



STAFF REPORT

Agenda Item: 9

Board Meeting Date: August 6, 2025
Prepared By: Shallako Goodrick
Approved By: Brett Hodgkiss

SUBJECT: COMPREHENSIVE COST OF SERVICE/WATER RATE STUDY

RECOMMENDATIONS:

1. Receive and consider the Water Rate Study.
2. Instruct Staff to send out the Notice of Public Hearings to Consider Proposed Adjustments to Water Rates and Service Charges based on the analysis in the Water Rate Study.
3. Set a Public Hearing on November 5, 2025 for the exhaustion of administrative remedies (objection process) to consider all timely written objections along with the District's written responses and determine whether clarifications or further review or reduction or abandonment of the proposed water rate and charge increases are warranted.
4. Set a Public Hearing on November 19, 2025 to consider all written protests and hear all oral comments on the proposed water rate and service charge increases and consider approval of the proposed rates and charges.

PRIOR ACTION: At its January 19, 2022 meeting, the Board conducted a public hearing and increased water rates and service charges, modified the tiered water rate structure allotments and renewed the pass through of the San Diego County Water Authority (SDCWA) costs and the annual inflationary adjustments (Rate Adjustment Policy) through December 31, 2026.

FISCAL IMPACT: The revenue generated from water rates and service charges is based on a cost of service model and designed to ensure that the District's revenues and reserves sufficiently fund current and future operations and capital costs. The impact on each customer will vary based on the water rates and charges adopted. A typical residential customer's bi-monthly bill ($\frac{3}{4}$ inch meter and using 24 units of water) would increase by \$4.82 (1.77%) in year one and 4% each year after not including pass-through from the SDCWA.

SUMMARY: In 2009, the Board approved water rate adjustments and rate structure modifications, including the implementation of a tiered water rate structure. In 2013 and 2017, the Board approved the renewal of the pass through of SDCWA costs and annual inflationary adjustments to the service charge (Rate Adjustment Policy). In 2022, the Board increased water rates and services charges, modified the tiered water rate structure allotments and renewed the pass through of the SDCWA costs and the annual inflationary adjustments through December 31, 2026.

Historically, staff prepared the cost of service/water rate studies (based on capital projects being funded on a pay-go basis) and developed the required noticing for the public hearing in compliance with Proposition 218. However, with the District incorporating debt financing into this cost of service/water rate study, staff (with input from its financial advisor, NHA Advisors) determined that it would be best to use a consulting firm that has experience in integrating financing instruments into water rate models to prepare a cost of service/water rate study. Accordingly, the District entered into an agreement with Raftelis Financial Consultants, Inc. (Raftelis) to prepare a comprehensive cost of service/water rate study, including cost of services analysis and water rate model development, and provide associated public outreach services (e.g., community information sessions, public hearing notice, etc.).

At the May 5, 2025 Board meeting, Raftelis presented three rate alternatives that would ensure that the District has sufficient revenues to cover the costs of providing water services for a five year period ending December 30, 2030 and recommended the District continue its policy to pass through all SDCWA fee and charge adjustments for wholesale water to its customers. The three alternatives presented resulted in annual increases of 8.25 percent, 4.00 percent and 5.25 percent with the first alternative funding capital projects on a pay as you go basis and the second and third alternatives funding capital projects with debt financing. After carefully considering the alternatives presented, the Board directed staff and Raftelis to proceed with finalizing the water rate study report based on the 4.00 percent increase to keep rate increases as low as possible and to ensure that the cost of multi-generational capital projects (infrastructure, such as large pipelines and reservoirs, with a life span greater than 50 years) are not solely borne by current customers.

Raftelis has completed the detailed cost of service analysis, in compliance with Proposition 218, to ensure that the District's rates equitably recover the costs associated with providing water service to each customer. The analysis examined operating and capital improvement costs and projected these costs over a ten-year period ending in Fiscal Year 2034. The projections are based on the estimated costs necessary to continue to operate and maintain the water system and utilize industry standard cost indexes and historical averages.

DETAILED REPORT: As a governmental district, and unlike a private 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 water rate and service charge adjustments will not exceed the cost of providing water service to customers. The revenues will not be utilized for any purpose other than financing the District's operating and capital needs.

The District has and will continue to experience ongoing upward pressures on water rates and charges, including the rising cost of purchased water, compliance with new federal and state regulations, inflation and the cost of large capital projects that will require debt financing. Over the next 12 years, the District plans to replace the roof on Pechstein Reservoir, the District's largest storage tank built in 1978 (estimated \$25 million), construct a new reservoir (Pechstein II) that will provide additional required storage and allow Pechstein Reservoir to be taken out of service for the roof replacement project (estimated \$42 million) and replace the 100-year old Vista Flume, which conveys treated water from the Escondido-Vista Water Treatment Plant (EVWTP), that has reached the end of its useful life (estimated \$263 million).

Proposed Methodology

Water Rates and Tiers – Water usage rates, based on the volume of water each customer receives, differ for each tier of water based on the varying costs of providing water to each tier. The volume of water units allotted to each tier is based on meter size, and those allotments remain unchanged. Tier 1 rate is based on the lowest-cost water mix, local water and some purchased raw water (from the SDCWA), treated at the EVWTP; tier 2 rate is based on a mix of purchased raw water treated at the EVWTP and purchased treated water from the SDCWA; and tier 3 is based on solely on purchased treated water from the SDCWA.

Service Charge (Ready to Serve Charge) – Water service charges are an allocation of the District's fixed costs as a fixed charge to each customer that is not based on water usage; but rather, is based on published American Water Works Association meter capacity ratings (with a ¾ in meter being set at one). This methodology is consistent with the calculation of the District's capacity fees.

Fire Connection Services – Like the service charge, the fire connection service charge is a fixed charge based on the flow capacity of the fire service connection.

Locked Meters (Voluntary) – 100% of the service charge billed for meters that are voluntarily locked.

Proposed Service Charge and Water Rate Increases

Staff proposes that the District adopt water rates and charges for a period of five years; each year the water rates and services would increase by 4.00 percent to ensure the District has sufficient revenues to cover the costs of providing water service. The proposed increase is based on inflation and financing the construction phases of all large capital projects, most notably the replacement of the Pechstein Reservoir roof, construction of Pechstein II Reservoir and the replacement of the Vista Flume; financing these capital projects, which have service lives greater than 50 years, will allow project costs to be spread over the multiple generations (30-35 years) of customers that will benefit from these infrastructure improvements. Staff also proposes that the District continue its policy that all adjustments (increases or decreases) to SDCWA rates and charges for wholesale water be passed through to customers for a period of five years ending November 19, 2030.

The table below shows the proposed five-year schedule of monthly water meter service charges and private fire service charges by meter size effective January 1 of each calendar year (CY) 2026 through 2030. The increase effective January 1, 2026, is based on the cost of service analysis (see Water Rate Study Section 1.3), and each proposed increase thereafter is 4.00 percent each year.

Meter Size	Current	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030
5/8"	\$41.44	\$39.80	\$41.39	\$43.04	\$44.76	\$46.55
3/4"	54.67	55.94	58.17	60.5	62.92	65.43
1"	80.78	88.22	91.75	95.42	99.23	103.2
1 1/2"	146.63	168.91	175.67	182.69	190	197.6
2"	225.36	265.75	276.38	287.44	298.93	310.89
3"	435.4	523.98	544.94	566.74	589.41	612.99
4"	671.55	814.49	847.07	880.96	916.2	952.85
6"	1,590.38	1,621.47	1,686.33	1,753.79	1,823.94	1,896.89
8"	2,115.68	2,589.84	2,693.44	2,801.17	2,913.22	3,029.75
10"	3,165.82	3,719.61	3,868.39	4,023.13	4,184.05	4,351.41
Private Fire						
5/8" to 3"	41.44	0.00	0.00	0.00	0.00	0.00
4"	41.44	7.74	8.05	8.37	8.7	9.05
6"	41.44	22.47	23.37	24.31	25.28	26.29
8"	41.44	47.88	49.8	51.79	53.86	56.01
10"	41.44	86.11	89.55	93.13	96.86	100.73

The table below shows the proposed five-year schedule of water volumetric rate increases/decreases for CYs 2026 through 2030. The volumetric rate is in dollars per unit (\$/hcf). (1 unit = 100 cubic feet = 748 gallons)

Volume	Current	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030
Tier 1	\$6.19	\$6.01	\$6.24	\$6.48	\$6.73	\$6.99
Tier 2	\$6.66	\$7.79	\$8.08	\$8.38	\$8.70	\$9.03
Tier 3	\$6.66	\$7.82	\$8.11	\$8.42	\$8.74	\$9.07

Volumetric rates shown in CYs 2027 through 2030 do not include the SDCWA pass-through increases/decreases (see explanation of pass-through charges below).

The table below shows the proposed five-year schedule of water volumetric rate increases and decreases for CYs 2026 through 2030 for the Permanent Special Agricultural Water Rate (PSAWR) discount program only. Under PSAWR, the SDCWA provides a discount in exchange for an interruptible, lower level of service during times of water supply shortages or emergency water reductions. The volumetric rate is in dollars per unit (\$/hcf). (1 unit = 100 cubic feet = 748 gallons).

Agricultural Programs Only*	Current	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030
PSAWR Domestic usage	\$6.50	\$7.10	\$7.37	\$7.65	\$7.94	\$8.24
PSAWR Discount**	(\$1.49)	(\$1.64)	TBD	TBD	TBD	TBD

*Volumetric rates shown in CYs 2027 through 2030 do not include the SDCWA pass-through increases/decreases.

**The PSAWR program discount rate is calculated after rates are adopted annually by the SDCWA. Customers receiving the current discount (\$1.49) pay \$5.01 per unit; customers receiving the discount in CY 2026 (\$1.64) will pay \$5.46 per unit; and PSAWR discounts for future years will be set when calculated.

Pass-through of San Diego County Water Authority Rate and Charge Increases or Decreases

In June 2025, the SDCWA adopted rates and charges effective January 1, 2026. These rates and charges were adopted after the cost of service analysis and water rate study report had been prepared; the District has calculated the pass through, and its impact on the proposed volumetric rates for calendar year 2026 is shown in table below. The District's current pass through of the SDCWA Infrastructure Access Charge (IAC), shown as the Emergency Storage Fee on customer bills, will not increase on January 1, 2026; any future increases/decreases in the SDCWA IAC will be passed through to customers.

Description	Current Rate	Water Rate Study Proposed Rate Increase/ Decrease	Water Rate Study Proposed Volumetric Rate	SDCWA Pass Through Increase	Total Rate
Tier 1	\$6.19	(\$0.46)	\$5.73	\$0.28	\$6.01
Tier 2	\$6.66	\$0.65	\$7.31	\$0.48	\$7.79
Tier 3	\$6.66	\$0.68	\$7.34	\$0.48	\$7.82
Agricultural Programs Only					
PSAWR Domestic	\$6.50	\$0.20	\$6.70	\$0.40	\$7.10
PSAWR Discount					(\$1.64)

It is anticipated the water rate and service charge increase plus the pass through of SDCWA fee and charge adjustments over the upcoming five years will recover, but not exceed, the cost of providing water service, which includes, but is not limited to, water purchases from the SDCWA, system operations and maintenance, facility and equipment maintenance, system rehabilitation, regulatory compliance, metering, billing, conservation, reserves, capital projects, financing and account management.

Public Hearings

To comply with the procedural requirements of Proposition 218, staff has prepared a Notice of Public Hearing (Notice) to consider the adoption of the proposed water rate and charge changes which will be mailed to all residents and owners. The Notice informs the public of the District's proposal to adjust water rates and service charges, and its intent to reaffirm the pass-through of all adjustments to SDCWA fees and charges for wholesale water and related services for a period of five years ending November 19, 2030; the Notice also explains the processes for filing written objections (notice of exhaustive remedies) and protests. The public hearing to consider written objections and the District's response to said written objections will take place on November

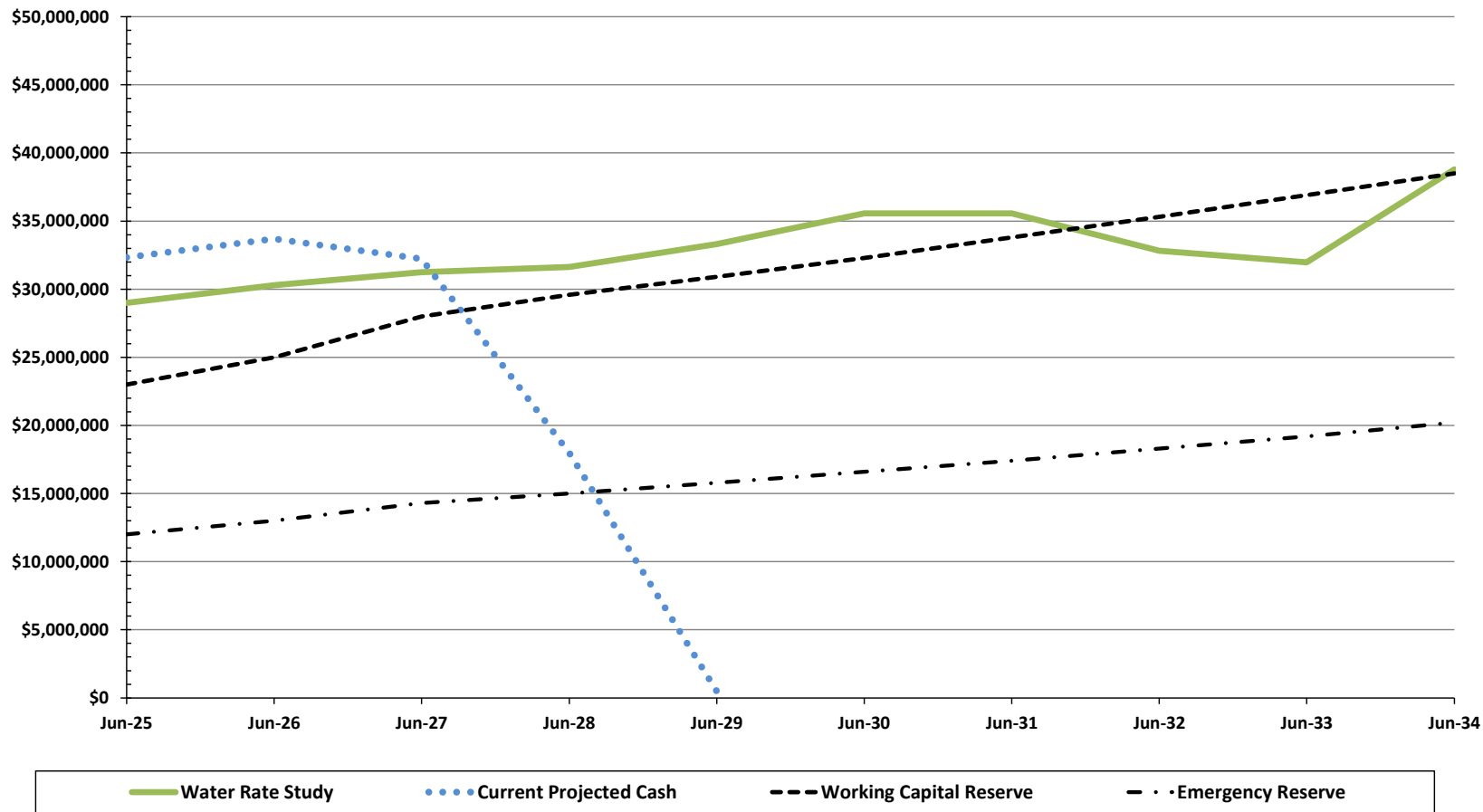
5, 2025 at 9 a.m. At the conclusion of the November 5, 2025 public hearing, the Board may direct changes to the proposed rates, but the rates will not be approved until after the public hearing on November 19, 2025. The public hearing to consider proposed adjustments to water rates and service charges and the continued pass through of SDCWA fees and charges will take place on November 19, 2025 at 9:00 a.m. At the November 19, 2025 public hearing, if there is a written protest filed by owners or ratepayers representing a majority of parcels served by the District, the updated rates may not be adopted. Both public hearings will take place at the District office located at 1391 Engineer Street in Vista.

Steve Gagnon from Raftelis will present the draft Water Rate Study report.

ATTACHMENTS:

- Draft Water Rate Study
- Cash Flow Projections - Current and Proposed Rates and Charges
- FY 2026 Budget - Water Rate Study Projected compared to Board Adopted
- 10 Year Summary of Rate and Charge Increases
- Reserve Policy
- Draft of Notice of Public Hearing on Water Rates and Charges

**Vista Irrigation District
CASH FLOW PROJECTION
Water Rate Study
through June 2034**



Fiscal Year 2026 Budget Water Rate Study Projected Compared to Board Adopted

	Water Rate Study Projected Budget	Board Adopted Budget	Difference
Revenues	\$ 72,309,945	\$ 73,361,160	
Pass-through not included in adopted budget		1,694,564	
Rebate Discount in adopted budget		(655,860)	
Fire Service budgeted all meter sizes		(399,136)	
SDCWA IAC Pass-through not included in Rate Study	1,951,000		
Total Revenue After Adjustment	74,260,945	74,000,727	260,218
Expenses	61,498,035	65,382,185	
Depreciation not included in Rate Study		(4,050,000)	
Wages/Benefits estimated higher in Rate study		177,709	
Pass-through not included in adopted budget		1,694,564	
SDCWA IAC Pass-through not included in Rate Study	1,951,000		
Total Expense After Adjustment	63,449,035	63,204,458	244,577
Net	\$ 10,811,910	\$ 10,796,269	\$ 15,641
Capital	7,021,369	6,535,000	
Wellfield Assessment capital carryover		486,369	
Total Capital Cashflow	7,021,369	7,021,369	-

Vista Irrigation District
10 Year Summary - Water Rate and Charge Increases

Fiscal Year Ended	June 30 FY 2016	June 30 FY 2017	June 30 FY 2018	June 30 FY 2019	June 30 FY 2020	June 30 FY 2021*	June 30 FY 2022**	June 30 FY 2023	June 30 FY 2024	June 30 FY 2025
Rates and Charges										
Tier 1	4.04	4.16	4.24	4.27	4.35	4.44	4.72	4.99	5.42	6.19
Tier 2	4.58	4.70	4.78	4.81	4.89	4.98	5.19	5.46	5.89	6.66
Service Fee 3/4	34.87	35.85	37.05	38.85	40.97	40.97	43.30	43.30	48.37	52.30
Emergency Storage Fee SDCWA	2.76	2.87	3.01	3.01	3.66	4.24	4.24	4.24	4.41	4.55
Typical Customer Bill Impact (3/4 Meter Size)										
Units Average Monthly	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
Tier 1	40.40	41.60	42.40	42.70	43.50	44.40	28.32	29.94	32.52	37.14
Tier 2	9.16	9.40	9.56	9.62	9.78	9.96	31.14	32.76	35.34	39.96
Service Fee 3/4	34.87	35.85	37.05	38.85	40.97	40.97	43.30	43.30	48.37	52.30
Emergency	2.76	2.87	3.01	3.01	3.66	4.24	4.24	4.24	4.41	4.55
Total Monthly Avg	87.19	89.72	92.02	94.18	97.91	99.57	107.00	110.24	120.64	133.95
Change Per Month	4.92	2.53	2.30	2.16	3.73	1.66	7.43	3.24	10.40	13.31
Percentage Change	6.0%	2.9%	2.6%	2.3%	4.0%	1.7%	7.5%	3.0%	9.4%	11.0%
Allocation of Rate and Charge Increases										
San Diego County Water Authority										
Pass Through Increase	4.3%	1.8%	1.2%	0.4%	1.7%	1.7%	1.8%	3.0%	4.6%	7.5%
VID Increase	1.7%	1.1%	1.4%	2.0%	2.3%	0.0%	5.7%	0.0%	4.8%	3.5%
	6.0%	2.9%	2.6%	2.3%	4.0%	1.7%	7.5%	3.0%	9.4%	11.0%

* Due to Covid, the Board elected to forgo the July 1, 2020 inflationary increase of 1.55%.

** Last Water Rate Study's first increase in April 2022 included a zero increase for VID in 2023.

Vista Irrigation District RESERVE POLICY

The District has established certain reserves to meet its internal requirements, its external legal requirements, and to provide savings to pay for replacement and/or repair of District facilities and properties due to natural disasters and emergencies. The dollar amount of each reserve account is based upon a particular formula which is reviewed and adjusted annually. The efficient and discrete use and management of these reserves, when combined with appropriate security measures, assure the District and its customers that the current levels of service, reliability and quality will continue into the future.

Working Capital Reserve

The purpose of the Working Capital Reserve is to protect the District's ability to have enough funds to meet its most basic and common financial obligation against operating revenue and expense variances, such as reduced water sales, tax and investment revenues, and/or increased operating expenses, such as extraordinary measures necessary as the result of unforeseen climatic, operational and economic conditions. This reserve represents 20% of the District's annual water sales.

Emergency and Contingency Reserve

The purpose of the Emergency and Contingency Reserve is to have savings to pay for unanticipated expenses resulting from emergencies including, but not limited to, earthquakes, floods, winds, fires, and damages to or destruction of District facilities and properties. This reserve represents 10% of the District's capital assets, net of accumulated depreciation.

Water Purchase Stabilization Reserve

The purpose of the Water Purchase Stabilization Reserve is to accumulate the necessary funds during wet years to help offset the financial burden sustained during dry years. In years that local water production is in excess of the historical average production, the Water Purchase Stabilization Reserve is funded by transferring the value of the excessive local water. In years that local water production is less than the historical average, a transfer of funds equal to the current cost of imported raw water multiplied by the shortfall of local water production is made to avoid an increase in water rates.

Capital Improvement Reserve

The purpose of the Capital Improvement Reserve is to provide funding for the District's Capital Improvement Program. The District continually updates the Capital Improvement Program as priorities, designs and estimated costs change. The only commitment to actual funding of capital improvements occurs annually with the adoption of the District's Capital Budget.

Vista Irrigation District

Water Rate Study

Confirmation of Financial Plan and Rates

August 6th, 2025



Agenda

- 1. Recap of Last Board Presentation**
- 2. Financial Plan**
- 3. Rate Derivation**
- 4. Customer Bill Impacts**
- 5. Board Advice**

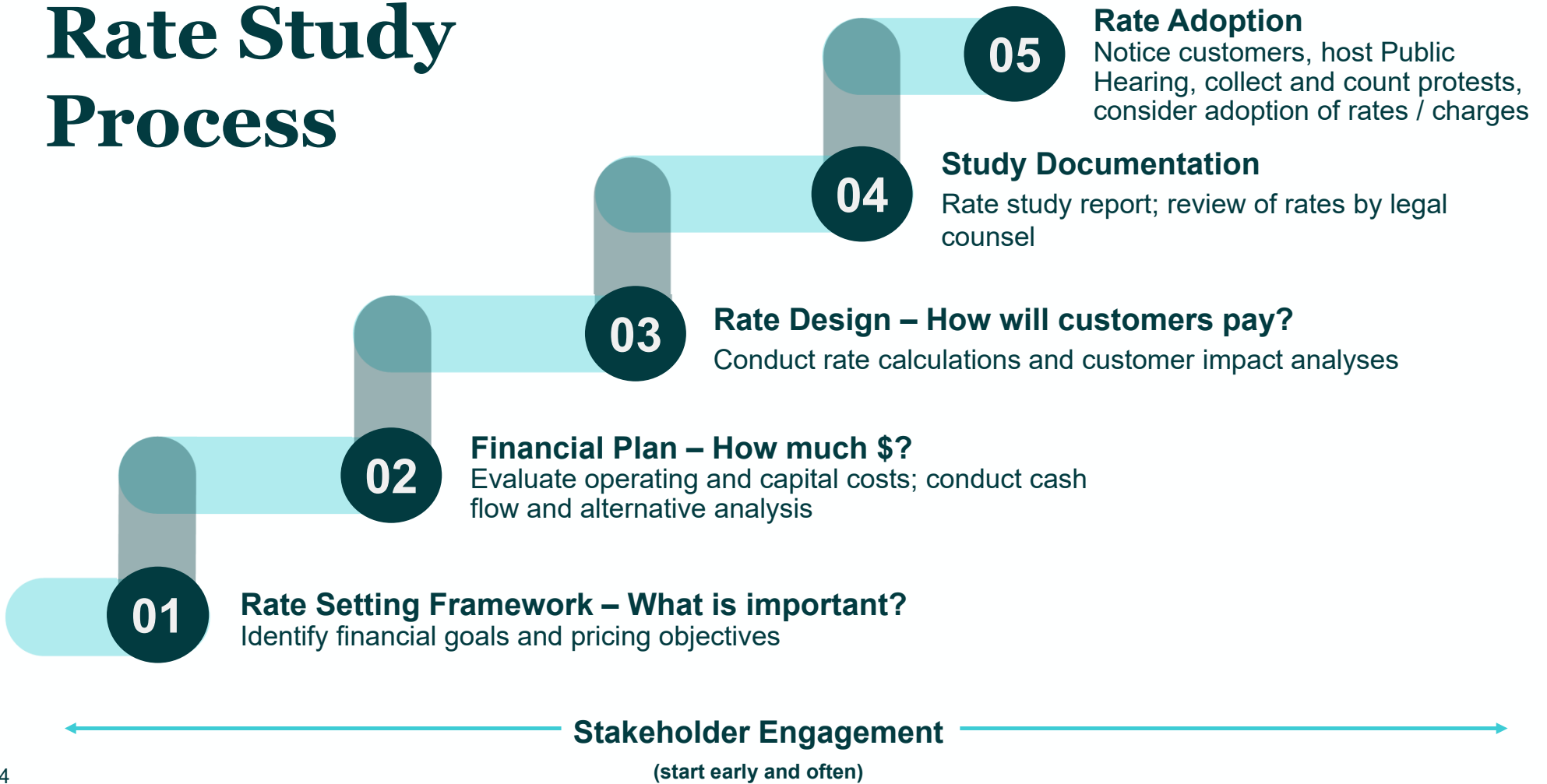
Recap of the Board Reviewed Alternatives

Revenue increases shown do not include Wholesale Water Pass-through increases and are only the Districts required increases.

Alternatives	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030
1 – No Debt	8.25%	8.25%	8.25%	8.25%	8.25%
2 – Debt	4.00%	4.00%	4.00%	4.00%	4.00%
3 – Midway (Some debt)	5.25%	5.25%	5.25%	5.25%	5.25%

Alternatives	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2032
1 – No Debt						
2 – Debt				\$65M		\$120M
3 – Midway (Some debt)				\$45M		\$75M

Rate Study Process



Why Would the District do a Water Rate Study?

- **Rates must keep up with the District's costs**
 - › Large future capital projects
- Water service is not like other government services (Police, Fire, Libraries, Parks) that are funded by tax dollars from a General Fund
- The District is primarily funded by customer rate revenue
 - › It's a non-profit business
- By law (Proposition 218), rates must be based on the cost to serve water



Financial Plan



What is a Financial Plan?

Projects future revenue and expenses and seeks to answer:

1. Is revenue sufficient to cover expenses?
 - a. Operations
 - b. Capital – looking out 10 years helps avoid large rate shocks
 - c. Reserves
 - d. Debt coverage requirements

2. If not, how much additional revenue is needed?





Financial Plan Assumptions

- Assumed 15,250 acre feet of water sales
- Assumed 2,700 acre feet local water
- Used 2025 Budget adjusted for known differences as a baseline for projection
- Used various inflationary escalators, known actuals, and expected increases to project forward
- Assumed 4% yearly inflation on capital projects

Finance compared the rate model to 2026 Budget and Capital Expenditures for reasonableness.

Financial Plan Cashflow without Revenue Adjustments

Includes estimated SDCWA increases

Line No.	Financial Plan	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	Revenues						
2	Water Sales and Service Charges Less IAC	59,206,848	65,849,392	65,849,392	65,849,392	65,849,392	65,849,392
3	Proposed Revenue Adjustments	-	-	-	-	-	-
4	Pass-Through - SDCWA Wtr Purchase Costs (Excl IAC)	-	1,694,564	4,379,033	6,910,743	9,648,584	12,610,300
5	Other Operating Revenue	968,000	968,000	968,000	968,000	968,000	968,000
6	Capacity Fees	808,000	829,412	851,391	873,953	897,113	920,887
7	Non-Operating Revenue	2,293,261	2,295,134	2,297,056	2,299,029	2,301,054	2,303,133
8	Interest Income	673,166	673,443	678,140	414,945	(92,487)	(737,410)
9	Total - Revenues	63,949,275	72,309,944	75,023,012	77,316,062	79,571,656	81,914,302
10	Expenses						
11	Water Purchase Costs	26,479,707	31,297,567	33,982,037	36,513,747	39,251,588	42,213,304
12	Personnel Services	16,697,500	17,930,609	18,825,417	19,475,329	20,380,185	20,967,618
13	Administrative	561,495	578,340	595,057	612,257	629,954	648,162
14	Contractual Services	8,070,120	8,355,800	7,568,277	7,787,036	8,012,119	8,243,707
15	Supplies	2,681,200	2,761,636	2,841,460	2,923,592	3,008,098	3,095,046
16	Power	811,900	836,257	860,429	885,299	910,889	937,218
17	Misc.	1,631,130	1,353,673	1,415,633	1,403,661	1,442,788	1,483,046
18	Other Expenditures	(1,568,784)	(1,615,848)	(1,662,553)	(1,710,609)	(1,760,054)	(1,810,928)
19	Total - O&M Expenses	55,364,268	61,498,035	64,425,756	67,890,312	71,875,566	75,777,174
20	Debt Service						
21	Existing Debt Service	-	-	-	-	-	-
22	Proposed Debt Service	-	-	-	-	-	-
23	Total - Debt Service	-	-	-	-	-	-
24	Rate Funded CIP	11,007,988	7,021,369	12,681,781	26,111,874	28,984,241	34,352,359
25	Net Cash Flow Including Capital	(2,422,982)	3,790,541	(2,084,526)	(16,686,123)	(21,288,151)	(28,215,231)

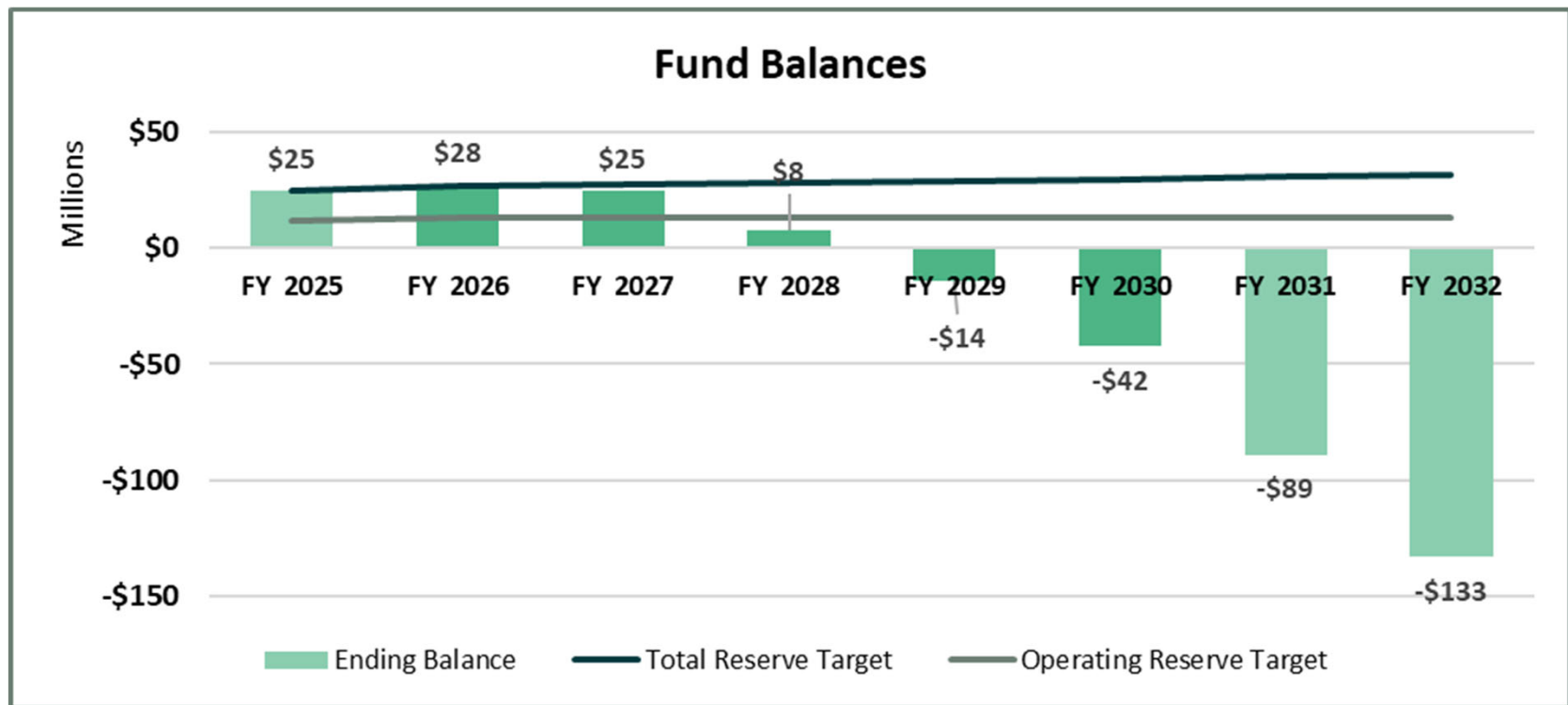
Capital Improvement Projects

Inflated	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
Main Replacement Program	4,000,000	4,650,000	4,009,777	4,170,168	5,241,585	5,451,248	5,669,298	5,896,070	6,131,913	6,377,190
San Marcos, S. Santa Fe Wide - Smilax to Bostick	-	-	-	279,999	337,791	-	-	-	-	-
Vista Flume Rehabilitation	428,057	1,000,000	4,307,680	4,804,467	4,996,646	5,355,028	31,496,102	32,755,946	34,066,184	35,428,831
Wellfield Assessment and Optimization	-	486,369	-	-	-	-	-	-	-	-
Groundwater Well	200,000	-	-	-	-	-	-	-	-	-
Pechstein II Reservoir	500,000	750,000	1,378,000	15,373,862	15,409,512	8,434,680	-	-	-	-
Pechstein Rehabilitation	-	-	-	-	582,398	12,113,885	12,598,441	-	-	-
Pump Stations 10 & 12 near Pechstein Reservoir	-	-	-	-	-	-	755,906	3,537,642	3,679,148	-
Deodar Reservoir	3,525,316	-	-	-	-	-	-	-	-	-
A Reservoir	-	-	-	-	-	484,555	503,938	4,716,856	4,905,530	-
C Reservoir Demo and PRV Upgrade- Offset Mainline	-	-	807,690	839,998	-	-	-	-	-	-
E-1 Reservoir Demo-565 Zone PRV	-	-	-	-	1,747,195	1,817,083	-	-	-	-
CO SD, S. Santa Fe Ave - Widening Project	-	-	-	-	-	-	-	-	-	1,133,723
Sante Fe 18-inch Pipelin - Robelini & Buena Crk	-	-	1,560,000	-	-	-	-	-	-	-
Valve Rehab on Dam Outlet	-	-	-	-	-	-	139,177	144,744	-	-
E. Reservoir Replacement/Upsize/Pump Station	1,034,958	-	-	-	-	-	-	-	-	-
HB Pipeline	-	-	-	-	-	-	-	-	-	1,700,584
486 Zone Pressure Relief	85,000	-	-	-	-	-	-	-	-	-
Non-Infrastructure	1,234,657	135,000	618,634	643,379	669,114	695,879	723,714	752,662	782,769	814,080
Total Inflated	\$11,007,988	\$7,021,369	\$12,681,781	\$26,111,874	\$28,984,241	\$34,352,359	\$51,886,576	\$47,803,920	\$49,565,544	\$45,454,407

Reserve assumptions

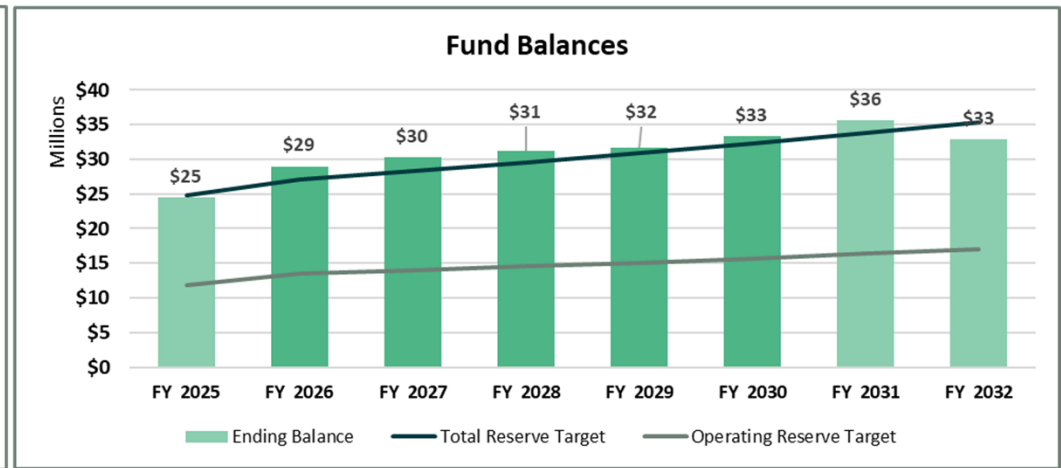
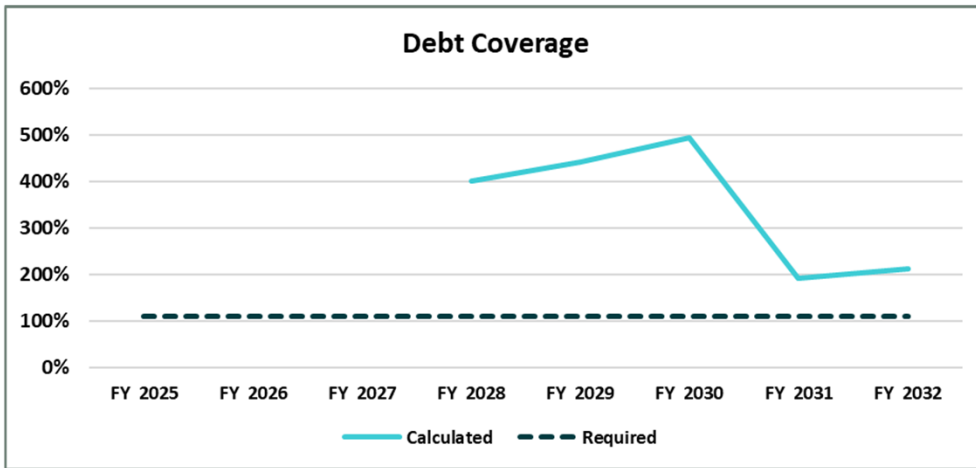
Reserve	Target	Average Over FYE 2026 to FYE 2030
Operating Reserve (Work Capital)	20% of Water Sales	\$14,600,000
Emergency & Contingency Reserve	10% of Asset Value	\$15,100,000
Water Purchase Stabilization Reserve	None	
Capital Reserve	None	
Total		\$29,700,000

Projected Reserve Balance without Revenue Increases (assumes CIP projects are executed)



Selected Alternative - Debt

Alternative	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031
2 – Debt	4.00%	4.00%	4.00%	4.00%	4.00%	2 yrs- 4.00%
Debt			\$65M			\$120M



Proposed Financial Plan Cashflow

Includes estimated SDCWA increases

Line No.	Financial Plan	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
1	Revenues						
2	Water Sales and Service Charges Less IAC	59,206,848	65,849,392	65,849,392	65,849,392	65,849,392	65,849,392
3	Proposed Revenue Adjustments	-	1,316,988	4,003,643	6,797,764	9,703,651	12,725,772
4	Pass-Through - SDCWA Wtr Purchase Costs	-	1,694,564	4,379,033	6,910,743	9,648,584	12,610,300
5	Other Operating Revenue	968,000	968,000	968,000	968,000	968,000	968,000
6	Capacity Fees	808,000	829,412	851,391	873,953	897,113	920,887
7	Non-Operating Revenue	2,293,261	2,295,134	2,297,056	2,299,029	2,301,054	2,303,133
8	Interest Income	673,166	690,893	766,088	794,811	811,809	838,427
9	Total - Revenues	63,949,275	73,644,382	79,114,603	84,493,692	90,179,603	96,215,911
10	Expenses						
11	Water Purchase Costs	26,479,707	31,297,567	33,982,037	36,513,747	39,251,588	42,213,304
12	Personnel Services	16,697,500	17,930,609	18,825,417	19,475,329	20,380,185	20,967,618
13	Administrative	561,495	578,340	595,057	612,257	629,954	648,162
14	Contractual Services	8,070,120	8,355,800	7,568,277	7,787,036	8,012,119	8,243,707
15	Supplies	2,681,200	2,761,636	2,841,460	2,923,592	3,008,098	3,095,046
16	Power	811,900	836,257	860,429	885,299	910,889	937,218
17	Misc.	1,631,130	1,353,673	1,415,633	1,403,661	1,442,788	1,483,046
18	Other Expenditures	(1,568,784)	(1,615,848)	(1,662,553)	(1,710,609)	(1,760,054)	(1,810,928)
19	Total - O&M Expenses	55,364,268	61,498,035	64,425,756	67,890,312	71,875,566	75,777,174
20	Debt Service						
21	Existing Debt Service	-	-	-	-	-	-
22	Proposed Debt Service	-	-	-	4,143,776	4,143,776	4,143,776
23	Total - Debt Service	-	-	-	4,143,776	4,143,776	4,143,776
24	Rate Funded CIP	11,007,988	7,021,369	12,681,781	10,738,011	12,992,331	13,803,793
25	Net Cash Flow Including Capital	(2,422,982)	5,124,979	2,007,065	1,721,593	1,167,930	2,491,167
26	<i>Debt Service Coverage</i>				401%	442%	493%
27	<i>Target Coverage</i>	110%	110%	110%	110%	110%	110%



A Change to What is Passed-Through

Currently the District passes through:

- A SDCWA Pass-through of all SDCWA costs.
- A District annual inflationary increase based on the San Diego Urban Consumer Price Index for All Urban Consumers. Effective July 1 each year applied to the service fee.

We Propose, for FYEs 2026-2030:

- To continue the SDCWA Pass-through of all SDCWA costs.
- The proposed annual revenue increase of 4% accounts for expected inflation in the proposed volumetric rate and service fee.
 - No separate annual inflationary adjustment
- Customers would see this effective January 1 on their bills every March 1.

Rate Derivation and Customer Bill Impacts



Service Fee Derivation (Ready to Serve Charge)

- Using hydraulic capacities from the AWWA for the calculation of service fee charge.

Meter Size	A Capacity Ratio	B Customer Service & Meter	C Meter Service	D Proposed Total Charge	E Current Bi- Monthly Charge	F Difference (\$)	G Difference (%)	H Number of Meters	I % of Meters
5/8"	0.67	\$15.03	\$64.56	\$79.59	\$82.88	-\$3.29	-4.0%	5,534	19.9%
3/4"	1.00	\$15.03	\$96.84	\$111.87	\$109.34	\$2.53	2.3%	17,111	61.5%
1"	1.67	\$15.03	\$161.40	\$176.43	\$161.56	\$14.87	9.2%	2,880	10.4%
1 1/2"	3.33	\$15.03	\$322.79	\$337.82	\$293.26	\$44.56	15.2%	1,302	4.7%
2"	5.33	\$15.03	\$516.46	\$531.50	\$450.72	\$80.78	17.9%	879	3.2%
3"	10.67	\$15.03	\$1,032.93	\$1,047.96	\$870.80	\$177.16	20.3%	81	0.3%
4"	16.67	\$15.03	\$1,613.95	\$1,628.98	\$1,343.10	\$285.88	21.3%	22	0.1%
6"	33.33	\$15.03	\$3,227.90	\$3,242.94	\$3,180.76	\$62.18	2.0%	17	0.1%
8"	53.33	\$15.03	\$5,164.65	\$5,179.68	\$4,231.36	\$948.32	22.4%	2	0.0%
10"	76.67	\$15.03	\$7,424.18	\$7,439.21	\$6,331.64	\$1,107.57	17.5%	1	0.0%

Fire Service and Locked Meters

Fire Service:

- › Current private fire charge - \$41.44 per month (\$82.88 bi-monthly)
- › The proposed private fire charge is based on the cost to maintain fire fighting capacity and the charges are based on the potential flow through the fire line.
- › The cost to serve smaller fire connections can be small and therefore it is common to charge only the larger fire connections.

Fire Line Size	Potential Fire Demand	Bi-monthly Private Fire Protection	Current Bi-Monthly Charge	Difference (\$)	Difference (%)	Number of Connections
4"	38.32	\$15.47	\$82.88	-\$67.41	-81.3%	89
6"	111.31	\$44.94	\$82.88	-\$37.94	-45.8%	288
8"	237.21	\$95.76	\$82.88	\$12.88	15.5%	272
10"	426.58	\$172.21	\$82.88	\$89.33	107.8%	23

Locked Meters (Voluntary)-

- › Current method - 25% of service fee based on meter size.
- › New method - 100% of service fee based on meter size.

In Words – Tiered Water Supply Rate

1

Based on a mix of-

- low-cost local water
- purchased raw water treated at Weese and Escondido treatment plants

2

Based on a mix of-

- purchased raw water treated at Weese and Escondido treatment plants
- purchased treated water

3

Based on-

- purchased treated water

Allotment of water units per tier, per meter size to remain unchanged.

In Numbers – Tiered Water Supply Rate

Line No.	Customer Class	A Water Use (hcf)	B Local Water	C Imported Raw Water	D Imported Treated	E Total	F Supply Rate (\$/HCF)
1	Tiered Customer Water Available by Source (hcf)		1,099,610	4,076,702	1,441,921	6,618,233	
2	Tier 1	2,582,012	1,099,610	1,482,403	-	2,582,012	\$5.60
3	Tier 2	3,817,824	-	2,594,300	1,223,524	3,817,824	\$7.18
4	Tier 3	218,396	-	-	218,396	218,396	\$7.21
5		6,618,233	1,099,610	4,076,702	1,441,921	6,618,233	\$6.57
		-				6,618,233	
6	Wholesale Supply Cost by Source (\$ / hcf)		\$3.50	\$7.17	\$7.21		

Excludes PSAWR volumes

Volumetric Rate Derivation

Customer	Supply Unit Cost	Delivery Rate	PSAWR Discount	Proposed Total Volumetric Rate	Current Volumetric Rate	\$ Difference	% Difference
Tier 1	\$5.60	\$0.13		\$5.73	\$6.19	-\$0.46	-7.4%
Tier 2	\$7.18	\$0.13		\$7.31	\$6.66	\$0.65	9.8%
Tier 3	\$7.21	\$0.13		\$7.34	\$6.66	\$0.68	10.2%
PSAWR Domestic	\$6.57	\$0.13		\$6.70	\$6.50	\$0.20	3.1%
PSAWR Discount	\$6.57	\$0.13	-\$1.49	\$5.21	\$5.01	\$0.20	4.0%

Excludes SDCWA pass-through

5 Year Rates & Charges

Service Charges (Monthly)	January 1, 2026		January 1, 2027		January 1, 2028		January 1, 2029		January 1, 2030	
	Current	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed
5/8"	\$41.44	\$39.80	\$41.39	\$43.04	\$44.76	\$46.55				
3/4"	\$54.67	\$55.94	\$58.17	\$60.50	\$62.92	\$65.43				
1"	\$80.78	\$88.22	\$91.75	\$95.42	\$99.23	\$103.20				
1 1/2"	\$146.63	\$168.91	\$175.67	\$182.69	\$190.00	\$197.60				
2"	\$225.36	\$265.75	\$276.38	\$287.44	\$298.93	\$310.89				
3"	\$435.40	\$523.98	\$544.94	\$566.74	\$589.41	\$612.99				
4"	\$671.55	\$814.49	\$847.07	\$880.96	\$916.20	\$952.85				
6"	\$1,590.38	\$1,621.47	\$1,686.33	\$1,753.79	\$1,823.94	\$1,896.89				
8"	\$2,115.68	\$2,589.84	\$2,693.44	\$2,801.17	\$2,913.22	\$3,029.75				
10"	\$3,165.82	\$3,719.61	\$3,868.39	\$4,023.13	\$4,184.05	\$4,351.41				
Private Fire Protection										
	Current	Proposed	Proposed	Proposed	Proposed	Proposed				
4"	\$41.44	\$7.74	\$8.05	\$8.37	\$8.70	\$9.05				
6"	\$41.44	\$22.47	\$23.37	\$24.31	\$25.28	\$26.29				
8"	\$41.44	\$47.88	\$49.80	\$51.79	\$53.86	\$56.01				
10"	\$41.44	\$86.11	\$89.55	\$93.13	\$96.86	\$100.73				
Volumetric Rates										
	Current	Proposed	Proposed	Proposed	Proposed	Proposed				
All Customers										
Tier 1	\$6.19	\$5.73	\$5.96	\$6.20	\$6.45	\$6.71				
Tier 2	\$6.66	\$7.31	\$7.60	\$7.90	\$8.22	\$8.55				
Tier 3	\$6.66	\$7.34	\$7.63	\$7.94	\$8.26	\$8.59				
Agricultural										
PSAWR Domestic	\$6.50	\$6.70	\$6.97	\$7.25	\$7.54	\$7.84				
PSAWR Discount	\$-1.49	\$-1.49	TBD	TBD	TBD	TBD				

Typical Monthly Bill Impacts

- Does not include future pass-throughs
- In years two through five, the bill impacts would be the same as the revenue adjustment (4%) before pass-throughs

Type of Customer	Use (hcf)	(\$)	(%)
3/4" Typical SFR Customer	12	\$2.41	1.7%
3/4" Low Water Use SFR Customer	6	-\$1.49	-1.5%
3" Nursery	572	\$353.82	8.3%
4" Government Agency	1,403	\$888.39	8.9%
6" School	1,060	\$387.09	4.5%

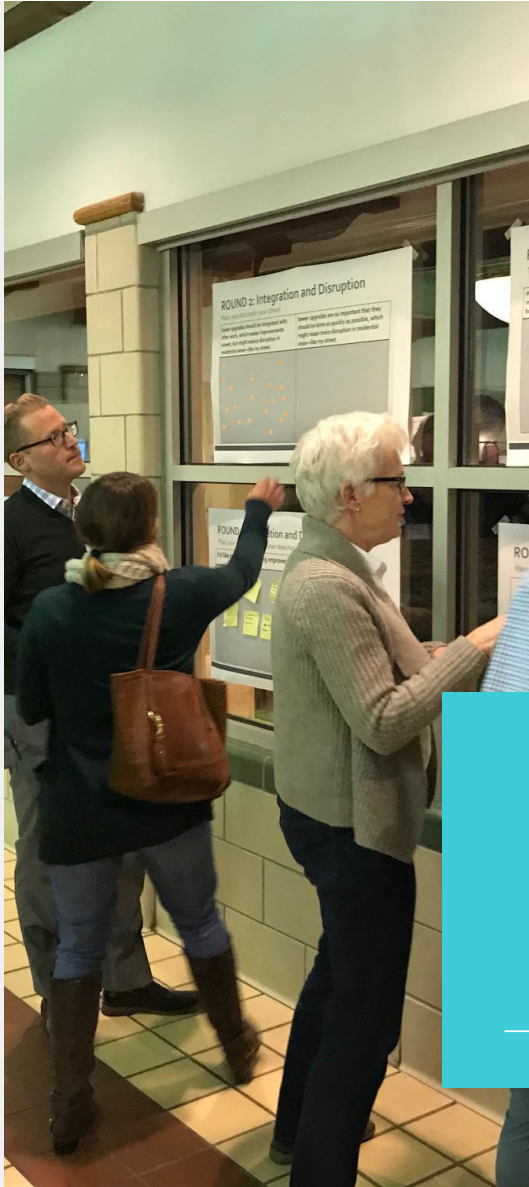
SDCWA Pass Through Effective 01/01/26

- Water Rate Study does not include the pass through effective 01/01/26 except in the Appendix D and E.

Description	Current Rate	Water Rate Study Proposed Rate Increase/Decrease	Water Rate Study Proposed Volumetric Rate	SDCWA Pass Through Increase	Total Rate
Tier 1	\$6.19	(0.46)	\$5.73	\$0.28	\$6.01
Tier 2	\$6.66	\$0.65	\$7.31	\$0.48	\$7.79
Tier 3	\$6.66	\$0.68	\$7.34	\$0.48	\$7.82
Agricultural Programs Only					
PSAWR Domestic	\$6.50	\$0.20	\$6.70	\$0.40	\$7.10
PSAWR Discount					(1.64)

Timeline

Description	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Mail 218 Notice (45 Day notice period begins)	8/27							
Open House/Town Hall (Saturday 10:30-12pm)		9/13						
Open House/Town Hall (Thursday 5:30-7pm)		9/18						
Objection Close			10/15					
Objection Board Meeting				11/5				
Public Hearing				11/19				
Effective Date of Rates						1/1		
New Rates on Billings								3/1



Next Steps

- Receive and consider the Water Rate Study
- Instruct Staff to send out the Notice of Public Hearing (Proposition 218)
- Set a Public Hearing for Objection Process November 5, 2025
- Set a Public Hearing to consider adjustments to water rate and service charges for November 19, 2025.



Thank you

Contacts

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Vista Irrigation District
1391 Engineer Street
Vista, CA 92081-8840

NOTICE OF PUBLIC HEARING

Notificación de Audiencia Pública



**Notice of Public Hearing to Consider
Proposed Adjustments to Water Rates and Service
Charges**

**9 a.m. Wednesday, November 19, 2025
Vista Irrigation District Board Room
1391 Engineer Street
Vista, CA 92081**

***Aviso de audiencia pública para considerar
los ajustes propuestos a las tarifas de agua y
los cargos por servicio***

Este aviso está disponible en español en el sitio web.



(760) 597-3100



RateStudy@vidwater.org



vidwater.org/water-rate-study/



NOTICE TO PROPERTY OWNERS AND CUSTOMERS

This Notice is being provided to you by the Vista Irrigation District (District) in accordance with Article XIII D, Section 6 of the California Constitution (Proposition 218), which requires the District to notify property owners and customers of record of proposed water rate adjustments. This notice is being provided to inform property owners and customers of the proposed changes and their right to protest and/or object to proposed adjustments to water rates and charges. This serves as notice that the District's Board of Directors will conduct a **Public Hearing to consider the proposed rate adjustments on Wednesday, November 19, 2025, at 9 a.m. or soon thereafter, in the Board Room at its Administrative Office at 1391 Engineer Street, Vista, CA 92081.**

All those interested are invited to appear at the time and place of the Public Hearing on November 19, 2025, to give oral or written testimony or to submit written protests regarding the proposed rate adjustments. The Board of Directors will hear and consider oral testimony and written materials submitted regarding proposed rate adjustments at the Public Hearing. The Board of Directors has the authority to adjust the proposed water rate changes in response to oral testimony and written materials submitted for consideration, provided any adjustments cannot increase rates beyond those proposed in this Notice.

PROPOSED EFFECTIVE DATE

If adopted, the water rates and service charges would be effective on January 1, 2026, with annual rate adjustments effective on or after each January 1 through 2030. The District bills for water services in arrears; therefore, water bills received on or after March 1, 2026, will reflect the adjusted rates for the customer's billing period (which may be monthly or bi-monthly) prior to that date.

REASONS FOR PROPOSED WATER RATE ADJUSTMENTS - The Need for Rate Adjustments to Ensure a Reliable Water System

The District must continually invest in its water system to maintain safe and reliable service. Water services are funded primarily by customer rates with every dollar collected going toward the operation, maintenance, repair and improvement of the water system. Periodic evaluations and adjustments are necessary to address infrastructure needs, inflation and regulatory mandates. Responsible financial planning and appropriate funding are essential to maintaining and improving our water system.

The District retained the services of a third-party consulting firm, Raftelis Financial Consultants, Inc., to complete a comprehensive cost of service/water rate study to make certain that revenues being collected are sufficient to only cover, and not exceed, the cost of operating, maintaining and upgrading the water system. To ensure financial stability and continued service reliability, rate adjustments are recommended to address inflation, the rising cost of purchased water, parts and materials, compliance with stringent state and federal regulations, repair and replacement of aging water infrastructure, and financing the construction of large capital projects, such as the Pechstein Reservoir roof replacement, construction of the new Pechstein II reservoir, and replacement of the 100-year-old Vista Flume.



The Pechstein Reservoir stores treated water from the Escondido-Vista Water Treatment Plant, delivered via the Vista Flume, and serves as the main hub for distributing that water throughout the District's service area. It was constructed in the mid-1920s as an open-surface reservoir that was replaced in 1978 with the current 20-million-gallon pre-stressed concrete reservoir. Given the reservoir's age and its critical role in daily operations, several studies to assess its condition found that while the main tank structure is still in good shape, the roof needs to be replaced. Replacing the reservoir roof is a significant challenge because the reservoir supplies nearly 50 percent of the District's total water storage and cannot be taken offline for long periods. To address this, the District plans to build a new Pechstein II Reservoir to add up to 10 million gallons of additional storage. This new reservoir is essential to allow the existing reservoir to be taken offline for roof replacement, improve operational flexibility, and meet storage goals outlined in the 2018 Water Master Plan. The current total estimated cost to build the Pechstein II Reservoir, replace the roof, and complete other necessary repairs to the existing reservoir is about \$67 million.

Questions About this Notice and Proposed Rates?

INFORMATIONAL OPEN HOUSES ABOUT PROPOSED RATES

If you have questions about this Notice, proposed rates or your water service, the District is hosting two informational open houses prior to the Public Hearing on November 19, 2025. Each open house will feature a series of stations staffed by subject matter experts who will be available for one-on-one conversations. The same content will be covered in each session. Please drop in at your convenience.

Informational Open Houses Vista Irrigation District 1391 Engineer Street, Vista, CA 92081

- **Saturday, September 13
10:30 a.m. to 12 p.m.**
- **Thursday, September 18
5:30 to 7 p.m.**

The Vista Flume, originally built in the 1920s, has undergone several major upgrades to extend its lifespan and improve performance. Nearly a century later, the Flume is nearing the end of its useful life. In 2019, the District initiated a study to evaluate potential water supply alternatives and whether the Flume should be replaced or decommissioned. Numerous factors were considered including cost, reliability, water quality, environmental protection and the long-term benefits of maintaining access to our local water resources at Lake Henshaw. In April 2020, the District Board selected Flume replacement as the preferred long-term water supply strategy. The estimated cost, including planning, design, and construction, is approximately \$263 million. The District finished initial study and planning and is preparing for the next phase, which includes final design, environmental review, and construction planning.



The Flume, 2016

The proposed rate adjustments will ensure sufficient revenue to cover operating and capital expenses, allowing the District to maintain the high-quality service customers expect. As costs for maintaining water facilities continue to rise, these adjustments are critical to sustaining a dependable water system for years to come.

PROPOSED WATER RATE AND SERVICE CHARGE INCREASES



The Water Rate Study Report is available at vidwater.org/water-rate-study and on file with the District. Scan this QR Code to be taken directly to the webpage.

The District is proposing the Service Charges (Table 1) and the Water Usage Rates (Tables 2 and 3) with annual increases over five years as identified below.

Service Charge (also known as Ready-To-Serve Charge)

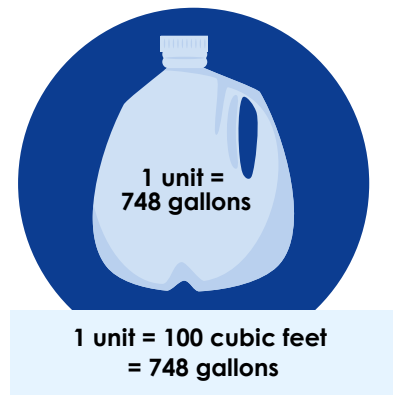
Table 1. Proposed Five-Year Schedule of Monthly Water Meter Service Charges and Private Fire Service Charges by meter size, effective January 1 of each calendar year (CY) 2026 through 2030. The increase effective January 1, 2026, is based on the cost of service analysis (see Water Rate Study Report Section 1.3), and each proposed increase thereafter is 4% each year. **Voluntarily locked meters will be billed at 100% of the service charge listed below.**

Meter Size	Current	1/1/2026	1/1/2027	1/1/2028	1/1/2029	1/1/2030
5/8"	\$41.44	\$39.80	\$41.39	\$43.04	\$44.76	\$46.55
3/4"	\$54.67	\$55.94	\$58.17	\$60.50	\$62.92	\$65.43
1"	\$80.78	\$88.22	\$91.75	\$95.42	\$99.23	\$103.20
1.5"	\$146.63	\$168.91	\$175.67	\$182.69	\$190.00	\$197.60
2"	\$225.36	\$265.75	\$276.38	\$287.44	\$298.93	\$310.89
3"	\$435.40	\$523.98	\$544.94	\$566.74	\$589.41	\$612.99
4"	\$671.55	\$814.49	\$847.07	\$880.96	\$916.20	\$952.85
6"	\$1,590.38	\$1,621.47	\$1,686.33	\$1,753.79	\$1,823.94	\$1,896.89
8"	\$2,115.68	\$2,589.84	\$2,693.44	\$2,801.17	\$2,913.22	\$3,029.75
10"	\$3,165.82	\$3,719.61	\$3,868.39	\$4,023.13	\$4,184.05	\$4,351.41
Private Fire Charges						
5/8" to 3"	\$41.44	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
4"	\$41.44	\$7.74	\$8.05	\$8.37	\$8.70	\$9.05
6"	\$41.44	\$22.47	\$23.37	\$24.31	\$25.28	\$26.29
8"	\$41.44	\$47.88	\$49.80	\$51.79	\$53.86	\$56.01
10"	\$41.44	\$86.11	\$89.55	\$93.13	\$96.86	\$100.73

Water Usage Rates

Table 2. Proposed Five-Year Schedule of Water Volumetric Rates (increases/decreases) for calendar years (CY) 2026 through 2030. The volumetric rate is in dollars per unit (\$/hcf).

	Current	CY 2026	CY 2027*	CY 2028*	CY 2029*	CY 2030*
Tier 1	\$6.19	\$6.01	\$6.24	\$6.48	\$6.73	\$6.99
Tier 2	\$6.66	\$7.79	\$8.08	\$8.38	\$8.70	\$9.03
Tier 3	\$6.66	\$7.82	\$8.11	\$8.42	\$8.74	\$9.07



*Volumetric rates shown in CYs 2027 through 2030 do not include the San Diego County Water Authority pass-through increases/decreases (see explanation of pass-through charges below).

Table 3. Proposed Five-Year Schedule of Water Volumetric Rates (increases and decreases) for calendar years (CY) 2026 through 2030 **for the Permanent Special Agricultural Water Rate (PSAWR) discount program only**. Under PSAWR, the San Diego County Water Authority (SDCWA) provides a discount in exchange for an interruptible, lower level of service during times of water supply shortages or emergency water reductions. The volumetric rate is in dollars per unit (\$/hcf).

Agricultural Programs Only*	Current	CY 2026	CY 2027*	CY 2028*	CY 2029*	CY 2030*
PSAWR Domestic usage	\$6.50	\$7.10	\$7.37	\$7.65	\$7.94	\$8.24
PSAWR Discount**	(\$1.49)	(\$1.64)	TBD	TBD	TBD	TBD

*Volumetric rates shown in CYs 2027 through 2030 do not include the SDCWA pass-through increases/decreases.

**The PSAWR program discount rate is calculated after rates are adopted annually by SDCWA. Customers receiving the current discount (\$1.49) pay \$5.01 per unit; customers receiving the discount in CY 2026 (\$1.64) will pay \$5.46 per unit; and PSAWR discounts for future years will be set when calculated.

Pass-through of San Diego County Water Authority Rate and Charge Increases or Decreases

Based on Government Code section 53756, the District is authorized to pass-through increases in wholesale water costs to its customers. The District purchases wholesale water from SDCWA, which includes the proportionate costs of construction and maintenance of regional storage, delivery, and treatment infrastructure necessary to ensure reliable water delivery to District customers.

SDCWA's wholesale costs for CY 2026 are incorporated in the Water Usage Rates in Tables 2 and 3 for CY 2026. The Water Usage Rates in Tables 2 and 3 for CY 2027 through CY 2030 will be subject to future increases based on a pass-through of wholesale water costs from SDCWA.

The SDCWA Infrastructure Access Charge (IAC), shown as the Emergency Storage Fee on customer bills, will not increase on January 1, 2026. Any future increases or decreases in the SDCWA IAC will be passed through to customers. For each calendar year after receiving updated wholesale costs from SDCWA, the District will provide notice to customers at least 30 days prior to the effective date of the change.

Additional details regarding proposed water rates, including the formula for this pass-through rate for CY2026, can be found in the Water Rate Study available on the website at vidwater.org/water-rate-study. Use the QR Code in this notice to go directly to the webpage.

Water Bill Calculator

A water bill calculator is available on the District's rate study website linked in this Notice. Input your monthly water usage, and the calculator will show you how the proposed adjustments will affect your monthly bill. You will need to know your billing cycle length (monthly or bi-monthly), meter size, and how much water you use during a billing cycle. It is helpful to have a prior bill available to fill in the required information. The calculator will calculate your bill using the proposed January 1, 2026, rates and charges.



Customer Service

If you need assistance in determining how the proposed changes in water rates and service charges impact your water bill, you may also contact the District's Customer Service Department at (760) 597-3120 during regular office hours, 8 a.m. to 5 p.m. Monday through Friday excluding holidays.



SUBMITTING A WRITTEN PROTEST OR WRITTEN OBJECTION

The proposed increases in water rates and service charges are considered property-related fees and charges governed by Section 6 of Article XIII D of the California Constitution, Government Code sections 53750 through 53759.2, and other applicable laws that together are commonly referred to as Proposition 218. There are multiple ways that property owners and customers subject to the proposed rates and charges as well as any other interested members of the public can participate in the Proposition 218 process.

HOW TO SUBMIT A WRITTEN PROTEST

You have the right to protest the proposed water rate and service charge adjustments. The protest **must be in writing**, and it must be submitted by either the property owner or a current rate-paying tenant. It must include the property service address and/or the assessor's parcel number, the eligible individual's name (property owner or tenant), a statement to the effect of "I protest the proposed water rate adjustments," and an original signature.

Written protests **may only be submitted by mail** to the Vista Irrigation District Board Secretary at 1391 Engineer Street, Vista, CA 92081, **or in person** at the District's Administration Office prior to or during the Public Hearing on Wednesday, November 19, 2025, at 9 a.m. in the Board Room at the Vista Irrigation District, 1391 Engineer Street, Vista, CA 92081. **All protests must be received by the Board of Directors before the conclusion of the Public Hearing.** Any protest received after the conclusion of the Public Hearing will not be accepted or considered.

Only one written protest per affected property will be counted. Telephone, e-mail, and fax protests will not be accepted. At the Public Hearing on Wednesday, November 19, 2025, the Board of Directors will accept and consider all written protests and hear all oral comments on the proposed water rate and service charge changes. Oral comments will not be counted as protests unless accompanied by a written protest as outlined in this Notice.

At the conclusion of the Public Hearing, the Board of Directors will consider adopting the proposed rates and charges as follows:

1. If the District receives timely written protests from property owners or customers representing fewer than a majority of the properties served by the District, the Board of Directors will consider adjusting water rates and service charges as proposed.
2. If the District receives timely written protests from property owners or customers representing a majority (50% +1) of the properties served by the District, the District is prohibited by law from changing its water rates and service charges at this time.

If adopted, the proposed water rates and charges will take effect beginning January 1, 2026. Reasons for the rate adjustments, the basis upon which they were calculated, and the amount of the proposed water rates are described in more detail in the Water Rate Study Report at vidwater.org/water-rate-study.

EXHAUSTION OF ADMINISTRATIVE REMEDIES - HOW TO SUBMIT A WRITTEN OBJECTION

Notice is hereby given that any person who wishes to object to the proposed water rates and charges must first file a written legal objection as described below **no later than 5 p.m., Wednesday, October 15, 2025**. Legal objections will only be considered valid if they meet the following procedural and substantive requirements:

- Legal objections **must be in writing and mailed or hand delivered to the Vista Irrigation District Board Secretary** at 1391 Engineer Street, Vista, CA 92081.
- The District Board Secretary must receive your written legal objections no later than 5 p.m., Wednesday, October 15, 2025. **Note that this date is earlier than the deadline to receive written protests.**
- Legal objections must include the following information:
 - Objector's name, parcel number, and/or service address.
 - A statement that your communication constitutes a legal objection.
 - A description of the nature of the legal objection, with sufficient specificity to allow District staff to respond in writing. The objection must state the specific grounds for concerns with the proposed water rates, fees, assessment or charges and why they do not comply with the law, and more specifically, Proposition 218. The objection should include the desired resolution or outcome. A statement that the proposed water rates and charges violate Proposition 218 without an explanation as to the basis of your claim is not sufficient to constitute a legal objection.

At its meeting on Wednesday, November 5, 2025, at 9 a.m. in the Board Room of its Administration Building (1391 Engineer Street, Vista, CA 92081), the Board of Directors will consider and the District shall respond in writing to any timely legal objections. The District's responses shall explain the substantive basis for retaining or altering the proposed water rates, fees, assessments or charges in response to legal objections, including any reasons to reject requested changes. The Board of Directors will consider all timely written legal objections, along with the District's response, and determine whether clarifications or further review or reduction or abandonment of the proposed water rate increases is warranted.

Limitations for Challenging Proposed Rates

You are hereby notified that, in order to file a judicial action or legal proceeding to challenge the proposed rates described in this Notice, you must file a timely written legal objection, and you must commence the action or proceeding within 120 days of the District's approval of the rates.

Failure to submit a timely written legal objection bars any right to challenge the proposed rates through a judicial action or legal proceeding. (Government Code Section 53759.1(b).)

There is a 120-day statute of limitations for judicially challenging the rates set forth in this Notice that runs from the date of the District action to approve the rates, and any legal action is limited to the issues raised in a timely legal objection. (Government Code Section 53759.)

How is the District funded?

The District's water service is primarily funded through customer rates. Customer payments support the District's ability to deliver high-quality, reliable water services while remaining environmentally responsible for the resources in our care. The District is committed to good governance, fiscal accountability, and transparency, with systems and policies in place to uphold the trust of our customers.

What do water rates pay for?

The District uses industry-leading best practices to ensure a resilient water future. Revenue from water rates is reinvested into infrastructure to maintain system reliability and ensure continuous operations and service delivery. We are currently investing funds in projects, including:

- Maintenance and repair of critical infrastructure, such as water reservoirs, pump stations, and groundwater wells, including ongoing projects like the Lonsdale mainline pipe replacement project, rehabilitation of the Deodar Reservoir, and the Edgehill Reservoir replacement and pump station project.
- Maintaining more than 429 miles of water pipelines to ensure water delivery to homes and businesses.
- Maintaining, repairing, and replacing more than 3,800 fire hydrants.
- Hiring and retaining highly skilled, qualified, and licensed staff to operate the water system and conduct water quality monitoring.

These investments ensure that Vista Irrigation District continues to meet the community's water needs reliably and sustainably.

Can the District earn a profit?

No. By law, we cannot charge customers more than it costs to provide the service. The City's public utility systems are governed by the City Council; we do not have shareholders or pay dividends.

Will this rate study account for future inflation?

Yes. The financial analysis anticipates inflation. The District recognizes the impact of record inflation and continues to take fiscally responsible action amid the ever-increasing impacts that state, national, and international decisions have on our economy.

The purpose of a five-year rate study is to adjust for differences between expected and actual expenses and income. It helps determine the revenue needed over the next five years to cover costs, address any surpluses or shortfalls, and ensure reserves remain healthy.

Revenue from rates must also fund reserves to handle unforeseen events, like emergency repairs or droughts, and to meet debt obligations. Reserve funds are not used for routine District expenses. The rate study looks ahead with projected costs and expected increases over the next five to 10 years, aiming to keep the budget balanced and prepared for the future.

What happens if rates are not raised?

Water is a core service necessary for a healthy community and public safety. If rates are not raised, it would negatively impact the reliability and quality of our water delivery system. Critical projects, such as repairs and replacement of our pipes, pump stations, wells, nearly 100-year-old, 11-mile long Vista Flume and reservoirs could not happen. Any delays in implementing these projects would increase the risk of water service interruptions and even infrastructure failures, increase long-term costs and could lead to greater regulatory oversight by state and federal permitting agencies. Ensuring reliable water service and public health relies on continual investments in our infrastructure and water supply systems.

What is the difference between a protest and an objection?

A written protest is the property owner's ability to express their disagreement with the rate increase and requires no formal explanation for the basis of their protest. If a majority of the property owners/ratepayers within the District's service area protest, the new rates cannot be put in place.

An objection may only be made in writing and must specifically state why the proposed rate increases do not comply with the law, and more specifically, Proposition 218. Prior to the Public Hearing on water fees, the Board of Directors will consider all timely written objections, along with staff's responses, and determine whether clarifications, further review, or reduction or abandonment of the proposed water fees are warranted.

If the proposed rates are adopted following the Public Hearing, there is a 120-day statute of limitations for challenging the proposed water rates in court. The 120-day statute of limitations will begin on the date the rates are adopted or the date the resolution adopting the rates goes into effect, whichever is later, and any legal action is limited to the issues raised in a timely submitted objection.

Who do I contact if I have questions about proposed rates or my bill?

The Water Rate Study can be found on the District website listed and linked below. To request a hard copy, please call Customer Service at (760) 597-3100 or email RateStudy@vidwater.org. More information can be found on the webpage, including videos, additional FAQs, and the water bill calculator.

 (760) 597-3100

 RateStudy@vidwater.org



vidwater.org/water-rate-study