

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

October 18, 2017

An Adjourned Meeting of the Board of Directors of Vista Irrigation District was held on Wednesday, October 18, 2017, at the offices of the District, 1391 Engineer Street, Vista, California.

1. CALL TO ORDER

President Miller called the meeting to order at 8:33 a.m.

2. ROLL CALL

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

Directors absent: None.

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

Other attendees: Three members of the public were present as follows: Robert Gardner, Garry Garretson, and Reine Cooper.

3. PLEDGE OF ALLEGIANCE

Director Dorey led the pledge of allegiance.

4. APPROVAL OF AGENDA

17-10-113	<i>Upon motion by Director Vásquez, seconded by Director MacKenzie and unanimously carried (5 ayes: Miller, Vásquez, Dorey, Sanchez, 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

General Manager Eldon Boone provided clarification regarding Consent Calendar Item 6.E, a check payable to Infrastructure Engineering Corporation (IEC) for \$11,932. He stated that the payment was for predesign services for a project to renovate the District headquarters courtyard. Mr. Boone stated that the Board approved \$50,000 for the design of this project as part of the District's 2017 budget. He commented that the courtyard area is very bright and unshaded, and one of the ideas being explored is to paint the interior building walls and add a patio cover for shade. He added that more information about this project will be presented at a future Board meeting.

17-10-114 *Upon motion by Director Vásquez, seconded by Director MacKenzie and unanimously carried (5 ayes: Miller, Vásquez, Dorey, Sanchez, and MacKenzie), the Board of Directors approved the Consent Calendar, including Resolution No. 17-37 approving disbursements.*

A. Rincon del Diablo Municipal Water District Flume Connection

See staff report attached hereto. Staff recommended and the Board approved Rincon del Diablo Municipal Water District Meter Upsizing Project and authorize the General Manager to execute a standard agreement for construction of a water system by District forces (I-3075; LN 2017-012).

B. Vista Irrigation District Flow Control Facility

See staff report attached hereto. Staff recommended and the Board authorized the General Manager to execute the "Agreement between San Diego County Water Authority and Vista Irrigation District for Design, Construction, Ownership, Operation, and Maintenance of the Vista Irrigation District 12 Flow Control Facility" (LN 2017-025).

C. Minutes of the Warner Ranch Committee meeting on October 10, 2017

The minutes of the Warner Ranch Committee on October 10, 2017 were noted and filed.

D. Minutes of Board of Directors meeting on October 4, 2017

The minutes of October 4, 2017 were approved as presented.

E. Resolution ratifying check disbursements

RESOLUTION NO. 17-37

BE IT RESOLVED, that the Board of Directors of Vista Irrigation District does hereby approve checks numbered 57153 through 57251 drawn on Union Bank totaling \$488,637.16.

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 18th day of October 2017.

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7. RATE ADJUSTMENT POLICY

See staff report attached hereto.

Mr. Boone stated that the recommendation before the Board is not to approve a rate increase, but to approve the extension of the District's current Rate Adjustment Policy (Policy) for another five years. The Policy has two components: 1) a pass through of San Diego County Water Authority (Water Authority) costs; and 2) an adjustment for inflation, based on the annual San Diego Consumer Price Index (CPI). Mr. Boone said that this Policy has been in place for many years, and it has provided a framework

that has allowed the District to keep pace with inflation. Mr. Boone said that the District has successfully cut expenses over the years by reducing staffing from 104 employees to the current 90 budgeted positions. He discussed the District's infrastructure expenses, noting that the District has 473 miles of pipe which must constantly be repaired or replaced in order to maintain the best level of service to District customers.

Mr. Boone stated that the District complied fully with the requirements of the law under Proposition 218, and notifications regarding the public hearing were mailed to every property owner and tenant in the District. Mr. Boone said that the notice was published in the local newspaper twice and posted in the window of the District headquarters for the past ten days. Mr. Boone said that the District received one letter regarding the hearing, which mainly commented on the salaries paid by the District.

17-10-115 ***Upon motion by Director Vásquez, seconded by Director MacKenzie and unanimously carried (5 ayes: Miller, Vásquez, Dorey, Sanchez, and MacKenzie), at 9:56 a.m. the Board of Directors opened the public hearing.***

Member of the public, Mr. Garry Garretson, requested clarification regarding the Policy, and whether other agencies have adopted similar policies for five year increments. He stated that he believed that the Policy contains two adjustments for inflation, one imbedded in the Water Authority pass through, and another as a stand-alone inflationary adjustment based on the San Diego CPI. Mr. Boone clarified that other water agencies have similar five-year policies for passing through the Water Authority costs, which are permitted by law. Mr. Boone clarified that the pass through of the Water Authority costs is reflected in the portion of the bill for purchased water (water usage charge and emergency water storage fee), and the inflationary adjustment is made is to portion of the bill devoted to infrastructure cost (service charge).

Member of the public, Mr. Robert Gardner, stated that he sent a letter to the District requesting financial disclosure regarding the District's revenue, and how much of it is applied to maintenance and upkeep of the District's infrastructure, and how much of it is spent on workforce salaries. He compared the average salaries of the District to those of the City of San Diego, noting that the District's salaries were higher in comparison. Mr. Boone responded to Mr. Gardner's concerns, stating that the cost of maintaining and replacing the District's infrastructure represents a large portion of the District's service charge; nearly \$24.00 of the monthly service charge goes towards replacing pipe. Regarding the District's salaries, Mr. Boone acknowledged that the average District salary is perhaps higher than other agencies' in San Diego County, but that these salaries are necessary in order to attract and retain quality personnel.

President Miller welcomed Ms. Reine Cooper, a member of the public, to address the Board but she declined. The Board thanked the members of the public for their attendance and comments, and each member of the Board expressed empathy for the concerns that were raised.

17-10-116 ***Upon motion by Director Vásquez, seconded by Director MacKenzie and unanimously carried (5 ayes: Miller, Vásquez, Dorey, Sanchez, and MacKenzie), at 9:01 a.m. the Board of Directors closed the public hearing.***

At this time, Mr. Boone noted that the District received only one letter related to the Public Hearing. He asked Mr. Gardner, the author of the letter who was present in the audience, if he intended his letter to be a protest. Mr. Gardner responded that he did not. Mr. Boone stated for the record that the District received no protests.

17-10-117 *Upon motion by Director Vásquez, seconded by Director Dorey, the Board of Directors adopted Resolution 17-38 approving the renewal of the pass through of San Diego County Water Authority costs and annual inflationary adjustments (Rate Adjustment Policy), and revising the Rules and Regulations of the District relative to the approved renewal of the Rate Adjustment Policy., by the following roll-call vote:*

*AYES: Directors Miller, Vásquez, Dorey, Sanchez, and MacKenzie
NOES: None
ABSTAIN: None
ABSENT: None*

A copy of Resolution 17-38 is on file in the official Resolution Book of the District.

Brian Smith left the meeting at this time.

8. EXCELLENCE IN FINANCIAL REPORTING AWARD

See staff report attached hereto.

General Manager Eldon Boone stated that the District was awarded the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for its Comprehensive Annual Financial Report for Fiscal Year 2016; he stated that this was the tenth straight year that the District had received the award. Mr. Boone noted that GFOA is a professional association that promotes excellence in state and local government financial management; each year the GFOA recognizes governmental agencies for achieving the highest standards in governmental accounting and financial reporting. Mr. Boone and the Board congratulated Finance Manager Marlene Kelleher and her staff for a job well done.

9. GRAZING LICENSES

See staff report attached hereto.

Director of Water Resources Don Smith stated that the grazing licenses with Hein Hettinga and the Mendenhall Cattle Company were both due for renewal. He said that minor changes were proposed to both, which were reviewed by the Warner Ranch (WR) Committee and are recommended for approval by the Board. Mr. Smith stated that the WR Committee recommends that the grazing fee in both licenses be \$13.00 per Animal Unit Months (AUM). He noted that this grazing fee would match the fee charged for grazing on the Fallbrook Naval Weapons Station, which has grazing conditions similar to the Warner Ranch.

General Counsel Joel Kuperberg provided clarification regarding the difference between leases and licenses. The Board discussed the grazing operations of the two licensees and expressed satisfaction with both. Mr. Smith noted that both licensees were happy with the proposed changes to their respective agreements. He provided clarification regarding the status of the Ranch Improvement Fund, which was part of the old lease with Hein Hettinga; staff has recommended, and the WR Committee concurs, that the fund be discontinued.

17-10-118 *Upon motion by Director Sanchez, seconded by Director Vasquez and unanimously carried (5 ayes: Miller, Vásquez, Dorey, Sanchez, and MacKenzie), the Board of Directors approved the grazing licenses with Hein Hettinga and the Mendenhall Cattle Company.*

Messrs. Garretson and Gardner left the meeting during the above discussion.

10. FERAL PIG MANAGEMENT

See staff report attached hereto.

Mr. Don Smith said that, since its inception in 2010, the Inter-Governmental Group of Feral Pig Impacts (Pig Group) has had great success in eradicating the feral pig population in San Diego County (County), and it is believed that the current feral pig population is down to one or two boars. While efforts to monitor and trap the last feral pig(s) are ongoing, the Pig Group is ready to undertake Phase II of the monitoring program to detect or confirm the absence of feral pigs in the County. The budget for Phase II is \$119,340. The Board discussed making a contribution of \$10,000 towards the effort, contingent upon the balance of the Phase II budget being funded.

17-10-119	<i>Upon motion by Director Vasquez, seconded by Director MacKenzie and unanimously carried (5 ayes: Miller, Vásquez, Dorey, Sanchez, and MacKenzie), the Board of Directors authorized a contribution of \$10,000 towards the feral pig monitoring program in San Diego County.</i>
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A brief break was taken from 9:37 a.m. to 9:45 a.m. During the break, Ms. Reine Cooper left the meeting. Upon return from break, present in the board room were Marlene Kelleher, Alisa Nichols, Don Smith, and Frank Wolinski.

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

See staff report attached hereto.

President Miller reported that there had not been a meeting of the Water Authority Board of Directors since his last report, but there was a closed session retreat on which he was unable to report. He reported on tentative discussions between the Water Authority and the Metropolitan Water District (Metropolitan) about the possible appointment of committees comprised of Board members from both entities to discuss a path towards reconciliation. President Miller also reported on the vote by the Metropolitan Board to support the California Water Fix project; he noted that the votes by Water Authority representatives on the Metropolitan Board were not unanimous with two representatives being opposed and two abstaining.

Mr. Boone reported on the Member Agencies Managers' (MAM) meeting the previous day, where the bulk of the discussion centered on moving forward with Metropolitan. Mr. Boone stated that there have been numerous letters written from various agencies encouraging moving forward, beginning with a letter from the Municipal Water District (MWD) of Orange County, with follow up letters expressing similar sentiments from Olivenhain MWD, Padre Dam MWD, Helix Water District, Eastern MWD, Western MWD, Three Valleys MWD and Inland Empire Utilities Agency. Mr. Boone stated that Water Authority Chair, Mark Muir, attended part of the MAM meeting to provide an update and answer questions regarding future relations between the Water Authority and Metropolitan.

Mr. Boone reported that at the MAM meeting there was discussion regarding the Local Resource Programs (LRPs) offered by Metropolitan from which the Water Authority and its member agencies had been excluded during the lawsuit. Now that the lawsuit is over, Metropolitan has invited the Water Authority and its member agencies to participate in the program, which provides funding for local water supply development. Mr. Boone stated that the Water Authority has asked its member agencies that are

interested in LRPs to submit applications to the Water Authority; the Water Authority is considering developing its own program to satisfy its member agencies' funding needs.

Mr. Boone said that the Water Authority has scheduled a November 13 meeting to update Member Agency General Managers on the Metropolitan lawsuit. All attendees will be required to sign confidentiality agreements in order to attend.

Mr. Boone reported that there was a public information request to the Water Authority from the Voice of San Diego asking for the total amount spent on litigation and outreach related to the lawsuit against Metropolitan. Mr. Boone said that the Water Authority disclosed the cost to be in excess of \$21 million.

12. MEETINGS AND EVENTS

See staff report attached hereto.

President Miller requested authorization for mileage reimbursement on behalf of the Board members who attended the September 23 Indian Water Rights Settlement Celebration. He requested authorization for per diem compensation for the half-day media event related to the Indian Water Rights Settlement that he participated in on September 25.

Directors Vásquez and MacKenzie reported on their attendance at the Association of California Water Agencies (ACWA) Region 9 and 10 Program (Program) on October 6 in Corona. The Program included a trip to the Prado Dam to view flood control operations and Prado Wetlands. Following the tour, the program included discussion on the Santa Ana River Conservation and Conjunctive Use Program, Upper Santa Ana River Habitat Conservation Plan and a review of the Santa Ana River. The program also included an ACWA update.

Director MacKenzie reported on her attendance at the California Special Districts Association (CSDA) Conference where keynote speaker Eric Boles made an interesting presentation entitled "Moving to Great". This presentation was about enhancing organizational culture to develop higher levels of commitment and performance. Director MacKenzie stated that while at the CSDA Conference, she also attended the Annual Meeting of the CSDA Finance Corporation where officers were elected. Director MacKenzie reported that she was reelected as President of the CSDA Finance Corporation. She noted that the CSDA Board of Directors Executive Committee was also elected at the CSDA Conference, and for possibly the first time ever, it is comprised entirely of General Managers.

Director MacKenzie advised that she would be absent from the November 1, 2017 Board meeting.

Director Dorey reported on his attendance at the Groundwater Resources Association (GRA) Annual Conference. He passed around the plaque he received at the Conference commemorating his designation as a member of emeritus status. He thanked the Board and the District for its support over the years and for allowing his involvement in this organization, noting that he participated in its formation.

Directors Dorey and Vásquez reported on their attendance at the Council of Water Utilities (COWU) meeting the previous day where Ken Weinberg, Council Member of the Delta Stewardship Council, gave a presentation entitled, "Achieving the Co-Equal Goals – Why Fixing the Bay-Delta is a Statewide Issue". Director Dorey requested authorization for his attendance after the fact, since he was absent from the last Board meeting and could not receive authorization in advance. Director Dorey noted that COWU would be dark for the months of November and December 2017.

Directors Sanchez and Vásquez requested authorization (Vásquez tentatively) to attend the Colorado River Water Users Association Conference, December 13-15 in Las Vegas.

17-10-120 *Upon motion by Director Vásquez, seconded by Director MacKenzie and unanimously carried (5 ayes: Miller, Vásquez, Dorey, Sanchez, and MacKenzie), the Board of Directors authorized the following attendances: Directors Dorey, Miller, MacKenzie, and Sanchez to receive mileage reimbursement for their attendance at the Indian Water Rights Settlement Celebration on September 23; President Miller to receive per diem compensation for his attendance at the Indian Water Rights Settlement media event on September 25; Director Dorey to attend COWU on October 17; Directors Sanchez and Vásquez to attend the Colorado River Water Users Association Conference, December 13-15 in Las Vegas.*

13. ITEMS FOR FUTURE AGENDAS AND/OR PRESS RELEASES

See staff report attached hereto.

Noting that Director MacKenzie would be absent from the next Board meeting on November 1, Mr. Boone reviewed the items tentatively planned for that agenda: 1) Appointment of representative to the San Diego County Water Authority; 2) Purchasing Policy – General Manager’s purchasing authority; 3) Fees and charges other than water rates; and 4) Labor agreements. He advised that there would also be an agenda item regarding the General Manager’s contract. Director MacKenzie said that she was okay with these items being on the November 1 agenda even though she would not be able to attend the meeting. She requested that she receive a November 1 agenda packet.

14. COMMENTS BY DIRECTORS

Director MacKenzie reported that Rainbow MWD is moving forward with establishing itself as Groundwater Sustainability Agency under a Sustainable Groundwater Management Act.

Director Vásquez reported on recent articles of interest in the local newspapers. He also commented on a chance encounter with a District retiree, Rick San Miguel, who spoke in very complimentary terms about his time with the District. Mr. San Miguel said that he appreciated the fact that he always had someone mentoring him towards his next step in the organization. Director Vásquez said he was very pleased to hear the positive comments made by Mr. San Miguel.

15. COMMENTS BY GENERAL COUNSEL

Mr. Kuperberg informed the Board about a bill that was recently signed by Governor Brown regarding testing for lead in schools. He stated that AB 746 will require all water agencies to undertake testing at every school site that wasn’t built prior to or upgraded since 2010. All testing will have to be completed by January 1, 2019. If testing indicates lead above a certain level, the agency will be required to test at the point of connection (to the school). The Board discussed this matter briefly and received clarification as needed. Mr. Boone noted that there are 40 qualifying schools in the District’s service area and that the District has already tested 23 of them.

16. COMMENTS BY GENERAL MANAGER

Mr. Boone updated the Board regarding the Ranchita fire that occurred just east of the District's Warner Ranch property. He stated that water from Well 59 and Lake Henshaw was made available to aid California Department of Forestry and Fire Protection (CAL FIRE) in combatting the fire. He added that this is common practice; the District will invoice the CAL FIRE for water used.

17. ADJOURNMENT

There being no further business to come before the Board, at 10:57 a.m., President Miller adjourned the meeting.



Marty Miller, President

ATTEST:



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



STAFF REPORT

Agenda Item: 6.A

Board Meeting Date:	October 18, 2017
Prepared By:	Randy Whitmann
Reviewed By:	Brian Smith
Approved By:	Eldon Boone

SUBJECT: RINCON DEL DIABLO MUNICIPAL WATER DISTRICT FLUME CONNECTION

RECOMMENDATION: Approve Rincon del Diablo Municipal Water District Meter Upsizing Project and authorize the General Manager to execute a standard agreement for construction of a water system by District forces (I-3075; LN 2017-012).

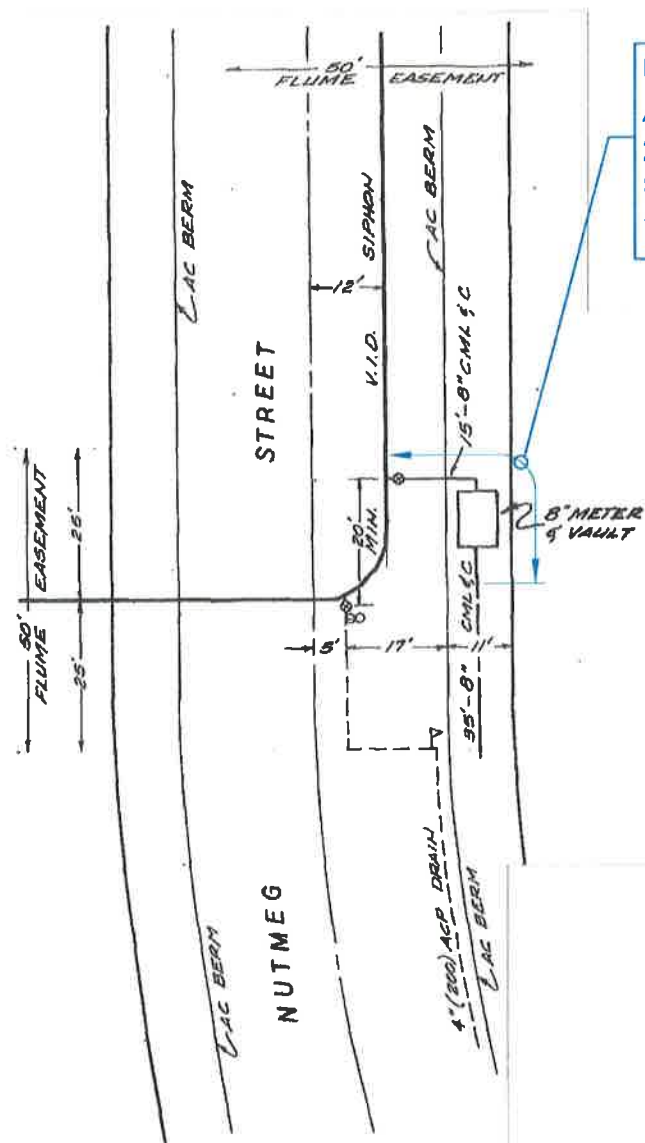
PRIOR BOARD ACTION: None.

FISCAL IMPACT: The project will be paid for by Rincon del Diablo Municipal Water District; estimated cost for the work is \$50,970.

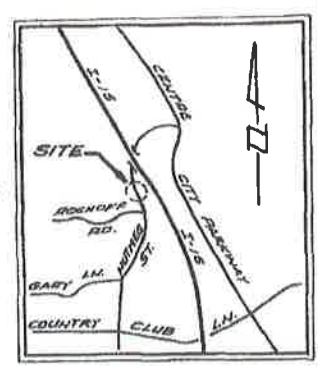
SUMMARY: The existing Rincon del Diablo MWD (Rincon) Flume connection is located in Nutmeg Street, Escondido, just west of Interstate 15. The connection and meter vault were constructed by District forces in 1993 and paid for by Rincon. The connection is capable of flowing in both directions, but most commonly is used to feed Rincon's system during a shutdown of the San Diego County Water Authority's 1st Aqueduct. Rincon is replacing their nearby pump station and would like to increase the Flume connection hydraulic capacity from 1.1 million gallons per day (mgd) to 3.2 mgd. The Flume is capable of flowing over 18 mgd; therefore, staff does not see a problem in supplying Rincon water, for short durations at the higher flow rate, from this connection.

DETAILED REPORT: Rincon's pump station is located along Nutmeg Street, approximately 800 feet south of the Flume connection. The current hydraulic capacity of the District's supply is limited by both the pump station and its 8-inch pipeline feed. Rincon has conducted hydraulic analyses and determined a 12-inch connection and pipeline is required to feed the upgraded pump station. District forces will construct the piping from the Flume connection through the adjacent meter vault, and Rincon forces will construct the remaining pipeline to the pump station. Rincon, as the lead agency, has filed a Notice of Exemption for the project.

ATTACHMENT: Project and Location Map



UPSIZE EXISTING 8" PIPING AND METER PER SHEETS 2 AND 3. EXISTING VAULT TO REMAIN.



VICINITY MAP
N.T.S.

VID VISTA IRRIGATION DISTRICT	
RINCON DEL DIABLO MWD METER UPSIZING	
APN	T.B.
SCALE 1"=20'	L.N. 2017-012
APPD. BY <i>BSS</i>	DATE <i>9/29/17</i>
DRAWN BY <i>RW</i>	DATE <i>02/15/17</i>
SHEET 1 OF 3	MAP S20
REVISED	
PATH ©Engineering&Construction, Inc. 11/15/2017 11:02:17 012 Rincon MWD Vault/RinconMeter.dwg	

W.O.
1-3075



STAFF REPORT

Agenda Item: 6.B

Board Meeting Date:	October 18, 2017
Prepared By:	Randy Whitmann
Reviewed By:	Brett Hodgkiss
Approved By:	Eldon Boone

SUBJECT: VISTA IRRIGATION DISTRICT FLOW CONTROL FACILITY

RECOMMENDATION: Authorize the General Manager to execute the “Agreement between San Diego County Water Authority and Vista Irrigation District for Design, Construction, Ownership, Operation, and Maintenance of the Vista Irrigation District 12 Flow Control Facility” (LN 2017-025).

PRIOR BOARD ACTION: None.

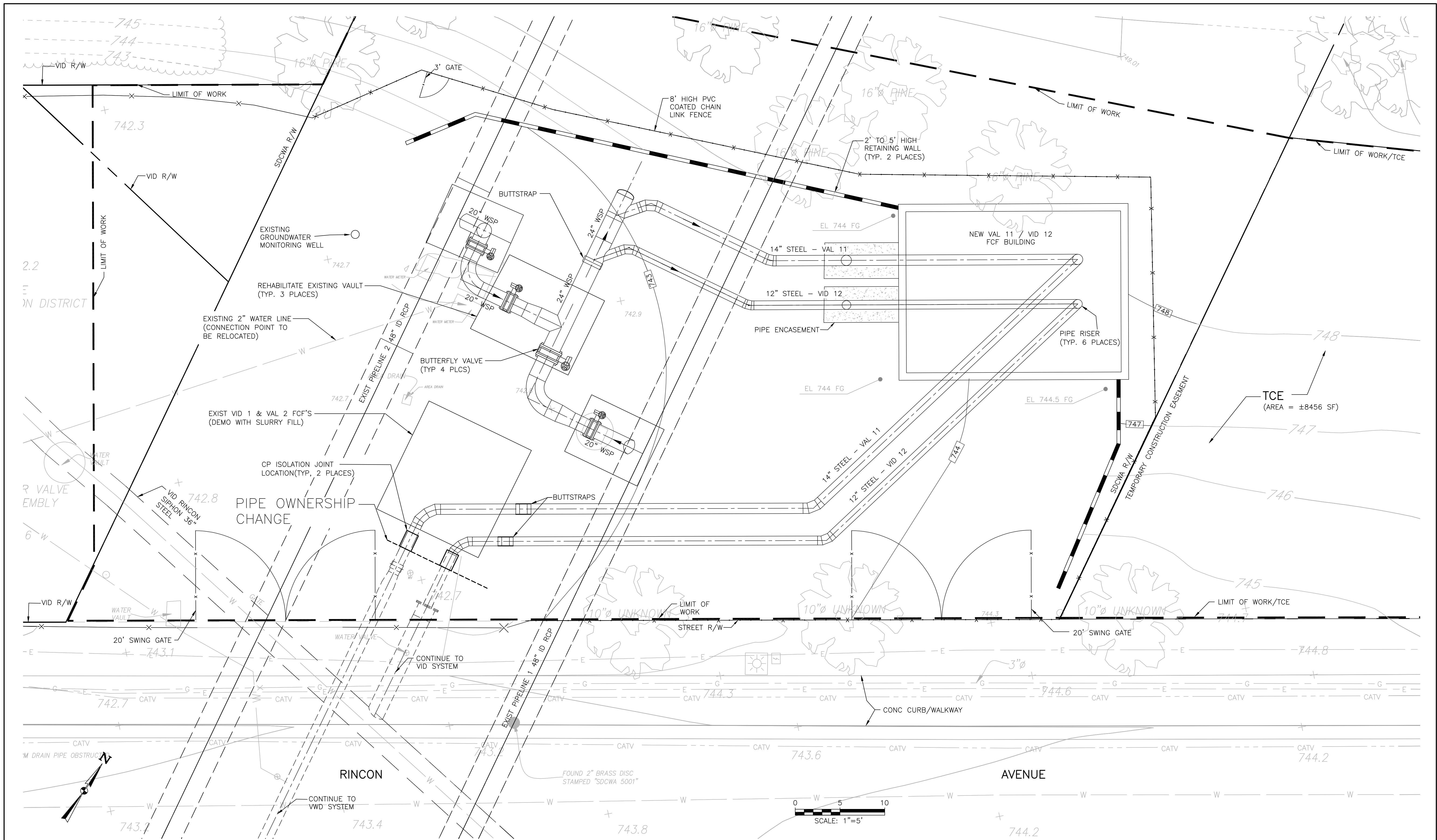
FISCAL IMPACT: Some engineering and operations staff time will be required during the course of the project.

SUMMARY: The San Diego County Water Authority (Water Authority) owns and operates the Vista Irrigation District (VID) 1 flow control facility (FCF), which is located near the intersection of Rincon Avenue and Conway Drive in Escondido. VID 1 FCF was constructed in 1958 and has the capacity to deliver up to 10 cubic feet per second (cfs) of treated water from the Water Authority’s 1st Aqueduct directly into the Vista Flume. The Water Authority also owns and operates a flow control facility for Vallecitos Water District at the same location. As part of its asset management program, the Water Authority has determined that the VID 1 FCF is in need of replacement.

DETAILED REPORT: Currently, there is no written agreement between the Water Authority and VID in connection with the VID 1 FCF. Therefore, the Water Authority is requesting that VID enter into an agreement to establish the terms and conditions to which the existing VID 1 FCF will be replaced by a new VID 12 FCF at the same location. VID 12 FCF will be designed, constructed, owned, operated, and maintained by the Water Authority. The agreement defines the location where VID’s pipeline connects to the Water Authority’s pipeline and establishes the responsibility of VID during the design and construction of the project. Design of the project has begun and construction is scheduled to begin summer 2018.

Staff and legal counsel have reviewed the agreement and recommend approval.

ATTACHMENTS: Location Map
Agreement



VAL-11/VID-12
FLOW CONTROL FACILITY

EXHIBIT A

Agreement between San Diego County Water Authority and Vista Irrigation District for Design,
Construction, Ownership, Operation, and Maintenance of the Vista Irrigation District 12 Flow
Control Facility

This Agreement is entered into as of _____, 2017, between the San Diego County Water Authority, a county water authority (Water Authority) and Vista Irrigation District, a special district formed under the Irrigation District Law (VID). The Water Authority and VID (collectively Parties) in consideration of their mutual covenants, and for other valuable consideration, agree as follows:

Recitals:

- A. VID is a member agency of the Water Authority and a portion of the water that VID currently distributes and sells at retail to its customers is treated water supplied by the Water Authority.
- B. The purpose of this Agreement is for the Water Authority to replace the VID 1 Flow Control Facility (VID 1 FCF) with a new VID 12 Flow Control Facility (VID 12 FCF) and the water delivery capacity will remain the same.
- C. The Water Authority established an Asset Management Program (Program) in 2009 to prioritize the rehabilitation, repair, or replacement of assets based on probability and consequence of failure.
- D. VID 1 FCF was constructed in 1958. The Water Authority has determined the existing VID 1 FCF will be replaced by a new flow control facility, VID12 FCF.
- D. The Water Authority currently meters and controls the delivery of up to 6.5 million gallons per day (mgd) or 10 cubic feet per second (cfs), of treated water from Pipeline 1 and Pipeline 2 to the existing VID 1 FCF. VID has requested that the delivery capacity remain unchanged for the VID 12 FCF. As a result, VID12 FCF will be designed and constructed to deliver 6.5 mgd (10 cfs) of treated water from Pipeline 1 or Pipeline 2.
- E. There is no existing written agreement between the Parties for VID 1 FCF. Therefore, this Agreement establishes the terms and conditions pursuant to which the existing VID 1 FCF will be replaced by VID12 FCF at the same location with a new permanently metered 6.5 mgd (10 cfs) treated water flow control facility, which will be designed, constructed, owned, operated, and maintained by the Water Authority.
- F. VID12 FCF will share the location with another new facility for Vallecitos Water District, the Vallecitos 11 Flow Control Facility (VAL11 FCF). VAL11FCF and VID12 FCF will be combined and housed in a single building and will be referred as to VAL11/VID12 FCF, as shown on Exhibit A attached hereto. VAL11/VID12 FCF will be designed and constructed concurrently. The Water Authority and Vallecitos Water District have a separate design, construction, ownership, operation, and maintenance agreement for VAL11 FCF.

The Recitals are incorporated herein and the Parties agree as follows:

1.0 Delivery of Water to VID12 FCF

- 1.1 Availability, delivery, rate of flow, and cost of treated water to be sold by the Water Authority to VID shall be as established by the Board of Directors of the Water Authority in accordance with the Water Authority's Administrative Code, on the same basis as generally applicable to the Water Authority's member agencies.
- 1.2 VID's point of delivery at the existing VID 1 FCF will be maintained during construction of the VAL11/VID12 FCF except for the aqueduct shutdown in Section 1.2.1.
 - 1.2.1 Shutdown: A 10-day aqueduct shutdown is required for the replacement of and connection to the turnouts for VAL 11/VID12 FCF. Water Authority shall provide VID at least 10 working days written or email notice of the date of commencement of the shutdown. During this shutdown, the following work will be performed by or on behalf of the Water Authority: replace valves and piping at both of the turnout structures on Pipeline 1 and Pipeline 2, complete the rehabilitation of structural elements, and connect VAL11/VID 12 FCF to Pipeline 1 and Pipeline 2 on the upstream side of VAL 11/VID 12 FCF and to VID's system on the downstream side of VAL11/VID 12FCF. Once the connections are complete, the point of delivery for VID will be via VID12 FCF. To make the above permanent connections and tie-ins, the existing distribution pipe(s), owned and operated by VID, downstream of VID 1 FCF, will need to be shut down at the same time as the Water Authority's aqueduct shutdowns.

2.0 Facility Design and Construction

- 2.1 VID 12 FCF will be designed and constructed to Water Authority standards with a capacity to deliver up to 6.5 mgd (10 cfs) of treated water to VID.
- 2.2 VID 12 FCF will be combined with VAL 11 FCF in a single building.

3.0 Facility and Access Right-of-Way

- 3.1 VID 12 FCF will be located on Water Authority right of way immediately adjacent to the existing VID 1 FCF, as shown on Exhibit A, attached and made a part of this Agreement. This right of way is currently owned in fee by City of Escondido. Facility access will be from adjacent public streets.
- 3.2 The Water Authority will acquire additional temporary construction easements and all other property rights it deems necessary for VAL 11/VID 12 FCF prior to the start of construction activities.
- 3.3 The Water Authority may investigate the option of purchasing the property from the City of Escondido. Change in ownership of the pipeline will be delineated by a concrete pad, as shown on Exhibit A.

4.0 VID will Perform the Following at Its Cost and Expense:

- 4.1 Assign a project manager for VID 12 FCF, who will be the Water Authority's single point of contact.
- 4.2 Shutdown, isolate and drain the existing distribution pipe(s), downstream of VID 1 FCF at the same time as the Water Authority's aqueduct shutdown, to allow the Water Authority to complete the connection for VID 12 FCF.
- 4.3 Review and comment on design and construction documents related to the connection of VID 12 FCF to the existing VID distribution pipeline. During the design phase, VID will submit review comments and concurrence within 15 working days of receiving draft documents. During the construction phase, VID will submit review comments and concurrence within five calendar days of receipt of a construction submittal. If VID does not respond within the allotted time, it will be understood by the Parties that no VID comment is required. VID shall not unreasonably delay or withhold concurrence.
- 4.3 All work performed and all materials used (including water drained) by VID will be done so at its own expense.

5.0 The Water Authority Will Perform the Following at Its Cost and Expense:

- 5.1 Assign a project manager for VID 12 FCF, who will be VID's single point of contact.
- 5.2 Procure or provide services for preliminary design, final design, a public bid, preparation of addendum and change orders, inspection and testing services, and construction of VID 12 FCF. Each contract shall require the contractor to obtain and maintain insurance policies. All such insurance policies shall name VID, including its directors, officers, employees and agents as additional insureds.
- 5.3 The Water Authority is the lead agency for environmental documents and will ensure the work performed under this Agreement complies with the requirements of the California Environmental Quality Act (CEQA) and that all necessary CEQA documentation will be filed.
- 5.4 The Water Authority will coordinate the 10-day shutdown schedule with VID.
- 5.5 Upon request, the Water Authority will provide to VID electronic record drawings in pdf format showing the connection between VID 12 FCF and VID's distribution pipeline.

6.0 Ownership and Operational Control of Facilities:

- 6.1 The Water Authority will own, maintain, and operate all components of VID 12 FCF, including inlet and outlet piping, as shown on Exhibit A. On the outlet piping, an insulation joint assembly will be installed to delineate the change in ownership. On the surface, the change of ownership will be delineated with a concrete pad. The Water Authority will own and maintain the piping and equipment up to and including the cathodic protection isolation joint and test station as shown on Exhibit A. VID will own

and maintain the piping and equipment downstream of the cathodic protection isolation joint.

- 6.2 In accordance with current Water Authority Board policy, all operation and maintenance costs of the VID 12 FCF shall be borne by the Water Authority. VID acknowledges the right of the Water Authority's Board to revise the policy to recover future operation and maintenance costs.

7.0 Cost Responsibility

- 7.1 The Water Authority will pay all costs related to the design, construction, ownership, operation, and maintenance of VID 12 FCF, except as stated in Paragraph 4.

8.0 Non-Binding Mediation:

- 8.1 If a dispute arises out of, or relates to this Agreement, or the breach thereof, and if the dispute cannot be settled through normal contract negotiations, the Parties agree to first try to settle the dispute using mediation under the Construction Industry Mediation Rules of the American Arbitration Association or any other neutral organization agreed upon before having recourse in a court of law.

- 8.2 The expenses of mediation witnesses for either side shall be paid by the party producing such witnesses. All other expenses of the mediation, including required traveling and other expenses of the mediator, and the cost of any proofs or expert advice produced at the direct request of the mediator, shall be borne equally by the Parties, unless otherwise agreed.

- 8.3 Any agreements resulting from mediation shall be documented in writing. Except for agreements signed by both Parties, all mediation results and documentation, by themselves, shall be "non-binding". Mediators shall not be subject to any subpoena or liability and their actions shall not be subject to discovery.

- 9.0 Mutual Indemnification: VID and Water Authority each agree to indemnify, defend at its own expense, including attorneys' fees, and hold each other harmless from and against all claims, costs, demands, losses, and liability of any nature whatsoever, including but not limited to liability for bodily injury, sickness, disease or death, property damage (including loss of use), or violation of the law, caused by or arising out of any error, omission, negligent act, or willful misconduct of the indemnifying party, its officers, directors, employees, agents, volunteers, or any other person acting pursuant to its control in performing under this agreement.

- 10.0 Laws and Venue. This Agreement will be interpreted in accordance with the laws of the State of California. If any action is brought to interpret or enforce any term of this Agreement, the action shall be brought in a state or federal court in San Diego County.

- 11.0 Integration and Amendment. This Agreement represents the entire understanding of the Water Authority and VID as to those matters contained herein, and supersedes all prior understandings or agreements relating to the subject matter of this Agreement. No prior oral or written understanding or agreement shall be of any force or effect with respect to

those matters covered by this Agreement. This Agreement may be modified only by a subsequent written amendment executed by both Parties.

12.0 Successors or Assigns. This Agreement and any portion thereof shall not be assigned or transferred, nor shall any of the duties be delegated, without the express written consent of both Parties, which shall not be unreasonably withheld or delayed. Any attempt to assign or delegate this Agreement without the express written consent of both Parties shall be void and of no force or effect.

13.0 Notices. Any notice or instrument required to be given or delivered by this Agreement may be given or delivered by depositing the same in any United States Post Office, postage prepaid, addressed to:

San Diego County Water Authority
4677 Overland Avenue
San Diego, CA 92123
Attention: Director of Engineering

Vista Irrigation District
1391 Engineer Street
Vista, CA 92081
Attention: Director of Engineering

14.0. Severability. The partial or total invalidity of one or more parts of this Agreement will not affect the intent or validity of the remainder of this Agreement.

15.0 Signatures. The individuals executing this Agreement represent and warrant that they have the legal capacity and authority to do so on behalf of their respective legal entities.

IN WITNESS WHEREOF, the parties have executed as of the date written above.

San Diego County Water Authority

Vista Irrigation District

By: _____
Jerry Reed
Director of Engineering

By: _____
Eldon L. Booone
General Manager

Approved as to form:

Approved as to form:

Rosann Gallien
Assistant General Counsel

Joel Kuperberg
General Counsel

EXHIBIT A

Cash Disbursement Report



Payment Dates 09/21/2017 - 10/04/2017

Payment Number	Payment Date	Vendor	Description	Amount
57153	09/27/2017	Refund Check 57153	Customer Refund	348.08
57154	09/27/2017	Refund Check 57154	Customer Refund	1,247.88
57155	09/27/2017	ABABA Bolt	Electrical Connectors	131.52
57156	09/27/2017	Atlassian Pty Ltd	Annual License Renewal	750.00
57157	09/27/2017	Basic pacific	Flexible Benefit Service/Cobra 09/2017	254.00
57158	09/27/2017	Cardiac Science Corporation	AED Pads	120.59
57159	09/27/2017	Cecilia's Safety Service Inc	Traffic Control - Copper/W Vista Way	6,255.00
	09/27/2017		Traffic Control - Santa Clara/W Vista Way	1,275.00
	09/27/2017		Traffic Control - Cananea / N Santa Fe Ave	3,485.00
	09/27/2017		Traffic Control - La Mirada Dr	750.00
	09/27/2017		Traffic Control - San Luis Rey	1,330.00
57160	09/27/2017	Coast Equipment Rentals	Cement	200.26
57161	09/27/2017	Coastal Chlorination & Backflow	Chlorination of Water Main	360.00
57162	09/27/2017	County of San Diego	Inspection/Field Review Fees 08/2017	1,062.00
57163	09/27/2017	Craneworks Southwest Inc	Hydraulic Hose - B19	82.43
57164	09/27/2017	CW Wulff Associates	D1 - D5 Distribution Exam Reviews	3,600.00
57165	09/27/2017	Todd Groundwater, Inc.	Warner Basin Groundwater Assessment 08/17	9,297.86
57166	09/27/2017	Diamond Environmental Services	Portable Restroom Service	87.24
	09/27/2017		Stationary/Portable Restroom Service	234.62
	09/27/2017		Portable Restroom Service	178.23
57167	09/27/2017	DIRECTV	Direct TV Service	78.99
57168	09/27/2017	Drug Testing Network Inc	DOT & Post Accident Testing	190.00
57169	09/27/2017	FedEx Office	Manual Purchase Orders Printing	54.13
	09/27/2017		D1-D5 Handouts Printing	1,237.94
57170	09/27/2017	Ferguson Waterworks	Tee 8x6 Cast Iron POxFL (2)	272.01
	09/27/2017		Coupling 8" Deflection C900 (6)	369.89
	09/27/2017		Pipe 12" PVC DR-14 C900 (20)	372.16
	09/27/2017		Ell 2" Brass 90 Degree St. (5)	124.49
	09/27/2017		Service Saddle 4x2 C900 PVC (2)	184.03
	09/27/2017		Adapter 2" Copper x MIP (16)	181.86
	09/27/2017		Ell 6"x16" POxFL Bury Cast Iron (1)	232.74
	09/27/2017		Cover 8" Valve Cast Iron Water (10)	248.98

Payment Number	Payment Date	Vendor	Description	Amount
	09/27/2017		Sleeve 12" Galvanized Top Sections (7)	128.82
	09/27/2017		Ell 6" Cast Iron PO 45 Degree (4)	268.11
	09/27/2017		Ell 8" Cast Iron PO 45 Degree (4)	394.38
	09/27/2017		Wire 10 Copper (3000)	633.26
	09/27/2017		Service Saddle 6x1 C900 PVC (1)	93.10
	09/27/2017		Coupling 4" Deflection C900 (6)	100.67
	09/27/2017		Tee 6" Cast Iron POxFL (1)	104.05
	09/27/2017		Service Saddle 6x2 C900 PVC (1)	111.50
	09/27/2017		Coupling 6" Repair PVC C900 (4)	119.08
	09/27/2017		Tubing 1" Copper Soft (700)	2,871.87
	09/27/2017		Gate Valve 8" POxFL R/W C900 (4)	4,150.95
	09/27/2017		Pipe 8" PVC DR-14 C900 (1000)	8,660.00
	09/27/2017		Curb Stop 2" FNPT X MNPT (7)	1,821.93
	09/27/2017		Pipe 4" PVC DR-14 C900 (740)	1,930.53
	09/27/2017		Gate Valve 6" POxFL R/W C900 (3)	1,969.90
	09/27/2017		Service Saddle 8x1 C900 PVC (18)	2,123.87
	09/27/2017		Coupling 6" Deflection C900 (10)	259.80
	09/27/2017		Zinc Anode bag 30lb (24)	2,831.80
	09/27/2017		Tubing 2" Copper Soft (60)	766.41
	09/27/2017		Curb Stop 1" Flare (25)	2,269.73
	09/27/2017		Corp Stop 2" (8)	1,433.14
	09/27/2017		Service Saddle 8x2 C900 PVC (5)	629.64
	09/27/2017		Gate Valve 4" POxFL R/W C900 (1)	498.50
	09/27/2017		Coupling 6" Repair Macro (2)	465.48
	09/27/2017		Cover 12" Valve Box Cast Iron (7)	462.23
	09/27/2017		Service Saddle 4x1 C900 PVC (6)	461.15
	09/27/2017		Pipe 6" PVC DR-14 C900 (360)	1,812.11
	09/27/2017		Corp Stop 1" Flare (25)	1,200.76
	09/27/2017		Fire Hydrant Check Valve (1)	1,331.48
	09/27/2017		Ell 4" Cast Iron PO 45 Degree (1)	45.59
	09/27/2017		Coupling 8" Repair Macro (5)	1,326.06
	09/27/2017		Adapter 2" Copper x MIP (20)	237.05
	09/27/2017		Meter Boxes & Lids (6)	814.60
57171	09/27/2017	Fleet Pride	Brake Dust Shield - T19	(27.14)
	09/27/2017		Brake Relay Valve - T4	94.62
	09/27/2017		Core Credit	(64.65)
57172	09/27/2017	Fountain Car Wash	Wash Tokens (600)	540.00

Payment Number	Payment Date	Vendor	Description	Amount
57173	09/27/2017	Hach Company	Lab Supplies	325.60
57174	09/27/2017	Halojags,LLC	Bee Removal	140.00
57175	09/27/2017	HF Scientific Inc	CL2 Reagents	491.28
57176	09/27/2017	InfoSend Inc	Data Processing/Mailing Service 08/2017	5,418.67
	09/27/2017		Support & Storage 08/2017	1,150.96
57177	09/27/2017	Jobs Available	Recruitment Advertising	1,365.00
57178	09/27/2017	Joe's Paving	Patch Paving (various locations)	9,103.50
57179	09/27/2017	Ken Grody Ford Carlsbad	Truck Bar - Truck 62	47.96
57180	09/27/2017	Kimball Midwest	Caps & Wiring Grommets, Air Hose Fittings	262.33
57181	09/27/2017	Lawnmowers Plus Inc	Weed Wacker String, Parts	101.50
	09/27/2017		Weed Whip String Head	43.57
57182	09/27/2017	Lightning Messenger Express	Messenger Service 09/01/17 & 09/15/17	96.00
57183	09/27/2017	Major League Pest/Gemini Pest Control	Bee Removal (3)	255.00
57184	09/27/2017	Manna Development Group, LLC (Panera)	Lunch 9/14/2017 - Electrical Safety Training	420.21
57185	09/27/2017	Moody's	Dump Fees (2)	400.00
	09/27/2017		Dump Fees (3)	600.00
	09/27/2017		Dump Fees (3)	600.00
	09/27/2017		Dump Fees (8)	1,600.00
57186	09/27/2017	Mutual of Omaha	LTD, STD & Life Insurance 10/2017	6,295.44
57187	09/27/2017	North County Auto Parts	Air Tool Oil	8.38
	09/27/2017		Oil Absorbent	22.97
	09/27/2017		Battery, Filters and Shop Supplies	343.60
	09/27/2017		Grease, Air Hose Seals	165.08
57188	09/27/2017	North County Industrial Park	Association Fees 10/2017 - 1391 Engineer St	879.30
57189	09/27/2017		Association Fees 10/2017 - Pipeline Dr	256.40
57190	09/27/2017	One Source Distributors	Fall Protection Harnesses (3)	763.81
57191	09/27/2017	Pacific Pipeline Supply	Meter Box & Lid	260.50
57192	09/27/2017	Red Wing Shoe Store	Footwear Program	175.00
57193	09/27/2017	Rutan & Tucker LLP	Legal 08/2017	4,411.50
	09/27/2017		Legal 08/2017	918.00
	09/27/2017		Legal 08/2017	1,530.00
	09/27/2017		Legal 08/2017	178.50
	09/27/2017		Legal 08/2017	51.00
	09/27/2017		Legal 08/2017	28.00
	09/27/2017		Legal 08/2017	1,886.92
57194	09/27/2017	Schneider Electric Systems, Inc	Foxboro Pressure Transmitter 300 PSI Range	1,131.25
57195	09/27/2017	Siemens Industry Inc	Siemens Flow Meter Display Repair Components	877.05

Payment Number	Payment Date	Vendor	Description	Amount
57196	09/27/2017	Southern Counties Lubricants, LLC	Fuel - Fleet 09/01/17 - 09/15/17	4,941.64
	09/27/2017		Fuel - Henshaw	73.65
57197	09/27/2017	TS Industrial Supply	Hammer 10" Tomahawk (24)	1,286.01
	09/27/2017		Pipe Stand Cutter	631.10
57198	09/27/2017	UC Regents	Scholarship Award 09/2017	750.00
57199	09/27/2017	UniFirst Corporation	Uniform Service	337.75
57200	09/27/2017	UPS	Shipping 08/2017	18.11
57201	09/27/2017	VG Donuts & Bakery Inc	Board Meeting 09/20/17	28.84
57202	09/27/2017	Volt	Temporary Service PE 04/09/17	455.75
	09/27/2017		Temporary Service PE 05/28/17	437.52
57203	09/27/2017	WorkPartners OHS	First Aid Treatment	288.01
	09/27/2017		First Aid Treatment	153.69
	09/27/2017		DOT Physical	85.00
57204	10/04/2017	ACWA/JPIA	Dam Liability Insurance 10/01/17-10/01/18	35,467.00
57205	10/04/2017	Alliance Communication Cables Inc.	Radio & Components - Plant 10	1,218.78
	10/04/2017		Radio & Components - CX28 Regulator	1,218.78
57206	10/04/2017	AT&T	20Mbps Internet Service 08/19/17-09/18/17	1,076.10
	10/04/2017		Web Security 09/2017	66.00
57207	10/04/2017	AT&T	CALNET 08/13/17-09/12/17 - Phones	1,024.91
	10/04/2017		CALNET3 08/13/17-09/12/17 - Teleconference	4.81
57208	10/04/2017	Big Drip Plumbing	Meter Tie Backs	16,800.00
57209	10/04/2017	Cecilia's Safety Service Inc	Traffic Control - Copper Ave/W Vista Way	5,007.50
	10/04/2017		Traffic Control - Green Hill Way/Warmland	737.50
	10/04/2017		Traffic Control - Chaparral Dr	595.00
	10/04/2017		Traffic Control - Emerald Dr/Eldred Lane	680.00
57210	10/04/2017	Department of Forestry & Fire Protection	Weed/Tree/Brush Abatement - Flume Rds (9 Days)	2,055.60
57211	10/04/2017	Dion International Trucks Inc	Air Filter, Chocks	265.77
57212	10/04/2017	EDCO Waste & Recycling Services Inc	Trash/Recycle 09/2017	210.14
57213	10/04/2017	Electrical Sales Inc	Bolts & Nuts	431.46
	10/04/2017		SCADA Back Panel - Plant 9	235.93
57214	10/04/2017	Endicott Comm., Inc - CV	Answering Service 09/2017	290.57
57215	10/04/2017	Ferguson Waterworks	Pipe Fittings	816.64
	10/04/2017		Hi-Deflection Couplings & Pvc Pipe Parts	3,012.96
57216	10/04/2017	Glennie's Office Products Inc	Office Supplies	81.47
	10/04/2017		Office Supplies	77.33
57217	10/04/2017	Grainger	Blades, Cutting Wheel	41.33
57218	10/04/2017	Infrastructure Engineering Corporation	Shea Flume Relocation 08/2017 - Construction Support	768.00

Payment Number	Payment Date	Vendor	Description	Amount
	10/04/2017		Courtyard Pre-design 08/2017	11,932.50
57219	10/04/2017	The Gavares Group	"Fish 2.0 and Beyond" Organizational Training	5,750.00
57220	10/04/2017	Ken Grody Ford Carlsbad	Front End Parts - Truck 62	285.45
	10/04/2017		Brake Release Handle - Truck 11	45.18
57221	10/04/2017	Kimball Midwest	Wire Loom Clamp Assortment	91.17
57222	10/04/2017	Lawnmowers Plus Inc	Weed Whip Repair Kit	36.37
57223	10/04/2017	Leon Perrault Trucking & Materials	Material/Trucking 08/2017	31,012.19
57224	10/04/2017	Liebert Cassidy Whitmore	CalPERS Training 10/19/2017	70.00
57225	10/04/2017	Lighthouse Inc	LED Strobes, Amber Lenses	182.34
57226	10/04/2017	MailFinance Inc	Mail Machine Lease	1,828.20
57227	10/04/2017	Major League Pest/Gemini Pest Control	Bee Removal (9)	765.00
57228	10/04/2017	Mallory Safety and Supply, LLC	HEPA Respirator Cartridges	185.87
	10/04/2017		Safety Glasses, Gloves	3,390.40
57229	10/04/2017	Moodys	Dump Fee	200.00
	10/04/2017		Dump Fees (6)	1,200.00
	10/04/2017		Dump Fees (6)	1,200.00
	10/04/2017		Dump Fee	200.00
57230	10/04/2017	Networks 2000	ESXi Server Support	4,867.12
57231	10/04/2017	North County Auto Parts	Oil, Diesel Exhaust Fluid, Hand Soap	183.19
	10/04/2017		Wipers, Oil	65.69
57232	10/04/2017	Olivenhain MWD	North San Diego Recycled Water Project	98.17
57233	10/04/2017	One Source Distributors	Gas Detectors & Warranty (5)	6,819.75
57234	10/04/2017	Pacific Pipeline Supply	Meter Boxes & Lids (2)	520.99
	10/04/2017		Meter Box & Lid	260.50
57235	10/04/2017	Parkhouse Tire Inc	Tires (3) - Truck 1	1,027.33
57236	10/04/2017	Praxis Corporation	2-Day NFPA 70E Training	7,100.00
57237	10/04/2017	Ramco Petroleum	Fuel 08/2017	994.97
57238	10/04/2017	RC Auto & Smog	Engine & Steering Repairs	464.41
	10/04/2017		Smog Test - Truck 69	50.00
	10/04/2017		Smog Test - Truck 59	50.00
57239	10/04/2017	Richard Brady & Associates, Inc	HP Reservoir Rehab Construction 08/2017	191,624.08
57240	10/04/2017	Rincon del Diablo MWD	MD Reservoir Water Service 09/2017	32.64
57241	10/04/2017	S & J Supply Company Inc	Cover 8" Valve Cast Iron Water (188)	4,031.53
57242	10/04/2017	San Diego Gas & Electric	Gas 09/2017	206.78
	10/04/2017		Electrical Transmission 09/2017	4,380.85
57243	10/04/2017	San Diego Gas & Electric	Electric 09/2017 - Warner Ranch House	50.61
57244	10/04/2017	SiteOne Landscape Supply, LLC	Parts & Fittings	53.23

Payment Number	Payment Date	Vendor	Description	Amount
	10/04/2017		Weed Pesticide	47.14
	10/04/2017		Parts & Fittings	31.68
57245	10/04/2017	State Board of Equalization	Sept '17 Use Tax Return	26.00
57246	10/04/2017	The San Diego Union-Tribune LLC	Recruitment Advertising	999.00
57247	10/04/2017	TS Industrial Supply	Sweatbands (30)	84.47
	10/04/2017		Cutterhead for Pipe	244.65
	10/04/2017		Sweatbands (100)	281.56
	10/04/2017		Chain for Stand Cutters	309.54
57248	10/04/2017	UniFirst Corporation	Uniform Service	336.44
57249	10/04/2017	Verizon Wireless	Air Cards	76.02
	10/04/2017		Cell Phones 08/16/17-09/15/17	1,266.08
57250	10/04/2017	Vista Paint Corporation	Paint	30.97
57251	10/04/2017	Vulcan Materials Company and Affiliates	Cold Mix	1,904.86
Grand Total:				488,637.16



STAFF REPORT

Agenda Item: 7

Board Meeting Date: October 18, 2017
Prepared By: Marlene Kelleher
Reviewed By: Brett Hodgkiss
Approved By: Eldon Boone

SUBJECT: RATE ADJUSTMENT POLICY

RECOMMENDATION:

- a) Conduct a public hearing for the purpose of receiving comments on and protests filed against the proposed renewal of the pass through of San Diego County Water Authority costs and annual inflationary adjustments for a five year period (Rate Adjustment Policy).
- b) Consider adopting Resolution No. 17-XX approving the renewal of the pass through of San Diego County Water Authority costs and annual inflationary adjustments (Rate Adjustment Policy), and revising the Rules and Regulations of the District relative to the approved renewal of the Rate Adjustment Policy.

PRIOR BOARD ACTION:

- 07/15/2009 Conducted a public hearing and adopted resolution number 09-40 renewing the District's Rate Adjustment Policy for a period of five years.
- 10/09/2013 Conducted a public hearing and adopted Resolution Number 13-38 renewing the District's Rate Adjustment Policy for a period of five years.

FISCAL IMPACT: Renewal of the Rate Adjustment Policy ensures that the District's revenues and reserves sufficiently fund current and future operations and capital costs.

SUMMARY: To comply with the procedural requirements of Proposition 218, staff mailed to all of its customers a Notice of Public Hearing to consider the adoption of the proposed renewal of the District's Rate Adjustment Policy. The Notice of Public Hearing informed the public of the District's proposal to 1) reaffirm the District's pass through of costs from the San Diego County Water Authority for a period of five years; and, 2) reaffirm the District's annual inflationary adjustments for a period of five years. The notification complies with the procedural requirements of Proposition 218.

Also in compliance with Proposition 218, staff conducted a cost of service analysis to ensure that the proposed renewal of the Rate Adjustment Policy equitably recovers the costs associated with providing water service to each customer. The analysis examined operating and capital improvement costs and projected these costs over a five year period ending in fiscal year 2022. The projections are based on estimated costs necessary to continue to operate and maintain the water system for our ratepayers, and utilizes industry standard cost indexes and historical averages.

DETAILED REPORT: The District proposes to extend for five years the current Rate Adjustment Policy in order to ensure that the District has sufficient revenues to cover the costs of providing water service. It is anticipated that the water rate and service charge revenues over the upcoming five years will recover, but not exceed, the cost of providing water service, which includes water purchases from the District's wholesale supplier, the San Diego County Water Authority, system operation and maintenance, facility and equipment maintenance, system rehabilitation, regulatory compliance, metering, billing, conservation and account management.

The Rate Adjustment Policy is comprised of the following two components:

Pass-Through of San Diego County Water Authority Fees and Charges

The San Diego County Water Authority is the District's wholesale water supplier. The District proposes to pass through 100% of any increase or decrease in the San Diego County Water Authority's fees and charges imposed on the District for imported water purchases through October 18, 2022.

Inflationary Adjustments to Rates and Charges

Inflationary adjustments shall be calculated as an increase or decrease equal to the amount of the increase or decrease in the U.S. Department of Labor's Consumer Price Index – All Urban Consumers – San Diego, California for the previous calendar year ended. These adjustments shall be effective July 1 each year, commencing July 1, 2018 through July 1, 2022. This adjustment is only applied to District costs other than those charged the District by the San Diego County Water Authority.

As a governmental district, and unlike a public utility, the District does not make a profit or have shareholders, and all revenues go back into the water system. Revenues derived from the proposed rate adjustments will not exceed the cost to provide water service to customers, and the revenues will not be utilized for any purpose other than financing the District's operating and capital needs.

The proposed changes comply with Section 13D of the California Constitution (proposition 218) subsection 6 "Property Related Fees and Charges", subsections "a" through "b" because of the following:

- The District identified each parcel affected by the proposed changes and sent via US mail, a notice of public hearing which included the proposed renewal of the Rate Adjustment Policy, the reason for the proposed renewal, and the date, time and location of the public hearing on the proposed renewal.
- The District will conduct a public hearing on October 18, 2017 at 8:30 a.m., in the Board Room at its Administrative Office at 1391 Engineer Street, Vista, CA 92081. The public hearing was noticed in the North County edition of the San Diego Union twice, once on October 9, 2017 and once on October 15, 2017.
- Revenue derived from the proposed renewal will be revenue neutral, meaning that the revenues generated by the proposed changes will not exceed the cost to provide water service to customers and the revenues will not be utilized for any purpose other than financing the District's operating and capital needs.

Specifically, the proposed rate structure satisfies the specific substantive requirements of Article 13D, section 6(b), as follows:

- The District's rate revenue does not exceed the funds required to provide the District's water service because the proposed renewal of the Rate Adjustment Policy will not generate revenues that exceed the funding needed to provide the District's water service, including necessary capital improvements to ensure continued service. Without the proposed renewal of the Rate Adjustment Policy, the District will eventually exhaust its reserves.
- The revenues derived from the District's water rates will not be used for any purpose other than water service, as the District is a single purpose agency that does not perform services other than the delivery of water to its customers. All of the District's revenues are dedicated to pay the expenditures incurred in acquiring, storing, treating, and delivering water to the customers within its boundaries. Unlike other water agencies which may provide wastewater, drainage or other utility services, the District's single purpose ensures that the rate revenues are applied only to cover the cost of the water service.

- The District's water rate structure does not support any general governmental services that non-customers receive at lower or no cost because, as a single purpose retail water agency, the District only uses its water rate revenues to provide water service to its customers. In other words, the only persons who receive District water service are the District's rate-paying customers.

The Notice of Public Hearing was duly published in a newspaper of general circulation in the District's service area and the Certificate of Publication is on file with the District Secretary.

As of the writing of this staff report, the District had received no written protests under the terms of the Proposition 218 notice.

ATTACHMENTS:

- Notice of Public Hearing Regarding the District's Water Rates
- Strikeout version of amended sections of the Rules and Regulations
- Draft resolution adopting the renewal of the District's Rate Adjustment Policy



1391 Engineer Street • Vista • California 92081-8840
Phone: (760) 597-3100 • Fax: (760) 598-8757
www.vidwater.org

Board of Directors

Marty Miller, *President*
Paul E. Dorey
Jo MacKenzie
Patrick H. Sanchez
Richard L. Vásquez

Administrative Staff

Eldon L. Boone
General Manager / Treasurer
Brett L. Hodgkiss
Assistant General Manager
Lisa R. Soto
Board Secretary
Joel D. Kuperberg
General Counsel

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the Vista Irrigation District will hold a public hearing in the meeting room of the District, 1391 Engineer Street, Vista, California, on Wednesday, October 18, 2017, at 8:30 a.m. for the purpose of discussion of revision of the Rules and Regulations of the District relative to the renewal of the pass through of wholesale water costs and annual inflationary adjustments.

Vista Irrigation District will receive and consider all evidence, including oral and written reports, submitted or presented at said public hearing relative to this matter.

All interested parties are invited to attend said public hearing to express opinions and/or present evidence relative to this matter.

Further information may be obtained at the District Secretary's office by telephoning (760) 597-3128, between 8:00 a.m. and 5:00 p.m., Monday through Friday.

A handwritten signature in blue ink, appearing to read "Lisa R. Soto", is written over a horizontal line.

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

4.4 RATES, SERVICE CHARGES AND FEES

Adoption Date:	October 19, 2016
Action:	Approved by the VID Board of Directors, Minute Order No. 16-10-112 ; Resolution 16-28

4.4.1 Purpose

The purpose of this policy is to establish water rates and service related charges for services provided by the District.

4.4.2 Water Rate Definitions

A. Billing Period

There are six Billing Periods per year, approximating two months each, which may vary by days from one period to another.

B. Service Charge

A flat charge to each account, based on meter size, which recovers the fixed costs of the District operations.

C. San Diego County Water Authority (CWA) Fee

A flat fee charged by the CWA to each account based on meter size, which recovers CWA's infrastructure access charge.

D. Willful Misrepresentation

Purposeful presentation of a material fact for the purpose of securing a rate, allotment or special benefit for an unqualified account.

4.4.3 Water Rates and Service Related Charges (*Revised 10/9/13; Resolution 13-38*)

A. Pass Through of Wholesale Water and Water-Related Service Fees and Charges

All San Diego County Water Authority (CWA) fees and charges for wholesale water and water-related services shall be passed through to Vista Irrigation District customers. The automatic pass through of costs is for a period of five years, terminating on ~~October 9, 2018~~ October 18, 2022.

These pass throughs shall be calculated by dividing the total billings from CWA for usage charges by the quantity of budgeted water sales.

B. Annual Water Rate Adjustment

Effective each July 1, the District’s water rates will be adjusted to reflect inflationary costs. Such increases shall be calculated as an increase equal to the amount of the increase in the U.S. Department of Labor’s Consumer Price Index – All Urban Consumers – San Diego, California for the previous calendar year ended. These adjustments shall be reflected on invoices sent on or after July 1 of each of the following years: ~~2014, 2015, 2016, 2017, and 2018~~ 2018, 2019, 2020, 2021, and 2022.

C. Water Rate Structure

The District has established a water rate structure consisting of three tiers for all water usage except for participants in the Special Agricultural Water Rate (SAWR). Participants in SAWR will be billed at a flat rate. Monthly water allocations for the three tiered rates will be determined by meter size according to the following table.

<u>Meter Size</u>	<u>Monthly Allocation</u>		
	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>
5/8"	0-7	8-42	43+
3/4"	0-10	11-60	61+
1"	0-25	26-150	151+
1 1/2"	0-50	51-300	301+
2"	0-80	81-480	481+
3"	0-160	161-960	961+
4"	0-250	251-1,500	1,501+
6"	0-500	501-3,000	3,001+
8"	0-800	801-4,800	4,801+
10"	0-1,150	1,151-6,900	6,901+

D. Water Usage Charge

Water use will be charged according to the following table, however the Tier 3 rate will only be imposed during times of water delivery cutbacks imposed by the San Diego County Water Authority. When no water delivery cutbacks are imposed by the Water Authority, Tier 3 usage will be billed at the Tier 2 rate.

<u>Tier</u>	<u>Rate Per Unit*</u>
Tier 1	\$ 4.16
Tier 2	4.70
Tier 3**	4.70

Agricultural Water Programs

<u>Program</u>	<u>Rate Per Unit*</u>
SAWR	\$ 3.68
Domestic usage	4.48

* *1 unit = 748 Gallons*

** *Tier 3 usage will be billed at the tier 2 rate when no delivery cutbacks are imposed.*

E. Service Charge

<u>Meter Size</u>	<u>Monthly Charge</u>
$\frac{5}{8}$ "	\$28.08
$\frac{3}{4}$ " or $\frac{3}{4}$ " x 1"	37.05
1"	54.74
1½"	99.37
2"	152.71
3"	295.05
4"	455.06
6"	1,077.71
8"	1,433.67
10"	2,145.31

F. San Diego County Water Authority (CWA) Fee

<u>Meter Size</u>	<u>Monthly Charge</u>
$\frac{5}{8}$ "	\$2.87
$\frac{3}{4}$ " or $\frac{3}{4}$ " x 1"	2.87
1"	4.60
1½"	8.61
2"	14.93
3"	27.56
4"	47.07
6"	86.10
8"	149.24
10"	223.86

G. Locked Meters

The Service Charge and other fixed charges on locked meters shall be twenty-five percent (25%) of the regular charges for that account.

H. Construction Water

All construction water delivered via a construction meter shall be billed at the highest water rate tier and applicable Service Charge.

I. Fire Connection Services

Fire protection connection services, both metered and unmetered, shall be charged the Service Charge applicable to a 5/8" meter. All water used through the detector meter or a metered connection shall be billed at the Water Usage Charge for water.

J. Agricultural Water Programs

A discounted Water Usage Charge will be applied to each individual qualifying agricultural account in an amount equal to the agricultural water rate and/or other reduced charges from the San Diego County Water Authority (CWA). The District will use a melded rate, based on the agricultural water rates and other reduced charges for treated and untreated water, as the discount. Adjustments to the agricultural program rates will be concurrent with any adjustments to CWA agricultural water rates and other charges for treated and untreated water. Resolution Nos. 10-43 and 12-35 are hereby made a part of these Rules and Regulations by reference.

RESOLUTION NO. 17-XX

RESOLUTION OF THE BOARD OF DIRECTORS
OF VISTA IRRIGATION DISTRICT ADOPTING THE RENEWAL OF THE PASS
THROUGH OF SAN DIEGO COUNTY WATER AUTHORITY COSTS AND ANNUAL
INFLATIONARY ADJUSTMENTS FOR A FIVE YEAR PERIOD AND
AMENDING CERTAIN PROVISIONS OF THE DISTRICT'S RULES AND REGULATIONS
RELATIVE TO WATER RATES AND SERVICE CHARGES

WHEREAS, District staff has undertaken a comprehensive analysis of the District's costs to provide water service, fund near-term and long-term capital facilities and improvement needs, and maintain an adequate level of reserves, and has recommended the pass through of water costs from the San Diego County Water Authority, and annual cost of living adjustments to the water rates (Rate Adjustment Policy); and

WHEREAS, District staff mailed a notice to all property owners and water customers within the District's service area, informing the recipients of the District's consideration of the proposed renewal of the Rate Adjustment Policy, the basis and reason for such renewal, the lands subject to the proposed renewal, and the recipients' opportunity to attend and provide testimony on the proposed rate adjustments and modifications at a public hearing on the proposed rates scheduled for October 18, 2017 at the District office; and

WHEREAS, the Board of Directors conducted a duly noticed public hearing, reviewed the District staff analysis regarding the need for the proposed renewal of the Rate Adjustment Policy, considered all evidence and testimony submitted at such public hearing, and accepted protests filed prior to the close of the public hearing; and

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of Vista Irrigation District does hereby resolve as follows:

SECTION 1. The Board of Directors finds and determines that there were no protests filed on the proposed renewal of the Rate Adjustment Policy prior to the close of the public hearing. The Board of Directors therefore finds and determines that a majority of the property owners, residents and water users within the District's service area have not filed with or presented to the District written protests against the proposed renewal of the Rate Adjustment Policy, and that there thus is no successful property owner protest to the proposed renewal of the Rate Adjustment Policy.

SECTION 2. Based upon the analysis prepared by District staff and summarized in the staff report regarding the proposed renewal of the Rate Adjustment Policy, the Board of Directors finds and determines as follows:

- (a) The revenues derived from the proposed renewal of the Rate Adjustment Policy do not exceed the funds required to provide District domestic and irrigation water service to the lands, residents and water users within the District's service area;

(b) The revenues derived from the proposed renewal of the Rate Adjustment Policy are not used for any purpose other than to provide District domestic and irrigation water service to the lands, residents and water users within the District's service area;

(c) The amount of the proposed water rates to be imposed upon any parcel or person does not exceed the proportional cost of the water service attributable to such parcel or person;

(d) The entirety of the proposed water rates will be imposed only for water service actually used by, or immediately available to, the property owner, resident or water user, and the proposed renewal of the Rate Adjustment Policy does not contain any fees or charges based on potential or future use of a service; and

(e) No part of the proposed renewal of the Rate Adjustment Policy will be imposed for general governmental services, where the service is available to the public at large in substantially the same manner as it is to the property owners, residents and water users of the District.

SECTION 3. The renewal of the Rate Adjustment Policy, as proposed by District staff and described in the notice for the October 18, 2017 public hearing, are hereby approved.

SECTION 4. The District's Rules and Regulations are hereby amended as follows to incorporate the approved renewal of the renewal of the Rate Adjustment Policy:

4.4 RATES, SERVICE CHARGES AND FEES

4.4.1 Purpose

The purpose of this policy is to establish water rates and service related charges for services provided by the District.

4.4.2 Water Rate Definitions

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2"	0-80	81-480	481+
4"	0-160	161-960	961+
5"	0-250	251-1,500	1,501+

6"	0-500	501-3,000	3,001+
8"	0-800	801-4,800	4,801+
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*1 unit = 748 Gallons

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SECTION 5. Based upon the staff report and the testimony and evidence presented at the public hearing, the Board of Directors finds and declares that the renewal of the Rate Adjustment Policy approved by this Resolution do not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") and are exempt from CEQA under Public Resources Code Section 21080(b)(8) and State CEQA Guidelines §§ 15378(b)(4) and 15273, because the renewal of the Rate Adjustment Policy: (a) involve the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment; and (b) are for the purposes of meeting operating expenses (including employee wage rates and fringe benefits),

purchasing or leasing supplies, equipment or materials, meeting financial reserve needs and requirements, and obtaining funds for capital projects necessary to maintain the level of service within the District's existing boundaries. The District staff is hereby authorized and directed to file a Notice of Exemption with the County Clerk of the County of San Diego.

SECTION 6. The Board of Directors reserves the right to amend or modify this Resolution at any time, upon proper notice.

PASSED AND ADOPTED by the following roll call vote of the Board of Directors for the Vista Irrigation District this 18th day of October 2017.

AYES:

NOES:

ABSTAIN:

ABSENT:

Marty Miller, President

ATTEST:

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

The San Diego Union-Tribune

Bill To:

Vista Irrigation District - CU00467333
1391 Engineer Street
Vista, CA 92081

This space is for the County Clerk's Filing Stamp

**PROOF OF PUBLICATION
(2015.5 C.C.P.)**

**STATE OF ILLINOIS
County of Cook**

I am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen years and not a party to or interested in the above-entitled matter. I am the principal clerk of the printer of

Proof of Publication of

See Attached

The San Diego Union Tribune

Formerly known as the North County Times and UT North County and which newspaper has been adjudicated as a newspaper of general circulation by the Superior Court of the County San Diego, State of California, for the City of Oceanside and the City of Escondido, Court Decree numbers 172171, 171349, for the County of San Diego that the notice of which the annexed is a printed copy (set in type not smaller than nonpareil), has been published in each regular and entire issue of the said newspaper and not in any supplement thereof on the following dates, to-wit:

Oct 09, 2017; Oct 15, 2017

I certify (or declare) under the penalty of perjury that the foregoing is true and correct.

Dated at Chicago, Illinois on this
17th day of October, 2017



Stefanie Sobie
Legal Advertising

The San Diego Union-Tribune

Bill To:

Vista Irrigation District - CU00467333
1391 Engineer Street
Vista, CA 92081

**Notice of Public
Hearing**

NOTICE IS HEREBY GIVEN that the Vista Irrigation District will hold a public hearing in the meeting room of the District, 1391 Engineer Street, Vista, California, on Wednesday, October 18, 2017, at 8:30 a.m. for the purpose of discussion of revision of the Rules and Regulations of the District relative to the renewal of the pass through of wholesale water costs and annual inflationary adjustments.

Vista Irrigation District will receive and consider all evidence, including oral and written reports, submitted or presented at said public hearing relative to this matter.

All interested parties are invited to attend said public hearing to express opinions and/or present evidence relative to this matter.

Further information may be obtained at the District Secretary's office by telephoning (760) 597-3128, between 8:00 a.m. and 5:00 p.m., Monday through Friday.

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

RECEIVED

OCT 17 2017

Agenda Item 7

VISTA IRRIG. DIST.

10 OCT 2, 017

VISTA IRRIGATION
1391 ENGINEER ST
VISTA CA 92081

RE: PUBLIC HEARING REGARDING
PASSING ON CWA'S RATES
TO VISTA RESIDENTS.

MY NEIGHBORS UNDERSTAND THE
REASON(S) GIVEN FOR RATE INCREASES
HOWEVER, IT IS FELT THAT VID SHOULD
PROVIDE A FINANCIAL DISCLOSURE
TO INCLUDE THEIR WORKFORCE
SALARIES.

I AM RETIRED ON SOCIAL SECURITY
BENEFITS. MY TOTAL ANNUAL
INCOME IS \$15,456

R.V. Gardner 10 OCT 2017
ROBERT GARDNER

1212 MEMORY LANE

VISTA CA PARCEL: 173 183 40 00



1391 Engineer Street • Vista • California 92081-8840
Phone: (760) 597-3100 • Fax: (760) 598-8757
www.vidwater.org

Board of Directors

Marty Miller, *President*
Paul E. Dorey
Jo MacKenzie
Patrick H. Sanchez
Richard L. Vásquez

Administrative Staff

Eldon L. Boone
General Manager / Treasurer
Brett L. Hodgkiss
Assistant General Manager
Lisa R. Soto
Board Secretary
Joel D. Kuperberg
General Counsel

October 17, 2017

Robert Gardner
1212 Memory Lane
Vista, CA 92084

Re: Notice of Public Hearing

Dear Mr. Gardner,

Thank you for your letter in response to the Vista Irrigation District's (District) Notice of Public Hearing. Your position will be introduced for the record to the Board of Directors.

The District strives to keep water rates as low as possible and the District's Rate Adjustment Policy ensures that water rate adjustments for controllable costs do not exceed the inflation rate for the San Diego area. However, the District must purchase water from the San Diego County Water Authority (CWA), a cost which the District cannot control.

Over the past several years, CWA embarked on several large projects to increase water reliability for the San Diego region. In response to potential water shortages in the future, CWA also diversified their water supply sources. Guaranteeing reliability, however, is expensive and the increase in the District's rates for the past several years primarily reflects CWA's pursuit of reliability.

The District's rates are also structured so that every customer pays his or her fair share of the cost of purchasing and delivering water, as is required by law. After all, the District must maintain a system that is able to deliver as much water as a customer wants, every minute of every day.

In your letter, you mentioned that it is felt that the District should provide a financial disclosure to include the District's workforce salaries. I am happy to report that the District already provides this information on its website here:

<https://www.vidwater.org/vista-irrigation-district-compensation-reports>.

Additionally, this information has been publically available at the State of California's State Controller website since 2010. You can access the information on the State of California's State Controller website here:

<http://publicpay.ca.gov/Reports/SpecialDistricts/SpecialDistrict.aspx?entityid=3246&fiscalyear=2009&chart=1&rpt=1&trend=1>

October 17, 2017
Robert Gardner
Page 2 of 2

It is the mission of Vista Irrigation District to provide a reliable, safe supply of water and exceptional service for its customers at the lowest possible cost. Reaffirmation of the Rate Adjustment Policy ensures that the District makes prudent operational decisions by forcing the District to limit rate adjustments for controllable cost to no more than the rate of inflation.

Sincerely,

A handwritten signature in cursive script that reads "Eldon Boone".

Eldon Boone
General Manager



STAFF REPORT

Agenda Item: 8

Board Meeting Date:	October 18, 2017
Prepared By:	Marlene Kelleher
Reviewed By:	Brett Hodgkiss
Approved By:	Eldon Boone

SUBJECT: EXCELLENCE IN FINANCIAL REPORTING AWARD

RECOMMENDATION: Receive Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA).

PRIOR BOARD ACTION: The Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016 was presented to the Board on January 4, 2017.

FISCAL IMPACT: \$435 for the application fee.

SUMMARY: The District earned the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for its CAFR for the fiscal year ended June 30, 2016.

DETAILED REPORT: The District is a member of the GFOA, which is a professional association serving more than 19,000 government finance professionals with offices in Chicago, IL and Washington, D.C. The mission of the GFOA is to promote excellence in state and local government financial management. Each year the GFOA recognizes governmental agencies for their success in achieving the highest standards in governmental accounting and financial reporting. This is the tenth year that the District has received this award.

The GFOA established the Certificate of Achievement for Excellence in Financial Programs in 1945 to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles to prepare CAFRs that evidence the spirit of transparency and full disclosure and then to recognize individual governments that succeed in achieving that goal.

The District submitted its CAFR for the fiscal year ended June 30, 2016 to the GFOA for consideration of this award. The CAFR not only includes the District's financial statements, but also other transmittal, supplementary and statistical information necessary to be considered for this award.

The District recently received the Certificate of Achievement award for the June 30, 2016 CAFR. The award will be presented during the Board meeting and will be displayed in the District offices.

ATTACHMENT: Award Certificate



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Vista Irrigation District
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO



**VISTA
IRRIGATION
DISTRICT**

**WARNER RANCH
COMMITTEE REPORT**

Agenda Item: 9

Board Meeting Date:

October 18, 2017

Prepared By:

Dir. Dorey & MacKenzie

SUBJECT: GRAZING LICENSES

RECOMMENDATION: Approve proposed grazing licenses with Hein Hettinga and Mendenhall Cattle Company.

PRIOR BOARD ACTION: On January 18, 2006 the Board authorized the General Manager to execute a grazing lease with Hein Hettinga. On February 6, 2008 the Board authorized the General Manager to execute a grazing license with the Mendenhall Cattle Company.

FISCAL IMPACT: If approved, the new grazing license with Hein Hettinga would produce \$187,200 per year as a base license fee, plus \$13.00/head per month in supplemental license fees. If approved, the new grazing license with Mendenhall Cattle Company would produce \$9,360 per year as a base license fee, plus \$13.00/head per month in supplemental license fees. The current agreements produce \$186,870 and \$13,340 is base fee revenue per year plus \$12.34/head in supplemental fees.

SUMMARY: Hein Hettinga and the Mendenhall Cattle Company have held long term grazing agreements with the District and have proven to be responsible, responsive lessees/licensees. The cattle lease with Hein Hettinga has expired and is in holdover; the grazing license with Mendenhall Cattle Company will expire December 31, 2017. Staff recommends entering into new grazing license agreements with Hein Hettinga and Mendenhall Cattle Company with modified terms as described below.

DETAILED REPORT: The District retained the services of Perdue Russell & Matthies Real Estate Appraisal to assess market rates for grazing agreements in advance of executing new grazing licenses with Hein Hettinga and Mendenhall Cattle Company. The comparable per head monthly grazing fees range from \$1.69 to \$31.00 per Animal Unit Months (AUM) with the variation depending largely on public versus private leases and expected quality of forage (pastures in the wetter, northern part of the State with significantly greater forage production tended to command higher rents). The grazing license on the Fallbrook Naval Weapons Station has similar grazing conditions as the Warner Ranch, and its grazing fee is set at \$13.00/AUM.

The District's current grazing fees are set at \$11.12/AUM for base rents and \$12.34/AUM for supplemental rents. Staff recommends contract renewal with the District's existing licensees at a \$13.00/AUM rate. Both licensees have tentatively agreed to that rate with other changes in the terms of their existing agreements as described below.

The proposed grazing license with Hein Hettinga differs from the existing grazing lease as follows:

- The proposed minimum AUM for the base license fee would be reduced from 1,400 AUM to 1,200 AUM per month; the proposed AUM rate would increase from \$11.12/AUM to \$13.00/AUM. The proposed supplemental license fee would increase from \$12.34/AUM to \$13.00/AUM. With these proposed changes, the total grazing fee remain effectively unchanged at stocking rates of 1,200 AUM or less; total grazing license fees would increase with higher stocking rates.
- The Ranch Improvement Fund established with a portion of the rents from the existing lease would be eliminated.

- The expired lease was for a seven (7) year period and contained a holdover provision; the new license proposes a year to year term. Either party may terminate the grazing license by giving 180 days notice.

The proposed grazing license with the Mendenhall Cattle Company differs from the existing grazing license as follows:

- The proposed minimum AUM for the base license fee would be reduced from 100 AUM to 60 AUM per month; the proposed AUM rate would increase from \$11.12/AUM to \$13.00/AUM. The proposed supplemental license fee would increase from \$12.34/AUM to \$13.00/AUM. The supplemental license fee is proposed to only be assessed if the base stocking rate is exceeded over a 12 month period (i.e., if the aggregate AUM for 12 months is greater than 720, or 12 months x 60 AUM/month). With these proposed changes, the total grazing fee remains effectively unchanged for average stocking rates of 85 AUM; total grazing license fees increase for higher stocking rates and decrease for lower stocking rates.
- As proposed, the base license fee would be paid monthly (as currently practiced); the supplemental license fee would be paid in arrears at the end of the calendar year.
- The current license agreement was for a period of about ten (10) years; the new license proposes year to year term. Either party may terminate the grazing license by giving 180 days notice.

At its October 10, 2017 meeting, the Warner Ranch Committee reviewed proposed grazing licenses with Hein Hettinga and Mendenhall Cattle Company; the Committee recommends that the Board approve the proposed grazing licenses.

ATTACHMENTS:

- Grazing Consultation Letter, Perdue Russell & Matthies Real Estate Appraisal
- Hettinga Grazing License
- Mendenhall Grazing License

PERDUE RUSSELL & MATTHIES REAL ESTATE APPRAISAL

41881 5TH Street, Temecula, CA 92590
Serving Southern California

Appraisal Consultants to Government, Financial, Legal and Agricultural Industries

February 22, 2017

Don Smith
Director of Water Resources
Vista Irrigation District
1391 Engineer Street
Vista, CA 92081-8836

Re: ***Letter of Consultation***
AUM Rental Market Survey
34,000 acre Grazing Lease - “Warner Ranch”
Lake Henshaw, North San Diego County, California
Our File Number: 2016-32

Dear Mr. Smith,

As requested, we have performed research of market data comparable to the subject 34,000 acre grazing lease situated in the County of San Diego, State of California, generally known and referred to as “Warner Ranch”, consisting of portions of the Rancho San Jose del Valle and Rancho Valle de San Jose.

The purpose of our consultation is to provide you with lease information to assist in the negotiations of your grazing lease renewals. This is not an appraisal of the subject property, but rather we are providing rental comparables for your use in evaluating the subject property leases. The relevant market data is identified in the table on the attached pages. While we inspected the property on October 9th, 2016, the effective date of the consulting service is November 11, 2016, the last day of a drive by inspection.

It is important to note this is a Consultation Assignment. Specifically, this does not include a report of the results of an appraisal with the definition of an appraisal problem. It does not lead to a specific value conclusion using reasoning and relevant descriptive data. This Consultation Assignment conforms with Standards Rules 4 and 5 of the Uniform Standards of Professional Appraisal Practice (USPAP.)

This consultation letter is intended for use by the client, Mr. Don Smith, as the authorized agent for the Vista Irrigation District (VID). The intended use is for the re-negotiations of the subject grazing lease.

We have completed a field inspection of the subject property on October 9, 2016 and again on November 11, 2016. The appraiser, along with Mitchell Perdue, California State Certified Rangeland Manager, conducted a comprehensive search for comparable leases to include in the market survey.

The primary use of the Subject's 34,000 acres (Lake Henshaw) is for the production of drinking water. A secondary compatible use of the holding are 3 (three) grazing leases. Total rents from the three grazing leases range from a low of \$201,723 to a high of \$223,986 over the past five years. Of the three existing leases, the largest grazing lease presently pays a minimum of \$11.12 to a maximum of \$12.34/AUM. The tenant, Hein Hettinga, is currently grazing dairy replacement cows. The two other grazing leases are cow/calf operations with the Taylor lease consisting of 95 acres and a simple base rate of \$1,650.00 renewed in 2016 for a 5-year term and the Mendenhall Cattle Co. which runs the other cow/calf lease and pays a minimum of \$11.12 to a maximum of \$12.34/AUM.

GRAZING LEASE RENTAL MARKET COMPARABLES

Due to the limited number of grazing leases remaining in San Diego County and even Southern California, the market area for comparable grazing leases was expanded to include all of California.

Over two dozen San Diego grazing lease lessee/lessor contacts were made. We were only able to discover nine leases. These include public BLM / Forest leases and private leases. The loss of leases relates to urban development, purchases by the Nature Conservancy and others and wildfires. For contacts utilized, see Grazing Lease Market Data Summary.

The Market Data Summary Grid on the attached page contains rental comparables that best represent the California grazing lease market.

GRAZING LEASE COMPARABILITY METHODOLOGY

Our Market survey approach for the property was based on three primary factors: 1. Similar grazing management objectives and constraints, 2. Proximity to subject leases and 3. Lease owner mandates and responsibilities.

Operational costs and potential revenue vary greatly between agricultural practices on leased lands. For example, rental rates for nursery or cut flowers in San Diego County would far exceed a rental return for a grazing lease on the same parcel. This is also true

for different types of grazing. The subject leases allow for grazing of heifer replacements and feeder stock cows but not for sheep or goats. The subject lease has good fencing and water improvements with large pastures. Grazing management strategies are implemented to meet water quality objectives. Due to the large acreage, the leases are grazed year round. Therefore, the survey focused on comparable grazing leases that had good infrastructure including fencing and water and identified management objectives within a lease management plan.

The subject leases occur in a Mediterranean climate consisting of seasonal winter rains, moderate temperatures and annual grasslands similar to the foothills throughout southern and central California. Peak forage production occurs as early as November and lasts until July/August annually. Recent el Nino conditions have brought irregular precipitation patterns and in turn have brought early rains and extreme late monsoon rains to the VID rangelands thus increasing year-round forage.

Although located in rural San Diego County, the subject leases are relatively close to major transportation routes and industry amenities. With the recent popularity in grass-fed beef, it is now more critical to have relative close proximity to USDA certified processors to meet the “Ranch to Table” market requirements. While the primary survey focus was on leases within San Diego County, all other California leases that met the above mentioned criteria where included.

Warner Ranch is owned by the Vista Irrigation District (VID), which is a Special District under LAFCO and managed by an elected board of directors. The primary mandate for VID is to transport and store water for residential, commercial and agricultural purposes. Under specific management practices, the grazing leases are considered compatible with VID’s mandate. Federal, state, county and special districts own a majority of the grazing leases throughout the west. Although the mandates for each agency may differ, management practices and stewardship strategies are typically very similar. This would include avoiding overgrazing, protecting water quality and managing for endangered species.

Most rental rates for public grazing leases are determined by sealed bid or sole source negotiation supported by an appraisal except for federal leases on Bureau of Land Management, National Park Service and Forest Service land where the rate is mandated by Congress. Management mandates and objectives for private lease holdings including mitigation and preserve lands are typically at the discretion of the owner and therefore, vary greatly between leases. Since the subject property is a Special District holding, special attention was given to leases that where publicly held and had agency mandates and objectives.

The strength of the market survey lies in the ability to compare the subject leases to those leases that have similar grazing strategy with like objectives and constraints. There is also the necessity to find leases where the climate, elevation and topography are similar and forage production replicates subject lease.

GRAZING LEASE MARKET DATA SUMMARY

The **private leases** range from 320 to 65,000 acres in size. The properties can hold from 360 to 25,200 AUMs with lease rates ranging from **\$6.25/AUM to \$12.81/AUM**.

The **public leases** (including Special Districts) range from 4,500 to 57,000 acres in size. The properties can hold 400+ AUMs with lease rates ranging from **\$13/AUM to \$30.85/AUM**.

The **public leases with AUM rental rate mandated** range from 1,920 to 28,880 acres in size. The properties can hold from 46 to 5,400 AUMs with lease rates ranging from **\$1.69/AUM to \$2.11/AUM**.

Thank you for the opportunity to be of service. Should you have any questions, please contact our office.

Sincerely,

PERDUE RUSSELL & MATTHIES REAL ESTATE APPRAISAL



Robert Shea Perdue, MAI
State of California
Certified General Real Estate

Subject VID MAU Rental History

Fiscal					
<u>Year End</u>	Tenants:	<u>1. Hettinga</u>	<u>2. Mendenhall</u>	<u>3. Taylor</u>	<u>Year End Summaries</u>
6/30/2007		\$ 123,202	\$ -	\$ 1,500	\$ 124,702
6/30/2008		\$ 267,190	\$ 3,832	\$ 1,500	\$ 272,522
6/30/2009		\$ 245,573	\$ 12,973	\$ 1,500	\$ 260,046
6/30/2010		\$ 214,332	\$ 13,578	\$ 1,500	\$ 229,410
6/30/2011		\$ 214,305	\$ 15,528	\$ 1,500	\$ 231,333
6/30/2012		\$ 199,827	\$ 14,100	\$ 1,500	\$ 215,427
6/30/2013		\$ 186,023	\$ 14,200	\$ 1,500	\$ 201,723
6/30/2014		\$ 208,057	\$ 14,429	\$ 1,500	\$ 223,986
6/30/2015		\$ 192,936	\$ 13,194	\$ 1,500	\$ 207,630
6/30/2016		\$ 194,861	\$ 13,416	\$ 1,650	\$ 209,927

Grazing Lease Market Data Summary - Vista Irrigation District, Lake Henshaw

No	Lease Point of Contact	Owner	Lessee	Location	Lease Term	Acres Grazed	Reimbursement Work Req (Y/N)	Fencing (Y/N)	Water (Y/N) Multiple Sources	Threatened & Endangered Restrictions (Y/N)	Seasonal Use (Y/N)	Rental AUM	Comments
1	Lance Criley (619) 445-6235 x3457	USFS	10 Lessees	Cleveland National Forest	5-years	Various	No	Yes	Yes	Yes	Yes	\$2.11	*Numerous leases from Jamul to Santiago Peaks (near Corona).
2	Ce Ce Dahlsrom (619) 532-3745 cell 619-565-8307	Navy	Mendelhall	Fallbrook, CA	5-years	400	Yes, both reim and nonreim	Yes	Yes	Yes	Yes	\$13.00	Threatened & Endangered SKR and Gnatcatcher.
3	A.R. "Bob" Williss 760-743-3803 (760) 742-2022	Rancho Lilac	A.R. "Bob" Williss	Valley Center, CA	year to year	1000	Yes, both reim and nonreim	No	Yes	Yes	No	\$0 - Rent credit bases	Property is in escrow and slated for development, hence, low rent.
4	4J Horse and Livestock John Austel 13208 Proctor Valley Rd Jamul, Ca 91935 619 884-0424	Rancho Jamul Ecological Reserve	John Austel	Jamul, CA	5-years	Various	Yes, both reim and nonreim	Yes	Yes	Yes	Yes	\$6.25 to \$8.00	Gnatcatcher, SKR.
5	Denise DeFreeze, Stewardship Manager 510-544-2344 ddefreeze@ebparks.org	East Bay Regional Parks,	Various Lessees	Oakland, CA	5-years	Various	Yes, both reim and nonreim	Yes	Yes	Yes	Yes	\$27.70 to \$30.85	Threatened & Endangered Red Legged Frog.
6	Dillon Voler, 1 Bear Valley Rd, Point Reyes Station, CA 94956 (415) 464-5219	Point Reyes National Seashore	Various Lessees	Point Reyes, CA	5-years	Various	Yes, just nonreim	Yes	Yes	Yes	Yes	\$7.00	Gross rent based on appraisal for fair market value and they deduct all the maintenance required to arrive at the net rental rate.
7	Clayton Koopman, 330 Distel Circle, Los Altos, CA 94022 (925) 819-0413	Midpeninsula Regional Open Space District	Various Lessees	San Mateo, CA	5-years	Various	Yes, both reim and nonreim	Yes	Yes	Yes	Yes	\$16.00	Threatened & Endangered Red Legged Frog.
8	Elizabeth Presha, Ranger Supervisor East Bay Municipal MWD epresha@ebmud.com (510) 287-2022	East Bay Municipal Water District	Various Lessees	Central Cal and Western Sierra	5-years	Various	Yes, both reim and nonreim	Yes	Yes	Yes	Yes	\$25.00 to \$31.00	Threatened & Endangered Red Legged Frog.
9	Chuck Foreman 951-377-2460	Confidential	Confidential	Riverside County	month to month	800	No	Yes	Yes	No	Yes	\$25.00	Near Moronga Casino. Pasture dry part of the year.

GRAZING LICENSE AGREEMENT

This License Agreement (“License”) is made and entered into as of _____, 2017 by and between the **VISTA IRRIGATION DISTRICT**, a political subdivision of the State of California organized under the Irrigation District Law, California Water Code Section 20500, et seq. (“VID”), and **HEIN HETTINGA**, an individual, as Licensee (“Licensee”).

PART I

FUNDAMENTAL LICENSE TERMS

1.1 License. VID hereby issues to Licensee a non-exclusive License to enter upon the following real property owned by VID, for the purpose or activity specified in Paragraph 1.1.2:

1.1.1 Licensed Property. Portions of the Warner Ranch consisting of the Rancho San Jose del Valle and Rancho Valle de San Jose, comprising approximately 24,600 acres, as described and shown on a map attached hereto as Part IV and incorporated herein by this reference (“Premises”).

1.1.2. Use of Premises. For and during the term of this License, Licensee shall use the Premises solely and exclusively for heifer replacement herd for dairies and grazing of feeder stock in times when there is excess grass.

1.2 Term. This License shall commence on January 1, 2018 (“Commencement Date”) and shall continue from year to year unless either party gives notification to modify or terminate the License in its entirety pursuant to Paragraph 2.8.

1.3 Termination.

1.3.1 This License may be terminated by either party with a 180 day written notice of intent to terminate the License.

1.3.2 The Licensee may elect to terminate this License with 90 days written notice if, through no fault of its own, one-third or more of the Premises have been burned or otherwise made unusable for the purpose intended.

1.3.3 Licensee shall be in material default under the terms of this Agreement if Licensee fails to pay any amount due under this Agreement or fails to perform or observe any term, covenant, or undertaking in this Agreement to be performed or observed by it and such default continues for 30 calendar days after such performance is due. If an event of default occurs under this Agreement, VID may, at its option, terminate this Agreement at any time thereafter by giving notice to the Licensee at least five business days before the termination is to be effective. If the Agreement is terminated under this provision, Licensee shall remove all its personal property from the Property within 20 calendar days. If such removal is not completed within the 20 days, VID may, at its option, take such measures as VID, in its sole discretion, deems necessary to accomplish such complete removal and the expenses therefor will be paid by Licensee.

1.4 License Consideration.

1.4.1 Base License Fee. Licensee shall pay to the VID an initial annual fee (the “Base License Fee”) for the use of the Premises in the amount of \$187,200 for the period from January 1, 2018 through December 31, 2018 (“First Year”), payable in advance in monthly installments of \$15,600 for each and every month during the First Year, and indexed to the Consumer Price Index for all subsequent years as described below. (\$15,600 is equivalent to 1,200 AUM @ \$13.00 per month.) "AUM" shall mean the forage consumed by one mature animal unit (weighing 700 pounds or more) in one month, or “Animal Unit Month”. Any weaned animal weighing less than 700 pounds shall be considered one-half AUM. Commonly, a weaned calf shall be deemed one-half AUM until it reaches nine months of age, at which time and thereafter it shall be deemed a full AUM. A cow and her unweaned calves together shall be considered one AUM. Beginning with the second year (January 1, 2019 through December 31, 2019) and for every subsequent year, the yearly Base License Fee (and supplemental license fee, as described below) shall be adjusted as indexed for inflation. The index shall be taken as the first half semiannual average (January through June) of the Consumer Price Index, All Urban Consumers, San Diego published by the United States Department of Labor, Bureau of Labor Statistics (“Index”). For the first year, the value of the Index is 281.561; subsequent base and supplemental license fees shall be adjusted by the percentage change in the value of the Index. In the event that the United States ceases to publish or maintain the Index, upon written notice to Licensee, VID shall use a similar index published by the United States or, if none is published by the United States, a similar index published by State of California or another governmental entity.

1.4.2 Supplemental License Fee. Any month when the AUM count on the Premises is over 1,200 AUM, a supplemental license fee of \$13.00 per AUM month (during the First Year) for each AUM over 1,200 shall be paid. All supplemental license fees shall be computed and paid monthly, with the base license fee. There shall be no deduction or offset against the base license fee when there are less than 1,200 AUM on the Premises in any month. Licensee shall furnish VID a written report of the AUM count for each month which shall accompany any supplemental license fee which may be due. Beginning January 1, 2019, this supplemental license fee shall be adjusted for inflation as described in Paragraph 1.4.1.

1.5 Notices and Payments. All payments, notices and other writings required to be delivered under this License to either party shall be delivered in accordance with the provisions of Part II (“General Provisions”), to VID at the address set forth in Part II, and to Licensee at the address set forth in this Part I.

1.6 Attachments. This License incorporates by reference the following Attachments to this License:

Part I:	Fundamental License Terms
Part II:	General License Provisions
Part III:	Special License Provisions
Part IV:	Premises

PART II

GENERAL LICENSE PROVISIONS

2.1 Payment of License Fee

2.1.1 Timing of Payment. The payments to VID shall be made on or before the fifteenth day of each calendar month, and any payment or portion thereof made after that date shall be considered late. The Licensee shall pay to VID a late charge as set forth in Paragraph 2.2.1.

2.1.2 Transmittal of Payments. Licensee shall make all License Fee payments, and pay all other sums due under this License, in lawful money of the United States, by check payable to "VISTA IRRIGATION DISTRICT," and shall personally deliver or mail all payments without any notice or demand to VID at the address set forth in Paragraph 2.8.1 below. Licensee assumes all risk of loss or late payment if any payment is made by mail.

2.1.3 No Offsets. All License Fees and other sums due under this License shall be paid without offset or deduction, and shall be deemed payments on account. Neither the payment by Licensee nor the acceptance by VID of any License Fee or other sum in an amount which is less than the amount due and payable pursuant to this License, nor the issuance of a monthly statement showing as due and payable an amount less than is properly due and payable pursuant to the terms of this License, shall constitute an agreement by VID modifying this License or a waiver of VID's right to receive all sums provided for in this License. No endorsement or statement on any check or any letter accompanying any check or payment shall be deemed an accord or satisfaction, and VID shall accept all checks and payments from Licensee without prejudice to VID's right to recover the balance of the amount due or to pursue any other remedy in this License or otherwise provided by law.

2.2 Charges for Payment of License Fee

2.2.1 If any payment of any License Fee or any other sum due VID is not received by VID on or before the fifteenth day of each calendar month, Licensee shall be deemed delinquent in its License Fee payment and a late charge of one and one-half percent (1.5%) of the delinquent amount shall become immediately due and payable to VID. An additional charge of one and one-half percent (1.5%) of such delinquent License Fee payment (excluding late charges) shall be added for each additional calendar month (or portion thereof) that the delinquent sum remains unpaid.

2.2.2 Licensee and VID hereby acknowledge and agree that such late charges do not represent and shall not be deemed to be an interest payment, but that such late charges represent a fair and reasonable estimate of the costs and expenses that VID will incur by reason of Licensee's late payment.

2.2.3 Acceptance by VID of any delinquent License Fee payment or late charge shall in no way constitute a waiver of Licensee's default with respect to such overdue and delinquent payment, or in any way impair, prevent or restrict VID from exercising any of its rights or remedies set forth in this License or otherwise provided at law.

2.3 Use of Premises

2.3.1 Conditions of Use. For and during the term of this License, Licensee's use of the Premises shall be subject to the following conditions, covenants and restrictions:

2.3.1.1 Except as provided in this License, the Premises shall be used only for the purposes specified in Paragraph 1.1.2 above, and the Premises shall not be used for any other use or purpose whatsoever, without the prior written consent of VID.

2.3.1.2 Licensee shall not cause, permit or suffer any "hazardous material," "hazardous waste" or "hazardous chemicals" as those terms are used in CERCLA (42 U.S.C. § 9601(14)) or SARA (42 U.S.C. § 110211(e)) or any similar Federal, State, or local law, statute, ordinance, regulation or order, or otherwise determined by VID, to be brought upon, left, used or abandoned on the Premises.

2.3.1.3 Licensee shall not maintain, commit or permit the maintenance or commission of any waste or any nuisance (as defined in California Civil Code section 3479) on the Premises, and Licensee shall not use or permit the use of the Premises for any unlawful purpose.

2.3.1.4 VID or its authorized representative shall have the right at all reasonable times to enter upon the Premises and inspect the general condition of the Premises to determine if Licensee is complying with the terms, conditions, requirements and provisions of this License.

2.3.2 Utilities and Services. Licensee shall be solely responsible for obtaining all utility service and for the payment of all utility charges, including but not limited to water and power, supplied to the Premises.

2.3.3 Permits and Approvals. Licensee shall obtain any and all governmental permits, approvals, licenses or other authorizations which may be required in connection with the use of the Premises as set forth in this License. No approval or consent given under this License by VID shall affect or limit Licensee's obligations hereunder, nor shall any approvals or consents given by VID, in its capacity as a party to this License, be deemed to be approval as to compliance or conformance with any applicable governmental codes, laws, orders, rules or regulations.

2.4 Insurance. Without limiting Licensee's indemnification obligations, Licensee shall not enter or occupy the Premises until Licensee has obtained all of the insurance required herein from a company or companies acceptable to VID, and Licensee shall maintain all such insurance in full force and effect at all times during the term of this License and any extension or renewal thereof. Insurance shall be placed with insurers having a current A.M. Best rating of no less than A-:VII or equivalent or as otherwise approved by VID.

2.4.1 Licensee shall take out and maintain the following insurance:

2.4.1.1 Workers' Compensation and Employer's Liability Insurance. Licensee shall cover or insure under the applicable laws relating to workers' compensation insurance all of its employees working on or about the Premises, in accordance

with the “Workers’ Compensation and Insurance Act,” Division IV of the Labor Code of the State of California and any Acts amendatory thereof. Licensee shall provide worker’s compensation insurance and employer’s liability insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence, One Million Dollars (\$1,000,000) disease policy limit, and One Million Dollars (\$1,000,000) disease each employee. Such policy of workers compensation insurance shall contain the following separate endorsements:

(a) “Insurer waives all rights of subrogation against the Vista Irrigation District, its officers, directors, employees, representatives and volunteers.”

(b) “This insurance policy shall not be suspended, voided, reduced in coverage or in limits, cancelled, limited, non-renewed or materially changed for any reason by the insurer until thirty (30) days after receipt by the Vista Irrigation District of a written notice of such cancellation, limitation or reduction of coverage.”

2.4.1.2 Commercial General Liability Insurance providing coverage in the following minimum limits:

(a) Combined single limit of One Million Dollars (\$1,000,000) per occurrence for Bodily Injury, Personal Injury or Death and Property.

(b) Damage Coverage shall be at least as broad as Insurance Services Office (ISO) Commercial General Liability coverage (occurrence Form CG 0001).

(c) If Commercial General Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the project/location (with the ISO CG 2503 or ISO CG 2504, or insurer’s equivalent endorsement provided to VID), or the general aggregate limit shall be twice the required occurrence limit.

2.4.1.3 Comprehensive Automobile Liability Insurance, including owned, non-owned, leased, hired, and borrowed automobiles and similar vehicles, providing the following minimum limits:

(a) Combined single limit of One Million Dollars (\$1,000,000) per occurrence for Bodily Injury or Death and Property Damage.

(b) Coverage shall be at least as broad as Insurance Services Office (ISO) Business and Auto Coverage (Form CA 0001) covering any auto.

2.4.2 Endorsements. The policies of liability insurance provided for in Paragraphs 2.4.1.2 and 2.4.1.3 shall specify that this specific License is insured and that coverage for injury to participants resulting from Licensee's activities is not excluded, and shall be in a form satisfactory to VID and contain the following separate endorsements:

(a) “The Vista Irrigation District, its officers, directors, employees, representatives and volunteers, are declared to be additional insureds on all of the above policies with respects to the operations and activities of the named insured

at or from the premises of the Vista Irrigation District. The coverage shall contain no special limitations on the scope of protection afforded to the Vista Irrigation District, its officers, directors, employees, representatives and volunteers.”

(b) “This insurance policy shall not be suspended, voided, reduced in coverage or in limits, canceled, limited, non-renewed, or materially changed for any reason until thirty (30) days after receipt by the Vista Irrigation District of a written notice of such cancellation, limitation or reduction of coverage.”

(c) “This insurance policy is primary insurance and no insurance held or owned by the designated additional insureds shall be called upon or looked to cover a loss under said policy; the Vista Irrigation District shall not be liable for the payment of premiums or assessments on this policy.”

(d) “Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to the Vista Irrigation District, its officers, directors, employees, representatives, or volunteers.”

(e) “This insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer’s liability.”

2.4.3 Evidence of Coverage. Licensee shall at the time of the execution of the License present to VID the original policies of insurance required by this Paragraph 2.4 or a certificate of the insurance, with separate endorsements (Insurance Services Office Form CG 2026, or equivalent), showing the issuance of such insurance and the additional insured and other provisions and endorsements required herein and copies of all endorsements signed by the insurer’s representative. All policies shall contain the Licensee’s name and location of the Premises on the certificate. At least thirty (30) days prior to the expiration of any such policy, a signed complete certificate of insurance, with all endorsements provided herein, showing that such insurance coverage has been renewed or extended, shall be filed with VID. Licensee’s insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer’s liability.

2.4.4 Review of Coverage. VID shall have the right at any time to review the coverage, form, and limits of insurance required under this License. If, in the sole and absolute discretion of VID, the insurance provisions in this License do not provide adequate protection for VID, VID shall have the right to require Licensee to obtain insurance sufficient in coverage, form and limits to provide adequate protection and Licensee shall promptly comply with any such requirement. VID’s requirements shall not be unreasonable, but shall be adequate in the sole opinion of VID to protect against the kind and extent of risks which may exist at the time a change of insurance is required, or thereafter.

2.4.5 Deductibles. Any and all deductibles must be declared and approved by VID prior to execution of this License.

2.4.6 License Contingent Upon Coverage. Notwithstanding any other provision of this License, this License shall be null and void at all times when the above-referenced original policies of insurance or Certificate of Insurance or Renewal Certificates or Endorsements are not on file with VID.

2.5 Indemnification

2.5.1 VID not Liable. VID shall not be liable at any time for any loss, damage or injury whatsoever to the person or property of any person or entity whatsoever, including but not limited to any employee, agent, contractor or volunteer of Licensee, resulting from or arising out of any act or omission of Licensee or of any person or entity holding under Licensee, or the occupancy or use of the Premises or any part thereof by or under Licensee, or any act or omission in the exercise of any right or the performance of any obligation under this License, or directly or indirectly from any state or condition of the Premises, or any part thereof.

2.5.2 Indemnification. Irrespective of any insurance carried by Licensee for the benefit of VID, and notwithstanding any other provision of this License to the contrary, Licensee shall indemnify and hold VID, its officers, directors, employees, representatives and volunteers harmless from and against any and all actions, claims, demands, judgments, attorneys' fees, costs, damages to persons or property, penalties, obligations, expenses or liabilities of any kind that may be asserted or claimed by any person or entity (including, but not limited to, any employee, agent, contractor or volunteer of Licensee) in any way arising out of or in connection with this License, the operations carried on by Licensee on the Premises or any lands to which Licensee has access hereunder, or the occupation or use of the Premises by Licensee or any person or entity holding under Licensee (collectively, "Claims"), whether or not there is concurrent active or passive negligence on the part of VID, and/or acts for which the VID would be held strictly liable, but excluding the sole active negligence and willful misconduct of VID. In connection therewith:

2.5.2.1 Licensee shall defend and hold VID, its officers, directors, employees, agents, representatives and volunteers, harmless from any and all Claims, whether caused in whole or in part by VID's active or passive negligence, and/or acts for which VID would be held strictly liable, but excluding any Claim that results from the sole active negligence or willful misconduct of VID, its officers, employees, agents, or representatives; and Licensee shall pay all expenses and costs, including attorneys' fees, incurred in connection therewith.

2.5.2.2 Licensee shall promptly pay any judgment rendered against Licensee or VID covering any Claim, and hold and save VID harmless therefrom, whether such Claim was caused in whole or in part by VID's active or passive negligence, and/or acts for which VID would be held strictly liable, but excluding the sole active negligence and willful misconduct of VID.

2.5.2.3 In the event VID is made a party to any action or proceeding filed or prosecuted for or arising out of or in connection with any Claim, Licensee shall pay to VID any and all costs and expenses incurred by VID in any such action or proceeding, together with reasonable attorneys' fees.

2.5.2.4 All of the indemnity obligations of Licensee under this Paragraph 2.5.2, or as otherwise set forth in this License, shall survive the expiration or earlier termination of this License.

2.6 Legal Relations and Responsibilities

2.6.1 Nature of Relationship. VID and Licensee understand and agree that the only relationship between them created by this License is that of Licensor and Licensee, and that this License does not create, and shall not be construed to create, any agency, partnership, joint venture, landlord-tenant or other relationship between VID and Licensee.

2.6.2 Compliance with Laws. Licensee shall keep itself fully informed of all existing and future state and federal laws and all county and city ordinances and regulations which in any manner affect the activities of Licensee under this License, or the possession or use of the Premises by Licensee, and of all such orders and decrees of bodies or tribunals having any jurisdiction or authority over the same. Licensee shall at all times observe and comply with all such existing and future laws, ordinances, regulations, orders and decrees, and shall protect and indemnify, as required herein, VID, its officers, directors, employees and agents against any claim or liability arising from or based on the violation of any such law, ordinance, regulation, order or decree, whether by Licensee or any person or entity holding under Licensee.

2.6.3 Assignment. The License granted hereby is personal to Licensee and any assignment of said License by Licensee, voluntarily or by operation of law, shall automatically terminate this License, unless Licensee has obtained the prior written consent of VID, which may be withheld, in its sole and absolute discretion, for any reason or no reason at all.

2.6.4 Acknowledgment of VID's Title. Licensee hereby acknowledges the title of VID in and to the Premises, including the real property fixtures and improvements existing or erected thereon, and Licensee hereby covenants and promises never to assail, contest or resist VID's title to the Premises.

2.6.5 Liens. Licensee shall maintain the Premises free from and clear of any claims, obligations, liabilities, liens, encumbrances and charges, including but not limited to any claims, liens or charges arising out of or in connection with the furnishing of materials or the performance of labor on the Premises. Licensee further shall protect and indemnify VID and the Premises from and hold them, and each of them, harmless against any and all such claims, obligations, liabilities, liens, encumbrances and charges.

2.6.6 Possessory Interest Taxation. A possessory interest subject to property taxation may be created by this License. It is understood and agreed that if such a possessory interest is created, Licensee shall be responsible for the payment of all property taxes levied on such interest, and that VID shall have no responsibility therefor.

2.6.7 VID's Reservations

2.6.7.1 VID hereby reserves the right to grant easements and rights-of-way for pole or tower lines for transmission of electricity, and easements, leases and

rights-of-way for telephone, telegraph, telecommunication facilities, gas, water, sewer and oil lines, for roads and highways, and for other similar uses over and across the Premises at any location or locations within the Premises. In the event Licensee determines that the granting or exercise of any such easement, lease, or right-of-way significantly interferes with Licensee's possession or use of the Premises, Licensee's only remedy shall be to terminate this License upon thirty (30) days written notice to VID. Licensee shall not interfere with any easements or rights-of-way pertaining to or affecting the Premises.

2.6.7.2 VID hereby reserves the right to sell, transfer, lease or otherwise dispose of any portion of the Premises at any time. In the event of such sale, transfer, lease or disposition, and notwithstanding any other provision of this License, this License shall, upon the close of escrow or the conveyance of title, terminate as to the portions of the Premises sold, transferred, leased or disposed of, and Licensee shall release the same from the terms of this License and from any encumbrance which results from this License.

2.6.7.3 VID reserves the right unto itself to perform any and all work involved in protecting, replenishing and/or conserving the water supply of the watershed of Lake Henshaw, and any other work necessary to the functions or purposes of VID, upon any portion or all of the Premises at any time. Such work may be performed without incurring any liability of any nature whatsoever to Licensee, and Licensee hereby releases VID from, and covenants not to sue VID for, any such liability. VID further reserves unto itself the rights of ingress and egress over all or any portion of the Premises.

2.6.7.4 Except as provided herein, this License is not exclusive. The District reserves the right to enter into and maintain other agreements, licenses, leases, and conveyances with other parties on the Premises for uses that do not materially interfere with the operations of the Licensee. By execution of this License, Licensee agrees to cooperate with the District and the parties to the District's business relationships.

2.6.8 Waiver of Claims. As a material part of the consideration to VID under the License, Licensee hereby waives any and all claims that it may have against VID during the term of this License, or any extension or renewal thereof, for any damage to goods, wares and merchandise upon or about the Premises, and for any injury to Licensee, its employees, agents, invitees, or to third parties in or about the Premises, from any cause arising at any time.

2.6.9 Surrender of Possession. At the expiration or termination of this License, whether with or without cause, Licensee shall promptly quit and surrender the Premises in a good state of repair.

2.6.10 Disposition of Abandoned Property. If Licensee abandons or quits the Premises or is dispossessed thereof by process of law or otherwise, title to any personal property left on the Premises for fifteen (15) or more days after such event shall at VID's opinion, be deemed to have been abandoned and transferred to VID. VID shall have the right to

remove and dispose of any and all such property without liability therefor to Licensee or to any person or entity claiming under Licensee, and VID shall have no duty to account for such property. Licensee agrees to reimburse VID for any and all costs associated with VID transferring or disposing of Licensee's personal property pursuant to this Section.

2.6.11 Premises "As-Is". Licensee acknowledges that the Premises are being provided to Licensee on an "as-is" basis, and Licensee takes and occupies the Premises without reliance upon any representation by VID, or any of its officers, employees, agents or representatives, or any other person, concerning the Premises, their fitness for Licensee's intended use or any other particular purpose of use, their income-producing history, potential or capabilities, their value, or any other promise, representation or inducement not expressly set forth in this License.

2.6.12 No Representation or Warranty Concerning Premises. Licensee acknowledges that neither VID, nor any of its officers, employees, agents or representatives, has made any written or oral representation, promise, or warranty, expressed or implied, concerning the Premises, their fitness for Licensee's intended use or any other purpose or use, their income producing history, potential or capabilities, their value, or any other matter not expressly set forth in this License.

2.6.13 Disputes. In the event that any action is commenced by a party to this License against the other to enforce its rights or obligations arising from this License or seeking to interpret this License, the prevailing party in such action, in addition to any other relief and recovery ordered by the court, shall be entitled to recover all statutory costs, plus reasonable attorneys' fees. Should VID be named in any suit brought by any third party against Licensee in connection with or in any way arising out of Licensee's occupancy or use of the Premises under this License, Licensee shall pay to VID its costs and expenses incurred in such suit, including reasonable attorneys' fees.

2.6.14 Security Measures. Licensee acknowledges that the Premises are licensed to and accepted by Licensee in an "as-is" condition, and that the License Payments and other sums payable from Licensee to VID hereunder do not include the cost of security guard or any other security services or measures. Licensee further acknowledges that VID makes no representation or warranty, express or implied, regarding the security of the Premises or the need for or propriety of any security measures at the Premises; and Licensee further acknowledges that VID shall have no obligation whatsoever to provide guard service or any other security measures. Licensee expressly assumes all responsibility for the protection and security of the Premises, Licensee, its agents, employees, invitees and property within the Premises from any and all acts of any third party.

2.6.15 No Obligation to Third Parties. Execution and issuance of this License shall not be deemed to confer any rights upon, directly, indirectly or by way of subrogation, nor obligate either of the parties hereto to, any person or entity other than VID and Licensee.

2.6.16 Waiver. Any waiver by any party of a breach of any provision of this License shall not be deemed a continuing waiver or a waiver of any subsequent breach whether of the same or of another provision hereof.

2.6.17 VID's Liability on Termination. Licensee hereby waives all damages or claims for damage that may be caused by any action of VID in terminating this License (either with or without cause), or taking possession of the Premises as provided in this License or at law, and Licensee waives all claims for damages to or loss of such property of Licensee as may be in or upon the Premises upon the termination of this License.

2.7 Maintenance and Repair of Premises

2.7.1 Licensee's Obligation to Maintain Premises. Licensee shall at all times during the term of this License, and any extension or renewal thereof, at its sole cost and expense, remove all trash and debris from the Premises. Licensee shall also keep and maintain in good condition and in substantial repair (all to the satisfaction of VID in its sole discretion), the Premises and all appurtenances and every part thereof, including improvements of any kind erected, installed or made on or within the Premises. Licensee shall at all times in the maintenance and use of the Premises and the buildings, structures, facilities, improvements and equipment thereon, comply with all laws, ordinances and regulations pertaining thereto, and all conditions and restrictions set forth herein. Licensee expressly agrees to maintain the Premises in a safe, clean, wholesome, and sanitary condition and free of trash and debris, to the complete satisfaction of VID and in compliance with all applicable laws.

2.7.2 Licensee's Default of its Maintenance Duties. In the event that Licensee fails, neglects or refuses to remove trash or debris deposited by Licensee or its invitees on the Premises or to maintain or make repairs or replacements as required by this License, VID shall notify Licensee in writing of such failure or refusal. Should Licensee fail or refuse to correct such default within ten (10) days of receipt of such written notice from VID, VID may, but shall not be required to, itself or by contract, undertake the necessary maintenance, repair or replacements; and the cost thereof, including but not limited to the cost of labor, materials and overhead, plus an administrative fee in the amount of twenty-five percent (25%) of the sum of such costs, shall be paid by Licensee to VID within ten (10) days of Licensee's receipt of a statement of such costs from VID. Any such maintenance, repair or replacement by or on behalf of VID shall not be deemed to be a waiver of Licensee's default under this License, and shall not in any way impair, prevent or restrict VID from exercising any of its rights or remedies set forth in this License or otherwise provided at law.

2.8 Miscellaneous

2.8.1 Notices. Any notice, payment or instrument required or permitted to be given or delivered by this License may be given or delivered by personal delivery or by depositing the same in any United States mail depository, first class postage prepaid, and addressed as follows:

If to VID:

VISTA IRRIGATION DISTRICT
1391 Engineer Street
Vista, CA 92081-8836
Attn: General Manager

If to Licensee:

To such name and address set forth for Licensee in Part I of this License,

or such other person or address as either party may direct in writing to the other; provided, however, that such new or different person or address shall not become effective until acknowledged in writing by the party to who directed. Except where service is by personal delivery or by registered or certified mail, return receipt requested, service of any instrument or writing shall be deemed completed forty-eight (48) hours after deposit in a United States mail depository.

2.8.2 Warranty of Authority. Each officer of VID and Licensee affixing his or her signature to this License warrants and represents by such signature that he or she has the full legal authority to bind his or her respective party to all of the terms, conditions and provisions of this License, that his or her respective party has the full legal right, power, capacity and authority to enter into this License and perform all of its provisions and obligations, and that no other approvals or consents are necessary in connection therewith.

2.8.3 Headings. The titles and headings of Sections and Paragraphs of this License, as herein set forth, have been inserted for the sake of convenience only, and are not to be taken, deemed or construed to be any part of the terms, covenants or conditions of this License, or to control, limit or modify any of the terms, covenants or conditions hereof.

2.8.4 Time of Essence. Time is of the essence of this License. Failure to comply with any requirement, including but not limited to any time requirement, of this License shall constitute a material breach of this License.

2.8.5 Construction and Amendment. This License shall be construed, interpreted, governed and enforced in all respects according to the laws of the State of California and as if drafted by both VID and Licensee. No amendment, change or modification of this document shall be valid unless in writing, stating that it amends, changes or modifies this License, and signed by all of the parties hereto.

2.8.6 Successors. Subject to the provisions of Paragraph 2.6.3 above, this License, and all of the terms, conditions and provisions herein, shall inure to the benefit of, and be binding upon, VID, Licensee, and their respective successors and assigns.

2.8.7 Re-Entry. No entry or re-entry into the Premises by VID shall be construed as an election to terminate this License, unless prior thereto or concurrently therewith written notice of intent to terminate is given by VID to Licensee. VID's entry into possession of the Premises without having elected to terminate shall not prevent VID from making such an election and giving Licensee notice thereof.

2.8.8 Partial Invalidation. If any term, covenant, condition or provision of this License is held by a court of competent jurisdiction to be invalid, void, illegal, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way affect, impair, or invalidate any other term, covenant, condition or provision contained in this License.

2.8.9 Further Assurances. Each of the parties hereto shall execute and deliver any and all additional papers, documents and other assurances and shall do any and all acts and things reasonably necessary in connection with the performance of their obligations hereunder and to carry out the intent of the parties hereto.

2.8.10 Precedence. In the event of any conflict between Parts of this License, Part I shall prevail over Parts II, III and IV, and Part III shall prevail over Part II.

[END GENERAL LICENSE PROVISIONS]

PART III

SPECIAL LICENSE PROVISIONS

3.1 Conditions of Use. The following are added to Paragraph 2.3.1 of this License, as additional conditions to the use of the Premises:

2.3.1.5 Licensee shall coordinate all activity on the Premises with VID's Water Resources Department.

2.3.1.6 No waste shall be permitted nor committed by Licensee and Licensee shall not overgraze or overstock the Premises. Licensee shall conduct all operations contemplated under this Agreement in accordance with good and accepted agronomic and environmental practices. Licensee shall comply with all written directives of the VID's Representative.

VID Representative may:

- a.) Determine the carrying capacity of the Premises from time to time and decide if cattle must be moved to other pastures or removed from the Premises to prevent overgrazing.
- b.) Approve the amount of supplemental feeding of animals upon the Premises proposed by Licensee when the carrying capacity of the Premises is exceeded, or, in the alternative, direct Licensee to remove from the Premises animals which might be in excess of the then existing carrying capacity of the Premises.
- c.) Identify practices that shall be amended or instituted in order to safeguard certain environmental or cultural resources on the Property.

2.3.1.7 Licensee shall not build any structures of any character upon the Premises.

3.2 Utilities and Services. The following is added to Paragraph 2.3.2 of this License:

2.3.2.1 Stock Water. VID shall provide sufficient water for Licensee's cattle, at no expense to Licensee, from existing wells and existing wellfield transmission facilities located on the premises. VID has installed storage tanks on the Warner Ranch as part of a stock water distribution system to be used in conjunction with cattle drinkers. VID shall maintain tanks it has installed as long as they provide beneficial use to the Licensee. When water is supplied from a pumped well, VID shall also maintain all lines into these tanks. When spring fed water is supplied, the Licensee shall maintain both the spring and all lines into the tanks. The locations of existing VID supplied tanks are as follows:

- a. Near Well #90 and downstream at the San Jose Corral drinkers;
- b. Near Well #75 and the "Big Corral";
- c. Near Well #13;
- d. Near Grammer Canyon;

- e. Near Well #80;
- f. KRC Tank near Highway 76 in East Lake Pasture; and
- g. Near Well #82 and the windmill.

Licensee, at no expense to VID, shall maintain all other lines from existing wells, existing wellfield transmission facilities, and stock water tanks to its drinkers. Licensee shall, at no expense to VID, maintain approximately thirty-six (36) developed stock water springs located on the leased premises. VID has no obligation to provide water under pressure for supplying stock water to Licensee. Licensee may utilize VID's pressures which the VID maintains to operate its water production system. Should Licensee need stock water at a pressure greater than those maintained by VID in its normal operation of its water production system, Licensee shall install, operate and pay for any additional pumps or equipment and all energy costs.

2.3.2.2 Water and Septic at Ranch House. VID shall maintain the water and septic facilities that are used in common for the historic Warner-Carrillo Ranch House and the house occupied by the Licensee, including the well, water tanks, pipelines, and septic system that serve both facilities. VID shall pay for the power used to pump water from the well.

3.3 Licensee's Obligation to Maintain Premises. The following is added to Paragraph 2.7.1 of this License:

2.7.1.1 Licensee shall, at no expense to VID, maintain in good repair all fences and corrals on the Premises, including all fences along highways, roads and all Warner Ranch exterior or perimeter fences. Should Licensee's operations result in cattle grazing along the perimeter of Warner Ranch where fences do not exist, Licensee shall, at no expense to VID, construct fences so as to confine its cattle to the Premises. Except as otherwise provided herein, Licensee shall keep and maintain all improvements on the Premises, including cattle-handling facilities, cattle-guards, barns, dwellings and other appurtenances, in good condition and repair. Licensee shall be responsible for all maintenance and repairs needed to the house and barn occupied by Licensee as part the cattle grazing operations.

2.7.1.2 Licensee acknowledges that it has examined and is fully familiar with the Premises and all improvements and accepts them in their present condition. Licensee will save and hold harmless VID from any and all claims for labor and materials (except where otherwise stated herein) in connection with the improvements, repair, or alterations made to or upon the Premises by Licensee.

2.7.1.3 Pest Control. Lessee shall carry on all of its operations hereunder in accordance with good husbandry and sound agronomic and environmental practices, including, but not limited to, pest eradication and control, but only to the extent reasonably necessitated by use of the Premises permitted by this License and as required by VID's Representative . Lessee shall, in all its operations under this License and at its expense, comply with all applicable laws, rules and regulations, including, but not limited to the California Occupational Safety and Health Act of 1973, as amended. Any chemicals, sprays, or

materials used for any purpose must be approved by the VID's Representative for their compatibility with the District's water system operation.

3.4 Miscellaneous. The following is added to Paragraph 2.8. of this License:

2.8.11 Reports and Information. Upon request, Licensee shall furnish VID copies of all brand inspection reports covering all cattle shipped to or removed from the Premises. Licensee shall further afford VID full and complete access to books and records of Licensee at all reasonable times, or, in lieu thereof, furnish on demand, a statement, certified by a certified public accountant, covering Licensee's operations, including all expenses incurred insofar as the same relate to Licensee's utilization of the Premises.

Initial:

Licensee

VID

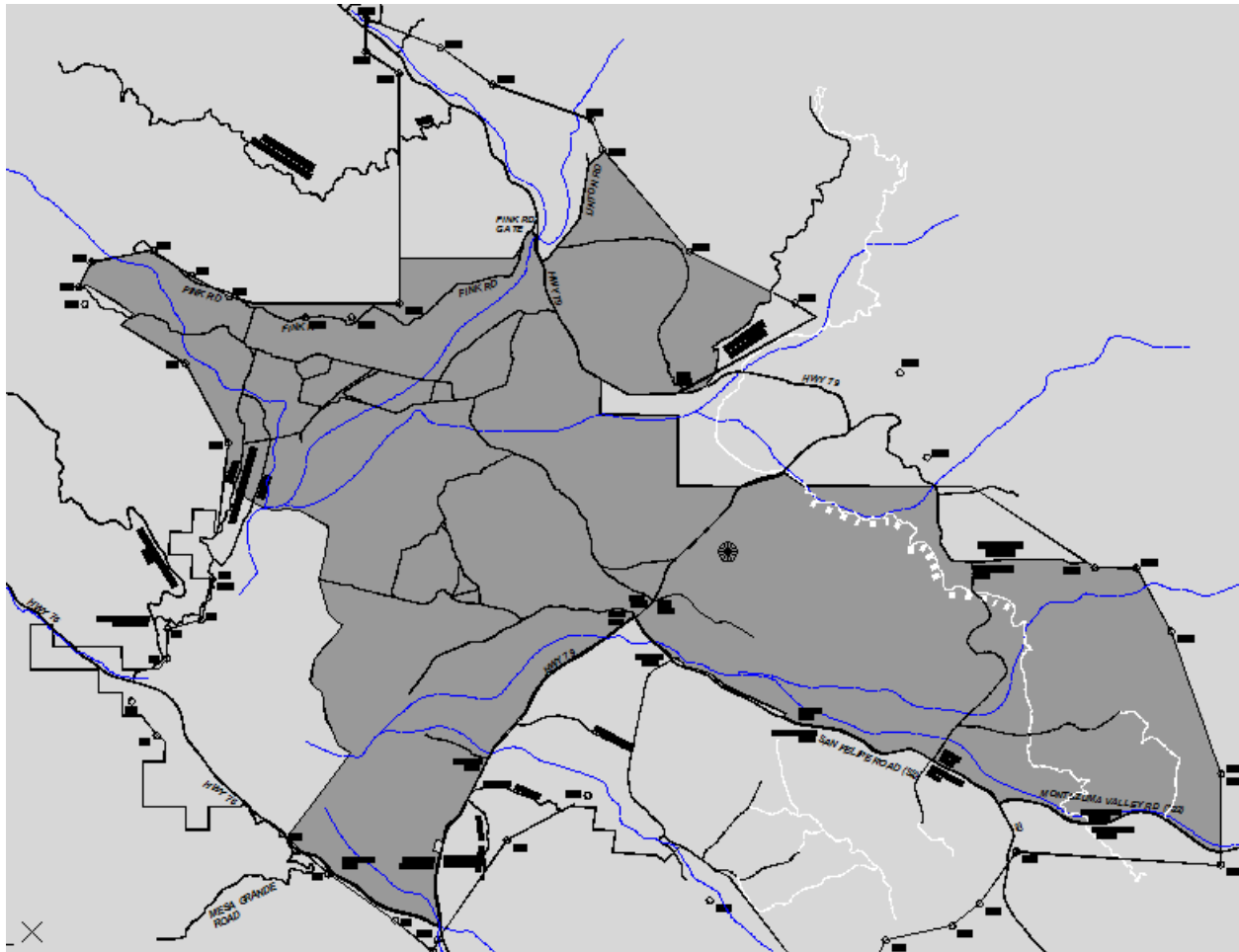
[END SPECIAL LICENSE PROVISIONS]

PART IV

Premises

The Premises shall generally consist of portions of the Rancho San Jose del Valle and Rancho Valle de San Jose on the Warner Ranch, *except* as follows: 1) pastures south of Highway 76; 2) pastures east of Highway 79 and south of San Felipe Road (County Road S-2); 3) pastures south of Montezuma Valley Road (County Road S-22); pastures north and east of Camino San Ignacio (the “Coyote Pasture”); 4) land north and east of Highway 79 and west of Linton Road (the Navy lease area). Portions of the “Lake Pasture” may be grazed by the Licensee on a seasonal basis subject to: 1) the Licensee shall furnish and remove temporary fencing to prevent cattle from having direct access to the waters of Lake Henshaw; and 2) the Licensee shall coordinate such use with VID staff.

The Premises are generally indicated by the shaded areas of the map shown below, and consist of about 26,400 acres, more or less.



GRAZING LICENSE AGREEMENT

This License Agreement (“License”) is made and entered into as of _____, 2017 by and between the **VISTA IRRIGATION DISTRICT**, a political subdivision of the State of California organized under the Irrigation District Law, California Water Code Section 20500, et seq. (“VID”), and **MENDENHALL CATTLE COMPANY, INC.**, a California Corporation as Licensee (“Licensee”).

PART I

FUNDAMENTAL LICENSE TERMS

1.1 License. VID hereby issues to Licensee a non-exclusive License to enter upon the following real property owned by VID, for the purpose or activity specified in Paragraph 1.1.2:

1.1.1 Licensed Property. Approximately 8,100 acres, located on the Warner Ranch, as described attached hereto as Part IV and incorporated herein by this reference (“Premises”).

1.1.2. Use of Premises. For and during the term of this License, Licensee shall use the Premises solely and exclusively for the pasturage and grazing of cattle.

1.2 Term. This License shall commence on January 1, 2018 (“Commencement Date”) and shall continue from year to year unless either party gives notification to modify or terminate the License in its entirety pursuant to Paragraph 2.8.

1.3 Termination.

1.3.1 This License may be terminated by either party with a 180 day written notice of intent to terminate the License.

1.3.2 The Licensee may elect to terminate this License with 90 days written notice if, through no fault of its own, one-third or more of the Premises have been burned or otherwise made unusable for the purpose intended.

1.3.3 Licensee shall be in material default under the terms of this Agreement if Licensee fails to pay any amount due under this Agreement or fails to perform or observe any term, covenant, or undertaking in this Agreement to be performed or observed by it and such default continues for 30 calendar days after such performance is due. If an event of default occurs under this Agreement, VID may, at its option, terminate this Agreement at any time thereafter by giving notice to the Licensee at least five business days before the termination is to be effective. If the Agreement is terminated under this provision, Licensee shall remove all its personal property from the Property within 20 calendar days. If such removal is not completed within the 20 days, VID may, at its option, take such measures as VID, in its sole discretion, deems necessary to accomplish such complete removal and the expenses therefor will be paid by Licensee.

1.4 License Consideration.

1.4.1 Base License Fee. Licensee shall pay to the VID an initial annual fee (the “Base License Fee”) for the use of the Premises \$9,360 per year in 2018, payable in advance in monthly installments of \$780 for each and every month of 2018, and indexed to the Consumer Price Index for all subsequent years as described below. (\$780 is equivalent to 60 AUM @ \$13.00 per month.) "AUM" shall mean the forage consumed by one mature animal unit (weighing 700 pounds or more) in one month, or “Animal Unit Month”. Any weaned animal weighing less than 700 pounds shall be considered one-half AUM. Commonly, a weaned calf shall be deemed one-half AUM until it reaches nine months of age, at which time and thereafter it shall be deemed a full AUM. A cow and her unweaned calves together shall be considered one AUM. Beginning in 2019 and for every subsequent year, the yearly Base License Fee (and supplemental license fee, as described below) shall be adjusted as indexed for inflation. The index shall be taken as the first half semiannual average (January through June) of the Consumer Price Index, All Urban Consumers, San Diego published by the United States Department of Labor, Bureau of Labor Statistics (“Index”). For the first year, the value of the Index is 281.561; subsequent base and supplemental license fees shall be adjusted by the percentage change in the value of the Index. In the event that the United States ceases to publish or maintain the Index, upon written notice to Licensee, VID shall use a similar index published by the United States or, if none is published by the United States, a similar index published by State of California or another governmental entity.

1.4.2 Supplemental License Fee. At the end of each license year, the total AUM count for each of the previous 12 months shall be aggregated. If the total thus derived exceeds 720 (12 months x 60 AUM), a supplemental license fee of \$13.00 per AUM per month (in 2018) for each AUM-month over 720 during the preceding 12 months shall be paid. Licensee shall furnish VID a written report of the AUM count for each month which shall accompany the Base License Fee payment. Beginning in 2019, this supplemental license fee shall be adjusted for inflation as described in Paragraph 1.4.1.

1.5 Notices and Payments. All payments, notices and other writings required to be delivered under this License to either party shall be delivered in accordance with the provisions of Part II (“General Provisions”), to VID at the address set forth in Part II, and to Licensee at the address set forth in this Part I.

1.6 Attachments. This License incorporates by reference the following Attachments to this License:

Part I:	Fundamental License Terms
Part II:	General License Provisions
Part III:	Special License Provisions
Part IV:	Premises

1.7 Integration. This License represents the entire understanding of VID and Licensee as to the License and all other matters contained herein. No prior oral or written understanding shall be of any force or effect with regard to those matters covered by this License. This License

PART II

GENERAL LICENSE PROVISIONS

2.1 Payment of License Fee

2.1.1 **Timing of Payment.** The payments to VID shall be made on or before the fifteenth day of each calendar month, and any payment or portion thereof made after that date shall be considered late. The Licensee shall pay to VID a late charge as set forth in Paragraph 2.2.1.

2.1.2 **Transmittal of Payments.** Licensee shall make all License Fee payments, and pay all other sums due under this License, in lawful money of the United States, by check payable to "VISTA IRRIGATION DISTRICT," and shall personally deliver or mail all payments without any notice or demand to VID at the address set forth in Paragraph 2.8.1 below. Licensee assumes all risk of loss or late payment if any payment is made by mail.

2.1.3 **No Offsets.** All License Fees and other sums due under this License shall be paid without offset or deduction, and shall be deemed payments on account. Neither the payment by Licensee nor the acceptance by VID of any License Fee or other sum in an amount which is less than the amount due and payable pursuant to this License, nor the issuance of a monthly statement showing as due and payable an amount less than is properly due and payable pursuant to the terms of this License, shall constitute an agreement by VID modifying this License or a waiver of VID's right to receive all sums provided for in this License. No endorsement or statement on any check or any letter accompanying any check or payment shall be deemed an accord or satisfaction, and VID shall accept all checks and payments from Licensee without prejudice to VID's right to recover the balance of the amount due or to pursue any other remedy in this License or otherwise provided by law.

2.2 Charges for Payment of License Fee

2.2.1 If any payment of any License Fee or any other sum due VID is not received by VID on or before the fifteenth day of each calendar month, Licensee shall be deemed delinquent in its License Fee payment and a late charge of one and one-half percent (1.5%) of the delinquent amount shall become immediately due and payable to VID. An additional charge of one and one-half percent (1.5%) of such delinquent License Fee payment (excluding late charges) shall be added for each additional calendar month (or portion thereof) that the delinquent sum remains unpaid.

2.2.2 Licensee and VID hereby acknowledge and agree that such late charges do not represent and shall not be deemed to be an interest payment, but that such late charges represent a fair and reasonable estimate of the costs and expenses that VID will incur by reason of Licensee's late payment.

2.2.3 Acceptance by VID of any delinquent License Fee payment or late charge shall in no way constitute a waiver of Licensee's default with respect to such overdue and delinquent payment, or in any way impair, prevent or restrict VID from exercising any of its rights or remedies set forth in this License or otherwise provided at law.

2.3 Use of Premises

2.3.1 Conditions of Use. For and during the term of this License, Licensee's use of the Premises shall be subject to the following conditions, covenants and restrictions:

2.3.1.1 Except as provided in this License, the Premises shall be used only for the purposes specified in Paragraph 1.1.2 above, and the Premises shall not be used for any other use or purpose whatsoever, without the prior written consent of VID.

2.3.1.2 Licensee shall not cause, permit or suffer any "hazardous material," "hazardous waste" or "hazardous chemicals" as those terms are used in CERCLA (42 U.S.C. § 9601(14)) or SARA (42 U.S.C. § 110211(e)) or any similar Federal, State, or local law, statute, ordinance, regulation or order, or otherwise determined by VID, to be brought upon, left, used or abandoned on the Premises.

2.3.1.3 Licensee shall not maintain, commit or permit the maintenance or commission of any waste or any nuisance (as defined in California Civil Code section 3479) on the Premises, and Licensee shall not use or permit the use of the Premises for any unlawful purpose.

2.3.1.4 VID or its authorized representative shall have the right at all reasonable times to enter upon the Premises and inspect the general condition of the Premises to determine if Licensee is complying with the terms, conditions, requirements and provisions of this License.

2.3.2 Utilities and Services. Licensee shall be solely responsible for obtaining all utility service and for the payment of all utility charges, including but not limited to water and power, supplied to the Premises.

2.3.3 Permits and Approvals. Licensee shall obtain any and all governmental permits, approvals, licenses or other authorizations which may be required in connection with the use of the Premises as set forth in this License. No approval or consent given under this License by VID shall affect or limit Licensee's obligations hereunder, nor shall any approvals or consents given by VID, in its capacity as a party to this License, be deemed to be approval as to compliance or conformance with any applicable governmental codes, laws, orders, rules or regulations.

2.4 Insurance. Without limiting Licensee's indemnification obligations, Licensee shall not enter or occupy the Premises until Licensee has obtained all of the insurance required herein from a company or companies acceptable to VID, and Licensee shall maintain all such insurance in full force and effect at all times during the term of this License and any extension or renewal thereof. Insurance shall be placed with insurers having a current A.M. Best rating of no less than A-:VII or equivalent or as otherwise approved by VID.

2.4.1 Licensee shall take out and maintain the following insurance:

2.4.1.1 Workers' Compensation and Employer's Liability Insurance. Licensee shall cover or insure under the applicable laws relating to workers' compensation insurance all of its employees working on or about the Premises, in accordance

with the “Workers’ Compensation and Insurance Act,” Division IV of the Labor Code of the State of California and any Acts amendatory thereof. Licensee shall provide worker’s compensation insurance and employer’s liability insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence, One Million Dollars (\$1,000,000) disease policy limit, and One Million Dollars (\$1,000,000) disease each employee. Such policy of workers compensation insurance shall contain the following separate endorsements:

(a) “Insurer waives all rights of subrogation against the Vista Irrigation District, its officers, directors, employees, representatives and volunteers.”

(b) “This insurance policy shall not be suspended, voided, reduced in coverage or in limits, cancelled, limited, non-renewed or materially changed for any reason by the insurer until thirty (30) days after receipt by the Vista Irrigation District of a written notice of such cancellation, limitation or reduction of coverage.”

2.4.1.2 Commercial General Liability Insurance providing coverage in the following minimum limits:

(a) Combined single limit of One Million Dollars (\$1,000,000) per occurrence for Bodily Injury, Personal Injury or Death and Property.

(b) Damage Coverage shall be at least as broad as Insurance Services Office (ISO) Commercial General Liability coverage (occurrence Form CG 0001).

(c) If Commercial General Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the project/location (with the ISO CG 2503 or ISO CG 2504, or insurer’s equivalent endorsement provided to VID), or the general aggregate limit shall be twice the required occurrence limit.

2.4.1.3 Comprehensive Automobile Liability Insurance, including owned, non-owned, leased, hired, and borrowed automobiles and similar vehicles, providing the following minimum limits:

(a) Combined single limit of One Million Dollars (\$1,000,000) per occurrence for Bodily Injury or Death and Property Damage.

(b) Coverage shall be at least as broad as Insurance Services Office (ISO) Business and Auto Coverage (Form CA 0001) covering any auto.

2.4.2 Endorsements. The policies of liability insurance provided for in Paragraphs 2.4.1.2 and 2.4.1.3 shall specify that this specific License is insured and that coverage for injury to participants resulting from Licensee's activities is not excluded, and shall be in a form satisfactory to VID and contain the following separate endorsements:

(a) “The Vista Irrigation District, its officers, directors, employees, representatives and volunteers, are declared to be additional insureds on all of the above policies with respects to the operations and activities of the named insured

at or from the premises of the Vista Irrigation District. The coverage shall contain no special limitations on the scope of protection afforded to the Vista Irrigation District, its officers, directors, employees, representatives and volunteers.”

(b) “This insurance policy shall not be suspended, voided, reduced in coverage or in limits, canceled, limited, non-renewed, or materially changed for any reason until thirty (30) days after receipt by the Vista Irrigation District of a written notice of such cancellation, limitation or reduction of coverage.”

(c) “This insurance policy is primary insurance and no insurance held or owned by the designated additional insureds shall be called upon or looked to cover a loss under said policy; the Vista Irrigation District shall not be liable for the payment of premiums or assessments on this policy.”

(d) “Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to the Vista Irrigation District, its officers, directors, employees, representatives, or volunteers.”

(e) “This insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer’s liability.”

2.4.3 Evidence of Coverage. Licensee shall at the time of the execution of the License present to VID the original policies of insurance required by this Paragraph 2.4 or a certificate of the insurance, with separate endorsements (Insurance Services Office Form CG 2026, or equivalent), showing the issuance of such insurance and the additional insured and other provisions and endorsements required herein and copies of all endorsements signed by the insurer’s representative. All policies shall contain the Licensee’s name and location of the Premises on the certificate. At least thirty (30) days prior to the expiration of any such policy, a signed complete certificate of insurance, with all endorsements provided herein, showing that such insurance coverage has been renewed or extended, shall be filed with VID. Licensee’s insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer’s liability.

2.4.4 Review of Coverage. VID shall have the right at any time to review the coverage, form, and limits of insurance required under this License. If, in the sole and absolute discretion of VID, the insurance provisions in this License do not provide adequate protection for VID, VID shall have the right to require Licensee to obtain insurance sufficient in coverage, form and limits to provide adequate protection and Licensee shall promptly comply with any such requirement. VID’s requirements shall not be unreasonable, but shall be adequate in the sole opinion of VID to protect against the kind and extent of risks which may exist at the time a change of insurance is required, or thereafter.

2.4.5 Deductibles. Any and all deductibles must be declared and approved by VID prior to execution of this License.

2.4.6 License Contingent Upon Coverage. Notwithstanding any other provision of this License, this License shall be null and void at all times when the above-referenced original policies of insurance or Certificate of Insurance or Renewal Certificates or Endorsements are not on file with VID.

2.5 Indemnification

2.5.1 VID not Liable. VID shall not be liable at any time for any loss, damage or injury whatsoever to the person or property of any person or entity whatsoever, including but not limited to any employee, agent, contractor or volunteer of Licensee, resulting from or arising out of any act or omission of Licensee or of any person or entity holding under Licensee, or the occupancy or use of the Premises or any part thereof by or under Licensee, or any act or omission in the exercise of any right or the performance of any obligation under this License, or directly or indirectly from any state or condition of the Premises, or any part thereof.

2.5.2 Indemnification. Irrespective of any insurance carried by Licensee for the benefit of VID, and notwithstanding any other provision of this License to the contrary, Licensee shall indemnify and hold VID, its officers, directors, employees, representatives and volunteers harmless from and against any and all actions, claims, demands, judgments, attorneys' fees, costs, damages to persons or property, penalties, obligations, expenses or liabilities of any kind that may be asserted or claimed by any person or entity (including, but not limited to, any employee, agent, contractor or volunteer of Licensee) in any way arising out of or in connection with this License, the operations carried on by Licensee on the Premises or any lands to which Licensee has access hereunder, or the occupation or use of the Premises by Licensee or any person or entity holding under Licensee (collectively, "Claims"), whether or not there is concurrent active or passive negligence on the part of VID, and/or acts for which the VID would be held strictly liable, but excluding the sole active negligence and willful misconduct of VID. In connection therewith:

2.5.2.1 Licensee shall defend and hold VID, its officers, directors, employees, agents, representatives and volunteers, harmless from any and all Claims, whether caused in whole or in part by VID's active or passive negligence, and/or acts for which VID would be held strictly liable, but excluding any Claim that results from the sole active negligence or willful misconduct of VID, its officers, employees, agents, or representatives; and Licensee shall pay all expenses and costs, including attorneys' fees, incurred in connection therewith.

2.5.2.2 Licensee shall promptly pay any judgment rendered against Licensee or VID covering any Claim, and hold and save VID harmless therefrom, whether such Claim was caused in whole or in part by VID's active or passive negligence, and/or acts for which VID would be held strictly liable, but excluding the sole active negligence and willful misconduct of VID.

2.5.2.3 In the event VID is made a party to any action or proceeding filed or prosecuted for or arising out of or in connection with any Claim, Licensee shall pay to VID any and all costs and expenses incurred by VID in any such action or proceeding, together with reasonable attorneys' fees.

2.5.2.4 All of the indemnity obligations of Licensee under this Paragraph 2.5.2, or as otherwise set forth in this License, shall survive the expiration or earlier termination of this License.

2.6 Legal Relations and Responsibilities

2.6.1 Nature of Relationship. VID and Licensee understand and agree that the only relationship between them created by this License is that of Licensor and Licensee, and that this License does not create, and shall not be construed to create, any agency, partnership, joint venture, landlord-tenant or other relationship between VID and Licensee.

2.6.2 Compliance with Laws. Licensee shall keep itself fully informed of all existing and future state and federal laws and all county and city ordinances and regulations which in any manner affect the activities of Licensee under this License, or the possession or use of the Premises by Licensee, and of all such orders and decrees of bodies or tribunals having any jurisdiction or authority over the same. Licensee shall at all times observe and comply with all such existing and future laws, ordinances, regulations, orders and decrees, and shall protect and indemnify, as required herein, VID, its officers, directors, employees and agents against any claim or liability arising from or based on the violation of any such law, ordinance, regulation, order or decree, whether by Licensee or any person or entity holding under Licensee.

2.6.3 Assignment. The License granted hereby is personal to Licensee and any assignment of said License by Licensee, voluntarily or by operation of law, shall automatically terminate this License, unless Licensee has obtained the prior written consent of VID, which may be withheld, in its sole and absolute discretion, for any reason or no reason at all.

2.6.4 Acknowledgment of VID's Title. Licensee hereby acknowledges the title of VID in and to the Premises, including the real property fixtures and improvements existing or erected thereon, and Licensee hereby covenants and promises never to assail, contest or resist VID's title to the Premises.

2.6.5 Liens. Licensee shall maintain the Premises free from and clear of any claims, obligations, liabilities, liens, encumbrances and charges, including but not limited to any claims, liens or charges arising out of or in connection with the furnishing of materials or the performance of labor on the Premises. Licensee further shall protect and indemnify VID and the Premises from and hold them, and each of them, harmless against any and all such claims, obligations, liabilities, liens, encumbrances and charges.

2.6.6 Possessory Interest Taxation. A possessory interest subject to property taxation may be created by this License. It is understood and agreed that if such a possessory interest is created, Licensee shall be responsible for the payment of all property taxes levied on such interest, and that VID shall have no responsibility therefor.

2.6.7 VID's Reservations

2.6.7.1 VID hereby reserves the right to grant easements and rights-of-way for pole or tower lines for transmission of electricity, and easements, leases and

rights-of-way for telephone, telegraph, telecommunication facilities, gas, water, sewer and oil lines, for roads and highways, and for other similar uses over and across the Premises at any location or locations within the Premises. In the event Licensee determines that the granting or exercise of any such easement, lease, or right-of-way significantly interferes with Licensee's possession or use of the Premises, Licensee's only remedy shall be to terminate this License upon thirty (30) days written notice to VID. Licensee shall not interfere with any easements or rights-of-way pertaining to or affecting the Premises.

2.6.7.2 VID hereby reserves the right to sell, transfer, lease or otherwise dispose of any portion of the Premises at any time. In the event of such sale, transfer, lease or disposition, and notwithstanding any other provision of this License, this License shall, upon the close of escrow or the conveyance of title, terminate as to the portions of the Premises sold, transferred, leased or disposed of, and Licensee shall release the same from the terms of this License and from any encumbrance which results from this License.

2.6.7.3 VID reserves the right unto itself to perform any and all work involved in protecting, replenishing and/or conserving the water supply of the watershed of Lake Henshaw, and any other work necessary to the functions or purposes of VID, upon any portion or all of the Premises at any time. Such work may be performed without incurring any liability of any nature whatsoever to Licensee, and Licensee hereby releases VID from, and covenants not to sue VID for, any such liability. VID further reserves unto itself the rights of ingress and egress over all or any portion of the Premises.

2.6.7.4 Except as provided herein, this License is not exclusive. The District reserves the right to enter into and maintain other agreements, licenses, leases, and conveyances with other parties on the Premises for uses that do not materially interfere with the operations of the Licensee. By execution of this License, Licensee agrees to cooperate with the District and the parties to the District's business relationships.

2.6.8 Waiver of Claims. As a material part of the consideration to VID under the License, Licensee hereby waives any and all claims that it may have against VID during the term of this License, or any extension or renewal thereof, for any damage to goods, wares and merchandise upon or about the Premises, and for any injury to Licensee, its employees, agents, invitees, or to third parties in or about the Premises, from any cause arising at any time.

2.6.9 Surrender of Possession. At the expiration or termination of this License, whether with or without cause, Licensee shall promptly quit and surrender the Premises in a good state of repair.

2.6.10 Disposition of Abandoned Property. If Licensee abandons or quits the Premises or is dispossessed thereof by process of law or otherwise, title to any personal property left on the Premises for fifteen (15) or more days after such event shall at VID's opinion, be deemed to have been abandoned and transferred to VID. VID shall have the right to

remove and dispose of any and all such property without liability therefor to Licensee or to any person or entity claiming under Licensee, and VID shall have no duty to account for such property. Licensee agrees to reimburse VID for any and all costs associated with VID transferring or disposing of Licensee's personal property pursuant to this Section.

2.6.11 Premises "As-Is". Licensee acknowledges that the Premises are being provided to Licensee on an "as-is" basis, and Licensee takes and occupies the Premises without reliance upon any representation by VID, or any of its officers, employees, agents or representatives, or any other person, concerning the Premises, their fitness for Licensee's intended use or any other particular purpose of use, their income-producing history, potential or capabilities, their value, or any other promise, representation or inducement not expressly set forth in this License.

2.6.12 No Representation or Warranty Concerning Premises. Licensee acknowledges that neither VID, nor any of its officers, employees, agents or representatives, has made any written or oral representation, promise, or warranty, expressed or implied, concerning the Premises, their fitness for Licensee's intended use or any other purpose or use, their income producing history, potential or capabilities, their value, or any other matter not expressly set forth in this License.

2.6.13 Disputes. In the event that any action is commenced by a party to this License against the other to enforce its rights or obligations arising from this License or seeking to interpret this License, the prevailing party in such action, in addition to any other relief and recovery ordered by the court, shall be entitled to recover all statutory costs, plus reasonable attorneys' fees. Should VID be named in any suit brought by any third party against Licensee in connection with or in any way arising out of Licensee's occupancy or use of the Premises under this License, Licensee shall pay to VID its costs and expenses incurred in such suit, including reasonable attorneys' fees.

2.6.14 Security Measures. Licensee acknowledges that the Premises are licensed to and accepted by Licensee in an "as-is" condition, and that the License Payments and other sums payable from Licensee to VID hereunder do not include the cost of security guard or any other security services or measures. Licensee further acknowledges that VID makes no representation or warranty, express or implied, regarding the security of the Premises or the need for or propriety of any security measures at the Premises; and Licensee further acknowledges that VID shall have no obligation whatsoever to provide guard service or any other security measures. Licensee expressly assumes all responsibility for the protection and security of the Premises, Licensee, its agents, employees, invitees and property within the Premises from any and all acts of any third party.

2.6.15 No Obligation to Third Parties. Execution and issuance of this License shall not be deemed to confer any rights upon, directly, indirectly or by way of subrogation, nor obligate either of the parties hereto to, any person or entity other than VID and Licensee.

2.6.16 Waiver. Any waiver by any party of a breach of any provision of this License shall not be deemed a continuing waiver or a waiver of any subsequent breach whether of the same or of another provision hereof.

2.6.17 VID's Liability on Termination. Licensee hereby waives all damages or claims for damage that may be caused by any action of VID in terminating this License (either with or without cause), or taking possession of the Premises as provided in this License or at law, and Licensee waives all claims for damages to or loss of such property of Licensee as may be in or upon the Premises upon the termination of this License.

2.7 Maintenance and Repair of Premises

2.7.1 Licensee's Obligation to Maintain Premises. Licensee shall at all times during the term of this License, and any extension or renewal thereof, at its sole cost and expense, remove all trash and debris from the Premises. Licensee shall also keep and maintain in good condition and in substantial repair (all to the satisfaction of VID in its sole discretion), the Premises and all appurtenances and every part thereof, including improvements of any kind erected, installed or made on or within the Premises. Licensee shall at all times in the maintenance and use of the Premises and the buildings, structures, facilities, improvements and equipment thereon, comply with all laws, ordinances and regulations pertaining thereto, and all conditions and restrictions set forth herein. Licensee expressly agrees to maintain the Premises in a safe, clean, wholesome, and sanitary condition and free of trash and debris, to the complete satisfaction of VID and in compliance with all applicable laws.

2.7.2 Licensee's Default of its Maintenance Duties. In the event that Licensee fails, neglects or refuses to remove trash or debris deposited by Licensee or its invitees on the Premises or to maintain or make repairs or replacements as required by this License, VID shall notify Licensee in writing of such failure or refusal. Should Licensee fail or refuse to correct such default within ten (10) days of receipt of such written notice from VID, VID may, but shall not be required to, itself or by contract, undertake the necessary maintenance, repair or replacements; and the cost thereof, including but not limited to the cost of labor, materials and overhead, plus an administrative fee in the amount of twenty-five percent (25%) of the sum of such costs, shall be paid by Licensee to VID within ten (10) days of Licensee's receipt of a statement of such costs from VID. Any such maintenance, repair or replacement by or on behalf of VID shall not be deemed to be a waiver of Licensee's default under this License, and shall not in any way impair, prevent or restrict VID from exercising any of its rights or remedies set forth in this License or otherwise provided at law.

2.8 Miscellaneous

2.8.1 Notices. Any notice, payment or instrument required or permitted to be given or delivered by this License may be given or delivered by personal delivery or by depositing the same in any United States mail depository, first class postage prepaid, and addressed as follows:

If to VID:

VISTA IRRIGATION DISTRICT
1391 Engineer Street
Vista, CA 92081-8836
Attn: General Manager

If to Licensee:

To such name and address set forth for Licensee in Part I of this License,

or such other person or address as either party may direct in writing to the other; provided, however, that such new or different person or address shall not become effective until acknowledged in writing by the party to who directed. Except where service is by personal delivery or by registered or certified mail, return receipt requested, service of any instrument or writing shall be deemed completed forty-eight (48) hours after deposit in a United States mail depository.

2.8.2 Warranty of Authority. Each officer of VID and Licensee affixing his or her signature to this License warrants and represents by such signature that he or she has the full legal authority to bind his or her respective party to all of the terms, conditions and provisions of this License, that his or her respective party has the full legal right, power, capacity and authority to enter into this License and perform all of its provisions and obligations, and that no other approvals or consents are necessary in connection therewith.

2.8.3 Headings. The titles and headings of Sections and Paragraphs of this License, as herein set forth, have been inserted for the sake of convenience only, and are not to be taken, deemed or construed to be any part of the terms, covenants or conditions of this License, or to control, limit or modify any of the terms, covenants or conditions hereof.

2.8.4 Time of Essence. Time is of the essence of this License. Failure to comply with any requirement, including but not limited to any time requirement, of this License shall constitute a material breach of this License.

2.8.5 Construction and Amendment. This License shall be construed, interpreted, governed and enforced in all respects according to the laws of the State of California and as if drafted by both VID and Licensee. No amendment, change or modification of this document shall be valid unless in writing, stating that it amends, changes or modifies this License, and signed by all of the parties hereto.

2.8.6 Successors. Subject to the provisions of Paragraph 2.6.3 above, this License, and all of the terms, conditions and provisions herein, shall inure to the benefit of, and be binding upon, VID, Licensee, and their respective successors and assigns.

2.8.7 Re-Entry. No entry or re-entry into the Premises by VID shall be construed as an election to terminate this License, unless prior thereto or concurrently therewith written notice of intent to terminate is given by VID to Licensee. VID's entry into possession of the Premises without having elected to terminate shall not prevent VID from making such an election and giving Licensee notice thereof.

2.8.8 Partial Invalidity. If any term, covenant, condition or provision of this License is held by a court of competent jurisdiction to be invalid, void, illegal, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way affect, impair, or invalidate any other term, covenant, condition or provision contained in this License.

2.8.9 Further Assurances. Each of the parties hereto shall execute and deliver any and all additional papers, documents and other assurances and shall do any and all acts and things reasonably necessary in connection with the performance of their obligations hereunder and to carry out the intent of the parties hereto.

2.8.10 Precedence. In the event of any conflict between Parts of this License, Part I shall prevail over Parts II, III and IV, and Part III shall prevail over Part II.

[END GENERAL LICENSE PROVISIONS]

PART III

SPECIAL LICENSE PROVISIONS

3.1 Additional Conditions of Use. The following are added to Paragraph 2.3.1 of this License, as additional conditions to the use of the Premises:

2.3.1.5 Licensee shall coordinate all activity on the Premises with VID's Water Resources Department.

2.3.1.6 No waste shall be permitted nor committed by Licensee and Licensee shall not overgraze or overstock the Premises. Licensee shall conduct all operations contemplated under this Agreement in accordance with good and accepted agronomic and environmental practices. Licensee shall comply with all written directives of the VID's Representative.

VID Representative may:

- a.) Determine the carrying capacity of the Premises from time to time and decide if cattle must be moved to other pastures or removed from the Premises to prevent overgrazing.
- b.) Approve the amount of supplemental feeding of animals upon the Premises proposed by Licensee when the carrying capacity of the Premises is exceeded, or, in the alternative, direct Licensee to remove from the Premises animals which might be in excess of the then existing carrying capacity of the Premises.
- c.) Identify practices that shall be amended or instituted in order to safeguard certain environmental or cultural resources on the Property.

2.3.1.7 Licensee shall not build any structures of any character upon the Premises.

3.2 Utilities and Services. The following is added to Paragraph 2.3.2 of this License:

2.3.2.1 Stock Water. The Licensee, at no expense to VID, shall maintain all springs, tanks, watering troughs, and water lines as needed to provide water for its stock. The Licensee may use limited quantities of water, as available, which the District may produce from wells in its water production system, but VID has no obligation to provide water under pressure for supplying stock water to Licensee. Should Licensee need stock water at a pressure greater than those maintained by VID in the normal operation of its water production system, Licensee shall install, operate and pay for any additional pumps or equipment and all energy costs. Only such water as can efficiently be used by the Licensee for the watering of its stock shall be furnished by VID under this License. VID retains the right to suspend supplying stock water to prevent waste.

3.3 Licensee's Obligation to Maintain Premises. The following is added to Paragraph 2.7.1 of this License:

2.7.1.1 Licensee shall, at no expense to VID, maintain in good repair all fences and corrals on the Premises, including all fences along highways, roads and all Warner Ranch exterior or perimeter fences. Should Licensee's operations result in cattle grazing along the perimeter of Warner Ranch where fences do not exist, Licensee shall, at no expense to VID, construct fences so as to confine its cattle to the Premises. Except as otherwise provided herein, Licensee shall keep and maintain all improvements on the Premises, including cattle-handling facilities, cattle-guards, and other appurtenances, in good condition and repair.

2.7.1.2 Licensee acknowledges that it has examined and is fully familiar with the Premises and all improvements and accepts them in their present condition. Licensee will save and hold harmless VID from any and all claims for labor and materials (except where otherwise stated herein) in connection with the improvements, repair, or alterations made to or upon the Premises by Licensee.

2.7.1.3 Pest Control. Lessee shall carry on all of its operations hereunder in accordance with good husbandry and sound agronomic and environmental practices, including, but not limited to, pest eradication and control, but only to the extent reasonably necessitated by use of the Premises permitted by this License and as required by VID's Representative. Lessee shall, in all its operations under this License and at its expense, comply with all applicable laws, rules and regulations, including, but not limited to the California Occupational Safety and Health Act of 1973, as amended. Any chemicals, sprays, or materials used for any purpose must be approved by the VID's Representative for their compatibility with the District's water system operation.

3.4 Miscellaneous. The following is added to Paragraph 2.8. of this License:

2.8.11 Reports and Information. Upon request, Licensee shall furnish VID copies of all brand inspection reports covering all cattle shipped to or removed from the Premises. Licensee shall further afford VID full and complete access to books and records of Licensee at all reasonable times, or, in lieu thereof, furnish on demand, a statement, certified by a certified public accountant, covering Licensee's operations, including all expenses incurred insofar as the same relate to Licensee's utilization of the Premises.

Initial:

Licensee

VID

[END SPECIAL LICENSE PROVISIONS]

PART IV

Premises

The Premises shall consist of those portions of the legal lots included in the Assessor's Parcel Map numbers listed below which also lie east of the Highway 79 right-of-way and south of either the Highway S-2 or S-22 rights-of-way, subject to the terms, conditions and reservations contained in the Agreement:

Assessor's Parcel Numbers

137-090-35

193-080-30

195-020-02

195-050-20

195-070-31

The Premises comprise an area of about 8,100 acres, more or less. The area is informally broken into pastures which presently carry the names "Sloan", "Mataguay 1", "Mataguay 2", and "Barrel".



**WARNER RANCH
COMMITTEE REPORT**

Agenda Item: 10

Board Meeting Date: October 18, 2017
Prepared By: Dirs. Dorey & MacKenzie

SUBJECT: FERAL PIG MANAGEMENT

RECOMMENDATION: Contribute \$10,000 towards the feral pig monitoring program in San Diego County.

PRIOR BOARD ACTION: On October 19, 2011 the Board authorized the District to sign the Principles of Understanding for the Inter-Governmental Group of Feral Pig Impacts and authorized a contribution of \$10,000 to support the group's activities. In February 2013, the Warner Ranch Committee recommended contributing an additional \$20,000 towards this effort, with an annual contribution contingent on the successful implementation of a coordinated approach to feral pig management.

FISCAL IMPACT: \$10,000

SUMMARY: Since its inception in 2010, the Inter-Governmental Group of Feral Pig Impacts (Pig Group) has made significant progress towards minimizing feral pig impacts within the San Diego County (County). The current feral pig population is believed to be limited to two boars, one south of Santa Ysabel and one near Descanso. Efforts to monitor and trap feral pig within the County are ongoing and are largely being undertaken by Wildlife Services (a division of the US Department of Agriculture, Animal and Plant Health Inspection Service) and San Diego State University. The Pig Group is ready to undertake Phase II of the monitoring program.

DETAILED REPORT: On March 7, 2012, the District, with the support and assistance of Wildlife Services, successfully trapped and removed 30 feral pigs from the Warner Ranch. Since that time, while the District has observed no pig sign on the Warner Ranch, the District has continued to participate in county-wide efforts to eradicate feral pigs. Wildlife Services has been preparing monthly reports on the status of Feral Pig Management (August 2017 report attached).

Current efforts are primarily focused on monitoring to detect or confirm the absence of feral pig in the County. A protocol for Phase II Monitoring Program (Program) has been prepared; the Program's budget is \$119,340. San Diego Association of Governments is contributing \$50,000 leaving \$69,340 of the budget still needing to be funded.

The Pig Group met on September 26, 2017 to discuss the status of management efforts and prospects for continued funding. The Warner Ranch Committee and staff recommend contributing \$10,000 towards the Program, contingent on the balance of the Program budget being funded.

ATTACHMENTS:

- Feral Pig Management in San Diego County for August, 2017 (Wildlife Services)
- Feral Pig Monitoring Program – Phase II Protocol (SDSU)
- Feral Pig Monitoring Program Budget Needs (SDSU)



Animal and Plant
Health Inspection
Service

Wildlife Services

South District Office

9380 Bond Avenue
Suite A
El Cajon, CA 92021
Phone: 619-561-3752

SUBJECT: Feral Pig Management in San Diego County for August, 2017

DATE: September 11, 2017

Summary

In August, Wildlife Services (WS) continued field work on Forest Service, City of San Diego Public Utilities, BLM, and small properties near Descanso, Pine Hills and Santa Ysabel. The general locations of trail cameras and traps included Hauser Canyon, Corral Canyon OHV Area, Hauser Mountain, Pine Grove, Barrett Lake, Pine Hills, Boulder Creek and areas surrounding the El Capitan Grande Reservation and Descanso.

Four of our Jager Pro cameras are still active on private parcels in Santa Ysabel, Pine Hills and Descanso and are providing real time photos but have not captured any photos of pigs. The fifth camera, on El Cajon Mountain, has not provided any recent photos of the lone boar in the area. There has not been any fresh rooting on the mountain since June.

Based on information provided to us from the USFS regarding a photo of a male boar on the San Diego River Parks Foundation property on Eagle Peak Rd., WS contacted and signed an agreement with the Foundation to monitor the Eagle Peak Ranch parcel for pig activity. On August 15th, WS installed three cameras on the ranch. On August 23, while collecting eDNA samples from the ponds on the ranch, WS discovered a wallow in one of the three pond. Minor rooting was discovered at the other two ponds. WS set a forth camera overlooking the wallow.

WS has submitted three eDNA samples collected at Eagle Peak Ranch to NWRC to determine the presence of pigs. Test results are not available yet. Water samples are still being collected from small water sources (e.g. ponds, springs, stock tanks) when discovered.

WS also collected three samples of scat from the Descanso area and sent them to NWRC for testing. All samples tested negative for feral swine. We continue to search areas for scat samples, which will also be forward to NWRC for analysis and use in training detection dogs.

We are still in the process of identifying other accessible areas between Cuyamaca Rancho State Park (CRSP) and Viejas/El Capitan Reservoir and have gained access on properties leading to the Kings Creek basin. No additional rooting or wallows have been located.

Results

- The adult boar with a split left ear continues to utilize the Forest Service land surrounding El Capitan Grande Reservation and Descanso. Based on the most recent activity in the Eagle Peak area, the boar has changed its range again but has

not been consistently using any one location. The boar was last seen on camera at the Eagle Peak Ranch on 8/19/2017. The same boar was previously photographed on 7/20/2017. The boar's historic range is approximately 196 SQ/KM.

- WS has continued networking with the Viejas Team who had been tracking the movements of the boar traveling between El Cajon Mountain and Descanso. They have photos of the pig in South Fork on August 10 and the King's Creek Basin on August 11.

Future Plans

- 1) WS will monitor and adjust the locations of the cell phone capable cameras in remote locations with cell service which are currently active for pigs;
- 2) Continue collecting scat and eDNA samples for analysis predominately in north and east San Diego County;
- 3) Continue to expand reconnaissance efforts in areas near Boulder Creek Rd., Eagle Peak Rd., Descanso and CRSP, while maintaining surveillance of other locations around the county.

Recommendations

These recommendations are not required or mandatory and some are in the process of being completed. Wildlife Services recognizes some of the recommendations are simple and require little planning; while others involve the coordination of several different entities, require substantial resources, sufficient funds, and are intended to be long-term projects.

- 1) Entities that have placed cameras on property to monitor for feral pigs or other wildlife species should continue to provide camera locations to Megan Jennings. This will allow Megan and WS to better evaluate locations that have not been monitored for feral pig activity. Please "cc" me as well.
- 2) Please promptly forward any photos of pigs taken to me so I can attempt to ID pigs caught on camera. Similarly, any new evidence of pigs (e.g. sightings, wallows, tracks, etc.) should be reported immediately so that management strategies can be implemented.

Sincerely,

Gary F. Brennan
Biological Science Technician-Project Leader
USDA-APHIS-Wildlife Services
South District CA
9380 Bond Road, Suite A
El Cajon, CA. 92021-2851
Cell: 619-820-9919
Office: 619-561-3752

**Feral Pig Monitoring Program Budget Needs
FY 2017-2018
San Diego State University**

Line Item Description	Total Cost – Phase II Monitoring – Year 1	Match	
		Funds Contributed (SANDAG) – Year 1	Budget Shortfall – Year 1
Salary and Wages: Co-PI (10% time), Project Manager (50% time), Field Technician (50% time)	\$54,000	\$27,146	\$26,854
Staff Benefits	\$15,715	\$7,536	\$8,179
Equipment (Cameras, batteries, SD cards, locks)			
Materials and Supplies			
Travel ¹	\$25,000*	\$5,000	\$20,000
Contractual Services (specify subcontractors)			
Total Direct Costs	\$94,715	\$39,682	\$55,033
Indirect Costs (26%)	\$24,625	\$10,317	\$14,308
Total Costs	\$119,340	\$49,999	\$69,341

*Subsequent years could be funded at a lesser rate with \$5,000 per year for travel costs.

¹ Includes mileage costs and funds towards purchase of a replacement field vehicle.

Feral Pig Monitoring Program – Phase II Protocol *San Diego State University*

Since the Feral Pig Removal Program was started in June of 2014, monitoring has occurred in areas where pigs have been detected and/or removed, and where pigs and/or sign of pigs have been identified from pre-program surveys. This has primarily been accomplished through the use of camera stations and on-site surveys. While this has been very successful and should continue, many areas have either not been monitored or not received an adequate degree of monitoring, and should be included in ongoing survey efforts to ensure the absence of pigs throughout the county. The following protocol identifies monitoring efforts to date, and proposes additional monitoring components to be implemented.

Permanent Camera Stations

The cornerstone of the monitoring program is the installation of camera stations. The goal of these stations is to cover the extent of the affected area and slightly beyond with permanent monitoring stations that will remain in fixed locations over the life of the feral pig eradication effort. These monitoring stations allow for consistent data collection through all phases of the project to inform implementation planning and to provide a basis upon which we can determine if the eradication effort has been successful.

Camera station locations were identified across the entire study area using a combination of GIS and field-based information. We began by generating a grid of 10 km by 10 km cells over all known pig locations in San Diego County surrounded by a 10 km buffer. This design identified 90 grid cells and will ensure we evenly distribute our monitoring efforts across the project area. Based on mapping, we chose one to two camera locations within each cell along movement corridors, funnels, and pinch points to increase our chances of detecting pigs if they are in the area. These locations were cross-referenced with the feral pig habitat suitability model created by the Conservation Biology Institute and The Nature Conservancy (CBI 2009) to ensure cameras are placed primarily in high quality habitats. Once potential station sites were mapped, we began field-based site selection. Once we reached the GIS-mapped camera location, we searched the general area within approximately 100 m to identify wildlife trails, suitable mounting sites for camera installation, and options for camouflaging the cameras from people to limit vandalism and theft. Based on what we found on-site, we made the final decision on camera placement and installed and baited stations with a fermented corn mixture to improve our detection rate if pigs are in the general vicinity of the monitoring station. Upon set up, stations were tested for adequacy of placement during an initial sampling period of two to four weeks. Modifications to camera placement were made as necessary to maximize detection of animal movement, and camera stations remain in place until the end of the project.

As of January 2017, 25 permanent camera stations are currently being run by SDSU, with another 34 being run by partners at Wildlife Services and California State Parks, according to our permanent station protocol. We anticipate the installation of 10-15 additional permanent stations in the first 6 months of funding and initiation of Phase II of the monitoring program. These camera stations are checked and maintained approximately once per month to ensure efficient operation and collection of camera data. All photos from these cameras are retained, regardless of whether pigs are detected. Data are currently stored and processed at San Diego State University.

04/30/2017

To refine and enhance our monitoring program, we have downscaled our grid system to 50 km² grid cells over the same area, which results in 131 grid cells. Phase II of the monitoring program will be based on these finer-scale grid system.

Temporary Camera Stations

Since June 2014, a total of 414 cameras have been installed and run for various lengths of time by Wildlife Services (WS). Many of these have been relocated or removed based on the data collected from the stations. As of November 2016, 112 camera stations are in operation and managed by WS. Currently, only photos with pig detections are retained from these cameras. It is expected that WS will continue this process as appropriate.

Rotating Camera Stations

In addition to the cameras stations as outlined above, rotating cameras will be installed in all grid cells with no current monitoring, and other grid cells as appropriate following the proposed monitoring protocol. Table 1 presents proposed monitoring levels and the criteria used to determine the appropriate level for each grid cell.

At least one camera will be installed in each grid cell for 4-6 weeks, in each of 2 seasons (wet and dry). Rotating camera sites will be chosen using both GIS and field-based data in a manner similar to that used to identify permanent camera stations, but will also have other important considerations such as land access. The level of monitoring in each grid cell will be determined based on all available monitoring data, such as whether pigs/sign were ever present, the level of camera monitoring over time, number of site visits/surveys, and available access to monitoring sites. Figures 1 and 2 show proposed monitoring levels in each grid with additional supportive data. These survey level assignments and recommendations will be refined as we gather additional data, particularly efforts led by Wildlife Services to incorporate additional survey techniques such as aerial sign surveys, scat detection dogs, and eDNA detection, which will be used to test for trace amounts of pig DNA in small water sources throughout the study area and beyond. We will also review these recommendations after we complete revised habitat suitability models based on our existing detection data.

Site Visits/Surveys

On-site visits and surveys are a key component to the monitoring success. As of September 2016, approximately 4,400 km of roads and trails have been surveyed for the presence of pigs since the beginning of the program. Most of this work has been completed and documented by Wildlife Services, although it is likely that other surveys have been done by partner agencies for which we do not yet have documentation. We are working to compile such survey data from all partner agencies. We have worked with the San Diego Natural History Museum to refine an online reporting database they designed during initial tracking of the pig population. The added functionality will provide an opportunity for project partners to input survey data, particularly negative survey data, to document areas that have been surveyed repeatedly where no pig sign has been detected.

For future monitoring, areas that have had no prior sign or presence of pigs will initially be surveyed 2 times per year, then continually surveyed at the same rate as long as there are no detections of pig or pig sign. If pigs/sign are detected, surveys will increase as deemed appropriate. For areas with

04/30/2017

previous presence of pigs/sign and current monitoring in place, 3 site visits are recommended, and in areas with previous pigs/sign and no current monitoring, 4 surveys per year are advised.

Responsibility for site visits/surveys will be coordinated among partner agencies. Wildlife Services currently monitors large areas of U.S. Forest Service land in the process of monitoring and maintaining their cameras. Other partners are strongly encouraged to survey their own properties following the general schedule as outlined in Table 1, which SDSU will determine and coordinate.

Table 1. Recommended future monitoring levels for each grid cell based on available data.

Monitoring Level (lowest to highest)	# Rotating Cameras to be installed	# Seasons [^] for Rotating Cameras	# Site visits per year to be completed	Criteria
I	1	2	1	Areas with some prior surveys or monitoring, but no detections of pig/sign
II	2	2	2	Areas with no prior surveys or monitoring, no detections of pig/sign, no reports
III	3	4	2	Areas with no prior surveys or monitoring, but any reports of sign
IV	*TBD	4	3	Areas with prior pigs/sign, some level of monitoring after removal and current monitoring
V	3	4	4	Areas with some prior surveys or monitoring, 1+ detections, but no current monitoring

[^]Cameras will be placed for 4-6 weeks in the wet season, then placed again for the same amount of time in the dry season.

* To be determined based on the current number of active cameras; rotating cameras may not be necessary in some grids if current monitoring is sufficient.

References

Conservation Biology Institute (CBI). 2009. An Assessment of the Known and Potential Impacts of Feral Pigs (*Sus scrofa*) in and near San Diego County with Management Recommendations. Report prepared for The Nature Conservancy, October 2009.

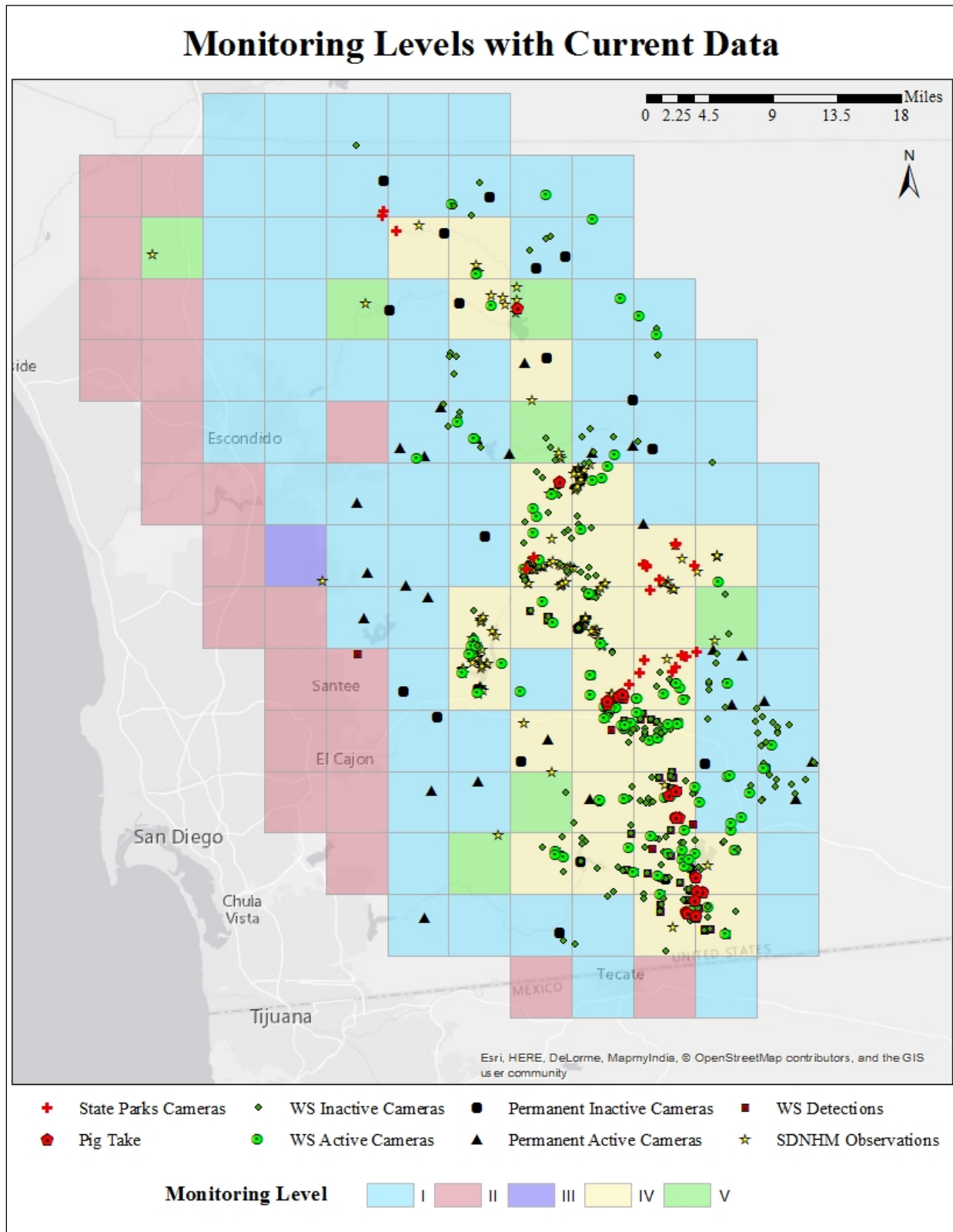


Figure 1. Proposed monitoring levels in each grid cell with current observational data and monitoring status.

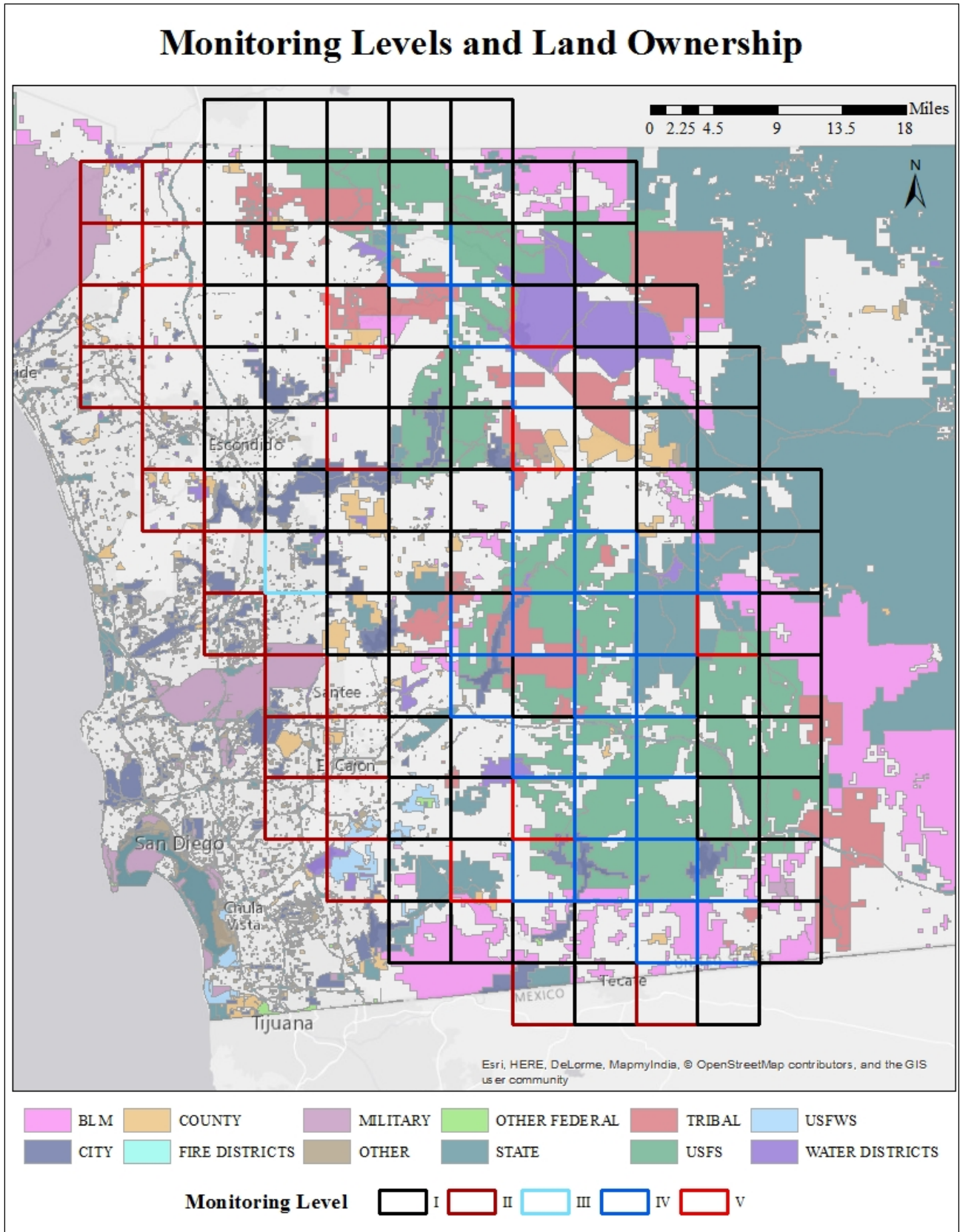


Figure 2. Monitoring levels and land ownership in each grid cell.



Agenda Item: 11

STAFF REPORT

Board Meeting Date: October 18, 2017
Prepared By: Eldon Boone

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

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



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October 11, 2017

Honorable Mark Muir
Chairman of the Board
San Diego County Water Authority
4677 Overland Avenue
San Diego, CA. 92123-1233

Subject: Invitation to Establish a Collaborative Working Relationship

Dear Chairman Muir:

With the recent news from the California Supreme Court regarding SDCWA's petition for review of the rate litigation and MWD's vote on Tuesday to participate in the California Water Fix, there appears to be a great opportunity to chart a more collaborative path forward. Our agencies, like SDCWA and its member agencies, share common goals for a secure, reliable and cost effective water supply for our service areas. We have all individually and collectively invested - and will continue to invest - in local water supply development and increased imported water supply reliability. MWD and its member agencies, including SDCWA, have jointly built one of the most reliable and drought resilient urban water systems in the nation.

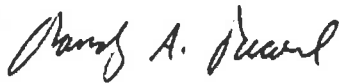
Notwithstanding our successes, there's much more to do. All of our agencies' and MWD are poised to make significant investments not only in the imported water system, but in large-scale water recycling, desalination, groundwater recovery, storm water capture, water use efficiency and storage. We believe that an approach of working together and resolving our differences through open discussion, debate and deliberation ultimately will advance the best solutions for all water users in southern California.

In closing, we want to express our desire to begin a dialogue that will result in a collaborative atmosphere of discussion and action on California water issues. There was a time when this was normal practice at MWD and we would like to discuss how we may return to that atmosphere.

Honorable Mark Muir
Chairman of the Board
San Diego County Water Authority
October 11, 2017
Page 2

Thank you for your consideration and please let us know if there is a desire on your part to move ahead so we can initiate discussions on a path forward.

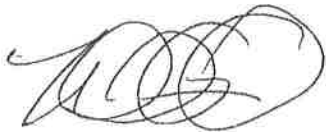
Sincerely,



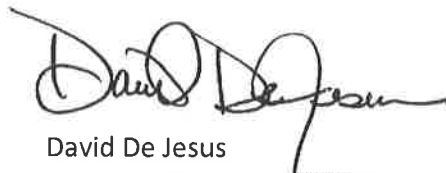
Randy Record
Board Member, MWD Representative
and Chair of MWD
Eastern Municipal Water District



Don Galleano
Board Member and MWD Representative
Western Municipal Water District



Michael Camacho
Vice President and MWD Representative
Inland Empire Utilities Agency



David De Jesus
Vice President and MWD Representative
Three Valleys Municipal Water District

c: SDCWA Board of Directors
SDCWA member agencies



STAFF REPORT

Agenda Item: 12.A

Board Meeting Date: October 18, 2017
Prepared By: Lisa Soto
Approved By: Eldon Boone

SUBJECT: REPORTS ON MEETINGS AND EVENTS ATTENDED BY DIRECTORS

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



STAFF REPORT

Board Meeting Date: October 18, 2017
Prepared By: Marian Schmidt
Approved By: Eldon Boone

SUBJECT: SCHEDULE OF UPCOMING MEETINGS AND EVENTS

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

	SCHEDULE OF UPCOMING MEETINGS AND EVENTS	ATTENDEES
1	Understanding the Brown Act (CSDA) <i>Nov. 1, 2017 – 9:00 a.m. – 1:00 p.m. – East Bay Municipal Utility District, Oakland</i> <i>Registration deadline: 10/26/17</i>	
2	San Joaquin River Restoration Tour Field Trip (Water Education Foundation) <i>Nov. 1-2, 2017 – Fresno</i> <i>Reservation deadline: None</i>	
3	California Economic Summit (California Forward) <i>Nov. 2-3, 2017 – Hilton San Diego Bayfront</i> <i>Registration deadline: None</i>	
4	Understanding the Brown Act (CSDA) <i>Nov. 8, 2017 – 9:00 a.m. – 1:00 p.m. – Stockton East Water District, Stockton</i> <i>Registration deadline: 11/2/17</i>	
5	Required Ethics AB 1234 Compliance Training Webinar (CSDA) <i>Nov. 8, 2017 – 10:00 a.m. – 12:00 p.m.</i> <i>Registration deadline: 10/27/17</i>	
6 *	CSDA Quarterly Dinner Meeting <i>Nov. 16, 2017 – 6:00 - 9:00 p.m. – The Butcher Shop Steakhouse, Kearny Mesa</i> <i>Reservation deadline: 11/9/17</i>	Vásquez
7 *	Council of Water Utilities Meeting <i>Nov. 21, 2017 – 7:15 a.m., Stoneridge Country Club, Poway</i> <i>Reservation deadline: 11/16/17</i>	
8	ACWA Fall Conference <i>Nov. 28-Dec. 1, 2017 – Anaheim Marriott Hotel</i> <i>Registration deadline: 11/1/17</i>	Miller (R,H) Dorey (R,H) MacKenzie (R,H) Vásquez (R,H) Sanchez (R,H)
9	Colorado River Water Users Association (CRWUA) <i>Dec. 13-15, 2017 – Caesars Palace, Las Vegas</i> <i>Registration deadline: None</i>	MacKenzie (H) Miller (T)
10 *	Council of Water Utilities Meeting <i>Dec. 19, 2017 – 7:15 a.m., Stoneridge Country Club, Poway</i> <i>Reservation deadline: 12/14/17</i>	
11	Sexual Harassment Prevention Training AB 1661 <i>Jan. 8, 2018 – 9:00 a.m. – 12:00 p.m., VID Board Room</i> <i>Reservation deadline: None</i>	
12	Hoover Dam & Colorado River Aqueduct System (SDCWA/MWD) <i>Feb. 2-3, 2018 – Meet at SDCWA</i> <i>Reservation unavailable at this time</i>	
13	Urban Water Institute’s Spring Water Conference <i>Feb. 7-9, 2018 – Hilton Palm Springs Hotel</i> <i>Registration deadline: TBD</i>	

	SCHEDULE OF UPCOMING MEETINGS AND EVENTS	ATTENDEES
14	State Water Project/Bay Delta Project (SDCWA/MWD) <i>Mar. 2-3, 2018 – Meet at SDCWA</i> <i>Reservation unavailable at this time</i>	
15	Colorado River Aqueduct System (SDCWA/MWD) <i>Mar. 17-18, 2018 – Meet at SDCWA</i> <i>Reservation unavailable at this time</i>	
16	California Water Policy Conference 27 <i>Mar. 22-23, 2018 – UC Davis Conference Center</i> <i>Registration deadline: None</i>	
17	Colorado River Aqueduct System (SDCWA/MWD) <i>Mar. 24-25, 2018 – Meet at SDCWA</i> <i>Reservation unavailable at this time</i>	
18	ACWA Spring Conference <i>May 8-11, 2018 – Sacramento</i> <i>Registration deadline: TBD</i>	
19	Special Districts Legislative Days (CSDA) <i>May 22-23, 2018 – Sacramento</i> <i>Registration deadline: TBD</i>	
20	CSDA Annual Conference <i>Sept. 24-27, 2018 – Palm Springs</i> <i>Registration deadline: TBD</i>	
21	ACWA Fall Conference <i>Nov. 27-30, 2018 – San Diego</i> <i>Registration deadline: TBD</i>	

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

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

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



Agenda Item: 13

STAFF REPORT

Board Meeting Date: October 18, 2017
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:

- Weese Treatment Plant agreement amendment
- Appointment of representative to the San Diego County Water Authority
- Purchasing Policy – General Manager’s purchasing authority (*after Fiscal Policy Committee*)
- Lake Henshaw concessionaire agreement (*after Warner Ranch Committee*)
- CalPERS actuarial report
- Fees and charges other than water rates (*after Fiscal Policy Committee*)



Agenda Item: 14

STAFF REPORT

Board Meeting Date: October 18, 2017
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: 15

STAFF REPORT

Board Meeting Date: October 18, 2017
Prepared By: Eldon Boone

SUBJECT: COMMENTS BY GENERAL COUNSEL

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



Agenda Item: 16

STAFF REPORT

Board Meeting Date: October 18, 2017
Prepared By: Eldon Boone

SUBJECT: COMMENTS BY GENERAL MANAGER

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