
- Development of policy on sale/lease of District properties



Agenda Item: 13

STAFF REPORT

Board Meeting Date: April 20, 2016
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: 14

STAFF REPORT

Board Meeting Date: April 20, 2016
Prepared By: Roy Coox

SUBJECT: COMMENTS BY GENERAL COUNSEL

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



Agenda Item: 15

STAFF REPORT

Board Meeting Date: April 20, 2016
Prepared By: Roy Coox

SUBJECT: COMMENTS BY GENERAL MANAGER

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



INTEROFFICE MEMORANDUM

DATE: April 19, 2016
TO: Roy Coox
FROM: Eldon Boone
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 1.0% as a result of the adjustment. (NOTE: A typical residential customer has a 3/4" meter.)

The changes are detailed in the table below.

MONTHLY SERVICE CHARGE

<u>Meter Size</u>	<u>Current</u>	<u>Effective July 1, 2016</u>
5/8"	\$26.42	\$27.17
3/4"	\$34.87	\$35.85
1"	\$51.51	\$52.96
1 1/2"	\$93.51	\$96.15
2"	\$143.70	\$147.76
3"	\$277.64	\$285.48
4"	\$428.21	\$440.30
6"	\$1,014.12	\$1,042.74
8"	\$1,349.07	\$1,387.15
10"	\$2,018.72	\$2,075.70

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

Misc. Enclosures

Quarterly Travel Report

First Quarter 2016

<i>Employee</i>	<i>Description</i>	<i>From</i>	<i>To</i>	<i>Days</i>	<i>Location</i>	<i>Purpose</i>
Kris Sliffe	Water Leak Detection Workshop	2/11/2016	2/11/2016	1	Escondido	To obtain information and training towards new leak detection methods.
Abe Gomez	Water Leak Detection Workshop	2/11/2016	2/11/2016	1	Escondido	To obtain information and training towards new leak detection methods.
Richard Gangloff	Backflow Refresher	2/12/2016	2/12/2016	1	Rancho Cucamonga	Preparation for backflow exam.
Austin Casey	Basic Electricity for the Non-Electrician	2/29/2016	3/1/2016	2	San Diego	To remain current with safety and basic theory for electricity.
Richard Gangloff	Basic Electricity for the Non-Electrician	2/29/2016	3/1/2016	2	San Diego	To remain current with safety and basic theory for electricity.
Gary Arrasmith	Best Lighting Retrofit Solutions	3/1/2016	3/1/2016	1	San Diego	Class will provide SDG&E solutions toward retrofitting the lighting at VID headquarters.
Thorpe Sherry	HR Boot Camp for Special Districts	3/9/2016	3/9/2016	1	In House	To stay current on Human Resources related topics.
Kelleher Marlene	Financial Management for Special Districts	3/10/2016	3/10/2016	1	In House	To keep apprised of current financial management topics and to fulfill required CPE hours.
Sharon Turner	Water Leak Detection Workshop	3/30/2016	3/30/2016	1	Orange	To obtain information and training towards new leak detection methods.

Quarterly Travel Report

Second Quarter Projected 2016

<i>Employee</i>	<i>Description</i>	<i>From</i>	<i>To</i>	<i>Days</i>	<i>Location</i>	<i>Purpose</i>
Manuel Macias	Supervisory Skills for the Public Sector	4/20/2016	4/20/2016	1	Rancho Cucamon	To learn skills for a supervisory position.
Phil Zamora	IPMA-HR Western Region Training Conference	4/27/2016	4/29/2016	3	San Diego	To stay current on Human Resource issues in the public sector.
Michelle Bernal	IPMA-HR Western Region Training Conference	4/28/2016	4/28/2016	1	San Diego	To have better knowledge and understanding of Human Resource laws and advances in technology that support HR functions.
Chris Weatherwax	ARC Flash Electrical Safety NFPA 70E	5/4/2016	5/5/2016	2	Ontario	Per the District's electrical safety program, this is a requirement for system controls technicians.

General Manager Approved Contracts Under \$50,000 and Change Orders Under 10%

January 1, 2016 through March 31, 2016

<i>Start Date</i>	<i>Contractor</i>	<i>Project Description</i>	<i>Type</i>	<i>Project Manager</i>	<i>Amount</i>
1/4/2016	R & R Controls	HVAC Network controller replacement	Contract	Don Gordon	\$3,086.00
1/12/2016	IDAC West	Station 9, H-Reservoir SCADA Project	Contract	Steve Wuerth	\$19,600.00
1/12/2016	Medina Construction	Road repair services - Via Christina	Contract	Mike Bagshaw	\$21,516.00
1/12/2016	Medina Construction	Road repair services - Via Christina	Change Order	Mike Bagshaw	\$2,174.00
2/1/2016	Parkhouse Tire	Misc. repair services for VID fleet	Contract	Don Gordon	\$10,000.00
2/1/2016	FMLASource, Inc.	Family and medical leave act administration	Contract	Phil Zamora	\$1,827.00
2/5/2016	RC Auto and Smog	Misc. repairs and parts for VID fleet	Contract	Don Gordon	\$10,000.00
2/5/2016	Vista Firestone Brake and Smog	Misc. repair services for VID fleet	Contract	Don Gordon	\$10,000.00
2/8/2016	CW Wulff Associates	Water distribution classes D1-D5	Contract	Sherry Thorpe	\$4,500.00
2/8/2016	California Crane Safety Consulting	Training on District cranes	Contract	Sherry Thorpe	\$3,000.00
2/22/2016	Nyhart Epler	Actuarial Valuation	Contract	Marlene Kelleher	\$1,250.00
2/29/2016	Joe's Paving Company	Road repair services -Rockhill Road, Phase 1	Contract	Glenn Miller	\$19,969.00
3/20/2016	California Crane Safety Consulting	Inspection and certification of the Henshaw crane	Contract	Sherry Thorpe	\$1,000.00
3/25/2016	Joe's Paving Company	Road repair services -Rockhill Road, Phase 2, Final	Contract	Frank Wolinski	\$20,468.00

**LIABILITY CLAIMS REPORT – OPEN CLAIMS
AS OF MARCH 30, 2016**

Date Of Incident	Date Claim Form Rec'vd	Name	Location	Description	Amount Of Claim

As this time there are no open claims to report.

**LIABILITY CLAIMS REPORT – CLOSED CLAIMS
AS OF MARCH 30, 2016**

Date Of Incident	Date Claim Form Rec'vd	Name	Location	Description	Amount of Claim	Amount Paid	Date Closed
10/16/15		Victor Cardenas	1271 Coventry Lane	A saddle on a 6 inch PVC pipe failed causing damage to the home.	\$13,075.35	\$13,075.35	1/20/16
11/22/15	12/16/15	Terrie Rowley	1327 York Drive	An 8 inch A/C main failed causing damage to the home.	\$7,317.55	\$7,317.55	2/7/16
11/22/15	12/18/15	Leana Bulay & Jeremiah Chavez	1218 York Drive	An 8 inch A/C main failed causing damage to the home.	\$28,734.55	\$28,734.55	2/2/16