

SPECIAL POINTS OF INTEREST:

- ◆ The journey of your water
- ◆ 20% reduction by the year 2020
- ◆ What your rates consist of and future rates
- ◆ Protect your blue planet

H₂O CONVERSIONS IN GALLONS:

- ◆ 1 Acre-Foot = 325,851
- ◆ 1 Unit = 748
- ◆ 100 Cubic Feet = 748

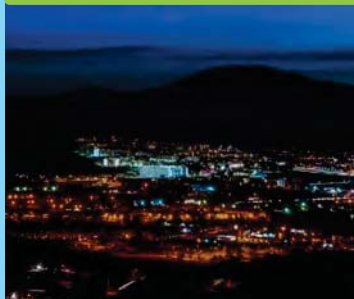
AREAS OF SERVICE:



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Fiscal Year starts July 1 and ends June 30



Our District

For over 55 years, the Vallecitos Water District (VWD) has been your water and wastewater specialists providing water, wastewater, and reclamation services to San Marcos, the community of Lake San Marcos, and parts of Carlsbad, Escondido and Vista.

Formed in 1955 as a water-only district by a group of local citizens to answer the shrinking water table in the San Marcos and Twin Oaks valleys, the San Marcos County Water District grew as an independent, special district. State law defines a special district as "any agency of the state for the local performance of governmental or proprietary functions within limited boundaries." In plain language, a special district is a separate local government that delivers a limited number of public services to a geographically limited area.

Today, with a new name and

extended focus, VWD currently serves a population of approx. 94,000 within a 45-square-mile boundary in north San Diego County.

Guided by a comprehensive Master Plan, Vallecitos Water District is committed to providing exceptional and sustainable services at the lowest possible cost.

Our Mission

The mission of Vallecitos Water District is to serve as water and wastewater specialists, providing exceptional and sustainable services.

The District will continue to provide exceptional and sustainable services by:

- ◆ Proactively, innovatively, and continuously improving the quality and efficiency of our operations and service;
- ◆ Supporting and retaining highly trained staff that is knowledgeable, engaged, team oriented and respon-

sive to the community and other agencies;

- ◆ Providing support for the good of the region to remain a respected and active industry partner, and;
- ◆ Providing continuous outreach and education to our customers on issues and topics that impact the services we provide and our role as water and wastewater specialists.

Our Facilities



Headquarters



Meadowlark Water Reclamation



Water Systems & Reservoirs



Sewer Systems & Maintenance

Water Works

CITIZEN-CENTRIC REPORT FOR FISCAL YEAR 2012

How you get your water...



It travels 242 miles from the Colorado River and 444 miles from the San Joaquin-Sacramento Delta.

Metropolitan Water District of Southern California (MWD) distributes approx. 1.7 billion gallons per day.

Vallejitos Water District purchases 100% of its water from San Diego Water Authority.

45% of San Diego Water Authority supply is purchased from MWD. The rest is received from various sources.

Water is transported and stored in Vallejitos Water District's 20 potable reservoirs totaling 121.6 million gallons.

Water is constantly pumped from the reservoirs through 323 miles of pipe to homes and businesses without interruption.



...is more than just a turn of the faucet

Fiscal Year 2012 Statistics

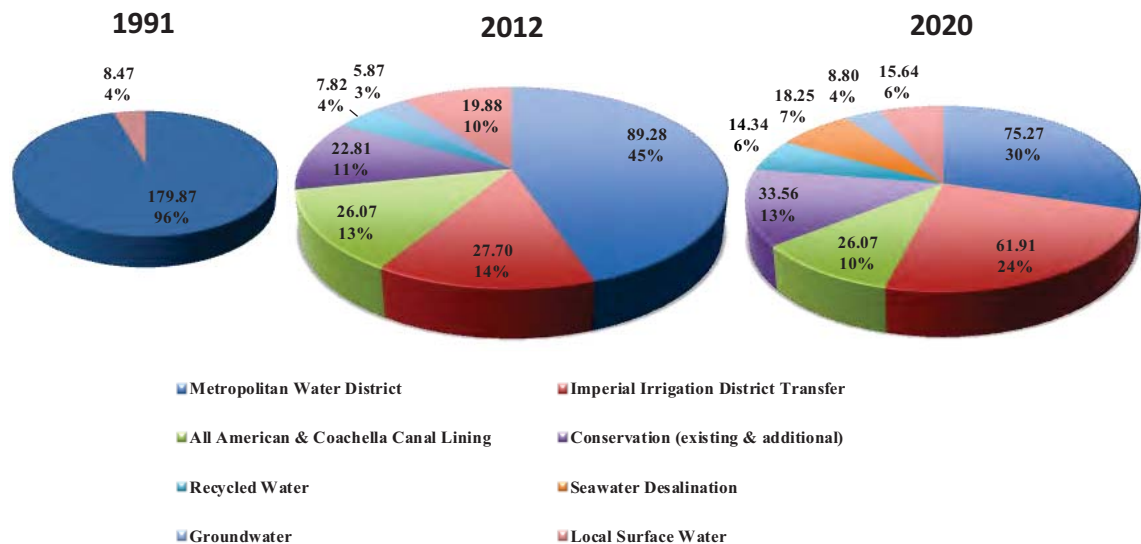
Water:

- ◆ 20,826 actively billed customers
- ◆ 14,259 acre-feet of water sold
- ◆ 62% sales for residential
- ◆ 8% sales for agricultural
- ◆ 19% sales for landscape irrigation
- ◆ 9% sales for commercial and industrial
- ◆ 2% sales for other categories
- ◆ 121.6 million gallons operational storage
- ◆ 9 pump stations
- ◆ 323 miles of pipe
- ◆ 20 potable reservoirs

Sewer:

- ◆ 19,995 actively billed customers
- ◆ 4 lift stations
- ◆ 272 miles of pipe

Water Supply Diversification (In Billions of Gallons)



The charts above show the Water Authority's progress in diversifying supplies from 1991 to 2012, and goals for 2020. By 2020 the goal is to reduce the region's reliance on the Metropolitan Water District of Southern California, the Water Authority's largest supplier, to about 30 percent. The Water Authority will

also get about 30 percent of its supply from long-term Colorado River transfers including the water conservation and transfer agreement with the Imperial Irrigation District and water-conserving canal-lining agreements in the Imperial and Coachella Valleys.

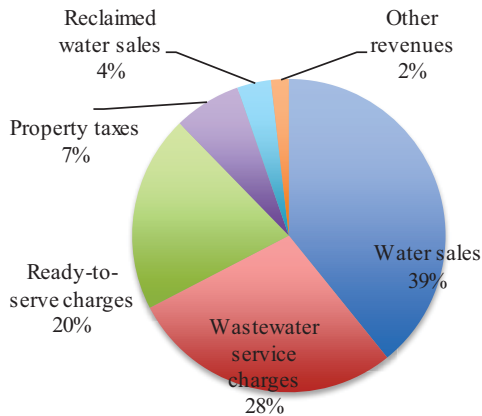
*Retrieved from <http://www.sdcwa.org>

Revenues and Expenses (In Thousands of Dollars)

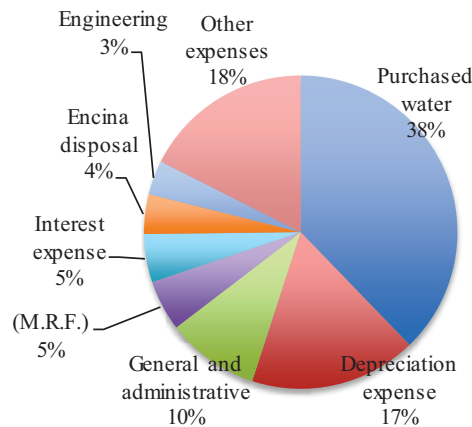
Revenues	2011/2012	2010/2011	% Change
Water sales	\$ 19,165	\$ 17,298	10.8%
Wastewater service charges	13,780	12,856	7.2%
Ready-to-serve charges	9,946	9,081	9.5%
Property taxes	3,397	2,246	51.3%
Reclaimed water sales	1,711	1,604	6.6%
Other revenues	896	983	-8.8%
Total Revenues	\$ 48,894	\$ 44,067	11.0%

Expenses	2011/2012	2010/2011	% Change
Purchased water	\$ 19,107	\$ 16,469	16.0%
Depreciation expense	8,714	8,221	6.0%
General and administrative	4,842	5,225	-7.3%
Meadowlark Reclamation Facility (M.R.F.)	2,654	3,117	-14.9%
Interest expense	2,511	2,646	-5.1%
Encina disposal	2,078	2,098	-0.9%
Engineering	1,784	2,078	-14.1%
Other expenses	8,878	9,249	-4.0%
Total Expenses	\$ 50,569	\$ 49,102	3.0%

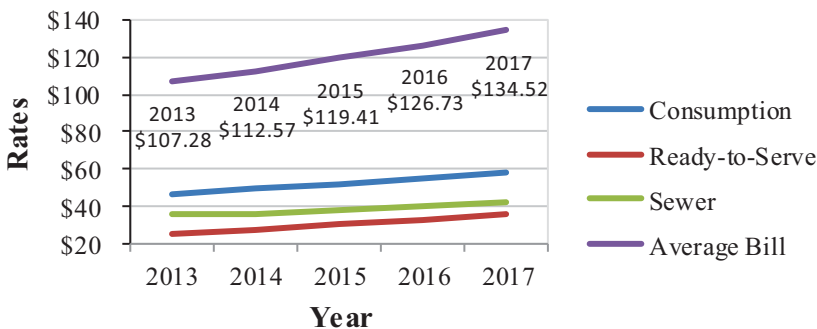
2011/2012 Revenues



2011/2012 Expenses



Water Rates (Current and Projected)



“Whenever the people are well-informed, they can be trusted with their own government.”

-Thomas Jefferson

Audit Opinion

An independent audit was conducted, resulting in a clean audit opinion. Complete financial information can be found on our website at:

<http://www.vwd.org/Financials>

Credit Ratings

Fitch: AA+ with a stable outlook

S&P: AA with a stable outlook. “Very strong capacity to meet financial commitments.”

Why Rates Increase

Rates increase for many various reasons. In order to provide the highest satisfaction to the ratepayers of the Vallecitos Water District, rates will continue to increase to meet the demands.

Some common reasons that lead to rate increases are:

- Wholesale costs of water purchased from San Diego Water Authority is increasing
- Providing continued reliability
- Increased regulatory requirements
- Replacement of aging infrastructure
- Power and water transportation costs

The best way to reduce your water bill is to CONSERVE!

What's Next

FUTURE OPPORTUNITIES AND CONSERVATION

Conserving Water

Without a major water source nearby, we must use our water wisely to maintain our quality of life and ensure dependable future supplies. Wise-water habits can easily be integrated into your daily routine both indoors and outdoors. It is as simple as turning off the faucet.

On average a household uses over 10,000 gallons a month and one of the biggest uses is watering landscape. Efficient irrigation is a challenge, but we could make it easier for you. Visit our "Public Info/Irrigation System Maintenance" page for information on system maintenance throughout the year! Or perhaps, the landscape calculator can help you better schedule irrigation times for your lawn or garden! Do you work better person-to-person?

Call VWD's Conservation Department at (760) 744-0460, ext. 238, to schedule a FREE Landscape Survey!

Conservation Tips

- ◆ Use weather based irrigation systems
- ◆ Use high-efficiency clothes washers
- ◆ Use rotating sprinkler nozzles
- ◆ Use CA friendly/native plants
- ◆ Consider replacing seldom-used turf areas, since turf is the thirstiest plant in our area
- ◆ Check all inside/outside piping for leakage

* The items highlighted in blue are available for "Conservation Rebates"

"Giving Citizens Numbers They Can Understand"

Citizen-centric financial reporting is a way for governments to improve transparency and accountability.

Many governments struggle to communicate the business of government to residents, particularly when presenting how ratepayers' money is allocated and spent.

Association of Government Accountants (AGA) believes that these reports will make governments more accountable to their citizens, and will help Americans become better educated and better able to participate in government activities.

What would you like to see?

The measures in this Citizen-Centric Report were included based on the input we received from a group of citizens from the community.

What would you like to see in this report? Please let us know by sending an email to the listed email address below.

Upcoming Events

- ◆ Award winning Water Academy tours
- ◆ Board meetings

Our Future

Desalination Project

After years of planning, construction has started on building the Western Hemisphere's largest desalination plant at a site located near the Encina Power Station in Carlsbad. The facility, capable of supplying 50 million gallons per day of de-salted ocean water safe for human consumption, will take water from Carlsbad's Aqua Hedionda Lagoon, process it, and then distribute it through a 54-inch pipeline 10 miles eastward before being delivered to your faucet.

By 2016 this site will not only anchor a state-of-the-art, reverse osmosis facility, but a portion of Vallecitos' water supply that is safe, environmentally friendly, sustainable and



drought proof from a nearby, endless source. Vallecitos will receive 3,500 acre feet (1 acre foot equals 325,851 gallons) or approximately 1 billion gallons of water the plant produces annually to complement the imported water the District receives from the Colorado River and Northern California.



Vallecitos Water District

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