

OTAY WATER DISTRICT

BOARD OF DIRECTORS MEETING  
DISTRICT BOARDROOM

2554 SWEETWATER SPRINGS BOULEVARD  
SPRING VALLEY, CALIFORNIA

**WEDNESDAY**  
**November 7, 2012**  
**3:30 P.M.**

**AGENDA**

1. ROLL CALL
2. PLEDGE OF ALLEGIANCE
3. APPROVAL OF AGENDA
4. WATER CONSERVATION GARDEN UPDATE (JOHN BOLTHOUSE, EXECUTIVE DIRECTOR, AND RICHARD WRIGHT, PRESIDENT, BOARD OF DIRECTORS)
5. PUBLIC PARTICIPATION – OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO SPEAK TO THE BOARD ON ANY SUBJECT MATTER WITHIN THE BOARD'S JURISDICTION BUT NOT AN ITEM ON TODAY'S AGENDA

**CONSENT CALENDAR**

6. ITEMS TO BE ACTED UPON WITHOUT DISCUSSION, UNLESS A REQUEST IS MADE BY A MEMBER OF THE BOARD OR THE PUBLIC TO DISCUSS A PARTICULAR ITEM:
  - a) ADOPT RESOLUTION NO. 4205 TO AUTHORIZE THE GENERAL MANAGER TO IMPLEMENT REQUIREMENTS OF THE CALIFORNIA PUBLIC EMPLOYEES' PENSION REFORM ACT OF 2013, WHICH WILL BECOME EFFECTIVE JANUARY 1, 2013; AND ADOPT RESOLUTION NO. 4206 TO AMEND RETIREE HEALTH BENEFITS FOR UNREPRESENTED EMPLOYEES HIRED ON OR AFTER JANUARY 1, 2013
  - b) ADOPT ORDINANCE NO. 536 AMENDING THE DISTRICT'S CODE OF ORDINANCES SECTION 2.01, AUTHORITY OF THE GENERAL MAN-

AGER, TO FORMALIZE THE GENERAL MANAGER'S OR DESIGNEE'S AUTHORITY TO MANAGE COLLECTION ACTIVITIES

- c) APPROVE A 3-YEAR O&M AGREEMENT WITH SOFTCHOICE CORPORATION FOR MICROSOFT SOFTWARE LICENSE SUPPORT IN THE AMOUNT OF \$250,638.00, CONSISTING OF THREE (3) ANNUAL PAYMENTS OF APPROXIMATELY \$83,546.00
- d) APPROVE A PROFESSIONAL AS-NEEDED GEOTECHNICAL SERVICES CONTRACT WITH SOUTHERN CALIFORNIA SOIL & TESTING, INC. IN AN AMOUNT NOT-TO-EXCEED \$175,000 FOR A PERIOD OF THREE (3) FISCAL YEARS (FY 2013 TO FY 2015)
- e) APPROVE CREDIT CHANGE ORDER NO. 1 TO THE EXISTING CONTRACT WITH GARCIA JUAREZ CONSTRUCTION, INC. IN THE AMOUNT OF <\$22,040.00> FOR THE CALAVO GARDENS SEWER REHABILITATION PROJECT

#### ACTION ITEMS

- 7. FINANCE, ADMINISTRATION AND INFORMATION TECHNOLOGY
  - a) APPROVE THE DISTRICT'S AUDITED FINANCIAL STATEMENTS, INCLUDING THE INDEPENDENT AUDITORS' UNQUALIFIED OPINION, FOR FISCAL YEAR ENDED JUNE 30, 2012 (KOEPPEN)
- 8. BOARD
  - a) DISCUSSION OF 2012 AND 2013 BOARD MEETING CALENDAR

#### INFORMATIONAL ITEMS

- 9. THE FOLLOWING ITEMS ARE PROVIDED TO THE BOARD FOR INFORMATIONAL PURPOSES ONLY. NO ACTION IS REQUIRED ON THE FOLLOWING AGENDA ITEMS:
  - a) INFORMATIONAL REPORT ON THE EMERGENCY REPAIR COST FOR A MAIN BREAK AT THE 1400 BLOCK OF TELEGRAPH CANYON ROAD (WATTON)
  - b) INFORMATIONAL REPORT ON THE PROPOSED APPLICATION TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA (CPUC) BY SAN DIEGO GAS & ELECTRIC (SDG&E) FOR THE AUTHORITY TO UPDATE MARGINAL COSTS, COST ALLOCATION, AND ELECTRIC RATE DESIGN (KENNEDY)





**STAFF REPORT**

TYPE MEETING:	Regular Board	MEETING DATE:	November 7, 2012
		PROJECT:	Various DIV.NO. ALL
SUBMITTED BY:	Kelli Williamson Human Resources Manager		
APPROVED BY:	<input checked="" type="checkbox"/> Rom Sarno, Chief of Administration <input checked="" type="checkbox"/> German Alvarez, Asst. General Manager <input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	ADOPT RESOLUTION #4205 TO AUTHORIZE THE GENERAL MANAGER TO IMPLEMENT THE REQUIREMENTS OF THE CALIFORNIA PUBLIC EMPLOYEES' PENSION REFORM ACT OF 2013 AND ADOPT RESOLUTION #4206 TO AMEND RETIREE HEALTH BENEFITS FOR UNREPRESENTED EMPLOYEES HIRED ON OR AFTER JANUARY 1, 2013		

**GENERAL MANAGER'S RECOMMENDATION:**

Adopt Resolution #4205 to authorize the General Manager to implement the requirements of the California Public Employees' Pension Reform Act of 2013 which will become effective January 1, 2013 and Resolution #4206 to amend Retiree Health Benefits for Unrepresented Employees hired on or after January 1, 2013.

**COMMITTEE ACTION:**

See Attachment A.

**PURPOSE:**

To request that the Board of Directors authorize the General Manager to take steps necessary to implement the requirements of the California Public Employees' Pension Reform Act of 2013.

## **ANALYSIS:**

The California Public Employees' Pension Reform Act of 2013 (PEPRA) was signed into law on September 12, 2012 and will become effective on January 1, 2013. The purpose of the law is to lower the overall cost of pensions in California.

The following is a summary of some of the key provisions of the new law:

- New members are defined as any employee new to any public retirement system on or after 1/1/13, an individual who moved between retirement systems without reciprocity, or an individual who moved between retirement systems with more than a six month break in service
- New members will have the following Pension Plan effective 1/1/13:
  - 2% @ 62, up to 2.5% @ 67, early retirement 1% @ 52
  - Final compensation based on highest 36 months of employment
  - Cap based on the social security limit (2012 limit is \$110,100)
  - Requires that all new members are offered the same retiree health benefits vesting schedule
  - New members must pay at least 50% of the Normal Cost of Benefits
- Requires employer to contribute the same percentage for all employees (upon negotiating a new labor agreement)
- Prohibits purchase of non-qualified service after 12/31/12, retro-active Pension increases, and enhanced supplemental Defined Benefit Plans
- Sets limits to Post-Retirement Public Employment
- Certain Felony convictions forfeit pension benefits

CalPERS is working to get information to the employers as soon as possible, given that the law goes into effect on January 1, 2013. Because of the fast-approaching effective date of the new provisions, the General Manager requests that the Board of Directors authorize the General Manager to take any and all steps necessary to implement the requirements of the California Public Employees' Pension Reform Act of 2013 to be in compliance with the law on January 1, 2013 including, but not limited to, executing documents required by CalPERS, implementing Memorandum of Understanding Side Letter Agreements, and instituting a uniform retiree health vesting schedule for all employees hired after January 1, 2013.

Resolution #4205

This Resolution authorizes and directs the General Manager to take any and all actions necessary to implement the required changes, including, but not limited to, adopting resolutions required by CalPERS, and entering into a Side Letter Agreements with the District's Represented Employees.

Resolution #4206

This Resolution authorizes an amendment to the Retiree Health Benefits for Unrepresented Employees hired on or after January 1, 2013 pursuant to the California Public Pension Reform Act of 2013. The current Memorandum of Understanding states that the District's Represented Employees require 20 years of employment, while the District's Unrepresented Employees, Resolution #4183, require 15 years of employment in order to receive Retiree Health Benefits at retirement. In order to provide an equal vesting schedule for all employees hired on or after January 1, 2013, newly-hired Unrepresented Employees will require 20 years of employment in order to receive Retiree Health Benefits.

Employee Association

The District will meet and discuss the required new provisions with The Otay Water District Employees Association as necessary and implement any required Side Letter Agreements.

**FISCAL IMPACT:**             Joe Beachem, Chief Financial Officer

There will be no reduction to the existing unfunded liability for the Pension. There will be small savings in the Annual Required Contribution in the short term; however, it will take time for any material savings to appear depending on how much turnover agencies have. Representatives from CalPERS indicate that it will be 25-30 years to realize significant savings.

With regard to Retiree Health Benefits, the increase in vesting period for Unrepresented Employees hired after January 1, 2013 will be provided to the Actuary and included in future actuarial studies that are conducted every two years. The savings is also likely to be small in the short term and will increase over time.

**STRATEGIC GOAL:**

N/A

**LEGAL IMPACT:**

N/A

Attachments: Attachment A - Committee Action  
Attachment B - Resolution #4205  
Attachment C - Resolution #4206  
Attachment D - Powerpoint Presentation



## ATTACHMENT A

<b>SUBJECT/PROJECT:</b>	ADOPT RESOLUTION #4205 TO AUTHORIZE GENERAL MANAGER TO IMPLEMENT REQUIREMENTS OF THE CALIFORNIA PUBLIC EMPLOYEES' PENSION REFORM ACT OF 2013 WHICH WILL BECOME EFFECTIVE JANUARY 1, 2013 AND RESOLUTION #4206 TO AMEND RETIREE HEALTH BENEFITS FOR UNREPRESENTED EMPLOYEES HIRED ON OR AFTER JANUARY 1, 2013
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### COMMITTEE ACTION:

The Finance, Administration and Communications Committee reviewed this item at a meeting held on October 23, 2012 and the following comments were made:

- Staff indicated that the State Governor has signed into law the California Public Employees' Pension Reform Act of 2013 which becomes effective on January 1, 2013.
- The objective of the pension reform is to lower the overall cost of pension in California. It was indicated that there is more of an impact on new employees/members than on current employees/members. New members are defined as an individual:
  - Who becomes a new member to any public retirement system on or after January 1, 2013
  - Who moved between retirement systems where there is no reciprocity
  - Who moved between retirement systems with more than six (6) months break in service

If none of these conditions apply, then the individual is considered a current member.

- Staff reviewed the changes implemented by the new Reform Act:
  - Benefit formulas have been reduced and retirement ages have been increased for new members:
    - o 2% at age 62 up to a maximum of 2.5% at age 67
    - o The new minimum retirement age is 52 with 1%

The current benefit formulas for current members is 2.7% at age 55 with a minimum retirement age of 50 with 2%

- It requires final compensation to be based on the highest three-year average for new members. Current members final compensation is based on the highest single year average.
- It caps earnable compensation for calculating pension benefits for new members. The cap for 2012 is \$110,100 for those agencies who are in Social Security (this is 100% of the social security limit) and for those not in Social Security, the 2012 cap is \$132,120. These caps are subject to change based on the CPI each year. The cap for current members is \$250,000 with a COLA up to 2% based on CPI each year. Staff noted that there have been years in the past when the District's retirees did not receive a COLA as the CPI did not reflect inflationary impacts on goods and services.
- Requires new members to pay at least 50% of the Normal Cost of Benefits or the current contribution rate of similarly situated employees, whichever is greater. Staff is waiting to receive this figure from CalPERS which is expected sometime in December. The District's current employees are contributing 8%, which will likely be more than 50% of the Normal Cost of Benefits for new members.
- Requires the agency to contribute the same percentage for all employees (upon the negotiation of a new labor agreement). The District's current MOU is scheduled to expire in June 2013. The District is not impacted by this new requirement as its employees are already contributing the full 8%.
- Requires that new members be offered the same retiree health benefits vesting schedule. The District's current vesting schedule for unrepresented is 15 years and represented employees vest in 20 years. Starting January 1, 2013, all new hired employees' (unrepresented and represented) retiree health benefits vesting schedule will be the same; 20 years.
- The following provisions apply to all members:
  - o The purchase of non-qualified service credits ("Air Time") will be prohibited after December 31, 2012. The District has provided a notice to staff to advise

them of this new provision so those interested in purchasing "Air Time" may submit their applications before the end of the year.

- o Prohibits employers from creating their own benefits plan structure that is equivalent to the provisions that the law just changed.
- o Prohibits retroactive pension increases. If agencies make changes to their existing plan, it may only become effective going forward and cannot be implemented retroactively.
- o Sets limits to Post-Retirement Public Employment. If there is less than a six (6) month break in service, the employment of a retiree must be approved by the agency's board in open session. If there is a six (6) month break in service, retirees may be hired subject to:
  - ✓ The need for an emergency required service or for skills needed to perform work for a limited time duration.
  - ✓ The retiree may not have received unemployment within 12 months.

This prevents a retiree from collecting both pension benefits and a salary by requiring that the retiree "unretire" before he/she may be hired back.

- o Pension benefits are forfeited if an individual is convicted of certain felony offenses for conduct arising out of an employee's duties (ie. bribery, etc.). This prevents employees, who are convicted of bribery or other felony charges (arising from their duties), from collecting pension checks while serving time.
- Staff will meet and discuss the required new provisions with the District's Employees Association as necessary and implement any required Side Letter Agreements.
- The committee inquired if there are any potential concerns by the Association with the implementation of the law. Staff indicated that they did not feel that there would be any concerns.

Following the discussion, the Finance, Administration and Communications Committee supported staffs' recommendation and presentation to the full board as a consent item.

RESOLUTION NO. 4205

RESOLUTION OF THE BOARD OF DIRECTORS  
OF OTAY WATER DISTRICT TO AUTHORIZE  
THE GENERAL MANAGER TO IMPLEMENT  
REQUIREMENTS OF CALPERS RELATED TO CALIFORNIA  
PUBLIC EMPLOYEES' PENSION REFORM ACT OF 2013

WHEREAS, the California state legislature recently enacted the California Public Employees' Pension Reform Act of 2013 (the "Act"); and

WHEREAS, the Act goes into effect on January 1, 2013 and requires a number of changes to the employee benefits provided by the Otay Water District ("District") to both new and existing employees; and

WHEREAS, in order to comply with the January 1, 2013 effective date for some of the changes required by the Act, a number of actions will likely be required, including, but not limited to, adopting resolutions required by CalPERS, and entering into side letter agreements with the District's Represented Employees, prior to January 1, 2013,

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Otay Water District authorizes and directs the General Manager to take any and all actions necessary to implement the changes required by the California Public Employees' Pension Reform Act of 2013.

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President

ATTEST:

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Secretary

APPROVED AS TO FORM:

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District Counsel

I HEREBY CERTIFY that the foregoing Resolution No. 4205 was duly adopted by the BOARD OF DIRECTORS of the OTAY WATER DISTRICT at a regular meeting thereof held on the 7<sup>th</sup> day of November, 2012 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

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District Secretary

RESOLUTION NO. 4206

RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
OTAY WATER DISTRICT TO AMEND  
RETIREE HEALTH BENEFITS FOR UNREPRESENTED  
EMPLOYEES HIRED ON OR AFTER JANUARY 1, 2013,  
PURSUANT TO THE CALIFORNIA PUBLIC EMPLOYEES'  
PENSION REFORM ACT OF 2013

WHEREAS, in July and August of 2011, the Otay Water District ("District") approved changes to the level of Retiree Health Benefits for both Unrepresented and Represented Employees; and

WHEREAS, subsequent to the approval and implementation of said retiree health benefits, the California Public Employees' Pension Reform Act of 2013 (the "Act") was enacted; and

WHEREAS, the District endeavors to comply with the Act, including newly added Government Code section 7522.40 relating to health benefit vesting schedules; and

WHEREAS, the District's Represented Employees require 20 years of employment under the current Memorandum of Understanding while the District's Unrepresented Employees require 15 years of employment under the current resolution in order to receive Retiree Health Benefits at retirement and, in order to provide an equal health benefit vesting schedule for all employees hired after January 1,

2013, Unrepresented Employees hired on or after January 1, 2013 will all require 20 years of employment; and

WHEREAS, this Resolution is intended only to identify the above changes to the Unrepresented Employees' Retiree Health Plan and is in no way intended to nor shall it affect all other compensation and benefits for Unrepresented Employees, as documented in other policies, procedures, resolutions and other documents which specifically identify such compensation and benefits, and which compensation and benefits shall remain in full force and effect unless specifically set forth herein,

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Otay Water District as follows:

1. That the Board of Directors hereby approves the changes to retiree health benefits for any Unrepresented Employees hired on or after January 1, 2013. These employees will be required to have 20 years of service instead of 15 years of service in order to receive the Retiree Health Benefits; and

2. The effective date of this resolution shall be November 7, 2012.

BE IT FURTHER RESOLVED that the Board authorizes and directs the appropriate staff of the District to take any and all actions necessary to implement the above-referenced changes.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Otay Water District at a regular meeting held this 7<sup>th</sup> day of November, 2012.

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President

ATTEST:

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Secretary

APPROVED AS TO FORM:

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District Counsel

I HEREBY CERTIFY that the foregoing Resolution No. 4206 was duly adopted by the BOARD OF DIRECTORS of the OTAY WATER DISTRICT at a regular meeting thereof held on the 7<sup>th</sup> day of November, 2012 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

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District Secretary

# THE CALIFORNIA PUBLIC EMPLOYEES' PENSION REFORM ACT OF 2013 (PEPRA)

October 2012

# Pension Reform Summary

- ▣ Will go into effect January 1, 2013
- ▣ Objective is to lower the overall cost of pensions in California
- ▣ More impact on new employees/members than current employees/members

# New Members

- ▣ New members defined as:
  - New to any public retirement system on or after 1/1/13; or
  - An individual who moved between retirement systems without reciprocity; or
  - An individual who moved between retirement systems with more than six months break in service

# Pension Reform Overview

- ▣ Reduced Benefit Formulas and Increased Retirement Ages (New Members)
  - 2% at age 62 up to max of 2.5% at age 67
  - New minimum retirement at age 52 with 1%
- ▣ (Current Members - 2.7% at age 55 with minimum retirement at age 50 with 2%)

# Pension Reform Overview

- ▣ Requires Three-Year Final Compensation (New Members)
  - Final compensation based on the highest three-year average for New Members
  - (Current Members - Final compensation based on the highest single year average)

# Pension Reform Overview

- ▣ **Cap Compensation Earnable for Calculating Pension Benefits (New Members)**
  - For 2012 cap is \$110,100 for those in Social Security
  - For 2012 cap is \$132,120 for those not in Social Security
  - Adjusted by CPI each year
  - (Current Members – Cap at \$250,000; Up to 2% COLA each year unless Agency contracts for higher level)

# Pension Reform Overview

- ▣ Requires all New Members to pay at least 50% of the Normal Cost of Benefits, or the current contribution rate of similarly situated employees, whichever is greater
- ▣ Requires employer to contribute the same percentage for all employees (upon negotiating a new labor agreement)

# Retiree Health Benefits

- ▣ Requires that all New Members are offered the same retiree health benefits vesting schedule
  - Current Employees
    - ▣ Unrepresented – 15 years
    - ▣ Represented – 20 years
  - New Employees – 20 years for Represented/Unrepresented

# Pension Reform Overview

- ▣ Additional Provisions that Apply to All Members:
  - Prohibits Purchase of Non-qualified Service after 12/31/12 (“Air Time”)
  - Prohibits Enhanced Supplemental Defined Benefit Plans
  - Prohibits Retroactive Pension Increases
  - Sets Limits to Post-Retirement Public Employment
  - Certain Felony Convictions Forfeit Pension Benefits

# Employees Association

- ▣ The District will meet and discuss the required new provisions with the Association as necessary and implement any required Side Letter Agreements.

# General Manager's Recommendation

- ▣ Authorize the General Manager to implement requirements of the California Public Employees' Pension Reform Act of 2013
  - Adopt Resolution #4205 to authorize the General Manager to implement requirements of the Act which will become effective January 1, 2013
  - Adopt Resolution #4206 to amend Retiree Health Benefits for Unrepresented Employees hired on or after January 1, 2013



**STAFF REPORT**

TYPE MEETING:	Regular Board	MEETING DATE:	November 7, 2012	
		PROJECT:	DIV.	All
			NO.	
SUBMITTED BY:	Alicia Mendez Schomer, Customer Service Manager			
APPROVED BY:	<input checked="" type="checkbox"/> Joseph R. Beachem, Chief Financial Officer  <input checked="" type="checkbox"/> German Alvarez, Assistant General Manager  <input checked="" type="checkbox"/> Mark Watton, General Manager			
SUBJECT:	Adopt Ordinance No. 536 Amending the District's Code of Ordinances Section 2.01, Authority of the General Manager, to Formalize the General Manager's or Designee's Authority to Manage Collection Activities			

**GENERAL MANAGER'S RECOMMENDATION:**

That the Board adopt Ordinance No. 536 amending the District's Code of Ordinances Section 2.01, Authority of the General Manager, to formalize the General Manager's or designee's authority to manage collection activities.

**COMMITTEE ACTION:**

See Attachment A.

**PURPOSE:**

To clarify the General Manager's or designee's authority to waive payments, reduce payments, or extend payment plans for amounts due the District. These collection efforts are authorized only when it is in the best interest of the District. This change does not apply to or limit corrections for billing or meter reading errors, as outlined in Section 33.07 Adjustment for Meter Inaccuracies.

**ANALYSIS:**

The General Manager has broad authority to control the administration, maintenance, operation and construction of the water

and sewer systems and facilities of the District in an efficient manner. The inclusion of this language in Section 2.01, Authority of the General Manager, ensures that the Code of Ordinances expressly provides authority to the General Manager or his designee to oversee the collection efforts of all amounts due the District. These efforts are already a part of the District's collection efforts and this recommended code change only memorializes the authority in a more direct fashion. In the sections below, the internal and external collection efforts are described, along with the existing payment arrangement process.

### **Internal Collection Efforts**

Partnered to every billing process is the collection effort. The District's finance department, more specifically the customer service division, has been responsible for the collection efforts since the District's inception. The District has had great success in the area of collections due in large part to the ability of the District to shut-off water service. This level of success is shared by most utilities. Below is a listing of the various collection efforts used by the District:

1. **Late Penalty** Section 34.02 of the Code of Ordinances authorizes a late payment charge of 5% of the total delinquent amount. This charge is applied if full payment is not made on or before the due date as printed on the customer's bill. In FY2012, Otay collected \$763,578.00 in late fees.

2. **Lock Process**

- Late notice message on current bill
- Post card mailed
- Courtesy call made (one call or two)
- Account locked

Otay has approximately 50,000 accounts. On average, staff mails 1,750 postcards per month. The approximate cost of each postcard is \$0.74, which includes printing, mailing and preparation by customer service representatives. An automated courtesy call is made after the postcard is sent and prior to the lock day. There is no additional fee to the District for making this call as it is a standard feature of our phone system. The District makes approximately 900 of these automated calls a month. An average of 370 accounts are locked per month. The cost of locking is offset by the \$35 lock fee assessed to the customer.

Based on these numbers, about 3.5% of Otay's customers are sent a delinquent postcard each month and .74% of customers are locked every month. Over 80% of customers sent a postcard pay their past due balance before they are locked.

### **3. Lien Process**

Owners who have closed accounts and have a balance greater than \$100 are put into the lien process. In addition, any locked owner accounts (still active in our system) with a past due amount of more than \$100 are added to this process. These owners are first sent an "Intent to Lien" letter requesting payment. If their payment is not received in 30 days, staff files a lien with the County.

Each lien processed costs the District approximately \$8.00 in staff time and postage. Otay processes between 130 and 185 "Intent to Lien" letters a year and about 30% of customers pay after receiving this letter. The District collects on approximately 90% of its liens.

### **4. Collection via Property Tax Bills**

Using the same criteria as the regular lien process, Otay recovers outstanding owner balances through the property's annual tax bill. This listing is mainly comprised of three groups of customers: (1) Unpaid sewer only accounts (2) Customers with wells on their property who fail to pay the monthly flat fee service, and (3) Owners with unpaid balances and no current account. On May 31<sup>st</sup> of each year, Otay compiles a list of owner accounts that are either closed or locked with a balance greater than \$100. These owners are sent a letter stating that the account balance must be paid in 30 days or the balance will be rolled over to their property tax bill. In early July, owners that have not paid are sent a second letter notifying them that the balance has been sent to the County and will appear on their next property tax bill. In 2011, Otay sent 112 accounts totaling \$35,231.76 in outstanding balances to the County. To date, the District has received \$34,102.72. This is a collection rate of almost 97%. The cost of processing the tax liens is approximately \$2.30 per account in staff time and postage.

### **5. Late Notices for Closed Accounts**

Working with IT, customer service staff developed a new notice to send to customers after their account has been closed and a balance remains. This process began March 1<sup>st</sup>. Customers who have closed their accounts and have not paid their balance by the due date are sent a final bill. Currently, over 70% of customers pay after receiving this notice. The cost of this notice is approximately \$1.10 in staff time and postage. Because this process was recently implemented, the full impact to the collection process cannot be determined. Based on preliminary results, staff anticipates that it will reduce the number of accounts being sent to outside collection agencies. Prior to this process being implemented, staff would review reports and manually send copies of closing bills to customers with outstanding balances 30 days after their account had closed. This new notice is more than just a copy of an old bill,

it states that the account is delinquent and payment is needed immediately to avoid further action.

### **External Collection Efforts**

The District uses two external collection agencies. TekCollect is used for closed accounts that have provided a forwarding address. They provide what they call their Phase I collection activity. TekCollect will send three letters to attempt collection of the balance and do automated calling if the phone numbers the District provides are valid. They also report to credit bureaus for any balance over \$100.00. TekCollect charges the District \$7.00 per account for this service. Otay sends approximately 70 accounts to TekCollect each month. The District sent \$139,960.89 in uncollected accounts to TekCollect from April 2011 to March 2012 and recovered \$44,524.40. This is a recovery rate of 31.81%. If the fee of \$7.00 is deducted from the collection, the collection percentage is 27.39%.

Continental is used for closed accounts that have not provided a forwarding address, residential accounts with high balances, or commercial accounts. These accounts require a greater effort to locate and the service uses skip tracing, live calling, and internet research. Like TekCollect, they report to credit bureaus any balance greater than \$100. Continental Credit takes 40% of whatever they collect and reimburses Otay 60%. Staff sends approximately 60 accounts to Continental a month. From April 2011-March 2012, \$136,006.62 was sent to Continental. Total recovery was \$21,198.32 or 15.59%. From that total the 40% fee was kept by Continental, making Otay's recovery \$12,718.99 or 9.35%.

### **Current Payment Arrangement Process**

If the customer contacts the District during any of the above steps in the collection process and offers to pay any portion of the amount that is outstanding, standard industry accepted principals are used to maximize the collections success. These tools include waiving payments, reducing payments, and extending payment plans. These are only used when in the best interest of the District to increase the likelihood of collection.

As a matter of procedure, waivers or adjustments of fees and charges up to \$25 can be handled by any Customer Service Representative (CSR). Customer Service Representative II's and the Senior Representatives are given authority to handle amounts up to \$200. Waivers or adjustments through this level are executed by the CSRs and are all reviewed on a weekly basis by one of the Customer Service Managers. Amounts greater than \$200 but less than \$1,000 are verified and authorized by a Customer Service Manager prior to implementation. On a weekly basis, the Chief Financial Officer reviews amounts greater than \$200 but less than \$1,000. The General Manager authorizes amounts greater than \$1,000 but not more than \$10,000.

Whenever possible, outstanding amounts due the District are put on the customer's water or sewer account making the charges inseparable from the bill. This effort is the most cost effective as the collection process is in place for customer accounts.

Neighboring agencies all follow similar methods for collection recovery which are outlined in California Government Code sections:

- Section 60373 Notification prior to disconnect.
- Section 72101 Request for satisfactory payment arrangements.
- Section 72102 Authority to lien property for delinquent charges.

**Code of Ordinances**

The addition to Section 2.01 of the Code memorializes the existing process of collection. This clarifies the General Manager's or designee's authority to waive payments, reduce payments, or extend payment plans for amounts due the District. These collection efforts are authorized only when it is in the best interest of the District and ensures the efficient administration of the District's collections and claims activities.

**FISCAL IMPACT:**

None.

**STRATEGIC GOAL:**

Streamline customer service business processes.

**LEGAL IMPACT:**

None.

Attachments: Attachment A - Committee Action  
Attachment B - Ordinance No. 536  
Exhibit I - Strike-through Section 2.01  
Exhibit II - Proposed Section 2.01



## ATTACHMENT A

<b>SUBJECT/PROJECT:</b>	Adopt Ordinance No. 536 Amending the District's Code of Ordinances Section 2.01, Authority of the General Manager, to Formalize the General Manager's or Designee's Authority to Manage Collection Activities
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### COMMITTEE ACTION:

The Finance, Administration and Communications Committee reviewed this item at a meeting held on October 23, 2012 and the following comments were made:

- Staff wishes to formalize the General Manager's or his designee's authority to manage collection activities. The proposed code changes memorialize the existing collection process that is already in practice.
- It was indicated that the collection process begins with the forwarding of a bill to District customers. If a customer does not make payment by the due date on the bill, they will incur a late penalty fee of 5% of the customer's outstanding balance. This penalty is codified in the District's Code of Ordinances. If the customer does not pay his/her next bill, the next step in the collection process is to discontinue the customer's water service.
- Prior to discontinuing service, the District will send notices to the customer, place a message on follow-up bills, and place calls to the customer. If payment is not received, the customer's service will be discontinued.
- A majority of the time, when a customer's service is discontinued, they will make a payment on their account. However, in situations where the customer continues to not pay his/her bill, a lien would be placed on the property and once a year, the District could place the lien amount on the customer's property tax bill.
- In situations where the customer moves out of the District's service area, the ability to collect through discontinuing water service will no longer exist. The District will send the customer a follow-up bill to their forwarding address. If

payment is not received within a set period of time, the District then will utilize a collection agency.

- There are two agencies the District utilizes:
  - TekCollect is used for closed accounts that have provided a forwarding address.
  - Continental is used for closed accounts that have not provided a forwarding address, residential accounts with high balances, or commercial accounts.
- The committee inquired how collections are handled for properties that have tenants who are arrears in their payments. Staff indicated that in this situation there is the property owner and the owner of the account (the tenant). The owner of the account is ultimately responsible for the water bill. If the owner of the property has a tenant and the tenant leaves a bill, the District cannot go after the owner of the property. If the owner of a property, however, has tenants that historically leave without paying their bill, the District does have the option of placing the account in the owner's name. The owner then becomes responsible for their tenants' water bills. However, if it is the first time an owner has had a bad tenant, the owner cannot be held responsible and the District cannot turn the owner down to initiate service for a new tenant.
- If a bill is placed in the owner's name, they become the responsible party for their tenant's water bill. The District will collect payment from the owner in this case and can place a lien on the property for unpaid bills as the owner is the responsible party for the water bill. There are very few accounts with this situation.
- The District can also require a deposit on accounts that are chronically in arrears.
- The committee indicated that the District sends postcards each month to customers with delinquent accounts at a total cost of \$.74 per postcard and inquired why the District doesn't send emails instead with little or no cost. Staff indicated that emails are sent and it is a practice that is new. The District has collected approximately 80% of its customer email addresses and email is utilized for all options to contact customers; welcome letters, late payments and to notify customers that their account has been disconnected.
- It was clarified on page 3 of the Staff Report that the sentence, "Each lien processed costs the District approximately \$8.00 in

staff time and postage," does in fact cover all District cost. Additionally, it should be noted that the District pays no fees to the County, but only has internal costs related to filing a lien which is why it may appear that the cost is understated.

- Staff is requesting that the Board amend Section 2.01, Authority of the General Manager, of the District's Code of Ordinances memorializing the current collection practices.
- The proposed changes allows the General Manager to settle disputes/claims up to \$10,000 consistent with the authority the board has already granted the General Manager in other cases such as claims. This formalizes current collection practices within the District's Code of Ordinances.

Following the discussion, the Finance, Administration and Communications Committee supported staffs' recommendation and presentation to the full board as a consent item.

ORDINANCE NO. 536

AN ORDINANCE OF THE BOARD OF DIRECTORS OF  
THE OTAY WATER DISTRICT  
AMENDING SECTION 2.01, AUTHORITY OF THE GENERAL MANAGER

BE IT ORDAINED by the Board of Directors of Otay Water District that the District's Code of Ordinances Section 2.01, Authority of the General Manager, be amended as per Exhibit I (attached).

NOW, THEREFORE, BE IT RESOLVED that the new proposed Section 2.01, Authority of the General Manager (Exhibit II) of the Code of Ordinances shall become effective November 7, 2012.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Otay Water District at a regular meeting duly held this 7th day of November 2012, by the following roll call vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

\_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
District Secretary

CHAPTER 2 ADMINISTRATION OF THE DISTRICT

SECTION 2 MANAGEMENT OF THE DISTRICT

2.01 AUTHORITY OF THE GENERAL MANAGER

Pursuant to Sections 71362 and 71363 of the California Water Code, and other applicable laws of the State of California, the General Manager shall, subject to the approval and direction of the Board of Directors, operate and manage the affairs of the District. The General Manager shall have the following specifically enumerated powers and authority:

A. To control the administration, maintenance, operation and construction of the water and sewer systems and facilities of the District in an efficient manner.

B. To employ and discharge all employees and assistants, other than those referred to in Section 71340 of the California Water Code, and to prescribe their duties and promulgate specific rules and regulations for such employees and assistants.

C. To promulgate policies and procedures necessary to enhance the security of the District and increase the transparency of District operations, including provisions for the disclosure of conflicts of interest by employees.

D. To establish the terms and conditions for collection of receivables, thereby facilitating the efficient administration of the District's receivables. The General Manager or designee is given this authority as well as the authority to waive, adjust, or reduce any receivable for amounts up to \$10,000.

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~~DE~~. To execute agreements, contracts, other documents, or commitments on behalf of the District where the amount involved does not exceed \$50,000, provided that Public Works Contracts shall be awarded in compliance with applicable laws.

~~EF~~. To approve change orders to agreements, contracts, or other commitments on behalf of the District. If the underlying contract is awarded by the General Manager pursuant to paragraph 2.01-~~DE~~ above, the cumulative value of the approved change orders and the underlying agreement, contract, or commitment shall not exceed the General Manager's signatory authority established above. If the underlying contract is awarded by the Board, the General Manager may approve change orders thereto in an aggregate amount not exceeding the General Manager's signatory authority established above.

~~FG~~. To approve plans, specifications, maps and agreements, and any other documents involving land development projects within the District.

GH. To authorize the use of District Real Property by third parties if all the following conditions are met: (a) the consideration is less than the General Manager's authority; and (b) the proposed use consists of an easement, license, access permit or other use of a portion of the District Real Property that will not interfere with the existing or anticipated uses of the District Real Property for District purposes; and (c) either (i) the term of the proposed use is 10 years or less, or (ii) the entity proposing to use the District Real Property is a regulated utility, governmental entity or not-for profit organization. All uses of District Real Property not contemplated herein or specifically authorized in other sections of this Code of Ordinance shall be presented to the Board of Directors for consideration.

1. The General Manager may establish terms and conditions for the use of and access to District Real Property contemplated herein, including administrative charges.

2. The use of any District Real Property shall require consideration satisfactory to the General Manager, which may be monetary compensation in an amount equal to the fair market value of the proposed use plus an administrative charge or may be in the form of a real property interest or other equivalent compensation or use.

3. "District real property" means and includes real property and interests thereon, such as fee interests, easements, licenses and other such interests acquired for various District purposes including but not limited to the construction, operation, access or maintenance of pipelines or other facilities necessary or convenient to the full exercise of the District's powers.

HI. To declare an emergency and, in such event, to have the additional powers specified in the District's emergency management plan, referred to as the National Incident Management System (NIMS), and below, pursuant to California Contract Code Section 22050. An emergency is a sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent and mitigate the loss or impairment of life, health, property, or essential public services.

1. In a declared emergency, the General Manager may direct employees, take action to continue or restore service capability, and execute any contracts for necessary equipment, services, or supplies directly related and required by the emergency. Notwithstanding the limits imposed in the prior paragraphs of this Section 2.01, or by any other policy or guideline of the District, in an emergency, the General Manager may award and execute contracts for goods, services, work,

facility or improvement, without bidding and without regard to said limits, provided that the goods, services, work, facilities or improvements acquired or contracted for are of an urgent nature, directly and immediately required by the emergency. Any contract for goods or services with a value of more than \$250,000 shall be subject to ratification by the Board at its first regularly scheduled meeting following the declaration of the emergency to which the contract relates. Any contract for work, facilities or improvements with a value of more than \$500,000 shall be subject to ratification by the Board at its first regularly scheduled meeting following the declaration of the emergency to which the contract relates.

2. The General Manager shall report to the Board not later than 48 hours after the emergency action or at the next regularly scheduled meeting, whichever is earlier. The report shall include the details of the emergency and reasons justifying the actions taken, and provide an accounting of the funds expended or yet to be expended in connection with the emergency.

3. If the emergency action continues for seven days and a regularly scheduled meeting will not occur within 14 days from the day the emergency action was taken, the General Manager shall request that the Board review the emergency action and determine by formal action if the need to take emergency action continues.

4. At each regularly scheduled meeting following the declaration of an emergency the Board may, by formal action and pursuant to a vote as required by Section 22050 of the Public Contract Code, determine if there is a need to continue the emergency action. If the Board does not determine that the emergency continues, the power to operate under emergency conditions will terminate and any new work, goods or services not yet procured shall be contracted or acquired in accordance with applicable provisions of this Code.

## 2.02 ORDER OF SUCCESSION

When the General Manager is going to be absent from the District, the General Manager is authorized to designate an Asst. General Manager to act on his behalf and said person shall have the same authority as the General Manager. Any long-term vacancies (over 30 days) shall be filled by vote of the majority of the Board.

## CHAPTER 2 ADMINISTRATION OF THE DISTRICT

SECTION 2 MANAGEMENT OF THE DISTRICT2.01 AUTHORITY OF THE GENERAL MANAGER

Pursuant to Sections 71362 and 71363 of the California Water Code, and other applicable laws of the State of California, the General Manager shall, subject to the approval and direction of the Board of Directors, operate and manage the affairs of the District. The General Manager shall have the following specifically enumerated powers and authority:

A. To control the administration, maintenance, operation and construction of the water and sewer systems and facilities of the District in an efficient manner.

B. To employ and discharge all employees and assistants, other than those referred to in Section 71340 of the California Water Code, and to prescribe their duties and promulgate specific rules and regulations for such employees and assistants.

C. To promulgate policies and procedures necessary to enhance the security of the District and increase the transparency of District operations, including provisions for the disclosure of conflicts of interest by employees.

D. To establish the terms and conditions for collection of receivables, thereby facilitating the efficient administration of the District's receivables. The General Manager or designee is given this authority as well as the authority to waive, adjust, or reduce any receivable for amounts up to \$10,000.

E. To execute agreements, contracts, other documents, or commitments on behalf of the District where the amount involved does not exceed \$50,000, provided that Public Works Contracts shall be awarded in compliance with applicable laws.

F. To approve change orders to agreements, contracts, or other commitments on behalf of the District. If the underlying contract is awarded by the General Manager pursuant to paragraph 2.01-E above, the cumulative value of the approved change orders and the underlying agreement, contract, or commitment shall not exceed the General Manager's signatory authority established above. If the underlying contract is awarded by the Board, the General Manager may approve change orders thereto in an aggregate amount not exceeding the General Manager's signatory authority established above.

G. To approve plans, specifications, maps and agreements, and any other documents involving land development projects within the District.

H. To authorize the use of District Real Property by third parties if all the following conditions are met: (a) the consideration is less than the General Manager's authority; and (b) the proposed use consists of an easement, license, access permit or other use of a portion of the District Real Property that will not interfere with the existing or anticipated uses of the District Real Property for District purposes; and (c) either (i) the term of the proposed use is 10 years or less, or (ii) the entity proposing to use the District Real Property is a regulated utility, governmental entity or not-for profit organization. All uses of District Real Property not contemplated herein or specifically authorized in other sections of this Code of Ordinance shall be presented to the Board of Directors for consideration.

1. The General Manager may establish terms and conditions for the use of and access to District Real Property contemplated herein, including administrative charges.

2. The use of any District Real Property shall require consideration satisfactory to the General Manager, which may be monetary compensation in an amount equal to the fair market value of the proposed use plus an administrative charge or may be in the form of a real property interest or other equivalent compensation or use.

3. "District real property" means and includes real property and interests thereon, such as fee interests, easements, licenses and other such interests acquired for various District purposes including but not limited to the construction, operation, access or maintenance of pipelines or other facilities necessary or convenient to the full exercise of the District's powers.

I. To declare an emergency and, in such event, to have the additional powers specified in the District's emergency management plan, referred to as the National Incident Management System (NIMS), and below, pursuant to California Contract Code Section 22050. An emergency is a sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent and mitigate the loss or impairment of life, health, property, or essential public services.

1. In a declared emergency, the General Manager may direct employees, take action to continue or restore service capability, and execute any contracts for necessary equipment, services, or supplies directly related and required by the emergency. Notwithstanding the limits imposed in the prior paragraphs of this Section 2.01, or by any other policy or guideline of the District, in an emergency, the General Manager may award and execute contracts for goods, services, work,

facility or improvement, without bidding and without regard to said limits, provided that the goods, services, work, facilities or improvements acquired or contracted for are of an urgent nature, directly and immediately required by the emergency. Any contract for goods or services with a value of more than \$250,000 shall be subject to ratification by the Board at its first regularly scheduled meeting following the declaration of the emergency to which the contract relates. Any contract for work, facilities or improvements with a value of more than \$500,000 shall be subject to ratification by the Board at its first regularly scheduled meeting following the declaration of the emergency to which the contract relates.

2. The General Manager shall report to the Board not later than 48 hours after the emergency action or at the next regularly scheduled meeting, whichever is earlier. The report shall include the details of the emergency and reasons justifying the actions taken, and provide an accounting of the funds expended or yet to be expended in connection with the emergency.

3. If the emergency action continues for seven days and a regularly scheduled meeting will not occur within 14 days from the day the emergency action was taken, the General Manager shall request that the Board review the emergency action and determine by formal action if the need to take emergency action continues.

4. At each regularly scheduled meeting following the declaration of an emergency the Board may, by formal action and pursuant to a vote as required by Section 22050 of the Public Contract Code, determine if there is a need to continue the emergency action. If the Board does not determine that the emergency continues, the power to operate under emergency conditions will terminate and any new work, goods or services not yet procured shall be contracted or acquired in accordance with applicable provisions of this Code.

## 2.02 ORDER OF SUCCESSION

When the General Manager is going to be absent from the District, the General Manager is authorized to designate an Asst. General Manager to act on his behalf and said person shall have the same authority as the General Manager. Any long-term vacancies (over 30 days) shall be filled by vote of the majority of the Board.



**STAFF REPORT**

TYPE MEETING:	Regular Board	MEETING DATE:	November 7, 2012
		PROJECT:	Various DIV.NO. ALL
SUBMITTED BY:	Geoff Stevens, Chief Information Officer		
APPROVED BY:	<input checked="" type="checkbox"/> German Alvarez, Assistant General Manager <input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	RENEWAL OF MICROSOFT ENTERPRISE SOFTWARE LICENSE		

**GENERAL MANAGER' S RECOMMENDATION:**

That the Board authorize the General Manager to enter into a three-year (3) O&M service agreement with Softchoice Corporation in the amount of \$250,638, consisting of three (3) annual payments of approximately \$83,546.

**COMMITTEE ACTION:**

Please see "Attachment A".

**PURPOSE:**

To authorize the purchase of Microsoft software license support, from Softchoice Corporation, for a three-year (3) period ending June, 30 2015.

**ANALYSIS:**

The Board may remember that in July 2012, as part of a group of contracts valued at over \$50,000 needing Board approval, the Board approved a one-year contract extension of our enterprise license for Microsoft Software. The cost was \$83,546. Unfortunately, staff should have identified this FY 2013 expense as the first year cost of a three-year (3) contract extension with a total three-year value of \$250,638. The level of expenditure for FY 2013 does not change and the item is budgeted in the O&M budget. As it is a three-year (3)

agreement, however, the total District commitment changes from \$83,546 for just one (1) year, to approximately \$250,638 for three (3) years.

While it is certainly possible to purchase a single year of support for our Microsoft software licenses, the extension of the current contract provides significant protection from further price increases and also preserves the lower cost renewal of our existing licenses. For example, our software license cost was reduced from \$130,000 in 2008 to \$75,000 in 2009 because the enterprise level contract had reached a "maintenance status". Failure to renew this contract as a three-year (3) contract extension would put these savings at risk, as well as price increases for major software upgrades.

**FISCAL IMPACT:**             Joe Beachem, Chief Financial Officer

This project will utilize budgeted funds from the IT operating budget of \$83,546 in the current year and a total commitment of \$250,638 over three (3) years. These proposed O&M expenditures are funded by General Fund operations.

**STRATEGIC GOAL:**

Cost-effective enterprise software is essential to District operations in meeting our strategic and operational objectives.

**LEGAL IMPACT:**

None.

Attachments:            Attachment A - Committee Action Report



## ATTACHMENT A

<b>SUBJECT/PROJECT:</b>	RENEWAL OF MICROSOFT ENTERPRISE SOFTWARE LICENSE
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### COMMITTEE ACTION:

The Finance, Administration and Communications Committee reviewed this item at a meeting held on October 23, 2012 and the following comments were made:

- In July 2012 staff had presented six (6) contracts, all of which were over \$50,000, for the board's approval. One of the contracts was for software services from Softchoice which was presented as a one (1) year agreement for \$83,546.
- It was indicated that the agreement should have been presented as a three (3) year agreement for \$250,638 (3 years x \$83,546). The District could move forward with a one (1) year agreement, but it would not protect the District adequately from further price increases. The District has software assurance which preserves the price reductions the District receives from MicroSoft. If the District enters into a new contract, causing a break in the contract, the District could lose its software assurance and could potentially pay higher fees on its existing licenses. By approving the contract as a three (3) year agreement it will preserve the price reductions and protect the District from further price increases.
- The funding for this contract is included in the Fiscal Year 2013 budget and there will be no change to the total being funded.
- The Softchoice contract covers the District's database software, MicroSoft Office Suite, control programs (which provides information on how the District's systems are operating), and SQL (operating systems for the servers); all core enterprise software that the District purchases from MicroSoft.
- When the District first purchased the Softchoice contract, the cost was \$130,000 annually. After the District had achieved the third year of the contract, it received a discount bringing the cost down to \$83,546 annually. Maintaining the contract, will preserve this discount.

- The District had bid the services with three (3) vendors and received identical pricing from each vendor as the pricing is guaranteed through the Western States Contracting Authority (WSCA).

Following the discussion, the Finance, Administration and Communications Committee supported staffs' recommendation and presentation to the full board as a consent item.

The above signatures attest that the attached document has been reviewed and to the best of their ability the signers verify that it meets the District quality standard by clearly and concisely conveying the intended information; being grammatically correct and free of formatting and typographical errors; accurately presenting calculated values and numerical references; and being internally consistent, legible and uniform in its presentation style.



**STAFF REPORT**

TYPE MEETING:	Regular Board	MEETING DATE:	November 7, 2012
SUBMITTED BY:	Jeff Marchioro Senior Civil Engineer  Ron Ripperger Engineering Manager	PROJECT:	VARIOUS DIV.NO. ALL
APPROVED BY:	<input checked="" type="checkbox"/> Rod Posada, Chief, Engineering <input checked="" type="checkbox"/> German Alvarez, Asst. General Manager <input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	Award of As-Needed Geotechnical Services Contract for Fiscal Years 2013 through 2015		

**GENERAL MANAGER'S RECOMMENDATION:**

That the Otay Water District (District) Board of Directors (Board) award a professional As-Needed Geotechnical Services contract to Southern California Soil & Testing, Inc. (SCST) and to authorize the General Manager to execute an agreement with SCST in an amount not-to-exceed \$175,000 for a period of three (3) fiscal years (FY 2013 through FY 2015).

**COMMITTEE ACTION:**

Please see Attachment A.

**PURPOSE:**

To obtain Board authorization for the General Manager to enter into a professional As-Needed Geotechnical Services agreement with SCST in an amount not-to-exceed \$175,000 for a period of (3) fiscal years (FY 2013 through FY 2015).

**ANALYSIS:**

The District will require the services of a professional geotechnical consultant in support of the District's Capital Improvement Program (CIP) for three (3) fiscal years. It is more efficient and cost effective to issue an as-needed contract for geotechnical services which will provide the District with the ability to obtain consulting services in a timely and efficient manner. This concept has also been used in the past for other disciplines such as engineering design, construction management, electrical, and environmental services.

The District will issue task orders to the consultant for specific projects during the contract period. The consultant will then prepare a detailed scope of work, schedule, and fee estimate for each task order assigned under the contract. Upon written task order authorization from the District, the consultant shall then proceed with the project as described in the scope of work.

The anticipated CIP projects that are estimated to require geotechnical services for the duration of this contract are listed below:

<b>CIP</b>	<b>DESCRIPTION</b>	<b>ESTIMATED COST</b>
P2453	SR-11 Utility Relocations	\$5,000
P2528	30-Inch Potable Water Pipeline Manifold at 624 Reservoirs	\$20,000
R2048	Otay Mesa Distribution Pipelines	\$50,000
S2024	Campo Road Sewer Main Replacement	\$15,000
S2033	Sewer System Various Locations Rehabilitation	\$20,000
S2040	Calavo Sewer Basin Improvements	\$20,000
S2041	Rancho San Diego Sewer Basin Improvements	\$20,000
<b>TOTAL:</b>		<b>\$150,000</b>

The geotechnical scopes of work for the above projects are estimated from preliminary information and past projects. Therefore, staff believes that a \$175,000 cap on the As-Needed Geotechnical Services contract is adequate, while still providing additional capacity for unforeseen support needs by the District.

This As-Needed Geotechnical Services contract does not commit the District to any expenditure until a task order is approved to perform work on a CIP project. The District does not guarantee work to the consultant, nor does the District guarantee that it will expend all of the funds authorized by the contract on professional services.

The District solicited geotechnical services by placing an advertisement on the Otay Water District's website on July 26, 2012 and with various other publications including the San Diego Daily Transcript. Nineteen (19) firms submitted a letter of interest and a statement of qualifications. The Request for Proposal (RFP) for As-Needed Geotechnical Services was sent to the nineteen (19) firms resulting in twelve (12) proposals received by September 12, 2012.

- Christian Wheeler Engineering
- Construction Testing & Engineering, Inc
- Fugro Consultants, Inc.
- GENTERRA Consultants, Inc.
- Group Delta Consultants
- Helenschmidt Geotechnical, Inc.
- Hushmand Associates, Inc.
- MTGL, Inc.
- Ninyo & Moore
- RMA Group, Inc.
- Southern California Soil & Testing, Inc.
- URS Corporation

The seven (7) firms that chose not to propose are Allied Geotechnical Engineers, Inc.; AMEC E&I; GEI Consultants, Inc.; Geocon Incorporated; Geo-Logic Associates; Twining, Inc.; and VO Engineering, Inc.

In accordance with the District's Policy 21, staff evaluated and scored all written proposals. SCST received the highest score for their services based on their experience, understanding of the scope of work, proposed method to accomplish the work, and their composite hourly rate. SCST was the most qualified consultant with the best overall rating or ranking. A summary of the complete evaluation is shown in Attachment B.

SCST submitted the Company Background Questionnaire as required by the RFP and staff did not find any significant issues. In addition, staff checked their references and performed an internet search on the company. Staff found the references to be excellent and did not find any outstanding issues with the internet search.

Based upon the review of all the hourly composite rates, staff did not negotiate with SCST to lower their proposed rates because their composite rate was below the average of the twelve (12) consultants that submitted proposals.

Staff has successfully worked with SCST in the past. SCST previously held the District's As-Needed Geotechnical Services agreements from January 2007 to June 2010.

**FISCAL IMPACT:**  Joe Beachem, Chief Financial Officer

The funds for this contract will be expended for a variety of projects, as previously noted above. This contract is for as-needed professional services based on the District's need and schedule, and expenditures will not be made until a task order is approved by the District for the consultant's services on a specific CIP project.

Based on a review of the financial budgets, the Project Manager anticipates that the budgets will be sufficient to support the professional as-needed consulting services required for the CIP projects noted above.

The Finance Department has determined that the funds to cover this contract are available as budgeted for these projects.

**STRATEGIC GOAL:**

This Project supports the District's Mission statement, "To provide high value water and wastewater services to the customers of the Otay Water District in a professional, effective, and efficient manner" and the District's Vision, "A District that is innovative in providing water services at affordable rates, with a reputation for outstanding customer service."

**LEGAL IMPACT:**

None.

P:\WORKING\As Needed Services\Geotechnical\FY 2013-2014\Staff Report\BD 11-7-12, Staff Report, As-Needed Geotech Services, (JM-RR).docx

JM/RR:jf

Attachments: Attachment A - Committee Action  
Attachment B - Summary of Proposal Rankings



## ATTACHMENT A

<b>SUBJECT/PROJECT:</b>	Award of As-Needed Geotechnical Services Contract for
VARIOUS	Fiscal Years 2013 through 2015

### **COMMITTEE ACTION:**

The Engineering, Operations, and Water Resources Committee reviewed this item at a meeting held on October 24, 2012. The following comments were made:

- Staff requested that the Board award a professional As-Needed Geotechnical Services contract to Southern California Soil & Testing, Inc. (SCST) and to authorize the General Manager to execute an agreement with SCST in an amount not-to-exceed \$175,000 for a period of three (3) fiscal years (FY 2013 through FY 2015).
- It was indicated that this contract is one of several As-Needed contracts actively administered by District staff and that the current As-Needed Geotechnical contract amount is nearly fully committed.
- Staff noted that an As-Needed Geotechnical consultant will be needed for upcoming CIP projects in FY 2013 and 2015. A detailed list of anticipated projects is included on page 2 of the staff report.
- Staff stated that in accordance with Policy 21, a Request for Proposal was advertised on July 26, 2012. Nineteen (19) firms submitted a letter of interest and twelve (12) firms submitted a proposal.
- It was indicated that five (5) staff members ranked the proposals and the result of the analysis are shown in Attachment B of the staff report.
- Staff stated that SCST received the highest score. It was noted that staff checked the firm's references, reviewed their Company Background Questionnaire form, and performed an internet search on the company and did not find any significant issues.

- It was noted that Staff had successfully worked with SCST in the past when the firm held the District's As-Needed Geotechnical Services agreements from January 2007 to June 2010.

Following the discussion, the EO&WR Committee supported staffs' recommendation and presentation to the full board as a consent item.

**ATTACHMENT B  
SUMMARY OF PROPOSAL RANKINGS  
As-Needed Geotechnical Services**

MAXIMUM POINTS	WRITTEN								REFERENCES	
	Qualifications of Team	Responsiveness and Project Understanding	Technical and Management Approach	INDIVIDUAL SUBTOTAL - WRITTEN	AVERAGE SUBTOTAL - WRITTEN	Proposed Rates*	Consultant's Commitment to DBE	TOTAL SCORE		
		30	25	30	85	85	15	Y/N	100	Poor/Good/Excellent
1. Christian Wheeler Engineering	Ronald Ripperger	26	24	26	76	78	14	Y	92	
	Dan Martin	28	24	28	80					
	Bob Kennedy	28	24	28	80					
	Daniel Kay	26	24	28	78					
	Kevin Cameron	27	23	28	78					
2. Construction Testing & Engineering, Inc	Ronald Ripperger	25	23	25	73	75	14	Y	89	
	Dan Martin	29	20	25	74					
	Bob Kennedy	28	23	28	79					
	Daniel Kay	26	23	27	76					
	Kevin Cameron	26	23	25	74					
3. Fugro Consultants, Inc.	Ronald Ripperger	25	21	23	69	67	1	Y	68	
	Dan Martin	25	22	22	69					
	Bob Kennedy	24	20	24	68					
	Daniel Kay	21	20	21	62					
	Kevin Cameron	23	21	22	66					
4. GENTERRA Consultants, Inc.	Ronald Ripperger	25	21	24	70	67	10	Y	77	
	Dan Martin	24	23	21	68					
	Bob Kennedy	24	20	24	68					
	Daniel Kay	22	21	21	64					
	Kevin Cameron	22	21	22	65					
5. Group Delta Consultants	Ronald Ripperger	26	24	26	76	74	6	Y	80	
	Dan Martin	25	23	25	73					
	Bob Kennedy	27	22	28	77					
	Daniel Kay	26	22	27	75					
	Kevin Cameron	25	22	23	70					
6. Helenschmidt Geotechnical, Inc.	Ronald Ripperger	25	21	23	69	67	6	Y	73	
	Dan Martin	24	22	21	67					
	Bob Kennedy	23	20	23	66					
	Daniel Kay	24	21	23	68					
	Kevin Cameron	23	20	21	64					
7. Hushmand Associates, Inc.	Ronald Ripperger	24	21	23	68	66	12	Y	78	
	Dan Martin	24	23	21	68					
	Bob Kennedy	24	20	24	68					
	Daniel Kay	21	20	20	61					
	Kevin Cameron	24	20	20	64					
8. MTGL, Inc.	Ronald Ripperger	25	21	23	69	71	15	Y	86	
	Dan Martin	27	23	23	73					
	Bob Kennedy	24	21	24	69					
	Daniel Kay	27	21	25	73					
	Kevin Cameron	25	23	23	71					
9. Ninyo & Moore	Ronald Ripperger	25	24	23	72	71	13	Y	84	
	Dan Martin	27	23	23	73					
	Bob Kennedy	24	20	24	68					
	Daniel Kay	28	22	24	74					
	Kevin Cameron	25	23	22	70					
10. RMA Group, Inc.	Ronald Ripperger	25	21	23	69	68	11	Y	79	
	Dan Martin	24	22	22	68					
	Bob Kennedy	24	20	24	68					
	Daniel Kay	25	20	23	68					
	Kevin Cameron	24	21	22	67					
11. Southern California Soil & Testing, Inc.	Ronald Ripperger	26	25	27	78	80	14	Y	94	Excellent
	Dan Martin	29	24	29	82					
	Bob Kennedy	28	23	29	80					
	Daniel Kay	29	24	29	82					
	Kevin Cameron	27	24	26	77					
12. URS Corporation	Ronald Ripperger	25	24	25	74	77	8	Y	85	
	Dan Martin	28	24	28	80					
	Bob Kennedy	28	22	29	79					
	Daniel Kay	26	23	27	76					
	Kevin Cameron	26	22	26	74					

RATES SCORING CHART			
Consultant	Rate	Position	Score
1. Christian Wheeler Engineering	\$1,651		14
2. Construction Testing & Engineering, Inc	\$1,664		14
3. Fugro Consultants, Inc.	\$2,735	lowest	1
4. GENTERRA Consultants, Inc.	\$2,012		10
5. Group Delta Consultants	\$2,305		6
6. Helenschmidt Geotechnical, Inc.	\$2,285		6
7. Hushmand Associates, Inc.	\$1,807		12
8. MTGL, Inc.	\$1,574	highest	15
9. Ninyo & Moore	\$1,742		13
10. RMA Group, Inc.	\$1,913		11
11. Southern California Soil & Testing, Inc.	\$1,657		14
12. URS Corporation	\$2,190		8

\*The fees were evaluated by comparing rates for seven positions and the cost for twelve soil laboratory tests. The sum of these rates are noted in the above table.

Note: Review Panel does not see or consider rates when scoring other categories. Rates are scored by the PM, who is not on Review Panel.



**STAFF REPORT**

TYPE MEETING:	Regular Board	MEETING DATE:	November 7, 2012	
SUBMITTED BY:	Daniel Kay Associate Civil Engineer	PROJECT:	S2019-001103	DIV. NO. 3
	Dan Martin Engineering Manager		S2020-001103	
			S2022-001103	
			S2026-001103	
APPROVED BY:	<input checked="" type="checkbox"/> Rod Posada, Chief, Engineering <input checked="" type="checkbox"/> German Alvarez, Assistant General Manager <input checked="" type="checkbox"/> Mark Watton, General Manager			
SUBJECT:	Change Order No. 1 to the Contract with Garcia Juarez Construction Inc. for the Calavo Gardens Sewer Rehabilitation Project			

**GENERAL MANAGER' S RECOMMENDATION:**

That the Otay Water District (District) Board of Directors (Board) approve credit Change Order No. 1 to the existing contract with Garcia Juarez Construction, Inc. (GJC) in the amount of <\$22,040.00> for the Calavo Gardens Sewer Rehabilitation Project (see Exhibit A for Project location).

**COMMITTEE ACTION:**

Please see Attachment A.

**PURPOSE:**

To obtain Board authorization for the General Manager to execute credit Change Order No. 1 in the amount of <\$22,040.00> to the contract with GJC for the Calavo Gardens Sewer Rehabilitation Project.

**ANALYSIS:**

At the February 1, 2012 Board Meeting, the Board awarded a construction contract in an amount of \$2,316,275 to GJC for the Calavo Gardens Sewer Rehabilitation Project.

The Project consists of the replacement and capacity upgrades of approximately 4,500 linear feet of 8-inch and 10-inch sewer in the streets of Avocado Boulevard, Calavo Drive, Louisa Drive, Challenge Boulevard, and Hidden Mesa Drive in the Rancho San Diego area. The Project also includes a new flow control and diversion vault structure for the Calavo Sewer Lift Station.

GJC has completed the sewer replacement in the streets of Calavo Drive, Louisa Drive, Challenge Boulevard, Hidden Mesa Drive, and most of Avocado Boulevard. GJC is approximately 50% complete overall with the Project. Change Order No. 1 (Exhibit B) includes a variety of items including time and material for differing site conditions, additional paving, unknown utilities and various credits for modifications to the contract.

The following is a table summarizing the items in Change Order No. 1. The Location column depicts the general location for each item as shown in Exhibit A:

Item	Description	Location (Exhibit A)	Amount
1	Open Cut in Lieu of Jack & Bore Across Avocado Boulevard	Site 1	<\$20,000.00>
2	Delete Bid Item #5 Manhole Refurbishments	Sites 1,2,3,4	<\$85,000.00>
3	Modify Manhole Replacements in Avocado Boulevard	Site 1	<\$56,000.00>
4	Time and Materials Settlement through 7/31/12	Sites 1,2,4	\$125,000.00
5	Revised 15-Inch Alignment in Avocado Boulevard	Site 1	<\$10,000.00>
6	Relocate Street Light at Diversion Vault. Allowance Used to Cover Cost	Site 1	0.00
7	Additional Paving in Various Areas	Site 1,2,4	\$15,960.00
8	Unknown Utilities. Allowance Used to Cover Portion of Cost	Sites 1,2,3,4	\$8,000.00
		<b>TOTAL</b>	<b>&lt;\$22,040.00&gt;</b>

In summary, the net decrease to the Project for Change Order No. 1 is <\$22,040.00>.

**FISCAL IMPACT:**  Joe Beachem, Chief Financial Officer

Funding for the overall Project comes from four CIP projects - S2019, S2020, S2022, and S2026. The total budget is \$3,335,000.

The total budget for CIP S2019, as approved in the FY 2013 budget, is \$2,275,000. Total expenditures, plus outstanding commitments and forecast, is \$2,182,891. See Attachment B-1 for budget detail.

The total budget for CIP S2020, as approved in the FY 2013 budget, is \$600,000. Total expenditures, plus outstanding commitments and forecast, is \$596,047. See Attachment B-2 for budget detail.

The total budget for CIP S2022, as approved in the FY 2013 budget, is \$180,000. Total expenditures, plus outstanding commitments and forecast, is \$175,259. See Attachment B-3 for budget detail.

The total budget for CIP S2026, as approved in the FY 2013 budget, is \$280,000. Total expenditures, plus outstanding commitments and forecast, is \$274,243. See Attachment B-4 for budget detail.

Based on a review of the financial budget, the Project Manager anticipates that these budgets will be sufficient to support the Project.

Finance has determined that 100% of the funding is available from the Betterment Fund for CIPs S2019 and S2022 and 100% of the funding is available from the Replacement Fund for CIPs S2020 and S2026.

**STRATEGIC GOAL:**

This Project supports the District's Mission statement, "To provide high value water and wastewater services to the customers of the Otay Water District in a professional, effective, and efficient manner" and the District's Vision, "A District that is innovative in providing water services at affordable rates, with a reputation for outstanding customer service."

**LEGAL IMPACT:**

None.

DK/DM:jf

E:\WORKING\CIP S2019, S2020, S2022 Avocado Sewer\Staff Reports\Change Order No. 1 to GJC\BD 11-07-2012, Change Order No 1 to Garcia Juarez Construction, (DK-DM).docx

- Attachments:
- Attachment A - Committee Action
  - Attachment B-1 - S2019 Budget Detail
  - Attachment B-2 - S2020 Budget Detail
  - Attachment B-3 - S2022 Budget Detail
  - Attachment B-4 - S2026 Budget Detail
  - Exhibit A - Location Map
  - Exhibit B - Change Order No. 1



## ATTACHMENT A

<b>SUBJECT/PROJECT:</b> S2019-001103 S2020-001103 S2022-001103 S2026-001103	Change Order No. 1 to the Contract with Garcia Juarez Construction Inc. for the Calavo Gardens Sewer Rehabilitation Project
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### **COMMITTEE ACTION:**

The Engineering, Operations, and Water Resources Committee reviewed this item at a meeting held on October 24, 2012 and the following comments were made:

- Staff requested that the Board approve credit Change Order No. 1 to the existing contract with Garcia Juarez Construction, Inc. (GJC) in the amount of <\$22,040.00> for the Calavo Gardens Sewer Rehabilitation Project.
- The Project consists of the replacement and capacity upgrades to approximately 4,500 linear feet of 8-inch and 10-inch sewer in the Calavo Gardens community that is located near the Rancho San Diego shopping center at the end of Avocado and Highway 94.
- Staff noted that at the February 1, 2012 Board meeting, the Board awarded a contract to Garcia Juarez in an amount of \$2,316,275 for this project.
- Staff stated that Change Order No. 1 reflects a variety of items, which are summarized on page 2 of the staff report and explained in further detail in Exhibit B. Examples of the items include time and material for differing site conditions, additional paving, unknown utilities and various credits for modification to the contract. Staff indicated that Change Order No. 1 results in a net decrease to the contract in the amount of <\$22,040>.
- It was indicated that the progress of the work is approximately 50% complete and that sewer replacements in Hidden Mesa, Louisa, Challenge, and Calavo are complete. Staff stated that sewer replacement in Avocado is approximately 80% complete.
- Staff noted that the remaining work for the project includes a flow diversion vault and new sewer mains in Avocado in front of

the Rancho San Diego shopping center and the Calavo Sewer Lift Station.

- The Committee inquired about the time frame for the project's last phase and its impact to the community. Staff anticipates that the last phase will be completed by March 2013 and noted that most of the paving is complete. There will be a one-lane closure in Avocado near the Rancho San Diego shopping center and then individual lane closures when trenching begins across Avocado to install pipelines. Staff stated that the trenching will last approximately 2 weeks, but will save about 1 month worth of impact to the community. The original contract called for some tunneling under the road that would have prolonged the completion of the project.
- The Committee inquired about any feedback from the community. Staff stated that the community has submitted letters to the District that provided positive feedback about the contractor.

Following the discussion, the EO&WR Committee supported staffs' recommendation and presentation to the full board as a consent item.



## ATTACHMENT B-1

<b>SUBJECT/PROJECT:</b> S2019-001103 S2020-001103 S2022-001103 S2026-001103	Change Order No. 1 to the Contract with Garcia Juarez Construction Inc. for the Calavo Gardens Sewer Rehabilitation Project
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Otay Water District					Date Updated: September 25, 2012
S2019 - Avocado Boulevard 8-inch Sewer Main Impr					
<i>Budget</i>	<i>Committed</i>	<i>Expenditures</i>	<i>Outstanding Commitment &amp; Forecast</i>	<i>Projected Final Cost</i>	<i>Vendor/Comments</i>
<b>2,275,000</b>					
<b>Planning</b>					
Labor	24,205	24,205	-	24,205	
Settlements	2,100	2,100	-	2,100	GARY THOMAS JALATY
Office Supplies	14	14	-	14	PETTY CASH CUSTODIAN
Consultant Contracts	11,287	11,287	-	11,287	LEE & RO INC
<b>Total Planning</b>	37,606	37,606	-	37,606	
<b>Design</b>					
Labor	155,564	155,564		155,564	
Settlements	5,500	5,500	-	5,500	JUAN NAVARRO
	5,900	5,900	-	5,900	LN REAL ESTATE LLC
Professional Legal Fees	2,632	2,632	-	2,632	STUTZ ARTIANO SHINOFF
Other Agency Fees	27	27	-	27	PETTY CASH CUSTODIAN
	3,460	3,460	-	3,460	COUNTY OF SAN DIEGO
Consultant Contracts	4,900	4,900	-	4,900	SAN-LO AERIAL SURVEYS
	1,550	1,550	-	1,550	AFFORDABLE DRAIN SERVICE INC
	1,947	1,947	-	1,947	CPM PARTNERS INC
	60,264	60,264	-	60,264	LEE & RO INC
	13,000	13,000	-	13,000	MICHAEL D KEAGY REAL ESTATE
	8,830	8,830	-	8,830	DARNELL & ASSOCIATES INC
	8,204	8,204	-	8,204	SOUTHERN CALIFORNIA SOIL
	525	525	-	525	MWH CONSTRUCTORS INC
Construction Contracts	17,933	17,933	-	17,933	LEE & RO INC
Service Contracts	672	672	-	672	UNION TRIBUNE PUBLISHING CO
<b>Total Design</b>	290,909	290,909	-	290,909	
<b>Construction</b>					
Labor	200,000	77,990	122,010	200,000	
Settlements	5,000	5,000	-	5,000	KIM-THOA THI HOANG
Other Agency Fees	248	248	-	248	COUNTY OF SAN DIEGO - DPW
Consultant Contracts	120,000	99,813	20,188	120,000	VALLEY CONSTRUCTION MANAGEMENT
	6,030	6,030	-	6,030	MTGL INC
	5,806	5,806	-	5,806	LEE & RO INC
	4,000	4,000	-	4,000	RBF CONSULTING
	2,685	2,685	-	2,685	DARNELL & ASSOCIATES INC
	2,000	2,000	-	2,000	ALTA LAND SURVEYING INC
	926	926	-	926	CPM PARTNERS INC
	157	157	-	157	SOUTHERN CALIFORNIA SOIL
Construction Contracts	1,438,537	707,587	730,950	1,438,537	GARCIA JUAREZ CONSTRUCTION INC
	(11,020)	(11,020)	-	(11,020)	Change Order No. 1
	2,979	2,979	-	2,979	CLARKSON LAB & SUPPLY INC
	76,507	37,241	39,265	76,507	COMMUNITY BANK
Service Contracts	522	522	-	522	FAVELA PRINTING INC
<b>Total Construction</b>	1,854,377	941,964	912,413	1,854,377	
<b>Grand Total</b>	<b>2,182,891</b>	<b>1,270,478</b>	<b>912,413</b>	<b>2,182,891</b>	



## ATTACHMENT B-2

<b>SUBJECT/PROJECT:</b>	Change Order No. 1 to the Contract with Garcia Juarez Construction Inc. for the Calavo Gardens Sewer Rehabilitation Project
S2019-001103	
S2020-001103	
S2022-001103	
S2026-001103	

Otay Water District					Date Updated: September 25, 2012
S2020 - Calavo Drive 8-inch Sewer Main Replacement					
<i>Budget</i>	<i>Committed</i>	<i>Expenditures</i>	<i>Outstanding Commitment &amp; Forecast</i>	<i>Projected Final Cost</i>	<i>Vendor/Comments</i>
<b>600,000</b>					
<b>Planning</b>					
Labor	2,185	5,352	(3,167)	2,185	
Consultant Contracts	2,185	2,185	-	2,185	LEE & RO INC
<b>Total Planning</b>	24,035	7,537	16,498	24,035	
<b>Design</b>					
Labor		24,152		24,152	
Other Agency Fees	3,460	3,460	-	3,460	COUNTY OF SAN DIEGO
Consultant Contracts	8,000	8,000	-	8,000	DARNELL & ASSOCIATES INC
	4,430	4,430	-	4,430	MTGL INC
	21,588	21,588	-	21,588	LEE & RO INC
Supplier Contracts	188	188	-	188	US BANK CORPORATE PAYMENT
Service Contracts	145	145	-	145	US BANK CORPORATE PAYMENT
<b>Total Design</b>	37,811	61,963	-	61,963	
<b>Construction</b>					
Labor	40,000	23,743	16,257	40,000	
Consultant Contracts	18,240	18,240	-	18,240	VALLEY CONSTRUCTION MANAGEMENT
	1,250	1,250	-	1,250	ALTA LAND SURVEYING INC
	400	400	-	400	LEE & RO INC
Construction Contracts	433,271	170,172	263,099	433,271	GARCIA JUAREZ CONSTRUCTION INC
	(11,020)	(11,020)	-	(11,020)	Change Order No. 1
	22,804	8,956	13,847	22,804	COMMUNITY BANK
	1,865	1,865	-	1,865	HELIX WATER DISTRICT
Service Contracts	967	967	-	967	MAYER REPROGRAPHICS INC
	735	735	-	735	AFFORDABLE DRAIN SERVICE INC
	1,505	1,505	-	1,505	HELIX WATER DISTRICT
	32	32	-	32	US BANK CORPORATE PAYMENT
	-	-	-	-	MAIL MANAGEMENT GROUP INC
<b>Total Construction</b>	510,049	216,846	293,203	510,049	
<b>Grand Total</b>	<b>571,895</b>	<b>286,346</b>	<b>309,701</b>	<b>596,047</b>	



## ATTACHMENT B-3

<b>SUBJECT/PROJECT:</b>	Change Order No. 1 to the Contract with Garcia Juarez Construction Inc. for the Calavo Gardens Sewer Rehabilitation Project
S2019-001103	
S2020-001103	
S2022-001103	
S2026-001103	

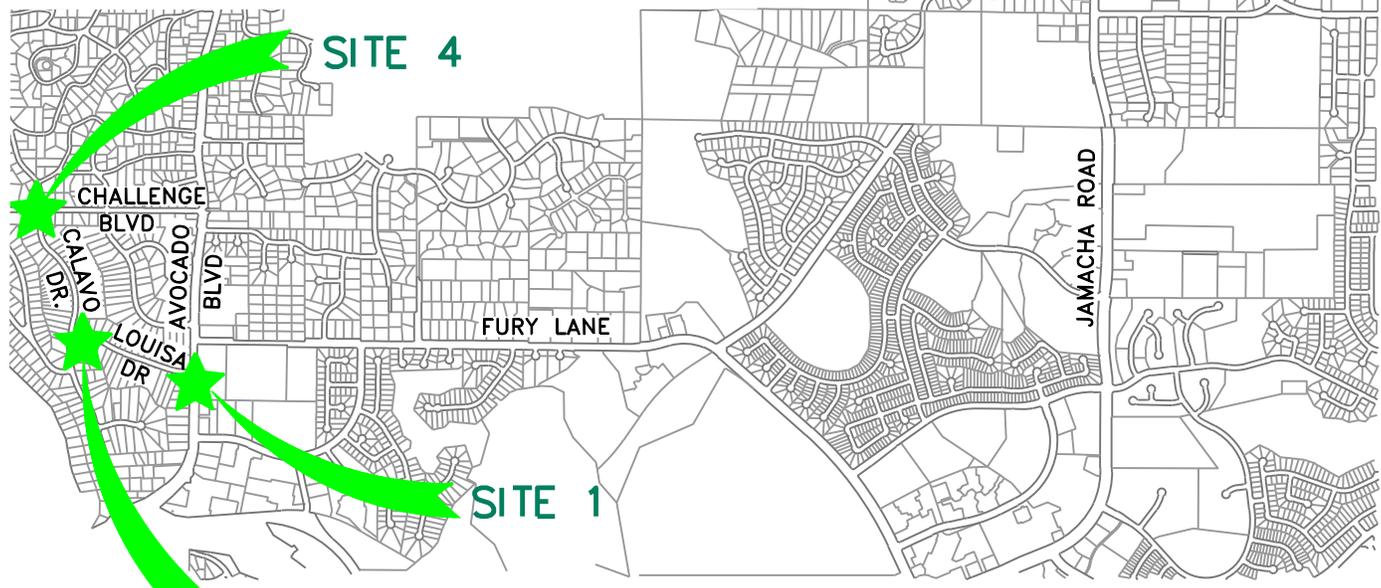
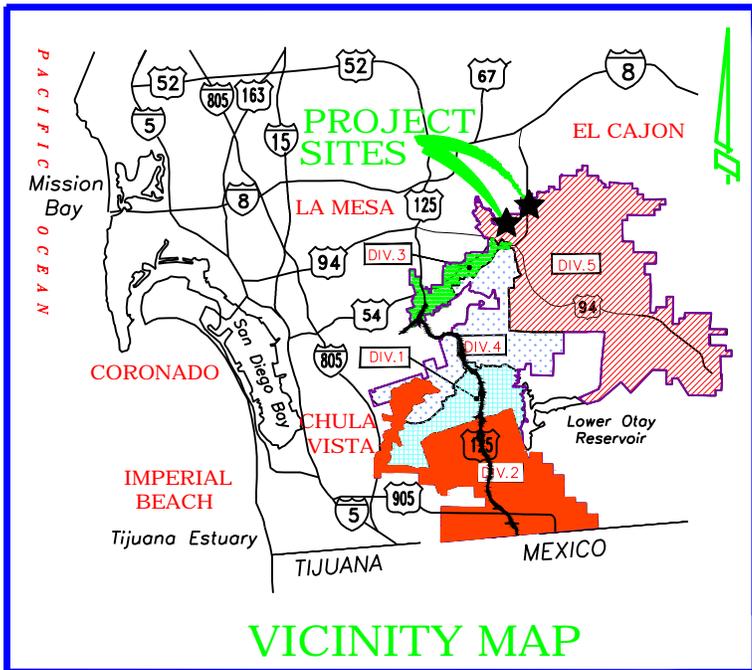
Otay Water District					Date Updated: September 25, 2012
S2022 - Hidden Mesa Drive 8-inch Sewer Main Rehabilitation					
<i>Budget</i>	<i>Committed</i>	<i>Expenditures</i>	<i>Outstanding Commitment &amp; Forecast</i>	<i>Projected Final Cost</i>	<i>Vendor/Comments</i>
<b>180,000</b>					
<b>Planning</b>					
Labor	1,321	1,321	-	1,321	
<b>Total Planning</b>	1,321	1,321	-	1,321	
<b>Design</b>					
Labor	22,630	22,630	-	22,630	
Other Agency Fees	3,460	3,460	-	3,460	COUNTY OF SAN DIEGO
Consultant Contracts	4,989	4,989	-	4,989	LEE & RO INC
	6,000	6,000	-	6,000	DARNELL & ASSOCIATES INC
<b>Total Design</b>	37,080	37,080	-	37,080	
<b>Construction</b>					
Labor	25,000	20,052	4,948	25,000	
Consultant Contracts	403	403	-	403	LEE & RO INC
	400	400	-	400	ALTA LAND SURVEYING INC
Construction Contracts	104,522	103,571	951	104,522	GARCIA JUAREZ CONSTRUCTION INC
	5,501	5,451	50	5,501	COMMUNITY BANK
Service Contracts	1,000	1,000	-	1,000	MAYER REPROGRAPHICS INC
	32	32	-	32	US BANK CORPORATE PAYMENT
<b>Total Construction</b>	136,858	130,909	5,949	136,858	
<b>Grand Total</b>	<b>175,259</b>	<b>169,310</b>	<b>5,949</b>	<b>175,259</b>	



## ATTACHMENT B-4

<b>SUBJECT/PROJECT:</b>	Change Order No. 1 to the Contract with Garcia Juarez Construction Inc. for the Calavo Gardens Sewer Rehabilitation Project
S2019-001103	
S2020-001103	
S2022-001103	
S2026-001103	

Otay Water District					Date Updated: September 25, 2012
S2026 - Challenge Blvd 8-Inch Sewer Main Repl					
<i>Budget</i>	<i>Committed</i>	<i>Expenditures</i>	<i>Outstanding Commitment &amp; Forecast</i>	<i>Projected Final Cost</i>	<i>Vendor/Comments</i>
<b>280,000</b>					
<b>Planning</b>					
Labor	1,371	1,371	-	1,371	
<b>Total Planning</b>	1,371	1,371	-	1,371	
<b>Design</b>					
Labor	7,730	7,730	-	7,730	
Other Agency Fees	3,460	3,460	-	3,460	COUNTY OF SAN DIEGO
Consultant Contracts	9,581	9,581	-	9,581	LEE & RO INC
	4,800	4,800	-	4,800	DARNELL & ASSOCIATES INC
	4,000	4,000	-	4,000	MTGL INC
<b>Total Design</b>	29,571	29,571	-	29,571	
<b>Construction</b>					
Labor	21,952	21,952	-	21,952	
Consultant Contracts	270	270	-	270	ALTA LAND SURVEYING INC
Construction Contracts	209,044	198,592	10,452	209,044	GARCIA JUAREZ CONSTRUCTION INC
	11,002	10,452	550	11,002	COMMUNITY BANK
Service Contracts	1,000	1,000	-	1,000	MAYER REPROGRAPHICS INC
	32	32	-	32	US BANK CORPORATE PAYMENT
<b>Total Construction</b>	243,300	232,298	11,002	243,300	
<b>Grand Total</b>	<b>274,243</b>	<b>263,240</b>	<b>11,002</b>	<b>274,243</b>	



**SITES**

1. AVOCADO BOULEVARD 8-INCH SEWER MAIN REPLACEMENT
2. CALAVO DRIVE 8-INCH SEWER MAIN REPLACEMENT
3. HIDDEN MESA DRIVE 8-INCH SEWER MAIN REPLACEMENT
4. CHALLENGE BOULEVARD 8-INCH SEWER MAIN REPLACEMENT

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**OTAY WATER DISTRICT**  
 CALAVO GARDENS SEWER REHABILITATION  
 LOCATION MAP

CIP S2019  
 CIP S2020  
 CIP S2022  
 CIP S2026

**EXHIBIT A**

EXHIBIT B

**OTAY WATER DISTRICT**

2554 SWEETWATER SPRINGS BLVD., SPRING VALLEY, CA. 91978, (619) 670-2222

**CONTRACT/P.O. CHANGE ORDER No. 1**

**PROJECT/ITEM:** Avocado Boulevard, Calavo Drive, Louisa Drive, Hidden Mesa Drive Sanitary Sewer Replacement (Calavo Gardens Sewer Rehabilitation)

**CONTRACTOR/VENDOR:** Garcia Juarez Construction

**APPROVED BY:** REF. P.O. No: 715769 REF.CIP No.: S2019, S2020, S2022, S2026

**DATE:** 9/25/12

Board

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**DESCRIPTION:**

There are eight (8) items as part of this change order resulting in a net decrease to the contract in the amount of <\$22,040.00>

- Item 1:** Open cut in lieu of Jack & Bore across Avocado Blvd. (Lines A&B)
- Item 2:** Delete Bid Item #5-Manhole Refurbishments
- Item 3:** Modify Manhole Replacements on Avocado Boulevard
- Item 4:** Time & Materials Settlement Through 7/31/12
- Item 5:** Revised 15" Alignment on Avocado Boulevard
- Item 6:** Relocate Street Light Conduit at Diversion Vault
- Item 7:** Additional Paving Various Areas
- Item 8:** Unknown Utilities

See attached Potential Change Order Requests 1 through 8 from Garcia Juarez Construction.

**REASON:**

**Item 1:** To minimize the construction time and impacts to the local residents for the crossing of Avocado Boulevard, the District proposed installation of the sewer mains (line A&B) across Avocado via open trench versus jack and bore as called out for in the plans. In addition to saving time, the contractor is providing a credit for the unused steel casing. This item results in a net credit of <\$20,000.00>

**Item 2:** Based on the type of work required for refurbishment, it was determined that the District will obtain better prices by grouping all of the manhole refurbishments throughout the District in a single contract. Therefore, all of the manhole refurbishments are deleted from this contract. Bid Item #5 is reduced by 17 manholes at \$5,000.00 each for a total \$85,000.00 credit. This item results in a net credit of <\$85,000.00>.

**Item No. 3:** During the construction of the sewer main on Avocado, it was determined that the condition of the existing manholes were not as degraded as previously thought and full replacement was not required. The only modifications required for these manholes was rechanneling of the base to accommodate the larger sewer main installed. This item results in a cost reduction of \$7,000 each for eight (8) manholes. This item results in a net credit of <\$56,000.00>.

**Item No. 4:** The contractor encountered several changed conditions that were documented through time and material tickets. These changed conditions were 1) Unmarked sewer laterals, 2) Unmarked concrete sewer line encasements, 3) Rock encountered in the existing alignment, 4) Concrete encasement instead of cradle, 5) Concrete encasement instead of soils, 6) Uncompacted soils and 7) Leaking storm drain. The contractor has agreed to a lump sum settlement for these items of \$125,000.00.

**Item No. 5:** The alignment of the 15" sewer main on Avocado between Sta. 9+97 and 11+36 was revised to connect directly to the vault. This new alignment eliminates a manhole. Bid item #7 is reduced by 1 manhole at \$10,000.00 each. This item results in a credit of <\$10,000.00>.

**Item No. 6:** It was determined after potholing that the existing street light conduit was in conflict with the diversion vault location and needed to be relocated. The contractor had to hire an electrical contractor to relocate this line per County Standards. This item results in a cost of \$7,500.00. The District will exercise Bid Item No. 20 – Misc. Electrical Relocations Allowance for \$7,500.00 and authorizes the contractor to bill against

EXHIBIT B

this item when work begins.

**Item No. 7:** Additional paving was required in several areas where the pipe did not follow the planned horizontal alignment and where the contract encountered uncompacted/caving soils which resulted in a wider trench beyond what is required by contract. A unit price of \$10/SF was agreed to for base paving and grind and cap. There were 1,596 square feet of additional paving. This item results in a cost of \$15,960.00.

**Item No. 8:** There were 20 utilities (i.e. electrical, gas, water, etc.) that were marked out by USA Dig Alert but now shown on the plans. The District agreed to unit price of \$1,500 each that includes potholing these utilities and any delays working around these utilities installing the new sewer main. This item results in a cost of \$30,000.00. The District will exercise Bid Item No. 15 – Unknown Utility Allowance for \$22,000 and authorizes the contractor to bill against this item when work begins, resulting in a net change for this item at \$8,000.00.

**Summary:** This change order reflects eight (8) items (four cost and four credit item) resulting a net decrease to the contract in the amount of <\$22,040.00>.

The costs included in this change order include all mobilization, demobilization, supervision, overhead, profit, tax, bonding, insurance, and additional costs for down time or lost opportunities.

**CHANGE P.O. TO READ:**

There are two (2) Purchase Orders for this contract. One for Garcia Juarez (PO#715769) and retention account for Community Bank (PO#715942). Revise the Purchase Orders as follows:  
PO#715769: Revise Contract to deduct \$20,938 for a total Contract amount of \$2,179,523.25  
PO#715942: Revise Contract to deduct \$1,102 for a total Contract amount of \$114,711.75

<b>ORIGINAL CONTRACT/P.O. AMOUNT:</b>	\$	2,316,275.00
<b>ADJUSTED AMOUNT FROM PREVIOUS CHANGE:</b>	\$	0.00
<b>TOTAL COST OF THIS CHANGE ORDER:</b>	\$	<\$22,040.00>
<b>NEW CONTRACT/P.O. AMOUNT IS:</b>	\$	2,294,235.00
<b>CONTRACT/P.O. TIME AFFECTED BY THIS CHANGE:</b>		0 Days
<b>ORIGINAL CONTRACT COMPLETION DATE:</b>		5/20/13
<b>REVISED CONTRACT COMPLETION DATE</b>		5/20/13

IT IS UNDERSTOOD WITH THE FOLLOWING APPROVALS, THAT THE CONTRACTOR/VENDOR IS AUTHORIZED AND DIRECTED TO MAKE THE HEREIN DESCRIBED CHANGES. IT IS ALSO AGREED THAT THE TOTAL COST FOR THIS CHANGE ORDER CONSTITUTES FULL AND COMPLETE COMPENSATION FOR OBLIGATIONS REQUIRED BY THE CONTRACT/P.O. ALL OTHER PROVISIONS AND REQUIREMENTS OF THE CONTRACT/P.O. REMAIN IN FULL FORCE AND EFFECT.

**CONTRACTOR/VENDOR:**

SIGNATURE: [Signature]  
PRINTED NAME: Jim Jackson  
TITLE: PROCS DATE: 9/28/12  
ADDRESS: P.O. Box 309  
BREA 92822

**STAFF APPROVALS:**

PROJ. MGR. \_\_\_\_\_ DATE: \_\_\_\_\_  
DIV. MGR. \_\_\_\_\_ DATE: \_\_\_\_\_  
CHIEF: \_\_\_\_\_ DATE: \_\_\_\_\_  
ASST. GEN. MANAGER: \_\_\_\_\_ DATE: \_\_\_\_\_

**DISTRICT APPROVAL:**

GEN. MANAGER: \_\_\_\_\_ DATE: \_\_\_\_\_

COPIES:  FILE (Orig.)  CONTRACTOR/VENDOR  CHIEF-ENGR  CHIEF-FINANCE  AGM/ENG-OPS  
 ENGR. MGR.  INSPECTION  PROJ MGR  ENGR. SECRETARY  PURCHASING  ACCTS PAYABLE

## CHANGE ORDER LOG

**CIP Title - Calavo Gardens Sewer Rehabilitation**

Project: S2019/S2020/S2022/S2026

Consultant/Contractor: Garcia Juarez Construction

Subproject: 001103

		APPROVED			
C.O.	AMOUNT	BY	DATE	DESCRIPTION	TYPE C.O.
1	(\$22,040.00)	Board		Eight Items: Open Cut in lieu of jack & bore, delete MH refurbishment, modify MH replacements, T&M settlement, revised alignment, street light relocation, additional paving, and unknown utilities	Owner
2					
3					
4					
5					
6					
7					
8					
9					
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31					
32					
33					
34					
35					

Total C.O.'s To Date: (\$22,040.00) -1.0%

Original Contract Amount: \$2,316,275.00

Current Contract Amount: \$2,294,235.00

Month	Net C.O.\$	Limit	Authorization	Absolute C.O.\$	C.O. %
10/12	(\$22,040.00)	\$2,000	Insp		0.0%
		\$10,000	PM/Sr. Engr.		0.0%
		\$20,000	DivM		0.0%
		\$25,000	Chief		0.0%
		\$35,000	AGM		0.0%
		\$50,000	GM		0.0%
		>\$50000	Board	(\$22,040.00)	-1.0%



**STAFF REPORT**

TYPE MEETING:	Regular Board	MEETING DATE:	November 7, 2012
		PROJECT:	DIV. NO. All
SUBMITTED BY:	Kevin Koeppen, Finance Manager		
APPROVED BY:	<input checked="" type="checkbox"/> Joseph R. Beachem, Chief Financial Officer <input checked="" type="checkbox"/> German Alvarez, Assistant General Manager <input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	Approve the District's Audited Financial Statements for the Fiscal Year Ended June 30, 2012		

**GENERAL MANAGER'S RECOMMENDATION:**

That the Board approve the District's Audited Financial Statements (Attachment B), including the Independent Auditors' unqualified opinion, for the fiscal year ended June 30, 2012.

**COMMITTEE ACTION:**

See Attachment A.

**PURPOSE:**

To inform the Board of the significant financial events which occurred during the fiscal year ended June 30, 2012 as reflected in the audited financial statements.

**ANALYSIS:**

Diehl, Evans & Company, LLP, performed the audit and found that, in all material respects, the financial statements correctly represent

the financial position of the District. They found no material errors in the financial records or statements and had no comments concerning internal controls, which is presented in their "Management Letter" (Attachment C). A few financial statement adjustments were made during the audit and presented in their "Audit Committee Letter" (Attachment D).

**Total Assets:**

Total assets decreased by \$6.3 million or 1.05% during Fiscal Year 2012, to \$592.3 million. Below is a summary of the decrease in total assets.

- \$3.2 million Payment of long-term debt
- \$1.0 million Reduction in grant funds received
- \$1.4 million Write-off of CIP expenses consisting primary of:
  - o \$737,000 Dorchester demolition
  - o \$251,000 24" Sweetwater Perdue pipeline project
  - o \$141,000 Funding conversion of Potable to recycled meters
- \$0.7 million All other items

**Total Liabilities & Net Assets:**

Total liabilities decreased by approximately \$3.1 million or 2.22% from the previous fiscal year, to \$135.9 million. This is attributable to a decrease in long-term debt of \$3.2 million.

The decrease in total assets of \$6.3 million, along with the decrease in total liabilities of \$3.1 million, yields a decrease in net assets (equity) of \$3.2 million or 0.70%, to \$456.4 million.

**Capital Contributions:**

Capital contributions totaled \$6.8 million during Fiscal Year 2012, a decrease of \$1.0 million or 13.22% from Fiscal Year 2011 contributions. This decrease is mainly due to the District receiving more federal grant monies than expected in the prior year, as a result of last minute availability of funds from the federal budget.

**Results of Operations:**

Operating revenues increased \$5.2 million or 8.22%, mainly as a result of the overall increase in water rates from the prior fiscal year.

While cost of water sales increased \$4.1 million or 9.70% due to the increase in CWA water costs, cost savings achieved in other areas

were sufficient to keep total operating expenses from rising significantly compared to the prior fiscal year.

***Non-Operating Revenues & Expenses:***

Non-operating revenues increased \$0.4 million or 4.36%, to \$9.1 million for 2012. While there was a decrease in investment income of almost \$400,000 due to a continuing drop in rates of investment securities, this was offset by income received from the federal subsidy of interest expenses related to the 2010 Water Revenue Bonds.

***Additional Audit Correspondence:***

As a part of completing the audit engagement, the audit firm also provides the following letters summarizing their observations and conclusions concerning the District's overall financial processes:

- Management Letter: The auditors did not identify any specific deficiencies in accounting procedure internal controls that they considered to be material weaknesses. See Attachment C.
- Audit Committee Letter: This letter describes overall aspects of the audit, to include audit principles, performance, dealings with management, and significant findings or issues.

The auditors proposed three journal entry adjustments during the audit to ensure the financial statements were in conformity with all generally accepted accounting principle (GAAP) guidelines, all of which were completed by management and incorporated in the final account balances at June 30, 2012.

There were no disagreements with management concerning financial accounting, reporting, or auditing matters, and there were no significant difficulties in dealing with management in performing the audit. See Attachment D.

- Report on Applying Agreed-Upon Procedures: A review of the District's investment portfolio at year end, and a sample of specific investment transactions completed throughout the fiscal year, disclosed no exceptions to compliance with the District's Investment Policy. See Attachment E.

**FISCAL IMPACT:**

None.

**STRATEGIC GOAL:**

The District ensures its continued financial health through long-term financial planning, formalized financial policies, enhanced budget controls, fair pricing, debt planning, and improved financial reporting.

**LEGAL IMPACT:**

None.

Attachments:

- A) Committee Action Form
- B) Audited Annual Financial Statements
- C) Management Letter
- D) Audit Committee Letter
- E) Report on Applying Agreed-Upon Procedures



## ATTACHMENT A

<b>SUBJECT/PROJECT:</b>	Approve the District's Audited Financial Statements for the Fiscal Year Ended June 30, 2012
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### COMMITTEE ACTION:

The Finance, Administration and Communications Committee reviewed this item at a meeting held on October 23, 2012 and the following comments were made:

- Staff indicated that White Nelson Diehl Evans & Company, LLP (WNDEC) completed the District's audit for fiscal year ended June 30, 2012. This is their third year performing the District's audit.
- Overall District assets decreased by \$6.3 million due to decreases of:
  - \$3.2 million for payments on long-term debt
  - \$1 million due to a reduction in grant funds received
  - \$1.4 million due to the write-off of CIP expenses that were not capitalized for various projects
- Capital contributions for FY 2012 was \$6.8 million, where \$2 million was from capital improvements from permits, \$3.5 million was contributed to fixed assets from developers, and \$1.4 million was from capacity fees.
- Operating revenue increased \$5.2 million mainly due to the overall increase in water rates. The overall debt service ratio, a ratio used to analyze the District's ability to meet its debt and interest payments, was 132% for the fiscal year.
- Mr. Nitin Patel of WNDEC attended to present the findings of the audit for FY 2012. He stated his organization's responsibility is to express an opinion on the financial statements of the District. WNDEC's audit of the District's FY 2012 resulted in an unqualified opinion. Mr. Patel indicated that the financial statement presents fairly, in all material respects, the financial position of the District in accordance with generally accepted accounting principles.

- Mr. Patel indicated that his organization also issues a report on internal controls over financial reporting and compliance, known as the Management Letter. He stated that WNDEC did not identify any material weaknesses in internal controls.
- Communication under Audit Standard No. 114, which discusses the Qualitative Aspects of Accounting Practices, indicates WNDEC found no new accounting policies that have been adopted and the application of existing policies were not changed during the fiscal year. There were also no noted transactions entered into by the District for which there is a lack of authoritative guidance or consensus.
- Mr. Patel indicated that his firm did not have any difficulties in performing the audit.
- The last report issued is the Independent Accountants' Report on Applying Agreed-Upon Procedures regarding the District's investments. There were no findings to report. The investments tested by WNDEC were in compliance with the District's Investment Policy.
- The committee inquired with regard to last year's audit, if the suggested adjustments/improvements were reported in this year's audit indicating that they were completed or brought up to standard. Staff explained that there were some items noted in last year's audit and corrections were implemented by staff prior to the presentation of the audit findings to the committee one (1) year ago. Staff had shared what those changes were with the committee at that time. Mr. Patel noted that they are required in their audit standards to follow-up on such comments from the prior year and if those comments were repeated, it would have been noted in their Management Letter.
- In response to an inquiry from the committee regarding the reduction in the government grant funding, staff explained that the District for many years had been funding large Capital Improvement Projects and the U.S. Bureau of Reclamation was very behind in paying the District the grant funding for those projects. They have finally caught up this year. In the past couple fiscal years, the District has not been spending as much on such projects and there has not been much grant funding to be received.
- The committee also inquired why the District's cash and cash equivalents dropped. Staff indicated that the District issued

\$51 million in debt last year for capital projects and had spent approximately \$17 million to fund some of those projects.

- The committee noted that the District's finances were reviewed by a third party representing the public and the audit indicates that the District's handling of its finances is sound. The committee stated that they were very pleased with the audit results.

Following the discussion, the Finance, Administration and Communications Committee supported accepting the District's Audited Financial Statements and presentation to the full board as an action item.

**OTAY WATER DISTRICT**  
**FINANCIAL STATEMENTS**  
**WITH REPORT ON AUDIT BY INDEPENDENT**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**JUNE 30, 2012 AND 2011**



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JUNE 30, 2012 and 2011

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Otay Water District  
Spring Valley, California

We have audited the accompanying basic financial statements of Otay Water District as of and for the years ended June 30, 2012 and 2011, as listed in the table of contents. These basic financial statements are the responsibility of the Otay Water District's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the State Controller's Minimum Audit Requirements for California Special Districts, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Otay Water District as of June 30, 2012 and 2011, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 15, 2012 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, PERS Defined Benefit Pension Plan – schedule of funding progress, and other post-employment benefit plan – schedule of funding progress, as identified in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*White Nelson Dick Evans LLP*

October 15, 2012  
Carlsbad, California

# Management's Discussion and Analysis

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As management of the Otay Water District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the District's financial performance during the fiscal year ending June 30, 2012. Please read it in conjunction with the District's financial statements that follow Management's Discussion and Analysis. All amounts, unless otherwise indicated, are expressed in millions of dollars.

## **Financial Highlights**

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$456.4 million (*net assets*). Of this amount, \$70.0 million (*unrestricted net assets*) may be used to meet the District's ongoing obligations to citizens and creditors.
- Total assets decreased by \$6.3 million or 1.05% during Fiscal Year 2012, to \$592.3 million, due primarily to the write-off of CIP projects that were no longer viable as a part of the District's long range plans for growth and improvements to infrastructure. Other significant factors were the annual payment of long-term debt and a reduction in grant funds received.

## **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements, which are comprised of the following: 1) Statement of Net Assets, 2) Statement of Revenues, Expenses and Changes in Net Assets, 3) Statement of Cash Flows, and 4) Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements.

The *Statement of Net Assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or weakening.

The *Statement of Revenues, Expenses and Changes in Net Assets* presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The *Statement of Cash Flows* presents information on cash receipts and payments for the fiscal year.

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data supplied in each of the specific financial statements listed above.

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District's progress in funding its obligation to provide pension benefits to its employees.

## **Financial Analysis**

As noted, net assets may serve over time as a useful indicator of an entity's financial position. In the case of the District, assets exceeded liabilities by \$456.4 million at the close of the most recent fiscal year.

By far the largest portion of the District's net assets, \$381.7 million (84%), reflects its investment in capital assets, less any remaining outstanding debt used to acquire those assets. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported effectively as a resource, however, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

# Management's Discussion and Analysis

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## Statements of Net Assets (In Millions of Dollars)

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Assets</b>			
Current and Other Assets	\$ 111.5	\$ 124.1	\$ 135.3
Capital Assets	<u>480.8</u>	<u>474.4</u>	<u>469.2</u>
Total Assets	<u>592.3</u>	<u>598.5</u>	<u>604.5</u>
<b>Liabilities</b>			
Long-Term Debt Outstanding	111.2	114.5	117.7
Other Liabilities	<u>24.7</u>	<u>24.4</u>	<u>25.5</u>
Total Liabilities	<u>135.9</u>	<u>138.9</u>	<u>143.2</u>
<b>Net Assets</b>			
Invested in Capital Assets			
Net of Related Debt	381.7	377.7	375.9
Restricted for Debt Service	4.7	4.9	5.2
Unrestricted	<u>70.0</u>	<u>77.0</u>	<u>80.2</u>
Total Net Assets	<u>\$ 456.4</u>	<u>\$ 459.6</u>	<u>\$ 461.3</u>

While the District's operations and population continue to grow, albeit at slower rates than in prior years, the pattern of reduced growth of the District's Net Assets is indicative of the reduction in new development projects within the District. This reduction is a result of the ongoing national housing slump and financial crisis.

In FY-2012 the District continued its use of the \$51.2 million of proceeds from the issuance of its 2010 Water Revenue Bonds program (See Note 5 in the Notes to Financial Statements) for its CIP program (See Note 3 in the Notes to Financial Statements), as seen by the decrease in Current and Other Assets of \$12.6 million, which was partially offset by a corresponding increase in Capital Assets of \$6.4 million. The District also saw a decrease in Long-Term Debt of \$3.3 million due to the annual payments of long-term debt.

In response to the prolonged business slowdown, during FY-2011 the District performed a review of Fixed Assets throughout the system and wrote off \$2.9 million of fully depreciated Property, Plant & Equipment that was no longer serviceable or functioning efficiently. Additionally, the Engineering Department completed an analysis of several Construction-in-Progress projects that were still in the developmental stages and determined they were no longer viable as a part of the District's long range plan for growth and improvements to infrastructure. This resulted in FY-2011 expenses of \$1.2 million and FY-2010 expenses of \$1.3 million.

For the entire financial reporting period, Fiscal Years 2012 and 2011, total Net Assets decreased approximately \$3.2 million for FY-2012, to \$456.4 million, as compared to FY-2011 when Net Assets decreased by \$1.7 million. At the end of FY-2012 the District is able to report positive balances in all categories of net assets. This situation also held true for the prior two fiscal years.

# Management's Discussion and Analysis

## Statements of Revenues, Expenses, and Changes in Net Assets (In Millions of Dollars)

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Water Sales	\$ 63.8	\$ 58.3	\$ 56.3
Wastewater Revenue	2.4	2.4	2.3
Connection and Other Fees	2.2	2.5	2.1
Non-operating Revenues	<u>9.1</u>	<u>8.8</u>	<u>8.9</u>
 Total Revenues	 <u>77.5</u>	 <u>72.0</u>	 <u>69.6</u>
 Depreciation Expense	 15.2	 13.9	 13.3
Other Operating Expense	66.5	63.4	59.8
Non-operating Expense	<u>5.8</u>	<u>4.3</u>	<u>3.0</u>
 Total Expenses	 <u>87.5</u>	 <u>81.6</u>	 <u>76.1</u>
 Loss Before Capital Contributions	 (10.0)	 (9.6)	 (6.5)
 Capital Contributions	 <u>6.8</u>	 <u>7.9</u>	 <u>8.8</u>
 Change in Net Assets	 (3.2)	 (1.7)	 2.3
Prior Period Adjustment			(1.3)
Beginning Net Assets	<u>459.6</u>	<u>461.3</u>	<u>460.3</u>
 Ending Net Assets	 <u>\$ 456.4</u>	 <u>\$ 459.6</u>	 <u>\$ 461.3</u>

Water Sales increased by \$2.0 million in FY-2011 and \$5.5 million in FY-2012, mainly due to rate increases in both years. The slowdown in growth throughout the District was also reflected in the modest increase in Connection and Other Fees of \$0.4 million in FY-2011, followed by a slight decrease of \$0.3 million in FY-2012.

Other Operating Expense has increased predominantly due to the increase in Cost of Water Sales, from a combination of the increased price-per-acre-foot of water obtained from Los Angeles Metropolitan Water District of 7.50%, and 9.97% from San Diego County Water Authority, brought on by the high cost of supply programs as well as higher energy and operating costs.

The slowdown in the economy appears to have leveled off. However, due to the nationwide housing mortgage crisis throughout the last several years, developers have either slowed-down or totally stopped work on many projects until economic conditions improve and the demand for growth returns. This has resulted in Capital Contributions remaining low over the last 3-years, compared to the extended growth of the previous 10-years. While this slowdown now appears to have stabilized, the District was aided in its Capital Contributions through the receipt of additional federal grant monies of \$1.6 million in FY-2011, and \$935,000 in FY-2012.

# Management's Discussion and Analysis

## Non-operating Revenues

### Non-operating Revenues by Major Source (In Millions of Dollars)

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Taxes and assessments	\$ 3.5	\$ 3.9	\$ 4.0
Rents and leases	1.2	1.2	1.1
Other Non-operating Revenue	<u>4.4</u>	<u>3.7</u>	<u>3.8</u>
Total Revenues	<u>9.1</u>	<u>8.8</u>	<u>8.9</u>

The District's non-operating revenues decreased by \$0.1 million in FY-2011 and grew \$0.3 million in FY-2012. The increase in FY-2012 was primarily a result of increased miscellaneous income offset by decreases in investment income as well as taxes and assessments.

## Capital Assets and Debt Administration

The District's capital assets as of June 30, 2012, totaled \$480.8 million (net of accumulated depreciation). Included in this amount is land. The total increase in the District's capital assets was 1.1% for FY-2011 and 1.4% in FY-2012.

### Capital Assets (In Millions of Dollars)

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Land	\$ 13.7	\$ 13.6	\$ 13.6
Construction in Progress	17.5	17.9	35.2
Water System	452.1	441.9	409.5
Recycled Water System	108.0	98.3	97.7
Sewer System	37.8	37.7	37.4
Field Equipment	8.6	9.8	9.5
Buildings	18.6	18.5	18.5
Transportation Equipment	3.2	3.2	3.3
Communication Equipment	2.5	2.4	1.3
Office Equipment	<u>17.2</u>	<u>17.3</u>	<u>18.4</u>
	679.2	660.6	644.4
Less Accumulated Depreciation	<u>(198.4)</u>	<u>(186.2)</u>	<u>(175.2)</u>
Net Capital Assets	<u>\$ 480.8</u>	<u>\$ 474.4</u>	<u>\$ 469.2</u>

As indicated by figures in the table above, the majority of capital assets added during both fiscal years were related to the potable and recycled water systems. In addition, the majority of the cost of construction-in-progress is also related to these water systems. Additional information on the District's capital assets can be found in Note 3 of the Notes to Financial Statements.

# Management's Discussion and Analysis

---

At June 30, 2012, the District had \$111.2 million in outstanding debt (net of \$3.3 million of maturities occurring in fiscal year 2013), which consisted of the following:

General Obligation Bonds	\$	5.8
Certificates of Participation		55.9
Revenue Bonds		<u>49.5</u>
Total Long-Term Debt	\$	<u>111.2</u>

Additional information on the District's long-term debt can be found in Note 5 of the Notes to Financial Statements.

## **Fiscal Year 2012-2013 Budget**

### **Economic Factors**

Growth in the San Diego area has declined over the last 4 years, but is slowly improving. This modest shift is also being reflected in the demand for housing. Although San Diego received less than normal rainfall in Fiscal Year 2012, the District is expecting that San Diego's rainfall will return to its average pattern and volume in the coming years. Water sales volumes are expected to increase slightly as the economy is slowly improving, but will be partially offset by expanded efforts to promote water conservation. The coming years will continue to pose challenges for those in California's water community. It is uncertain if the challenges facing the Sacramento-San Joaquin Bay Delta, the source of 30% of Southern California's water supply, will be addressed. In addition, weather and rainfall always bring a level of uncertainty to the delivery of water to customers in the arid southwestern states. The combination of these factors add to the cost of providing a stable supply of water as water providers look to new and more costly sources of water.

The District currently provides water service to about 73% of its projected ultimate population, serving approximately 208,000 people. Long-term, this percentage should continue to increase as the District's service area continues to develop and grow. Ultimately, the District is projected to serve approximately 285,000 people, with an average daily demand of 46 million gallons per day (MGD). Currently, the District services the needs of this growing population by purchasing water from CWA, who in turn purchases its water from MWD and the Imperial Irrigation District (IID). Otay takes delivery of the water through several connections of large diameter pipelines owned and operated by CWA. The District currently receives treated water from CWA and the Helix Water District (HWD), by contract with CWA. In addition, the District has an emergency agreement with the City of San Diego to purchase water in the case of a shutdown of the main treated water source. The City of San Diego also has a long-term contract with the District to provide recycled water for landscape and irrigation usage. Through innovative agreements like this, benefits can be achieved by both parties by using excess capacity of another agency, and diversifying local supply, thereby increasing reliability.

### **Financial**

The District is projected to deliver approximately 28,925 acre-feet of potable water to 48,860 potable customer accounts during Fiscal Year 2012-2013. Management feels that these projections are realistic after accounting for low growth, supply changes, and a focus on conservation. Current economic conditions throughout America have created an unprecedented uncertainty for business and economic projections in the current fiscal year. The nationwide housing mortgage crisis has leveled off, but continues to result in foreclosures within the District. Additionally, the crisis in the banking and financial industry has had a ripple effect resulting in continued levels of high unemployment. One of the subsequent results of these two broad events is the relocation of many homeowners and renters into new housing arrangements throughout San Diego County. Even with the various challenges, people's need for water remains an underlying constant. Staff continues working diligently on developing new water supplies as they work through the financial impacts of conservation and the modest economic turnaround.

Management is unaware of any other conditions that could have a significant impact on the District's current financial position, net assets, or operating results.

### **Contacting the District's Financial Management**

This financial report is designed to provide a general overview of the Otay Water District's finances for the Board of Directors, taxpayers, creditors, and other interested parties. Questions concerning any of the information provided in the report or requests for additional information should be addressed to the District's Finance Department, 2554 Sweetwater Springs Blvd., Spring Valley, CA 91978-2004.



## STATEMENTS OF NET ASSETS

### JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents (Notes 1 and 2)	\$ 31,075,455	\$ 48,563,129
Restricted cash and cash equivalents (Notes 1 and 2)	4,057,726	5,239,430
Investments (Note 2)	37,069,853	28,691,752
Restricted investments (Notes 1 and 2)	16,124,042	20,622,679
Accounts receivable, net	10,575,970	9,235,138
Accrued interest receivable	106,375	180,113
Taxes and availability charges receivable, net	481,955	454,948
Restricted taxes and availability charges receivable, net	57,313	75,588
Inventories	789,769	835,321
Prepaid expenses and other current assets	1,226,703	1,189,206
	<u>101,565,161</u>	<u>115,087,304</u>
Total Current Assets		
Noncurrent Assets:		
Net OPEB asset (Note 8)	<u>8,321,902</u>	<u>7,416,346</u>
Deferred bond issuance costs (Note 4)	<u>1,532,857</u>	<u>1,618,069</u>
Capital Assets (Note 3):		
Land	13,703,463	13,636,663
Construction in progress	17,452,274	17,909,282
Capital assets, net of depreciation	<u>449,674,352</u>	<u>442,881,020</u>
	<u>480,830,089</u>	<u>474,426,965</u>
Total capital assets, net of depreciaton		
Total Noncurrent Assets	<u>490,684,848</u>	<u>483,461,380</u>
Total Assets	<u>592,250,009</u>	<u>598,548,684</u>

(Continued)



**STATEMENTS OF NET ASSETS (CONTINUED)**  
**JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Current maturities of long-term debt (Note 5)	3,320,000	3,146,010
Accounts payable	10,478,366	13,000,560
Accrued payroll liabilities	2,591,272	2,932,277
Other accrued liabilities	3,932,442	739,868
Customer deposits	1,863,992	2,105,187
Accrued interest	1,639,681	1,656,826
Liabilities Payable From Restricted Assets:		
Restricted accrued interest	<u>81,354</u>	<u>86,405</u>
 Total Current Liabilities	 <u>23,907,107</u>	 <u>23,667,133</u>
 Noncurrent Liabilities:		
Long-term debt (Note 5):		
General obligation bonds	5,819,027	6,298,577
Certificates of participation	55,886,449	57,865,531
Revenue bonds	49,521,421	50,395,822
Other noncurrent liabilities	<u>721,626</u>	<u>715,037</u>
 Total Noncurrent Liabilities	 <u>111,948,523</u>	 <u>115,274,967</u>
 Total Liabilities	 <u>135,855,630</u>	 <u>138,942,100</u>
 <b>NET ASSETS</b>		
Invested in capital assets, net of related debt	381,725,015	377,656,762
Restricted for debt service	4,715,904	4,915,555
Unrestricted	<u>69,953,460</u>	<u>77,034,267</u>
 Total Net Assets	 <u>\$ 456,394,379</u>	 <u>\$ 459,606,584</u>

See accompanying independent auditors' report and notes to financial statements.



**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	<b>2012</b>	<b>2011</b>
<b>OPERATING REVENUES</b>		
Water sales	\$ 63,830,272	\$ 58,293,184
Wastewater revenue	2,400,313	2,396,385
Connection and other fees	2,169,764	2,514,647
Total Operating Revenues	<u>68,400,349</u>	<u>63,204,216</u>
<b>OPERATING EXPENSES</b>		
Cost of water sales	46,106,403	42,029,819
Wastewater	2,547,929	2,592,823
Administrative and general	17,926,430	18,763,380
Depreciation	15,214,704	13,880,206
Total Operating Expenses	<u>81,795,466</u>	<u>77,266,228</u>
Operating Income (Loss)	(13,395,117)	(14,062,012)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income	436,596	854,440
Taxes and assessments	3,502,155	3,895,938
Availability charges	696,863	653,012
Gain (loss) on sale of capital assets	(278,540)	55,300
Miscellaneous revenues	4,788,711	3,304,963
Donations	(121,617)	(120,648)
Interest expense	(3,899,927)	(3,877,531)
Miscellaneous expenses	(1,767,226)	(312,649)
Total Nonoperating Revenues (Expenses)	<u>3,357,015</u>	<u>4,452,825</u>
Income (Loss) Before Capital Contributions	(10,038,102)	(9,609,187)
Capital Contributions	<u>6,825,897</u>	<u>7,866,190</u>
Changes in Net Assets	(3,212,205)	(1,742,997)
Total Net Assets, Beginning	<u>459,606,584</u>	<u>461,349,581</u>
Total Net Assets, Ending	<u>\$ 456,394,379</u>	<u>\$ 459,606,584</u>

See accompanying independent auditors' report and notes to financial statements.



## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 64,648,558	\$ 60,372,625
Receipts from connections and other fees	2,169,764	2,514,647
Other receipts	3,566,651	2,119,390
Payments to suppliers	(46,620,831)	(47,028,888)
Payments to employees	(20,521,468)	(19,439,549)
Other payments	(1,724,744)	(269,198)
Net Cash Provided (Used) by Operating Activities	<u>1,517,930</u>	<u>(1,730,973)</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Receipts from taxes and assessments	3,493,423	3,918,750
Receipts from property rents and leases	1,222,060	1,185,573
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>4,715,483</u>	<u>5,104,323</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from capital contributions	3,363,090	7,386,617
Proceeds from sale of capital assets	28,128	81,220
Proceeds from debt related taxes and assessments	696,863	653,012
Principal payments on long-term debt	(3,146,010)	(2,668,734)
Interest payments and fees	(5,199,488)	(4,696,309)
Acquisition and construction of capital assets	(17,276,246)	(17,474,142)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(21,533,663)</u>	<u>(16,718,336)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received on investments	580,872	945,888
Proceeds from sale and maturities of investments	108,410,000	114,918,280
Purchase of investments	(112,360,000)	(110,029,066)
Net Cash Provided (Used) by Investing Activities	<u>(3,369,128)</u>	<u>5,835,102</u>
Net Increase (Decrease) in Cash and cash equivalents	(18,669,378)	(7,509,884)
Cash and cash equivalents, Beginning	<u>53,802,559</u>	<u>61,312,443</u>
Cash and cash equivalents, Ending	<u>\$ 35,133,181</u>	<u>\$ 53,802,559</u>

(Continued)

See accompanying independent auditors' report and notes to financial statements.



## STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<b>Reconciliation of operating income (loss) to net cash flows provided (used) by operating activities:</b>		
Operating income (loss)	\$ (13,395,117)	\$ (14,062,012)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	15,214,704	13,880,206
Miscellaneous revenues	3,566,651	2,119,390
Miscellaneous expenses	(1,724,744)	(269,198)
(Increase) decrease in accounts receivable	(1,340,832)	(275,771)
(Increase) decrease in inventory	45,552	118,686
(Increase) decrease in net OPEB asset	(905,556)	(632,961)
(Increase) decrease in prepaid expenses and other current assets	(37,497)	(562,785)
Increase (decrease) in accounts payable	(2,522,194)	(2,326,805)
Increase (decrease) in accrued payroll and related expenses	(341,005)	188,869
Increase (decrease) in other accrued liabilities	3,192,574	101,853
Increase (decrease) in customer deposits	(241,195)	(41,173)
Increase (decrease) in prepaid capacity fees	6,589	30,728
	<u>\$ 1,517,930</u>	<u>\$ (1,730,973)</u>
<b>Schedule of Cash and Cash Equivalents:</b>		
Current assets:		
Cash and cash equivalents	\$ 31,075,455	\$ 48,563,129
Restricted cash and cash equivalents	4,057,726	5,239,430
	<u>\$ 35,133,181</u>	<u>\$ 53,802,559</u>
<b>Supplemental Disclosures:</b>		
Non-cash Investing and Financing Activities Consisted of the Following:		
Contributed Capital for Water and Sewer System	\$ 3,462,807	\$ 479,573
Change in Fair Value of Investments and Recognized Gains/Losses	(127,662)	(73,092)
Amortization Related to Long-Term Debt	164,101	164,101



# NOTES TO FINANCIAL STATEMENTS

## YEARS ENDED JUNE 30, 2012 AND 2011

<u>NOTE</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
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## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

### 1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A) Reporting Entity

Otay Water District (the "District") is a public entity established in 1956 pursuant to the Municipal Water District Law of 1911 (Section 711 et. Seq. of the California Water Code) for the purpose of providing water and sewer services to the properties in the District. The District is governed by a Board of Directors consisting of five directors elected by geographical divisions based on District population for a four-year alternating term.

#### B) Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The basic financial statements of the Otay Water District have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting financial reporting purposes.

Net assets of the District are classified into three components: (1) invested in capital assets, net of related debt, (2) restricted net assets, and (3) unrestricted net assets. These classifications are defined as follows:

##### Invested in Capital Assets, Net of Related Debt

This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of notes or borrowing that are attributable to the acquisition of the asset, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt.

##### Restricted Net Assets

This component of net assets consists of net assets with constrained use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

##### Unrestricted Net Assets

This component of net assets consists of net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets".



# NOTES TO FINANCIAL STATEMENTS

## YEARS ENDED JUNE 30, 2012 AND 2011

### 1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### B) Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued

The District distinguishes operating revenues and expenses from those revenues and expenses that are nonoperating. Operating revenues are those revenues that are generated by water sales and wastewater services while operating expenses pertain directly to the furnishing of those services. Nonoperating revenues and expenses are those revenues and expenses generated that are not directly associated with the normal business of supplying water and wastewater treatment services.

The District recognizes revenues from water sales, wastewater revenues, and meter fees as they are earned. Taxes and assessments are recognized as revenues based upon amounts reported to the District by the County of San Diego, net of allowance for delinquencies of \$57,465 and \$58,948 at June 30, 2012 and 2011, respectively.

Additionally, capacity fee contributions received which are related to specific operating expenses are offset against those expenses and included in Cost of Water Sales in the Statement of Revenues and Expenses and Changes in Net Assets.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

#### C) Statement of Cash Flows

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments (including restricted assets) with a maturity period, at purchase, of three months or less to be cash equivalents.

#### D) Investments

The District's investments are stated at fair value, except for short-term investments, which are reported at cost, which approximates fair value. Investments in governmental investment pools are reported on the fair value per share of the pool's underlying portfolio.

#### E) Inventory and Prepaids

Inventory consists primarily of materials used in the construction and maintenance of the water and sewer system and is valued at weighted average cost. Both inventory and prepaids use the consumption method whereby they are reported as an asset and expensed as they are consumed.

#### F) Capital Assets

Capital assets are recorded at cost, where historical records are available, and at an estimated historical cost where no historical records exist. Infrastructure assets in excess of \$20,000 and other capital assets in excess of \$10,000 are capitalized if they have an expected useful life of two years or more. The District will also capitalize individual purchases under the capitalization threshold if they are part of a new capital program. The cost of purchased and self-constructed additions to utility plant and major replacements of property are capitalized. Costs include materials, direct labor, transportation, and such indirect items as engineering, supervision, employee fringe benefits, overhead, and interest incurred during the construction period. Repairs, maintenance, and minor replacements of property are charged to expense. Donated assets are capitalized at their approximate fair market value on the date contributed.

The District capitalizes interest on construction projects up to the point in time that the project is substantially completed. Capitalized interest for fiscal year ending June 30, 2012 of \$1,185,443 is included in the cost of water system assets and is depreciated on the straight-line basis over the estimated useful lives of such assets.



# NOTES TO FINANCIAL STATEMENTS

## YEARS ENDED JUNE 30, 2012 AND 2011

### 1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### F) Capital Assets - Continued

Depreciation is calculated using the straight-line method over the following estimated useful lives:

Water System	15-70 Years
Field Equipment	2-50 Years
Buildings	30-50 Years
Communication Equipment	2-10 Years
Transportation Equipment	2-4 Years
Office Equipment	2-10 Years
Recycled Water System	50-75 Years
Sewer System	25-50 Years

#### G) Compensated Absences

It is the District's policy to record the cost of paid time off (vacation and sick leave) as it is earned. Paid time off is payable to employees at the time it is taken or upon termination of employment. As of June 30, 2012 and 2011, total accrued paid time off was \$1,991,841 and \$2,162,352, respectively.

#### H) Restricted Assets and Liabilities

Certain current liabilities have been classified as current liabilities payable from restricted assets as they will be funded from restricted assets.

#### I) Allowance for Doubtful Accounts

The District charges doubtful accounts arising from water sales receivable to bad debt expense when it is probable that the accounts will be uncollectible. Uncollectible accounts are determined by the allowance method based upon prior experience and management's assessment of the collectability of existing specific accounts. The allowance for doubtful accounts were \$14,461 and \$148,047 for 2012 and 2011, respectively.

#### J) Use of Estimates

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

#### K) Property Taxes

Tax levies are limited to 1% of full market value (at time of purchase) which results in a tax rate of \$1.00 per \$100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

The County of San Diego (the "County") bills and collects property taxes on behalf of the District. The County's tax calendar year is July 1 to June 30. Property taxes attach as a lien on property on January 1. Taxes are levied on July 1 and are payable in two equal installments on November 1 and February 1, and become delinquent after December 10 and April 10, respectively.

#### L) Reclassifications

Certain reclassifications have been made to prior year amounts to conform to the current year presentation.



# NOTES TO FINANCIAL STATEMENTS

## YEARS ENDED JUNE 30, 2012 AND 2011

### 2) CASH AND INVESTMENTS

The primary goals of the District's Investment Policy are to assure compliance with all Federal, State, and Local laws governing the investment of funds under the control of the organization, protect the principal of investments entrusted, and generate income under the parameters of such policies.

Cash and Investments are classified in the accompanying financial statements as follows:

Statement of Net Assets:

Current Assets	<b>2012</b>	<b>2011</b>
Cash and Cash Equivalents	\$ 31,075,455	\$ 48,563,129
Restricted Cash and Cash Equivalents	4,057,726	5,239,430
Investments	37,069,853	28,691,752
Restricted Investments	16,124,042	20,622,679
<b>Total Cash and Investments</b>	<b>\$ 88,327,076</b>	<b>\$ 103,116,990</b>

Cash and Investments consist of the following:

	<b>2012</b>	<b>2011</b>
Cash on Hand	\$ 2,950	\$ 2,950
Deposits with Financial Institutions	1,519,979	981,696
Investments	86,804,147	102,132,344
<b>Total Cash and Investments</b>	<b>\$ 88,327,076</b>	<b>\$ 103,116,990</b>

### Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's Investment Policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's Investment Policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's Investment Policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio <sup>(1)</sup>	Maximum Investment In One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Government Sponsored Entities	5 years	None	None
Certificates of Deposit	5 years	15%	None
Corporate Medium-Term Notes	5 years	15%	None
Commercial Paper	270 days	15%	10%
Money Market Mutual Funds	N/A	15%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

<sup>(1)</sup> Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.



# NOTES TO FINANCIAL STATEMENTS

## YEARS ENDED JUNE 30, 2012 AND 2011

### 2) CASH AND INVESTMENTS - Continued

#### Investments Authorized by Debt Agreements

Investments of debt proceeds held by the bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's Investment Policy.

#### Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time, as necessary, to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations are provided by the following tables that show the distribution of the District's investments by maturity as of June 30, 2012 and 2011.

#### June 30, 2012

Investment Type		Remaining Maturity (in Months)			
		12 Months Or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
U.S. Government Sponsored Entities	\$ 53,100,166	\$ 5,744,244	\$24,995,670	\$22,360,252	\$ -
Local Agency Investment Fund (LAIF)	11,614,981	11,614,981	-	-	-
San Diego County Pool	22,089,000	22,089,000	-	-	-
<b>Total</b>	<b>\$ 86,804,147</b>	<b>\$39,448,225</b>	<b>\$24,995,670</b>	<b>\$22,360,252</b>	<b>\$ -</b>

#### June 30, 2011

Investment Type		Remaining Maturity (in Months)			
		12 Months Or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
U.S. Government Sponsored Entities	\$ 49,263,245	\$ -	\$21,821,835	\$27,441,411	\$ -
Local Agency Investment Fund (LAIF)	35,876,620	35,876,620	-	-	-
Corporate Medium-Term Notes	-	-	-	-	-
San Diego County Pool	16,992,479	16,992,479	-	-	-
<b>Total</b>	<b>\$102,132,344</b>	<b>\$52,869,099</b>	<b>\$21,821,835</b>	<b>\$27,441,411</b>	<b>\$ -</b>



## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

### 2) CASH AND INVESTMENTS - Continued

#### Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code or the District's Investment Policy, or debt agreements, and the Moody's ratings as of June 30, 2012 and 2011 for each investment type.

#### June 30, 2012

Investment Type		Minimum Legal Rating	Rating as of Year End		
			AAA	AA	Not Rated
U.S. Government Sponsored Entities	\$ 53,100,166	N/A	\$53,100,166	\$ -	\$ -
Local Agency Investment Fund (LAIF)	11,614,981	N/A	-	-	11,614,981
San Diego County Pool	22,089,000	N/A	-	-	22,089,000
<b>Total</b>	<b>\$ 86,804,147</b>		<b>\$53,100,166</b>	<b>\$ -</b>	<b>\$33,703,981</b>

#### June 30, 2011

Investment Type		Minimum Legal Rating	Rating as of Year End		
			AAA	AA	Not Rated
U.S. Government Sponsored Entities	\$ 49,263,245	N/A	\$49,263,246	\$ -	\$ -
Local Agency Investment Fund (LAIF)	35,876,620	N/A	-	-	35,876,620
San Diego County Pool	16,992,479	N/A	-	-	16,992,479
<b>Total</b>	<b>\$102,132,344</b>		<b>\$49,263,246</b>	<b>\$ -</b>	<b>\$52,869,099</b>



# NOTES TO FINANCIAL STATEMENTS

## YEARS ENDED JUNE 30, 2012 AND 2011

**2) CASH AND INVESTMENTS - Continued**

**Concentration of Credit Risk**

The investment policy of the District contains various limitations on the amounts that can be invested in any one type or group of investments and in any issuer, beyond that stipulated by the California Government Code, Sections 53600 through 53692. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments as of June 30, 2012 and 2011 are as follows:

**June 30, 2012**

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Home Loan Bank	U.S. Government Sponsored Entities	\$ 17,991,270
Federal Home Loan Mortgage Corp	U.S. Government Sponsored Entities	15,753,834
Federal National Mortgage Association	U.S. Government Sponsored Entities	14,993,400
Federal Farm Credit Banks	U.S. Government Sponsored Entities	4,361,662

**June 30, 2011**

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Home Loan Bank	U.S. Government Sponsored Entities	\$ 17,791,131
Federal Home Loan Mortgage Corp	U.S. Government Sponsored Entities	25,827,735
Federal National Mortgage Association	U.S. Government Sponsored Entities	5,644,380

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Entity’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2012, \$1,720,135 of the District’s deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts. As of June 30, 2011, \$1,308,661 of the District’s deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts.



## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

### 2) CASH AND INVESTMENTS - Continued

#### Local Agency Investment Fund (LAIF)

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost-basis.

#### San Diego County Pooled Fund

The San Diego County Pooled Investment Fund (SDCPIF) is a pooled investment fund program governed by the County of San Diego Board of Supervisors, and administered by the County of San Diego Treasurer and Tax Collector. Investments in SDCPIF are highly liquid as deposits and withdrawals can be made at anytime without penalty.

The County of San Diego's bank deposits are either Federally insured or collateralized in accordance with the California Government Code. Pool detail is included in the County of San Diego Comprehensive Annual Financial Report (CAFR). Copies of the CAFR may be obtained from the County of San Diego Auditor-Controller's Office – 1600 Pacific Coast Highway – San Diego, CA 92101.

#### Collateral for Deposits

All cash is entirely insured or collateralized.

Under the provisions of the California Government Code, California banks and savings and loan associations are required to secure the District's deposits by pledging government securities as collateral. The market value of the pledged securities must equal at least 110% of the District's deposits. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total deposits.

The District may waive the 110% collateral requirement for deposits which are insured up to \$250,000 by the FDIC.



## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

### 3) CAPITAL ASSETS

The following is a summary of changes in Capital Assets for the year ended June 30, 2012:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets, Not Depreciated				
Land	\$ 13,636,663	\$ 66,800	\$ -	\$ 13,703,463
Construction in Progress	17,909,282	19,086,698	(19,543,706)	17,452,274
Total Capital Assets Not Depreciated	31,545,945	19,153,498	(19,543,706)	31,155,737
Capital Assets, Being Depreciated				
Infrastructure	577,926,518	20,908,862	(940,451)	597,894,929
Field Equipment	9,847,809	149,661	(1,395,410)	8,602,060
Buildings	18,451,132	198,077	-	18,649,209
Transportation Equipment	3,177,687	221,872	(178,310)	3,221,249
Communication Equipment	2,359,043	155,108	-	2,514,151
Office Equipment	17,332,966	681,123	(812,669)	17,201,420
Total Capital Assets Being Depreciated	629,095,155	22,314,703	(3,326,840)	648,083,018
Less Accumulated Depreciation:				
Infrastructure	157,565,903	12,330,306	(637,807)	169,258,402
Field Equipment	8,619,183	149,708	(1,395,410)	7,373,481
Buildings	6,911,291	436,529	-	7,347,820
Transportation Equipment	2,250,422	234,188	(178,310)	2,306,300
Communication Equipment	644,017	391,829	-	1,035,846
Office Equipment	10,223,319	1,672,144	(808,646)	11,086,817
Total Accumulated Depreciation	186,214,135	15,214,704	(3,020,173)	198,408,666
Total Capital Assets Being Depreciated, Net	442,881,020	7,099,999	(306,667)	449,674,352
Total Capital Assets, Net	<u>\$ 474,426,965</u>	<u>\$ 26,253,497</u>	<u>\$ (19,850,373)</u>	<u>\$ 480,830,089</u>

Depreciation expense for the years ended June 30, 2012 and 2011 was \$15,214,704 and \$13,880,206, respectively.



## NOTES TO FINANCIAL STATEMENTS

### YEARS ENDED JUNE 30, 2012 AND 2011

#### 3) CAPITAL ASSETS (Continued)

The following is a summary of changes in Capital Assets for the year ended June 30, 2011:

	Beginning Balance (As Restated)	Additions	Deletions	Ending Balance
Capital Assets, Not Depreciated				
Land	\$ 13,620,963	\$ 15,700	\$ -	\$ 13,636,663
Construction in Progress	35,179,104	18,141,296	(35,411,118)	17,909,282
Total Capital Assets Not Depreciated	<u>48,800,067</u>	<u>18,156,996</u>	<u>(35,411,118)</u>	<u>31,545,945</u>
Capital Assets, Being Depreciated				
Infrastructure	544,533,985	33,440,219	(47,686)	577,926,518
Field Equipment	9,529,558	489,019	(170,768)	9,847,809
Buildings	18,451,132	-	-	18,451,132
Transportation Equipment	3,278,692	347,077	(448,082)	3,177,687
Communication Equipment	1,335,820	1,023,223	-	2,359,043
Office Equipment	18,430,388	1,123,775	(2,221,197)	17,332,966
Total Capital Assets Being Depreciated	<u>595,559,575</u>	<u>36,423,313</u>	<u>(2,887,733)</u>	<u>629,095,155</u>
Less Accumulated Depreciation:				
Infrastructure	146,106,000	11,507,589	(47,686)	157,565,903
Field Equipment	8,685,579	104,372	(170,768)	8,619,183
Buildings	6,475,141	436,150	-	6,911,291
Transportation Equipment	2,477,854	203,715	(431,147)	2,250,422
Communication Equipment	468,548	175,469	-	644,017
Office Equipment	10,982,620	1,452,911	(2,212,212)	10,223,319
Total Accumulated Depreciation	<u>175,195,742</u>	<u>13,880,206</u>	<u>(2,861,813)</u>	<u>186,214,135</u>
Total Capital Assets Being Depreciated, Net	<u>420,363,833</u>	<u>22,543,107</u>	<u>(25,920)</u>	<u>442,881,020</u>
Total Capital Assets, Net	<u>\$ 469,163,900</u>	<u>\$ 40,700,103</u>	<u>\$ (35,437,038)</u>	<u>\$ 474,426,965</u>

Depreciation expense for the years ended June 30, 2011 and 2010 was \$13,880,206 and \$13,297,497, respectively.

#### 4) OTHER NONCURRENT ASSETS

Deferred bond issue costs totaled \$1,532,857 and \$1,618,069, net of accumulated amortization of \$466,081 and \$380,418 as of June 30, 2012 and 2011, respectively. The costs are amortized on the straight-line method based on the estimated term of the related bond debt. Amortization expense of \$85,212 and \$85,212 for the years ended June 30, 2012 and 2011 is included in miscellaneous non-operating expenses.



## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

### 5) LONG-TERM DEBT

Long-term liabilities for the year ended June 30, 2012 are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>General Obligation Bonds:</b>					
Improvement District No. 27 - 2009	\$ 7,260,000	\$ -	\$ 505,000	\$ 6,755,000	\$ 520,000
Unamortized Bond Premium	182,626	-	16,355	166,271	-
Deferred Amount on Refunding	(639,049)	-	(56,805)	(582,244)	-
<b>Net General Obligation Bonds</b>	<b>6,803,577</b>	<b>-</b>	<b>464,550</b>	<b>6,339,027</b>	<b>520,000</b>
<b>Certificates of Participation:</b>					
1996 Certificates of Participation	11,300,000	-	400,000	10,900,000	500,000
2004 Certificates of Participation	9,245,000	-	565,000	8,680,000	580,000
2007 Certificates of Participation	39,550,000	-	885,000	38,665,000	920,000
1996 COPS Unamortized Discount	(11,923)	-	(745)	(11,178)	-
2007 COPS Unamortized Discount	(232,131)	-	(9,044)	(223,087)	-
2004 COPS Unamortized Premium	14,170	-	1,165	13,005	-
2004 COPS Deferred Amount on Refunding	(149,585)	-	(12,294)	(137,291)	-
<b>Net Certificates of Participation</b>	<b>59,715,531</b>	<b>-</b>	<b>1,829,082</b>	<b>57,886,449</b>	<b>2,000,000</b>
<b>Revenue Bonds:</b>					
2010 Water Revenue Bonds Series A	13,840,000		785,000	13,055,000	800,000
2010 Water Revenue Bonds Series B	36,355,000		-	36,355,000	-
2010 Series A Unamortized Premium	985,822		74,401	911,421	-
<b>Net Revenue Bonds</b>	<b>51,180,822</b>	<b>-</b>	<b>859,401</b>	<b>50,321,421</b>	<b>800,000</b>
<b>Notes Payable:</b>					
State Water Resource Control Board	6,010	-	6,010	-	-
<b>Total Long-Term Liabilities</b>	<b>\$117,705,940</b>	<b>\$ -</b>	<b>\$ 3,159,043</b>	<b>\$114,546,897</b>	<b>\$3,320,000</b>



## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

### 5) LONG-TERM DEBT – Continued

#### General Obligation Bonds

In June 1998, the District issued \$11,835,000 of General Obligation Refunding Bonds. The proceeds of this issue, together with other lawfully available monies, were to be used to establish an irrevocable escrow to advance refund and defease in their entirety the District’s previous outstanding General Obligation Bond issue. In November 2009, The District issued \$7,780,000 of General Obligation Refunding Bonds to refund the 1998 issue. The proceeds from the bond issue were \$7,989,884, which included an original issue premium of \$209,884. An amount of \$7,824,647, which consisted of unpaid principal and accrued interest, was deposited into an escrow fund. Pursuant to an optional redemption clause in the 1998 bonds, the District was able to redeem the 1998 bonds, without premium at any time after September 1, 2009. On December 15, 2009 the 1998 bonds were refunded.

The savings between the cash flow required to service the old debt and the cash flow required to service the new debt is \$1,099,110 and represents an economic gain on refunding of \$640,925.

These bonds are general obligations of Improvement District No. 27 (ID 27) of the District. The Board of Directors has the power and is obligated to levy annual ad valorem taxes without limitation, as to rate or amount for payment of the bonds and the interest upon all property which is within ID 27 and subject to taxation. The General Obligation Bonds are payable from District-wide tax revenues. The Board may utilize other sources for servicing the bond debt and interest.

The refunding of the 1998 bonds resulted in a deferred amount of \$728,989 which is being amortized over the remaining life of the refunded debt. Amortization for the year ended June 30, 2012 was \$56,805 and is included in miscellaneous non-operating expenses. As of June 30, 2012, the unamortized deferred amount of refunding is \$582,244.

The 2009 General Obligation Bonds have interest rates from 3.00% to 4.00% with maturities through Fiscal Year 2023.

Future debt service requirements for the bonds are as follows:

For the Year Ended June 30,	Principal	Interest	Total
2013	\$ 520,000	\$ 236,262	\$ 756,262
2014	535,000	220,437	755,437
2015	550,000	204,162	754,162
2016	570,000	187,362	757,362
2017	585,000	169,306	754,306
2018-2022	3,275,000	481,300	3,756,300
2023	720,000	14,403	734,403
	<u>\$ 6,755,000</u>	<u>\$ 1,513,232</u>	<u>\$ 8,268,232</u>



# NOTES TO FINANCIAL STATEMENTS

## YEARS ENDED JUNE 30, 2012 AND 2011

### 5) LONG-TERM DEBT - Continued

#### Certificates of Participation (COPS)

In June 1996, COPS with face value of \$15,400,000 were sold by the Otay Service Corporation to finance the cost of design, acquisition, and construction of certain capital improvements. An installment purchase agreement between the District, as Buyer, and the Corporation, as Seller, was executed for the scheduled payment of principal and interest associated with the COPS. The installment payments are to be paid from taxes and “net revenues,” as described in the installment agreement. The certificates bear interest at a variable weekly rate not to exceed 12%. The variable interest rate is tied to the 30-day LIBOR index and the Securities Industry and Financial Markets Association (SIFMA) index. An irrevocable letter of credit facility is necessary to market the District’s variable rate debt. This facility is with Union Bank and covers the outstanding principal and interest. The facility expires on June 29, 2014. The interest rate at June 30, 2012 was 0.15%. The installment payments are to be paid annually at \$350,000 to \$900,000 from September 1, 1996 through September 1, 2026.

In July 2004, Refunding Certificates of Participation (COPS) with a face value of \$12,270,000 were sold by the Otay Service Corporation to advance refund \$11,680,000 of outstanding 1993 COPS. An installment agreement between the District, as Buyer, and the Corporation, as Seller, was executed for the scheduled payment of principal and interest associated with the COPS. The installment payments are to be paid from taxes and “net revenues,” as described in the installment agreement. The certificates are due in annual installments of \$445,000 to \$895,000 from September 1, 2005 through September 1, 2023; bearing interest at 3% to 4.625%.

In March 2007, Revenue Certificates of Participation (COPS) with face value of \$42,000,000 were sold by the Otay Service Corporation to improve the District’s water storage system and distribution facilities. An installment purchase agreement between the District, as a Buyer, and the Corporation, as Seller, was executed for the scheduled payment of principal and interest associated with the COPS. The installment payments are to be paid from taxes and “net revenues,” as described in the installment agreement. The certificates are due in annual installments of \$785,000 to \$2,445,000 from September 1, 2007 through September 1, 2036; bearing interest at 3.7% to 4.47%.

There is no aggregate reserve requirement for the COPS. Future debt service requirements for the certificates are as follows:

For the Year Ended June 30,	1996 COPS		2004 COPS		2007 COPS	
	Principal	Interest*	Principal	Interest	Principal	Interest
2013	\$ 500,000	\$ 15,725	\$ 580,000	\$ 349,566	\$ 920,000	\$ 1,589,020
2014	500,000	14,975	600,000	328,906	955,000	1,553,864
2015	500,000	14,225	625,000	306,388	995,000	1,517,301
2016	600,000	13,350	650,000	281,994	1,035,000	1,479,239
2017	600,000	12,450	675,000	255,819	1,075,000	1,439,408
2018-2022	3,500,000	47,225	3,795,000	828,394	6,020,000	6,529,600
2023-2027	4,700,000	16,325	1,755,000	81,441	7,360,000	5,181,071
2028-2032	-	-	-	-	9,070,000	3,453,857
2033-2037	-	-	-	-	11,235,000	1,271,265
	<u>\$10,900,000</u>	<u>\$ 134,275</u>	<u>\$ 8,680,000</u>	<u>\$ 2,432,508</u>	<u>\$38,665,000</u>	<u>\$ 24,014,625</u>

\* Variable Rate - Interest reflected at June 30, 2012 at a rate of 0.15%.

The three COP debt issues contain various covenants and restrictions, principally that the District fix, prescribe, revise and collect rates, fees and charges for the Water System which will be at least sufficient to yield, during each fiscal year, taxes and net revenues equal to one hundred twenty-five percent (125%) of the debt service for such fiscal year. The District was in compliance with these rate covenants for the fiscal year ended June 30, 2012.



# NOTES TO FINANCIAL STATEMENTS

## YEARS ENDED JUNE 30, 2012 AND 2011

### 5) LONG-TERM DEBT - Continued

#### Water Revenue Bonds

In April 2010, Water Revenue Bonds with a face value of \$50,195,000 were sold by the Otay Water District Financing Authority to provide funds for the construction of water storage and transmission facilities. The bond issue consisted of two series; Water Revenue Bonds, Series 2010A (Non-AMT Tax Exempt) with a face value of \$13,840,000 plus a \$1,078,824 original issue premium, and Water Revenue Bonds Series 2010B (Taxable Build America Bonds) with a face value of \$36,255,000. The Series 2010A bonds are due in annual installments of \$785,000 to \$1,295,000 from September 1, 2012 through September 1, 2025; bearing interest at 2% to 5.25%. The Series 2010B bonds are due in annual installments of \$1,365,000 to \$3,505,000 from September 1, 2026 through September 1, 2040; bearing interest at 6.377% to 6.577%. Interest on both Series is payable on September 1, 2010 and semiannually thereafter on March 1<sup>st</sup> and September 1<sup>st</sup> of each year until maturity or earlier redemption. The installment payments are to be made from Taxes and Net Revenues of the Water System as described in the installment purchase agreement, on parity with the payments required to be made by the District for the 1996, 2004 and 2007 Certificates of Participation described above.

The proceeds of the bonds will be used to fund the project described above as well as to fund reserve funds of \$1,030,688 (Series 2010A) and \$2,707,418 (Series 2010B). \$542,666 was used to fund various costs of issuance.

The original issue premium is being amortized over the 14 year life of the Series 2010A bonds. Amortization for the year ending June 30, 2012 was \$74,402 and is included in interest expense. The unamortized premium at June 30, 2012 is \$911,421.

The 2011 Water Revenue Bonds contains various covenants and restrictions, principally that the District fix, prescribe, revise and collect rates, fees and charges for the Water System which will be at least sufficient to yield, during each fiscal year, taxes and net revenues equal to one hundred twenty-five percent (125%) of the debt service for such fiscal year. The District was in compliance with these rate covenants for the fiscal year ended June 30, 2012.

The total amount outstanding at June 30, 2012 and aggregate maturities of the revenue bonds for the fiscal years subsequent to June 30, 2012, are as follows:

For the Year Ended June 30,	2010 Water Revenue Bond Series A		2010 Water Revenue Bond Series B	
	Principal	Interest	Principal	Interest
2013	\$ 800,000	\$ 553,838	\$ -	\$ 2,371,868
2014	820,000	533,538	-	2,371,868
2015	845,000	508,563	-	2,371,868
2016	870,000	478,488	-	2,371,868
2017	900,000	443,088	-	2,371,868
2018-2022	5,115,000	1,584,988	-	11,859,342
2023-2027	3,705,000	291,969	2,815,000	11,682,539
2028-2032	-	-	8,760,000	9,631,794
2033-2037	-	-	12,005,000	6,275,280
2038-2042	-	-	12,775,000	1,747,344
	<u>\$ 13,055,000</u>	<u>\$ 4,394,470</u>	<u>\$ 36,355,000</u>	<u>\$ 53,055,639</u>



## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

### 5) LONG-TERM DEBT - Continued

#### Note Payable

In December 1990, the District entered into a 3.5% note payable to the State Water Resources Control Board. This note is unsecured and payable in annual installments of \$366,325 including principal and interest from 1992 through 2012. The note was paid off during the year.

### 6) NET ASSETS

#### Designated Net Assets

In addition to the restricted net assets, a portion of the unrestricted net assets have been designated by the Board of Directors for the following purposes as of June 30, 2012 and 2011:

	2012	2011
Designated Betterment	\$ -	\$ 13,221,595
Expansion Reserve	17,943,825	13,216,223
Replacement Reserve	15,911,850	30,156,082
Designated New Supply Fund	1,593,571	-
Employee Benefits Reserve	1,660,369	4,526,516
Total	<u>\$ 37,109,615</u>	<u>\$ 61,120,416</u>

### 7) DEFINED BENEFIT PENSION PLAN

#### Plan Description

The District's defined plan, (the "Plan"), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Plan is part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statute within the Public Employees' Retirement Law. The Plan selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through District resolution. CalPERS issues a separate Comprehensive Annual Financial Report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.



# NOTES TO FINANCIAL STATEMENTS

## YEARS ENDED JUNE 30, 2012 AND 2011

### 7) DEFINED BENEFIT PENSION PLAN - Continued

#### Funding Policy

Active members in the Plan are required to contribute 8% of their annual covered salary. By agreement between the employee union and the District, the represented employees paid 5.25% of covered salaries beginning August 15, 2011. Also by agreement, the unrepresented employees began paying 4.5% of covered salaries as of July 15, 2011. Prior to these agreements all employees paid 1% of covered salaries. In these same agreements, all employees, after June 30, 2012 will pay an additional 3.5% of covered salaries. The District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the fiscal year ended June 30, 2012 was 23.428%. The contribution requirements of the Plan members are established by State statute and the employer contribution rate is established and may be amended by the CalPERS.

#### Annual Pension Costs

For the fiscal year ended June 30, 2012, the District's annual pension cost and actual contribution was \$2,951,409. The required contribution for the fiscal year ended June 30, 2012 was determined as part of the June 30, 2009 actuarial valuation.

The following is a summary of the actuarial assumptions and methods:

Valuation Date	June 30, 2009
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	21 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.75% (Net of Administrative Expenses)
Projected Salary Increase	3.55% to 14.45% Depending on Age, Service, and Type of Employment
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.00% and an annual production growth of 0.25%.

Initial unfunded liabilities are amortized over a closed period that depends on the Plan's date of entry into CalPERS. Subsequent Plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 6% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of the plan assets, then the amortization payment of the total unfunded liability may be lower than the payment calculated over a 30-year amortization period.

#### THREE-YEAR TREND INFORMATION FOR PERS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/12	\$ 2,951,409	100%	\$ 0
6/30/11	\$ 2,427,744	100%	\$ 0
6/30/10	\$ 2,240,538	100%	\$ 0

#### Funded Status and Funding Progress

As of June 30, 2010, the most recent actuarial valuation date, the plan was 70.9% funded. The actuarial accrued liability (AAL) for benefits was \$81,306,934, and the actuarial value of assets was \$57,613,987, resulting in an unfunded actuarial accrued liability (UAAL) of \$23,692,947. The covered payroll (annual payroll of active employees covered by the plan) was \$12,140,989, and the ratio of the UAAL to the covered payroll was 195.1%.

The schedule of funding progress, presented as *required supplementary information* following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over the time relative to the actuarial accrued liability for benefits.



# NOTES TO FINANCIAL STATEMENTS

## YEARS ENDED JUNE 30, 2012 AND 2011

### 8) OTHER POST EMPLOYMENT BENEFITS

#### Plan Description

The District's defined benefit postemployment healthcare plan, (DHP), provides medical benefits to eligible retired District employees and beneficiaries. DHP is part of the Public Agency portion of the California Employers' Retiree Benefit Trust Fund (CERBT), an agent multiple-employer plan administered by California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public employers within the State of California. CalPERS issues a separate Comprehensive Annual Financial Report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Prior to the plan agreements signed in 2011 the eligibility in the plan was broken into 3 tiers, employees hired before January 1, 1981, employees hired between January 1, 1981 and July 1, 1993 and employees hired on or after July 1, 1993. Board Members elected before January 1, 1995 are also eligible for the plan. Eligibility also includes age and years of service requirements which vary by tier. Benefits include 100% medical and dental premiums for life for the retiree for Tier I, II or III employees, and up to 100% spouse premium for life and dependent premium up to age 19 depending on the tier. The plan also includes survivor benefits to Medicare.

Subsequent to the agreements in 2011 the represented employees are eligible for the plan after 20 years of consecutive service while unrepresented employees are eligible after 15 years. Survivor benefits are covered beyond Medicare.

#### Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the Board of Directors. DHP members receiving benefits contribute based on their selected plan options of EPO, HMO or Gold and if they are located outside the State of California. Contributions by plan members range from \$0 to \$146 per month for coverage to age 65, and from \$0 to \$147 per month, respectively, thereafter.

#### Annual OPEB Cost and Net OPEB Obligation/Asset

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover the normal annual cost. Any unfunded actuarial liability (or funding excess) is amortized over a period not to exceed thirty years. The current ARC rate is 10.5% of the annual covered payroll.

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation/asset:

	<u>2012</u>	<u>2011</u>
Annual Required Contribution (ARC)	\$ 1,304,000	\$ 289,000
Interest on net OPEB asset	(537,685)	(525,712)
Adjustment to Annual Required Contribution (ARC)	473,000	646,000
Annual OPEB cost (expense)	<u>1,239,315</u>	<u>409,288</u>
Contributions made	<u>2,144,871</u>	<u>1,042,249</u>
Increase in net OPEB asset	(905,556)	(632,961)
Net OPEB asset - beginning of year	<u>(7,416,346)</u>	<u>(6,783,385)</u>
Net OPEB asset - end of year	<u>\$ (8,321,902)</u>	<u>\$ (7,416,346)</u>



# NOTES TO FINANCIAL STATEMENTS

## YEARS ENDED JUNE 30, 2012 AND 2011

### 8) OTHER POST EMPLOYMENT BENEFITS - Continued

For 2012, in addition to the ARC, the District contributed cash benefit payments outside the trust (healthcare premium payments for retirees to Special District Risk Management Authority (SDRMA) ) in the amount of \$749,871, which is included in the \$2,144,871 of contributions shown above. For 2011 this amount was \$654,250, which is included in the \$1,042,249 of contributions shown above.

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation/asset for the fiscal years 2012, 2011 and 2010 were as follows:

THREE-YEAR TREND INFORMATION FOR CERBT				
Fiscal Year	Annual OPEB Cost (AOC)	Percentage of OPEB Cost Contributed		Net OPEB Asset
6/30/2012	\$ 1,239,315	173%		\$ (8,321,902)
6/30/2011	\$ 409,288	255%		\$ (7,416,346)
6/30/2010	\$ 455,122	227%		\$ (6,783,385)

### Funded Status and Funding Progress

The funded status of the plan as of June 30, 2011, the most recent actuarial valuation date, was as follows:

Actuarial Accrued Liability (AAL)	\$ 18,289,000
Actuarial Value of Plan Assets	\$ 7,893,000
Unfunded Actuarial Accrued Liability (UAAL)	\$ 10,396,000
Funded Ratio (Actuarial Value of Plan Assets/AAL)	43.16%
Covered Payroll (Active Plan Members)	\$ 12,429,000
UAAL as a Percentage of Covered Payroll	83.64%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.



## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

### 8) OTHER POST EMPLOYMENT BENEFITS - Continued

#### Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

The following is a summary of the actuarial assumptions and methods:

Valuation Date	June 30, 2011
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	26 Year fixed (closed) period as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.25% (Net of Administrative Expenses)
Projected Salary Increase	3.25%
Inflation	3.00%
Individual Salary Growth	CalPERS 1997-2007 Experience Study
Healthcare Cost Trend Rate	Medical: 10% per annum graded down in approximately one-half percent increments to an ultimate rate of 5%. Dental: 4% per annum.

### 9) WATER CONSERVATION AUTHORITY

In 1999 the District formed the Water Conservation Authority (the "Authority"), a Joint Powers Authority, with other local entities to construct, maintain and operate a xeriscape demonstration garden in the furtherance of water conservation. The authority is a non-profit public charity organization and is exempt from income taxes. During the years ended June 30, 2012 and 2011, the District contributed \$121,617 and \$120,648, respectively, for the development, construction and operation costs of the xeriscape demonstration garden.

A summary of the Authority's June 30, 2011 audited financial statement is as follows (latest report available):

Assets	\$ 1,815,887
Liabilities	85
Net Assets	\$ 1,815,802
Revenues, Gains and Other Support	\$ 370,012
Expenses	(597,808)
Transfer of Assets	(367,946)
Changes in Net Assets	\$ (595,742)



## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

### 10) COMMITMENTS AND CONTINGENCIES

#### Construction Commitments

The District had committed to capital projects under construction with an estimated cost to complete of \$3,151,775 at June 30, 2012.

#### Litigation

Certain claims, suits and complaints arising in the ordinary course of operation have been filed or are pending against the District. In the opinion of the staff and counsel, all such matters are adequately covered by insurance, or if not so covered, are without merit or are of such kind, or involved such amounts, as would not have a significant effect on the financial position or results of operations of the District if disposed of unfavorably.

#### Refundable Terminal Storage Fees

The District has entered into an agreement with several developers whereby the developers prepaid the terminal storage fee in order to provide the District with the funds necessary to build additional storage capacity. The agreement further allows the developers to relinquish all or a portion of such water storage capacity. If the District grants to another property owner the relinquished storage capacity, the District shall refund to the applicable developer \$746 per equivalent dwelling unit (EDU). There were 17,867 EDUs that were subject to this agreement. At June 30, 2011, 1,751 EDUs had been relinquished and refunded, 14,663 EDUs had been connected, and 1,453 EDUs have neither been relinquished nor connected. At June 30, 2012, 1,751 EDUs had been relinquished and refunded, 15,026 EDUs had been connected, and 1,090 EDUs have neither been relinquished nor connected.

#### Developer Agreements

The District has entered into various Developer Agreements with developers towards the expansion of District facilities. The developers agree to make certain improvements and after the completion of the projects the District agrees to reimburse such improvements with a maximum reimbursement amount for each developer. Contractually, the District does not incur a liability for the work until the work is accepted by the District. As of June 30, 2012, none of the outstanding developer agreements had been accepted, however it is anticipated that the District will be liable for an amount not to exceed \$56,000 at the point of acceptance. Accordingly, the District has accrued a liability as of year end.

### 11) RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, damage and destruction of assets, errors and omissions, and natural disasters. Beginning in July 2003, the District began participation in an insurance pool through the Special District Risk Management Authority (SDRMA). SDRMA is a not-for-profit public agency formed under California Government Code Sections 6500 et. Seq. SDRMA is governed by a board composed of members from participating agencies. The mission of SDRMA is to provide renewable, efficiently priced risk financing and risk management services through a financially sound pool. The District pays an annual premium for commercial insurance covering general liability, excess liability, property, automobile, public employee dishonesty, and various other claims. Accordingly, the District retains no risk of loss. Separate financial statements of SDRMA may be obtained at Special District Risk Management Authority, 1112 "I" Street, Suite 300, Sacramento, CA 95814.

General and Auto Liability, Public Officials' and Employees' Errors and Omissions and Employment Practices Liability: Total risk financing limits of \$10 Million combined single limit at \$10 Million per occurrence, subject to the following deductibles:

\$500 per occurrence for third party general liability property damage;

\$1,000 per occurrence for third party auto liability property damage;

50% co-insurance of cost expended by SDRMA, in excess of \$10,000 up to \$50,000, per occurrence, for employment related claims. However, 100% of the obligation will be waived if certain criteria are met, as provided in the Memorandum of Coverage.



# NOTES TO FINANCIAL STATEMENTS

## YEARS ENDED JUNE 30, 2012 AND 2011

### 11) RISK MANAGEMENT (Continued)

Employee Dishonesty Coverage: Total of \$400,000 per loss includes Public Employee Dishonesty, Forgery or Alteration and Theft, Disappearance and Destruction coverage's effective July 1, 2011.

Property Loss: Replacement cost, for property on file, if replaced, and if not replaced within two years after the loss, paid on an actual cash value basis, to a combined total of \$1 Billion per occurrence, subject to a \$2,000 deductible per occurrence, effective July 1, 2011.

Boiler and Machinery: Replacement cost up to \$100 Million per occurrence, subject to a \$1,000 deductible, effective July 1, 2011.

Public Officials Personal Liability: \$500,000 each occurrence, with an annual aggregate of \$500,000 per each elected/appointed official to which this coverage applies, subject to the terms, conditions and exclusions as provided in the Memorandum of Coverage's, deductible of \$500 per claim, effective July 1, 2011.

Comprehensive and Collision: on selected vehicles, with deductibles of \$250/\$500 or \$500/\$1,000, as elected; ACV limits; fully self-funded by SDRMA; Policy No. LCA - SDRMA - 201111, effective July 1, 2011.

Workers' Compensation Coverage and Employer's Liability: Statutory limits per occurrence for Workers' Compensation and \$5.0 Million for Employer's Liability Coverage, subject to the terms, conditions and exclusions as provided in the Memorandum of Coverage, effective July 1, 2011.

#### Health Insurance

Beginning in January 2008, the District began providing health insurance through SDRMA covering all of its employees, retirees, and other dependents. SDRMA is a self-funded, pooled medical program, administered in conjunction with the California State Association of Counties (CSAC).

#### Adequacy of Protection

During the past three fiscal (claims) years none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

### 12) INTEREST EXPENSE

Interest expense for the years ended June 30, 2012 and 2011, is as follows:

	2012	2011
Amount Expensed	\$ 3,899,927	\$ 3,877,531
Amount Capitalized as a Cost of Construction Projects	1,185,443	1,215,476
Total Interest	\$ 5,085,370	\$ 5,093,007



## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

### 13) SEGMENT INFORMATION

During the June 30, 2011 fiscal year, the District issued Revenue Bonds to finance certain capital improvements. While water and wastewater services are accounted for jointly in these financial statements, the investors in the Revenue Bonds rely solely on the revenues of the water services for repayment.

Summary financial information for the water services is presented for June 30, 2012.

#### Condensed Statement of Net Assets June 30, 2012

	<u>Water Services</u>
<b>ASSETS</b>	
Current Assets	\$ 102,545,752
Capital Assets	464,947,634
Other Assets	<u>9,854,759</u>
Total Assets	<u>577,348,145</u>
<b>LIABILITIES</b>	
Current Liabilities	22,900,886
Long-Term Liabilities	<u>111,941,023</u>
Total Liabilities	<u>134,841,909</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	365,842,560
Restricted for debt service	4,715,904
Unrestricted	<u>71,947,772</u>
Total Net Assets	<u>\$ 442,506,236</u>



## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

### 13) SEGMENT INFORMATION - Continued

#### Condensed Statement of Revenues, Expenses and Changes in Net Assets For The Year Ended June 30, 2012

	<u>Water Services</u>
<b>Operating Revenues</b>	
Water sales	\$ 63,803,099
Connection and other fees	1,993,555
Total Operating Revenues	<u>65,796,654</u>
<b>Operating Expenses</b>	
Cost of Water Sales	46,106,403
Administrative and General	17,901,008
Depreciation	14,367,787
Total Operating Expenses	<u>78,375,198</u>
Operating Income (Loss)	(12,578,544)
<b>Nonoperating Revenues (Expenses)</b>	
Investment income	416,045
Taxes and assessments	3,487,954
Availability charges	646,278
Gain (loss) on sale of capital assets	(278,540)
Miscellaneous revenues	4,788,711
Donations	(121,617)
Interest expense	(3,899,927)
Miscellaneous expenses	(1,755,782)
Total Nonoperating Revenues (Expenses)	<u>3,283,122</u>
Income (Loss) Before Capital Contributions	(9,295,422)
Capital Contributions	<u>6,942,986</u>
Changes in Net Assets	(2,352,436)
Total Net Assets, Beginning	<u>444,858,672</u>
Total Net Assets, Ending	<u>\$ 442,506,236</u>



## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

### 13) SEGMENT INFORMATION - Continued

#### Condensed Statement of Cash Flows For The Year Ended June 30, 2012

	<u>Water Services</u>
Net Cash Provided by Operating Activities	\$ 1,295,193
Net Cash Provided by Noncapital and Related Financing Activities	3,944,795
Net Cash Provided (Used) by Capital and Related Financing Activities	(20,519,687)
Net Cash Used by Investing Activities	<u>(3,389,679)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(18,669,378)
Cash and cash equivalents, Beginning	<u>53,802,559</u>
Cash and cash equivalents, Ending	<u>\$ 35,133,181</u>

**REQUIRED SUPPLEMENTARY INFORMATION**  
**YEARS ENDED JUNE 30, 2012 AND 2011**



## REQUIRED SUPPLEMENTARY INFORMATION

### YEARS ENDED JUNE 30, 2012 AND 2011

#### Schedule of Funding Progress for PERS

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B - A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll [(B-A)/C]
6/30/10						
Miscellaneous	\$ 57,613,987	\$ 81,306,934	\$ 23,692,947	70.9%	\$ 12,140,989	195.1%
6/30/09						
Miscellaneous	\$ 53,736,612	\$ 75,300,790	\$ 21,564,178	71.4%	\$ 11,880,481	181.5%
6/30/08						
Miscellaneous	\$ 49,712,016	\$ 65,542,736	\$ 15,830,720	75.8%	\$ 11,174,528	141.7%

#### Schedule of Funding Progress for DPHP

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B - A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll [(B-A)/C]
6/30/11						
Miscellaneous	\$ 7,893,000	\$ 18,289,000	\$ 10,396,000	43.16%	\$ 12,429,000	83.64%
6/30/09						
Miscellaneous	\$ 6,273,000	\$ 10,070,000	\$ 3,797,000	62.29%	\$ 11,878,000	31.97%
6/30/08						
Miscellaneous	\$ 5,649,000	\$ 11,581,000	\$ 5,932,000	48.78%	\$ 11,307,000	52.50%

The logo for White, Nelson & Co. LLP features the letters 'W', 'N', and 'C' in a large, stylized, serif font. The 'W' and 'N' are white, while the 'C' is blue. Below the letters, the text 'WHITE, NELSON & CO. LLP' is written in a smaller, white, serif font, followed by 'Certified Public Accountants & Consultants' in an even smaller, white, serif font. The entire logo is set against a dark blue background.

WHITE, NELSON & CO. LLP  
Certified Public Accountants & Consultants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

Board of Directors and Management  
of Otay Water District  
Spring Valley, California

We have audited the financial statements of the Otay Water District as of and for the year ended June 30, 2012, and have issued our report thereon dated October 15, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Otay Water District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Otay Water District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Otay Water District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Otay Water District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Otay Water District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Board of Directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*White Nelson Dick Evans LLP*

October 15, 2012  
Carlsbad, CA

Board of Directors  
Audit Committee  
Otay Water District  
Spring Valley, California

We have audited the financial statements of the Otay Water District for the year ended June 30, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards*), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated January 30, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings:

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Otay Water District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2012. We noted no transactions entered into by the Otay Water District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- a. Management's estimate of the fair market value of investments which is based on market values by outside sources.
- b. The estimated useful lives for capital assets and depreciation expense which are based on industry standards.

## Significant Audit Findings (Continued):

### *Qualitative Aspects of Accounting Practices (Continued)*

- c. The annual required contribution for the District's Other Post-Employment Benefits was prepared by an outside consultant.
- d. The funded status and funding progress of the public defined benefit plan with CalPERS which are based on actuarial valuations.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statement were reported in Note 7 regarding the defined benefit pension plan and in Note 8 regarding the District's other post-employment benefit plan. The financial statement disclosures are neutral, consistent, and clear.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following misstatements detected as a result of audit procedures were corrected by management:

- a. During the course of the audit it was determined that the District had decreased the balance in the Construction in Process account by \$442,015 by removing the balance directly from an equity account. The District had determined that capital expenditures from a prior year project (in Construction in Process at the start of the year) were no longer capitalizable. Rather than expensing the amount in the current year the District had booked the change directly to equity. An audit adjustment was made to record the \$442,015 as a non-operating expense of the current year.
- b. During the course of the audit, it was determined that \$108,655 of project costs which the District had capitalized as infrastructure should have been expensed. An audit adjustment was made to remove the capital asset and to record the \$108,655 as a non-operating expense of the current year. To match funding revenues to the non-operating expenses adjusted above, reclassifications were made between capital contributions and non-operating revenue in the amount of \$546,326.

Significant Audit Findings (Continued):

*Corrected and Uncorrected Misstatements (Continued)*

- c. During the course of the audit it was determined that \$463,306 of costs which had been expensed by the District should have been capitalized. An audit adjustment was made to decrease the non-operating expense and increase capital assets. To match funding sources to the capital assets, \$463,306 was reclassified from non-operating revenue to contributed capital.

*Disagreements with Management*

For the purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 15, 2012.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

\*\*\*\*

This information is intended solely for the use of the Board of Directors, Audit Committee and management of the Otay Water District and is not intended to be, and should not be, used by anyone other than these specified parties.

*White Nelson Dick Evans LLP*

October 15, 2012  
Carlsbad, CA



INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES

Mr. Joseph Beachem  
Chief Financial Officer  
Otay Water District  
Spring Valley, CA

We have performed the procedures enumerated below, which were agreed to by the Otay Water District (the "District") solely to assist the District's senior management in evaluating the investments of the District for the fiscal year ended June 30, 2012. The District's management is responsible for the evaluation of the investments of the District. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Obtain a copy of the District's investment policy and determine that it is in effect for the fiscal year ended June 30, 2012.
  - a. Findings: At June 30, 2012, the current investment policy (Policy #27) is dated August 10, 2011. This policy was reviewed and approved for the 2011/2012 fiscal year as Action Item #12 at the August 10, 2011 Regular Board Meeting. Therefore the investment policy is in effect for the time period under review.
2. Select 4 investments held at year end and determine if they are allowable investments under the District's Investment Policy.
  - a. Findings: Four investments chosen were FHLB – Maturity 12/19/2013, FHLMC – Maturity 6/4/2014, FNMA – Maturity 9/26/2014, and FFCB – Maturity 2/27/2015 CUSIP 3133EAEG9. All four investments are allowable and within maturity limits as stated in the District's Investment Policy at June 30, 2012.

3. For the four investments selected in #2 above, determine if they are held by a third party custodian designated by the District.
  - a. Findings: Per discussion with District management and evidenced by Union Bank of California confirmation, Union Bank does not act as a broker dealer for the District but acts as a custodial agent of the District holding the investment in a trust department. The four investments examined are held by a third party custodian designated by the District in compliance with District Policy.
4. Confirm the par or original investment amount and market value for the four investments selected above with the custodian or issuer of the investments.
  - a. Findings: Investment values confirmed with Union Bank of California at June 30, 2012 with no exceptions.
5. Select two investment earnings transactions that took place during the year and recompute the earnings to determine if the proper amount was received.
  - a. Findings: Investment earnings recalculated with no exceptions for two transactions selected.
6. Trace amounts received for transactions selected at #5 above into the District's bank accounts.
  - a. Transactions traced into District's Union Bank of California Money Market account with no exceptions for the two transactions selected.
7. Select five investment transactions (buy, sell, trade or maturity) occurring during the year under review and determine that the transactions are permissible under the District's investment policy.
  - a. Findings: Reviewed five investment transactions. All transactions were permissible under the District's Investment Policy.
8. Review the supporting documents for the five investments selected at #7 above to determine if the transactions were appropriately recorded in the District's general ledger.
  - a. Findings: Five investments selected at #7 above were appropriately recorded in the District's General Ledger without exception.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the investments of the District for the fiscal year ending June 30, 2012. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is limited solely for the information and use of the Board and senior management of the Otay Water District and is not intended to be and should not be used by anyone other than those specified parties.

*White Nelson Dick Evans LLP*

October 15, 2012  
Carlsbad, California



**STAFF REPORT**

TYPE MEETING:	Regular Board Meeting	MEETING DATE:	November 7, 2012
SUBMITTED BY:	Mark Watton, General Manager	W.O./G.F. NO:	DIV. NO.
SUBJECT:	Board of Directors 2013 Calendar of Meetings		

**GENERAL MANAGER'S RECOMMENDATION:**

At the request of the Board, the attached Board of Director's meeting calendar for 2013 is being presented for discussion.

**PURPOSE:**

This staff report is being presented to provide the Board the opportunity to review the 2013 Board of Director's meeting calendars and amend the schedule as needed.

**COMMITTEE ACTION:**

N/A

**ANALYSIS:**

The Board requested that this item be presented at each meeting so they may have an opportunity to review the Board meeting calendar schedule and amend it as needed.

**STRATEGIC GOAL:**

N/A

**FISCAL IMPACT:**

None. \_\_\_\_\_

**LEGAL IMPACT:**

None. \_\_\_\_\_

\_\_\_\_\_  
**General Manager**

Attachments: Calendar of Meetings for 2013

**Board of Directors, Workshops  
and Committee Meetings  
2013**

**Regular Board Meetings:**

**January 2, 2013**  
February 6, 2013  
March 6, 2013  
April 3, 2013  
May 1, 2013  
June 5, 2013  
July 3, 2013  
August 7, 2013  
September 4, 2013  
October 2, 2013  
November 6, 2013  
December 4, 2013

**Special Board or Committee Meetings (3<sup>rd</sup>  
Wednesday of Each Month or as Noted)**

**January 16, 2013**  
February 20, 2013  
March 20, 2013  
April 17, 2013  
May 15, 2013  
June 19, 2013  
July 17, 2013  
August 21, 2013  
September 18, 2013  
October 16, 2013  
November 20, 2013

**SPECIAL BOARD MEETINGS:**

**BOARD WORKSHOPS:**

Budget Workshops:

Board Workshop:



**STAFF REPORT**

TYPE MEETING:	Regular Board	MEETING DATE:	November 7, 2012
	Jose Martinez Utility Services Manager	PROJECT:	DIV. NO. 4
SUBMITTED BY:	Pedro Porras Chief Water Operations		
APPROVED BY:	German Alvarez Assistant General Manager		
SUBJECT:	Informational Item - October 24, 2012 Telegraph Canyon Road Water Main Break and Emergency Repair		

**GENERAL MANAGER'S RECOMMENDATION:**

This is an informational item only.

**COMMITTEE ACTION:**

This report has not gone to committee due to the nature of the timeframe of the incident and the November 7 Board Meeting.

**PURPOSE:**

To inform the Board of the General Manager's execution of an emergency agreement with Cass Construction in the amount of approximately \$150,000 to repair and place back in service the District's 24-inch water main in the 1400 Block of Telegraph Canyon Road in Chula Vista.

**ANALYSIS:**

As defined in the District Code of Ordinances Article I, Chapter 2, Section 2, Paragraph H: An emergency is a sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent and mitigate the loss or impairment of life, health, property, or essential public services.

At approximately 3:30 AM Wednesday morning, October 24, the District experienced what appeared to be a break on a 24-inch asbestos cement water main (ACP) in the westbound lane of the 1400 block of Telegraph Canyon Road (see Exhibit A). A District crew responded and commenced excavation for repair on the main line. We also installed a temporary highline for three affected customers.

The 24-inch line in Telegraph Canyon Road is the primary feed source to the southerly 624 pressure zone, and the entire 458 and 340 pressure zones. With this primary line down, staff had to construct high lines to feed 3 meters on Telegraph Canyon Road and activate the 711/624 pressure reducing valve (PRV) located on Heritage Road and Olympic Parkway. This PRV was then the sole feed for the aforementioned pressure zones servicing approximately 5,026 meters. This PRV consists of a 10-inch and a 6-inch PRV that feed a 16-inch main. At that time it was supplying the pressure zones in a satisfactory manner; however, if this feed was to exceed its maximum capacity, or become disabled for any reason, there was little staff could have done to supply the 624, 458 and 340 pressure zones except for introducing the 711 pressure zone directly into the 624 pressure zone without pressure regulation. This has a real potential to cause more leaks or breaks in the 624 pressure zone and leave a considerable amount of customers out of water.

As the main line excavation progressed, staff concluded the excavation required to continue the repair safely was beyond the capabilities of the District's equipment which is now 12-feet deep. The backfill for the existing sewer line to the south of our 24-inch main was caving into our excavation. Therefore, a contractor equipped to handle a repair of this type was needed. At the same time, a red flag warning had been issued by the National Weather Service (NWS) increasing the possibility of fires and increasing demand on our system.

Consequently, it was imperative that we declare this situation an emergency in order to expedite the repair and to prevent the loss or impairment of essential public services.

If staff had proceeded without declaring it an emergency the repair would have been delayed for over 90 days due to preparation of contract documents, advertising, open bids, review of bid packages, scheduling it for Board approval, execution of contract, etc., which would have increased our risk exponentially.

Consequently, three construction contractors with a crew and equipment available to complete the repair were contacted that afternoon with Cass Construction being the most responsive. In

addition, District staff coordinated with the City of Chula Vista staff, and kept them informed of the situation and addressed any of the city's concerns such as traffic and road damages.

Since this emergency contract has a value of less than \$250,000 it is not subject to ratification by the Board. However, the General Manager, as required, reported the emergency to the Board no later than 48 hours after it was declared.

The estimated cost to perform the repair by Cass Construction is approximately \$150,000 which includes the additional costs to immediately fabricate the custom repair couplings, expedite shipping from Arkansas, and an extended duration to complete the repair. The District, however will be considerably reimbursed by our insurance.

**FISCAL IMPACT:**

No fiscal impact as this is an informational item.

**STRATEGIC GOAL:**

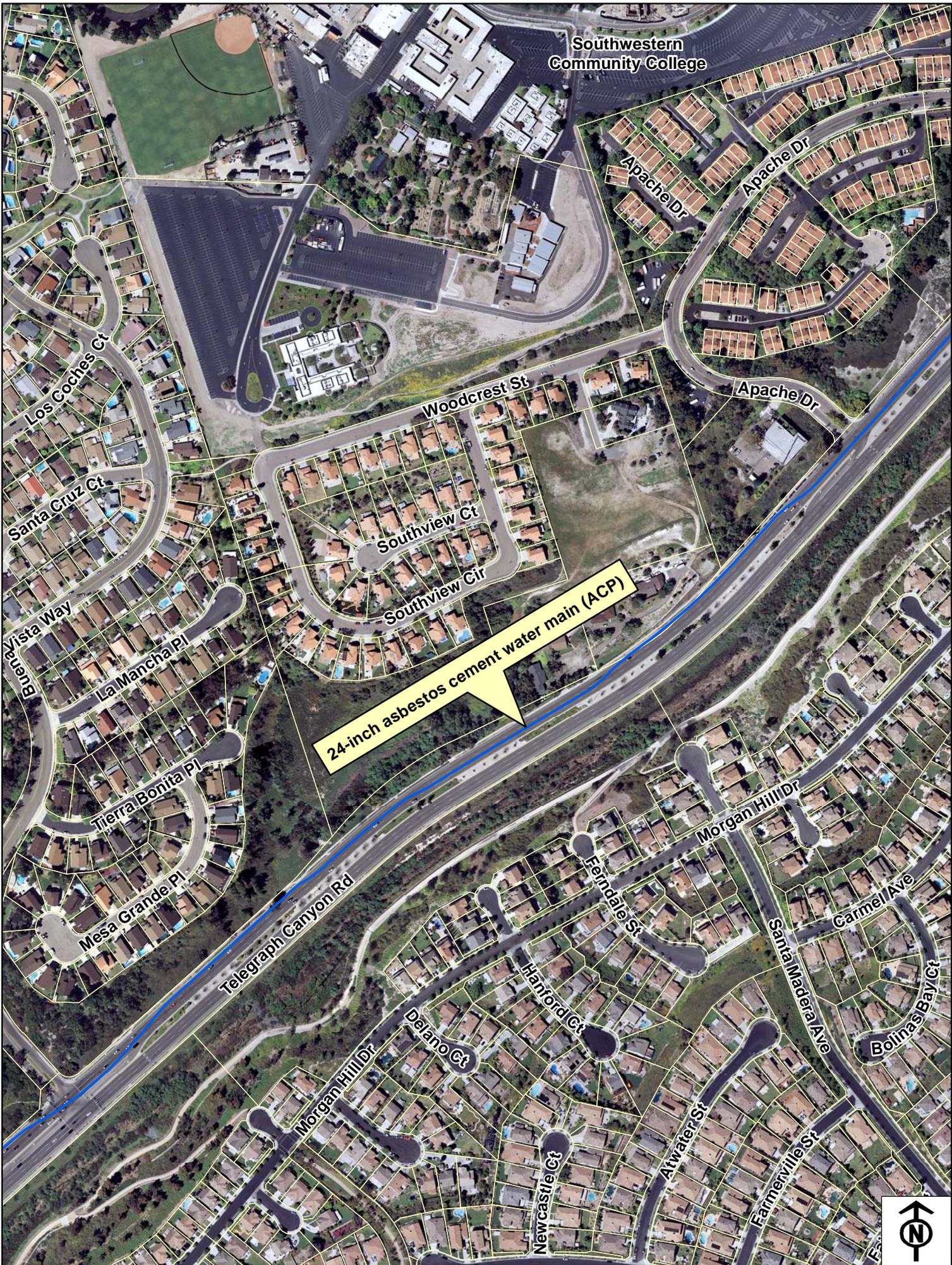
5.3.512 - Water Distribution System Integrity. As well as maintaining a safe and continuous water supply.

**LEGAL IMPACT:**

This emergency was enacted in accordance to the District Code of Ordinances Article I, Chapter 2, Section 2, Paragraph H.

Attachments:

Exhibit A - Location Map  
Photos of Repair



Southwestern  
Community College

Apache Dr

Apache Dr

Apache Dr

Woodcrest St

Southview Ct

Southview Cir

24-inch asbestos cement water main (ACP)

Los Cochis Ct

Santa Cruz Ct

Vista Way

La Mancha Pl

Tierra Bonita Pl

Mesa Grande Pl

Telegraph Canyon Rd

Morgan Hill Dr

Ferndale St

Carmel Ave

Santa Madera Ave

Bolinas Bay Ct

Morgan Hill Dr

Delano Ct

Hanford Ct

Newcastle Ct

Atwater St

Farmerville St













**STAFF REPORT**

TYPE MEETING:	Regular Board Meeting	MEETING DATE:	November 7, 2012
SUBMITTED BY:	Bob Kennedy Senior Civil Engineer	PROJECT:	N/A
	Ron Ripperger Engineering Manager	DIV. NO.	All
APPROVED BY: (Chief)	<input checked="" type="checkbox"/> Rod Posada, Chief, Engineering <input checked="" type="checkbox"/> German Alvarez, Assistant General Manager <input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	Informational Item - Proposed San Diego Gas & Electric General Rate Case Impacts on the Otay Water District		

**GENERAL MANAGER' S RECOMMENDATION:**

That the Otay Water District (District) Board of Directors (Board) receive as an informational item the Proposed San Diego Gas & Electric (SDG&E) General Rate Case Impacts on the District for review and receive a summary via PowerPoint presentation.

**Committee Action:**

Please see Attachment A.

**PURPOSE:**

To update the Board on the changes to electric rates proposed by SDG&E to the California Public Utility Commission (CPUC) and the potential impact on the District, as well as to report on the District's effort on sustainable energy.

**ANALYSIS:**

**Background**

On October 3, 2011, SDG&E filed an amended application with the CPUC entitled, "Amended Application of San Diego Gas & Electric Company (U902E) for Authority to Update Marginal Costs, Cost, Allocations, and Electric Rate Design" to become effective January 1, 2013. If approved, this will have a direct impact on District electric rates.

**Proposed Rate Increases**

SDG&E is proposing several modifications including increases to the Basic Service Fee and moving the collection of distribution demand charges to full recovery through non-coincident demand charges. SDG&E testimony to the CPUC state that the PA-T rate increase can be anywhere from 93% to 179%, with Basic Service Fee increasing 100%. The Water Authority estimated the impact on the District's electricity costs and is shown on the following table. Based on proposed electric rates with this application, an estimated 37% increase in the cost of electricity could result from these changes.

**Estimate of Rate Impact to District**

<b>SDG&amp;E Rate</b>	<b>Current Bill: Feb 2011-Jan 2012</b>	<b>GRC Published 2014</b>	<b>% Increase from Current Bill to 2014</b>	<b>2012 - 2014 Delta</b>
A	\$123,224	\$143,572	17%	\$20,348
ALTOU	\$222,621	\$237,792	7%	\$15,172
PA	\$84,149	\$83,294	-1%	\$(855)
PA-T1	\$275,860	\$432,297	57%	\$156,436
PA-T1CP2	\$386,781	\$598,535	55%	\$211,755
<b>Total</b>	<b>\$1,092,634</b>	<b>\$1,495,490</b>	<b>37%</b>	<b>\$402,856</b>

*Source: Greg Olsen, San Diego County Water Authority*

The Water Authority also applied the proposed rates to their annual pumping forecast. The result was an increase of \$272,500, an overall increase of 52%. The Water Authority will pass along this increase in electric costs to member agencies as a rate increase during the next budget cycle. Similarly, the California Center for Sustainable Energy did an analysis of two of its member agencies' pumping history with a result of the increases being 34% and 48%, as shown in the table below.

**PA-T Cost Comparisons**

<b>Agency</b>	<b>Present January 2012 Costs</b>	<b>SDG&amp;E Proposed 2014 Costs</b>	<b>Calculated Total Change (%)</b>
Fallbrook	\$348,000	\$466,300	34%
Valley Center	\$414,124	\$614,055	48%
Water Authority	\$521,731	\$794,288	52%

*Source: San Diego County Water Authority Public Participation Hearing Testimony for Application No. 11-10-002*

The variances between each utility's impacts are due to the different Time-Of-Use (TOU) characteristics each agency uses to move water. SDG&E is also proposing to change October from a Winter Peak Period demand to a Summer Peak Period demand. The rates for October will increase considerably as a result.

District staff is working with the District's customer service representative at SDG&E to look at alternative rate structures to determine if changing rate structures would be beneficial to the District. Five meters are currently being considered to be switched from a PA-T1 rate schedule to a PA rate schedule as a result of this review. Since the PA rate is not proposed to change substantially with SDG&E's rate proposal, this should help reduce the potential impact if SDG&E is successful increasing the PAT-1 rate schedule. The CPUC is considering a mediation process between SDG&E and their stakeholders prior to making a decision on this general rate case, however, consumer advocate groups are pressuring the CPUC to make large users pay more for the power they receive.

**Sustainable Energy**

Over the last few years, the District has looked at ways to decrease the dependency on SDG&E and develop alternative sources of self-generated power. In 2008, the District entered into an agreement with the County of San Diego to purchase electricity generated from methane gas produced from the landfill adjacent to the Ralph W. Chapman Water Reclamation Facility. The project, known as the Jamacha Landfill Gas Utilization Project, was partially funded through the California Center for Sustainable Energy (CCSE) and from revenues from the sale of the electricity. At the beginning of the project, SDG&E imposed a \$1,553 per month stand-by demand charge (SDC) which by the end of the agreement had increased to \$2,014 per month. As a result of the increased cost for the SDC, it was no longer economical for the District to buy power generated from the County of San Diego facility so the agreement was not renewed.

The District has also looked for solar power as a source of self-generated power and contracted with CSE to perform an assessment on

several District owned property. On May 6, 2011, CCSE completed the "Otay Water District Self-Generation Assessment Report" and concluded it is unlikely that these projects would result in any savings and the financial performance of such systems would be poor at current Power Purchase Agreement prices. The rate changes proposed by SDG&E will target these systems, further lowering their financial performance, if SDG&E's rate structure is approved.

Instability in the solar power industry is also a concern, as the City of San Diego School District recently found out on 24 of their buildings. Faulty panels installed in 2005 became corroded and posed a possible fire risk. A repair that is very expensive. The company that built the panels filed for bankruptcy and left the company that sold the power directly to the school district with no resources to service or maintain the solar panels.

The District is looking at ways to reduce power consumption through increased energy efficiency and also to meet the requirements of AB32. The goal of AB32 is to reduce emissions in every community an average of 15% from today's levels by 2020. To meet these goals, the District will need to improve water system energy efficiency. Increasing the use of recycled water in the District is an important element in meeting this goal. Three CIP projects in the FY 2013 budget are projects that will reduce the District's power consumption.

CIP projects P2502 pump station 803-1 modifications and P2503 pump station 850-2 modifications will result in significant electrical energy savings due to increased available suction pressure. CIP project R2091 pump station 927-1 upgrade will install more efficient pumps resulting in energy savings.

**FISCAL IMPACT:**  Joseph R. Beachem, Chief Financial Officer

No fiscal impact as this is an informational item only.

**STRATEGIC GOAL:**

This report supports the District's Mission Statement, "To provide high value water and wastewater services to the customers of the Otay Water District in a professional, effective, and efficient manner" and the District's Vision, "A District that is innovative in providing water services at affordable rates, with a reputation for outstanding customer service."

**LEGAL IMPACT:**

None.

BK/RR/RP:jf

P:\Bob Kennedy\Staff Report\BD 11-7-12, SDG&E Electric Rate Change (BK-RR)\BD 11-7-12, Staff Report, SDG&E Electric Rate Change, (BK-RR) .docx

Attachments: Attachment A - Committee Action  
Attachment B - Presentation

## ATTACHMENT A

<b>SUBJECT/PROJECT:</b> N/A	Informational Item - Proposed San Diego Gas & Electric General Rate Case Impacts on the Otay Water District
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### COMMITTEE ACTION:

The Finance, Administration, and Communications Committee reviewed this item at a meeting held on October 23, 2012. The following comments were made:

- Staff stated that on October 3, 2011, SDG&E filed an amended application with the CPUC and if approved, there will be a direct impact on District electric rates. A PowerPoint presentation was provided to the Committee.
- Staff indicated that the impacts include:
  - higher basic service fees
  - an increase to the Power-Agriculture rate known as PA-T
  - shifting October from a winter rate schedule to the higher summer rate schedule
  - changing the rate structure for solar, wind, and micro turbine projects
- Staff presented a 2012 calendar with the current summer/winter on-peak, semi-peak, and off-peak time of use periods showing:
  - the rate for power will vary with time of use
  - peak periods have higher rates than off-peak periods
  - Summer rates are higher than winter rates
- Staff noted that one of the changes proposed is to shift October from a winter rate schedule to a summer rate schedule, which will result in a higher October bill to the District.

- It was indicated that the Water Authority offered to estimate the impact of the rate changes to the District. Mr. Greg Ortega from the Water Authority took the electricity data from the District and applied the new proposed rates. The Authority estimates that the cost of electricity could increase the District's rates by 37%.
- Staff stated that the California Center for Sustainable Energy estimated the increase for Fallbrook and Valley Center and determined that their rate would increase 34% to 52%.
- The California Public Utilities Commission (CPUC) required SDG&E to meet with the stakeholders to discuss their proposed rate increase. Staff received a copy of the settlement agreement between SDG&E and several stakeholders. The committee members asked staff to provide members of the board a summary of SDG&E's proposal.
- Settlement Agreement Summary:

SDG&E and several stakeholders recently met and a settlement was being drafted with buy-in largely from the City of San Diego and the Farm Bureau. Basically, the settlement takes the PA-T rate out of the Large Commercial & Industrial class and puts it in the Agricultural class which composes a much smaller cost allocation than the Commercial & Industrial class. Unfortunately, SDGE has not produced any illustrative rates, only percent allocations. However, the settlement proposal was designed by Bill Monson (City of San Diego consultant) and all of the interveners accepted this as a large win on the PA-T rate.

- Staff stated that the so called 'Solar Rate' (DGR) will still need to be resolved.

- Staff presented a slide showing some of the drivers for the rate increase:
  - To cover the wildfire cost of \$1.1 billion
  - The recent shutdown of San Onofre
  - The deployment of Smart Grid technology (provides SDG&E the ability to monitor use which allows them to bill accordingly)
  - To increase reliability
  - Consumer advocates pressuring the CPUC to have large users pay more for the power they receive
- Staff discussed Sustainable Energy and stated that over the last few years, the District has looked at ways to decrease its dependency on SDG&E and develop alternative sources for self-generated power.
- In 2008 the District entered into an agreement with the County of San Diego to purchase electricity generated from methane gas produced from the landfill adjacent to the District's Ralph W. Chapman Water Reclamation Facility. The project was partially funded through the California Center for Sustainable Energy (CCSE) and from revenues from the sale of the electricity.
- At the beginning of the project, SDG&E imposed a \$1,553 per month stand-by demand charge. By the end of the agreement the stand-by demand charge had increased to \$2,014 per month. As a result of the increase in the stand-by charge, it was no longer economical for the District to buy power generated from the County of San Diego facility so the agreement was not renewed.
- Staff indicated that the District had also looked at solar power as a source for self-generated power and contracted with the CCSE to perform an assessment on several District owned property.

- On May 6, 2011, CCSE completed the "Otay Water District Self-Generation Assessment Report" and concluded it is unlikely that these projects would result in any savings and the financial performance of such systems would be poor at the current Power Purchase Agreement prices.
- The rate changes proposed by SDG&E will target these systems, further lowering their financial performance if SDG&E's rate structure is approved. Instability in the solar power industry is also a concern, as the City of San Diego School District recently found out. Faulty panels installed on 24 of their buildings in 2005 became corroded and posed a possible fire risk. They then found that the company who built the panels had filed for bankruptcy which left the company that sold the power directly to the school district with no resources to service or maintain the solar panels.
- The District is always looking for ways to reduce power consumption through increased energy efficiency and also meet the requirements of AB32. There are three (3) CIP projects in the FY 2013 budget which are expected to reduce the District's power consumption:
  - CIP projects P2502 and P2503 will result in significant electrical energy savings due to increased available suction pressure (saving \$85,000/year).
  - CIP project R2091 pump station 927/944 upgrade will install more efficient pumps resulting in energy savings.
- Staff is working with the District's customer service representative at SDG&E to look at ways to restructure existing rate tariffs on existing meters to get more economical rate structures

applied to them. This last year Operations staff had looked at five different meters and the possibility of shifting the tariff rate from a PA-T1 rate schedule to a PA rate schedule is being discussed to get a more beneficial rate at those facilities.

- The Committee commented that the District should consider solar energy panels if sustainable energy programs are available to help pay for them. It was discussed that solar power was considered by the District and staff had contracted with California Center for Sustainable Energy (CSE) to perform an assessment on several District owned property and CSE concluded that, "it is unlikely that this project would result in any savings and the financial performance of such system would be poor at current Power Purchase Agreement prices." Implementing solar power would not provide the District savings as the majority of the District's electrical use is at the low rate as it runs pumps, etc., during off-peak hours.
- In response to a question by the Committee, staff stated that the District does have a couple of pump stations that are located near natural gas mains. Because they are located near a main they are designed to use natural gas for power.
- Staff indicated that the District did consider using one of its reservoir sites to generate power and the excess power would be sold to the Sweetwater Union High School District who had a school located next to the reservoir site. However, SDG&E does not allow electricity generated within one parcel to cross into another parcel.
- It was indicated that staff periodically revisits sustainable energy programs to see if changes (i.e. tax incentives, higher energy rates, etc.) have

been made that would make them beneficial to the District.

Following the discussion, the FA&C Committee supported staffs' recommendation and presentation to the full board as an informational item.

# SDG&E General Rate Case Impacts on the Otay Water District



November 7, 2012

# SDG&E has filed an application with the CPUC to update costs and electric rates to include:

- Higher basic service fees
- Rate increase to the Power-Agriculture rate known as PA-T
- Shift October time of use period from winter to higher summer fees
- Changing the rate structure for solar, wind, and micro turbine projects

# October Change to Summer Rates

Extended Daylight Saving Time Winter Peak Periods	
On-Peak:	6PM - 9PM weekdays
Semi-Peak:	7AM - 6PM weekdays 9PM - 11PM weekdays
Off-Peak:	11PM - 7AM weekdays, weekends & holidays

Existing Winter Peak Periods	
On-Peak:	5PM - 8PM weekdays
Semi-Peak:	6AM - 5PM weekdays 8PM - 10PM weekdays
Off-Peak:	10PM - 6AM weekdays, weekends & holidays

Existing Summer Peak Periods	
On-Peak:	11AM - 6PM weekdays
Semi-Peak:	6AM - 11AM weekdays 6PM - 10PM weekdays
Off-Peak:	10PM - 6AM weekdays, weekends & holidays

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# Change to Summer Pricing

# Estimate of Rate Impact to District

SDGE Rate	Current Bill: Feb 2011 - Jan 2012	GRC Published Current Rate	GRC Published 2013	GRC Published 2014	% Increase from Current Bill to 2014	2012 - 2014 Delta
A	\$ 123,224	\$ 135,830	\$ 141,909	\$ 143,572	17%	\$ 20,348
ALTOU	\$ 222,621	\$ 232,772	\$ 239,230	\$ 237,792	7%	\$ 15,172
PA	\$ 84,149	\$ 82,520	\$ 84,031	\$ 83,294	-1%	\$ (855)
PA - T1	\$ 275,860	\$ 288,062	\$ 439,121	\$ 432,297	57%	\$ 156,436
PA-T1CP2	\$ 386,781	\$ 332,615	\$ 607,547	\$ 598,535	55%	\$ 211,755
	\$ 1,092,634	\$ 1,071,800	\$ 1,511,838	\$ 1,495,490	37%	\$ 402,856

7/18/2012, by Greg Olsen, Water Authority

# Estimate of Rate Impact to Other Agencies

Agency	Present January 2012 Costs	SDG&E Proposed 2014 Costs	Calculated Total Change (%)
Fallbrook	\$348,000	\$466,300	34%
Valley Center	\$414,124	\$614,055	48%
Water Authority	\$521,731	\$794,288	52%

## SDG&E Rate Increase Drivers

- \$1.1 Billion to cover wildfires cost
- Recent shutdown of San Onofre
- Deployment of smart grid technology
- System Reliability
- Consumer advocates pressuring CPUC to have large users pay more for the power they receive

# Power Generation Alternatives



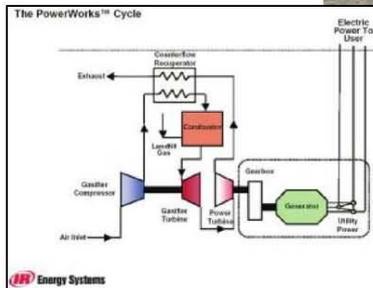
## Ralph W. Chapman Water Recycling Facility Microturbine System



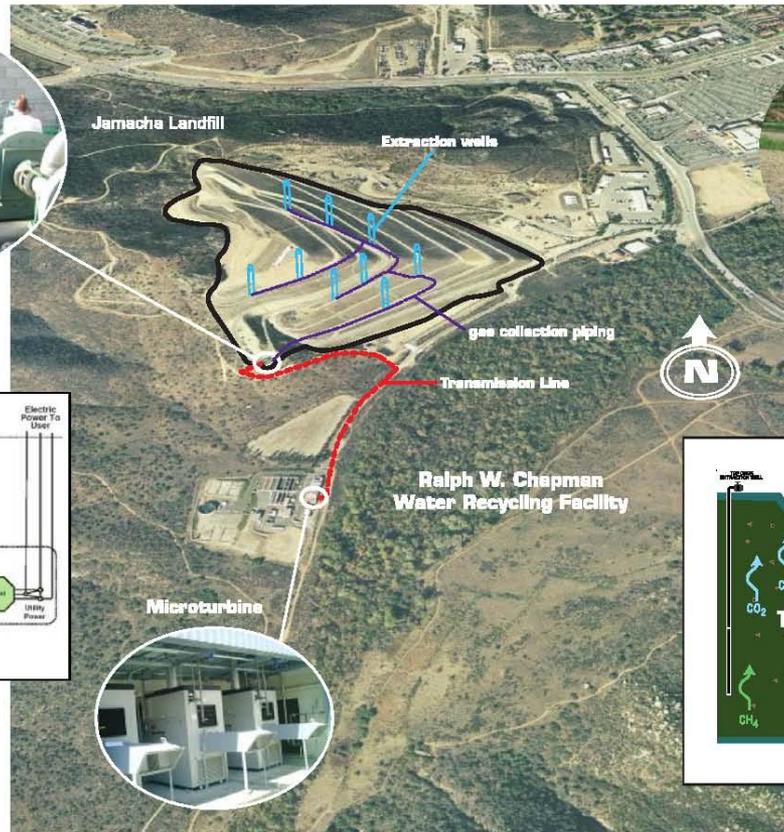
"Skid"



Raw LFG is transported to the skid, where it is cleaned, dried, and compressed. The treated LFG is then transported to the water reclamation plant, to fuel the onsite microturbines.



The Microturbine's compressor draws in outside air and compresses it to high pressure. The pressurized air enters the combustion area, where fuel injectors constantly supply treated LFG. The steady combustion byproduct that is produced rushes into the turbine, turning the shaft, which turns the generator. The generator, in turn, creates electricity.

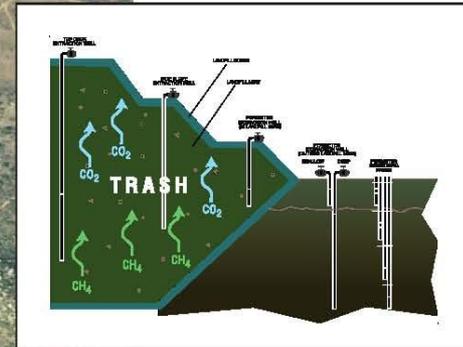


Extraction well

Landfill gas (LFG) is mainly comprised of methane ( $\text{CH}_4$ ) and carbon dioxide ( $\text{CO}_2$ ). The gas collection system extracts and transports the LFG to the gas scrubber and compressor, also known as the "skid."



gas collection piping



# CIP P2497

## California Center for Sustainable Energy Solar Power Assessment Report

- Operations Building
- Administration Building
- 520 Reservoir site
- 624-3 Reservoir Site



## OTAY WATER DISTRICT SELF-GENERATION ASSESSMENT REPORT



May 6, 2011



Center for  
Sustainable Energy  
CALIFORNIA

8690 Balboa Avenue, Suite 100  
San Diego, CA 92123  
Telephone: 858.244.1177  
Fax: 858.244.1178  
[www.energycenter.org](http://www.energycenter.org)

# Major Findings-

May 6, 2011 Report

## Administration and Operations Buildings

- “Financial performance would be poor at current PPA prices.”

## Other District Sites

- “It is unlikely that installing PV behind any District meter will result in any cost savings.”

## Other Concerns:

- Future SDG&E rate changes targeting PV systems
- Instability in the solar power industry
- Defective equipment

# AB 32

**Meeting AB 32 goals means reducing emissions an average of 15% from today's levels by 2020.**

- Reduce Non-Renewable Electricity Use for the Treatment and Conveyance of Water
- Increase Water Recycling

## District Projects

- P2502 PS 803-1 Modifications
- P2503 PS 850-2 Modifications
- R2091 PS 927-1 Upgrade

## Next Steps:

- CPUC considering mediation process between SDG&E and stakeholders
- Staff working with SDG&E representative to look at alternate rate structures beneficial to the District





## STAFF REPORT

TYPE	MEETING
MEETING: Regular Board	DATE: November 7, 2012
SUBMITTED Mark Watton	W.O./G.F. N/A DIV. N/A
BY: General Manager	NO: NO.
APPROVED BY: <input checked="" type="checkbox"/> Mark Watton, General Manager	
SUBJECT: General Manager's Report	

### ADMINISTRATIVE SERVICES:

#### Water Conservation and School Education:

- Outreach Events:
  - *WaterSmart Plant Fair* -- October 6<sup>th</sup>. This event was promoted via the District's newsletter, September bill insert, web page, Facebook and Twitter.
  - WaterSmart Landscape Programs - The Water Authority administered rebate program, \$1.50/square foot Turfgrass Replacement, will start up in early December. In the interim, Otay staff has been working with its residential and commercial customers who wished to get started on their landscape projects prior to November. Rebate program details can be found on the District's website, under "Conservation/For Your Home."
- Conservation Programs Activity - A summary of the District's fiscal year program activity through the end of September:
  - 48 residential surveys conducted by the Water Authority's consultant, Mission Resources on the District's behalf
  - 123 rebates provided for high efficiency clothes washers
  - 12 rebates for HETs
  - 252 rebates for high efficiency sprinkler nozzles
  - 5 rebates for weather based irrigation controllers (both residential and commercial)
  - 1 Water Smart Irrigation Upgrade Project was completed, involving the San Diego Distribution Center in Otay Mesa, who converted entirely to drip irrigation.

- School Education Programs - Through the end of October, 16 garden tours were completed and nine more are scheduled to be completed before the end of June 2013.

- Upcoming Events:

*Fall Garden Festival* -- November 10<sup>th</sup>, 10 am - 4 pm, Water Conservation Garden; activities will include landscape design consultations, watersmart plant sales, workshops, kids' activities and more.

**Human Resources:**

- Open Enrollment/Flu Shots - Open Enrollment was held during the month of October. SDRMA made some minor changes to some of the plan designs for cost-containment and information has been provided to all participants. Open Enrollment meetings were held on October 23<sup>rd</sup> to provide employees with information regarding the plans. Flu shots were offered on-site as a convenience for employees who wished to participate.
- Employee Information Meetings - The District held Employee Information Meetings on October 18<sup>th</sup>. These meetings are held every six months to provide employees with relevant information regarding key District projects and updates. Updates on the following were included: FY12 Year-End Strat Plan results, computer security, EAP services, emergency generator testing, and North/South District Interconnection System.
- Recruitments/New Hires - HR is currently recruiting for a Lead Customer Service Representative and a Senior Accountant. Day 2 New Employee Orientation was held on October 30<sup>th</sup> for three employees.
- New Hires - There were no new hires in the month of October.

**Purchasing and Facilities:**

- Purchase Orders - There were 95 purchase orders processed in October 2012 for a total of \$659,333.97.

**INFORMATION TECHNOLOGY AND STRATEGIC PLANNING:**

- Otay Donates a Goat to OXFAM - The District occasionally participates with vendors to help document how we use new products and services. Vendors appreciate this cooperation. In this case, because of our assistance with our phone system vendor (Interactive Intelligence Inc.) in providing an interview and documentation about our positive experience with their product, we earned enough partner "points" to qualify to have a goat donated to a needy family through OXFAM and have the donation sponsored by the Otay Water District. OXFAM

America is an international relief and development organization that creates lasting solutions to poverty, hunger, and injustice. Together with individuals and local groups in more than 90 countries, OXFAM saves lives, helps people overcome poverty, and fights for social justice ([www.oxfamamerica.org](http://www.oxfamamerica.org)).

- MapBooks Updated - In November, GIS staff will be distributing a set of updated facilities MapBooks to Operations staff. While our maps are available online and on the ToughBooks, staff also produces a hard copy version that is available in the vehicles and can be used by staff when needed. Staff has also implemented an electronic updating procedure (red-lining) to continue to improve map and asset accuracy.

#### **FINANCE:**

- Water Sales - As of October 24<sup>th</sup>, water sales are 3.03% above budgeted units (potable is 2.99% and recycled is 3.25% above budget). This time last year, the combined cumulative sales were 3.28% below the budgeted units (potable was 3.05% and recycled was 4.67% below budget). The primary reason for the increase is the higher than normal temperatures this summer compared to a relatively cool summer last year.
- Eden Software Upgrade - Staff has begun early testing of the Eden application upgrade 5.6 to 5.8 with the intent to implement it in January 2013. This process ensures we are up-to-date on the latest enhancements provided by our software vendor.
- FY 2012 CAFR - Staff has begun preparation of the FY 2012 Comprehensive Annual Financial Report (CAFR) and are on target to have the CAFR completed by November 30<sup>th</sup>. The due date for completion of the CAFR is December 31<sup>st</sup>.
- Proposition 218 - The required Proposition 218 30-day customer notices regarding the water and sewer rate increases will be mailed in November. These increases were approved at the May 15, 2012 Special Board Meeting and are effective January 1, 2013. The bills will include water used as early as December 1, 2012, depending on the customers' billing cycle.
- Financial Reporting:
  - For the three months ended September 30, 2012, there are total revenues of \$23,949,814 and total expenses of \$22,113,023. The revenues exceeded expenses by \$1,836,791.
  - The market value shown in the Portfolio Summary and in the Investment Portfolio Details as of September 30, 2012, total \$82,362,575.20 with an average yield to maturity of 0.457%. The total earnings year-to-date are \$106,847.29.

## ENGINEERING AND WATER OPERATIONS:

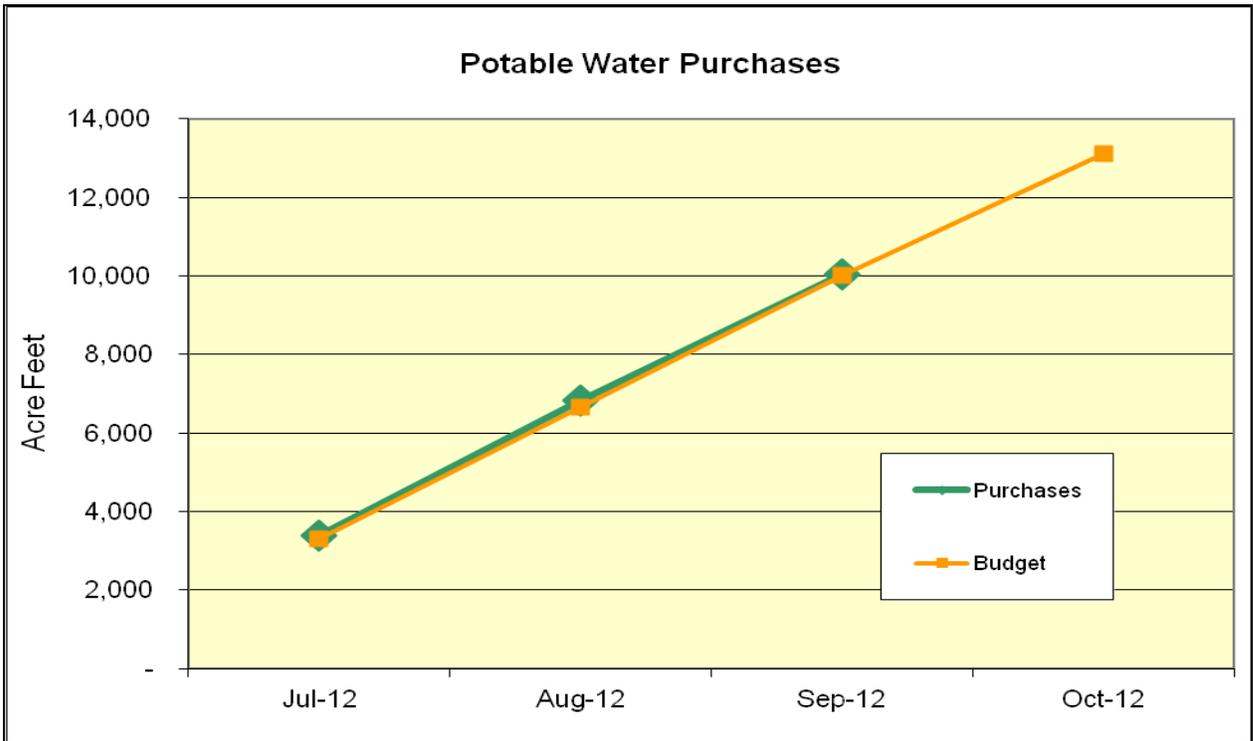
### *Engineering:*

- **Rancho del Rey Groundwater Well Development:** The design consultant (Tetra Tech) is proceeding to the 100% design level. The draft sewer agreement incorporating City of Chula Vista comments was reviewed by legal counsel. Staff is discussing changes to the agreement from Legal, Finance, and Operations with the City of Chula Vista. Additional activities are underway to secure an Industrial User Discharge Permit from the City of San Diego, a Hazardous Materials Business Plan from the County, a power supply from SDG&E, and a storm drain connection for discharges into the storm drain system. Staff is preparing a request for a grant from the United States Bureau of Reclamation. Potentially, 25% of the cost of the project could be offset if the funds are granted. Staff will make a formal update of this project at the District's January Board Meeting. (P2434)
- **North District - South District Interconnection System:** This project consists of installing approximately 5.2 miles of 30-inch diameter pipe from H Street in Chula Vista to Paradise Valley Road in Spring Valley. A follow up meeting with Supervisor Cox and CWA has been scheduled on December 10, 2012. (P2511)
- **30-Inch, 980 Zone, Hunte Parkway - Proctor Valley/Use Area:** This project consists of the installation of approximately 2,399 linear-feet of 30-inch steel pipe and appurtenances on Hunte Parkway at Proctor Valley Road, at the entrance to the Salt Creek Golf Course, in the City of Chula Vista. The pipeline will increase total water delivery to reduce pressure losses experienced during periods of high demand. The Contractor, Sepulveda Construction, began installing pipe at the intersection of Proctor Valley Rd. and Hunte Parkway on October 2, 2012 and approximately 500 linear feet of pipe has been installed. Project is within budget and construction is anticipated to be completed in February 2013. (P2514)
- **Avocado, Louisa, Calavo, Challenge, Hidden Mesa Sanitary Sewer Replacement:** This project consists of replacing approximately 4,500 feet of sewer pipeline in Avocado Boulevard and neighboring residential streets. Work is ongoing in Avocado Boulevard. The members of the community impacted have been informed as well as the Valley de Oro Community Planning Group. Project is within budget and anticipated to be completed in May 2013. (S2019, S2020, S2022, S2026)

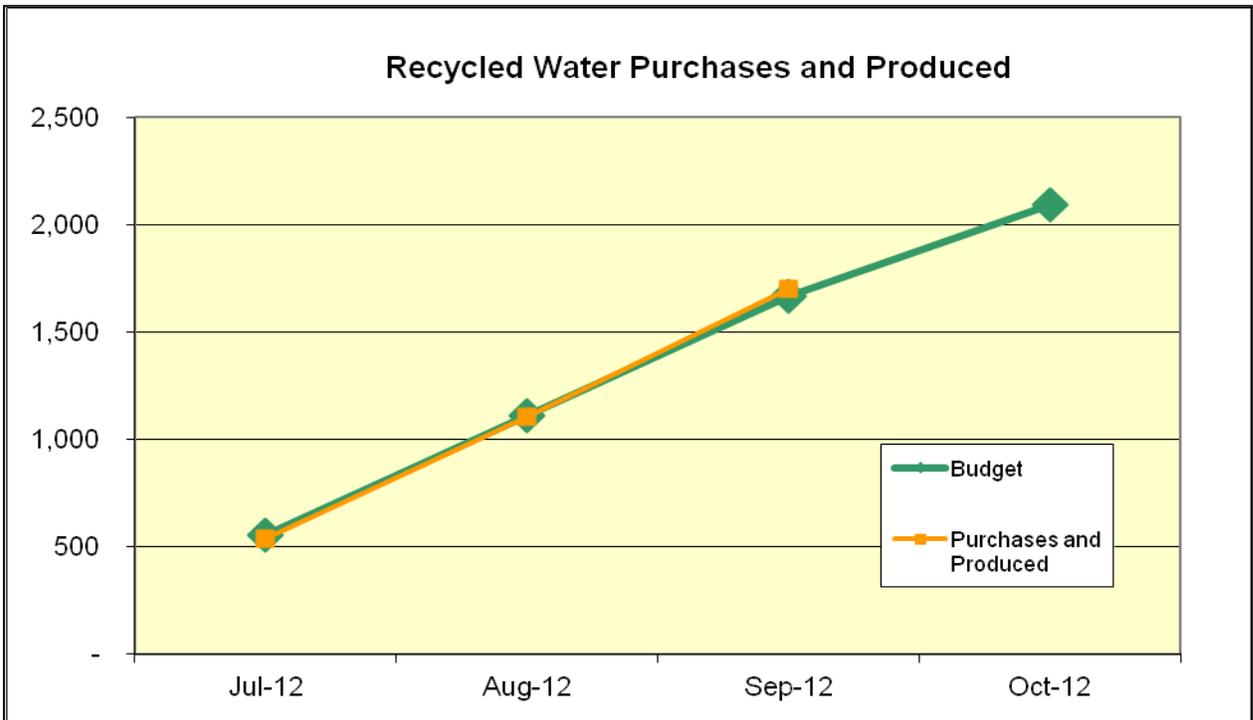
- **624-1 Reservoir Cover Replacement:** This project consists of replacing the floating cover on the 624-1 Reservoir. The existing cover is at the end of its useful life and in need of replacement. The Board awarded a contract to Layfield Environmental Systems Corporation at the October 9, 2012 Board Meeting. A preconstruction meeting was held on October 25, 2012. The project is within budget and expected to be complete in April 2013. (P2477).
- **12-Inch Potable Water Pipeline, East Orange Avenue, I-805 Crossing:** This project consists of the installation of approximately 1,915 linear-feet of 12-inch steel and PVC pipe along with the associated appurtenances from the intersection of Melrose Avenue and Orange Avenue, east across the I-805 overpass. This new pipeline is needed to meet fire flow requirements while Caltrans reconstructs the Palomar Bridge overpass, which contains a 10-inch pipeline that will be temporarily out of service. Caltrans is currently processing the encroachment permit. Caltrans mandated that the entire pipeline segment within its right-of-way be constructed using steel pipe. The Project is presently within budget; however, Caltrans' changes might have a budget impact, which will be known after bids are open in late November 2012. (P2513)
- Approximately 2,433 linear feet of both CIP and developer project pipeline was installed in September 2012. The Construction Division performed quality control for these pipelines.
- For the month of September 2012, the District sold 38 meters (42 EDUs) generating \$385,080 in revenue. Projection for this period was 27.6 meters (33.6 EDUs) with budgeted revenue of \$331,005. Total revenue for Fiscal Year 2013 through September 2012 is \$946,050 against the annual budget of \$3,972,064.

**Water Operations:**

- Total number of potable water meters is 48,861.
- The September potable water purchases were 3,219.1 acre-feet which is 4.7% below the budget of 3,376.4 acre-feet. The cumulative purchases through September is 10,034.7, acre-feet which is 0.1% above the cumulative budget of 10,024.9 acre-feet.



- The September recycled water purchases and production was 590.8 acre-feet which is 6.0% more than the budget of 468.2 acre-feet. The cumulative production and purchases through August is 1,698.6 acre-feet which is 2.0% above the cumulative budget of 1,665.8 acre-feet.



- Recycled water consumption for the month of September is as follows:
  - Total consumption was 579.7 acre-feet or 188,813,900 gallons and the average daily consumption was 6,293,797 gallons per day.
  - Total number of recycled water meters is 703.
  - Total recycled water consumption as of September for FY 2013 is 1,719.5 acre-feet.
- Wastewater flows for the month of September were as follows:
  - Total basin flow, gallons per day: 1,697,099.
  - Spring Valley Sanitation District Flow to Metro, gallons per day: 562,059.
  - Total Otay flow, gallons per day: 1,134,561.
  - Flow Processed at the Ralph W. Chapman Water Recycling Facility, gallons per day: 1,140,953.
  - Flow to Metro from Otay Water District was calculated to be a negative number. This indicated that the read from the County meter is incorrect. Staff is working with the County to help resolve the Rancho San Diego Pump Station flow meter readings reported to staff for this month. When staff has a resolution to this the Board Report will be updated accordingly.

By the end of September there were 6,084 wastewater connections/EDUs.

OTAY WATER DISTRICT  
**COMPARATIVE BUDGET SUMMARY**  
 FOR THREE MONTHS ENDED SEPTEMBER 30, 2012

	Annual Budget	YTD Actual	YTD Budget	YTD Variance	Var %
<b>REVENUES:</b>					
Water Sales	\$ 39,110,200	\$ 12,981,173	\$ 12,496,500	\$ 484,673	3.9%
Energy Charges	1,809,500	656,270	610,400	45,870	7.5%
System Charges	10,328,400	2,406,958	2,394,000	12,958	0.5%
MWD & CWA Fixed Charges	9,705,800	2,496,531	2,479,200	17,331	0.7%
Penalties	800,500	217,467	233,300	(15,833)	(6.8%)
Total Water Sales	<u>61,754,400</u>	<u>18,758,398</u>	<u>18,213,400</u>	<u>544,998</u>	<u>3.0%</u>
Recycled Water Sales	7,702,400	2,881,647	2,836,700	44,947	1.6%
Sewer Charges	2,555,200	623,502	631,800	(8,298)	(1.3%)
Meter Fees	112,200	33,581	28,100	5,481	19.5%
Capacity Fee Revenues	1,180,600	328,624	315,200	13,424	4.3%
Betterment Fees for Maintenance	689,400	139,844	152,400	(12,556)	(8.2%)
Non-Operating Revenues	1,914,300	431,348	442,400	(11,052)	(2.5%)
Tax Revenues	3,882,600	130,430	127,500	2,930	2.3%
Interest	105,700	17,040	21,400	(4,360)	(20.4%)
Transfer from OPEB	879,500	219,900	219,900	-	0.0%
General Fund Draw Down	946,900	236,700	236,700	-	0.0%
Transfer from General Fund	595,000	148,800	148,800	-	0.0%
Total Revenues	<u>\$ 82,318,200</u>	<u>\$ 23,949,814</u>	<u>\$ 23,374,300</u>	<u>\$ 575,514</u>	<u>2.5%</u>
<b>EXPENSES:</b>					
Potable Water Purchases	\$ 30,552,200	\$ 9,603,208	\$ 9,493,600	\$ (109,608)	(1.2%)
Recycled Water Purchases	1,504,000	546,459	558,600	12,142	2.2%
CWA-Infrastructure Access Charge	1,818,000	449,139	449,100	(39)	(0.0%)
CWA-Customer Service Charge	1,687,800	413,238	413,100	(138)	(0.0%)
CWA-Emergency Storage Charge	4,086,000	955,944	955,800	(144)	(0.0%)
MWD-Capacity Res Charge	504,000	135,771	135,900	129	0.1%
MWD-Readiness to Serve Charge	1,610,400	402,428	402,600	173	0.0%
Subtotal Water Purchases	<u>41,762,400</u>	<u>12,506,186</u>	<u>12,408,700</u>	<u>(97,486)</u>	<u>(0.8%)</u>
Power Charges	2,368,000	699,940	731,500	31,560	4.3%
Payroll & Related Costs	18,856,200	4,428,046	4,597,800	169,754	3.7%
Material & Maintenance	3,747,900	876,818	880,375	3,556	0.4%
Administrative Expenses	4,424,900	838,300	852,212	13,912	1.6%
Legal Fees	380,000	68,832	85,000	16,168	19.0%
Expansion Reserve	3,936,000	984,000	984,000	-	0.0%
Betterment Reserve	1,120,000	280,000	280,000	-	0.0%
Replacement Reserve	743,000	185,800	185,800	-	0.0%
Transfer to Sewer Fund Reserve	595,000	148,800	148,800	-	0.0%
Transfer to General Fund Reserve	2,285,800	571,500	571,500	-	0.0%
Transfer to Sewer Replacement	2,099,000	524,800	524,800	-	0.0%
Total Expenses	<u>\$ 82,318,200</u>	<u>\$ 22,113,023</u>	<u>\$ 22,250,487</u>	<u>\$ 137,464</u>	<u>0.6%</u>
<b>EXCESS REVENUES(EXPENSE)</b>	<u>\$ -</u>	<u>\$ 1,836,791</u>	<u>\$ 1,123,813</u>	<u>\$ 712,978</u>	

**OTAY WATER DISTRICT  
INVESTMENT PORTFOLIO REVIEW  
SEPTEMBER 30, 2012**

**INVESTMENT OVERVIEW & MARKET STATUS:**

The federal funds rate has remained constant now for over 44-months. On December 16, 2008, at the Federal Reserve Board's regular scheduled meeting, the federal funds rate was lowered from 1.00% to "a target range of between Zero and 0.25%" in response to the nation's ongoing financial crisis, as well as banking industry pressure to ease credit and stimulate the economy. This marked the ninth reduction in a row since September 18, 2007, when the rate was 5.25%. There have been no further changes made to the federal funds rate at the Federal Reserve Board's subsequent regular scheduled meetings, the most recent of which was held on September 13, 2012. They went on to say: "*The Committee currently anticipates exceptionally low levels for the federal funds rate are likely to be warranted at least through mid-2015.*"

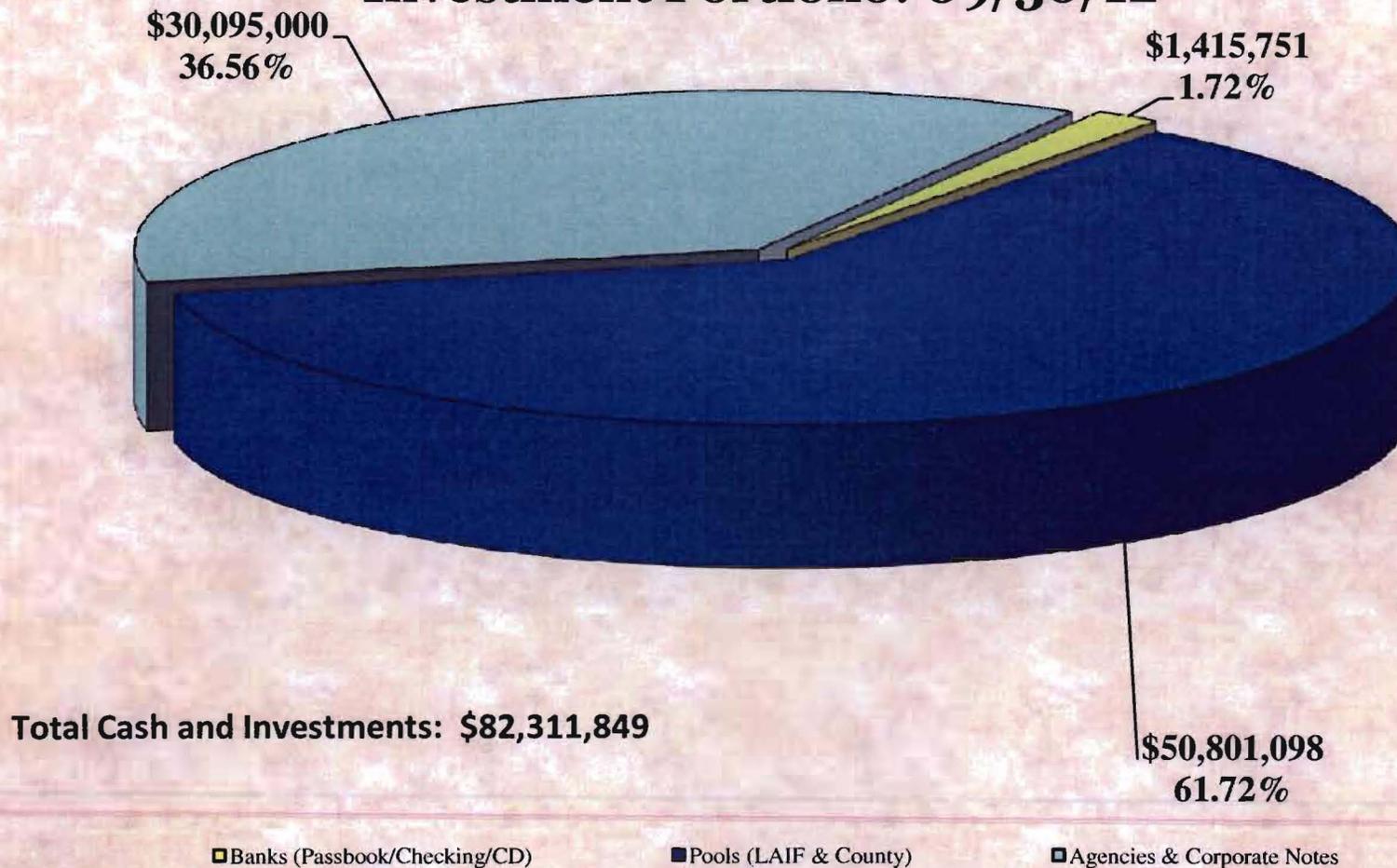
Despite the large drop in available interest rates, the District's overall effective rate of return at September 30th was 0.49%, which was an increase of 4 basis points (0.04%) from the prior month. At the same time the LAIF return on deposits has fluctuated slightly over the last several months, reaching an average effective yield of 0.348% for the month of September 2012. Based on our success at maintaining a competitive rate of return on our portfolio during this extended period of interest rate declines, no changes in investment strategy are being considered at this time.

In accordance with the District's Investment Policy, all District funds continue to be managed based on the objectives, in priority order, of safety, liquidity, and return on investment.

**PORTFOLIO COMPLIANCE: August 31, 2012**

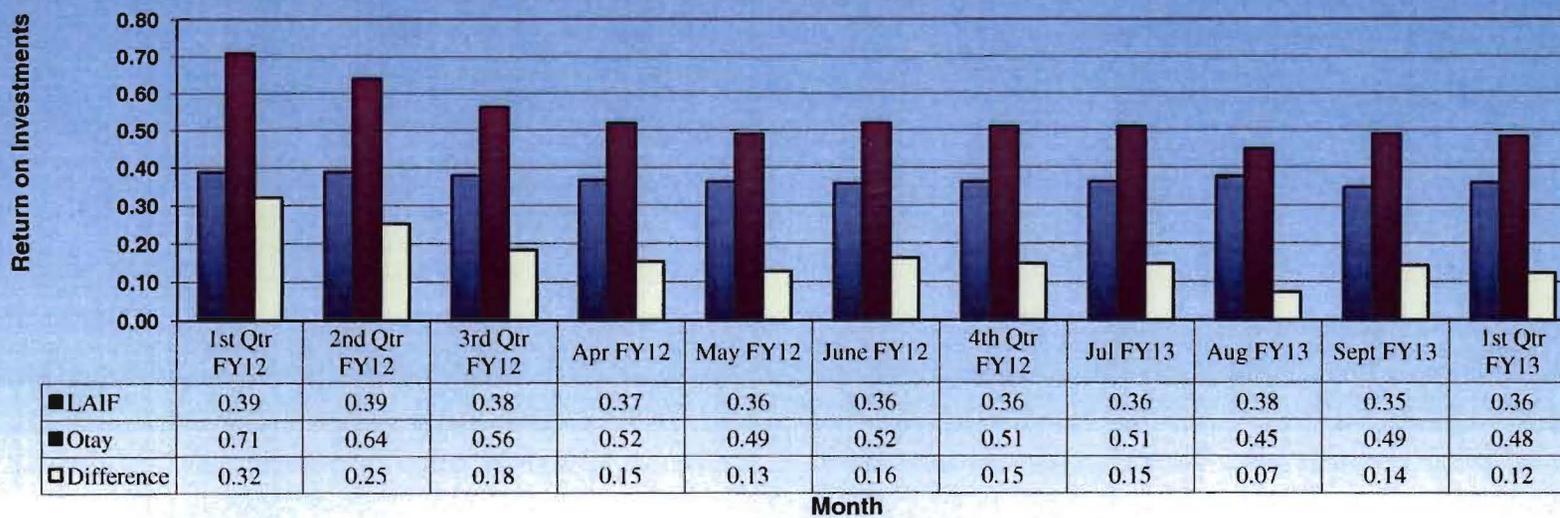
	<u>Investment</u>	<u>State Limit</u>	<u>Otay Limit</u>	<u>Otay Actual</u>
8.01:	Treasury Securities	100%	100%	0
8.02:	Local Agency Investment Fund (Operations)	\$50 Million	\$50 Million	\$24.6 Million
8.02:	Local Agency Investment Fund (Bonds)	100%	100%	4.95%
8.03:	Federal Agency Issues	100%	100%	36.56%
8.04:	Certificates of Deposit	30%	15%	0.10%
8.05:	Short-Term Commercial Notes	25%	15%	0
8.06:	Medium-Term Commercial Debt	30%	15%	0
8.07:	Money Market Mutual Funds	20%	15%	0
8.08:	San Diego County Pool	100%	100%	26.88%
12.0:	Maximum Single Financial Institution	100%	50%	1.62%

## Otay Water District Investment Portfolio: 09/30/12



## Performance Measure F-12 Return on Investment

**Target: Meet or Exceed 100% of LAIF**



LAIF
  Otay
  Difference

**OTAY**  
**Portfolio Management**  
**Portfolio Summary**  
**September 30, 2012**

<b>Investments</b>	<b>Par Value</b>	<b>Market Value</b>	<b>Book Value</b>	<b>% of Portfolio</b>	<b>Term</b>	<b>Days to Maturity</b>	<b>YTM 360 Equiv.</b>	<b>YTM 365 Equiv.</b>
Federal Agency Issues- Callable	30,095,000.00	30,122,314.20	30,095,000.00	37.16	910	748	0.540	0.548
Certificates of Deposit - Bank	81,326.80	81,326.80	81,326.80	0.10	731	478	0.280	0.284
Local Agency Investment Fund (LAIF)	28,671,832.87	28,709,509.73	28,671,832.87	35.41	1	1	0.343	0.348
San Diego County Pool	22,129,264.70	22,115,000.00	22,129,264.70	27.33	1	1	0.490	0.497
<b>Investments</b>	<b>80,977,424.37</b>	<b>81,028,150.73</b>	<b>80,977,424.37</b>	<b>100.00%</b>	<b>339</b>	<b>279</b>	<b>0.457</b>	<b>0.463</b>
<b>Cash</b>								
Passbook/Checking (not included in yield calculations)	1,334,424.47	1,334,424.47	1,334,424.47		1	1	0.227	0.230
<b>Total Cash and Investments</b>	<b>82,311,848.84</b>	<b>82,362,575.20</b>	<b>82,311,848.84</b>		<b>339</b>	<b>279</b>	<b>0.457</b>	<b>0.463</b>

<b>Total Earnings</b>	<b>September 30 Month Ending</b>	<b>Fiscal Year To Date</b>
Current Year	33,887.96	106,847.29
<b>Average Daily Balance</b>	<b>83,443,239.17</b>	<b>86,797,031.71</b>
<b>Effective Rate of Return</b>	<b>0.49%</b>	<b>0.49%</b>

I hereby certify that the investments contained in this report are made in accordance with the District Investment Policy Number 27 adopted by the Board of Directors on September 6, 2006. The market value information provided by Interactive Data Corporation. The investments provide sufficient liquidity to meet the cash flow requirements of the District for the next six months of expenditures.

\_\_\_\_\_  
 Joseph Beachem, Chief Financial Officer

10-22-12

**OTAY**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**September 30, 2012**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 360	Days to Maturity	Maturity Date
<b>Federal Agency Issues- Callable</b>												
3133EAEG9	2241	Federal Farm Credit Bank		05/09/2012	1,360,000.00	1,362,080.80	1,360,000.00	0.550		0.542	879	02/27/2015
313380AV9	2248	Federal Home Loan Bank		08/13/2012	3,000,000.00	3,001,320.00	3,000,000.00	0.450		0.444	865	02/13/2015
313380AV9A	2249	Federal Home Loan Bank		08/13/2012	1,030,000.00	1,030,453.20	1,030,000.00	0.450		0.444	865	02/13/2015
313380AV9B	2250	Federal Home Loan Bank		08/13/2012	2,705,000.00	2,706,190.20	2,705,000.00	0.450		0.444	865	02/13/2015
3134G3AC4	2226	Federal Home Loan Mortgage		12/06/2011	3,000,000.00	3,001,020.00	3,000,000.00	0.600		0.592	431	12/06/2013
3134G3AQ3	2227	Federal Home Loan Mortgage		11/30/2011	2,000,000.00	2,001,180.00	2,000,000.00	0.710	AA	0.700	606	05/30/2014
3134G3BN9	2228	Federal Home Loan Mortgage		12/05/2011	2,000,000.00	2,001,680.00	2,000,000.00	0.770	AA	0.759	612	06/05/2014
3134G3SS0	2232	Federal Home Loan Mortgage		03/22/2012	3,000,000.00	3,005,280.00	3,000,000.00	0.540		0.533	721	09/22/2014
3135G0KL6	2238	Federal National Mortgage Assoc		04/30/2012	3,000,000.00	3,001,680.00	3,000,000.00	0.500		0.493	759	10/30/2014
3135G0KS1	2240	Federal National Mortgage Assoc		05/10/2012	3,000,000.00	3,003,480.00	3,000,000.00	0.560		0.552	862	02/10/2015
3135G0LF8	2242	Federal National Mortgage Assoc		05/24/2012	3,000,000.00	3,004,020.00	3,000,000.00	0.500		0.493	784	11/24/2014
3135G0LL5	2244	Federal National Mortgage Assoc		06/04/2012	3,000,000.00	3,003,930.00	3,000,000.00	0.550		0.542	794	12/04/2014
<b>Subtotal and Average</b>			<b>35,293,925.37</b>		<b>30,095,000.00</b>	<b>30,122,314.20</b>	<b>30,095,000.00</b>			<b>0.540</b>	<b>748</b>	
<b>Certificates of Deposit - Bank</b>												
2050003183-5	2229	California Bank & Trust		01/22/2012	81,326.80	81,326.80	81,326.80	0.280		0.280	478	01/22/2014
<b>Subtotal and Average</b>			<b>81,326.80</b>		<b>81,326.80</b>	<b>81,326.80</b>	<b>81,326.80</b>			<b>0.280</b>	<b>478</b>	
<b>Local Agency Investment Fund (LAIF)</b>												
LAIF	9001	STATE OF CALIFORNIA		07/01/2004	24,600,643.33	24,632,970.35	24,600,643.33	0.348		0.343	1	
LAIF BABS 2010	9012	STATE OF CALIFORNIA		04/21/2010	4,071,189.54	4,076,539.38	4,071,189.54	0.348		0.343	1	
<b>Subtotal and Average</b>			<b>23,848,499.54</b>		<b>28,671,832.87</b>	<b>28,709,509.73</b>	<b>28,671,832.87</b>			<b>0.343</b>	<b>1</b>	
<b>San Diego County Pool</b>												
SD COUNTY POOL	9007	San Diego County		07/01/2004	22,129,264.70	22,115,000.00	22,129,264.70	0.497		0.490	1	
<b>Subtotal and Average</b>			<b>22,129,264.70</b>		<b>22,129,264.70</b>	<b>22,115,000.00</b>	<b>22,129,264.70</b>			<b>0.490</b>	<b>1</b>	
<b>Total and Average</b>			<b>83,443,239.17</b>		<b>80,977,424.37</b>	<b>81,028,150.73</b>	<b>80,977,424.37</b>			<b>0.457</b>	<b>279</b>	

**OTAY**  
**Portfolio Management**  
**Portfolio Details - Cash**  
**September 30, 2012**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 360	Days to Maturity
<b>Union Bank</b>											
UNION MONEY	9002	STATE OF CALIFORNIA		07/01/2004	10,000.91	10,000.91	10,000.91	0.010		0.010	1
PETTY CASH	9003	STATE OF CALIFORNIA		07/01/2004	2,950.00	2,950.00	2,950.00			0.000	1
UNION OPERATING	9004	STATE OF CALIFORNIA		07/01/2004	1,187,091.03	1,187,091.03	1,187,091.03	0.250		0.247	1
PAYROLL	9005	STATE OF CALIFORNIA		07/01/2004	27,971.60	27,971.60	27,971.60			0.000	1
RESERVE-10 COPS	9010	STATE OF CALIFORNIA		04/20/2010	6,484.01	6,484.01	6,484.01	0.010		0.010	1
RESERVE-10 BABS	9011	STATE OF CALIFORNIA		04/20/2010	17,648.46	17,648.46	17,648.46	0.010		0.010	1
UBNA-2010 BOND	9013	STATE OF CALIFORNIA		04/20/2010	70,015.05	70,015.05	70,015.05	0.147		0.145	1
UBNA-FLEX ACCT	9014	STATE OF CALIFORNIA		01/01/2011	12,263.41	12,263.41	12,263.41			0.000	1
		<b>Average Balance</b>	<b>0.00</b>								<b>1</b>
<b>Total Cash and Investments</b>			<b>83,443,239.17</b>		<b>82,311,848.84</b>	<b>82,362,575.20</b>	<b>82,311,848.84</b>			<b>0.457</b>	<b>279</b>

**OTAY**  
**Portfolio Management**  
**Interest Earnings Summary**  
**September 30, 2012**

September 30 Month Ending

Fiscal Year To Date

**CD/Coupon/Discount Investments:**

Interest Collected	27,537.30	73,626.93
Plus Accrued Interest at End of Period	40,375.67	40,375.65
Less Accrued Interest at Beginning of Period	( 51,951.31)	( 58,130.60)
Less Accrued Interest at Purchase During Period	( 0.00)	( 0.00)
Interest Earned during Period	15,961.66	55,871.98
Adjusted by Premiums and Discounts	45.38	232.97
Adjusted by Capital Gains or Losses	1,633.33	1,633.33
Earnings during Periods	17,640.37	57,738.28

**Pass Through Securities:**

Interest Collected	0.00	0.00
Plus Accrued Interest at End of Period	0.00	0.00
Less Accrued Interest at Beginning of Period	( 0.00)	( 0.00)
Less Accrued Interest at Purchase During Period	( 0.00)	( 0.00)
Interest Earned during Period	0.00	0.00
Adjusted by Premiums and Discounts	0.00	0.00
Adjusted by Capital Gains or Losses	0.00	0.00
Earnings during Periods	0.00	0.00

**Cash/Checking Accounts:**

Interest Collected	6.90	62,973.37
Plus Accrued Interest at End of Period	466,525.78	466,525.78
Less Accrued Interest at Beginning of Period	( 450,285.09)	( 480,390.14)
Interest Earned during Period	16,247.59	49,109.01

<b>Total Interest Earned during Period</b>	<b>32,209.25</b>	<b>104,980.99</b>
<b>Total Adjustments from Premiums and Discounts</b>	<b>45.38</b>	<b>232.97</b>
<b>Total Capital Gains or Losses</b>	<b>1,633.33</b>	<b>1,633.33</b>
<b>Total Earnings during Period</b>	<b>33,887.96</b>	<b>106,847.29</b>

**OTAY**  
**Activity Report**  
**Sorted By Safekeeper**  
**July 1, 2012 - September 30, 2012**

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value		Transaction Date	Purchases or Deposits	Par Value		Ending Balance
				Beginning Balance	Current Rate			Redemptions or Withdrawals		
<b>Safekeeper: Union Bank of California</b>										
<b>Federal Agency Issues- Callable</b>										
3137EACK3	2146	Federal Home Loan Mortgage			1.125	07/27/2012	0.00		2,000,000.00	
3137EACK3A	2148	Federal Home Loan Mortgage			1.125	07/27/2012	0.00		1,030,000.00	
3137EACK3B	2149	Federal Home Loan Mortgage			1.125	07/27/2012	0.00		2,707,000.00	
31331KZF0	2219	Federal Farm Credit Bank			0.481	09/05/2012	0.00		3,000,000.00	
313378KU4	2233	Federal Home Loan Bank			0.500	09/12/2012	0.00		3,000,000.00	
3135G0JG9	2234	Federal National Mortgage Assoc			0.520	09/26/2012	0.00		3,000,000.00	
3133794G1	2239	Federal Home Loan Bank			0.500	07/15/2012	0.00		3,000,000.00	
313379JC4	2243	Federal Home Loan Bank			0.500	07/05/2012	0.00		3,000,000.00	
313379R84	2245	Federal Home Loan Bank			0.500	07/13/2012	0.00		3,000,000.00	
313379SP5	2246	Federal Home Loan Bank			0.450	07/19/2012	0.00		3,000,000.00	
313379UT4	2247	Federal Home Loan Bank			0.500	07/27/2012	0.00		3,000,000.00	
313380AV9	2248	Federal Home Loan Bank			0.450	08/13/2012	3,000,000.00		0.00	
313380AV9A	2249	Federal Home Loan Bank			0.450	08/13/2012	1,030,000.00		0.00	
313380AV9B	2250	Federal Home Loan Bank			0.450	08/13/2012	2,705,000.00		0.00	
313380BG1	2251	Federal Home Loan Bank			0.500	08/13/2012	3,000,000.00		0.00	
313380BG1	2251	Federal Home Loan Bank				09/13/2012	0.00		3,000,000.00	
<b>Subtotal and Balance</b>					<b>53,097,000.00</b>		<b>9,735,000.00</b>		<b>32,737,000.00</b>	<b>30,095,000.00</b>
<b>Union Bank</b>										
RESERVE-10 COPS	9010	STATE OF CALIFORNIA			0.010		1,035,795.99		1,030,000.00	
RESERVE-10 BABS	9011	STATE OF CALIFORNIA			0.010		2,722,231.23		2,705,000.00	
UBNA-FLEX ACCT	9014	STATE OF CALIFORNIA					0.00		29,836.81	
<b>Subtotal and Balance</b>					<b>43,205.47</b>		<b>3,758,027.22</b>		<b>3,764,836.81</b>	<b>36,395.88</b>
<b>Safekeeper Subtotal</b>			<b>36.606%</b>		<b>53,140,205.47</b>		<b>13,493,027.22</b>		<b>36,501,836.81</b>	<b>30,131,395.88</b>
<b>Safekeeper: Unspecified Safekeeper</b>										
<b>Certificates of Deposit - Bank</b>										
<b>Subtotal and Balance</b>					<b>81,326.80</b>					<b>81,326.80</b>

OTAY  
Activity Report  
July 1, 2012 - September 30, 2012

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value		Transaction Date	Par Value		Ending Balance
				Beginning Balance	Current Rate		Purchases or Deposits	Redemptions or Withdrawals	
Safekeeper Subtotal			0.099%	81,326.80			0.00	0.00	81,326.80
<b>Safekeeper: Not applicable - Cash/Managed Pool Accounts</b>									
<b>Union Bank</b>									
UNION MONEY	9002	STATE OF CALIFORNIA			0.010		40,426,959.76	40,426,964.76	
UNION OPERATING	9004	STATE OF CALIFORNIA			0.250		1,802,530.88	1,906,408.27	
Subtotal and Balance				1,401,910.98			42,229,490.64	42,333,373.03	1,298,028.59
<b>Local Agency Investment Fund (LAIF)</b>									
LAIF	9001	STATE OF CALIFORNIA			0.348		32,317,387.59	15,250,000.00	
LAIF BABS 2010	9012	STATE OF CALIFORNIA			0.348		3,612.93	0.00	
Subtotal and Balance				11,600,832.35			32,321,000.52	15,250,000.00	28,671,832.87
<b>San Diego County Pool</b>									
SD COUNTY POOL	9007	San Diego County			0.497		20,045.48	0.00	
Subtotal and Balance				22,109,219.22			20,045.48	0.00	22,129,264.70
Safekeeper Subtotal			63.295%	35,111,962.55			74,570,536.64	57,583,373.03	52,099,126.16
Total			100.000%	88,333,494.82			88,063,563.86	94,085,209.84	82,311,848.84

**OTAY**  
**GASB 31 Compliance Detail**  
**Sorted by Fund - Fund**  
**July 1, 2012 - September 30, 2012**

CUSIP	Investment #	Fund	Investment Class	Maturity Date	Beginning Invested Value	Purchase of Principal	Addition to Principal	Redemption of Principal	Adjustment in Value		Ending Invested Value
									Amortization Adjustment	Change in Market Value	
<b>Fund: Treasury Fund</b>											
LAIF	9001	99	Fair Value		7,542,443.62	0.00	32,317,387.59	15,250,000.00	0.00	23,139.13	24,632,970.35
UNION MONEY	9002	99	Amortized		10,005.91	0.00	40,426,959.76	40,426,964.76	0.00	0.00	10,000.91
PETTY CASH	9003	99	Amortized		2,950.00	0.00	0.00	0.00	0.00	0.00	2,950.00
UNION OPERATING	9004	99	Amortized		1,290,968.42	0.00	1,802,530.88	1,906,408.27	0.00	0.00	1,187,091.03
PAYROLL	9005	99	Amortized		27,971.60	0.00	0.00	0.00	0.00	0.00	27,971.60
SD COUNTY POOL	9007	99	Fair Value		22,089,000.00	0.00	20,045.48	0.00	0.00	5,954.52	22,115,000.00
RESERVE-10 COPS	9010	99	Amortized		688.02	0.00	1,035,795.99	1,030,000.00	0.00	0.00	6,484.01
RESERVE-10 BABS	9011	99	Amortized		417.23	0.00	2,722,231.23	2,705,000.00	0.00	0.00	17,648.46
LAIF BABS 2010	9012	99	Fair Value		4,072,537.60	0.00	3,612.93	0.00	0.00	388.84	4,076,539.38
UBNA-2010 BOND	9013	99	Amortized		70,015.05	0.00	0.00	0.00	0.00	0.00	70,015.05
3137EACK3	2146	99	Fair Value	07/27/2012	2,001,300.00	0.00	0.00	2,000,000.00	0.00	-1,300.00	0.00
3137EACK3A	2148	99	Fair Value	07/27/2012	1,030,669.50	0.00	0.00	1,030,000.00	0.00	-669.50	0.00
3137EACK3B	2149	99	Fair Value	07/27/2012	2,708,759.55	0.00	0.00	2,707,000.00	0.00	-1,759.55	0.00
UBNA-FLEX ACCT	9014	99	Amortized		42,100.22	0.00	0.00	29,836.81	0.00	0.00	12,263.41
31331KZF0	2219	99	Fair Value	12/23/2013	3,000,030.00	0.00	0.00	3,000,000.00	0.00	-30.00	0.00
3134G3AC4	2226	99	Fair Value	12/06/2013	3,000,600.00	0.00	0.00	0.00	0.00	420.00	3,001,020.00
3134G3AQ3	2227	99	Fair Value	05/30/2014	2,001,980.00	0.00	0.00	0.00	0.00	-800.00	2,001,180.00
3134G3BN9	2228	99	Fair Value	06/05/2014	2,003,140.00	0.00	0.00	0.00	0.00	-1,460.00	2,001,680.00
2050003183-5	2229	99	Amortized	01/22/2014	81,326.80	0.00	0.00	0.00	0.00	0.00	81,326.80
3134G3SS0	2232	99	Fair Value	09/22/2014	3,003,870.00	0.00	0.00	0.00	0.00	1,410.00	3,005,280.00
313378KU4	2233	99	Fair Value	09/12/2014	3,001,350.00	0.00	0.00	3,000,000.00	0.00	-1,350.00	0.00
3135G0JG9	2234	99	Fair Value	09/26/2014	3,003,000.00	0.00	0.00	3,000,000.00	0.00	-3,000.00	0.00
3135G0KL6	2238	99	Fair Value	10/30/2014	2,993,970.00	0.00	0.00	0.00	0.00	7,710.00	3,001,680.00
3133794G1	2239	99	Fair Value	05/15/2014	2,998,560.00	0.00	0.00	3,000,000.00	0.00	1,440.00	0.00
3135G0KS1	2240	99	Fair Value	02/10/2015	2,997,450.00	0.00	0.00	0.00	0.00	6,030.00	3,003,480.00
3133EAEG9	2241	99	Fair Value	02/27/2015	1,361,632.00	0.00	0.00	0.00	0.00	448.80	1,362,080.80
3135G0LFB	2242	99	Fair Value	11/24/2014	2,999,640.00	0.00	0.00	0.00	0.00	4,380.00	3,004,020.00
313379JC4	2243	99	Fair Value	06/05/2014	3,000,060.00	0.00	0.00	3,000,000.00	0.00	-60.00	0.00
3135G0LL5	2244	99	Fair Value	12/04/2014	2,999,340.00	0.00	0.00	0.00	0.00	4,590.00	3,003,930.00
313379R84	2245	99	Fair Value	06/13/2014	2,996,460.00	0.00	0.00	3,000,000.00	0.00	3,540.00	0.00

Portfolio OTAY  
AP

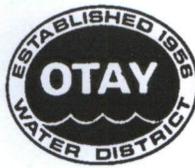
OTAY  
 GASB 31 Compliance Detail  
 Sorted by Fund - Fund

CUSIP	Investment #	Fund	Investment Class	Maturity Date	Beginning Invested Value	Purchase of Principal	Addition to Principal	Redemption of Principal	Adjustment in Value		Ending Invested Value
									Amortization Adjustment	Change in Market Value	
<b>Fund: Treasury Fund</b>											
313379SP5	2246	99	Fair Value	12/19/2013	2,996,610.00	0.00	0.00	3,000,000.00	0.00	3,390.00	0.00
313379UT4	2247	99	Fair Value	06/27/2014	2,998,230.00	0.00	0.00	3,000,000.00	0.00	1,770.00	0.00
313380AV9	2248	99	Fair Value	02/13/2015	0.00	3,000,000.00	0.00	0.00	0.00	1,320.00	3,001,320.00
313380AV9A	2249	99	Fair Value	02/13/2015	0.00	1,030,000.00	0.00	0.00	0.00	453.20	1,030,453.20
313380AV9B	2250	99	Fair Value	02/13/2015	0.00	2,705,000.00	0.00	0.00	0.00	1,190.20	2,706,190.20
313380BG1	2251	99	Fair Value	02/13/2015	0.00	3,000,000.00	0.00	3,000,000.00	0.00	0.00	0.00
<b>Subtotal</b>					<b>88,327,075.52</b>	<b>9,735,000.00</b>	<b>78,328,563.86</b>	<b>94,085,209.84</b>	<b>0.00</b>	<b>57,145.64</b>	<b>82,362,575.20</b>
<b>Total</b>					<b>88,327,075.52</b>	<b>9,735,000.00</b>	<b>78,328,563.86</b>	<b>94,085,209.84</b>	<b>0.00</b>	<b>57,145.64</b>	<b>82,362,575.20</b>

**OTAY**  
**Duration Report**  
**Sorted by Investment Type - Investment Type**  
**Through 09/30/2012**

Security ID	Investment #	Fund	Issuer	Investment Class	Book Value	Par Value	Market Value	Current Rate	YTM 360	Current Yield	Maturity/ Call Date	Modified Duration
3134G3BN9	2228	99	Federal Home Loan Mortgage	Fair	2,000,000.00	2,000,000.00	2,001,680.00	.7700000	0.759	0.720	06/05/2014	1.660
3134G3SS0	2232	99	Federal Home Loan Mortgage	Fair	3,000,000.00	3,000,000.00	3,005,280.00	.5400000	0.533	0.450	09/22/2014	1.962
3134G3AQ3	2227	99	Federal Home Loan Mortgage	Fair	2,000,000.00	2,000,000.00	2,001,180.00	.7100000	0.700	0.674	05/30/2014	1.647
3134G3AC4	2226	99	Federal Home Loan Mortgage	Fair	3,000,000.00	3,000,000.00	3,001,020.00	.6000000	0.592	0.571	12/06/2013	1.173
3135G0KL6	2238	99	Federal National Mortgage Assoc	Fair	3,000,000.00	3,000,000.00	3,001,680.00	.5000000	0.493	0.473	10/30/2014	2.063
3135G0LF8	2242	99	Federal National Mortgage Assoc	Fair	3,000,000.00	3,000,000.00	3,004,020.00	.5000000	0.493	0.437	11/24/2014	2.129
3135G0KS1	2240	99	Federal National Mortgage Assoc	Fair	3,000,000.00	3,000,000.00	3,003,480.00	.5600000	0.552	0.510	02/10/2015	2.338
3135G0LL5	2244	99	Federal National Mortgage Assoc	Fair	3,000,000.00	3,000,000.00	3,003,930.00	.5500000	0.542	0.489	12/04/2014	2.156
313380AV9A	2249	99	Federal Home Loan Bank	Fair	1,030,000.00	1,030,000.00	1,030,453.20	.4500000	0.444	0.431	02/13/2015	2.350
313380AV9B	2250	99	Federal Home Loan Bank	Fair	2,705,000.00	2,705,000.00	2,706,190.20	.4500000	0.444	0.431	02/13/2015	2.350
313380AV9	2248	99	Federal Home Loan Bank	Fair	3,000,000.00	3,000,000.00	3,001,320.00	.4500000	0.444	0.431	02/13/2015	2.350
3133EAEG9	2241	99	Federal Farm Credit Bank	Fair	1,360,000.00	1,360,000.00	1,362,080.80	.5500000	0.542	0.486	02/27/2015	2.385
2050003183-5	2229	99	California Bank & Trust	Amort	81,326.80	81,326.80	81,326.80	.2800000	0.280	0.280	01/22/2014	1.306 †
LAIF	9001	99	STATE OF CALIFORNIA	Fair	24,600,643.33	24,600,643.33	24,632,970.35	.3480000	0.343	0.348		0.000
LAIF COPS07	9009	99	STATE OF CALIFORNIA	Fair	0.00	0.00	0.00	1.530000	1.509	1.530		0.000
LAIF BABS 2010	9012	99	STATE OF CALIFORNIA	Fair	4,071,189.54	4,071,189.54	4,076,539.38	.3480000	0.343	0.348		0.000
SD COUNTY	9007	99	San Diego County	Fair	22,129,264.70	22,129,264.70	22,115,000.00	.4970000	0.490	0.497		0.000
<b>Report Total</b>					<b>80,977,424.37</b>	<b>80,977,424.37</b>	<b>81,028,150.73</b>			<b>0.446</b>		<b>0.756 †</b>

† = Duration can not be calculated on these investments due to incomplete Market price data.



## STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	November 7, 2012
SUBMITTED BY:	Sean Prendergast, Finance Supervisor, Payroll & AP	W.O./G.F. NO:	DIV. NO.
APPROVED BY: (Chief)	Joseph Beachem, Chief Financial Officer		
APPROVED BY: (Asst. GM):	German Alvarez, Assistant General Manager		
SUBJECT:	Accounts Payable Demand List		

### PURPOSE:

Attached is the list of demands for the Board's information.

### FISCAL IMPACT:

<u>SUMMARY</u>	<u>NET DEMANDS</u>
CHECKS (2034763-2035160)	\$ 1,899,354.82
VOID CHECK (1)	\$ (1,399.20)
TOTAL CHECKS	\$ 1,897,955.62
WIRE TO:	
CALPERS - OTHER POST EMPLOYMENT BENEFITS (MONTHLY)	\$ 143,000.00
CITY TREASURER - RECLAIMED WATER PURCHASE (MONTHLY)	\$ 158,648.00
DELTA DENTAL OF CALIF - DENTAL & COBRA CLAIMS (MONTHLY)	\$ 16,003.40
JP MORGAN - REMARKETING FEE (QUARTERLY)	\$ 2,429.02
SAN DIEGO COUNTY WATER - CAP FEES (QUARTERLY)	\$ 468,068.00
SAN DIEGO COUNTY WATER - WATER DELIVERIES (MONTHLY)	\$ 3,881,977.90
SPECIAL DIST RISK MGMT AUTH - INSURANCE PREM (MONTHLY)	\$ 246,388.75
STATE BOARD OF EQUALIZATION - SALES USE TAX (QUARTERLY)	\$ 563.00
UNION BANK - CERT OF PARTICIPATION 1996 (MONTHLY)	\$ 30,790.13
UNION BANK - PAYROLL TAXES (MONTHLY)	\$ 269,114.82
<b>TOTAL CASH DISBURSEMENTS</b>	<b>\$ 7,114,938.64</b>

### RECOMMENDED ACTION:

That the Board receive the attached list of demands.

Jb/Attachment

**OTAY WATER DISTRICT  
CHECK REGISTER  
FOR CHECKS 2034763 THROUGH 2035160  
RUN DATES 10/3/2012 TO 10/31/2012**

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2034763	10/03/12	14376	7603 ST ANDREWS AVENUE INC	003922	10/01/12	IRRIGATION UPGRADE PROGRAM	5,000.00	5,000.00
2034764	10/03/12	08488	ABLEFORCE INC	3438	09/04/12	PROGRAMMING SERVICES (8/20/12-8/31/12)	7,200.00	7,200.00
2034922	10/17/12	08488	ABLEFORCE INC	3457	09/18/12	PROGRAMMING SERVICES (9/4/12-9/7/12)	2,160.00	2,160.00
2035012	10/24/12	14445	ADAN CONTRERAS-LOPEZ	Ref002424816	10/23/12	UB Refund Cst #0000186583	118.27	118.27
2035085	10/31/12	14424	ADCO UNDERGROUND SERVICES LLC	496	10/08/12	POTHOLING SERVICES	5,120.00	5,120.00
2034765	10/03/12	11462	AEGIS ENGINEERING MGMT INC	1121 1034	09/06/12 09/06/12	DEVELOPER PLANCHECKS (8/4/12-8/31/12) PLAN CHECKING (8/4/12-8/31/12)	3,587.11 1,869.77	5,456.88
2035086	10/31/12	11462	AEGIS ENGINEERING MGMT INC	1122 1035	10/05/12 10/05/12	DEVELOPER PLANCHECKS (9/1/12-9/30/12) PLAN CHECKING (9/1/12-9/30/12)	11,098.95 409.73	11,508.68
2034766	10/03/12	07732	AIRGAS SPECIALTY PRODUCTS INC	131258478 131258477 131258480 131258479	09/07/12 09/07/12 09/07/12 09/07/12	AQUA AMMONIA AQUA AMMONIA AQUA AMMONIA AQUA AMMONIA	3,030.50 1,683.74 1,278.90 404.26	6,397.40
2034923	10/17/12	07732	AIRGAS SPECIALTY PRODUCTS INC	131261119 131261118	09/28/12 09/28/12	AQUA AMMONIA AQUA AMMONIA	3,209.72 1,209.28	4,419.00
2035013	10/24/12	13753	AIRGAS USA LLC	9905037683	09/30/12	BREATHING AIR	39.25	39.25
2034767	10/03/12	06261	ALCANTARA, CYNTHIA	003913	09/28/12	COMPUTER LOAN	1,886.44	1,886.44
2034840	10/10/12	14409	ALEGRIA REAL ESTATE FUND LLC	Ref002424552	10/09/12	UB Refund Cst #0000187084	113.47	113.47
2035014	10/24/12	14425	ALEXANDER'S INC	003936	10/23/12	REFUND BID DEPOSIT	8,900.00	8,900.00
2035015	10/24/12	14446	ALEXANDRA VINSON	Ref002424817	10/23/12	UB Refund Cst #0000186708	299.37	299.37
2034841	10/10/12	14406	ALEXIS VIVAS	Ref002424549	10/09/12	UB Refund Cst #0000184658	21.14	21.14
2035016	10/24/12	14427	ALFREDO AGUILAR	Ref002424795	10/23/12	UB Refund Cst #0000040039	33.78	33.78
2034842	10/10/12	02934	ALLEN INSTRUMENTS & SUPPLIES	0119965IN	09/17/12	GPS BASE STATION	13,678.86	13,678.86
2035087	10/31/12	02934	ALLEN INSTRUMENTS & SUPPLIES	0120451IN	10/05/12	EQUIPMENT REPAIR	905.38	905.38
2034924	10/17/12	02362	ALLIED WASTE SERVICES # 509	0509004935285	09/25/12	TRASH SERVICES (10/1/12-10/31/12)	109.10	109.10
2034925	10/17/12	12911	ALTA LAND SURVEYING INC	22	09/28/12	SURVEY SERVICES (ENDING 9/28/12)	18,400.00	18,400.00
2034843	10/10/12	06166	AMERICAN MESSAGING	L1109570MJ	10/01/12	PAGER SERVICES (SEPT 2012)	190.35	190.35
2035088	10/31/12	00453	AMERICAN RIGGING & SUPPLY	2187101	10/03/12	CHAIN SLING	481.64	481.64

OTAY WATER DISTRICT  
CHECK REGISTER  
FOR CHECKS 2034763 THROUGH 2035160  
RUN DATES 10/3/2012 TO 10/31/2012

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2034844	10/10/12	14378	ANDREA NORIEGA	Ref002424520	10/09/12	UB Refund Cst #0000028268	30.19	30.19
2034768	10/03/12	00002	ANSWER INC	7278	09/22/12	ANSWERING SERVICES (MONTHLY)	1,100.00	1,100.00
2034845	10/10/12	08967	ANTHEM BLUE CROSS EAP	41083	09/21/12	EMPLOYEE ASSISTANCE PROGRAM (OCT 2012)	332.27	332.27
2035089	10/31/12	08967	ANTHEM BLUE CROSS EAP	41090	10/23/12	EMPLOYEE ASSISTANCE PROGRAM (NOV 2012)	332.27	332.27
2034846	10/10/12	14386	ANTONIO GONZALEZ	Ref002424529	10/09/12	UB Refund Cst #0000082268	92.98	92.98
2034769	10/03/12	03357	APEX ADVERTISING INC	123221	09/07/12	T-SHIRTS	284.68	284.68
2034847	10/10/12	12175	APPLE INC	003927	10/09/12	COMPUTER LOAN	1,399.20	1,399.20
2034770	10/03/12	03492	AQUA-METRIC SALES COMPANY	0044766IN	09/12/12	BY PASS METERS	1,930.36	1,930.36
2035017	10/24/12	14451	ASLAN RESIDENTIAL IV LLC	Ref002424823	10/23/12	UB Refund Cst #0000189017	28.59	28.59
2034771	10/03/12	05758	AT&T	61967053090912	09/15/12	PHONE SERVICES (MONTHLY)	32.18	32.18
2034772	10/03/12	07785	AT&T	000003662654 000003664872	09/02/12 09/02/12	PHONE SERVICES (8/2/12-9/1/12) PHONE SERVICES (8/2/12-9/1/12)	5,751.36 15.85	5,767.21
2034926	10/17/12	05758	AT&T	0821645728092512 61942256050912 33784130450912	09/25/12 09/20/12 09/07/12	PHONE SERVICE (9/25/12-10/24/12) PHONE SERVICES (9/20/12-10/19/12) PHONE SERVICES (9/7/12-10/6/12)	2,288.41 57.75 31.55	2,377.71
2034927	10/17/12	05758	AT&T	61969851400912	09/24/12	PHONE SERVICES (MONTHLY)	32.18	32.18
2035090	10/31/12	05758	AT&T	33784130451012	10/29/12	PHONE SERVICES (10/7/12-11/6/12)	31.55	31.55
2035091	10/31/12	07785	AT&T	000003744040 000003746258	10/29/12 10/29/12	PHONE SERVICES (9/2/12-10/1/12) PHONE SERVICES (9/2/12-10/1/12)	5,732.52 15.57	5,748.09
2035092	10/31/12	08330	AT&T INTERNET SERVICES	8547826250912	09/22/12	INTERNET BANDWIDTH (9/21/12-10/20/12)	2,028.00	2,028.00
2034928	10/17/12	12810	ATKINS	1150191	09/19/12	DESIGN SERVICES (PERIOD JULY 2012)	18,598.00	18,598.00
2034773	10/03/12	11285	AZTEC FIRE & SAFETY INC	48186	09/10/12	SERVICE MAINTENANCE	564.02	564.02
2034929	10/17/12	11285	AZTEC FIRE & SAFETY INC	48212	09/24/12	RISER PIPE REPAIR	2,301.36	2,301.36
2035093	10/31/12	11285	AZTEC FIRE & SAFETY INC	48277	10/13/12	MIC TESTING	1,937.90	1,937.90
2034774	10/03/12	00586	BADGER METER INC	95912301	09/18/12	REGISTERS & HEAD ASSEMBLY	154.31	154.31
2035094	10/31/12	00586	BADGER METER INC	95912302 96095401	10/04/12 10/11/12	REGISTERS & HEAD ASSEMBLY 2" BADGER BY-PASS METER FOR 10" X 2"	1,252.92 674.52	1,927.44

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2034775	10/03/12	00145	BARRETT ENGINEERED PUMPS	082033 082222	09/11/12	CREDIT MEMO ROTATING ASSEMBLY	(669.13) 8,162.06	7,492.93
2034930	10/17/12	00145	BARRETT ENGINEERED PUMPS	082367	09/19/12	DRUM PUMP	2,340.54	2,340.54
2035095	10/31/12	06834	BAUDVILLE INC	2467737	10/11/12	VISITOR BADGES	369.16	369.16
2034848	10/10/12	14412	BRENDAN THIESSEN	Ref002424555	10/09/12	UB Refund Cst #0000188265	95.97	95.97
2034776	10/03/12	10970	BRENNTAG PACIFIC INC	BPI232153 BPI234730 BPI233009 BPI235679 BPI234509 BPI231792 BPI235147 BPI234510 BPI231791 BPI233420 BPI235146 BPI233419 BPI235678	09/05/12 09/13/12 09/07/12 09/17/12 09/13/12 09/04/12 09/14/12 09/13/12 09/04/12 09/10/12 09/14/12 09/10/12 09/17/12	SODIUM HYPOCHLORITE SODIUM HYPOCHLORITE	2,978.45 2,030.80 1,486.49 1,418.73 1,263.51 1,169.52 232.82 1,095.19 1,082.08 1,009.94 837.25 690.78 492.95	15,788.51
2034931	10/17/12	10970	BRENNTAG PACIFIC INC	BPI239377 BPI237141 BPI238022 BPI239973 BPI237140 BPI238021	09/27/12 09/20/12 09/24/12 09/28/12 09/20/12 09/24/12	SODIUM HYPOCHLORITE SODIUM HYPOCHLORITE SODIUM HYPOCHLORITE SODIUM HYPOCHLORITE SODIUM HYPOCHLORITE SODIUM HYPOCHLORITE	3,273.56 3,262.63 1,354.24 1,260.24 917.04 561.81	10,629.52
2035018	10/24/12	10970	BRENNTAG PACIFIC INC	BPI240555 BPI240849 BPI240554	10/01/12 10/02/12 10/01/12	SODIUM HYPOCHLORITE SODIUM HYPOCHLORITE SODIUM HYPOCHLORITE	3,116.17 1,672.30 1,024.15	5,812.62
2035096	10/31/12	10970	BRENNTAG PACIFIC INC	BPI243787 BPI241880 BPI243788 BPI242088 BPI242506 BPI242508 BPI241235 BPI242507	10/11/12 10/05/12 10/11/12 10/05/12 10/08/12 10/08/12 10/04/12 10/08/12	SODIUM HYPOCHLORITE SODIUM HYPOCHLORITE SODIUM HYPOCHLORITE SODIUM HYPOCHLORITE SODIUM HYPOCHLORITE SODIUM HYPOCHLORITE SODIUM HYPOCHLORITE SODIUM HYPOCHLORITE	3,270.28 3,264.81 1,290.86 1,168.44 682.03 678.76 578.20 343.20	11,276.58
2035019	10/24/12	14440	BRETT HAGEN	Ref002424809	10/23/12	UB Refund Cst #0000162402	24.42	24.42
2035020	10/24/12	14447	BRIAN HABIB	Ref002424818	10/23/12	UB Refund Cst #0000187141	50.65	50.65
2035097	10/31/12	08156	BROWNSTEIN HYATT FARBER	516296	10/14/12	LEGAL SERVICES (THROUGH 9/30/12)	1,755.00	1,755.00

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2034849	10/10/12	00906	C & M CRANE RENTAL INC	30860	08/28/12	CRANE RENTAL	684.80	684.80
2034777	10/03/12	00223	C W MCGRATH INC	43107	09/05/12	CRUSHED ROCK	117.74	117.74
2034932	10/17/12	00223	C W MCGRATH INC	43194 43235	09/13/12 09/18/12	CRUSHED ROCK CRUSHED ROCK	159.30 108.54	267.84
2035098	10/31/12	00223	C W MCGRATH INC	43411	10/09/12	CRUSHED ROCK	289.48	289.48
2034778	10/03/12	11048	CABLE PIPE & LEAK DETECTION	461349	09/10/12	LEAK DETECTION SERVICES	570.00	570.00
2034779	10/03/12	02920	CALIFORNIA COMMERCIAL	120299	09/14/12	ASPHALT	2,475.75	2,475.75
2035099	10/31/12	02920	CALIFORNIA COMMERCIAL	121325 121374	10/09/12 10/10/12	ASPHALT ASPHALT	2,065.18 795.54	2,860.72
2035100	10/31/12	00557	CALIFORNIA SPECIAL DISTRICTS	6061012	10/19/12	MEMBERSHIP DUES	4,925.00	4,925.00
2034933	10/17/12	01243	CALIFORNIA-NEVADA SECTION	2295 004631012	09/20/12 10/10/12	AWWA CONFERENCE CERTIFICATE RENEWAL	868.00 80.00	948.00
2035021	10/24/12	14455	CANTER INTERNATIONAL RIVERSIDE	Ref002424827	10/23/12	UB Refund Cst #0000193872	24.07	24.07
2034850	10/10/12	02758	CARMEL BUSINESS SYSTEMS INC	7534 7535 7572 7554	06/29/12 07/01/12 09/01/12 08/01/12	RECORDS MANAGEMENT SERVICES RECORDS MANAGEMENT SERVICES RECORDS MANAGEMENT SERVICES RECORDS MANAGEMENT SERVICES	663.70 322.60 268.15 72.50	1,326.95
2035101	10/31/12	02758	CARMEL BUSINESS SYSTEMS INC	7582 7583	10/01/12 10/01/12	RECORDS MANAGEMENT SERVICES RECORDS MANAGEMENT SERVICES	228.00 107.95	335.95
2034851	10/10/12	04653	CARO, PATRICIA	003924	10/02/12	COMPUTER LOAN	922.55	922.55
2034852	10/10/12	14422	CASEY RALSTON	Ref002424565	10/09/12	UB Refund Cst #0000193871	41.44	41.44
2034853	10/10/12	14381	CESAR REAL	Ref002424523	10/09/12	UB Refund Cst #0000059567	31.01	31.01
2035022	10/24/12	14438	CHAD DULAC	Ref002424807	10/23/12	UB Refund Cst #0000158538	5.00	5.00
2035023	10/24/12	14442	CHRIS COLADILLA	Ref002424811	10/23/12	UB Refund Cst #0000176763	48.58	48.58
2034854	10/10/12	13752	CHRISTENSEN, MICHAEL	003928	09/21/12	EMPLOYEE PROGRAM	141.59	141.59
2035024	10/24/12	14454	CHRISTINA BERNARD	Ref002424826	10/23/12	UB Refund Cst #0000193500	98.84	98.84
2035102	10/31/12	01719	CHULA VISTA CHAMBER OF	12234	10/12/12	MEMBERSHIP RENEWAL	175.00	175.00
2035103	10/31/12	02026	CHULA VISTA ELEM SCHOOL DIST	AR040979	10/10/12	GARDEN TOUR	810.00	810.00

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2034855	10/10/12	12631	CITY OF CHULA VISTA	DE2416	10/02/12	PLAN CHECK/INSP SVCS DEP AC #DE-2416	1,500.77	1,500.77
2035104	10/31/12	00446	CITY OF CHULA VISTA	APN593382400010	10/24/12	SECURED PROPERTY TAXES	148.98	148.98
2034856	10/10/12	14395	CLARENCE URI	Ref002424538	10/09/12	UB Refund Cst #0000174768	19.29	19.29
2034857	10/10/12	14387	CLAUDIA HERNANDEZ	Ref002424530	10/09/12	UB Refund Cst #0000087910	20.09	20.09
2034780	10/03/12	08160	COMPLETE OFFICE	14177290	09/04/12	OFFICE EQUIPMENT	326.48	326.48
2034858	10/10/12	08160	COMPLETE OFFICE	14182340	09/07/12	PRINTER CARTRIDGES - PUBLIC SERVICES	646.48	646.48
2034934	10/17/12	08160	COMPLETE OFFICE	14262700	09/26/12	TONER	1,527.38	
				14245190	09/25/12	OFFICE EQUIPMENT	326.48	1,853.86
2035105	10/31/12	08160	COMPLETE OFFICE	14275590	10/01/12	COPY PAPER	1,068.54	1,068.54
2035025	10/24/12	11056	CONCHAS, FREDERICK	003935	10/22/12	COMPUTER LOAN	1,387.43	1,387.43
2034935	10/17/12	12334	CORODATA MEDIA STORAGE INC	DS1253151	09/30/12	TAPE STORAGE	314.86	314.86
2034859	10/10/12	00184	COUNTY OF SAN DIEGO	DEH130052D11	09/21/12	SHUT DOWN TEST (8/23/12)	994.00	
				DEH130056D11	09/21/12	SHUT DOWN TEST (8/20/12)	923.00	
				DEH130054D11	09/21/12	SHUT DOWN TEST (8/6/12)	497.00	2,414.00
2034936	10/17/12	00184	COUNTY OF SAN DIEGO	HK072053640912	09/19/12	HAZMAT PERMIT (10/31/12-10/31/13)	852.00	
				HK072053630912	09/19/12	HAZMAT PERMIT (10/31/12-10/31/13)	670.00	
				HK072053650912	09/19/12	HAZMAT PERMIT (10/31/12-10/31/13)	446.00	1,968.00
2034781	10/03/12	00099	COUNTY OF SAN DIEGO - DPW	159769	08/31/12	EXCAVATION PERMITS	4,365.64	4,365.64
2035026	10/24/12	14441	COURTNEY CAMERON	Ref002424810	10/23/12	UB Refund Cst #0000174066	20.53	20.53
2034937	10/17/12	02756	COX COMMUNICATIONS SAN DIEGO	27170912	09/30/12	INTERNET SERVICES (9/29/12-10/28/12)	1,500.00	
				28810912	09/30/12	INTERNET SERVICES (9/29/12-10/28/12)	1,500.00	3,000.00
2034782	10/03/12	06415	CUMMINS CAL PACIFIC LLC	00419134	08/28/12	NETWORK CARD	1,505.82	1,505.82
2035027	10/24/12	14428	CYNTHIA SAMIN	Ref002424797	10/23/12	UB Refund Cst #0000046679	95.01	95.01
2035106	10/31/12	04073	DATA BUSINESS SYSTEMS INC	91379	10/08/12	1099 & W2 FORMS	159.28	159.28
2035028	10/24/12	14456	DAVID BROWN	Ref002424828	10/23/12	UB Refund Cst #0000194317	33.00	33.00
2034860	10/10/12	14408	DEBBIE WERMERS	Ref002424551	10/09/12	UB Refund Cst #0000186689	248.83	248.83
2034938	10/17/12	03690	DEHESA SCHOOL DISTRICT	1201	10/15/12	GARDEN TOUR (9/14/12)	118.50	118.50

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2034939	10/17/12	00319	DEPARTMENT OF PUBLIC HEALTH	243651012	10/09/12	CERTIFICATE RENEWAL	80.00	80.00
2034783	10/03/12	03417	DIRECTV	18715926908	09/19/12	SATELLITE TV	6.00	6.00
2035107	10/31/12	03417	DIRECTV	18834142375 18940469578	10/05/12 10/19/12	SATELLITE TV SATELLITE TV	18.00 6.00	24.00
2035029	10/24/12	05134	DYCHITAN, MARISSA	003938	10/23/12	TUITION REIMBURSEMENT	907.95	907.95
2034861	10/10/12	14379	E ROTO	Ref002424521	10/09/12	UB Refund Cst #0000031602	132.43	132.43
2034862	10/10/12	14411	EASTLAKE VILLAGE MARKETPLACE	Ref002424554	10/09/12	UB Refund Cst #0000188040	1,805.74	1,805.74
2034940	10/17/12	02447	EDCO DISPOSAL CORPORATION	1554580912	09/30/12	RECYCLING SERVICES (SEPT 2012)	90.00	90.00
2034863	10/10/12	14401	EDGAR I SAUCEDO	Ref002424544	10/09/12	UB Refund Cst #0000183842	16.11	16.11
2034864	10/10/12	14400	EFREN VIZCARRA	Ref002424543	10/09/12	UB Refund Cst #0000183575	140.76	140.76
2034865	10/10/12	14399	ELIZABETH IRIBE	Ref002424542	10/09/12	UB Refund Cst #0000183112	34.08	34.08
2035030	10/24/12	14426	ELROY KIHANO	Ref002424793	10/23/12	UB Refund Cst #0000028728	17.92	17.92
2034866	10/10/12	14382	ELVIRA GARCIA-SOTO	Ref002424524	10/09/12	UB Refund Cst #0000067535	75.00	75.00
2035108	10/31/12	08023	EMPLOYEE BENEFIT SPECIALISTS	0058206IN	09/30/12	EMPLOYEE BENEFITS (SEPT 2012)	672.50	672.50
2034784	10/03/12	03227	ENVIROMATRIX ANALYTICAL INC	2090527 2090265 2090389	09/17/12 09/04/12 09/10/12	RECYCLED WTR ANALYSIS (9/1/12-9/10/12) RECYCLED WTR ANALYSIS (8/17/12-8/24/12) RECYCLED WTR ANALYSIS (8/25/12-8/31/12)	680.00 545.00 500.00	1,725.00
2034867	10/10/12	03227	ENVIROMATRIX ANALYTICAL INC	2010503 2010502	01/16/12 01/16/12	RECYCLED WTR ANALYSIS (1/1/12-1/6/12) RECYCLED WTR ANALYSIS (12/24/11-12/31/11)	485.00 380.00	865.00
2034941	10/17/12	03227	ENVIROMATRIX ANALYTICAL INC	2090693	09/24/12	RECYCLED WTR ANALYSIS (9/11/12-9/13/12)	290.00	290.00
2035109	10/31/12	03227	ENVIROMATRIX ANALYTICAL INC	2100264 2100439	10/01/12 10/08/12	RECYCLED WTR ANALYSIS (9/14/12-9/23/12) RECYCLED WTR ANALYSIS (9/22/12-10/1/12)	805.00 655.00	1,460.00
2034785	10/03/12	03725	ENVIRONMENTAL SYSTEMS RESEARCH	92540079	09/06/12	TECHNICAL SUPPORT	25,000.00	25,000.00
2034868	10/10/12	14397	ERNIE RIVERA	Ref002424540	10/09/12	UB Refund Cst #0000177373	32.08	32.08
2034869	10/10/12	14398	ESTANCIA SOUTHWEST LLC	Ref002424541	10/09/12	UB Refund Cst #0000182537	125.35	125.35
2035031	10/24/12	14443	ESTANCIA SOUTHWEST LLC	Ref002424813	10/23/12	UB Refund Cst #0000182538	82.44	82.44
2034786	10/03/12	14320	EUROFINS EATON ANALYTICAL INC	L0097005 L0096999	09/04/12 09/13/12	OUTSIDE LAB SERVICES OUTSIDE LAB SERVICES	750.00 260.00	

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				L0095336	09/13/12	OUTSIDE LAB SERVICES	170.00	
				L0095337	09/13/12	OUTSIDE LAB SERVICES	170.00	
				L0096310	09/13/12	OUTSIDE LAB SERVICES	120.00	
				L0095335	09/13/12	OUTSIDE LAB SERVICES	70.00	
				L0096815	09/13/12	OUTSIDE LAB SERVICES	50.00	
				L0096313	09/13/12	OUTSIDE LAB SERVICES	50.00	
				L0097599	09/13/12	OUTSIDE LAB SERVICES	50.00	1,690.00
2035110	10/31/12	14320	EUROFINS EATON ANALYTICAL INC	I0100583		CREDIT MEMO	(169.00)	
				L0100354	10/02/12	OUTSIDE LAB SERVICES	424.00	255.00
2035032	10/24/12	14437	EVELIA KAHL	Ref002424806	10/23/12	UB Refund Cst #0000154353	13.16	13.16
2034870	10/10/12	02639	EW TRUCK & EQUIPMENT	294414	08/13/12	REPAIR PART	2,828.44	2,828.44
2034787	10/03/12	00645	FEDEX	201742418	09/14/12	MAIL SERVICES (9/10/12)	13.03	13.03
2034788	10/03/12	03546	FERGUSON WATERWORKS # 1083	0412622	09/11/12	CL-12	21,544.61	
				0416901	09/12/12	INVENTORY	3,404.67	24,949.28
2034942	10/17/12	03546	FERGUSON WATERWORKS # 1083	0415149	09/27/12	INVENTORY	4,784.10	4,784.10
2035111	10/31/12	03546	FERGUSON WATERWORKS # 1083	0419635	10/11/12	INVENTORY	4,256.13	
				0419351	10/11/12	SAMPLE STATION	377.13	4,633.26
2034789	10/03/12	13958	FIRETIDE INC	10153	05/29/12	FREIGHT	50.00	50.00
2034943	10/17/12	12187	FIRST AMERICAN DATA TREE LLC	90034092	09/30/12	ONLINE DOCUMENTS (SEPT 2012)	99.00	99.00
2034944	10/17/12	05133	FIRST AMERICAN TITLE CO	978497842150	09/27/12	TITLE REPORTS	2,000.00	2,000.00
2034945	10/17/12	05133	FIRST AMERICAN TITLE CO	978497842148	09/27/12	TITLE REPORTS	1,000.00	1,000.00
2035033	10/24/12	05133	FIRST AMERICAN TITLE CO	978497842149	09/27/12	TITLE REPORTS	1,000.00	1,000.00
2034790	10/03/12	04066	FIRST CHOICE SERVICES - SD	196082	09/07/12	COFFEE SUPPLIES	428.05	428.05
2034946	10/17/12	04066	FIRST CHOICE SERVICES - SD	197724	09/24/12	COFFEE SUPPLIES	221.92	
				198761	09/25/12	COFFEE SUPPLIES	79.07	300.99
2035112	10/31/12	04066	FIRST CHOICE SERVICES - SD	200177	10/05/12	COFFEE SUPPLIES	295.46	295.46
2035113	10/31/12	02591	FITNESS TECH	8115	10/01/12	EQUIPMENT MAINTENANCE (OCT 2012)	135.00	135.00
2034791	10/03/12	11962	FLEETWASH INC	3944624	09/14/12	VEHICLE WASH	280.32	
				3939584	09/07/12	VEHICLE WASH	254.04	534.36
2034947	10/17/12	11962	FLEETWASH INC	3946890	09/21/12	VEHICLE WASH	197.10	197.10

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2035034	10/24/12	11962	FLEETWASH INC	3950747	09/28/12	VEHICLE WASH	424.86	424.86
2035114	10/31/12	11962	FLEETWASH INC	x52643	10/05/12	VEHICLE WASH	201.48	201.48
2034871	10/10/12	01612	FRANCHISE TAX BOARD	Ben2424580	10/11/12	BI-WEEKLY PAYROLL DEDUCTION	90.00	90.00
2034872	10/10/12	02344	FRANCHISE TAX BOARD	Ben2424586	10/11/12	BI-WEEKLY PAYROLL DEDUCTION	81.00	81.00
2035035	10/24/12	01612	FRANCHISE TAX BOARD	Ben2424846	10/25/12	BI-WEEKLY PAYROLL DEDUCTION	90.00	90.00
2035036	10/24/12	02344	FRANCHISE TAX BOARD	Ben2424852	10/25/12	BI-WEEKLY PAYROLL DEDUCTION	81.00	81.00
2034873	10/10/12	14392	FRANCISCO BARRETO	Ref002424535	10/09/12	UB Refund Cst #0000169939	7.62	7.62
2034948	10/17/12	07224	FRAZEE INDUSTRIES INC	9530271329250	09/19/12	PAINT SUPPLIES	159.48	159.48
2034949	10/17/12	13563	FRIENDS OF THE WATER	140	10/01/12	GARDEN COSTS (2ND QTR FY 2012-2013)	25,521.00	
				145	09/30/12	GARDEN TOURS (SEPT 2012)	2,480.00	28,001.00
2034792	10/03/12	03094	FULLCOURT PRESS	24386	08/10/12	NEWSLETTER 2012	3,732.69	3,732.69
2035115	10/31/12	14206	FURNITURE FOR THE OFFICE	12FF0110	10/02/12	FILE RACK SYSTEM SERVICE	1,485.69	1,485.69
2034793	10/03/12	10817	GEXPRO	580328324	09/13/12	GLOBAL CARE SUPPORT (7/14/12-7/13/13)	1,000.69	1,000.69
2034950	10/17/12	10817	GEXPRO	580194391	09/24/12	CABLE PLC BATTERY	211.12	211.12
2034951	10/17/12	12008	GIERLICH-MITCHELL INC	SD13369	09/27/12	CLARIFIER CHAIN	12,197.01	12,197.01
2035116	10/31/12	14245	GLASS & SCREENS ETC	92169	10/08/12	STOREFRONT WINDOW	5,040.00	5,040.00
2034794	10/03/12	00101	GRAINGER INC	9929071323	09/17/12	REPLACEMENT BREAKER	1,482.04	
				9929385772	09/17/12	INVENTORY	873.74	
				9929462357	09/17/12	WAREHOUSE STOCK	478.41	
				9929071315	09/17/12	REPLACEMENT BREAKER	433.89	
				9924482152	09/11/12	TOOLS FOR TRUCKS	367.67	
				9919185604	09/05/12	TOOLS FOR TRUCKS	127.08	
				9929385764	09/17/12	WAREHOUSE STOCK	108.74	
				9924568794	09/11/12	EFFLUENT SAMPLER PARTS	82.19	
				9924562755	09/11/12	EFFLUENT SAMPLER PARTS	15.02	3,968.78
2034952	10/17/12	00101	GRAINGER INC	9942765877		CREDIT MEMO	(82.19)	
				9942765869		CREDIT MEMO	(15.02)	
				9936086124	09/25/12	SUMP PUMPS	890.83	
				9937758994	09/27/12	PAINT SUPPLIES	230.09	
				9930458006	09/18/12	SUPPLIES	121.71	
				9938208510	09/27/12	MISC ELECTRICAL	87.23	
				9937238914	09/26/12	OIL PUMP	58.19	
				9939225141	09/28/12	TOOLS	41.84	

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				9939225125	09/28/12	TOOLS	20.92	
				9939225133	09/28/12	TOOLS	15.07	1,368.67
2035117	10/31/12	00101	GRAINGER INC	9941550981	10/02/12	TRUCK TOOLS #218	649.52	
				9941810526	10/02/12	WAREHOUSE SUPPLIES	463.50	
				9949421847	10/11/12	SMALL TOOLS	215.01	
				9941550973	10/02/12	TRUCK TOOLS	198.56	
				9944546077	10/05/12	BLUE PAINT	176.88	
				9940305999	10/01/12	PAINT FOR PUMPS	159.56	1,863.03
2035037	10/24/12	03289	GRANGER, WILLIAM	15711012	10/23/12	TRAVEL REIMBURSEMENT (10/3/12-10/5/12)	105.44	105.44
2034953	10/17/12	12907	GREENRIDGE LANDSCAPE INC	9923	09/27/12	LANDSCAPING SERVICES (SEPT 2012)	8,650.00	8,650.00
2034954	10/17/12	03773	GTC SYSTEMS INC	34194	09/30/12	NETWORK SERVICES (SEPT 2012)	343.75	343.75
2035118	10/31/12	03773	GTC SYSTEMS INC	34213	10/01/12	NETWORK SERVICES (OCT 2012)	3,173.00	3,173.00
2034795	10/03/12	00174	HACH COMPANY	7928950	09/06/12	HACH ANALYZERS	3,043.01	3,043.01
2034874	10/10/12	00174	HACH COMPANY	7919921	08/29/12	SAMPLER REPAIRS	667.35	667.35
2034955	10/17/12	00174	HACH COMPANY	7958839	09/25/12	LABORATORY SUPPLIES	2,360.06	
				7961248	09/26/12	LABORATORY SUPPLIES	1,036.60	3,396.66
2035038	10/24/12	02795	HARTFORD INSURANCE CO, THE	Ben2424832	10/25/12	MONTHLY CONTRIBUTION TO LTD	5,428.92	5,428.92
2035119	10/31/12	05986	HAVS INCORPORATED	6878	10/16/12	BOARDROOM MAINTENANCE	2,700.00	2,700.00
2034956	10/17/12	00169	HAWTHORNE POWER SYSTEMS	S4274601	09/24/12	NEW GEN SETS	54,036.63	
				PS100214564	09/26/12	REPAIR PARTS	1,735.31	55,771.94
2034957	10/17/12	02096	HELIX WATER DISTRICT	0000292401012	10/10/12	TEMPORARY METER (8/28/12-9/27/12)	565.82	565.82
2035120	10/31/12	00062	HELIX WATER DISTRICT	178540011012	10/09/12	WATER PURCHASE (8/7/12-10/4/12)	43.57	
				174639861012	10/09/12	WATER PURCHASE (8/7/12-10/8/12)	40.10	83.67
2034958	10/17/12	06843	HI-TECH AIR CONDITIONING	26905	09/18/12	HVAC SERVICE	650.00	650.00
2035039	10/24/12	14070	HOMETEAM PROPERTY MGNT	Ref002424819	10/23/12	UB Refund Cst #0000187687	32.31	32.31
2034796	10/03/12	12335	HP ENTERPRISE SERVICES LLC	U2984948	09/11/12	CREDIT CARD PYMT SVC (AUG 2012)	2,940.00	2,940.00
2035121	10/31/12	12335	HP ENTERPRISE SERVICES LLC	U2996544	10/09/12	CREDIT CARD PYMT SVC	2,556.40	2,556.40
2035122	10/31/12	06511	HUDSON SAFE-T-LITE RENTALS	00012575	10/03/12	SAFETY EQUIPMENT	2,303.87	2,303.87
2034959	10/17/12	14250	I AM LOCKSMITH INC	5942	09/24/12	LOCKS	5,252.35	5,252.35

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2034960	10/17/12	01649	IDEXX DISTRIBUTION INC	262928390	09/25/12	LABORATORY SUPPLIES	13.56	13.56
2034797	10/03/12	08969	INFOSEND INC	61689	09/05/12	BILL PRINTING SERVICES (AUG 2012)	5,189.60	5,189.60
2034875	10/10/12	08969	INFOSEND INC	61594	08/31/12	POSTAGE (AUG 2012)	12,293.45	12,293.45
2035123	10/31/12	08969	INFOSEND INC	62292	09/28/12	POSTAGE (SEPT 2012)	11,119.33	
				62386	10/02/12	BILL PRINTING SERVICES (SEPT 2012)	5,268.60	
				62291	09/28/12	BILL PRINTING SERVICES (SEPT 2012)	4,578.04	20,965.97
2034798	10/03/12	13644	INNOVYZE INC	1483576	09/04/12	SEWER INFO	10,500.00	10,500.00
2034961	10/17/12	14324	INTELLECT IT LLC	6211	09/21/12	NETWORK ENGINEERING (9/5/12-9/19/12)	1,800.00	1,800.00
2035040	10/24/12	02372	INTERIOR PLANT SERVICE INC	2079	09/30/12	PLANT SERVICES (ENDING 9/30/12)	186.00	186.00
2035124	10/31/12	13899	INTERMEDIA.NET INC	12100080	10/01/12	EXCHANGE OUTSOURCING (9/2/12-10/1/12)	4,367.56	4,367.56
2035041	10/24/12	14433	IRENE MALABANAN	Ref002424802	10/23/12	UB Refund Cst #0000083729	106.17	106.17
2034962	10/17/12	00646	JACKSON-HIRSH INC	0843116	09/27/12	LAMINATING SUPPLIES	176.48	176.48
2035042	10/24/12	14432	JANET KNISS	Ref002424801	10/23/12	UB Refund Cst #0000068685	126.37	126.37
2034963	10/17/12	03077	JANI-KING OF CALIFORNIA INC	SDO09120174	09/01/12	JANITORIAL SERVICES (SEPT 2012)	1,119.82	1,119.82
2034799	10/03/12	10563	JCI JONES CHEMICALS INC	560321		CREDIT MEMO	(2,000.00)	
				560290	09/13/12	CHLORINE	4,837.80	2,837.80
2035125	10/31/12	10563	JCI JONES CHEMICALS INC	563259		CREDIT MEMO	(3,000.00)	
				563131	10/10/12	CHLORINE	4,837.80	1,837.80
2034876	10/10/12	14384	JEFF CARREON	Ref002424527	10/09/12	UB Refund Cst #0000075059	140.04	140.04
2034877	10/10/12	14410	JEFF JENKEL	Ref002424553	10/09/12	UB Refund Cst #0000187425	71.03	71.03
2035043	10/24/12	14430	JEFFREY SIEGEL	Ref002424799	10/23/12	UB Refund Cst #0000049653	18.73	18.73
2034878	10/10/12	14396	JOCELYN WALRATH	Ref002424539	10/09/12	UB Refund Cst #0000175514	100.00	100.00
2035044	10/24/12	14434	JOHN FISCHER	Ref002424803	10/23/12	UB Refund Cst #0000086233	183.90	183.90
2035045	10/24/12	14450	JOHN STENBERG	Ref002424822	10/23/12	UB Refund Cst #0000188463	31.68	31.68
2034879	10/10/12	14383	JONATHAN PACLEB	Ref002424526	10/09/12	UB Refund Cst #0000073886	45.06	45.06
2034800	10/03/12	03172	JONES & STOKES ASSOCIATES INC	0089378	09/08/12	ENVIRONMENT CONSULTING (7/28/12-8/24/12)	614.50	614.50
2034880	10/10/12	14385	JONNIE CORREA	Ref002424528	10/09/12	UB Refund Cst #0000081383	49.48	49.48

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2035046	10/24/12	08789	JOSE CASTILLO	Ref002424794	10/23/12	UB Refund Cst #0000030901	128.19	128.19
2034801	10/03/12	12639	KAPISH NORTH AMERICA LLC	3065	09/10/12	TRIM IMPLEMENTATION (7/1/12-8/31/12)	900.00	900.00
2034881	10/10/12	14405	KAREN REYES	Ref002424548	10/09/12	UB Refund Cst #0000184411	147.55	147.55
2034882	10/10/12	14393	KB HOME COASTAL	Ref002424536	10/09/12	UB Refund Cst #0000172036	1,928.55	1,928.55
2035047	10/24/12	14448	KILE DOUBRAVA	Ref002424820	10/23/12	UB Refund Cst #0000187852	27.62	27.62
2034883	10/10/12	14415	KIMBERLY ROBEITSON	Ref002424558	10/09/12	UB Refund Cst #0000188568	9.87	9.87
2034802	10/03/12	05840	KIRK PAVING INC	5191	09/17/12	PAVING SERVICES	6,654.00	
				5192	09/17/12	PAVING SERVICES	5,986.00	
				5190	09/17/12	PAVING SERVICES	4,986.00	17,626.00
2034964	10/17/12	05840	KIRK PAVING INC	5196	09/21/12	PAVING SERVICES	4,597.00	
				5225	09/28/12	PAVING SERVICES	4,105.00	
				5194	09/21/12	PAVING SERVICES	3,733.00	
				5213	09/24/12	PAVING SERVICES	3,389.00	
				5214	09/24/12	PAVING SERVICES	2,560.00	
				5197	09/21/12	PAVING SERVICES	2,118.00	
				5195	09/21/12	PAVING SERVICES	1,485.00	21,987.00
2034965	10/17/12	04996	KNOX ATTORNEY SERVICE INC	106022	09/30/12	DELIVERY SERVICES (8/31/12-9/14/12)	211.75	211.75
2034803	10/03/12	14036	KRATOS / HBE	18090112	09/17/12	SOFTWARE SUPPORT	2,885.01	
				SM38108	07/13/12	ALARM MONITORING (MAY-JULY 2012)	165.00	
				SM38106	07/13/12	ALARM MONITORING (MAY-JULY 2012)	165.00	
				SM38107	07/13/12	ALARM MONITORING (MAY-JULY 2012)	120.00	
				SM38867	09/14/12	ALARM MONITORING (SEPT 2012)	55.00	
				SM38868	09/14/12	ALARM MONITORING (SEPT 2012)	55.00	
				SM38869	09/14/12	ALARM MONITORING (SEPT 2012)	40.00	3,485.01
2034966	10/17/12	14036	KRATOS / HBE	SM39005	09/27/12	GATE REPAIR	320.00	
				SM39081	09/28/12	SECURITY MAINTENANCE	170.78	
				SM38876	09/20/12	LADDER MOTION DETECTOR REPAIR	150.00	
				SM39082	09/28/12	SECURITY ADJUSTMENTS	80.00	720.78
2035048	10/24/12	14276	KRISTA AZIZ	Ref002424814	10/23/12	UB Refund Cst #0000184348	42.84	42.84
2034804	10/03/12	01859	LA PRENSA SAN DIEGO	23891	09/06/12	JOB POSTING	48.00	48.00
2034805	10/03/12	14247	LAB SUPPORT	OAI2019626	09/06/12	TEMP EMPLOYEE SVCS (7/30/12-8/31/12)	6,290.00	6,290.00
2034806	10/03/12	06497	LAKESIDE LAND COMPANY	265648	09/05/12	LANDFILL	317.28	
				265769	09/11/12	LANDFILL	296.80	614.08

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2035126	10/31/12	06497	LAKESIDE LAND COMPANY	266406 266346	10/11/12 10/09/12	LANDFILL LANDFILL	943.72 155.20	1,098.92
2035049	10/24/12	13470	LAS PALMAS 56 DEVELOPMENT LLC	Ref002424812	10/23/12	UB Refund Cst #0000177376	69.56	69.56
2034807	10/03/12	09880	LEIGH, ROBERT	003914	09/28/12	COMPUTER LOAN	676.04	676.04
2034884	10/10/12	14388	LEO MENDOZA	Ref002424531	10/09/12	UB Refund Cst #0000092915	42.34	42.34
2034967	10/17/12	07784	LICON, HECTOR	003932	10/15/12	SAFETY BOOTS	119.61	119.61
2035050	10/24/12	09236	LIFA FAATILIGA	Ref002424796	10/23/12	UB Refund Cst #0000045597	28.59	28.59
2034885	10/10/12	06263	LINTNER, JERRY	003923	10/03/12	SAFETY BOOTS	146.79	146.79
2034808	10/03/12	14375	LORENE NICHOLS	003920	10/01/12	CLAIM SETTLEMENT	257.97	257.97
2035051	10/24/12	01054	LYNN'S LOCKSMITH SERVICE	277470	07/10/12	LOCKSMITH SERVICES	689.42	689.42
2034886	10/10/12	14419	M & C INVESTMENTS	Ref002424562	10/09/12	UB Refund Cst #0000192933	121.58	121.58
2034887	10/10/12	09609	MARCELLE GARCIA	Ref002424525	10/09/12	UB Refund Cst #0000070011	68.18	68.18
2034888	10/10/12	14394	MARIA MORALES	Ref002424537	10/09/12	UB Refund Cst #0000174165	23.11	23.11
2035052	10/24/12	09152	MARIA RUBIO	Ref002424792	10/23/12	UB Refund Cst #0000023141	12.89	12.89
2035053	10/24/12	14429	MARILYNN ZELJEZNAK	Ref002424798	10/23/12	UB Refund Cst #0000049066	34.96	34.96
2034889	10/10/12	14390	MARISA SANGREY	Ref002424533	10/09/12	UB Refund Cst #0000146700	27.50	27.50
2034968	10/17/12	02902	MARSTON+MARSTON INC	2012101	10/01/12	COMMUNITY OUTREACH (SEPT 2012)	5,000.00	5,000.00
2035054	10/24/12	02902	MARSTON+MARSTON INC	201292	09/04/12	COMMUNITY OUTREACH (AUG 2012)	1,005.00	1,005.00
2035127	10/31/12	03792	MARTINEZ, STEPHEN	003948	10/29/12	SAFETY BOOTS	139.20	139.20
2034969	10/17/12	12004	MASTER METER SYSTEMS INC	0060827IN	09/28/12	EXTENDED WARRANTY	6,300.00	6,300.00
2034890	10/10/12	14377	MCPMAHON STEEL COMPANY	Ref002424519	10/09/12	UB Refund Cst #0000013718	32.45	32.45
2034809	10/03/12	01183	MCMaster-CARR SUPPLY CO	36154320 37071755	09/05/12 09/17/12	SHOP STOCK CASTER WHEELS	812.44 254.70	1,067.14
2034970	10/17/12	01183	MCMaster-CARR SUPPLY CO	37490573 37661900	09/20/12 09/24/12	SAFETY GUARDS HACH PARTS	756.67 216.15	972.82
2035128	10/31/12	01183	MCMaster-CARR SUPPLY CO	38623328 38201085	10/05/12 10/01/12	ANCHORS / STRAINERS MAINTENANCE ITEMS	265.58 231.90	

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				39021388	10/12/12	MATERIALS	179.74	
				38701732	10/08/12	ANCHORS / STRAINERS	148.72	825.94
2034810	10/03/12	01824	MERKEL & ASSOCIATES INC	12091701	09/17/12	ENVIRONMENTAL SERVICES (8/1/12-8/31/12)	6,657.04	6,657.04
2034891	10/10/12	14389	MIGUEL MATHEWSON	Ref002424532	10/09/12	UB Refund Cst #0000145470	20.37	20.37
2034811	10/03/12	14038	MILLER SPATIAL SERVICES LLC	1016	09/17/12	MAP BOOKS UPDATE	4,095.00	4,095.00
2034812	10/03/12	00237	MISSION JANITORIAL & ABRASIVE	32770200	09/11/12	JANITORIAL SUPPLIES	1,505.49	1,505.49
2034813	10/03/12	02371	MOODY'S INVESTORS SERVICE	US12020329	09/19/12	ANNUAL FEE 96 COPS	5,500.00	5,500.00
2034892	10/10/12	03523	NATIONAL DEFERRED COMPENSATION	Ben2424576	10/11/12	BI-WEEKLY DEFERRED COMP PLAN	7,438.15	7,438.15
2035055	10/24/12	03523	NATIONAL DEFERRED COMPENSATION	Ben2424842	10/25/12	BI-WEEKLY DEFERRED COMP PLAN	8,138.15	8,138.15
2034971	10/17/12	09884	NATIONAL SAFETY COMPLIANCE INC	54393	09/30/12	RANDOM DRUG TESTING (SEPT 2012)	461.75	461.75
2034814	10/03/12	13690	NEAL ELECTRIC CORP	57384	09/13/12	CONDUIT INSTALLATION	1,866.00	1,866.00
2035056	10/24/12	14457	NENITA BUENCAMINO	Ref002424829	10/23/12	UB Refund Cst #0000194352	53.89	53.89
2035057	10/24/12	14449	NESLI IBRAHIM	Ref002424821	10/23/12	UB Refund Cst #0000188185	203.80	203.80
2034972	10/17/12	00745	NEWARK	22760834	09/27/12	5PIN RELAYS	471.19	471.19
2035058	10/24/12	14458	NOBLE REAL ESTATE	Ref002424830	10/23/12	UB Refund Cst #0000194722	32.74	32.74
2035129	10/31/12	08656	NORTH STATE ENVIRONMENTAL	203405	10/03/12	WASTE DISPOSAL	302.97	302.97
2034815	10/03/12	00510	OFFICE DEPOT INC	624901909001	09/14/12	TONER	572.96	
				623641747002	09/10/12	OFFICE SUPPLIES	118.51	
				623641747001	09/06/12	OFFICE SUPPLIES	29.19	
				623642218001	09/05/12	OFFICE SUPPLIES	11.84	732.50
2034973	10/17/12	00510	OFFICE DEPOT INC	626079132001	09/24/12	OFFICE SUPPLIES	255.49	255.49
2035130	10/31/12	00510	OFFICE DEPOT INC	628320362001	10/10/12	TONER	320.63	
				628623250001	10/12/12	OFFICE SUPPLIES	185.87	
				628175991001	10/09/12	OFFICE SUPPLIES	88.71	
				627620755001	10/04/12	ELECTRIC STAMPER	72.82	
				628624318001	10/13/12	OFFICE SUPPLIES	44.93	712.96
2034974	10/17/12	03149	ON SITE LASER LLC	47069	09/22/12	PRINTER SERVICES	279.11	
				47048	09/18/12	PRINTER SERVICES	79.00	358.11
2034816	10/03/12	13115	ONESOURCE DISTRIBUTORS LLC	S3852536002	09/10/12	SAFETY EQUIPMENT	189.42	
				S3852536001	09/05/12	SAFETY EQUIPMENT	28.93	218.35

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2034975	10/17/12	13115	ONESOURCE DISTRIBUTORS LLC	S3852536003 S3852536004	09/18/12 09/28/12	SAFETY EQUIPMENT SAFETY EQUIPMENT	243.08 103.98	347.06
2035131	10/31/12	01718	OTAY MESA CHAMBER OF COMMERCE	003942	04/04/12	MEMBERSHIP RENEWAL	600.00	600.00
2034893	10/10/12	03101	OTAY WATER DISTRICT	Ben2424572	10/11/12	BI-WEEKLY PAYROLL DEDUCTION	693.00	693.00
2035059	10/24/12	03101	OTAY WATER DISTRICT	Ben2424838	10/25/12	BI-WEEKLY PAYROLL DEDUCTION	686.00	686.00
2034976	10/17/12	05118	OTIS ELEVATOR COMPANY	SD04041912	08/20/12	ELEVATOR MAINTENANCE (SEPT 2012)	458.58	458.58
2034817	10/03/12	01002	PACIFIC PIPELINE SUPPLY	155535 155525 155536	09/13/12 09/07/12 09/13/12	2" CORP 6" SCH 90 INVENTORY	1,961.05 317.86 85.66	2,364.57
2034977	10/17/12	01002	PACIFIC PIPELINE SUPPLY	154629 155830 155829 155065 155817 155824 155833	08/07/12 09/25/12 09/25/12 08/07/12 09/19/12 09/25/12 09/25/12	CHECK VALVES LG METER TESTING INVENTORY DIGGING BARS INVENTORY INVENTORY INVENTORY	5,328.24 1,646.60 463.33 213.35 130.05 130.05 79.20	7,990.82
2035132	10/31/12	01002	PACIFIC PIPELINE SUPPLY	156327 156326	10/09/12 10/09/12	INVENTORY INVENTORY	3,597.77 2,327.40	5,925.17
2034894	10/10/12	14183	PACIFIC SAFETY CENTER	69373	08/31/12	RESPIRATOR FIT TESTING	250.00	250.00
2034895	10/10/12	14417	PAIGE BLOMQUIST	Ref002424560	10/09/12	UB Refund Cst #0000188834	68.79	68.79
2034896	10/10/12	14407	PARISH INVESTMENTS LP	Ref002424550	10/09/12	UB Refund Cst #0000184672	75.00	75.00
2035060	10/24/12	14444	PATHFINDER RAINTREE 2	Ref002424815	10/23/12	UB Refund Cst #0000186397	44.88	44.88
2035061	10/24/12	14453	PATRICIA MCKELVEY	Ref002424825	10/23/12	UB Refund Cst #0000193405	85.56	85.56
2035062	10/24/12	14439	PATRICIA WELLING	Ref002424808	10/23/12	UB Refund Cst #0000159623	82.07	82.07
2034897	10/10/12	14413	PATTI MCKELVEY	Ref002424556	10/09/12	UB Refund Cst #0000188288	152.95	152.95
2034818	10/03/12	05497	PAYPAL INC	19053472	08/31/12	PHONE PAYMENT SERVICES (AUG 2012)	54.10	54.10
2034978	10/17/12	05497	PAYPAL INC	19601182	09/30/12	PHONE PAYMENT SERVICES (SEPT 2012)	54.10	54.10
2034979	10/17/12	12472	PCNATION	P051324501011	09/25/12	1500VA UPS	2,170.70	2,170.70
2035133	10/31/12	00227	PELL MELL SUPPLY	67765	10/02/12	STAINLESS STEEL BOLTS	281.12	281.12

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2034819	10/03/12	03790	PENHALL COMPANY	31723	09/14/12	SAW CUTTING SERVICES	420.00	420.00
2034980	10/17/12	03790	PENHALL COMPANY	31749	09/18/12	CORE DRILL @ 944-1 P/S	272.50	272.50
2034898	10/10/12	00137	PETTY CASH CUSTODIAN	003926	10/09/12	PETTY CASH	392.49	392.49
2035134	10/31/12	00137	PETTY CASH CUSTODIAN	003947	10/30/12	PETTY CASH	577.44	577.44
2034899	10/10/12	00053	PITNEY BOWES INC	500130	09/03/12	POSTAGE METER RENTAL (OCT-DEC 2012)	206.88	206.88
2034981	10/17/12	10819	PREDICTIVE MAINTENANCE	1738	09/28/12	VIBRATION TESTING SERVICE	6,360.00	6,360.00
2034900	10/10/12	14404	PREMIUM REALTY SERVICES INC	Ref002424547	10/09/12	UB Refund Cst #0000184258	27.97	27.97
2034820	10/03/12	07346	PRIME ELECTRICAL SERVICES INC	10636	09/13/12	CAT6 INSTALL	700.00	700.00
2034982	10/17/12	07346	PRIME ELECTRICAL SERVICES INC	10663	09/20/12	SOLAR INSTALL	4,983.00	4,983.00
2034983	10/17/12	13059	PRIORITY BUILDING SERVICES	32063	09/01/12	JANITORIAL SERVICES (SEPT 2012)	3,504.00	3,504.00
2034821	10/03/12	06641	PRUDENTIAL OVERALL SUPPLY	30285588	09/06/12	UNIFORMS, TOWELS & MATS	426.25	
				30287114	09/13/12	UNIFORMS, TOWELS & MATS	424.42	
				30285587	09/06/12	UNIFORMS, TOWELS & MATS	207.95	
				30287113	09/13/12	UNIFORMS, TOWELS & MATS	207.95	
				30285589	09/06/12	UNIFORMS, TOWELS & MATS	173.33	
				30287115	09/13/12	UNIFORMS, TOWELS & MATS	173.33	
				30284670	09/04/12	UNIFORMS, TOWELS & MATS	126.08	
				30284671	09/04/12	UNIFORMS, TOWELS & MATS	124.04	
				30286493	09/11/12	UNIFORMS, TOWELS & MATS	124.04	
				30285590	09/06/12	UNIFORMS, TOWELS & MATS	58.15	
				30287116	09/13/12	UNIFORMS, TOWELS & MATS	56.15	
				30286492	09/11/12	UNIFORMS, TOWELS & MATS	52.76	2,154.45
2034984	10/17/12	06641	PRUDENTIAL OVERALL SUPPLY	30290129	09/27/12	UNIFORMS, TOWELS & MATS	395.03	
				30288631	09/20/12	UNIFORMS, TOWELS & MATS	383.26	
				30288630	09/20/12	UNIFORMS, TOWELS & MATS	207.95	
				30290128	09/27/12	UNIFORMS, TOWELS & MATS	207.95	
				30288632	09/20/12	UNIFORMS, TOWELS & MATS	173.33	
				30290130	09/27/12	UNIFORMS, TOWELS & MATS	173.33	
				30288019	09/18/12	UNIFORMS, TOWELS & MATS	124.04	
				30289533	09/25/12	UNIFORMS, TOWELS & MATS	124.04	
				30290131	09/27/12	UNIFORMS, TOWELS & MATS	68.09	
				30288633	09/20/12	UNIFORMS, TOWELS & MATS	56.15	
				30288018	09/18/12	UNIFORMS, TOWELS & MATS	44.71	
				30289532	09/25/12	UNIFORMS, TOWELS & MATS	44.71	2,002.59
2035135	10/31/12	06641	PRUDENTIAL OVERALL SUPPLY	30291657	10/04/12	UNIFORMS, TOWELS & MATS	434.56	
				30293163	10/11/12	UNIFORMS, TOWELS & MATS	378.52	
				30291656	10/04/12	UNIFORMS, TOWELS & MATS	207.95	

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				30293162	10/11/12	UNIFORMS, TOWELS & MATS	207.95	
				30291658	10/04/12	UNIFORMS, TOWELS & MATS	173.33	
				30293164	10/11/12	UNIFORMS, TOWELS & MATS	173.33	
				30291041	10/02/12	UNIFORMS, TOWELS & MATS	124.04	
				30292562	10/09/12	UNIFORMS, TOWELS & MATS	124.04	
				30293165	10/11/12	UNIFORMS, TOWELS & MATS	57.15	
				30291659	10/04/12	UNIFORMS, TOWELS & MATS	56.15	
				30291040	10/02/12	UNIFORMS, TOWELS & MATS	44.71	
				30292561	10/09/12	UNIFORMS, TOWELS & MATS	44.71	2,026.44
2034822	10/03/12	00078	PUBLIC EMPLOYEES RET SYSTEM	Ben2424245	09/27/12	BI-WEEKLY PERS CONTRIBUTION	158,638.69	158,638.69
2034985	10/17/12	00078	PUBLIC EMPLOYEES RET SYSTEM	Ben2424570	10/11/12	BI-WEEKLY PERS CONTRIBUTION	158,793.43	158,793.43
2035136	10/31/12	00078	PUBLIC EMPLOYEES RET SYSTEM	Ben2424836	10/25/12	BI-WEEKLY PERS CONTRIBUTION	158,913.25	158,913.25
2034823	10/03/12	01342	R J SAFETY SUPPLY CO INC	30506100	09/12/12	SAFETY JACKETS	118.53	118.53
2034986	10/17/12	01342	R J SAFETY SUPPLY CO INC	30574300	09/28/12	EOC SUPPLIES	2,004.15	
				30583600	09/28/12	SAFETY SUPPLIES	658.03	
				30470200	09/26/12	HIP PAC REPAIR	152.98	2,815.16
2035137	10/31/12	01342	R J SAFETY SUPPLY CO INC	30583601	10/03/12	SAFETY SUPPLIES	416.88	416.88
2034901	10/10/12	14418	RAUL PEREZ	Ref002424561	10/09/12	UB Refund Cst #0000188956	7.47	7.47
2035063	10/24/12	14436	RECON ENVIRONMENTAL	Ref002424805	10/23/12	UB Refund Cst #0000126180	929.36	929.36
2034987	10/17/12	03525	REFRIGERATION ENGINEERING	43912	09/27/12	ICE MACHINE REPAIR	740.84	740.84
2034902	10/10/12	14380	RICHARD WEST	Ref002424522	10/09/12	UB Refund Cst #0000040519	32.77	32.77
2034988	10/17/12	00521	RICK POST WELDING &	9308	09/24/12	field welding- test ports on large	1,370.00	1,370.00
2034903	10/10/12	14414	RISING REALTY	Ref002424557	10/09/12	UB Refund Cst #0000188423	32.91	32.91
2035064	10/24/12	03741	RIVAS, JUAN	003939	10/16/12	SAFETY BOOTS	146.79	146.79
2034824	10/03/12	14255	RK CONTROLS	0059624	09/13/12	LEVEL SENSOR	1,090.61	1,090.61
2035065	10/24/12	14431	RODOLFO QUIROZ	Ref002424800	10/23/12	UB Refund Cst #0000066862	210.21	210.21
2035066	10/24/12	06412	ROMERO, TANYA	003937	10/23/12	COMPUTER LOAN	499.00	499.00
2034904	10/10/12	14423	ROSS MAGBANUA	Ref002424566	10/09/12	UB Refund Cst #0000194106	26.13	26.13
2034905	10/10/12	14416	ROSS MARKOWITZ	Ref002424559	10/09/12	UB Refund Cst #0000188784	98.76	98.76
2034989	10/17/12	02620	ROTORK CONTROLS INC	RSI42555	09/21/12	AQ ACTUATORS REPAIR	540.00	540.00

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2035138	10/31/12	02620	ROTORK CONTROLS INC	CI05568	10/11/12	ROTORK ACTUATOR	3,792.80	3,792.80
2034825	10/03/12	00217	RW LITTLE CO INC	109496	09/04/12	POWDER COAT	320.00	320.00
2035139	10/31/12	00362	RYAN HERCO PRODUCTS CORP	7487028	10/10/12	GF UNIONS	97.38	97.38
2034990	10/17/12	05130	SAFARI MICRO INC	221011	09/14/12	MEDIA STORAGE	3,030.47	3,030.47
2034991	10/17/12	10930	SAGE DESIGNS INC	1209465	09/19/12	FIRETIDE BRIDGE	8,215.33	8,215.33
2034826	10/03/12	13204	SAIC ENERGY ENVIR & INFRAS LLC	05906	09/17/12	CONSTRUCTION MGMT (ENDING 8/31/12)	10,855.61	10,855.61
2035140	10/31/12	13204	SAIC ENERGY ENVIR & INFRAS LLC	05938	10/09/12	CONSTRUCTION MGMT (ENDING 9/28/12)	3,341.81	3,341.81
2034906	10/10/12	14403	SAKALI IATA	Ref002424546	10/09/12	UB Refund Cst #0000183865	10.69	10.69
2035141	10/31/12	12470	SAN DIEGO BUSINESS JOURNAL	SD1246141012 SD5291801012	10/24/12 10/23/12	SUBSCRIPTION RENEWAL SUBSCRIPTION RENEWAL	99.00 69.00	168.00
2034907	10/10/12	11596	SAN DIEGO CONSTRUCTION WELDING	8544	09/10/12	WELDING SERVICES	340.00	340.00
2034992	10/17/12	11596	SAN DIEGO CONSTRUCTION WELDING	8556 8559	09/20/12 09/20/12	WELDING SERVICES WELDING SERVICES	467.50 85.00	552.50
2035142	10/31/12	11596	SAN DIEGO CONSTRUCTION WELDING	8571	10/01/12	WELDING SERVICES	2,610.00	2,610.00
2034827	10/03/12	02586	SAN DIEGO COUNTY ASSESSOR	2012070	09/06/12	ASSESSOR DATA (AUG 2012)	125.00	125.00
2035143	10/31/12	02586	SAN DIEGO COUNTY ASSESSOR	2012085	10/09/12	ASSESSOR DATA (MONTHLY)	125.00	125.00
2034993	10/17/12	00003	SAN DIEGO COUNTY WATER	0000000602	09/25/12	SOCAL WATERSMART (AUG 2012)	2,405.85	2,405.85
2034828	10/03/12	13712	SAN DIEGO FREIGHT LINER	W31416a	06/29/12	DUMP TRUCK	31,798.10	31,798.10
2034829	10/03/12	00121	SAN DIEGO GAS & ELECTRIC	003912	09/18/12	UTILITY EXPENSES (MONTHLY)	35,117.15	35,117.15
2034908	10/10/12	00121	SAN DIEGO GAS & ELECTRIC	003917 003918 003919	09/26/12 09/24/12 09/21/12	UTILITY EXPENSES (MONTHLY) UTILITY EXPENSES (MONTHLY) UTILITY EXPENSES (MONTHLY)	64,855.29 46,745.38 825.01	112,425.68
2034994	10/17/12	00121	SAN DIEGO GAS & ELECTRIC	003929 003931 003930	10/03/12 10/03/12 09/24/12	UTILITY EXPENSES (MONTHLY) UTILITY EXPENSES (MONTHLY) UTILITY EXPENSES (MONTHLY)	82,324.17 7,729.84 108.81	90,162.82
2035144	10/31/12	00121	SAN DIEGO GAS & ELECTRIC	003941	10/17/12	UTILITY EXPENSES (MONTHLY)	32,655.58	32,655.58
2035067	10/24/12	14452	SDREOSOLD	Ref002424824	10/23/12	UB Refund Cst #0000193361	75.00	75.00

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2034995	10/17/12	12904	SEPULVEDA CONSTRUCTION INC	5A 13	09/21/12 09/21/12	30 INCH PIPELINE (ENDING 8/31/12) PUMP STATION UPGRADES (ENDING 8/31/12)	53,669.30 36,477.08	90,146.38
2035145	10/31/12	12904	SEPULVEDA CONSTRUCTION INC	6A	10/09/12	30 INCH PIPELINE (ENDING 9/30/12)	89,316.70	89,316.70
2034830	10/03/12	01651	SHARP REES-STEALY MEDICAL CTRS	252	09/19/12	HEALTH EXAMS (8/13/12-8/22/12)	309.50	309.50
2034831	10/03/12	11516	SIEMENS INDUSTRY INC	900907837	09/17/12	MAINTENANCE PARTS	2,278.96	2,278.96
2034996	10/17/12	11516	SIEMENS INDUSTRY INC	900932081 900907903 900919463	09/30/12 09/17/12 09/24/12	MAINTENANCE PARTS V75 CHLORINATOR PROCESSING TANK	2,301.87 299.81 40.00	2,641.68
2035068	10/24/12	11516	SIEMENS INDUSTRY INC	900932082	09/30/12	MAINTENANCE PARTS	855.12	855.12
2035146	10/31/12	04544	SIGN CRAFTERS	120222	10/11/12	VINYL SIGNS	108.29	108.29
2035069	10/24/12	13327	SILVA SILVA INTERNATIONAL	1210	10/10/12	PROJECT CONSULTANT (SEPT 2012)	4,000.00	4,000.00
2035147	10/31/12	12281	SIR SPEEDY PRINTING	3542 3583	10/04/12 10/11/12	BUSINESS CARDS BUSINESS CARDS	41.63 38.63	80.26
2034909	10/10/12	05201	SOCIETY FOR MARKETING	003925	10/02/12	LEADER BUSINESS WORKSHOP	500.00	500.00
2034997	10/17/12	03103	SOUTHCOAST HEATING &	C49424	09/17/12	AC MAINTENANCE (SEPT 2012)	1,068.00	1,068.00
2034998	10/17/12	14373	SOUTHERN PACIFIC TITLE CO	2067	09/27/12	TITLE REPORTS	750.00	750.00
2034910	10/10/12	14421	SOUTHLAND PAVING INC	Ref002424564	10/09/12	UB Refund Cst #0000193556	1,174.83	1,174.83
2034832	10/03/12	03760	SPANKY'S PORTABLE SERVICES INC	926529 925402	09/14/12 09/05/12	PORTABLE TOILET RENTAL(9/13/12-10/10/12) PORTABLE TOILET RENTAL (9/5/12-10/2/12)	98.15 79.96	178.11
2034999	10/17/12	03760	SPANKY'S PORTABLE SERVICES INC	927229 927230 927363 927228	09/21/12 09/21/12 09/24/12 09/21/12	PORTABLE TOILET RENTAL (9/21/12-10/18/12) PORTABLE TOILET RENTAL (9/21/12-10/18/12) PORTABLE TOILET RENTAL (9/22/12-10/19/12) PORTABLE TOILET RENTAL (9/21/12-10/18/12)	79.96 79.96 79.96 79.96	319.84
2035148	10/31/12	03760	SPANKY'S PORTABLE SERVICES INC	929291 928481	10/12/12 10/03/12	PORTABLE TOILET RENTAL (10/11/12-11/7/12) PORTABLE TOILET RENTAL (10/3/12-10/30/12)	98.15 79.96	178.11
2035149	10/31/12	09711	SPATIAL WAVE INC	11064852	10/02/12	GIS TECHNICAL SUPPORT	1,920.00	1,920.00
2035000	10/17/12	03516	SPECIAL DISTRICT RISK	41623	10/01/12	PROPERTY & LIABILITY PROGRAM (ANNUAL)	6,053.56	6,053.56
2035070	10/24/12	01717	SPRING VALLEY CHAMBER OF	34601	10/05/12	SPONSORSHIP	500.00	500.00
2035071	10/24/12	06510	SPRINT NEXTEL	901500243073	10/12/12	WIRELESS SERVICES (9/9/12-10/8/12)	3,525.15	3,525.15

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2035001	10/17/12	02354	STANDARD ELECTRONICS	17463	09/28/12	SECURITY MONITORING (MONTHLY)	1,352.50	1,352.50
2035150	10/31/12	02354	STANDARD ELECTRONICS	17514	10/05/12	SECURITY MONITORING	1,352.50	1,352.50
2034833	10/03/12	07448	STANLEY STEEMER	1183510	09/11/12	CARPET CLEANING	1,503.00	1,503.00
2034834	10/03/12	13564	STAR-NEWS PUBLISHING CO, THE	00011334	09/07/12	JOB POSTING	126.00	126.00
2034911	10/10/12	06281	STATE DISBURSEMENT UNIT	Ben2424584	10/11/12	BI-WEEKLY PAYROLL DEDUCTION	415.38	415.38
2034912	10/10/12	06299	STATE DISBURSEMENT UNIT	Ben2424578	10/11/12	BI-WEEKLY PAYROLL DEDUCTION	237.69	237.69
2034913	10/10/12	06303	STATE DISBURSEMENT UNIT	Ben2424582	10/11/12	BI-WEEKLY PAYROLL DEDUCTION	802.15	802.15
2034914	10/10/12	08533	STATE DISBURSEMENT UNIT	Ben2424588	10/11/12	BI-WEEKLY PAYROLL DEDUCTION	253.85	253.85
2035072	10/24/12	06281	STATE DISBURSEMENT UNIT	Ben2424850	10/25/12	BI-WEEKLY PAYROLL DEDUCTION	415.38	415.38
2035073	10/24/12	06299	STATE DISBURSEMENT UNIT	Ben2424844	10/25/12	BI-WEEKLY PAYROLL DEDUCTION	237.69	237.69
2035074	10/24/12	06303	STATE DISBURSEMENT UNIT	Ben2424848	10/25/12	BI-WEEKLY PAYROLL DEDUCTION	802.15	802.15
2035075	10/24/12	08533	STATE DISBURSEMENT UNIT	Ben2424854	10/25/12	BI-WEEKLY PAYROLL DEDUCTION	253.85	253.85
2034835	10/03/12	03738	STEVEN ENTERPRISES INC	0291446IN	09/12/12	BOND PAPER - ENGINEERING	159.30	159.30
2035002	10/17/12	03738	STEVEN ENTERPRISES INC	0291739IN	09/19/12	INK CARTRIDGES - ENGINEERING	120.68	120.68
2034915	10/10/12	14420	STUART MARVIN	Ref002424563	10/09/12	UB Refund Cst #0000193272	27.40	27.40
2035151	10/31/12	12809	STUTZ ARTIANO SHINOFF	89473	09/27/12	LEGAL SERVICES (AUG 2012)	22,390.35	22,390.35
2035003	10/17/12	02376	TECHKNOWSION INC	2423	09/28/12	SCADA MODIFICATION	12,956.00	12,956.00
2035152	10/31/12	02376	TECHKNOWSION INC	2426	10/12/12	SCADA PROGRAMMING	1,620.00	1,620.00
2035153	10/31/12	06847	THIRD AVENUE VILLAGE ASSN	003946	10/22/12	PARADE ENTRY FEE	150.00	150.00
2035076	10/24/12	14461	TICOR TITLE CO OF CA	003940	10/23/12	CUSTOMER REFUND	328.19	328.19
2035004	10/17/12	00870	TRANSCAT INC	678834	09/28/12	INSTRUMENTS CALIBRATIONS	689.68	689.68
2035154	10/31/12	00427	UNDERGROUND SERVICE ALERT OF	920120476	10/01/12	UNDERGROUND ALERTS (SEPT 2012)	322.50	322.50
2034836	10/03/12	14181	UNITED RENTALS (NORTH AMERICA)	105369806001 105553355001	09/05/12 09/12/12	CONCRETE CONCRETE	159.47 139.00	298.47
2035005	10/17/12	14181	UNITED RENTALS (NORTH AMERICA)	105811109001	09/21/12	CONCRETE	114.22	114.22

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2035155	10/31/12	14181	UNITED RENTALS (NORTH AMERICA)	106277803001	10/10/12	CONCRETE	177.79	177.79
2035077	10/24/12	07662	UNITEDHEALTHCARE SPECIALTY	122980000044	10/24/12	AD&D & SUPP LIFE INS (NOV 2012)	5,631.10	5,631.10
2034837	10/03/12	07674	US BANK CORPORATE PAYMENT	A000026 003915	07/23/12 08/22/12	CAL CARD EXPENSES (MONTHLY) CAL CARD EXPENSES (MONTHLY)	8,335.15 629.26	8,964.41
2034916	10/10/12	07674	US BANK CORPORATE PAYMENT	E000019 E000018	09/24/12 09/24/12	CAL CARD EXPENSES (MONTHLY) CAL CARD EXPENSES (MONTHLY)	412.39 136.01	548.40
2035006	10/17/12	07674	US BANK CORPORATE PAYMENT	A000031	08/22/12	CAL CARD EXPENSES (MONTHLY)	6,569.29	6,569.29
2035078	10/24/12	07674	US BANK CORPORATE PAYMENT	O000000017 O000000018	09/24/12 10/23/12	CAL CARD EXPENSES (MONTHLY) CAL CARD EXPENSES (MONTHLY)	15,145.90 125.00	15,270.90
2035156	10/31/12	07674	US BANK CORPORATE PAYMENT	a000032 003945 E000020 003943	09/24/12 09/24/12 10/22/12 09/24/12	CAL CARD EXPENSES (MONTHLY) CAL CARD EXPENSES (MONTHLY) CAL CARD EXPENSES (MONTHLY) CAL CARD EXPENSES (MONTHLY)	4,669.03 2,735.09 244.00 28.49	7,676.61
2035079	10/24/12	08402	US POSTMASTER	4129	09/04/12	POSTAGE	10,188.80	10,188.80
2034838	10/03/12	11606	USA BLUE BOOK	766944	09/12/12	EFFLUENT PARTS	577.20	577.20
2035157	10/31/12	03190	VALCO INSTRUMENTS CO INC	90198393	10/01/12	HACH PARTS	4,393.04	4,393.04
2035080	10/24/12	08028	VALLEY CONSTRUCTION MANAGEMENT	SD100127	09/30/12	CONSTRUCTION MANAGEMENT (9/1/12-9/30/12)	9,585.00	9,585.00
2034917	10/10/12	14402	VALORIE HALLOCK	Ref002424545	10/09/12	UB Refund Cst #0000183863	7.27	7.27
2034918	10/10/12	01095	VANTAGEPOINT TRANSFER AGENTS	Ben2424568	10/11/12	BI-WEEKLY DEFERRED COMP PLAN	15,008.59	15,008.59
2034919	10/10/12	06414	VANTAGEPOINT TRANSFER AGENTS	Ben2424574	10/11/12	BI-WEEKLY 401A PLAN	1,529.00	1,529.00
2035081	10/24/12	01095	VANTAGEPOINT TRANSFER AGENTS	Ben2424834	10/25/12	BI-WEEKLY DEFERRED COMP PLAN	14,733.77	14,733.77
2035082	10/24/12	06414	VANTAGEPOINT TRANSFER AGENTS	Ben2424840	10/25/12	BI-WEEKLY 401A PLAN	1,289.00	1,289.00
2034920	10/10/12	03329	VERIZON WIRELESS	1121886428	09/21/12	WIRELESS SERVICES (8/22/12-9/21/12)	6,493.76	6,493.76
2035083	10/24/12	07670	VOLVO ROAD MACHINERY INC	N501000363	09/25/12	LIGHT TOWER REPLACEMENT	10,451.75	10,451.75
2035158	10/31/12	07595	WALTERS WHOLESALE ELECTRIC CO	874609000	10/05/12	944-1 WIRE	1,312.40	1,312.40
2035159	10/31/12	00264	WATER ENVIRONMENT FEDERATION	9000126648	10/11/12	MEMBERSHIP RENEWAL	220.00	220.00
2035007	10/17/12	01343	WE GOT YA PEST CONTROL	78073 75979 77779	09/22/12 06/04/12 09/12/12	PEST CONTROL BEE REMOVAL BEE REMOVAL	1,100.00 115.00 115.00	

OTAY WATER DISTRICT  
CHECK REGISTER  
FOR CHECKS 2034763 THROUGH 2035160  
RUN DATES 10/3/2012 TO 10/31/2012

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
				77223	08/15/12	BEE REMOVAL	115.00	
				76892	07/24/12	BEE REMOVAL	115.00	
				76228	06/18/12	BEE REMOVAL	115.00	
				76137	06/18/12	BEE REMOVAL	115.00	
				78269	09/27/12	BEE REMOVAL	75.00	1,865.00
2035008	10/17/12	07780	WEBER SCIENTIFIC	578265		CREDIT MEMO	(8.00)	
				577819	09/19/12	LABORATORY SUPLIES	608.08	
				577863	09/19/12	LABORATORY SUPLIES	224.97	825.05
2035160	10/31/12	07780	WEBER SCIENTIFIC	579140	10/03/12	LABORATORY SUPLIES	120.18	120.18
2035009	10/17/12	00517	WESCO DISTRIBUTION INC	664112	09/26/12	MATERIALS FOR TRANSFER SWITCH	711.33	
				665277	09/28/12	MATERIALS FOR TRANSFER SWITCH	199.95	911.28
2034839	10/03/12	03131	WESTERN HOSE & GASKET	269762	09/10/12	HOSE/FITTINGS	433.90	433.90
2035010	10/17/12	00125	WESTERN PUMP INC	0121444IN	09/25/12	DUSTO INSPECTIONS	350.00	350.00
2035011	10/17/12	13483	WHITE NELSON DIEHL EVANS LLP	128633	09/30/12	AUDIT SERVICES (SEPT 2012)	7,000.00	7,000.00
2034921	10/10/12	14391	YOUNG YEON LEE	Ref002424534	10/09/12	UB Refund Cst #0000156118	104.70	104.70
2035084	10/24/12	14435	YVONNE URIBE	Ref002424804	10/23/12	UB Refund Cst #0000122687	20.92	20.92
<b>GRAND TOTAL</b>							<b>1,899,354.82</b>	<b>1,899,354.82</b>