

AGENDA ITEM 7d



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	November 3, 2010
SUBMITTED BY:	Frank Anderson, Utility Services Manager <i>FA.</i>	W.O./G.F. NO:	DIV. NO. All
APPROVED BY: (Chief)	Pedro Porras, Chief, Water Operations <i>[Signature]</i>		
APPROVED BY: (Asst. GM):	Manny Magaña <i>[Signature]</i> Assistant General Manager, Engineering & Operations		
SUBJECT:	REQUEST THE BOARD TO AUTHORIZE THE GENERAL MANAGER TO EXERCISE THE FIRST YEAR OPTION OF THE AGREEMENT WITH PACIFIC METER SERVICES, INC. FOR MANUAL WATER METER RETROFIT TO RADIO READ METERS AND TO AUTHORIZE THE GENERAL MANAGER TO APPROVE SUBSEQUENT OPTION YEARS TWO THROUGH FOUR AT HIS DISCRETION.		

GENERAL MANAGER'S RECOMMENDATION:

Request that the Board authorize the General Manager to exercise the first year option of the agreement with Pacific Meter Services, Inc., for manual water meter retrofit to automated meter read meters (AMR), and to authorize the General Manager to approve subsequent option years two through four at his discretion.

COMMITTEE ACTION: _____

Please see Attachment "A".

PURPOSE:

To request the Board authorize the General Manager to exercise options to an agreement with Pacific Meter Services, Inc., at his discretion.

ANALYSIS:

The Board approved a contract with Pacific Meter Services, Inc., on August 5, 2009 for retrofitting ¾" through 1" manual-read meters with new AMR meters. Attached is the original contract approved by the Board. (Attachment "B")

The Agreement provides for an annual increase in the per-unit price. Any increase is limited to increases in the San Diego Consumer Price Index. The per-unit price of \$32.98 per meter will not change for the first option year.

Based on bid price and Pacific Meter Services, Inc.'s performance during the initial year, it is recommended that the Board approve the District's renewal option to use the previously approved agreement to continue retrofitting meters through FY11 and authorize the General Manager, at his discretion, to negotiate and approve subsequent option years two (2) through four (4).

FISCAL IMPACT:



\$1,500,000 is included in the FY11 Capital Improvement Plan Budget (CIP 2458) to continue the retrofit of the District's remaining manual read meters to AMR meters. This CIP project also provides for contract labor for ¾ inch and 1 inch meter retrofits, in-house retrofit of larger than 1 inch meters, and the purchase of AMR meters, gaskets and connection supplies. In FY11 it is anticipated that approximately 4,500 meters of various sizes will be retrofitted.

The total budget for this ten year AMR/Manual Meter Replacement CIP 2458 is \$10,448,000. This ten year CIP started in December 7, 2005. The approved budget for FY11 is \$1,500,000. The value of FY11 retrofit contract is \$148,410 which staff has estimated is sufficient to cover the costs of contract labor for replacing approximately 4,500 meters for FY11.

Total cumulative costs and commitments on this CIP to date is approximately \$4,111,670. Therefore, the remaining approved CIP at this time is \$6,336,330.

Staff has evaluated this CIP and has estimated that the current approved budget is sufficient to cover the costs for completing the remaining approximately 18,921 meter retrofits through 2014.

The Finance Department has determined that 100% of the funding is available from the Replacement Fund.

STRATEGIC GOAL:

Strategy: Implement Field Technology solutions.

Objective: Convert all manual-read water meters to radio-read (AMR) water meters.

LEGAL IMPACT: _____

None.



General Manager

Attachment "A", Committee Action
Attachment "B", AMR Retrofit Contract



ATTACHMENT A

SUBJECT/PROJECT:

AWARD OF A ONE (1) YEAR CONTRACT EXTENSION TO PACIFIC METER SERVICES, INC. FOR MANUAL WATER METER RETROFIT TO RADIO READ METERS.

COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a meeting held on October 18, 2010 and the following comments were made:

- Staff is requesting that the Board authorize the General Manager to exercise the first year option of the agreement with Pacific Meter Services, Inc. (PMSI), for manual water meter retrofit to automated meter read meters (AMR), and to authorize the General Manager to approve subsequent option years two (2) through four (4) at his discretion.
- This is a ten year AMR/Manual Meter Replacement CIP (2458) that began in December 7, 2005 with a total budget of \$10,448,000. Staff indicated that the Board approved an initial contract with PMSI on August 5, 2009 for retrofitting ¾" through 1" manual-read meters with new AMR meters. The contract included an approved four (4) additional one-year term renewals at the discretion of the District. A copy of the initial contract was provided to the Committee. (Attachment B)
- Staff stated that prior to the approval of the August 2009 initial contract, PMSI had completed the contract for the District's FY 2008 AMR/Manual Meter Replacement CIP project. Staff indicated that so far a total of 9,000 manual water meters have been retrofitted to AMR meters.
- To continue with the District' AMR/Manual Meter Replacement CIP project, the District included in its FY 2011 CIP Budget \$1,500,000 and anticipates that approximately 4,500 meters of various sizes will be retrofitted in 2011. Staff indicated that the remaining 18,921 meter retrofits is anticipated to be completed by FY 2014.
- Staff noted that the contract includes an annual increase in the per-unit price, but is limited to increases in the San Diego

Consumer Price Index. It was indicated that there was no increase in the Index, so the contract's per-unit price of \$32.98 per meter will remain the same for the first option year.

- In response to a question from the Committee, staff stated that they are very pleased with the performance of PMSI and would like to increase their contract term from one-year to two (2) through four (4) year terms because it would be more efficient for the District as it would streamline the bidding process.
- Staff noted that the District's AMR/Manual Meter Replacement CIP project was completed in different phases, as opposed to all at once, to evenly distribute future maintenance requirements (i.e. changing batteries when necessary) for AMR meters.

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

Attachment B



2554 SWEETWATER SPRINGS BLVD., SPRING VALLEY, CA 91978

CONTRACT

Project: WATER METER REPLACEMENT – FY 2010
Bid Submittal Date: June 18, 2009
Award Date: August 5, 2009
Amount of Contract: \$ 148,410.00

THIS CONTRACT, made this August 12th day of August, 2009, by and between the Otay Water District hereinafter referred to as "District" and Pacific Meter Services, Inc., hereinafter referred to as "Contractor",

WITNESSETH:

A. WHEREAS, District has caused specifications, drawings and other contract documents, hereinafter referred to as "Specifications", to be prepared for certain work on the referenced project; and

B. WHEREAS, in addition to the terms below, this Contract incorporates and includes the following:

1. Notice to Prospective Bidders
2. Instructions to Bidders
3. Supplemental Terms and Conditions
4. Specifications
5. Bid Form
6. Performance Bond
7. Bidder's Guarantee
8. Labor and Materials Bond
9. Contractor License Affidavit
10. Non- Collusion Affidavit
11. Bidder's Statement Regarding Insurance Coverage
12. Workers' Compensation Insurance Certificate

C. WHEREAS, Contractor has offered to perform the proposed work in accordance with the terms of said Specifications as set forth by submission of the Contractor's Proposal;

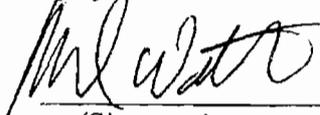
NOW, THEREFORE, in consideration of the mutual covenants and agreements of the parties contained in said Specifications and Contractor's Proposal, which are made a part hereof as though fully set forth, Contractor hereby agrees to complete the work at the prices and on the

terms and conditions therein contained, and District hereby employs the Contractor and agrees to pay the Contractor the contract prices therein provided for the fulfillment of the work and the performance of the covenants therein set forth.

IN WITNESS WHEREOF, this contract has been executed on the day and year first above written.

Otay Water District

Pacific Meter Services, Inc.



(Signature)
MARK WATSON
GENERAL MANAGER

Name & Title



Contractor's Signature
President

Name & Title

ATTEST:

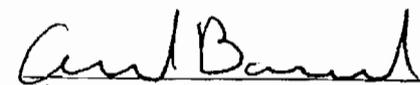
By 

Signature of Otay Water District
Secretary/Notary

Susan Cruz,
District Secretary

Name & Title

APPROVED AS TO FORM:

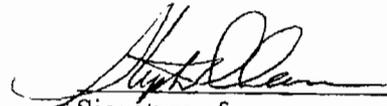
By 

Signature of Otay Water District
Counsel

Aerobel Danvelas, Assistant General Counsel

Name & Title

APPROVED AS TO CONTENT:

By 

Signature of
Otay Water District
Purchasing Manager

STEPHEN DABRAWA, Purchasing Manager

Name & Title

Invitation to Bid
"Water Meter Replacement – FY 2010"
Submittal Deadline: 10:00 am, Thursday, June 18, 2009

The Otay Water District, hereinafter referred to as "District", hereby gives notice that sealed bids for the replacement and/or retrofitting of ¾, and 1-inch water meters to radio read meters will be received and publicly opened at the District's Purchasing Office, located at 2554 Sweetwater Springs Blvd., Spring Valley, CA 91978 at 10:00 a.m., Thursday, June 18, 2009.

Those wishing to submit a bid are required to attend a mandatory pre-bid conference to be held in the District's Administrative Offices located at 2554 Sweetwater Springs Blvd., Spring Valley, CA 91978, at 9:00 am, Thursday, June 4, 2009. For information, please call the project manager at (619) 670-2263.

All bids must be complete and submitted on the bid forms provided by the District in the bid package. Submitted bids must be sealed in an envelope and clearly identified on the outside with the following: "IFB- WATER METER REPLACEMENT – FY-2010, Bid Opening: 10:00 a.m., Thursday, June 18, 2009"

Telephone, telegraphic, faxed, electronic, or late bids will not be considered regardless of postmark or reason. Late bids will be returned to the bidder unopened.

Bidders are encouraged to utilize emerging business enterprise (EBE) firms in the execution of the work identified herein. Bidders are encouraged to call the Contracting Opportunities Center at (619) 285-7020 for information on EBE firms.

The District reserves the right to reject any and all bids, to waive any informality, and to make any award in the best interest of the District.

BY: Stephen Dobrawa
Purchasing Manager
Otay Water District
(619) 670 2226

Date: May 22, 2009

Instructions to Bidders

General:

The Otay Water District hereinafter referred to as "District", invites sealed bids for installation and retrofitting of ¾, and 1-inch water meters in compliance with the District's "Specifications for Water Meter Replacement."

Receipt and Form of Bid:

Sealed bids for this request will be accepted at the purchasing office of the District located at 2554 Sweetwater Springs Blvd., Spring Valley, CA 91978 until Submittal Deadline: 10:00 am, Thursday, June 18, 2009. All bids must be complete and submitted on the bid form provided by the District in this invitation.

Telephone, telegraphic, faxed, electronic, or late bids will not be considered regardless of postmark or reason. Late bids will be returned to the bidder unopened.

Bids must be enclosed in a sealed envelope bearing the name of the bidder, the name of this invitation and the time and date of the bid opening.

Bids will be accepted only from Contractors with the applicable licenses for the trades and construction involved, issued by the State of California. Bidders must execute the attached Contractor License Affidavit.

Modifications and Alternative Bids:

Unauthorized conditions, limitations, or provisos attached to a bid will render it informal and may cause its rejection as being non-responsive. The completed bid form shall be without interlineations, alterations, or erasures.

Discrepancies in Bids:

In the event there is more than one bid item on a bid form, the bidder shall furnish a price for all items on the form. Failure to do so will render the bid informal and may cause its rejection. If the unit charge and extended charge on the bid form are inconsistent, the bidder will be bound by the unit charge and the extended charge will be corrected accordingly. In the event there is more than one bid item on a bid form and the total indicated for the form does not agree with the sum of prices on the individual items, the prices bid on the individual items shall govern and the total for the form will be corrected accordingly, and the bidder shall be bound by said corrections.

Withdrawal of Bid:

The bid may be withdrawn by the bidder by means of a written request, signed by the bidder or his properly authorized representative. Such written request must be delivered to the District's Purchasing Office prior to the scheduled closing time for receipt of bids.

Instructions to Bidders - Continued

Award of Contract:

Award of a contract, if it is awarded, will be made to the lowest responsible and responsive bidder. The low bidder will be determined by the lowest responsible bid for the Total Base Bid that complies with all the requirements prescribed in the bid/contract documents. Any such award will be made within 90 calendar days after opening of the bids.

The District reserves the right to reject any or all bids, to waive any informality in the bid and to make any award of contract in the best interest of the District.

Disqualification of Bidders:

More than one bid from an individual, firm, partnership, corporation, or association under the same or different names will not be considered. Reasonable grounds for believing that any bidder is interested in more than one proposal for the work contemplated will cause the rejection of all proposals in which such bidder is interested. If there is a reason for believing that collusion exists among the bidders, all proposals will be rejected. All bidders must execute the attached non-collusion affidavit.

The successful bidder shall be required to comply with all applicable Equal Opportunity laws and regulations.

Supplemental Terms and Conditions:

The successful bidder shall be required to meet and comply with the attached "Supplemental Terms and Conditions".

Insurance:

Prior to any work performed, the successful bidder (should an award be made) must be able to furnish certificate(s) of insurance for the following:

Comprehensive general/automobile liability insurance affording combined single limits of liability of not less than two million dollars (\$2,000,000.00) per occurrence for bodily injury, personal injury, and for property damage.

Worker's Compensation and Employer's Liability in full compliance with the laws of the State of California. Employer's liability shall be not less than one million dollars (\$1,000,000.00). Bidders must complete the attached "Contractor's Certificate Regarding Workers Compensation".

Instructions to Bidders - Continued

Prevailing Rate:

The successful bidder shall pay workers at the prevailing wage rate of pay for all labor used in the delivery, unloading and installation of the project on the site for the category of work performed. The submittal of certified payroll documentation shall be required. Submittal of certified payroll documentation shall be made to the project manager on a bi-monthly basis.

State and Local Sales and Use Taxes:

State and local sales and use taxes, as required by the laws and statutes of the State of California and its political subdivisions, shall be paid by the Contractor. Prices quoted in the Bid shall include sales tax, unless provision is made in the Bid form to separately itemize the tax.

Naming of Subcontractors:

The Bidder shall submit the Bid with the names and business addresses of each subcontractor who will perform work under this Contract in excess of one percent (1%) of the amount of the total bid, and shall list the portion of the work which will be done by such subcontractor. If Bidder fails to specify a subcontractor for any portion of the work to be performed under the Contract, the Bidder agrees to perform that portion of the work. No subcontractor shall be substituted for those listed without prior District's approval.

Bid Bond:

Bids must be accompanied by cash, a certified check or cashier's check drawn on a bank in good standing, or a bid bond issued by a Surety authorized to issue such bonds in the State of California, in an amount not less than ten (10) percent of the total amount of the Initial Year Bid submitted. This bid security shall be given as a guarantee that the Bidder will not withdraw the Bid for a period of ninety (90) calendar days after bid opening, and that if awarded the Contract, the successful Bidder will execute the attached Contract and furnish the Documents specified in the Contract documents. The Attorney-in-Fact (Resident Agent) who executes this bond in behalf of the Surety must attach a notarized copy of his power-of-attorney as evidence of his authority to bind the Surety on the date of execution of the bond.

If the bidder elects to furnish a Bid Bond, he shall use the Bid Bond form attached herewith, or one conforming substantially thereto in form and content.

Performance Bond:

The successful Bidder shall file annually for the term (one-year), and upon annual renewal, if renewed, with the District a Performance Bond on the Form attached herewith in the full amount of the Contract price, as security of the faithful performance of the Contract for the construction of the work, and to cover all guarantees against defective workmanship or materials, or both, for a period of one (1) year after the date of final acceptance of the work by the District.

Instructions to Bidders - Continued

The Surety furnishing this bond shall have a sound financial standing, be authorized to do business in the State of California and either submit those documents as set forth in California Code of Civil Procedures, §995.660 items (1) through (4), or have a Best Rating of A VII.

Labor and Materials Bond:

The successful Bidder shall file annually for the term (one-year), and upon annual renewal, if renewed, with the District at the time of execution of the Contract, a Labor and Materials Bond of the form attached herewith in the amount of one hundred (100) percent of the Contract price, as surety for the payment of all persons supplying labor and materials for the construction of the work. The Surety furnishing this bond shall have a sound financial standing, be authorized to do business in the State of California and either submit those documents set forth in California Code of Civil Procedures, §995.660 items (1) through (4), or have a Best rating of A VII.

Power-of -Attorney:

The Attorney-in-Fact (Resident Agent) who executes the Performance Bond or Labor and Materials Bond in behalf of the Surety must attach a notarized copy of his power-of-attorney as evidence of his authority to bind the Surety on the date of execution of the bonds.

Failure to Execute Contract and Furnish Bonds:

The Bidder who is awarded a Contract and who fails to promptly and properly execute the Contract and furnish the prescribed bonds shall forfeit the bid security that accompanied the bid. The bid security shall be retained as liquidated damages by the District and it is agreed that this sum is a fair estimate of the amount of damages the District will sustain in case the Bidder fails to enter into a Contract and furnish bonds as herein before provided.

Additional Work Discovered:

In the event that during the performance of the work described herein, additional and necessary work is discovered; the successful bidder agrees to be bound to the terms and conditions for performing and invoicing such work, as may be approved by the District's project manager, as identified herein or in attachments referenced as being part of this contract.

If additional and necessary work is identified, the successful vendor shall consult with and inform the Otay Water District's project manager, for this project, the scope and necessity of additional work discovered. Under no circumstances shall the successful bidder perform additional work unless instructed to do so in writing by the Otay Water District's project manager.

Instructions to Bidders - Continued

Compliance with Fair Employment Practice Act:

Contractor agrees in accordance with §1735 and §1777.6 of California Labor Code, and the California Fair Employment Practice Act (Sections 1410-1433) that in the hiring of common or skilled labor for the performance of any work under this contract, or any subcontract hereunder, no Contractor, material supplier or vendor shall, by reason of race, color, national origin or ancestry, or religion, discriminate against any person who is qualified and available to perform the work to which such employment relates.

Rights Reserved:

- a) *Rejection of Work.* Contractor agrees that the District has the right to make all final determinations as to whether the work has been satisfactorily completed.
- b) *Completion of Work.* If Contractor fails to comply with the conditions of the contract, or fails to complete the required work or furnish the required materials within the time stipulated, the District reserves the right to purchase in the open market or to complete the required work, at the expense of the Contractor, including but no limited to, by recourse to provisions of the performance bond if such bond is required under the conditions of this bid.

Pre-Bid Conference (mandatory):

A mandatory pre-bid conference will be conducted by the District's project manager for this project on June 4, 2009, at 9:00 a.m. Prospective bidders shall meet at the District's Administrative Offices, 2553 Sweetwater Springs Blvd., Spring Valley, CA 91978. For questions concerning this mandatory meeting, call (619) 670-2263. Bidders must attend the mandatory conference to be eligible to bid.

Pre-Construction Meeting

The Contractor shall not commence work until a meeting between the representatives of the Contractor and the District is held. The meeting will be held at the District's Operation Offices, 2553 Sweetwater Springs Blvd., Spring Valley, CA 91978, at a time and date later to be determined.

End of Section

Supplemental Terms and Conditions

Whereas, Vendor/Contractor, and Purchaser desire to enter into an agreement relating to the construction, installation or repair work described on the attached purchase order, and

Whereas, Vendor/Contractor, and Purchaser understand that in certain important respects the terms and conditions on the purchase order are insufficient to cover this kind of work, and

Whereas, Both parties desire to supplement those terms and conditions with this agreement,

NOW THEREFORE, Vendor/Contractor and Purchaser agree that these supplementary terms and conditions shall become a part of the contract entered into between Vendor/Contractor and Purchaser as more fully described in the attached purchase order and any other documents specifically referenced in such purchase order.

1. **These Terms Supplement the Printed Terms and Conditions on the Invitation to bid.** The terms and conditions contained in the attached Invitation for Bid shall be supplemented by these terms and conditions. To the extent these terms and conditions are inconsistent with the terms and conditions contained in the Invitation to Bid, the terms and conditions in the Invitation to Bid shall govern.
2. **Scope of Work.** The Vendor/Contractor, as promptly and as economically as practicable, shall perform all necessary engineering services, shall procure, order and furnish all of the required materials, labor and equipment, and perform all of the services necessary for the construction, installation and completion of, and shall construct, install and complete all of the work called for and described in this purchase order and in any specifications, drawings and other descriptive data that may be referred to herein and attached hereto (all hereinafter referred to as the "contract").
3. **Time of Completion.** The work to be performed under this contract by the Vendor/Contractor shall be commenced within 10 calendar days of a Notice to Proceed issued by the Purchase and shall be complete in accordance with the specifications within 180 calendar days of the notice to proceed. If, however, the Vendor/Contractor is delayed in the performance or completion of the work under this contract by labor strikes, lock-outs, fire, rain, unavoidable casualties, or other causes beyond the control of the Vendor/Contractor and without its fault or negligence, then the time for the performance or completion of said work may be extended for a reasonable period to allow therefore, but any extensions for a period of seven (7) days or more shall be valid only if the same is in writing signed by the Purchaser.
4. **The Contract Sum.** The Purchaser shall pay the Vendor/Contractor for the performance of the work under this contract the sum set forth herein (hereinafter referred to as the "Contract Sum").

Supplemental Terms and Conditions - Continued

5. **Payment.** Unless otherwise provided in this contract, the Contract Sum shall be due forty-five (45) days after the work is finally completed in accordance with the specifications; provided, however, that said payment shall not be due until the Vendor/Contractor has delivered to the Purchaser a complete release of all liens arising out of this contract, or receipts in full covering all labor and materials for which a lien could be filed, or a bond satisfactory to the Purchaser indemnifying it against any lien.

6. **Changes, Alterations and Modifications.** Purchaser may, at any time by written order and without notice to Vendor/Contractor's sureties or assigns, change the extent of the work covered by this contract, the drawings, specifications or other description herein, or the time of completion. In connection with any such written order, Purchaser may issue a written stop work order with which Vendor/Contractor shall fully comply, and Vendor/Contractor shall be excused from proceeding with the work as changed only so long as such stop work remains in effect. Promptly upon receipt of the details of any such change, Vendor/Contractor shall either advise that the change will not affect its costs, or furnish: (1) a breakdown of estimated cost and changes in the Contract Sum attributable thereto, and (2) a statement of any necessary changes in the time of completion. Vendor/Contractor's failure to advise Purchaser within ten (10) days of the effect on any change hereunder shall constitute Vendor/Contractor's consent to conform to the change without increase in the Contract Sum, or without change in other terms and conditions of this contract. The "written order" authorized by this article shall be effective notwithstanding the absence of Vendor/Contractor's formal written acceptance thereof. If the change causes a material increase or decrease in costs, then an equitable adjustment of the Contract Sum herein to be paid to Vendor/Contractor shall promptly be negotiated by Purchaser and Vendor/Contractor and incorporated in an amendment to this contract.

7. **Materials and Employees.** Unless otherwise specified, all materials shall be new, and both workmanship and materials shall be of good quality. The Vendor/Contractor shall, if required by Purchaser, furnish samples or other satisfactory evidence as to the kind and quality of materials as directed by the Purchaser, and all materials as directed by the Purchaser, and all materials thereafter furnished by the Vendor/Contractor shall be in strict accord with such approved samples.

The Vendor/Contractor shall at all times enforce strict discipline and good order among its employees, and shall not employ on the work any unfit person or anyone not skilled in the work assigned to him.

Supplemental Terms and Conditions - Continued

8. **Defaults.**

- a. The Vendor/Contractor shall pay the costs of the work as they are incurred.
- b. If the Vendor/Contractor shall fail to pay any of the costs properly incurred by it, the Purchaser shall have the right to pay such costs directly, upon 24 hours written notice to the Vendor/Contractor, and deduct such costs from the Contract Sum.
- c. If the Vendor/Contractor should fail in the prosecution of the work under this contract, to perform any provision of this contract, the Purchaser may serve a notice in writing upon said Vendor/Contractor to remedy such failure, and upon the refusal or neglect of the Vendor/Contractor for a period of two (2) working days to remedy such failure, the Purchaser shall be entitled to remedy such deficiency, and any cost thereby incurred by the Purchaser shall be paid from the account of the Vendor/Contractor and deducted from the Contract Sum.
- d. Any expense or cost arising out of the Vendor/Contractor's negligence, or that of its agents or employees, for replacing defective work, for damage to property, and for the disposal of material wrongly supplied, may be paid by the Purchaser from the account of the Vendor/Contractor and deducted from the Contract Sum.

9. **Set Offs.** Vendor/Contractor agrees that Purchaser shall have the right to set off any amounts which may become payable by Purchaser to Vendor/Contractor under this contract to otherwise, any amounts which Vendor/Contractor may owe the Purchaser, whether arising under this contract or otherwise.

10. **Protection of Work, Property and Persons.** It is specifically understood and agreed that during the progress of the work under this contract, the Vendor/Contractor shall take extreme precautions against the possibility of fire on the Purchaser's property and maintain adequate protection of the work, adjacent property, and public, and shall be responsible for any damage or injury due to its act or neglect. Any other provisions in this contract to the contrary notwithstanding, the Vendor/Contractor hereby assumes entire responsibility and liability for any and all damage or injury of any kind or nature whatsoever (including death or personal injury resulting there from) to all persons, whether employees of the Vendor/Contractor, or otherwise, and to all property, caused by, resulting from, or arising out of the Vendor/Contractor's negligence or that of its agents or employees.

11. **Title of Work.** The title to all work completed or in the course of construction, and all materials on account of which any payment had been made by the Purchaser to the Vendor/Contractor, shall be in the Purchaser.

Supplemental Terms and Conditions - Continued

12. **Inspection.** The Purchaser shall have access to and the right to inspect all work in the course of construction.
13. **Subcontracts.** The Vendor/Contractor agrees to obtain the agreement of every subcontractor to be bound to the terms and conditions materially and substantially comparable to those contained herein, including prevailing wages and insurance, unless otherwise authorized and approved by the Purchaser.
14. **Separate Contracts.** The Purchaser shall have the right to let other contracts in connection with this work or other work and the Vendor/Contractor shall afford other vendors or contractors reasonable opportunity for the execution of their work and shall properly connect and coordinate its work and theirs.
15. **Use of Premises.** The Vendor/Contractor shall confine its apparatus, the storage of materials and the operations of its workmen to limits indicated by law, ordinances or permits, and shall not unreasonably encumber the premises with its materials. Before storing any materials or apparatus, or before constructing any temporary work shanty or workshop upon the Purchaser's premises, the Vendor/Contractor shall obtain clearance from the Purchaser in writing designating the location and space on the Purchaser's premises for such storage. In addition, before the Vendor/Contractor moves or relocates any storage area or temporary shanty or workshop, it shall obtain similar clearance in writing from the Purchaser designating new or additional space on the Purchaser's premises.
16. **Permits and Regulations.** Before commencing the performance of any of the work under this contract, the Vendor/Contractor shall supply all necessary building permits for the erection of permanent structures, all other permits and licenses as may be necessary, and before and during the progress of work under this contract, give all notice and comply with all the laws, ordinances, rules and regulations of every kind and nature now or hereafter in effect promulgated by any Federal, State, County or other Governmental authority, relating to the performance or work under this contract, and if the Vendor/Contractor performs any work that is contrary to any such law, ordinance, rule or regulation, it shall bear all the costs arising there from. In the event that the Vendor/Contractor is unable to procure the necessary permits, as aforesaid, the Purchaser shall have the option to cancel this contract without any liability whatsoever, or the Purchaser may procure the permits, and the costs thereof shall be deducted from the Contract Sum. Vendor/Contractor specifically agrees to abide by and observe all standards or regulations of the Occupational Safety and Health Administration which are applicable to the work being performed.
17. **Indemnification and Insurance.** Vendor/Contractor shall indemnify and hold harmless the Purchaser and its agents and employees from and against all claims, damages, losses and expenses, including attorney's fees, arising out of or resulting from performance of the work, provided that any such claim, damage, loss or expense (1) is attributable to

Supplemental Terms and Conditions - Continued

bodily injury, sickness, disease, or death, or to injury or destruction of tangible property (other than the work itself) including the loss of use resulting there from, and (2) is caused in whole or in part by any negligent act or omission of Vendor/Contractor, any subcontractor, anyone directly or indirectly employed by any of them or anyone for those acts, any of them may be liable.

During the performance of this contract, Vendor/Contractor shall, at its cost, provide and maintain Compensation and Employer's Liability Insurance, General Liability Insurance (in an amount not less than \$5,000,000.00, including automobile) and such other coverage as may be necessary to provide for the above indemnification. Vendor/Contractor shall furnish certificates of insurance, satisfactory to the Purchaser, evidencing such insurance coverage prior to commencement of the work. Certificates submitted must reference the purchaser's project name and work order number as shown on contract documents.

18. **Assignment.** None of the sums due or to become due, nor any of the work to be performed under this contract shall be assigned, nor shall Vendor/Contractor subcontract any substantial portion of this contract without Purchaser's prior written consent.
19. **Cleaning Up.** The Vendor/Contractor shall at all times keep the premises free from accumulations of waste material or rubbish caused by its employees or work, and at the completion of the work, it shall remove from the premises all rubbish, implements and surplus materials and shall leave the premises broom clean.
20. **Termination.**
 - a. Anything in this contract to the contrary notwithstanding, if Vendor/Contractor should so fail to make progress as to endanger performance of this contract in accordance with its terms and conditions, or if it should fail to make prompt payments to subcontractors or for material or labor, or violate any laws, ordinances or regulations, or otherwise violate any provisions of this contract, then the Purchaser may, without prejudice to any other right or remedy, terminate this contract in whole or from time to time in part upon written notice and proceed to complete or cause the work to be completed; and the Purchaser may deduct the cost of completing the said work from payments then or thereafter due to the Vendor/Contractor, who shall pay the Purchaser any amount by which such cost of completion shall exceed the unpaid monies due or to become due to the Vendor/Contractor.
 - b. In addition to the provisions of paragraph (a), the Purchaser shall have the right to terminate this contract without cause upon five days written notice to the Vendor/Contractor, but in that event, Purchaser shall pay to the Vendor/Contractor a proportionate amount of the Contract Sum, as amended, based upon the

Supplemental Terms and Conditions - Continued

percentage of the completion of the work under this contract and any amendment hereto.

21. **Vendor/Contractor's Guarantee.** The Vendor/Contractor hereby guarantees to the Purchaser that all work performed hereunder shall be free from all defects of any kind, nature or description the date of the completion thereof and for a period of one (1) year, the Vendor/Contractor hereby (a) indemnifies and holds harmless the Purchaser from and against all loss or damage arising out of or in connection with any such defects, and (b) agrees on notice from the Purchaser to the Vendor/Contractor forthwith to remedy and cure any such defect or defects as the sole cost and expense to the Vendor/Contractor.
22. **Approval of Plans and Specifications; (ownership of Documents, Designs, Etc.)** All plans and specifications drawn up by the Vendor/Contractor shall be submitted to the Purchaser for written approval prior to commencement of work or procurement of materials. Copies of such plans and specifications shall be furnished to the Purchaser, and all designs, plans and specifications, improvements, inventions and all rights appertaining thereto, developed by the Vendor/Contractor in the course of performance under this contract, shall be promptly disclosed to, and shall become the sole and exclusive property of the Purchaser. All drawings, specifications or other documents, whether tracings or originals, furnished by the Purchaser to the Vendor/Contractor shall remain the property of the Purchaser and the Vendor/Contractor shall make no copies or use of such drawings, specifications or documents except in performance of the work called for by this contract. All such documents shall be returned to the Purchaser upon completion or termination of this contract.
23. **Cost Breakdown.** If required by the Purchaser, the Vendor/Contractor agrees to make available to the Purchaser within 10 days after the completion of the work under this contract, such books, records, receipts, vouchers or other data as may be deemed necessary by the Purchaser to enable it to arrive at appropriate cost figures for the purpose of establishing depreciation rates for the various materials and other elements which may have been incorporated into the work performed under this contract.
24. **Taxes.** Vendor/Contractor agrees that, unless otherwise indicated in this contract, (a) the Contract Sum does not include any state or local sales, use or other tax from which an exemption is available for purposes of this contract, and (b) the Contract Sum includes all other applicable federal, state, and local taxes in effect at the date of this contract. Vendor/Contractor agrees to accept and use tax exemptions certificates when supplied by Purchaser if acceptable to the taxing authorities. In case it shall ever be determined that any tax included in the Contract Sum was not required to be paid by Vendor/Contractor, Vendor/Contractor agrees to notify Purchaser and to make prompt application for the refund thereof, to take all proper steps to procure the same and when received to pay the same to the Purchaser.

Supplemental Terms and Conditions - Continued

25. **Miscellaneous.**

- a. The terms "work" and "work under this contract" include labor and materials required for the performance of this contract.
- b. Written notice under this contract, shall be deemed to have been duly served when delivered in person to the individual or to a member of the firm or to an officer of the corporation for whom it is intended, or if sent by registered mail or by telegram to the Vendor/Contractor at the address shown herein, or to the Purchaser at the address shown herein to the attention of the person executing this contract.
- c. Failure of either party to this contract to enforce any provision of this contract shall not be deemed a waiver of such provisions or of subsequent failure to comply with any such provision.
- d. This contract may not be altered or amended in any way whatsoever, except in writing signed by both of the parties hereto.
- e. This contract shall be construed, interpreted, and the rights of the parties determined in accordance with the laws of the State of California.

End of Section

**SPECIFICATIONS
METER REPLACEMENT – FY 2010**

Specifications and Site of Work, Inspection of:

It is the responsibility of the Bidder to carefully and personally examine the specifications and site of the proposed work, access to the work, aboveground and underground utilities, buildings, structures or other improvements that may be within the limits of the work or adjacent to the work and which may or may not be shown on the plans, public safety and traffic requirements and applicable permits, if required. Bidders are required to inspect the site of work in order to judge for themselves, by personal examination or by such other means, as they may prefer, of the location and as to the actual conditions of and at the site of work and the proposed work and the nature and extent of the work to be done. If, during the course of the site inspection a bidder finds facts or conditions which appear to conflict with the letter or spirit of the contract documents, or with any other furnished data, the bidder may apply to the District for additional information and explanation before submitting a bid.

Scope:

The successful contractor (contractor) will provide the necessary labor, expertise, and tooling to retrofit up to 4,500 (four thousand, five hundred) existing $\frac{3}{4}$, and 1-inch water meters to the District's RTR standard. The District's standard shall be provided during the mandatory pre-bid meeting and job walk identified within this invitation to bid. The work will require the replacement of the water meter (meter) and installation of RTR components within the meter box. In addition, installations may require the replacement/installation of ball valves, meter stops, meter registers, meter stops (under pressure), and/or meter boxes. For an amount estimated to be less than 50 units, the contractor may be required to replace meter saddles with District supplied meter stops.

Traffic Control:

If required, the contractor shall furnish all required permitting and install traffic control in areas affected by the work identified herein. Installation shall be in compliance with the Federal, State of California, and local laws and regulations governing such work.

Meter Location:

The location of meters required to be retrofitted will be through maps that will be provided during a mandatory pre-bid conference as indicated in the published "Notice to Prospective Bidders" and within this invitation to bidders.

SPECIFICATIONS- Continued

Contractor's Rejection of Work:

The contractor will be allowed to identify and reject up to but no more than 2% of the meters identified within each area designated for retrofit. Rejected meters must be identified and the contractor must provide a list of rejected meters and reasons for rejection to the District's project manager prior to the end of work within the specified area.

Door Hangers

The contractor may be required to post District supplied notice, on the address (residence or business) to which work is to be performed, not less than 24 hours nor more than 48 hours prior to the commencement of work affecting said address.

Material:

The contractor must provide all necessary materials, except those identified as supplied by the District, to complete the work. All materials supplied must be in compliance with District specifications contained within the "Water Agency Standards".

Materials Supplied by District:

The District will provide all meters, meter registers, meter boxes and lids, RTR devices and connectors, tubing, ball valves, meter stops, and meter gaskets as required to complete the work identified herein. It shall be the responsibility of the contractor to provide any miscellaneous materials, supplies, and equipment as may be required to execute the work identified herein.

Inspection of Work:

The District will assign a project manager to this work. The project manager shall act as the District's inspector for this project.

Records:

The Contractor shall keep a daily written log and shall provide a weekly spreadsheet of the work performed, including the meters rejected, problems noted, special work required, and breakages experienced. Copies of the Contractor's written log and weekly spreadsheet must be provided to the project manager prior to the end of work. Reports must be submitted no later than the Monday immediately following the week in which the work is performed. The District will not accept the work performed prior to accepting the written reports required under this specification.

SPECIFICATIONS- Continued

When requested by the project manager, the contractor will be required to submit spreadsheets on a more frequent basis. In this event, the project manager will provide 48 hour notice of when requested spreadsheets are due.

Warranty by Contractor:

Contractor shall fully warrant all work and materials provided by the Contractor against poor and inferior quality or workmanship for a period of not less than 12 months from the District's final acceptance of work. Time is of the essence of this contract. Contractor shall repair or replace any inoperable materials or equipment in a timely manner during warranty period.

- END OF SPECIFICATIONS -

OTAY WATER DISTRRICT
Amended 6/11/09
CONTRACTOR'S BID FORM
Submittal Deadline: 10:00 am Thursday, June 18, 2009

To: Otay Water District
2554 Sweetwater Springs Blvd.
Spring Valley, CA, 91978

From: Pacific Meter Services, Inc
Name of Bidder
550 W. Plumb Lane #459
Mailing Address
Reno, NV 89509
City, State & Zip

The undersigned Bidder agrees he will contract with the Otay Water District to provide all necessary labor, supervision, machinery, tools, apparatus and other means of construction to do all the work and furnish all the materials specified in the contract in the manner and time therein prescribed, and that he will take in full payment the amount set forth hereon.

For METER REPLACEMENT -- FY 2010 in its entirety, all Addenda, and the following documents by this reference are hereby made a part of this contract:

1. Notice to Prospective Bidders
2. Instructions to Bidders
3. Supplemental Terms and Conditions
4. Specifications
5. Bid Form
6. Contract
7. Performance Bond
8. Bid Security Bond
9. Bidder's Guarantee
10. Labor and Materials Bond
11. Contractor License Affidavit
12. Non- Collusion Affidavit
13. Bidder's Statement Regarding Insurance Coverage
14. Workers' Compensation Insurance Certificate

Bidder acknowledges receipt of Addenda Number(s) 1, , , and .

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CONTRACTOR'S BID FORM – Continued

The cost of all labor, material, and equipment necessary for the completion of the work itemized, even though not shown or specified, shall be included in the unit price for the various items shown hereon. The Otay Water District reserves the right to increase or decrease the quantity of any item or omit items as may be deemed necessary and the same shall in no way affect or make void the contract. When increases or decreases are made, appropriate additions or deductions from the contract total price will be made at the stipulated unit price.

Term: Any Contract awarded pursuant to this bid shall remain in effect for 5 years (initial year and 4 optional renewal years) unless terminated in accordance with the provisions provided within the terms of the Contract.

Price Increase: The annual Unit Price increase shall be tied to the San Diego Consumer Price Index for the prior year and shall become effective on July 1st of each year.

<u>Estimated Annual Qty</u>	<u>Size</u>	<u>Unit</u>	<u>Description of Work</u>	<u>Unit Price</u>
4500	¾" – 1"	Each	Meter Replacement/Retrofit	\$ <u>32.98</u>

Unit Price Written in Words: Thirty Two Dollars,
and Ninety Eight Cents.

Award of Contract, should a contract be awarded, will be made to the responsible and responsive bidder with the lowest Unit Price.

Amount Written in Words. This bid will be awarded based upon the Unit Price bid as written in words. Where there is a discrepancy between words and figures, WORDS WILL GOVERN.

Please check your calculations before submitting your bid; the Otay Water District will not be responsible for Bidder miscalculations.

Maximum Completion or Delivery Time: 90 Days from receipt of order or notice to proceed.

Subcontractor Information. Does this proposal include the use of subcontractors? N (Y/N)

**BIDDER'S GUARANTEE
To Be Submitted With Bid**

The successful Bidder shall execute this guarantee upon execution of the contract. If they so choose, Bidder may execute this guarantee at the time of submitting their Proposal.

To the Otay Water District
Project: Water Meter Replacement - FY 2010

The undersigned guarantees the construction and installation of the following work included in this project in accordance with specifications for:

Invitation to Bid
WATER METER REPLACEMENT - FY 2010
Submittal Deadline: 10:00 am, Thursday, June 18, 2009

Should any of the materials or equipment prove defective or should the work as a whole prove defective, due to faulty workmanship, material furnished or methods of installation, or should the work or any part thereof fail to operate properly as originally intended and in accordance with the contract documents, due to any of the above causes, all within **twelve (12) months after date on which this contract is accepted** by the Otay Water District, hereinafter called District, the undersigned agrees to reimburse the District, upon demand, for its expenses incurred in restoring said work to the condition contemplated in said project.

Said reimbursement shall include the cost of any such equipment or materials replaced and the cost of removing and replacing any other work necessary to make such replacement or repairs, or upon demand by the District, to replace any such materials and to repair said work completely without cost to the Otay Water District so that said work will function successfully as originally contemplated. The District shall have the unqualified option to make any needed replacement or repairs itself or to have such replacements or repairs done by the undersigned. In the event the District elects to have said work performed by the undersigned, the undersigned agrees that the repairs shall be made and such materials as are necessary shall be furnished and installed within a reasonable time after the receipt of demand from the District. If the undersigned shall fail or refuse to comply with his obligations under this guaranty, the District shall be entitled to all costs and expenses, including attorney's fees, reasonably incurred due to the said failure or refusal.

Pacific Meter Services, Inc
Name of Bidder/Contractor (Person, Firm, or Corporation)
[Signature]
Signature of Bidder/Contractor's Authorized Representative
Jack Robb Treasurer
Name & Title of Authorized Representative
6-16-09
Date of Signing

Bond No. REC20158
Premium: \$3,710.00

WESTERN INSURANCE COMPANY PERFORMANCE BOND
The American Institute of Architects, AIA Document A311, February 1970 Edition.

KNOW ALL MEN BY THESE PRESENTS: that Pacific Meter Services, Inc. as Principal, hereinafter called Contractor, and, Western Insurance Company, a corporation of the State of Nevada, with its Head Office at Reno, Nevada, hereinafter called Surety, are held and firmly bound unto Otay Water District as Obligee, hereinafter called Owner

in the amount of *** **One Hundred Forty Eight Thousand Four Hundred Four and 00/100 ** (\$148,404.00)** , for the payment whereof Contractor and Surety bind themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, Contractor has by written agreement dated _____, entered into a contract with Owner for Water Meter Replacement FY2010, Spring Valley, CA, in accordance with Drawings and Specifications prepared by _____ which contract is by reference made a part hereof, and is hereinafter referred to as the Contract.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION is such that, if Contractor shall promptly and faithfully perform said Contract, then this obligation shall be null and void; otherwise it shall remain in full force and effect.

The Surety hereby waives notice of any alteration or extension of time made by the Owner.

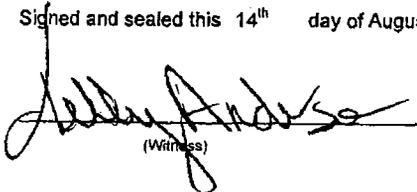
Whenever Contractor shall be, and declared by Owner to be in default under the Contract, the Owner having performed Owner's obligations thereunder, the Surety may promptly remedy the default, or shall promptly

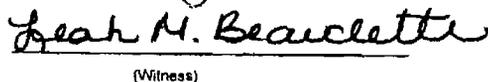
- 1) Complete the Contract in accordance with its terms and conditions, or
- 2) Obtain a bid or bids for completing the Contract in accordance with its terms and conditions, and upon determination by Surety of the lowest responsible bidder, or, if the Owner elects, upon determination by the Owner and the Surety jointly of the lowest responsible bidder, arrange for a contract between such bidder and Owner, and make available as Work progresses (even though there should be a default or a succession of defaults under the contract or contracts of completion arranged under this paragraph) sufficient funds to pay the cost of completion less the balance of the contract price; but not exceeding, including other costs and damages for which the Surety may be liable hereunder, the amount set forth in the first paragraph hereof. The term "balance of the contract price," as used in this paragraph, shall mean the total amount payable by Owner to Contractor under the Contract and any amendments thereto, less the amount properly paid by Owner to Contractor.

Any suit under this bond must be instituted before the expiration of one (1) year from the date of substantial completion.

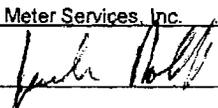
No right of action shall accrue on this bond to or for the use of any person or corporation other than the Owner named herein or the heirs, executors, administrators or successors of Owner.

Signed and sealed this 14th day of August, 2009.


(Witness)


(Witness)

Pacific Meter Services, Inc. (Principal)

By: 

Western Insurance Company (Surety)


Cynthia D. Bell, Attorney-in-fact (Seal)

Bond No. REC20158
Premium: incl. in Performance Bond

WESTERN INSURANCE COMPANY LABOR AND MATERIAL PAYMENT BOND

The American Institute of Architects, AIA Document A311, February 1970 Edition.

THIS BOND IS ISSUED SIMULTANEOUSLY WITH PERFORMANCE BOND IN FAVOR OF
THE OWNER CONDITIONED ON THE FULL
AND FAITHFUL PERFORMANCE OF THE CONTRACT

KNOW ALL MEN BY THESE PRESENTS: that **Pacific Meter Services, Inc.**
as Principal, hereinafter called Principal and, **Western Insurance Company**, a corporation of
the State of Nevada, with its Head Office at Reno, Nevada, hereinafter called Surety, are held
and firmly bound unto **Otay Water District**

as Obligee, hereinafter called Owner for the use and benefit of claimants as herein below
defined, in the amount of *** **One Hundred Forty Eight Thousand Four Hundred Four and
00/100*** (**148,404.00**)** for the payment whereof Principal and Surety bind themselves,
their heirs, executors, administrators, successors and assigns, jointly and severally, firmly by
these presents.

WHEREAS, Principal has by written agreement dated , entered into a contract with
Owner for **Water Meter Replacement FY2010, Spring Valley, CA**
in accordance with Drawings and Specifications prepared by
which contract is by reference made a part hereof, and is hereinafter referred to as the
Contract.

NOW THEREFORE THE CONDITION OF THIS OBLIGATION is such that, if Principal shall promptly make payment
to all claimants as hereinafter defined, for all labor and material used or reasonably required for use in the
performance of the Contract, then this obligation shall be void; otherwise it shall remain in full force and effect subject;
however, to the following conditions:

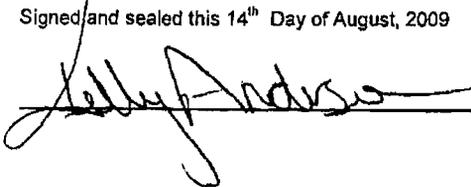
1. A claimant is defined as one having a direct contract with the Principal or with a Subcontractor of the Principal for labor, material, or both, used or reasonably required for use in the performance of the Contract, labor and material being construed to include that part of water, gas, power, light, heat, oil, gasoline, telephone service or rental of equipment directly applicable to the Contract.
2. The above named Principal and Surety hereby jointly and severally agree with the Owner that every claimant as herein defined, who has not been paid in full before the expiration of a period of ninety (90) days after the date on which the last of such claimant's work or labor was done or performed, or materials were furnished by such claimant, may sue on this bond for the use of such claimant, prosecute the suit to final judgment for such sum or sums as may be justly due claimant, and have execution thereon. The Owner shall not be liable for the payment of any costs or expenses of any such suit.

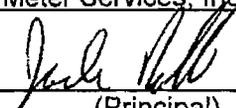
3. No suit or action shall be commenced hereunder by any claimant:

- a) Unless claimant, other than one having a direct contract with the Principal, shall have given written notice to any two of the following: the Principal, the Owner, or the Surety above named, within ninety (90) days after such claimant did or performed the last of the work or labor, or furnished the last of the materials for which said claim is made, stating with substantial accuracy the amount claimed and the name of the party to whom the materials were furnished, or for whom the work or labor was done or performed. Such notice shall be served by mailing the same by registered mail or certified mail, postage prepaid, in an envelope addressed to the Principal, Owner or Surety, at any place where an office is regularly maintained for the transaction of business, or served in any manner in which legal process may be served in the state in which the aforesaid project is located, save that such service need not be made by a public officer .
- b) After the expiration of one (1) year following the date on which Principal ceased work on said Contract, it being understood, however, that if any limitation embodied in this bond is prohibited by any law controlling the construction hereof such limitation shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.
- c) Other than in a state court of competent jurisdiction in and for the county or other political subdivision of the state in which the project, or any part thereof, is situated, or in the United States District Court for the district in which the project, or any part thereof, is situated, and not elsewhere.

4. The amount of this bond shall be reduced by and to the extent of any payment or payments made in good faith hereunder, inclusive of the payment by Surety of mechanics' liens which may be filed of record against said improvement, whether or not claim for the amount of such lien be presented under and against this bond.

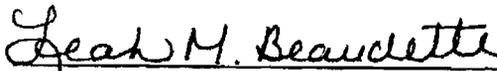
Signed and sealed this 14th Day of August, 2009

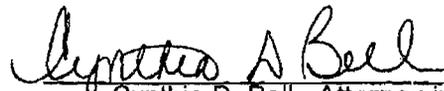
 (Witness)

Pacific Meter Services, Inc.
 (Seal)
(Principal)

President
(Title)

Western Insurance Company
(Surety)

 (Witness)


Cynthia D. Bell, Attorney-in-Fact

**WESTERN INSURANCE COMPANY
POWER OF ATTORNEY**

325025

KNOW ALL MEN BY THESE PRESENTS: That WESTERN INSURANCE COMPANY, a corporation organized and existing under the laws of the State of Nevada and having its principal office at the City of Reno, in the State of Nevada, does hereby constitute and appoint

**Dick L. Rottman, Jeffrey P. Shaffer, Bradley A. Pearce,
R. Scott Rottman, Cynthia D. Bell, Karen Corbin, Christie Elliott**

Of the STATE OF NEVADA its true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign its name as surety to, and to execute, seal and acknowledge any and all bonds, undertakings, contracts and other written instruments in the nature thereof on behalf of the Company in its business of guaranteeing the fidelity of persons; guaranteeing the performance of contracts; and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

In Witness Whereof, the said WESTERN INSURANCE COMPANY has caused this instrument to be sealed with its corporate seal, duly attested by the signatures of its President and Secretary, this 19th day of June, 2006.

WESTERN INSURANCE COMPANY



(Signed) By *Dick L. Rottman* President

(Signed) By *Carol B. Ingalls* Secretary

STATE OF NEVADA)

SS:

COUNTY OF WASHOE)

On this 19th day of June, 2006, before me personally came DICK L. ROTTMAN, PRESIDENT of the WESTERN INSURANCE COMPANY and CAROL B. INGALLS, SECRETARY of said Company, with both of whom I am personally acquainted, who being by me severally duly sworn, said, that they, the said DICK L. ROTTMAN and CAROL B. INGALLS were respectively the PRESIDENT and the SECRETARY of the said WESTERN INSURANCE COMPANY, the corporation described in which executed the foregoing Power of Attorney, that they each had the seal of said corporation; that the seal affixed to said Power of Attorney was such corporate seal, that it was so affixed by order of the Board of Directors of said corporation, and that they signed their names thereto by like order as PRESIDENT and SECRETARY, respectively, of the Company.

My Commission expires the 31st day of March, 2010.



(Signed) *Patricia A. Letson* Notary Public

This Power of Attorney is granted and by authority of the following Resolutions adopted by the Board of Directors of the WESTERN INSURANCE COMPANY on June 19, 2006.

RESOLVED, that in connection with the fidelity and surety insurance business of the Company, all bonds, undertakings, contracts and other instruments relating to said business may be signed, executed, and acknowledged by person or entities appointed as Attorney(s)-in-Fact pursuant to a Power or Attorney issued in accordance with these resolutions. Said Power(s) of Attorney for and on behalf of the Company may and shall be executed in the name and on behalf of the Company, either by the Chairman, or the President, or a Vice President, jointly with the Secretary, under their respective designations. The signature of such officers may be engraved, printed or lithographed. The signature of each of the foregoing officers and the seal of the Company may be affixed by facsimile to any Power of Attorney or to any certificate relating thereto appointing Attorney(s)-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and, unless subsequently revoked and subject to any limitations set forth therein, any such Power of Attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is validly attached.

RESOLVED, that Attorney(s)-in-Fact shall have the power and authority, unless subsequently revoked and, in any case, subject to the terms and limitations of the Power of Attorney issued to them, to execute and deliver on behalf of the Company and to attach the seal of the Company to any and all bonds and undertakings, and other writings obligatory in the nature thereof, and any such instrument executed by such Attorney(s)-in-Fact shall be as binding upon the Company as if signed by an Executive Officer and sealed and attested to by the Secretary of the Company.

I, CAROL B. INGALLS, Secretary of the WESTERN INSURANCE COMPANY, do hereby certify that the foregoing is a true excerpt from the Resolution of the said Company as adopted by its Board of Directors on June 19, 2006 and that this Resolution is in full force and effect.

I, the undersigned Secretary of the WESTERN INSURANCE COMPANY do hereby certify that the foregoing Power of Attorney is in full force and effect and has not been revoked.

In Testimony Whereof, I have hereunto set my hand and the seal of the WESTERN INSURANCE COMPANY on this 14th day of August, 2009



Carol B. Ingalls Secretary

ALL-PURPOSE ACKNOWLEDGEMENT

State of Nevada

County of Washoe

On 8/14/09 before me, Leah M. Beaudette
(Notary)

Notary Public, personally appeared, Cynthia D. Bell
Name(s) of Document Signer(s)

Personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal

Leah M. Beaudette
Signature of Notary



(Affix seal in the above blank space)

CONTRACTOR LICENSE AFFIDAVIT

BUSINESS AND PROFESSIONAL CODE §7028.15:

"A licensed contractor shall not submit a bid to a public agency unless his or her contractor's license number appears clearly on the bid, the license expiration date is stated, and the bid contains a statement that the representations made therein are made under penalty of perjury. Any bid not containing this information, or a bid containing information which is subsequently proven false, shall be considered nonresponsive and shall be rejected by the public agency."

State of California)
County of San Diego) as

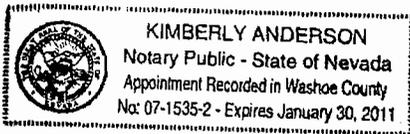
Jack Robb being first duly sworn, deposes and says that he is president

of Pacific Meters Services Inc the party making the foregoing bid, is a licensed contractor and understands the information shown below shall be included with the bid and understands that any bid not containing this information, or if this information is subsequently proven to be false, shall be considered non-responsive and shall be rejected by the Otay Water District

913205 A-General Engineering 4-30-2010
(State License Number and Classification) (License Expiration Date)

I certify under the penalty of Perjury under the laws of the State of California that the foregoing is true and correct.

Subscribed at:



Reno Washoe NV
(City) (County) (State)

on June 15, 2009
(Date)

NOTARY TO AFFIX SEAL
AND CERTIFICATE OF
ACKNOWLEDGMENT

913205 California-A-Gen Eng
(State License Number and Classification)

550 W. Plumb Ln #459
(Address)

Reno NV 89509
(City) (State) (Zip Code)

857-1510
(Telephone Number)

STATE OF CALIFORNIA

Contractors State License Board

Pursuant to Chapter 9 of Division 3 of the Business and Professions Code
and the Rules and Regulations of the Contractors State License Board,
the Registrar of Contractors does hereby issue this license to:

PACIFIC METER SERVICES INC

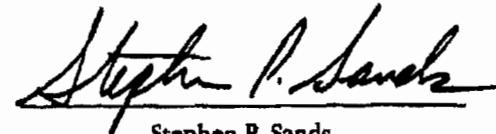
to engage in the business or act in the capacity of a contractor
in the following classification(s):

A - GENERAL ENGINEERING CONTRACTOR

Witness my hand and seal this day,

April 2, 2008

Issued April 1, 2008



Stephen P. Sands
Registrar of Contractors

This license is the property of the Registrar of Contractors,
is not transferrable, and shall be returned to the Registrar
upon demand when suspended, revoked, or invalidated
for any reason. It becomes void if not renewed.

913205

License Number

DEAN HELLER
Secretary of State

RENEE L. PARKER
Chief Deputy
Secretary of State

PAMELA RUCKEL
Deputy Secretary
for Southern Nevada

STATE OF NEVADA



OFFICE OF THE
SECRETARY OF STATE

CHARLES E. MOORE
Securities Administrator

SCOTT W. ANDERSON
Deputy Secretary
for Commercial Recordings

ELLICK HSU
Deputy Secretary
for Elections

Certified Copy

August 15, 2006

Job Number: C20060814-2692
Reference Number:
Expedite:
Through Date:

The undersigned filing officer hereby certifies that the attached copies are true and exact copies of all requested statements and related subsequent documentation filed with the Secretary of State's Office, Commercial Recordings Division listed on the attached report.

Document Number(s)	Description	Number of Pages
20060519017-21	Articles of Incorporation	3 Pages/1 Copies

Respectfully,

Handwritten signature of Dean Heller in cursive.

DEAN HELLER
Secretary of State

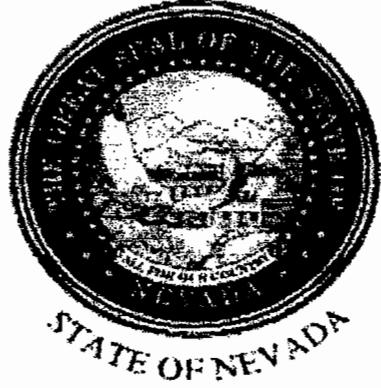
By Handwritten signature of Diana A. Speltz in cursive.

Certification Clerk



Commercial Recording Division
202 N. Carson Street
Carson City, Nevada 89701-4069
Telephone (775) 684-5708
Fax (775) 684-7138

SECRETARY OF STATE



CORPORATE CHARTER

I, DEAN HELLER, the duly elected and qualified Nevada Secretary of State, do hereby certify that PACIFIC METER SERVICES, INC, did on August 14, 2006, file in this office the original Articles of Incorporation; that said Articles of Incorporation are now on file and of record in the office of the Secretary of State of the State of Nevada, and further, that said Articles contain all the provisions required by the law of said State of Nevada.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Great Seal of State, at my office on August 15, 2006.



Dean Heller

DEAN HELLER
Secretary of State

By *Diana W. Seltz*

Certification Clerk

619-660-7275



SERVICES, INC

Fax Cover Sheet

To: Francisco PedrIn

From: Jack Robb

Attached is a copy I printed from the State of Nevada Secretary of State web site.

PACIFIC METER SERVICES, INC

Business Entity Information:			
Status:	Active	File Date:	8/14/2006 5:00:09 PM
Type:	Domestic Corporation	Corp Number:	E0602522006-0
Qualifying State:	NV	List of Officers Due:	8/31/2010
Managed By:		Expiration Date:	

Registered Agent Information			
Name:	SIERRA CORPORATE SERVICES - RENO	Address 1:	100 WEST LIBERTY STREET 10TH FLOOR
Address 2:		City:	RENO
State:	NV	Zip Code:	89505
Phone:		Fax:	
Mailing Address 1:		Mailing Address 2:	
Mailing City:		Mailing State:	NV
Mailing Zip Code:			
Agent Type:	Commercial Registered Agent - Corporation		
Jurisdiction:	NEVADA	Status:	Active

Financial Information:			
No Par Share Count:	25,000.00	Capital Amount:	\$ 0
No stock records found for this company			

Officers				<input type="checkbox"/> Include Inactive Officers
President - JACK ROBB				
Address 1:	100 WEST LIBERTY STREET, 10TH FLOOR	Address 2:		
City:	RENO	State:	NV	
Zip Code:	89501	Country:	USA	
Status:	Active	Email:		
Director - JACK ROBB				
Address 1:	100 WEST LIBERTY STREET, 10TH FLOOR	Address 2:		
City:	RENO	State:	NV	
Zip Code:	89501	Country:	USA	
Status:	Active	Email:		
Treasurer - JACK ROBB				
Address 1:	100 WEST LIBERTY STREET, 10TH FLOOR	Address 2:		
City:	RENO	State:	NV	
Zip Code:	89501	Country:	USA	
Status:	Active	Email:		
Secretary - RIQUE ROBB				
Address 1:	100 WEST LIBERTY STREET, 10TH FLOOR	Address 2:		
City:	RENO	State:	NV	
Zip Code:	89501	Country:	USA	
Status:	Active	Email:		
Director - RIQUE ROBB				
	100 WEST LIBERTY STREET, 10TH			

Address 1:	FLOOR	Address 2:	
City:	RENO	State:	NV
Zip Code:	89501	Country:	USA
Status:	Active	Email:	

Actions/Amendments			
Action Type:	Articles of Incorporation		
Document Number:	20060519017-21	# of Pages:	3
File Date:	08/14/2006	Effective Date:	
Initial Stock Value: No Par Value Shares: 25,000		Total Authorized Capital: \$ 0.00	
Action Type:	Initial List		
Document Number:	2006058826-65	# of Pages:	1
File Date:	09/13/2006	Effective Date:	
(No notes for this action)			
Action Type:	Annual List		
Document Number:	20070561035-59	# of Pages:	1
File Date:	08/15/2007	Effective Date:	
(No notes for this action)			
Action Type:	Annual List		
Document Number:	20090016884-18	# of Pages:	1
File Date:	01/12/2009	Effective Date:	
(No notes for this action)			
Action Type:	Annual List		
Document Number:	20090588423-51	# of Pages:	2
File Date:	07/31/2009	Effective Date:	
(No notes for this action)			

Fax Cover Sheet

Pacific Meter Services

550 West Plumb Lane
Reno, NV 89509
Jack Robb 775-848-3637

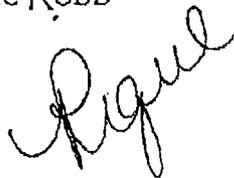
Send to: Francisco Pedrin	From: Rique Robb
Attention: Francisco Pedrin	Date: August 10, 2009
Fax Number: 619-660-7275	

Total pages, including cover: 4

Comments:

Please see the attached documents stating the status of ownership.
Please contact Jack Robb at 775-848-3637 or Pacific Meter Services
Legal Counsel Michael Pagni at 775-788-2000 with any additional
questions.

Thank you,
Rique Robb





MCDONALD-CARANO-WILSON^{LLP}

Michael A. T. Pagni, Partner
mpagni@mcdonaldcarano.com

Reply to: Reno

August 10, 2009

Via Pick Up
Rique Robb
Secretary
Pacific Meter Services

Re: *Pacific Meter Services*
Our File No.: 12660-1

Dear Ms. Robb:

Set forth below is a summary of the current status of ownership and control of Pacific Meter Services, Inc., a Nevada corporation ("Company") as of August 10, 2009:

The Company was organized on August 14, 2006 when Articles of Incorporation were filed with the Nevada Secretary of State. At the time of formation, Jack Robb, Michael Howard, and Eric Petersen were the sole shareholders of the Company. Each subscribed for and were issued 100 shares of common stock in the Company pursuant to Stock Certificates issued on August 25, 2006.

Mr. Robb, Howard and Petersen were initially the directors and officers of the Company.

On or about December 31, 2008, Mr. Petersen sold all of his shares in the Company to Robb and Howard. Effective December 31, 2008, Mr. Petersen resigned his position as director and officer of the Company. As of January 1, 2009, all of the outstanding shares of the Company were owned equally by Mr. Robb and Mr. Howard, each holding 150 shares.

On or about July 1, 2009, Mr. Howard then sold all of his shares in the Company to Mr. Robb. Effective July 1, 2009, Mr. Howard resigned his positions as director and officer of the Company. As of July 1, 2009, all of the outstanding shares of the Company were owned by Mr. Robb, and Mr. Robb was appointed sole director, and President and Treasurer of the Company. Rique Robb was appointed Secretary of the Company.

100 WEST LIBERTY ST., 10TH FLOOR
RENO, NEVADA 89501

PO BOX 2670, RENO, NEVADA 89505
775-788-2000 • FAX 775-788-2020

ATTORNEYS AT LAW



www.mcdonaldcarano.com

2300 WEST SAHARA AVENUE
SUITE 1000
LAS VEGAS, NEVADA 89102
702-873-4100
FAX 702-873-9966



MCDONALD-CARANO-WILSON

Rique Robb
August 10, 2009
Page 2

As of August 10, 2009, Jack Robb is the sole shareholder of the Company. Jack Robb is also the sole director, and also acts as President and Treasurer of the Company. Rique Robb is the secretary of the Company. This information was updated in the Nevada Secretary of State's website on July 31, 2009 by Document No. 20090588423-51.

Please feel free to contact me should you have any questions.

Sincerely,


Michael A. T. Pagni

MATP:mn
Enclosures

**WRITTEN CONSENT IN LIEU OF SPECIAL MEETING
OF THE BOARD OF DIRECTORS OF
PACIFIC METER SERVICES, INC.,
a Nevada corporation**

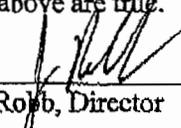
The undersigned, being the sole Director of **PACIFIC METER SERVICES, INC.**, a Nevada corporation (the "Corporation"), hereby waives notice of the annual meeting of the board of directors of the Corporation and consents, pursuant to NRS 78.315, as amended, to the following as the due and proper actions by the Board of Directors of the Corporation with the same force and effect as if they were adopted by vote at a formal annual meeting convened for such purpose pursuant to notice:

RESOLVED: That the following individual is elected to the office set forth next to their respective names to serve until the time set for the next annual meeting of the Board of Directors, or until the respective successor for each such officer is duly elected and qualified:

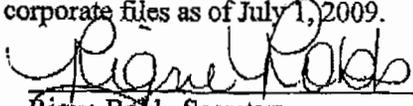
President	JACK ROBB
Secretary	RIQUE ROBB
Treasurer	JACK ROBB

RESOLVED: That all actions of the Board of Directors and officers of the Corporation taken from time to time since the last meeting of the Board of Directors are hereby ratified, confirmed and approved in their entirety;

IN WITNESS WHEREOF, I have hereunto executed this Written Consent as of July 1, 2009, declaring and certifying that the facts stated above are true.

BY: 
Jack Robb, Director

The undersigned certifies that the directors signing this consent are all of the members of the Board of Directors of **PACIFIC METER SERVICES, INC.** and that this consent has been accepted for filing in the corporate files as of July 1, 2009.


Rique Robb, Secretary

Non- Collusion Affidavit In accordance with Public Contract Code §7106, the following Affidavit must be executed by Bidder and submitted with bid.

**Non-Collusion Affidavit
To Be Executed By Bidder and Submitted With Bid**

WATER METER REPLACEMENT – FY 2010
Submittal Deadline: 10:00 am, Thursday, June 18, 2009

State of California
County of San Diego ss.

Jack Robb, being first duly sworn, deposes and says that he or she
(Name)
is Treasurer of Pacific Meter Services the party (bidder) submitting the
Title Name of Company

foregoing bid that the proposal is not made in the interest of, or on behalf of, any undisclosed person, partnership, company, association, organization, or corporation; that the bid is genuine and not collusive or sham; that the bidder has not directly or indirectly induced or solicited any other bidder to put in a false or sham bid, and has not directly or indirectly colluded, conspired, connived, or agreed with any bidder or anyone else to put in a sham bid, or that anyone shall refrain from bidding; that the bidder has not in any manner, directly or indirectly, sought by agreement, communication, or conference with anyone to fix the bid price of the bidder or any other bidder, or to fix any overhead, profit, or cost element of the bid price, or of that of any other bidder, or to secure any advantage against the public body awarding the contract of anyone interested in the proposed contract; that all statements contained in the bid are true; and further, that the bidder has not, directly or indirectly, submitted his or her bid price or any breakdown thereof, or the contents thereof, or divulged information or data relative thereto, or paid, and will not pay, any fee to any corporation, partnership, company association, organization, proposal depository, or to any member or agent thereof to effectuate a collusive or sham bid.

6-15-09
(Date)

Pacific Meter Services
Bidder Name
(Person, Firm, Corp.)

550 W. Plumb Lane #459
Address

Reno NV 89509
City, State, Zip

Reno, NV
Signed at (Place)

[Signature]
Authorized Representative

Jack Robb
Representative's Name

Treasurer
Representative's Title

End of Section

**BIDDER'S STATEMENT
REGARDING INSURANCE COVERAGE
To Be Submitted With Proposal**

PROPOSER HEREBY CERTIFIES that the Bidder has reviewed and understands the insurance coverage requirements specified in the Invitation to Bid – WATER METER REPLACEMENT – FY 2010, Submittal Date: June 18, 2009. Should the Bidder be awarded the contract for the work, Bidder further certifies that the Bidder can meet the specified requirements for insurance, including insurance coverage of the subcontractors, and agrees to name the Otoy Water District as Additional Insured for the work specified.

Pacific Meter Services, Inc.
Name of Bidder (Person, Firm, or Corporation)


Signature of Bidder's Authorized Representative

Jack Robb Treasurer
Name & Title of Authorized Representative

6-15-09
Date of Signing

ACORD CERTIFICATE OF LIABILITY INSURANCE

OP ID DF
FACMET1

DATE (MM/DD/YYYY)
07/30/09

PRODUCER

A and H Insurance, Inc.
PO Box 7340
Reno NV 89510
Phone: 775-829-2600 Fax: 775-829-2607

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE

NAIC #

INSURED

Pacific Meter Services, Inc
550 W. Plumb Lane
Reno NV 89509

INSURER A: EMC Insurance Companies
INSURER B: Tower Insurance Co of NY
INSURER C:
INSURER D:
INSURER E:

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR	INSR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		GENERAL LIABILITY	3X89484	05/22/09	05/22/10	EACH OCCURRENCE	\$ 1,000,000
		<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 100,000
		<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR				MED EXP (Any one person)	\$ 5,000
		GEN'L AGGREGATE LIMIT APPLIES PER:				PERSONAL & ADV INJURY	\$ 2,000,000
		<input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC				GENERAL AGGREGATE	\$ 2,000,000
						PRODUCTS - COMP/OP ASS	\$ 2,000,000
A		AUTOMOBILE LIABILITY	3X89484	05/22/09	05/22/10	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000
		<input type="checkbox"/> ANY AUTO					
		<input checked="" type="checkbox"/> SCHEDULED AUTOS					
		<input checked="" type="checkbox"/> HIRED AUTOS					
		<input checked="" type="checkbox"/> NON-OWNED AUTOS				BODILY INJURY (Per person)	\$
						BODILY INJURY (Per accident)	\$
						PROPERTY DAMAGE (Per accident)	\$
		GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT	\$
		<input type="checkbox"/> ANY AUTO				OTHER THAN AUTO ONLY: EA ACC	\$
						AGG	\$
A		EXCESS/UMBRELLA LIABILITY	3X89484	05/22/09	05/22/10	EACH OCCURRENCE	\$ 5,000,000
		<input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE				AGGREGATE	\$ 5,000,000
		<input type="checkbox"/> DEDUCTIBLE					\$
		RETENTION \$					\$
B		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	WCN0001227 NEVADA & CALIFORNIA	05/22/09	05/22/10	<input checked="" type="checkbox"/> WC STATU-TORY LIMITS <input type="checkbox"/> OTHER	
		ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED?				E.L. EACH ACCIDENT	\$ 1,000,000
		(If yes, describe under SPECIAL PROVISIONS below)				E.L. DISEASE - EA EMPLOYEE	\$ 1,000,000
		OTHER				E.L. DISEASE - POLICY LIMIT	\$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Certificate Holder is named as Additional Insured with respect to General Liability as per attached form CG7174 (01/08) regarding:
Water Meter Replacement - FY 2010

*10 Days Notice of Cancellation for Non-Payment.

CERTIFICATE HOLDER

Otaw Water District
2554 Sweetwater Springs Blvd.
Spring Valley CA 91978

CANCELLATION

O TAWATD

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENSURE BY MAIL 30* DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT.

IMPRESS OR OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER'S AGENT OR REPRESENTATIVE.

AUTHORIZED REPRESENTATIVE
[Signature]

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BLANKET ADDITIONAL INSURED – CONSTRUCTION CONTRACTS

This endorsement modifies the insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. SECTION II – WHO IS AN INSURED is amended to include as an additional insured any person or organization for whom you are performing operations when you have agreed in writing in a contract or agreement that such person or organization be added as an additional insured on your policy. Such person or organization is an additional insured only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your acts or omissions; or
2. The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured.

A person's or organization's status as an additional insured under this endorsement ends when your operations for that additional insured are completed.

B. With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to:

1. "Bodily injury," "property damage" or "personal and advertising injury" arising out of the rendering or failure to render, any professional architectural, engineering or surveying services, including:
 - a. The preparing, approving, or failing to prepare or approve maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
 - b. Supervisory, inspection, architectural or engineering activities.

2. "Bodily injury" or "property damage" occurring after:

- a. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
- b. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

C. The limits of insurance applicable to the additional insured are those specified in the Declarations of this policy or in the written contract or written agreement, whichever is lower.

D. Any coverage provided hereunder shall be excess over any other valid and collectible insurance available to the additional insured whether that insurance is primary, excess, contingent or on any other basis, unless you and the additional insured have specifically agreed in a written contract or written agreement that this insurance be primary.

When coverage is provided on a primary basis we will not seek contribution from any other insurance available to the additional insured if a written contract or written agreement requires that this insurance be noncontributory.

E. All other terms and conditions of this policy remain unchanged.

IMPORTANT

If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If **SUBROGATION IS WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the Issuing Insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

WORKER'S COMPENSATION INSURANCE CERTIFICATE

The Bidder shall execute the following form as required by the California Labor Code, §1860 and §1861:

I am aware of the provisions of Section 3700 of the Labor Code, which require every employer to be insured against liability for worker's compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract.

Pacific Meter Services, Inc
Name of Bidder (Person, Firm, or Corporation)

J. Robb
Signature of Bidder's Authorized Representative

Jack Robb Treasurer
Name & Title of Authorized Representative

6-15-09
Date of Signing

BID SECURITY BOND
To Be Completed, Notarized, and Submitted With Bid

KNOW ALL PERSONS BY THESE PRESENTS:

PACIFIC METER
THAT SERVICES INC. hereinafter called Principal, and
(Contractor)

WESTERN INSURANCE COMPANY hereinafter called Surety, are
(Surety)

jointly and severally held and firmly bound unto the Otay Water District, 2554 Sweetwater Springs Blvd., Spring Valley, CA, 91978, hereinafter called District, in the penal sum of ten percent (10%) of the aggregate of the Proposal of Principal for the work, this sum not to exceed (***10% OF BID***) dollars lawful money of the United States, for the payment whereof unto Otay Water District, Principal and Surety jointly and severally bind themselves forever firmly by these presents.

WHEREAS, Principal is herewith submitting a Bid for:

WATER METER REPLACEMENT – FY 2010
Submittal Deadline: 10:00 am, Thursday, June 18, 2009

NOW, THEREFORE, the condition of this obligation is such that if Principal is awarded a contract for the work, and if Principal within that time specified in the Proposal enters into, executes and delivers to District a contract in the form provided herewith, and if Principal within the time specified in the Proposal gives to District the performance bond and the payment bond on the forms provided herewith, and evidence of required liability and worker's compensation insurance, then this obligation shall be void.

If, however, Principal shall fail or refuse to furnish, execute, and deliver to District said performance and payment bonds, and evidence of required liability and worker's compensation insurance in the time stated in the Proposal, then Principal and Surety shall forfeit to District the penal sum hereof.

AND IT IS HEREBY DECLARED AND AGREED that Surety shall be liable under this obligation as Principal, and that nothing of any kind or nature whatsoever that will not discharge Principal shall operate as a discharge or a release of liability of Surety.

IT IS HEREBY FURTHER DECLARED AND AGREED that this obligation shall be binding upon and inure to the benefit of Principal, Surety and District and their respective heirs, executors, administrators, successors and assigns.

BID SECURITY BOND - Continued

SIGNED AND SEALED THIS 16th day of JUNE, 2009

PACIFIC METER SERVICES INC.

Name of Principal

Rigue Robb

Signature of Principal's Authorized Representative

RIGUE ROBB, Secretary

Name and Title of Signer

(Seal and signature of Notary Public)

(Attach notary acknowledgment of Surety)

Western Insurance Company

Surety

Cynthia D. Bell

Cynthia D. Bell, Attorney-in-fact

WESTERN INSURANCE COMPANY
POWER OF ATTORNEY

324062

KNOW ALL MEN BY THESE PRESENTS: That WESTERN INSURANCE COMPANY, a corporation organized and existing under the laws of the State of Nevada and having its principal office at the City of Reno, in the State of Nevada, does hereby constitute and appoint

Dick L. Rottman, Jeffrey P. Shaffer, Bradley A. Pearce,
R. Scott Rottman, Cynthia D. Bell, Karen Corbin, Christie Elliott

Of the STATE OF NEVADA its true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign its name as surety to, and to execute, seal and acknowledge any and all bonds, undertakings, contracts and other written instruments in the nature thereof on behalf of the Company in its business of guaranteeing the fidelity of persons; guaranteeing the performance of contracts; and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

In Witness Whereof, the said WESTERN INSURANCE COMPANY has caused this instrument to be sealed with its corporate seal, duly attested by the signatures of its President and Secretary, this 19th day of June, 2006.

WESTERN INSURANCE COMPANY



(Signed) By [Signature] President

(Signed) By [Signature] Secretary

STATE OF NEVADA)

SS:

COUNTY OF WASHOE)

On this 19th day of June, 2006, before me personally came DICK L. ROTTMAN, PRESIDENT of the WESTERN INSURANCE COMPANY and CAROL B. INGALLS, SECRETARY of said Company, with both of whom I am personally acquainted, who being by me severally duly sworn, said, that they, the said DICK L. ROTTMAN and CAROL B. INGALLS were respectively the PRESIDENT and the SECRETARY of the said WESTERN INSURANCE COMPANY, the corporation described in which executed the foregoing Power of Attorney, that they each knew the seal of said corporation; that the seal affixed to said Power of Attorney was such corporate seal, that it was so affixed by order of the Board of Directors of said corporation, and that they signed their names thereto by like order as PRESIDENT and SECRETARY, respectively, of the Company.

My Commission expires the 31st day in March, 2010.



(Signed) [Signature]
Patricia A. Letson Notary Public

This Power of Attorney is granted under and by authority of the following Resolutions adopted by the Board of Directors of the WESTERN INSURANCE COMPANY on June 19, 2006.

RESOLVED, that in connection with the fidelity and surety insurance business of the Company, all bonds, undertakings, contracts and other instruments relating to said business may be signed, executed, and acknowledged by person or entities appointed as Attorney(s)-in-Fact pursuant to a Power or Attorney issued in accordance with these resolutions. Said Power(s) of Attorney for and on behalf of the Company may and shall be executed in the name and on behalf of the Company, either by the Chairman, or the President, or a Vice President, jointly with the Secretary, under their respective designations. The signature of such officers may be engraved, printed or lithographed. The signature of each of the foregoing officers and the seal of the Company may be affixed by facsimile to any Power of Attorney or to any certificate relating thereto appointing Attorney(s)-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and, unless subsequently revoked and subject to any limitations set forth therein, any such Power of Attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is validly attached.

RESOLVED, that Attorney(s)-in-Fact shall have the power and authority, unless subsequently revoked and, in any case, subject to the terms and limitations of the Power of Attorney issued to them, to execute and deliver on behalf of the Company and to attach the seal of the Company to any and all bonds and undertakings, and other writings obligatory in the nature thereof, and any such instrument executed by such Attorney(s)-in-Fact shall be as binding upon the Company as if signed by an Executive Officer and sealed and attested to by the Secretary of the Company.

I, CAROL B. INGALLS, Secretary of the WESTERN INSURANCE COMPANY, do hereby certify that the foregoing is a true excerpt from the Resolution of the said Company as adopted by its Board of Directors on June 19, 2006 and that this Resolution is in full force and effect.

I, the undersigned Secretary of the WESTERN INSURANCE COMPANY do hereby certify that the foregoing Power of Attorney is in full force and effect and has not been revoked.

In Testimony Whereof, I have hereunto set my hand and the seal of the WESTERN INSURANCE COMPANY on this

16th day of June, 2009



[Signature]
Secretary

ALL-PURPOSE ACKNOWLEDGEMENT

State of Nevada

County of Washoe

On 6/16/2009 before me, Kristin N. Crowe
Notary Public, personally appeared, Cynthia D. Bell
(Notary)
Name(s) of Document Signer(s)

Personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal

Kristin N. Crowe
Signature of Notary



(Affix seal in the above blank space)

AGENDA ITEM 6e



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	August 5, 2009
SUBMITTED BY:	Frank Anderson, Utility Services Manager <i>FA</i>	W.O./G.F. NO:	DIV. NO. All
APPROVED BY: (Chief)	Pedro Porras, Chief, Water Operations <i>P.P.</i>		
APPROVED BY: (Asst. GM):	Manny Magaña, <i>M. Magaña</i> Assistant General Manager, Engineering & Operations		
SUBJECT:	AWARD OF CONTRACT TO PACIFIC METER SERVICES, INC. FOR MANUAL WATER METER RETROFIT TO RADIO READ METERS		

GENERAL MANAGER'S RECOMMENDATION:

That the Board award a contract to Pacific Meter Services, Inc. in the amount not to exceed \$148,410 for retrofitting up to 4,500 existing manual-read meters with new automated-meter-read (AMR) meters.

COMMITTEE ACTION: _____

Please see Attachment "A".

PURPOSE:

To provide bid results and obtain authorization to award a contract to retrofit up to 4,500 3/4-inch and 1-inch manual read meters with AMR meters.

ANALYSIS:

As identified with the District's Strategic Plan, manual-read water meters are being retrofitted with radio-read water meters.

Included in the FY 2010 Capital Improvement Budget (CIP 2458) is \$1,375,000 to retrofit approximately 4,500 meters of various

sizes, including parts, contract labor, and staff time. The budgeted amount in this CIP project is to account for contract labor for 3/4-inch and 1-inch retrofits, in-house retrofit of larger than 1-inch meters, the purchase of AMR meters, gaskets, and connection supplies.

In accordance with District purchasing requirements, a notice soliciting bids for the work was advertised on May 22, 2009. On June 4, 2009 contractors attended a mandatory pre-bid meeting and on June 18, 2009 bids were received and publicly opened with the following results from seven bidders:

Bidder	Amount
Pacific Meter Services	\$148,410
Concord Environmental	\$156,375
UUI Construction	\$174,375
Measurement Control Systems	\$175,500
AB Hashmi Inc.	\$181,125
3D Enterprises	\$402,525
Palm Engineering	\$1,125,000

Pacific Meter Services, Inc. (Pacific), the low bidder, has performed similar work in the states of Washington, Nevada, New Jersey, Arizona, and most recently Otay Water District's last AMR meter retrofit for FY 2009 CIP. Last year's contract was to retrofit 4,500 meters for \$179,505.00 with no change orders. This year, their proposal cost is 17.5 percent lower. District staff is very satisfied with their performance of last year; their response to any District request has been outstanding.

Once notified that they have been awarded the contract, Pacific will have ten days to furnish the required Performance Bond and Labor and Materials Bond.

It is recommended that the Board award a contract to Pacific in an amount not to exceed \$148,410 to cover the cost for retrofitting approximately 4,500 meters from manual to radio-read meters.

FISCAL IMPACT: 7A

The total budget for this ten-year AMR/Manual Meter Replacement CIP 2458 is \$10,277,000. This ten-year CIP started in December 7, 2005. For FY 2010, staff budgeted and the Board approved \$1,375,000. The value of this retrofit contract is \$148,410 which staff feels is sufficient to cover the costs of contract labor for replacing approximately 4,500 meters for FY 2010.

Total cumulative costs and commitments on this CIP to date, including this contract and prior District approved AMR meter purchases (\$702,811) for this fiscal year is approximately \$3,740,806; therefore, the remaining approved CIP at this time is \$6,536,194.

Staff has evaluated this CIP and feels that the current approved budget is sufficient to cover the costs for completing the remaining approximately 24,479 meter retrofits through 2014.

STRATEGIC GOAL:

Strategy: Implement Field Technology solutions.
Objective: Convert all District meters to AMR.

LEGAL IMPACT: _____

None.



General Manager

Attachment "A", Committee Action



ATTACHMENT A

SUBJECT/PROJECT:	AWARD OF CONTRACT TO PACIFIC METER SERVICES, INC. FOR MANUAL WATER METER RETROFIT TO RADIO READ METERS.
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COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a meeting held on July 27, 2009 and the following comments were made:

- Staff recommended that the Board award Pacific Meter Services (PMS) a one year contract, not-to-exceed \$148,410. Staff indicated that the bid provides the District with the option, at its discretion, to approve four additional one-year term renewals. Should the District exercise one or more of the optional annual renewals, the unit price will be adjusted accordingly based on the Consumer Price Index for the previous year.
- Staff indicated that PMS performed Otay Water District's last AMR meter retrofit for FY 2009 CIP for a total fee of \$179,505 and that this year PMS' proposed contract is approximately 17.5% lower (Reduced cost per meter \$39.89 last year to \$32.89 per meter in this proposed contract). District staff is very satisfied with their services.
- The Committee inquired about the significant difference with bid offers between Pacific Meter Services (\$148,410) and Palm Engineering (\$1,125,000). Staff said that Palm Engineering is a new business who is unaware of the District's needs. They did not conduct a walk-thru of the work to understand the District's requirements; and as a result, their bid was high.
- The Committee acknowledged the cost benefit of contracting with PMS.

Following the discussion, the committee supported staffs' recommendation and presentation to the full board as a consent item.

Quality Assurance Approval Sheet

Subject: AMR RETROFIT PROJECT EXTENSION Project No. P 2458

Document Description: STAFF REPORT REQUESTING A ONE YEAR
EXTENSION OF AMR RETROFIT CONTRACT
WITH PACIFIC METER SERVICES, INC.

Author: 
Signature

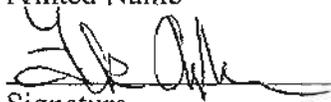
Date: 10-14-10

FRANK ANDERSON
Printed Name

QA Reviewer: 
Signature

10-14-2010

TIM KEERAN
Printed Name

Manager: 
Signature

Date: 10-14-10

FRANK ANDERSON
Printed Name

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 3, 2010
SUBMITTED BY:	David Charles <i>DC</i> Public Services Manager	PROJECT NO./	P1438- DIV. NO. 1, 2, SUB-PROJECT: 010000 & 4
APPROVED BY: (Chief)	Rod Posada <i>R Posada</i> Chief, Engineering		
APPROVED BY: (Asst. GM):	Manny Magaña <i>M Magaña</i> Assistant General Manager, Engineering and Operations		
SUBJECT:	Award of a Professional Services Contract for Recycled Water Plan Checking, Retrofit, and Inspection Services for Developer Projects		

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) authorizes the General Manager to execute an agreement for the recycled water plan checking, retrofit, and inspection services for developer projects with AEGIS Engineering Management (AEGIS), in an amount not-to-exceed \$300,000, during Fiscal Years 2011, 2012, and 2013 (see Exhibit A for project locations.)

COMMITTEE ACTION: _____

Please see Attachment A.

PURPOSE:

To obtain Board authorization for the General Manager to enter into a professional services agreement with AEGIS for recycled water plan checking, retrofit, and inspection services for developer projects, in an amount not-to-exceed \$300,000, during Fiscal Years 2011, 2012, and 2013 (ending June 30, 2013).

ANALYSIS:

The District requires the services of a consulting firm to provide professional services for recycled water plan checking, retrofit, and inspection services for developer projects. The Consultant assists the Public Services Division of the Engineering Department in processing and performing plan check review and approvals for developer recycled water irrigation projects and retrofit projects

for multifamily dwellings. These services are also required to perform inspections and participate in coverage as well as cross-connection tests, as mandated by the California Department of Public Health. Last year, the District reviewed and processed thirty (30) plan checks, with twenty (20) new inspection recycled water projects, totaling approximately \$155,000. For the remainder of Fiscal Year 2011, through the end of Fiscal Year 2013, it is anticipated that the Consultant will review and inspect approximately fifty (50) projects. Over the same period, staff estimates the cost to perform this responsibility will not exceed \$300,000.

On July 22, 2010, the District solicited recycled water plan checking, retrofiting, and inspection services for developer projects by placing an advertisement on the District's website and several other publications, including the Union Tribune and San Diego Daily Transcript. A Letter of Interest was received from ten (10) consultants.

On August 27, 2010, the District issued a formal Request for Proposal (RFP) to all ten (10) consultants:

- AEGIS Engineering Management
- Bureau Veritas North America, Inc.
- CValdo Corporation Civil Engineering
- Dudek
- HDR Engineering, Inc.
- Hofman Planning & Engineering
- Pacifica Services, Inc.
- Poggemeyer Design Group
- Urban Logic Consultants, Inc.
- Vanir Construction Management, Inc.

Four (4) proposals were received from AEGIS Engineering Management, Bureau Veritas North America, Inc., Dudek, and HDR Engineering, Inc. The other six (6) declined to propose.

In accordance with District Policy 21, Staff held interviews with the four (4) consultants on October 4, 2010, and the panel concluded that AEGIS had the best proposal and provided the best overall value to the District.

The AEGIS project manager and AEGIS team members listed in the proposal are all American Water Works Association (AWWA) certified cross-connection control specialists and have vast plan checking,

inspection, and retrofitting experience and currently are performing an excellent job at plan review and inspection for the District.

In addition, with the District's plan to optimize recycled water use to internal irrigation for multi-family dwellings, having experienced AEGIS' cross-connection specialists on board is crucial in obtaining proper inspection. Staff also evaluated the estimate for plan checking and inspection provided by AEGIS.

Staff estimated that an average of \$6,000 will be needed per project to perform the plan check review and inspections. The District recuperates these funds by billing directly to the developer.

FISCAL IMPACT: RCB

Plan check and inspection services are an on-going effort provided by the District to developers. This particular expense is completely funded by developer deposits and does not affect the District's operating budget.

STRATEGIC GOAL:

This project supports the District's Mission statement, "To provide the best quality of water and wastewater service to the customers of the Otay Water District, in a professional, effective, and efficient manner," and the Otay Strategic Goal, "to develop and improve infrastructure for increased recycled water use."

LEGAL IMPACT: _____

None.



General Manager

P:\Public-s\Staff Reports\2010\BD 11-3-10, Staff Report, Award Contract for Recycled Water, (DC-RP).doc
DC/RP:mlc

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



ATTACHMENT A

SUBJECT/PROJECT: P1438-010000	Award of a Professional Services Contract for Recycled Water Plan Checking, Retrofit, and Inspection Services for Developer Projects
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COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a meeting held on October 18, 2010 and the following comments were made:

- Staff is requesting that the Board authorize the General Manager to execute a professional services agreement with AEGIS Engineering Management (AEGIS) for the recycled water plan checking, retrofit, and inspection services for developer projects in an amount not-to-exceed \$300,000 during Fiscal Years 2011-2013.
- Staff stated that the services are required, as mandated by the California Department of Public Health, and include the tasks of performing inspections, participating in coverage and cross-connection tests.
- On July 22, 2010 the District placed an ad on its website and local newspapers to solicit for a recycled water plan checking, retrofitting, and inspection services consultant. Ten (10) firms submitted a letter of interest and statement of qualifications and on August 27, 2010 the District issued a formal request for proposals to the ten firms. The District received four (4) proposals: 1) AEGIS Engineering Management, 2) Bureu Veritas North America, Inc., 3) Dudek, and 4) HDR Engineering, Inc.
- In accordance of Policy 21, the District's panel conducted interviews on October 4, 2010, and afterwards the consultant ranking process was completed which staff indicated that AEGIS was the most qualified consultant and provided the best overall value. In addition, staff noted that AEGIS's references were excellent.

- Staff noted that AEGIS' project manager and team members are all American Water Works Association certified as cross-connection control specialists and are currently performing an excellent job at similar services for the District with no issues to report.
- Staff believes that selecting AEGIS to perform recycled water plan checking, retrofit, and inspection services for developer projects will allow a smooth transition of the District's plan to optimize recycled water use to internal irrigation for multi-family dwellings.
- Staff indicated that AEGIS' charges to perform the plan check review and inspections is reimbursable to the District by billing it directly to the developer. It was also noted that the charges will not affect the District's operating budget.

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

ATTACHMENT B

Summary of Proposal Rankings

ATTACHMENT B

SUMMARY OF PROPOSAL RANKINGS

On-Site Recycled Water Plan Checking, Retrofit Plan Review and Inspection Services for Developer Projects

		WRITTEN							ORAL						TOTAL SCORE	REFERENCES	
		Qualifications of Team	Responsiveness, Project Understanding	Technical and Management Approach	INDIVIDUAL SUBTOTAL - WRITTEN	AVERAGE SUBTOTAL - WRITTEN	Proposed Rates*	Consultant's Commitment to DBE	AVERAGE TOTAL WRITTEN	Additional Creativity and Insight	Strength of Project Manager	Presentation, Communication Skills	Quality of Response to Questions	INDIVIDUAL TOTAL - ORAL			AVERAGE TOTAL ORAL
MAXIMUM POINTS		30	25	30	85	85	15	Y/N	100	15	15	10	10	50	50	160	Poor/Good/Excellent
AEGIS	BOB KENNEDY	28	23	28	79	77	15	Y	92	14	14	9	9	46	45	137	Good
	DANIEL KAY	29	24	28	81					15	14	9	9	47			
	GARY STALKER/ROGER HOLLY	26	23	26	77					12	13	8	8	41			
	RICHARD NAMBA	26	22	22	70					14	15	9	9	47			
	BRANDON DIPIETRO	28	24	26	80					13	13	10	8	44			
BUREAU VERITAS	BOB KENNEDY	20	17	27	64	71	14	Y	85	11	11	7	7	36	37	122	
	DANIEL KAY	26	23	27	76					13	11	8	9	41			
	GARY STALKER/ROGER HOLLY	25	21	26	72					9	8	7	6	30			
	RICHARD NAMBA	25	19	21	65					12	10	6	8	36			
	BRANDON DIPIETRO	28	23	27	78					13	12	10	7	42			
DUDEK	BOB KENNEDY	21	20	24	65	65	1	Y	66	11	10	6	6	33	32	98	
	DANIEL KAY	23	21	21	65					11	11	7	7	36			
	GARY STALKER/ROGER HOLLY	22	19	24	65					8	7	5	6	26			
	RICHARD NAMBA	20	17	18	55					10	9	6	6	31			
	BRANDON DIPIETRO	27	23	25	75					10	11	9	6	36			
HDR	BOB KENNEDY	25	18	28	69	67	11	Y	78	13	12	8	8	41	35	113	
	DANIEL KAY	20	21	23	64					10	12	8	9	39			
	GARY STALKER/ROGER HOLLY	22	22	24	68					9	7	5	4	25			
	RICHARD NAMBA	20	19	20	59					10	8	6	8	30			
	BRANDON DIPIETRO	25	23	26	74					12	13	10	5	40			

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

Consultant	Proposed Rates	Position	Score
AEGIS	\$500	lowest	15
BUREAU VERITAS	\$513		14
HDR	\$561		11
DUDEK	\$707	highest	1

	AEGIS	BUREAU VERITAS	DUDEK	HDR
Senior Engr PM	\$135	\$145	\$195	\$127
Assoc Engr	\$105	\$113	\$180	\$117
Assist Engr II	\$95	\$90	\$152	\$107
Admin/Clerical	\$75	\$70	\$70	\$100
Inspection	\$90	\$95	\$110	\$110
	\$500	\$513	\$707	\$561

Quality Assurance Approval Sheet

Subject: Award of a Professional Services Contract for
Recycled Water Plan Checking, Retrofit, and
Inspection Services for Developer Projects

Project No. P1438-01000

Document Description: Staff Report for November 3, 2010 Board Meeting

Author:  10/14/10
Signature Date

David T. Charles
Printed Name

QA Reviewer:  10/14/10
Signature Date

GARY P. SILVERMAN
Printed Name

Manager:  10/14/10
Signature Date

David T. Charles
Printed Name



AGENDA ITEM 8a

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	November 3, 2010
SUBMITTED BY:	James Cudlip, Finance Manager	W.O./G.F. NO:	DIV. NO. All
APPROVED BY: (Chief)	Joseph R. Beachem, Chief Financial Officer		
APPROVED BY: (Asst. GM):	German Alvarez, Assistant General Manager, Finance and Administration		
SUBJECT:	Approve the District's Audited Financial Statements for the Fiscal Year Ended June 30, 2010		

GENERAL MANAGER'S RECOMMENDATION:

That the Board approves the District's Audited Financial Statements (Attachment B), including the Independent Auditors' unqualified opinion, for the fiscal year ended June 30, 2010.

COMMITTEE ACTION: _____

See Attachment A.

PURPOSE:

To inform the Board of the significant financial events which occurred during the fiscal year ended June 30, 2010 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 or weaknesses; therefore, there are no findings to present in their "Management Letter." See Attachment C.

Total Assets:

Total Assets increased by \$55.5 million or 10.08% during Fiscal Year 2010 due primarily to the issuance of \$51.2 million in new water revenue bonds. At the same time there was an increase in capital assets of \$17.0 million or 3.75%, net of related accumulated depreciation.

Total Liabilities & Net Assets:

Total liabilities increased by approximately \$52.6 million or 58.12% from the previous fiscal year. This was also directly attributable to the issuance of the new bonds. Overall, long-term debt increased \$48.6 million or 70.30%. Additionally, accounts payable increased \$3.8 million or 32.52%. Fluctuations of this magnitude are expected given the nature of accounts payable, and result from the timing of large payments to vendors and other third parties.

The increase in total assets, along with the decrease in total liabilities, yielded an increase in net assets (equity) of approximately \$2.9 million or 0.63%.

Capital Contributions:

Capital contributions totaled \$9.1 million during Fiscal Year 2010, an increase of \$2.1 million or 29.76% over Fiscal Year 2009 contributions. This increase is mainly due to the District receiving \$2.4 million more than expected in federal grant monies as a result of last minute availability of funds from the federal budget.

Results of Operations:

Operating revenues increased \$3.4 million or 5.87%, mainly as a result of the overall increase in water rates from the prior fiscal year.

While cost of water sales increased \$2.1 million or 5.60% 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 dropped \$5.3 million or 37.70% due to a combination of factors. First, there was a decrease in investment income due to a continuing drop in rates on investment securities. Also, in FY-2009 the District received a large, one-time legal settlement as a member of a class action lawsuit against a major supply vendor. Finally, in the prior year the District brought in capacity fee revenue to offset the write-off of a capital asset project that was deemed no longer economically viable for continued operations.

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 deficiencies in internal control that they considered to be material weaknesses. See Attachment C.
- Capitalized Interest Letter: The auditors reviewed the District's new 2010 Water Revenue Bond documentation and determined that a different, more recently enacted accounting principle should be applied to account for the interest capitalization of this debt issue. This resulted in an audit reclassification from expense to capital projects of \$436,369. See Attachment D.
- Audit Committee Letter: There were no noted transactions entered into by the District during the year that were both significant and unusual, or transactions for which there was a lack of authoritative guidance or consensus. 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 E.
- 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 F.

FISCAL IMPACT:



None.

STRATEGIC OUTLOOK:

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.



General Manager

Attachments:

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



ATTACHMENT A

SUBJECT/PROJECT:	Approve the District's Audited Financial Statements for the Fiscal Year Ended June 30, 2010
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COMMITTEE ACTION:

The Finance, Administration, and Communications Committee reviewed this item in detail at a meeting held on October 19, 2010. The following comments were made:

- Mr. Harvey Schroeder, a partner at Diehl Evans & Company, LLP (DE&C), attended to present the results of the audit of the Fiscal Year Ended June 30, 2010. It was noted that this is the second year that DE&C has performed the District's financial audit.
- Mr. Schroeder indicated that his firm's findings in the audit of the District's financial statements for Fiscal Year ending June 30, 2010 is a clean unqualified opinion.
- He presented some of the highlights from the audit that included:
 - The District issued in 2010 \$51.2 million of water revenue bonds which increased investments by \$38.5 million as all the proceeds from the issuance had not been spent as of June 30, 2010.
 - Revenues from water sales increased from \$50.8 million in 2008 to \$56.3 million in 2010 due to reduced rainfall in 2009 and the increase in rates.
 - *Non-operating Revenues* have decreased from \$14 million in 2009 to \$8.7 million in 2010 due to lower interest rates on investments during this last year and the receipt of proceeds from a legal settlement in Fiscal Year 2009.
 - Increases to Capital Assets are due to an increase in the construction of capital assets from \$18.3 million in 2009 to \$37.1 million in 2010 which is funded by the 2010 bond issuance. Also included in the capital assets increase are completed water system projects (from \$403.1 million in 2009 to \$409.5 million in 2010) and recycled water system projects (from \$96.8 million in 2009 to \$97.7 million in 2010).

- The Statement of Net Assets shows an increase in *Restricted Cash and Cash Equivalents* from \$1.76 million in 2009 to \$21.1 million in 2010 and in the *Restricted Investments* from \$0 in 2009 to \$11.1 million primarily from the proceeds of the 2010 bond issuance.
- The Statement of Net Assets also shows the switching of cash into investments dropping the *Cash and Cash Equivalents* from \$50.8 million in 2009 to \$40.18 million in 2010 and increasing *Investments* from \$26.17 million in 2009 to \$43.08 million in 2010.
- The Statement of Net Assets notes that *Noncurrent Assets* have increased from \$6.2 million in 2009 to \$6.7 million in 2010 due to the District funding the *Net OPEB Asset* for current costs and annual required contributions.
- The *Current Liability of Current Maturities of Long-term Debt* shows only a slight increase from \$2.5 million in 2009 to \$2.67 million in 2010 as the first principle payments on the \$51.2 million in bonds issued in 2010 do not come due until 2012 for Series A and Series B is not due until 2026. Interest on the bonds is not due until 2011. The interest payments will be reflected in next year's financial statements.
- The District had an *Operating Loss* of \$14.4 million last year and \$12.1 million in 2010 and interest expense increased from \$1.3 million in 2009 to \$2.4 million in 2010 where \$510,000 was capitalized in *Construction in Progress* in 2010.
- *Total Net Assets* increased from \$460.3 million in 2009 to \$463.3 in 2010 which is an increase for both years.
- In the *Statement of Cash Flows* it shows an entry of \$57.8 million for the new bond issuance and the refinancing of the General Obligation bonds in 2009. The District also retired debt of \$7.2 million with total *Cash and Cash Equivalents* of \$61.3 million for Fiscal Year end 2010 which is an increase from Fiscal Year 2009 of \$8.7 million.
- The Annual OPEB cost is \$936,000 less the interest earned on the OPEB fund of \$480,878 for a net cost of \$455,122 in 2010 for a year end balance of \$6.8 million in the OPEB asset. The OPEB asset increased \$578,509 in Fiscal Year 2010. It was noted that this does not include the monies that the District holds in its own fund for OPEB. According to accounting rules the fund is not considered an asset unless the monies are placed in a *Trust*.

- Mr. Schroeder also shared that their management letter finds that they did not identify any deficiencies in internal controls that would be considered material weaknesses.
- He noted that their firm also provides a letter regarding interest capitalization. His firm recommended that the interest calculation on the 2010 bonds be increased by \$436,369 as per FASB 62.
- The Audit Committee Letter informs the board of the auditor's responsibilities, how the audit proceeded and their use of estimates in the financial statements. Mr. Schroeder advised that his firm did not have any difficulty in the audit and there were no disagreements with management. He stated that staff was very responsive and helpful during the audit.
- The last letter included with the audit is the agreed upon procedures for the District's Investment Policy. His firm reviewed all the procedures in this Fiscal Year and the past Fiscal Year and did not identify any issues in both procedures
- The committee inquired regarding the fluctuation in *Depreciation Expense* between 2008 and 2010, and what projects are included in the list of depreciated assets. Attached is the reasons for the fluctuation and the list of the referenced projects.
- The committee also inquired with regard to interest payments on the new bond issuance if it was a variable rate and if it is, is there a cap on the interest. It was indicated that the interest rate on the new issuance is fixed, however, the District does have variable debt. The committee requested that staff provide a list of the various debt issuances and their interest rates which has been attached.
- The committee noted that the District shows an operating income loss of \$14.4 million in 2009 and \$12.09 million in 2010 and inquired if this is typical. Staff noted that the main reason that the District shows an operating loss is due to depreciation. The District does not not fully fund depreciation, which is true of all water agencies. The District funds its Reserves appropriately according to its

Reserve Policy to assure that the District has funding available in combination with debt to rebuild any asset that requires replacement/maintenance. It was noted that the *Operating Income Loss* should not be construed as a negative to the District and is typical of past.

- The committee indicated that the interest rate of return of 7.75% seemed high with regard to the CalPERS pension when the current prime rate is 3.25%. It was indicated that CalPERS utilizes a 15 year rolling average and it is because of this 15 year rolling average that they have not adjusted their assumption of 7.75%. However, if we look back, CalPERS is likely ahead of the 7.75% return over the 15 year average.
- The committee inquired what the District's policy is on the length of time the District engages an auditing firm and if it was possible to have a different auditor at the same firm handle the District's audit the following year. It was indicated that typically the District works with a firm for approximately 5 (five) years, however, it is at the discretion of the board. It is possible to request a different auditor at the current firm as it is a large enough firm to accommodate such a request. The committee indicated that they felt that it would be good to have another point of view from a different individual and would like to discuss this possibility further.
- The committee indicated that the auditor had discussed fraud with the board and staff and inquired where in the audit documents that the dialogue on fraud is addressed. Mr. Schroeder indicated that it is part of the auditing standards to have fraud conversations with staff and the board and it would only be noted in the audit documents if fraud was identified. As fraud was not identified, it was not noted within the audit documents. The committee requested that Mr. Schroeder provide something that indicated that fraud was not identified. Mr. Schroeder indicated that his firm could add language to Attachment F (*Other Matters/Other Comments*). The language will indicate that his firm inquired about fraud with the board and staff and none knew of any issues.

The committee supported staffs' recommendation and presentation to the full board as an action item.

**OTAY WATER DISTRICT
DEPRECIATION EXPENSE
06/30/2010**

Capital improvement projects are completed and become operational throughout a fiscal year, so the first full year of depreciation is not realized until the following fiscal year. The COPS-2007 bonds (\$42 million) were issued in Mar-07, and the 2010 Water Revenue Bonds (\$51.2 million) were issued in Apr-10. This has helped fund several major infrastructure CIP projects through the FY2008 - FY2010 time period and accounted for a modest depreciation expense increase over the 3-year span.

During Apr – Jun 2008, Finance Department completed a conversion of all capital asset and depreciation records into the new Eden Fixed Assets accounting module. This included a comprehensive review and write-off of \$4.7 million long-term fixed assets that were obsolete and/or no longer serviceable. A one-time charge to depreciation expense was made for approximately \$2 million due to the remaining book value of those assets. As a result, depreciation expense in FY-2009 showed a decrease from the FY-2008 year's high amount. Expenses then increased again in FY-2010 as a result of the \$76.9 million in CIP additions over the previous 2-years.

FY-2008:

- **Depreciation – \$13,040,572**
- **CIP Additions – \$33,422,279**
- **Major Projects:**
 1. 450-1 Recycled Reservoir \$9,540,409
 2. 680-1 Recycled Pump Station \$8,179,040
 3. AMR Meter Replacements \$3,200,539
 4. IT Network & Hardware \$1,060,821

FY-2009:

- **Depreciation – \$12,475,714**
- **CIP Additions – \$43,494,058**
- **Major Projects:**
 1. 640-1 & 640-2 Reservoirs \$27,523,021
 2. Treatment Plant AirVac Replacements \$ 1,298,464
 3. 12" Water Line Utility Relocation \$ 1,236,150
 4. AMR Meter Replacements \$ 1,204,200

FY-2010:

- **Depreciation – \$13,297,497**
- **CIP Additions – \$11,467,436**
- **Major Projects:**
 1. 850-4 Reservoir \$3,352,624
 2. IT Network & Hardware \$1,362,848
 3. AMR Meter Replacements \$1,321,085
 4. 450-1 Res Disinfection Facility \$ 778,158

**OTAY WATER DISTRICT
DEBT INTEREST RATES
06/30/2010**

	<u>Bond Maturity Dates</u>	<u>Interest Rate</u>
1. 2009 GO BONDS:	2010 – 2015	3.00%
	2016	3.25%
	2017 – 2022	4.00%
2. 2004 COPS:	2005 – 2009	3.000%
	2010	3.100%
	2011	3.250%
	2012	3.400%
	2013	3.600%
	2014	3.750%
	2015	3.900%
	2016 – 2017	4.000%
	2018	4.200%
	2019	4.250%
	2020	4.375%
	2021 – 2022	4.500%
	2023	4.625%
3. 2007 COPS:	2008 – 2009	3.700%
	2010 – 2015	3.750%
	2016 – 2017	3.800%
	2018	3.875%
	2019	3.900%
	2020 – 2021	4.000%
	2022 – 2023	4.100%
	2024	4.125%
	2025	4.200%
	2026 – 2031	4.250%
2036	4.375%	
4. 2010 BABS:	2011 – 2012	2.000%
	2013 – 2014	3.000%
	2015 – 2018	4.000%
	2019 – 2023	5.000%
	2024	5.250%
	2030	6.377%
	2040	6.577%
5. 1996 COPS:	1997 – 2026	See Attached

COPS 1996 INTEREST RATE **

Fiscal Year 2008		Fiscal Year 2009		Fiscal Year 2010	
DATE	RATE	DATE	RATE	DATE	RATE
06/27/07	3.75%	06/25/08	1.33%	07/01/09	0.23%
07/04/07	3.58%	07/02/08	1.25%	07/08/09	0.20%
07/11/07	3.55%	07/09/08	1.13%	07/15/09	0.22%
07/18/07	3.56%	07/16/08	1.38%	07/22/09	0.25%
07/25/07	3.58%	07/23/08	2.15%	07/29/09	0.28%
08/01/07	3.48%	07/30/08	2.00%	08/05/09	0.23%
08/08/07	3.46%	08/06/08	1.56%	08/12/09	0.25%
08/15/07	3.64%	08/13/08	1.46%	08/19/09	0.20%
08/22/07	3.79%	08/20/08	1.45%	08/26/09	0.17%
08/29/07	3.87%	08/27/08	1.63%	09/02/09	0.15%
09/05/07	3.78%	09/03/08	1.43%	09/09/09	0.15%
09/12/07	3.63%	09/10/08	1.55%	09/16/09	0.17%
09/19/07	3.71%	09/17/08	4.18%	09/23/09	0.40%
09/26/07	3.81%	09/24/08	7.78%	09/30/09	0.32%
10/03/07	3.48%	10/01/08	5.38%	10/07/09	0.25%
10/10/07	3.47%	10/08/08	4.45%	10/14/09	0.25%
10/17/07	3.42%	10/15/08	3.20%	10/21/09	0.25%
10/24/07	3.38%	10/22/08	1.85%	10/28/09	0.25%
10/31/07	3.16%	10/29/08	1.45%	11/04/09	0.20%
11/07/07	3.28%	11/05/08	0.80%	11/11/09	0.28%
11/14/07	3.52%	11/12/08	0.65%	11/18/09	0.28%
11/21/07	3.50%	11/19/08	0.55%	11/25/09	0.25%
11/28/07	3.50%	11/26/08	0.45%	12/02/09	0.21%
12/05/07	3.32%	12/03/08	0.35%	12/09/09	0.21%
12/12/07	3.02%	12/10/08	0.35%	12/16/09	0.25%
12/19/07	3.02%	12/17/08	0.65%	12/23/09	0.28%
12/26/07	3.35%	12/24/08	0.80%	12/30/09	0.22%
01/02/08	3.00%	12/31/08	0.45%	01/06/10	0.15%
01/09/08	2.95%	01/07/09	0.25%	01/13/10	0.15%
01/16/08	2.85%	01/14/09	0.15%	01/20/10	0.18%
01/23/08	2.52%	01/21/09	0.15%	01/27/10	0.20%
01/30/08	2.05%	01/28/09	0.20%	02/03/10	0.14%
02/06/08	1.60%	02/04/09	0.15%	02/10/10	0.21%
02/13/08	1.10%	02/11/09	0.20%	02/17/10	0.23%
02/20/08	2.10%	02/18/09	0.25%	02/24/10	0.19%
02/27/08	3.17%	02/25/09	0.25%	03/03/10	0.16%
03/05/08	2.60%	03/04/09	0.25%	03/10/10	0.23%
03/12/08	2.60%	03/11/09	0.25%	03/17/10	0.23%
03/19/08	1.90%	03/18/09	0.25%	03/24/10	0.30%
03/26/08	1.85%	03/25/09	0.20%	03/31/10	0.28%
04/02/08	1.72%	04/01/09	0.15%	04/07/10	0.25%
04/09/08	1.65%	04/08/09	0.25%	04/14/10	0.30%
04/16/08	1.75%	04/15/09	0.25%	04/21/10	0.31%
04/23/08	2.20%	04/22/09	0.30%	04/28/10	0.28%
04/30/08	3.10%	04/29/09	0.20%	05/05/10	0.26%
05/07/08	2.20%	05/06/09	0.17%	05/12/10	0.28%
05/14/08	1.65%	05/13/09	0.15%	05/19/10	0.32%
05/21/08	1.53%	05/20/09	0.10%	05/26/10	0.30%
05/28/08	1.43%	05/27/09	0.10%	06/02/10	0.26%
06/04/08	1.29%	06/03/09	0.10%	06/09/10	0.28%
06/11/08	1.48%	06/10/09	0.25%	06/16/10	0.31%
06/18/08	1.45%	06/17/09	0.25%	06/23/10	0.30%
06/25/08	1.33%	06/24/09	0.25%	06/30/10	0.25%

** Bond Maturity Dates: 1997 - 2026

Bonds 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.

OTAY WATER DISTRICT
FINANCIAL STATEMENTS
WITH REPORT ON AUDIT BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
JUNE 30, 2010 AND 2009



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JUNE 30, 2010 and 2009

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DIEHL, EVANS & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

A PARTNERSHIP INCLUDING ACCOUNTANCY CORPORATIONS

2965 ROOSEVELT STREET
CARLSBAD, CALIFORNIA 92008-2389
(760) 729-2343 • FAX (760) 729-2234
www.diehlevans.com

*PHILIP H. HOLTKAMP, CPA
*THOMAS M. PERLOWSKI, CPA
*HARVEY J. SCHROEDER, CPA
KENNETH R. AMES, CPA
WILLIAM C. PENTZ, CPA
MICHAEL R. LUDIN, CPA
CRAIG W. SPRAKER, CPA
NITIN P. PATEL, CPA
ROBERT J. CALLANAN, CPA

October 12, 2010

* A PROFESSIONAL CORPORATION

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, 2010 and 2009, 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 an opinion 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. 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 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, 2010 and 2009, and the 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.

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.

Diehl, Evans and Company, LLP



Management's Discussion and Analysis

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, 2010. 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 \$463.3 million (*net assets*). Of this amount, \$80.2 million (*unrestricted net assets*) may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net assets increased by \$2.9 million. This is primarily attributable to the increase in capital contributions of \$9.1 million during the fiscal year.

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 earlier, 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 \$463.3 million at the close of the most recent fiscal year.

By far the largest portion of the District's net assets, \$377.9 million (82%), 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 net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.



Management's Discussion and Analysis

Statements of Net Assets (In Millions of Dollars)

	2010	2009	2008
Assets			
Current and Other Assets	\$ 135.4	\$ 96.8	\$ 106.2
Capital Assets	<u>471.1</u>	<u>454.1</u>	<u>446.7</u>
Total Assets	<u>606.5</u>	<u>550.9</u>	<u>552.9</u>
Liabilities			
Long-term Debt Outstanding	117.7	69.1	71.6
Other Liabilities	<u>25.5</u>	<u>21.5</u>	<u>24.5</u>
Total Liabilities	<u>143.2</u>	<u>90.6</u>	<u>96.1</u>
Net Assets			
Invested in Capital Assets			
Net of Related Debt	377.9	382.4	372.7
Restricted for Debt Service	5.2	1.8	3.8
Unrestricted	<u>80.2</u>	<u>76.1</u>	<u>80.3</u>
Total Net Assets	<u>\$ 463.3</u>	<u>\$ 460.3</u>	<u>\$ 456.8</u>

At the end of FY-2010 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. In FY-2010 total Net Assets increased approximately \$2.9 million, to \$463.3 million, as compared to FY-2009 when Net Assets increased by over \$3.5 million. 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-2009 the decrease in Current and Other Assets of \$9.4 million corresponds with the increase in Capital Assets of \$7.4 million (net of accumulated depreciation), due primarily to the District's Capital Improvement Plan (CIP), which was financed in part by the funds remaining from the FY-2007 issuance of \$42 million in Certificates of Participation (COPS-2007).

In FY-2010 the District issued \$51.2 million of new Water Revenue Bonds, contributing to the increase in Current and Other Assets of \$38.5 million, and the increase in Long-term Debt Outstanding of \$48.6 million. (See Note 5 in the Notes to Financial Statements). The use of the 2010 Water Revenue Bonds is also reflected in the increase in Capital Assets of \$17.0 million, as the District continued its CIP program. (See Note 3 in the Notes to Financial Statements).



Management's Discussion and Analysis

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

	2010	2009	2008
Water Sales	\$ 56.3	\$ 52.4	\$ 50.8
Wastewater Revenue	2.3	2.2	2.4
Connection and Other Fees	1.9	2.5	2.5
Non-operating Revenues	8.7	14.0	13.6
Total Revenues	69.2	71.1	69.3
Depreciation Expense	13.3	12.5	13.0
Other Operating Expense	59.3	59.0	58.5
Non-operating Expense	2.8	3.1	2.9
Total Expenses	75.4	74.6	74.4
Loss Before Capital Contributions	(6.2)	(3.5)	(5.1)
Capital Contributions	9.1	7.0	14.9
Change in Net Assets	2.9	3.5	9.8
Beginning Net Assets	460.3	456.8	447.0
Ending Net Assets	\$ 463.2	\$ 460.3	\$ 456.8

Water Sales increased by \$1.6 million in FY-2009 and \$3.9 million in FY-2010, mainly due to reduced rainfall during FY-2009 as well as rate increases in both years. The slowdown in growth throughout the District was also reflected in the decrease in Connection and Other Fees of \$0.6 million in FY-2010.

Non-operating Revenues increased by \$0.4 million in FY-2009 due primarily to increased property tax revenues. However in FY-2010, Non-operating Revenues decreased by \$5.3 million due to a combination of factors. First, there was a decrease in investment income due to a continuing drop in rates on investment securities. Also, in FY-2009 the District received a large, one-time legal settlement as a member of a class action lawsuit against a major supply vendor. Finally, in the prior year the District brought in capacity fee revenue to offset the write-off of a capital asset project that was deemed no longer economically viable for continued operations.

Capital Contributions were \$14.9 million in FY-2008 due to the completion of several developer construction projects. However, because of 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 a decrease in Capital Contributions of \$7.9 million in FY-2009. By FY-2010 this slowdown appears to have stabilized, while the District received \$2.4 million more than expected in federal grant monies due to last minute availability of funds from the federal budget.



Management's Discussion and Analysis

Capital Assets and Debt Administration

Capital Assets. The District's capital assets as of June 30, 2010, totaled \$471.1 million (net of accumulated depreciation). Included in this amount is land. The total increase in the District's capital assets was 1.7% for FY-2009 and 3.7% in FY-2010.

Capital Assets (In Millions of Dollars)

	2010	2009	2008
Land	\$ 13.6	\$ 13.4	\$ 13.0
Construction in Progress	37.1	18.3	42.3
Water System	409.5	403.1	365.6
Recycled Water System	97.7	96.8	93.0
Sewer System	37.4	37.2	36.7
Field Equipment	18.5	18.2	17.6
Buildings	9.5	9.5	9.5
Transportation Equipment	3.3	3.3	3.1
Communication Equipment	1.3	0.8	0.7
Office Equipment	18.4	17.4	16.8
	<u>646.3</u>	<u>618.0</u>	<u>598.3</u>
Less Accumulated Depreciation	(175.2)	(163.9)	(151.6)
Net Capital Assets	<u>\$ 471.1</u>	<u>\$ 454.1</u>	<u>\$ 446.7</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.

Long-term Debt. At June 30, 2010, the District had \$117.7 million in outstanding debt which consisted of the following:

General Obligation Bonds	\$ 6.8
Certificates of Participation	59.7
Revenue Bonds	51.2
Total Long-term Debt	<u>\$ 117.7</u>

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



Management's Discussion and Analysis

Fiscal Year 2010-2011 Budget

Economic Factors

Growth in the San Diego area has slowed over the last 3 years, and demand for housing is reflected in a similarly reduced pace. Water sales volumes have gradually decreased as a result of a combination of the slowing economy and expanded efforts to promote water conservation. After years of record low precipitation that dramatically curtailed snow runoff from the Sierra Nevada Mountains, California's governor declared an official statewide drought in June 2008. Following the governor's action, all local jurisdictions were urged to implement water conservation ordinances and to "significantly increase efforts" to conserve water. In addition to the drought, federal court orders have curtailed water deliveries from Northern California due to environmental factors in the Sacramento-San Joaquin Bay Delta. A greater focus on environmental conditions in the Bay Delta brings added challenges to the delivery of water through the State Water Project. In order to maintain the ongoing supply of water to Southern California the various and competing interests need to arrive at genuine solutions. The combination of these factors will add to the cost of providing water. At the same time, ongoing water supply rate increases from the Metropolitan Water District (MWD) and the San Diego County Water Authority (CWA) have required the District to implement rate increases to pass-through these costs, as well as increases in energy costs and operating costs.

The District currently provides water service to about 70% of its total projected population, serving approximately 206,000 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 295,000 people, with an average daily demand of 55 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 in the case of a shutdown of the main treated water source. 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 29,900 acre-feet of potable water to 48,060 potable customer accounts during Fiscal Year 2010-2011. Management feels that these projections are very 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 resulted in hundreds of foreclosures throughout the District. Additionally, the crisis in the banking and financial industry has begun to have a ripple effect of employee layoffs across a wide swath of the business community. 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 housing patterns change throughout the District, people's need for water remains an underlying constant. Staff continues working diligently on developing new water supplies as it addresses the financial impacts of conservation, preparing for the possibility of a continued water shortage, and prolonged sales reductions.

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, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Current Assets:		
Cash and cash equivalents (Notes 1 and 2)	\$ 40,180,519	\$ 50,823,237
Restricted cash and cash equivalents (Notes 1 and 2)	21,131,924	1,760,631
Investments (Note 2)	43,085,300	26,169,080
Restricted investments (Notes 1 and 2)	11,150,549	-
Accounts receivable, net	8,959,367	8,029,609
Accrued interest receivable	239,355	319,186
Taxes and availability charges receivable, net	366,535	413,000
Restricted taxes and availability charges receivable, net	186,813	190,151
Inventories	954,007	816,865
Prepaid expenses and other current assets	626,421	976,045
	<u>126,880,790</u>	<u>89,497,804</u>
Total Current Assets		
Noncurrent Assets:		
Net OPEB asset (Note 8)	<u>6,783,385</u>	<u>6,204,876</u>
Deferred bond issuance costs (Note 4)	<u>1,703,282</u>	<u>1,142,762</u>
Capital Assets (Note 3):		
Land	13,620,963	13,402,840
Construction in progress	37,081,849	18,280,278
Capital assets, net of depreciation	<u>420,363,833</u>	<u>422,369,157</u>
	<u>471,066,645</u>	<u>454,052,275</u>
Total capital assets, net of depreciaton		
Total Noncurrent Assets	<u>479,553,312</u>	<u>461,399,913</u>
Total Assets	<u>606,434,102</u>	<u>550,897,717</u>

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

(Continued)



STATEMENTS OF NET ASSETS (CONTINUED)
JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
LIABILITIES		
Current Liabilities:		
Current maturities of long-term debt (Note 5)	2,668,734	2,521,772
Accounts payable	15,327,365	11,565,953
Accrued payroll liabilities	2,743,408	2,548,731
Other accrued liabilities	638,015	444,875
Customer deposits	2,146,360	2,806,990
Accrued interest	1,154,286	706,934
Liabilities Payable From Restricted Assets:		
Restricted accrued interest	<u>100,326</u>	<u>153,270</u>
Total Current Liabilities	<u>24,778,494</u>	<u>20,748,525</u>
Noncurrent Liabilities:		
Long-term debt (Note 5):		
General obligation bonds	6,763,127	7,291,575
Certificates of participation	59,694,612	61,468,693
Revenue bonds	51,255,224	-
Notes payable	6,010	359,744
Other noncurrent liabilities	<u>684,309</u>	<u>684,309</u>
Total Noncurrent Liabilities	<u>118,403,282</u>	<u>69,804,321</u>
Total Liabilities	<u>143,181,776</u>	<u>90,552,846</u>
NET ASSETS		
Invested in capital assets, net of related debt	377,855,787	382,410,491
Restricted for debt service	5,192,111	1,797,512
Unrestricted	<u>80,204,428</u>	<u>76,136,868</u>
Total Net Assets	<u>\$ 463,252,326</u>	<u>\$ 460,344,871</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, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
OPERATING REVENUES		
Water sales	\$ 56,249,816	\$ 52,428,648
Wastewater revenue	2,299,585	2,182,429
Connection and other fees	1,907,797	2,492,234
	<u>60,457,198</u>	<u>57,103,311</u>
OPERATING EXPENSES		
Cost of water sales	39,338,495	37,252,482
Wastewater	2,169,988	1,890,804
Administrative and general	17,750,713	19,888,161
Depreciation	13,297,497	12,475,714
	<u>72,556,693</u>	<u>71,507,161</u>
Total Operating Revenues	<u>60,457,198</u>	<u>57,103,311</u>
Total Operating Expenses	<u>72,556,693</u>	<u>71,507,161</u>
Operating Income (Loss)	(12,099,495)	(14,403,850)
NONOPERATING REVENUES (EXPENSES)		
Investment income	1,323,844	2,252,335
Taxes and assessments	3,973,328	4,586,823
Availability charges	670,784	625,065
Gain (loss) on sale of capital assets	(143,086)	5,206
Miscellaneous revenues	2,921,016	6,569,644
Donations	(100,240)	(95,270)
Interest expense	(2,404,530)	(1,340,110)
Miscellaneous expenses	(303,541)	(1,671,597)
	<u>5,937,575</u>	<u>10,932,096</u>
Total Nonoperating Revenues (Expenses)	<u>5,937,575</u>	<u>10,932,096</u>
Income (Loss) Before Capital Contributions	(6,161,920)	(3,471,754)
Capital Contributions	<u>9,069,375</u>	<u>6,989,208</u>
Changes in Net Assets	2,907,455	3,517,454
Total Net Assets, Beginning	<u>460,344,871</u>	<u>456,827,417</u>
Total Net Assets, Ending	<u>\$ 463,252,326</u>	<u>\$ 460,344,871</u>

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



STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 56,959,013	\$ 54,358,847
Receipts from connections and other fees	1,907,797	2,492,234
Other receipts	1,837,028	5,538,973
Payments to suppliers	(36,816,755)	(43,072,805)
Payments to employees	(18,659,239)	(18,947,144)
Other payments	(261,742)	(1,640,481)
Net Cash Provided (Used) by Operating Activities	<u>4,966,102</u>	<u>(1,270,376)</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
Receipts from taxes and assessments	4,023,131	4,520,867
Receipts from property rents and leases	1,083,988	1,070,881
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>5,107,119</u>	<u>5,591,748</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from capital contributions	7,946,690	4,014,110
Proceeds from sale of capital assets	94,118	5,206
Proceeds from debt related taxes and assessments	670,784	625,065
Net proceeds from issuance of long-term debt	57,826,816	-
Retirements of long-term debt	(7,231,011)	-
Principal payments on long-term debt	(2,521,772)	(2,445,214)
Interest payments and fees	(2,477,159)	(1,366,547)
Acquisition and construction of capital assets	(28,990,017)	(16,838,494)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>25,318,450</u>	<u>(16,005,874)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	1,336,944	2,494,196
Proceeds from sale and maturities of investments	53,997,000	70,703,937
Purchase of investments	(81,997,040)	(36,035,657)
Net Cash Provided (Used) by Investing Activities	<u>(26,663,096)</u>	<u>37,162,476</u>
Net Increase (Decrease) in Cash and cash equivalents	8,728,575	25,477,974
Cash and cash equivalents, Beginning	<u>52,583,868</u>	<u>27,105,894</u>
Cash and cash equivalents, Ending	<u>\$ 61,312,443</u>	<u>\$ 52,583,868</u>

(Continued)

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



STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Reconciliation of operating income (loss) to net cash flows provided (used) by operating activities:		
Operating income (loss)	\$ (12,099,495)	\$ (14,403,850)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	13,297,497	12,475,714
Miscellaneous revenues	1,837,028	5,538,973
Miscellaneous expenses	(261,742)	(1,640,481)
(Increase) decrease in accounts receivable	(929,758)	(339,889)
(Increase) decrease in inventory	(137,142)	(105,625)
(Increase) decrease in net OPEB asset	(578,509)	(555,868)
(Increase) decrease in prepaid expenses and other current assets	349,624	931,983
Increase (decrease) in accounts payable	3,761,412	(2,139,613)
Increase (decrease) in accrued payroll and related expenses	194,677	57,549
Increase (decrease) in other accrued liabilities	193,140	(1,170,528)
Increase (decrease) in customer deposits	(660,630)	87,659
Increase (decrease) in prepaid capacity fees	-	(6,400)
Net Cash Provided (Used) By Operating Activities	<u>\$ 4,966,102</u>	<u>\$ (1,270,376)</u>
Schedule of Cash and Cash Equivalents:		
Current assets:		
Cash and cash equivalents	\$ 40,180,519	\$ 50,823,237
Restricted cash and cash equivalents	21,131,924	1,760,631
Total Cash and Cash Equivalents	<u>\$ 61,312,443</u>	<u>\$ 52,583,868</u>
Supplemental Disclosures:		
Non-cash Investing and Financing Activities Consisted of the Following:		
Contributed Capital for Water and Sewer System	\$ 1,122,685	\$ 2,975,098
Change in Fair Value of Investments and Recognized Gains/Losses	230,747	21,613
Amortization Related to Long-Term Debt	142,039	126,387

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



NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009

<u>NOTE</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
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NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2010 AND 2009

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

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.

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. Revenues and expenses are recognized on the accrual basis. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flow takes place.

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 constraints placed on net asset 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 asset consists of net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets".

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 \$61,483 and \$67,017 at June 30, 2010 and 2009, respectively.



NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2010 AND 2009

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

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

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.

The District has elected under GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Activities That Use Proprietary Fund Accounting, to apply all GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board (FASB), the Accounting Principles Board (APB), or any Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they contradict or conflict with GASB pronouncements.

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, 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 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, 2010 AND 2009

I) 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

In accordance with GASB Statement No. 16, a liability is recorded for unused vacation and sick leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time-off or payment upon termination or retirement.

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 \$12,937 and \$17,531 for 2010 and 2009 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, 2010 AND 2009

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	<u>2010</u>	<u>2009</u>
Cash and Cash Equivalents	\$ 40,180,519	\$ 50,823,237
Restricted Cash and Cash Equivalents	21,131,924	1,760,631
Investments	43,085,300	26,169,080
Restricted Investments	11,150,549	-
Total Cash and Investments	<u><u>\$ 115,548,292</u></u>	<u><u>\$ 78,752,948</u></u>

Cash and Investments consist of the following:

	<u>2010</u>	<u>2009</u>
Cash on Hand	\$ 2,800	\$ 2,800
Deposits with Financial Institutions	4,158,859	5,701,125
Investments	111,386,633	73,049,023
Total Cash and Investments	<u><u>\$ 115,548,292</u></u>	<u><u>\$ 78,752,948</u></u>

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.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Of Portfolio⁽¹⁾</u>	<u>Maximum Investment In One Issuer</u>
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

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



NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009

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, 2010 and 2009.

June 30, 2010

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	\$ 53,911,225	\$ -	\$21,801,325	\$32,109,900	\$ -
Local Agency Investment Fund (LAIF)	34,561,668	34,561,668	-	-	-
Corporate Medium-Term Notes	4,062,740	4,062,740	-	-	-
San Diego County Pool	18,851,000	18,851,000	-	-	-
Total	\$111,386,633	\$57,475,408	\$21,801,325	\$32,109,900	\$ -

June 30, 2009

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	\$ 22,048,400	\$ -	\$22,048,400	\$ -	\$ -
Local Agency Investment Fund (LAIF)	7,489,943	7,489,943	-	-	-
Corporate Medium-Term Notes	4,120,680	-	4,120,680	-	-
San Diego County Pool	39,390,000	39,390,000	-	-	-
Total	\$ 73,049,023	\$46,879,943	\$26,169,080	\$ -	\$ -



NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2010 AND 2009

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 actual rating as of June 30, 2010 and 2009 for each investment type.

June 30, 2010

Investment Type		Minimum Legal Rating	Rating as of Year End		
			AAA	AA	Not Rated
U.S. Government Sponsored Entities Local Agency Investment Fund (LAIF)	\$ 53,911,225	N/A	\$53,911,225	\$ -	\$ -
Corporate Medium-Term Notes	34,561,668	N/A	-	-	34,561,668
San Diego County Pool	4,062,740	A	-	4,062,740	-
	<u>18,851,000</u>	N/A	-	-	<u>18,851,000</u>
Total	<u>\$111,386,633</u>		<u>\$53,911,225</u>	<u>\$ 4,062,740</u>	<u>\$53,412,668</u>

June 30, 2009

Investment Type		Minimum Legal Rating	Rating as of Year End		
			AAA	AA	Not Rated
U.S. Government Sponsored Entities Local Agency Investment Fund (LAIF)	\$ 22,048,400	N/A	\$22,048,400	\$ -	\$ -
Corporate Medium-Term Notes	7,489,943	N/A	-	-	7,489,943
San Diego County Pool	4,120,680	A	2,061,960	2,058,720	-
	<u>39,390,000</u>	N/A	-	-	<u>39,390,000</u>
Total	<u>\$ 73,049,023</u>		<u>\$24,110,360</u>	<u>\$ 2,058,720</u>	<u>\$46,879,943</u>



NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009

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, 2010 and 2009 are as follows:

June 30, 2010

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Home Loan Bank	U.S. Government Sponsored Entities	\$ 20,044,400
Federal Home Loan Mortgage Corp	U.S. Government Sponsored Entities	\$ 11,791,825
Federal National Mortgage Association	U.S. Government Sponsored Entities	\$ 22,075,000

June 30, 2009

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Home Loan Bank	U.S. Government Sponsored Entities	\$ 5,996,260
Federal Home Loan Mortgage Corp	U.S. Government Sponsored Entities	\$ 4,022,100
Federal National Mortgage Association	U.S. Government Sponsored Entities	\$ 10,033,780

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, 2010, \$819,689 of the District's deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts. As of June 30, 2009, \$2,454,830 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, 2010 AND 2009

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 and Certificates of Deposit are 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, 2010 AND 2009

3) CAPITAL ASSETS

The following is a summary of changes in Capital Assets for the year ended June 30, 2010:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, Not Depreciated				
Land	\$ 13,402,840	\$ 280,065	\$ (61,942)	\$ 13,620,963
Construction in Progress	18,280,278	28,300,354	(9,498,783)	37,081,849
Total Capital Assets Not Depreciated	31,683,118	28,580,419	(9,560,725)	50,702,812
Capital Assets, Being Depreciated				
Infrastructure	537,188,394	8,508,856	(1,163,265)	544,533,985
Field Equipment	9,473,571	422,577	(366,590)	9,529,558
Buildings	18,165,527	299,465	(13,860)	18,451,132
Transportation Equipment	3,284,639	325,228	(331,175)	3,278,692
Communication Equipment	787,358	548,462	-	1,335,820
Office Equipment	17,403,147	1,362,848	(335,607)	18,430,388
Total Capital Assets Being Depreciated	586,302,636	11,467,436	(2,210,497)	595,559,575
Less Accumulated Depreciation:				
Infrastructure	135,582,472	11,462,706	(939,178)	146,106,000
Field Equipment	8,963,959	93,704	(372,084)	8,685,579
Buildings	6,090,921	446,906	(62,686)	6,475,141
Transportation Equipment	2,655,866	149,802	(327,814)	2,477,854
Communication Equipment	410,205	58,343	-	468,548
Office Equipment	10,230,056	1,086,036	(333,472)	10,982,620
Total Accumulated Depreciation	163,933,479	13,297,497	(2,035,234)	175,195,742
Total Capital Assets Being Depreciated, Net	422,369,157	(1,830,061)	(175,263)	420,363,833
Total Capital Assets, Net	<u>\$ 454,052,275</u>	<u>\$ 26,750,358</u>	<u>\$ (9,735,988)</u>	<u>\$ 471,066,645</u>

Depreciation expense for the years ended June 30, 2010 and 2009 was \$13,297,497 and \$12,475,714, respectively.



NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2010 AND 2009

3) CAPITAL ASSETS (Continued)

The following is a summary of changes in Capital Assets for the year ended June 30, 2009:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets, Not Depreciated:				
Land	\$ 13,025,364	\$ 377,476	\$ -	\$ 13,402,840
Construction in Progress	42,338,220	19,496,000	(43,553,942)	18,280,278
Total Capital Assets Not Depreciated	55,363,584	19,873,476	(43,553,942)	31,683,118
Capital Assets, Being Depreciated:				
Infrastructure	495,249,373	42,051,766	(112,745)	537,188,394
Field Equipment	9,430,276	43,295	-	9,473,571
Buildings	17,636,124	529,403	-	18,165,527
Transportation Equipment	3,102,661	194,636	(12,658)	3,284,639
Communication Equipment	689,954	97,404	-	787,358
Office Equipment	16,825,593	577,554	-	17,403,147
Total Capital Assets Being Depreciated	542,933,981	43,494,058	(125,403)	586,302,636
Less Accumulated Depreciation:				
Infrastructure	125,132,713	10,562,504	(112,745)	135,582,472
Field Equipment	8,714,039	249,920	-	8,963,959
Buildings	5,637,685	453,236	-	6,090,921
Transportation Equipment	2,559,141	109,383	(12,658)	2,655,866
Communication Equipment	369,564	40,641	-	410,205
Office Equipment	9,170,026	1,060,030	-	10,230,056
Total Accumulated Depreciation	151,583,168	12,475,714	(125,403)	163,933,479
Total Capital Assets Being Depreciated, Net	391,350,813	31,018,344	-	422,369,157
Total Capital Assets, Net	<u>\$ 446,714,397</u>	<u>\$ 50,891,820</u>	<u>\$ (43,553,942)</u>	<u>\$ 454,052,275</u>

4) OTHER NONCURRENT ASSETS

Deferred bond issue costs totaled \$1,703,282 and \$1,142,762, net of accumulated amortization of \$295,204 and \$296,308 as of June 30, 2010 and 2009, respectively. The costs are amortized on the straight-line method based on the estimated term of the related bond debt. Amortization expense of \$66,704 and \$56,030 for the years ended June 30, 2010 and 2009 is included in miscellaneous non-operating expenses.



NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2010 AND 2009

5) LONG-TERM DEBT

Long-term liabilities for the year ended June 30, 2010 are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
General Obligation Bonds:					
Improvement District No. 27 - 1998	\$ 8,395,000	\$ -	\$ 8,395,000	\$ -	\$ -
Unamortized Bond Discount	(96,159)	-	(96,159)	-	
Deferred Amount on Refunding	(572,266)	-	(572,266)	-	
Improvement District No. 27 - 2009	-	7,780,000	-	7,780,000	520,000
Unamortized Bond Premium	-	209,884	10,903	198,981	-
Deferred Amount on Refunding	-	(728,990)	(33,136)	(695,854)	
Net General Obligation Bonds	<u>7,726,575</u>	<u>7,260,894</u>	<u>7,704,342</u>	<u>7,283,127</u>	<u>520,000</u>
Certificates of Participation:					
1996 Certificates of Participation	12,100,000	-	400,000	11,700,000	400,000
2004 Certificates of Participation	10,320,000	-	530,000	9,790,000	545,000
2007 Certificates of Participation	41,215,000	-	815,000	40,400,000	850,000
1996 COPS Unamortized Discount	(13,413)	-	(745)	(12,668)	
2007 COPS Unamortized Discount	(250,219)	-	(9,044)	(241,175)	
2004 COPS Unamortized Premium	16,500	-	1,165	15,335	
2004 COPS Deferred Amount on Refunding	(174,175)	-	(12,295)	(161,880)	
Net Certificates of Participation	<u>63,213,693</u>	<u>-</u>	<u>1,724,081</u>	<u>61,489,612</u>	<u>1,795,000</u>
Revenue Bonds:					
2010 Water Revenue Bonds Series A		13,840,000	-	13,840,000	
2010 Water Revenue Bonds Series B		36,355,000	-	36,355,000	
2010 Series A Unamortized Premium		1,078,824	18,600	1,060,224	
Net Revenue Bonds	<u>-</u>	<u>51,273,824</u>	<u>18,600</u>	<u>51,255,224</u>	<u>-</u>
Notes Payable:					
State Water Resource Control Board	701,516		341,772	359,744	353,734
Total Long-Term Liabilities	<u>\$ 71,641,784</u>	<u>\$58,534,718</u>	<u>\$ 9,788,795</u>	<u>\$120,387,707</u>	<u>\$2,668,734</u>



NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2010 AND 2009

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 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, 2010 was \$33,136 and is included in miscellaneous non-operating expenses. As of June 30, 2010, the unamortized deferred amount of refunding is \$695,853.

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
2011	\$ 520,000	\$ 267,012	\$ 787,012
2012	505,000	251,637	756,637
2013	520,000	236,262	756,262
2014	535,000	220,437	755,437
2015	550,000	204,162	754,162
2016-2020	3,045,000	724,468	3,769,468
2021-2023	2,105,000	127,903	2,232,903
	<u>\$ 7,780,000</u>	<u>\$ 2,031,881</u>	<u>\$ 9,811,881</u>



NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2010 AND 2009

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. The interest rate at June 30, 2010 was 0.25%. 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
2011	\$ 400,000	\$ 28,417	\$ 545,000	\$ 386,236	\$ 850,000	\$ 1,655,395
2012	400,000	27,417	565,000	368,607	885,000	1,622,864
2013	500,000	26,208	580,000	349,566	920,000	1,589,020
2014	500,000	24,958	600,000	328,906	955,000	1,553,864
2015	500,000	23,708	625,000	306,388	995,000	1,517,301
2016-2020	3,200,000	95,583	3,505,000	1,133,050	5,580,000	6,979,134
2021-2025	4,100,000	49,708	3,370,000	314,597	6,785,000	5,762,360
2026-2030	2,100,000	3,626	-	-	8,335,000	4,192,867
2031-2035	-	-	-	-	12,650,000	2,208,438
2036-2038	-	-	-	-	2,445,000	211,640
	<u>\$11,700,000</u>	<u>\$ 279,625</u>	<u>\$ 9,790,000</u>	<u>\$ 3,187,350</u>	<u>\$40,400,000</u>	<u>\$27,292,883</u>

* Variable Rate - Interest reflected at June 30, 2010 at a rate of 0.25%.

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, 2010.



NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2010 AND 2009

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, 2011 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 1st and September 1st 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. At June 30, 2010 \$18,600 has been amortized and is included in interest expense. The unamortized premium at June 30, 2010 is \$1,060,224.

The 2010 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, 2010.

The total amount outstanding at June 30, 2010 and aggregate maturities of the revenue bonds for the fiscal years subsequent to June 30, 2010, 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
2011	\$ -	\$ 498,928	\$ -	\$ 2,049,031
2012	785,000	569,688	-	2,371,868
2013	800,000	553,838	-	2,371,868
2014	820,000	533,538	-	2,371,868
2015	845,000	508,563	-	2,371,868
2016-2020	4,700,000	2,018,963	-	11,859,342
2021-2025	5,890,000	779,567	-	11,859,342
2026-2030	-	-	7,745,000	10,685,177
2031-2035	-	-	10,570,000	7,756,703
2036-2040	-	-	14,535,000	3,664,211
2041	-	-	3,505,000	115,262
	<u>\$ 13,840,000</u>	<u>\$ 5,463,085</u>	<u>\$ 36,355,000</u>	<u>\$ 57,476,540</u>



NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009

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 total amount outstanding at June 30, 2010 and aggregate maturities of the note for the fiscal years subsequent to June 30, 2010, are as follows:

For the Year Ended June 30,	Principal	Interest
2011	\$ 353,734	\$ 12,591
2012	6,010	1
	<u>\$ 359,744</u>	<u>\$ 12,592</u>

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, 2010 and 2009:

	2010	2009
Designated Betterment	\$ 6,653,909	\$ 2,969,722
Expansion Reserve	21,096,749	18,569,610
Replacement Reserve	24,483,877	26,388,812
Insurance Reserve	6,639,953	8,436,721
Total	<u>\$ 58,874,488</u>	<u>\$ 56,364,865</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, 2010 AND 2009

7) DEFINED BENEFIT PENSION PLAN - Continued

Funding Policy

Active members in the Plan are required to contribute 8% of their annual covered salary. The District has elected to contribute 7% on behalf of its employees. 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, 2010 was 19.815%. 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, 2010, the District's annual pension cost and actual contribution was \$2,240,538. The required contribution for the fiscal year ended June 30, 2010 was determined as part of the June 30, 2007 actuarial valuation.

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

Valuation Date	June 30, 2007
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	20 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	3.25% 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
6/30/10	\$ 2,240,538	100%	\$ 0
6/30/09	\$ 2,150,579	100%	\$ 0
6/30/08	\$ 2,252,601	100%	\$ 0

Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the plan was 75.8% funded. The actuarial accrued liability (AAL) for benefits was \$65,542,736, and the actuarial value of assets was \$49,712,016, resulting in an unfunded actuarial accrued liability (UAAL) of \$15,830,720. The covered payroll (annual payroll of active employees covered by the plan) was \$11,174,528, and the ratio of the UAAL to the covered payroll was 141.7%.

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.

See independent auditors' report.



**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009**

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. A menu of benefit provisions as well as other requirements is established by State statute within the Public Employees' Retirement Law. DHP 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.

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, Silver or Gold and if they are located outside the State of California. Contributions by plan members range from \$0 to \$95 per month for coverage to age 65, and from \$0 to \$62 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 2.9% 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>2010</u>	<u>2009</u>
Annual Required Contribution (ARC)	\$ 345,000	\$ 873,000
Interest on net OPEB asset	(480,878)	(437,798)
Adjustment to Annual Required Contribution (ARC)	<u>591,000</u>	<u>489,999</u>
Annual OPEB cost	455,122	925,201
Contributions made	<u>1,033,631</u>	<u>1,481,069</u>
Increase in net OPEB asset	(578,509)	(555,868)
Net OPEB asset - beginning of year	<u>(6,204,876)</u>	<u>(5,649,008)</u>
Net OPEB asset - end of year	<u>\$ (6,783,385)</u>	<u>\$ (6,204,876)</u>

For 2010, in addition to the ARC, the District contributed an implied subsidy (healthcare premium payments for retirees to Special District Risk Management Authority (SDRMA)) in the amount of \$597,631, which is included in the \$1,033,631 of contributions shown above. For 2009 this amount was \$608,069, which is included in the \$1,481,069 of contributions shown above.



NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2010 AND 2009

8) OTHER POST EMPLOYMENT BENEFITS - Continued

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 2010, 2009 and 2008 were as follows:

THREE-YEAR TREND INFORMATION FOR CERBT				
Fiscal Year	Annual OPEB Cost (AOC)	Percentage of OPEB Cost Contributed	Net OPEB Asset	
6/30/2010	\$ 455,122	100%	\$ (6,783,385)	
6/30/2009	\$ 925,201	100%	\$ (6,204,876)	
6/30/2008	\$ 846,000	100%	\$ (5,649,008)	

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009, the most recent actuarial valuation date, was as follows:

Actuarial Accrued Liability (AAL)	\$ 10,070,000
Actuarial Value of Plan Assets	\$ 6,273,000
Unfunded Actuarial Accrued Liability (UAAL)	\$ 3,797,000
Funded Ratio (Actuarial Value of Plan Assets/AAL)	62.29%
Covered Payroll (Active Plan Members)	\$ 11,878,000
UAAL as a Percentage of Covered Payroll	31.97%

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, 2010 AND 2009

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, 2009
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	28 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	3.25%
Inflation	3.00%
Individual Salary Growth	CalPERS 1997-2002 Experience Study

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, 2010 and 2009, the District contributed \$100,240 and \$95,270, respectively, for the development, construction and operation costs of the xeriscape demonstration garden.

A summary of the Authority's June 30, 2009 audited financial statement is as follows (latest report available):

Assets	\$ 2,388,402
Liabilities	52,488
Revenues, Gains and Other Support	719,224
Changes in Net Assets	(100,318)



NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2010 AND 2009

10) COMMITMENTS AND CONTINGENCIES

Construction Commitments

The District had committed to capital projects under construction with an estimated cost to complete of \$1,049,789 at June 30, 2010.

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 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, 2009, 1,750 EDUs had been relinquished and refunded, 14,662 EDUs had been connected, and 1,455 EDUs have neither been relinquished nor connected. At June 30, 2010, 1,751 EDUs had been relinquished and refunded, 14,663 EDUs had been connected, and 1,453 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, 2010, 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 \$20,300 at the point of acceptance. Accordingly, the District did not accrue a liability as of year end.

11) RISK MANAGEMENT

General Liability

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. Coverage limits range up to \$1 billion. 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.

Workers' Compensation

Through SDRMA, the District is insured up to \$200,000,000 for Statutory Workers' Compensation and \$5,000,000 for Employers' Liability coverage with no deductible. SDRMA currently has a pool of 348 agencies in the Workers' Compensation Program.



NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2010 AND 2009

11) RISK MANAGEMENT - Continued

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, 2010 and 2009, is as follows:

	<u>2010</u>	<u>2009</u>
Amount Expensed	\$ 2,404,530	\$ 1,340,110
Amount Capitalized as a Cost of Construction Projects	<u>510,115</u>	<u>1,353,153</u>
Total Interest	<u>\$ 2,914,645</u>	<u>\$ 2,693,263</u>



NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009

13) SEGMENT INFORMATION

During the June 30, 2010 fiscal year, the District issued Revenue Bonds to finance certain capital improvements. While water and wastewater services are accounted for in a single fund 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, 2010.

Condensed Statement of Net Assets
June 30, 2010

	<u>Water Services</u>
ASSETS	
Current Assets	\$ 126,774,856
Capital Assets	455,162,484
Other Assets	<u>8,486,667</u>
Total Assets	<u>590,424,007</u>
LIABILITIES	
Current Liabilities	23,980,259
Long-Term Liabilities	<u>118,389,772</u>
Total Liabilities	<u>142,370,031</u>
NET ASSETS	
Invested in capital assets, net of related debt	362,311,370
Restricted for debt service	5,192,111
Unrestricted	<u>80,550,495</u>
Total Net Assets	<u>\$ 448,053,976</u>



NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009

13) SEGMENT INFORMATION - Continued

**Condensed Statement of Revenues, Expenses
and Changes in Net Assets
For The Year Ended June 30, 2010**

	<u>Water Services</u>
Operating Revenues	
Water sales	\$ 56,210,109
Connection and other fees	<u>1,907,797</u>
Total Operating Revenues	<u>58,117,906</u>
Operating Expenses	
Cost of Water Sales	39,338,495
Administrative and General	17,750,713
Depreciation	<u>12,495,217</u>
Total Operating Expenses	<u>69,584,425</u>
Operating Income (Loss)	(11,466,519)
Nonoperating Revenues (Expenses)	
Investment income	1,323,844
Taxes and assessments	3,613,901
Availability charges	618,806
Gain (loss) on sale of capital assets	(143,086)
Miscellaneous revenues	2,921,016
Donations	(100,240)
Interest expense	(2,386,955)
Miscellaneous expenses	<u>(303,963)</u>
Total Nonoperating Revenues (Expenses)	<u>5,543,323</u>
Income (Loss) Before Capital Contributions	(5,923,196)
Capital Contributions	<u>8,948,920</u>
Changes in Net Assets	3,025,724
Total Net Assets, Beginning	<u>445,028,252</u>
Total Net Assets, Ending	<u>\$ 448,053,976</u>



NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

13) SEGMENT INFORMATION - Continued

Condensed Statement of Cash Flows

For The Year Ended June 30, 2010

	<u>Water Services</u>
Net Cash Provided by Operating Activities	\$ 4,856,836
Net Cash Provided by Noncapital and Related Financing Activities	4,747,692
Net Cash Provided by Capital and Related Financing Activities	25,787,143
Net Cash Used by Investing Activities	<u>(26,663,096)</u>
Net Increase in Cash and Cash Equivalents	8,728,575
Cash and cash equivalents, Beginning	<u>52,583,868</u>
Cash and cash equivalents, Ending	<u>\$ 61,312,443</u>

REQUIRED SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2010 AND 2009



REQUIRED SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2010 AND 2009

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]
6/30/08						
Miscellaneous	\$ 49,712,016	\$ 65,542,736	\$ 15,830,720	75.8%	\$ 11,174,528	141.7%
6/30/07						
Miscellaneous	\$ 44,910,326	\$ 59,412,116	\$ 14,501,790	75.6%	\$ 10,663,440	136.0%
6/30/06						
Miscellaneous	\$ 40,321,483	\$ 54,228,041	\$ 13,906,558	74.4%	\$ 10,470,766	132.8%

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]
6/30/09						
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	52.5%
6/30/07						
Miscellaneous	\$ 0	\$ 11,408,000	\$ 11,408,000	0%	\$ 10,951,000	104.20%



DIEHL, EVANS & COMPANY, LLP
 CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

A PARTNERSHIP INCLUDING ACCOUNTANCY CORPORATIONS

2965 ROOSEVELT STREET
 CARLSBAD, CALIFORNIA 92008-2389
 (760) 729-2343 • FAX (760) 729-2234
www.diehlevans.com

*PHILIP H. HOLTkamp, CPA
 *THOMAS M. PERLOWSKI, CPA
 *HARVEY J. SCHROEDER, CPA
 KENNETH R. AMES, CPA
 WILLIAM C. PENTZ, CPA
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 CRAIG W. SPRAKER, CPA
 NITIN P. PATEL, CPA
 ROBERT J. CALLANAN, CPA

* A PROFESSIONAL CORPORATION

October 12, 2010

Board of Directors
 Otay Water District
 Spring Valley, California

In planning and performing our audit of the financial statements of the Otay Water District (the District) as of and for the year ended June 30, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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 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 was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

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

Diehl, Evans and Company, LLP

OTHER OFFICES AT:

613 W. VALLEY PARKWAY, SUITE 330
 ESCONDIDO, CALIFORNIA 92025-2598
 (760) 741-3141 • FAX (760) 741-9890

5 CORPORATE PARK SUITE 100
 IRVINE, CALIFORNIA 92606-4906
 (949)-399-0600 • FAX (949) 399-0610



DIEHL, EVANS & COMPANY, LLP
 CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

A PARTNERSHIP INCLUDING ACCOUNTANCY CORPORATIONS

2965 ROOSEVELT STREET
 CARLSBAD, CALIFORNIA 92008-2389
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October 12, 2010

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

In planning and performing our audit of the financial statements of the Otay Water District (District) as of and for the year ended June 30, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit we became aware of a certain matter that we would like to bring to your attention. This matter is set forth below, together with our recommendation.

Interest Capitalization

During our audit it was noted that the capitalization of interest on certain construction projects relating to the 2010 Water Revenue Bonds was understated by \$436,369. The District's interest capitalization calculation for the 2010 Water Revenue Bonds was based on an interest capitalization accounting principle (FASB 34) that was being properly applied to other District debt. The accounting principle that applies to the 2010 Water Revenue Bonds (FASB 62) requires a different calculation of the amount of interest to be capitalized. We recommend the District review any new interest capitalization with the District's auditor during the year.

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

Diehl, Evans and Company, LLP

OTHER OFFICES AT:

613 W. VALLEY PARKWAY, SUITE 330
 ESCONDIDO, CALIFORNIA 92025-2598
 (760) 741-3141 • FAX (760) 741-9890

5 CORPORATE PARK SUITE 100
 IRVINE, CALIFORNIA 92606-4906
 (949)-399-0600 • FAX (949) 399-0610



DIEHL, EVANS & COMPANY, LLP
 CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

A PARTNERSHIP INCLUDING ACCOUNTANCY CORPORATIONS

2965 ROOSEVELT STREET
 CARLSBAD, CALIFORNIA 92008-2389
 (760) 729-2343 • FAX (760) 729-2234
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October 12, 2010

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, 2010, and have issued our report thereon dated October 12, 2010. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America:

As stated in our engagement letter dated February 5, 2010, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of the Otay Water District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. As part of our auditing procedures we made inquiries of selected District staff, Management and Board of Directors regarding their understanding of the risks of fraud, District controls to reduce fraud risks, and whether they know of any actual fraud or alleged fraud at the District. None of those we inquired of had any knowledge of any fraud at the District. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit:

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on August 25, 2010.

- 1 -

OTHER OFFICES AT:

613 W. VALLEY PARKWAY, SUITE 330
 ESCONDIDO, CALIFORNIA 92025-2598
 (760) 741-3141 • FAX (760) 741-9890

5 CORPORATE PARK, SUITE 100
 IRVINE, CALIFORNIA 92606-5165
 (949)-399-0600 • FAX (949) 399-0610

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, 2010. 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. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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 which are based on industry standards.
- c. The annual required contribution for the District's Other Post-Employment Benefits was prepared by an outside consultant.

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

Difficulties Encountered in Performing the Audit

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

Audit Adjustments

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

- a. Capitalized interest on infrastructure capital assets was increased by \$436,369 due to the adjustment. We determined the proper amount to be capitalized through calculations of capital assets constructed.

Significant Audit Findings (Continued):

Disagreements with Management

For the purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements of 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 12, 2010.

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 involved application of an accounting principle to the Otay Water District'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 prior to retention as the Otay Water District'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.

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A PARTNERSHIP INCLUDING ACCOUNTANCY CORPORATIONS

2965 ROOSEVELT STREET
 CARLSBAD, CALIFORNIA 92008-2389
 (760) 729-2343 • FAX (760) 729-2234
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**INDEPENDENT ACCOUNTANTS' REPORT
 ON APPLYING AGREED-UPON PROCEDURES**

October 13, 2010

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, 2010. 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 time period under review.
 - a. Findings: At June 30, 2010, the current investment policy (Policy #27) is dated September 6, 2006. This policy was reviewed and approved for the 2009/2010 Fiscal year as part of the consent calendar at the September 2, 2009 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 FNMA – Maturity 10/5/2012; FHLB – Maturity 9/21/2012; FHLMC – Maturity 6/08/2012 and GE Electric Corporate Bond – Maturity 12/1/2010. All four investments are allowable and within maturity limits as stated in the District's Investment Policy at June 30, 2010.

OTHER OFFICES AT:

613 W. VALLEY PARKWAY, SUITE 330
 ESCONDIDO, CALIFORNIA 92025-2598
 (760) 741-3141 • FAX (760) 741-9890

5 CORPORATE PARK, SUITE 100
 IRVINE, CALIFORNIA 92606-5165
 (949)-399-0600 • FAX (949) 399-0610

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 monthly statements, 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, 2010 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 are 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, 2010. 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.

Diehl, Evans and Company, LLP



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	November 3, 2010
SUBMITTED BY:	James Cudlip, Finance Manager	W.O./G.F. NO:	DIV. NO. All
APPROVED BY: (Chief)	Joseph R. Beachem, Chief Financial Officer		
APPROVED BY: (Asst. GM):	German Alvarez, Assistant General Manager, Finance and Administration		
SUBJECT:	Rate Adjustment for Mexico Agreement to Transfer Water		

GENERAL MANAGER'S RECOMMENDATION:

That the Board authorize the General Manager to adjust the wheeling rate for the delivery of Treaty Water to the City of Tijuana to \$68.45 per acre-foot for Calendar Year 2011.

COMMITTEE ACTION: _____

See Attachment A.

BACKGROUND:

The District's contract to deliver water to Mexico is currently in effect through November 9, 2013. Under terms and conditions of the contract, the District's pricing for energy and O&M costs attributable to water delivered to Mexico is due no later than 45 days prior to the start of each calendar year (CY) and will remain constant for the calendar year. To meet this required timing and adjust the rate effective January 1, 2011, the Board's approval of the new rate is due to the United States Commissioner no later than November 16, 2010.

Deliveries of water to Mexico are based on a purchase schedule provided by Mexico to the United States Commissioner on a calendar year basis. In order to set CY-2010 pricing, the Board requested District staff to perform a full review of prior pricing vs. actual costs incurred, since each year's deliveries are priced based on the most current prior year's costs. On March 3, 2010, staff presented the results of their review and the Board approved a rate for the remainder of the year of \$65.41 per acre-foot. Although Mexico had initially requested water deliveries totaling 2,563.6 acre-feet for CY-2010, ultimately they requested all deliveries to be cancelled due to sufficient rainfall.

ANALYSIS:

Water is pumped to the Mexico connection from the District's 870-1 Pump Station, which also pumps water to the District's 870-1 Reservoir in the Otay Mesa area. There are a total of 4 energy bills (SDG&E) attributable to the pump station and these bills are used in the calculations for the energy portion of the rate the District charges Mexico. The water volumes pumped to both Mexico and the reservoir are added together, and the energy costs for Mexico are allocated based on the respective percentage of the total water volume. Similarly, maintenance costs for the District's distribution infrastructure from CWA to the Mexico border connection are computed based on Mexico's percentage of the total water volume pumped through that portion of the District's infrastructure. The energy costs are then added to the maintenance and repair costs and expressed as an overall rate per acre-foot.

Energy and operations and maintenance expenses have remained relatively stable since the last pricing update. Based on the methodology described above, staff has recalculated the "unit payment due OWD for delivery charges and other expenses (\$/acre-foot)" to be used by the San Diego County Water Authority (CWA) on their monthly billing invoices to Mexico for water deliveries. Effective January 1, 2011, the proposed rate is \$68.45 per acre-foot which is an increase of 4.6% from calendar year 2010 to 2011.

FISCAL IMPACT:



None. This adjustment maintains the District in a projected cost neutral position.

STRATEGIC OUTLOOK:

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.



General Manager

Attachments:

- A) Committee Action Form
- B) Rate Calculation Sheet



ATTACHMENT A

SUBJECT/PROJECT:	Rate Adjustment for Mexico Agreement to Transfer Water
-------------------------	--

COMMITTEE ACTION:

The Finance, Administration, and Communications Committee reviewed this item in detail at a meeting held on October 19, 2010. The following comments were made:

- The District provides Colorado River water deliveries to Mexico during the year on a request basis. Each year, the District is required to provide Mexico a pricing for the Colorado water deliveries for the upcoming calendar year. This rate must be provided to the United States Commission no later than November 16.
- Mexico had requested 2500 AF of water during 2010. However, due to the rain, Mexico was able to meet their water needs and did not require water deliveries during the past calendar year.
- Mexico is estimating that they will take 1500 AF during calendar year 2011. As the year progresses, Mexico could cancel this request, as they did in 2010, if their other sources are sufficient to meet their water needs.
- Staff reviewed the energy and O&M costs for Mexico's water delivery request of 1500 AF. There was a slight increase in the energy cost and staff is recommending that the wheeling rate be set at \$68.45/AF. This is a 4.6% increase from last year's rate. It is felt that this rate would cover the District's costs for the water deliveries.
- The committee indicated that they would like to receive additional information on how the wheeling rate is structured. The committee requested that staff present, in detail, a breakdown of the wheeling rate at the November board meeting.

After receiving the above requested information, the committee will make its recommendation to the full board at the November meeting. The committee supported presentation of this item on the action calendar.

**Mexico Water: Energy / O&M Costs
870/571 Reservoirs / Pump Stations
Fiscal Years 2009 - 2010**

ATTACHMENT B

Calculation of Costs, Based on Audited Fiscal Year Expenses

<u>Costs</u>	<u>O&M</u>	<u>Energy</u>	<u>Total Cost</u>
FY 2009	187,478.36 (A)	423,531.09 (B)	611,009.45
FY 2010	89,083.57 (D)	210,268.14 (E)	299,351.71
Totals	\$ 276,561.93	\$ 633,799.23	\$ 910,361.16

<u>Consumption or Sales (In AF)</u>	<u>PZ 871</u>	<u>Mexico</u>	<u>Total AF</u>
FY 2009	3,631.02	5,710.20	9,341.22 (C)
FY 2010	3,168.47	1,204.80	4,373.27 (F)
Totals	6,799.49	6,915.00	13,714.49

<u>Unit Cost (per AF)</u>	<u>O&M</u>	<u>Energy</u>	<u>Total</u>
FY 2009	20.07 (A) ÷ (C)	45.34 (B) ÷ (C)	65.41
FY 2010	20.37 (D) ÷ (F)	48.08 (E) ÷ (F)	68.45

Mexico Water Rates, on a Calendar Year Basis

<u>CY Charges to Mexico</u>	<u>O&M</u>	<u>Energy</u>	<u>Total</u>
CY 2010	20.07	45.34	65.41
CY 2011	20.37	48.08	68.45

Mexico Water: Energy / O&M Costs
571/870 Reservoirs / Pump Stations
Fiscal Year 2010

Month	Costs		
	O&M	Energy	Total
Jul-09	\$ 8,265.98	\$ 20,695.76	\$ 28,961.74
Aug-09	37,106.05	14,814.19	51,920.24
Sep-09	2,695.25	26,734.99	29,430.24
Oct-09	-	24,693.78	24,693.78
Nov-09	10,691.41	23,688.07	34,379.48
Dec-09	11,447.23	23,423.92	34,871.15
Jan-10	3,375.79	13,884.09	17,259.88
Feb-10	573.62	11,206.10	11,779.72
Mar-10	1,946.05	14,057.45	16,003.50
Apr-10	362.81	12,169.14	12,531.95
May-10	9,097.49	11,911.79	21,009.28
Jun-10	3,521.90	12,988.86	16,510.76
Totals	\$ 89,083.57	\$ 210,268.14	\$ 299,351.71

Water Deliveries (In AF)		
PZ 871	Mexico	Total
331.77	-	331.77
344.99	-	344.99
404.30	540.50	944.80
357.29	223.60	580.89
354.95	213.40	568.35
264.23	227.30	491.53
187.17	-	187.17
150.95	-	150.95
132.41	-	132.41
184.70	-	184.70
216.49	-	216.49
239.22	-	239.22
3,168.47	1,204.80	4,373.27

Notes:

1. O&M COSTS consist of labor and materials attributable to the repair and maintenance of the following facilities, as well as the pipelines and flow metering that comprise the OWD infrastructure necessary to transport water from CWA to the pipeline connection at the US - Mexico border.

- 571-1 Pump Station
- 571-1 Reservoir
- 870-1 Pump Station
- 870-1 Reservoir

SPECIFIC TASKS:

- Water Systems Operators: Reservoir cover cleaning and repair, water sample testing, pipeline and valve seal replacement and rebuilds.
- Pump Mechanics: Electric pump vibration testing, pump effective testing, balancing, thermal testing, oil changes, repairs and rebuilds.
- Equipment Mechanics: Gas engine emission checks, valve adjustment, lube & oil and engine tune ups.

2. ENERGY COSTS consist of the 4 SDG&E energy bills directly attributable to the pump stations involved in pumping the water between CWA and Mexico.

- Meter # 00930179: 571-1 Pump Station
- Meter # 01713510: 571-1 Pump Station
- Meter # 01841629: 870-1 Pump Station
- Meter # 01896269: 870-1 Pump Station

3. WATER DELIVERY is done through the District's 871 Pressure Zone. The costs detailed above are the direct costs incurred for energy and infrastructure O&M required to maintain and pump water throughout this pressure zone.



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	November 3, 2010		
SUBMITTED BY:	Gary Silverman <i>GS</i> Senior Civil Engineer	PROJECT/ SUBPROJECT:	P2511- 001102	DIV. NO.	3, 4
	Ron Ripperger <i>RR</i> Engineering Manager				
APPROVED BY: (Chief)	Rod Posada <i>RP</i> Chief, Engineering				
APPROVED BY: (Asst. GM):	Manny Magaña <i>MM</i> Assistant General Manager, Engineering and Operations				
SUBJECT:	Award of a Professional Engineering Services Contract for the North District and South District Interconnection System Project to Lee & Ro, Inc.				

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) awards a professional services contract to Lee & Ro, Inc. and authorizes the General Manager to execute an agreement with Lee & Ro, Inc. for the North District and South District Interconnection System Project in an amount not to exceed \$2,769,119 (see Exhibit A for project location).

COMMITTEE ACTION: _____

Please see Attachment A.

PURPOSE:

To obtain Board authorization for the General Manager to enter into a professional engineering services contract with Lee & Ro, Inc. for the North District and South District Interconnection System Project in an amount not to exceed \$2,769,119.

ANALYSIS:

The North District and South District Interconnection System Project (Project) consists of a transmission main and pumping station between the La Presa area of Spring Valley and the Eastlake area in the City

of Chula Vista. The Project's primary objective is to provide the capability of conveying potable water from the North District to the South District (and vice versa) via a transmission main and a 10,000 gpm booster pump station. Additional facilities may be included to provide the capability to receive an alternative source of water via the Sweetwater Authority's system in the future.

Currently, the District does not have the infrastructure to convey potable water between the North District and the South District; they are served by the supply from five connections to the San Diego County Water Authority (CWA). The North District is supplied by Flow Control Facility (FCF) No. 11 located on CWA's Pipeline 4 and, with the completion of the 36-Inch Pipeline in Jamacha Road this fall, it will also be supplied by FCF No. 14 located in El Cajon. The South District is supplied by FCF Nos. 10, 12 and 13, which are all located along CWA's Pipeline 4. This Project will provide the capability to convey potable water to the North and South service areas during normal operations, during CWA shutdowns on Pipeline 4 or the FCFs, or during emergency conditions. It will improve the reliability to supply potable water from any FCF to any customer within the District. Combined with existing storage infrastructure, this Project will provide the necessary redundancy in the event of an emergency. In addition, this Project will replace the Proctor Valley Road Interconnection Pipelines and the 40 million gallon 624-4 Reservoir, all key projects in the District's Water Resources Master Plan. The replacement of these projects has the potential to save the District over \$10,000,000.

The District requires a consulting firm to provide a range of professional services, including engineering, environmental, public outreach, surveying, and real estate appraisal for the design of the Project. Proposals were initially solicited in April 2010, and a selection process was conducted according to Board Policy No. 21. However, due to concerns with the selection process, at the July 28, 2010 meeting, the Engineering & Operations Committee rejected staff's recommendation to send the award of a contract to MWH Americas, Inc. to the full Board. Rather, the Committee directed staff to revise the internal process for selection of consultants to address minor inconsistencies and to re-advertise the Request for Proposal (RFP).

The District reinitiated the selection process on August 23, 2010, by placing advertisements in the San Diego Union Tribune and the San Diego Daily Transcript, and posting the project on the District's website for Professional Engineering Services. A Pre-Proposal Meeting was held on September 2, 2010. Twenty-four people from various consulting firms attended the meeting. Fifteen firms

submitted a Letter of Interest (LOI) and a Statement of Qualifications. To maximize the potential number of responses, the RFP was sent to all of the firms that submitted Letters of Interest for the first solicitation in April, which was inclusive of the firms that either submitted a LOI or attended the Pre-Proposal Meeting for the second solicitation.

Proposals were received on September 14, 2010, from the following four consulting firms:

1. MWH Americas, Inc.
2. Lee & Ro, Inc.
3. URS Corporation
4. Carollo Engineers

These four firms were four of the five firms that responded to our first solicitation. Among the potential lead engineering firms that were invited but did not propose were RBF, CDM, Psomas, Tetra Tech, Urban Logic, Jacobs, Malcom Pirnie, PBS&J, AECOM, Kennedy/Jenks, Kimley-Horn, CH2M Hill, and HDR.

Due to the high quality of the proposals received, the District elected to interview all four consultants. The proposals and interviews were evaluated by a selection panel comprised of five District staff members. After conducting the interviews on September 29, 2010, the panel completed the consultant ranking process and concluded that Lee & Ro, Inc. had the best approach to the job and provided the best overall value to the District. A summary of the complete evaluation is shown in Exhibit B.

Fee negotiations with Lee & Ro, Inc. concluded on October 1, 2010, and resulted in a net reduction of \$5,012 to their original proposed fee of \$2,774,131. Their revised proposed fee, with reduction, is \$2,769,119.

FISCAL IMPACT:



The total budget for CIP P2511, as approved in the FY 2011 budget, is \$37,300,000. Total expenditures, plus outstanding commitments and forecast, is \$2,835,012. See Attachment B for budget detail.

Based on a review of the financial budgets, the Project Manager has determined that the budget is sufficient to support the project.

The Finance Department has determined that 40% of the funding is available from the Expansion Fund and 60% of the funding is available from the Betterment Fund.

STRATEGIC GOAL:

This project supports the District's Mission statement, "To provide the best quality of water and wastewater services to the customers of Otay Water District, in a professional, effective, and efficient manner." This project fulfills the District's Strategic Goals No. 1 - Community and Governance, and No. 5 - Potable Water, by maintaining proactive and productive relationships with the project stakeholders and by guaranteeing that the District will provide for current and future water needs.

LEGAL IMPACT: _____

None.



General Manager

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GS/RR:jf

Attachments: Attachment A - Committee Action
Attachment B - Budget Detail
Exhibit A - Location Map
Exhibit B - Evaluation Summary



ATTACHMENT A

SUBJECT/PROJECT: P2511-001102	Award of a Professional Engineering Services Contract for the North District and South District Interconnection System Project to Lee & Ro, Inc.
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COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a meeting held on October 18, 2010 and the following comments were made:

- Staff indicated that the Project's primary objective is to provide the capability of conveying potable water from the North District to the South District (and vice versa) via a transmission main and a "Booster" pump station that will be located between the La Presa and East Lake areas. Staff stated that the Project will provide reliability in the event of an emergency and may also provide the capability to receive water supply via the Sweetwater Authority's system.
- Staff noted that a request for proposal for the same project was originally solicited in April 2010, and that a selection process was conducted in accordance with the District's Policy 21. It was indicated that at the July 28, 2010 Engineering, Operations, and Water Resources committee meeting, staff requested to forward to the full board their recommendation to award MWH Americas, Inc. a Professional Engineering Services contract for the same project in an amount not-to-exceed \$3,189,776.
- Due to some concerns and minor inconsistencies with the District's selection process, the Committee directed staff to revise the guidelines of the consultant selection process and rebid the project.
- It was indicated that staff revised the guidelines of the District's selection process for consultants, and in accordance with Policy 21, an RFP for the project was re-advertised in the local newspapers and posted on the District's website on August 23, 2010. Staff also noted that the RFP was sent to all of the firms who submitted Letters of Interest (LOI) in the first solicitation.

- Staff reported that the second solicitation resulted in fifteen (15) firms that submitted a letter of interest and statement of qualifications. By September 14, 2010, the District received four (4) proposals from the following firms: 1) MWH Americas, Inc., 2) Lee & Ro, Inc., 3) URS Corporation, and 4) Carollo Engineers. After conducting interviews on September 29, 2010, the consultant ranking process was completed which staff indicated that Lee & Ro, Inc. was the most qualified consultant and provided the best overall value.
- Staff stated that fee negotiations with Lee & Ro, Inc. concluded on October 1, 2010 and resulted in a net reduction of their original fee (\$2,774,131) by \$5,012. Staff is recommending that the Board award a Professional Services Contract to Lee & Ro, Inc. for the North District and South District Interconnection System Project in an amount not-to-exceed \$2,769,119.
- Staff indicated that the District has worked well with Lee & Ro, Inc. with previous projects such as the 30-inch Recycled Water Dairy Mart Road Pipeline and the Jamacha Road 36-Inch Pipeline.
- The Committee commended staff for fulfilling the expectations of the bidders by revising the District guidelines to balance the selection process for consultants. Staff was also commended for meeting District expectations by reinitiating the selection process which resulted in a savings of nearly \$500,000 for the same project.

Following the discussion, the Committee supported staffs' recommendation and presentation to the full board as an action item.



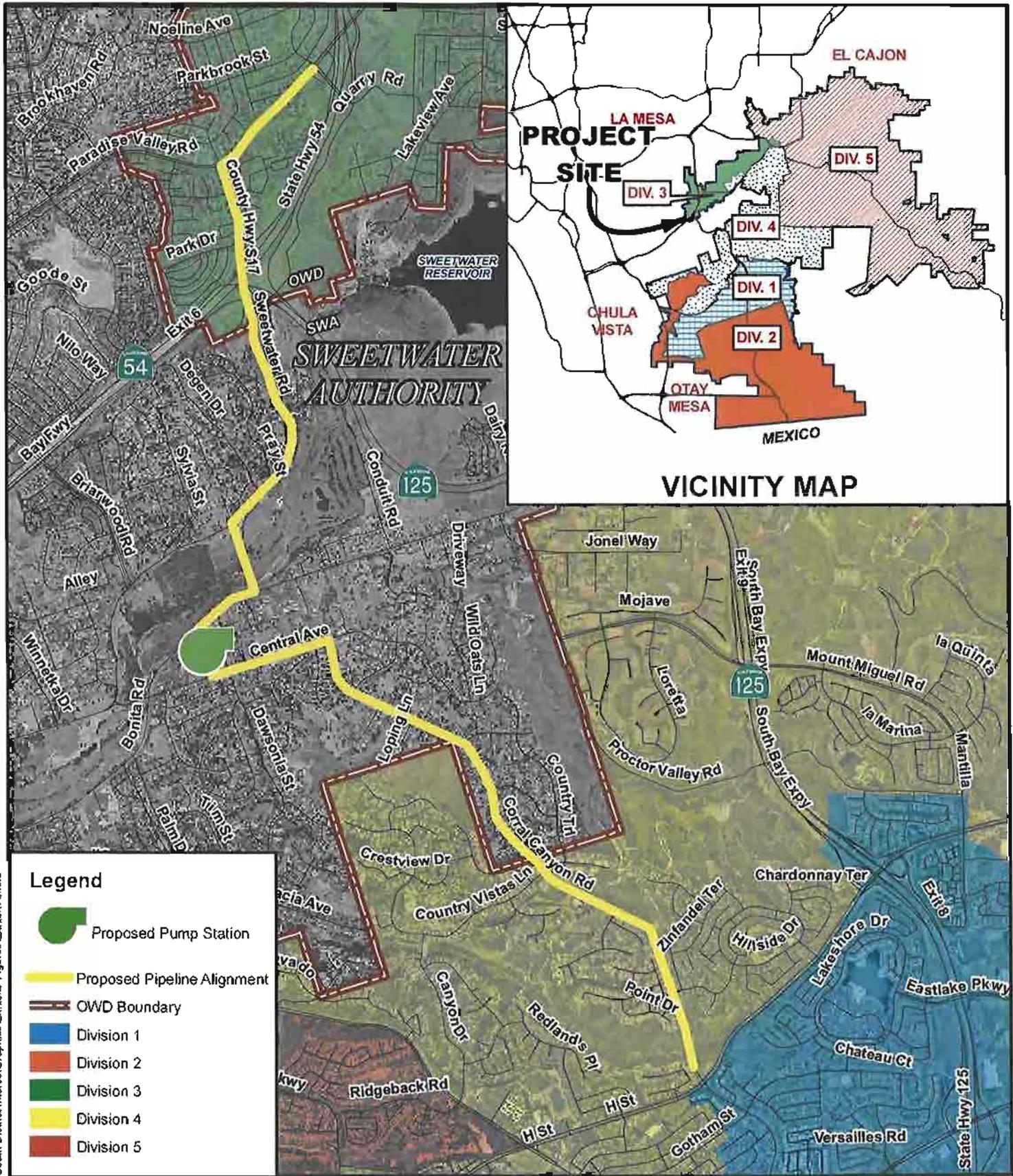
ATTACHMENT B

SUBJECT/PROJECT: P2511-001102	Award of a Professional Engineering Services Contract for the North District and South District Interconnection System Project to Lee & Ro, Inc.
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Olay Water District
 P2511 - North District - South District Interconnection System

Date Updated: October 4, 2010

<i>Budget</i>	<i>Committed</i>	<i>Expenditures</i>	<i>Outstanding Commitment & Forecast</i>	<i>Projected Final Cost</i>	<i>Vendor/Comments</i>
37,300,000					
Planning					
Labor	55,670	55,670		55,670	
Printing		-	-	-	
Professional Legal Fees	562	562		562	GARCIA CALDERON & RUIZ LLP
Other Legal Expenses		-	-	-	
Regulatory Agency Fees		-	-	-	
Consultant Contracts	6,106	6,106		6,106	CPM PARTNERS INC
Service Contracts	2,769,119		2,769,119	2,769,119	LEE & RO INC
Total Planning	2,831,457	62,338	2,769,119	2,831,457	
Design					
Labor	3,130	3,130		3,130	
In House/Labor (future)				-	
Regulatory Agency Fees		-	-	-	
Other Agency Fees		-	-	-	
Consultant Contracts		-	-	-	
Service Contracts	98	98		98	SAN DIEGO DAILY TRANSCRIPT
	327	327		327	SAN DIEGO UNION-TRIBUNE LLC
Total Design	3,555	3,555		3,555	
Construction					
Labor		-	-	-	
Regulatory Agency Fees		-	-	-	
Consultant Contracts		-	-	-	
Construction Contracts		-	-	-	
Service Contracts		-	-	-	
Acqpt/close-out		-	-	-	
Total Construction		-	-	-	
Grand Total	2,835,012	65,893	2,769,119	2,835,012	



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EXHIBIT A

EXHIBIT B

SUMMARY OF PROPOSAL RANKINGS

P2511 North/South District Interconnection Project

		WRITTEN							ORAL					TOTAL SCORE	REFERENCES		
		Qualifications of Team	Responsiveness, Project Understanding	Technical and Management Approach	INDIVIDUAL SUBTOTAL - WRITTEN	AVERAGE SUBTOTAL WRITTEN	Proposed Fee*	Consultant's Commitment to DBE	AVERAGE TOTAL WRITTEN	Additional Creativity and Insight	Strength of Project Manager	Presentation, Communication Skills	Quality of Response to Questions			INDIVIDUAL TOTAL - ORAL	AVERAGE TOTAL ORAL
MAXIMUM POINTS		30	25	30	85	85	15	Y/N	100	15	15	10	10	50	50	150	Poor/Good/Excellent
Carollo	Bob Kennedy	23	18	22	63	65	15	Y	80	11	11	7	6	35	34	114	
	Ron Ripperger	24	20	24	68					11	12	8	7	38			
	Pedro Porras	22	15	20	57					10	12	7	7	36			
	David Charles	24	20	21	65					10	9	6	5	30			
	Kevin Cameron	26	21	23	70					10	11	6	6	33			
Lee & Ro	Bob Kennedy	27	23	28	78	75	9	Y	84	14	14	9	8	45	44	128	Excellent
	Ron Ripperger	25	23	28	76					13	13	9	9	44			
	Pedro Porras	16	22	25	63					14	14	9	9	46			
	David Charles	28	24	27	79					13	13	8	8	42			
	Kevin Cameron	28	23	27	78					13	14	9	9	45			
MWH	Bob Kennedy	28	21	25	74	75	1	Y	76	10	12	7	9	38	41	117	
	Ron Ripperger	24	23	26	73					13	13	8	8	42			
	Pedro Porras	25	20	25	70					13	13	9	9	44			
	David Charles	24	24	25	77					12	13	8	7	40			
	Kevin Cameron	29	24	28	81					12	14	9	8	43			
URS	Bob Kennedy	22	20	26	68	71	9	Y	80	13	12	8	7	40	39	119	
	Ron Ripperger	25	22	27	74					12	13	8	8	41			
	Pedro Porras	18	22	25	65					14	10	7	7	38			
	David Charles	25	24	27	76					12	11	7	7	37			
	Kevin Cameron	26	20	27	73					11	13	8	7	39			

Review Panel does not see or consider fee when scoring other categories. Fee is scored by the PM, who is not on Review Panel.

Consultant	Proposed Fee	Position	Score
Carollo	\$2,700,000	lowest	15
URS	\$2,773,929		9
Lee & Ro	\$2,774,131		9
MWH	\$2,861,401	highest	1

Quality Assurance Approval Sheet

Subject: Award of a Professional engineering Services
Contract for the North District and South District
Interconnection System Project to Lee & Ro, Inc.

Project No.: P2511-001102

Document Description: Staff Report for the November 3, 2010 Board Meeting

Author:  10/7/10
Signature Date
GARY P. SILVERMAN
Printed Name

QA Reviewer:  10/7/10
Signature Date
DAWNEE KAY
Printed Name

Manager:  10/7/10
Signature Date
RON RIPPENGER
Printed Name

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:	Special Board	MEETING DATE:	October 21, 2010
SUBMITTED BY:	Bob Kennedy <i>BK</i> Associate Civil Engineer	W.O./G.F. NO:	P2451- DIV. NO. ALL 001101
	Ron Ripperger <i>WR</i> Engineering Manager		
APPROVED BY: (Chief)	Rod Posada <i>RP</i> Chief, Engineering		
APPROVED BY: (Asst. GM):	Manny Magaña <i>mm</i> Assistant General Manager, Engineering & Operations		
SUBJECT:	Award of a Professional Engineering Services Contract for the Otay Mesa Conveyance and Disinfection System Project		

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors authorizes the General Manager to execute an agreement for Professional Engineering Services with AECOM Technical Services, Inc., (AECOM) in an amount not to exceed \$3,910,297 for the Otay Mesa Conveyance and Disinfection System Project (see attached Exhibit A for project location.)

COMMITTEE ACTION: _____

Please see Attachment A.

PURPOSE:

To obtain Board authorization for the General Manager to enter into a Professional Engineering Services agreement with AECOM in an amount not to exceed \$3,910,297 for the Otay Mesa Conveyance and Disinfection System Project.

ANALYSIS:

The District's 2007 Integrated Water Resources Plan (IRP) was prepared primarily to identify alternate supplies of potable and recycled water. The reliability of existing imported water supplies is not assured given the potential for drought or a seismic event, plus the uncertainties associated with current

regulatory controls on State Water Project deliveries. These have made it necessary for the District to look elsewhere to meet present and future water demands in a reliable and cost effective manner.

One of the recommendations of the IRP for supply diversification is to explore the feasibility of a binational ocean desalination facility within Mexico. Staff has been meeting with state and local authorities in Baja California to discuss the feasibility of such a project. After many years, a desalination facility is high on the agenda at all levels of government in Mexico. Preliminary Engineering has begun to identify alignments for a transmission pipeline to convey desalinated and conditioned potable water produced at the Rosarito desalination plant in Mexico to the border.

The Otay Mesa Conveyance and Disinfection System Project (Project) will provide a potable water transmission pipeline and pump station to convey the desalinated water from the border of Mexico to Roll Reservoir on Otay Mesa. The District requires the services of an engineering consulting firm (Consultant) to provide a range of services for the Project, including the preparation of a Preliminary Design Report and contract documents; provide public outreach services; coordinate with the California Department of Public Health (CDPH) to identify a cost effective means to meet regulations; conduct water quality testing; and prepare the environmental documentation to provide compliance with CEQA/NEPA for the Project.

In accordance with the Board of Directors Policy No. 21, the District initiated the selection process on August 23, 2010, by placing advertisements in the San Diego Union Tribune and the San Diego Daily Transcript, and posting the project on the District's website for Professional Engineering Services. A Pre-Proposal Meeting was held on September 7, 2010. Thirty-two primary engineering and sub-consultant firms submitted a Letter of Interest (LOI) and a Statement of Qualifications. To maximize the potential number of responses, the advertisement was sent to all of the firms that submitted Letters of Interest for the North District and South District Interconnection System Project.

Proposals were received on September 27, 2010, from the following eight consulting firms:

1. AECOM Technical Services, Inc.
2. URS
3. RBF Consulting
4. Malcolm Pirnie, Inc.
5. Carollo
6. Tetra Tech

- 7. Camp, Dresser & McKee, Inc.
- 8. HDR Engineering, Inc.

Due to the high quality of the proposals received, the complexity of several key tasks required, and the difficulty in discerning the quality of key staff through a written proposal, the District elected to interview all eight consultants. The proposals and interviews were evaluated by a selection panel comprised of five District staff members. After conducting the interviews on October 7th and 8th, 2010, the panel completed the consultant ranking process and concluded that AECOM received the highest ranking and provided the best overall value to the District. A summary of the complete evaluation is shown in Exhibit B.

Fee negotiations with AECOM concluded on October 11, 2010, and resulted in a net reduction of \$110,000 to their originally proposed fee. An allowance for additional studies was also reduced by \$200,000. Staff recommends the award of a professional services contract to AECOM for a not-to-exceed amount of \$3,910,297.

FISCAL IMPACT:



The total budget for CIP P2451, as approved in the FY 2011 budget, is \$30,000,000. Based on a review of the financial budget, the Project Manager has determined that the budget is sufficient to support this project.

The projected engineering services expenditures through Fiscal Year 2014 are as follows:

<u>Fiscal Year</u>	<u>Projected Consultant Expenditure</u> (Cumulative)
2 nd quarter, FY 2011	\$ 240,000
3 rd quarter, FY 2011	\$ 750,000
4 th quarter, FY 2011	\$1,430,000
1 st quarter, FY 2012	\$2,000,000
2 nd quarter, FY 2012	\$2,600,000
3 rd quarter, FY 2012	\$3,200,000
4 th quarter, FY 2012	\$3,400,000
FY 2013	\$3,865,000
FY 2014	\$3,910,000
Total:	<u>\$3,910,000</u>

The Finance Department has determined that 40% of the funding is available from the Expansion Fund and 60% of the funding is available from the Betterment Fund.

STRATEGIC GOAL:

This project supports the District's Mission statement, "To provide the best quality of water and wastewater services to the customers of Otay Water District, in a professional, effective, and efficient manner" and the District's Strategic Goal, "To satisfy current and future water needs for potable, recycled, and wastewater services."

LEGAL IMPACT: _____

None.



General Manager

F:\WORKING\CIP P2451 Desalination Feasibility Study\Staff Reports\Board 10-21-10 Award Engineering\BD 10-21-10, Staff Report, Otay Mesa Conveyance and Disinfection System Project Consultant Award, (BK-RR) .doc

BK/RR:jf

Attachments: Attachment A - Committee Action
Exhibit A - Location Map
Exhibit B - Summary of Ranking Spreadsheet



ATTACHMENT A

SUBJECT/PROJECT: P2451-001101	Award of a Professional Engineering Services Contract for the Otay Mesa Conveyance and Disinfection System Project
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COMMITTEE ACTION:

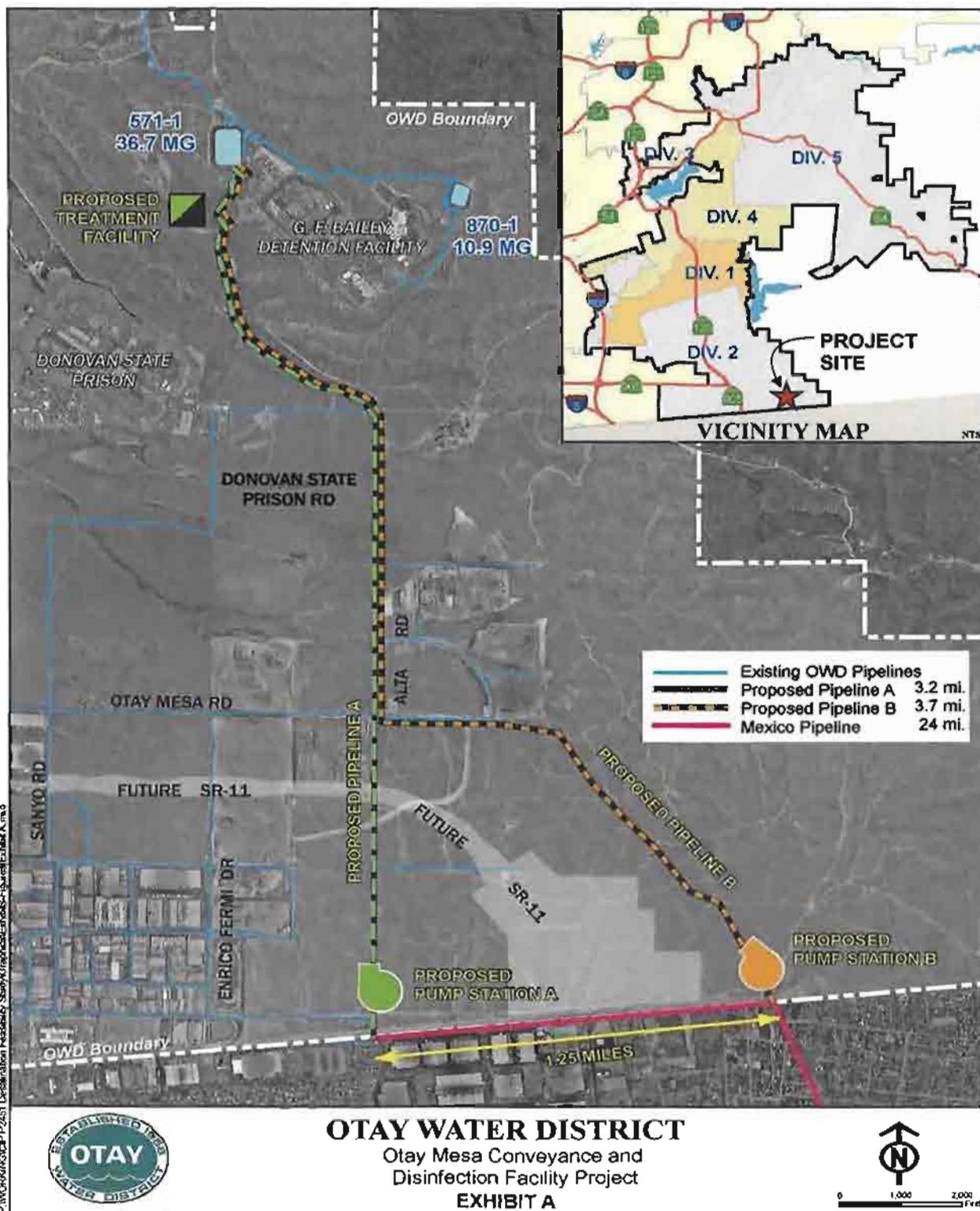
The Engineering, Operations, and Water Resources Committee reviewed this item at a Special Committee Meeting held on October 14, 2010 and the following comments were made:

- Staff is requesting the Board's authorization to enter into a Professional Engineering Services agreement with AECOM in an amount not-to-exceed \$3,910,297 for the Otay Mesa Conveyance and Disinfection System Project.
- It was discussed that the District's 2007 Integrated Water Resources Plan (IRP) identified alternate supplies of potable and recycled water. As the reliability of existing imported water supplies is not assured, it has made it necessary for the District to look elsewhere to meet present and future water demands that will be both reliable and cost effective.
- One of the recommendations of the IRP for supply diversification is to explore the feasibility of a binational ocean desalination facility within Mexico. Staff has been meeting with state and local authorities in Baja California to discuss the feasibility of such a project. After many years, a desalination facility is high on the agenda at all levels of government in Mexico. Preliminary Engineering has begun to identify alignments for a transmission pipeline to convey Pacific Ocean desalinated and conditioned potable water produced at the Rosarito desalination plant in Mexico to the border.
- The Otay Mesa Conveyance and Disinfection System Project (Project) will provide a potable water transmission pipeline and pump station to convey the desalinated water from the border of Mexico to Roll Reservoir on Otay Mesa. The District requires the services of an engineering consulting firm (Consultant) to provide a range of services for the Project, including:

- The preparation of a Preliminary Design Report to establish the alignment for the pipeline and the location of the pump station and disinfection facility.
 - Coordinate the pipeline crossing at the border with NSC Aqua
 - Prepare contract documents
 - Provide public outreach services
 - Coordinate with the California Department of Public Health (CDPH) to identify a cost effective means to meet regulations
 - Conduct water quality testing
 - Prepare the environmental documentation to provide compliance with CEQA/NEPA for the Project.
- In accordance with the Board of Directors Policy No. 21, the District initiated the selection process on August 23, 2010 and received proposals from eight (8) consulting firms. After evaluating the proposals and conducting interviews, AECOM was selected by the selection panel as the most qualified respondent. It was noted that fees proposed by each firm were not disclosed to the panel members until after all the scores were tabulated.
 - It was discussed that staffs' report includes a table that estimates the expected expenditures for engineering consultant services through Fiscal Year 2014 for the project. However, the District can, should it decide the project is no longer feasible, terminate the contract at any time.
 - The committee discussed that AECOM's fee included an allowance item for future studies. As staff is unable to scope out the details of these studies at this point of the RFP, their fee was reduced down \$200,000 (\$500,000 to \$300,000). Such studies included a corrosion study of how the acquired desalinated water will blend and react with the District's existing facilities. At this moment, staff does not know what additional studies will be required to support this project. It was indicated that staff is comfortable with the identified \$300,000 for studies based on what staff knows today.
 - Staff noted that the project has been discussed with the State Health Department and the International Boundary and Water Commission and the project has received positive feedback.
 - The committee thanked staff for their thoroughness in the evaluation process and indicated that they felt the evaluation process was a well developed program.
 - It was noted that this item is being presented at special meetings to move the work forward a couple weeks to meet the project schedule.

Following the discussion, the Committee supported staffs' recommendation and presentation to the full board at a Special Meeting of the Board of Directors scheduled on October 21, 2010 as an action item.

EXHIBIT A



**EXHIBIT B
SUMMARY OF PROPOSAL RANKINGS**

Otay Mesa Conveyance and Disinfection System Project CIP P2451

		WRITTEN							ORAL					TOTAL SCORE	REFERENCES		
		Qualifications of Staff	Understanding of Scope, Schedule and Resources	Soundness and Viability of Proposed Project Plan	INDIVIDUAL SUBTOTAL - WRITTEN	AVERAGE SUBTOTAL - WRITTEN	Proposed Fee*	Consultant's Commitment to DBE	AVERAGE TOTAL WRITTEN	Additional Creativity and Insight	Strength of Project Manager	Presentation, Communication Skills	Quality of Response to Questions			INDIVIDUAL TOTAL - ORAL	AVERAGE TOTAL ORAL
MAXIMUM POINTS		30	25	30	85	85	15	Y/N	100	15	15	10	10	50	60	150	Poor/Good/Excellent
AECOM	Rod Posada	28	20	25	73	74	10	Yes	84	14	14	8	8	44	43	127	Good
	Pedro Porras	22	25	22	69					15	11	8	8	42			
	Ron Ripberger	16	23	27	76					13	14	9	7	43			
	Gary Silverman	27	23	27	77					13	12	8	7	40			
	Daniel Kay	27	23	26	76					13	14	9	9	45			
URS	Rod Posada	27	22	22	71	70	10	Yes	80	14	13	8	8	43	40	120	
	Pedro Porras	23	25	22	70					11	11	8	7	37			
	Ron Ripberger	21	23	25	73					12	13	8	7	40			
	Gary Silverman	25	20	24	69					11	11	7	7	36			
	Daniel Kay	22	23	23	68					11	14	9	9	46			
RBF Consulting	Rod Posada	27	15	20	62	66	13	Yes	79	13	14	6	6	41	36	115	
	Pedro Porras	23	22	21	66					10	10	5	5	30			
	Ron Ripberger	23	22	24	69					12	13	8	7	40			
	Gary Silverman	21	22	19	61					10	8	7	6	31			
	Daniel Kay	24	23	24	71					12	12	7	8	39			
Malcolm Pirnie, Inc.	Rod Posada	29	25	26	80	74	4	Yes	78	15	15	9	10	49	41	119	
	Pedro Porras	24	23	24	71					11	11	8	7	37			
	Ron Ripberger	25	22	23	70					12	12	8	8	41			
	Gary Silverman	27	22	25	74					11	12	8	7	36			
	Daniel Kay	24	23	26	73					13	12	8	8	41			
Carollo	Rod Posada	25	20	20	65	65	15	Yes	80	12	14	8	7	41	37	117	
	Pedro Porras	20	15	18	53					13	11	7	7	38			
	Ron Ripberger	13	22	22	67					12	13	8	8	41			
	Gary Silverman	26	20	25	73					8	10	7	7	33			
	Daniel Kay	26	20	22	68					9	9	6	6	30			
TETRA TECH	Rod Posada	25	18	20	63	68	12	Yes	80	12	12	8	8	40	39	119	
	Pedro Porras	24	22	22	68					15	12	10	10	47			
	Ron Ripberger	24	22	23	69					13	13	8	8	42			
	Gary Silverman	24	21	23	68					11	10	8	6	35			
	Daniel Kay	25	21	24	70					11	8	7	7	33			
Camp, Dresser & McKee, Inc	Rod Posada	26	22	25	75	71	10	Yes	81	15	12	9	9	45	38	119	
	Pedro Porras	25	24	24	73					15	10	8	8	41			
	Ron Ripberger	22	21	22	65					11	10	8	7	36			
	Gary Silverman	26	21	26	75					12	6	7	7	32			
	Daniel Kay	22	24	25	71					10	7	8	9	34			
HDR Engineering, Inc	Rod Posada	28	22	29	79	76	1	Yes	77	15	15	9	9	48	44	121	
	Pedro Porras	27	24	23	74					13	11	8	8	40			
	Ron Ripberger	26	23	25	74					14	14	9	8	45			
	Gary Silverman	27	23	25	75					14	13	9	8	44			
	Daniel Kay	26	23	26	75					13	13	8	8	42			

Review Panel does not see or consider fee when scoring other categories. Fee is scored by the PM, who is not on Review Panel.

FEE SCORING CHART			
Consultant	Proposed Fee	Position	Score
Carollo	\$3,364,207	lowest	15
RBF	\$3,680,135		13
Tetra Tech	\$3,866,993		12
AECOM	\$4,220,297		10
URS	\$4,295,694		10
CDM	\$4,330,791		10
Malcolm Pirnie	\$5,437,098		4
HDR	\$5,998,488	highest	1

Quality Assurance Approval Sheet

Subject: Award of a Professional Engineering Services
Contract for the Otay Mesa Conveyance and
Disinfection System Project to AECOM Technical
Services, Inc.

Project No.: P2511-001102

Document Description: Staff Report for Special Board Meeting on October 21, 2010

Author:



Signature

10/12/10

Date

BOB KENNEDY

Printed Name

QA Reviewer:



Signature

10/12/10

Date

GARY P. SILVERMAN

Printed Name

Manager:



Signature

10/12/10

Date

RON RIPPERBER

Printed Name



STAFF REPORT

TYPE MEETING:	Regular Board Meeting	MEETING DATE:	November 3, 2010
SUBMITTED BY:	Mark Watton, General Manager	W.O./G.F. NO:	DIV. NO.
SUBJECT:	Board of Directors 2010 and 2011 Calendar of Meetings		

GENERAL MANAGER'S RECOMMENDATION:

At the request of the Board, the attached Board of Director's meeting calendar for 2010 and 2011 is being presented for discussion.

PURPOSE:

This staff report is being presented to provide the Board the opportunity to review the 2010 and 2011 Board of Director's meeting calendars and amend the schedules 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 2010 and 2011

**Board of Directors, Workshops
and Committee Meetings
2010**

Regular Board Meetings:

January 6, 2010
February 3, 2010
March 3, 2010
April 7, 2010
May 5, 2010
June 2, 2010
July 7, 2010
August 4, 2010
September 1, 2010
October 6, 2010
November 3, 2010
December 1, 2010 (Canceled)

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

January 20, 2010
February 17, 2010
March 17, 2010
April 21, 2010
May 19, 2010
June 16, 2010
July 21, 2010
August 18, 2010
September 15, 2010
October 20, 2010
November 17, 2010
December 7, 2010

Board Workshops:

Budget Workshop, Monday, May 17, 2010
Special Board Meeting/Board Retreat Workshop, September 15, 2010

**Board of Directors, Workshops
and Committee Meetings
2011**

Regular Board Meetings:

January 5, 2011
February 2, 2011
March 2, 2011
April 6, 2011
May 4, 2011
June 1, 2011
July 6, 2011
August 3, 2011
September 7, 2011
October 5, 2011
November 2, 2011
December 7, 2011

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

January 19, 2011
February 16, 2011
March 16, 2011
April 20, 2011
May 18, 2011
June 15, 2011
July 20, 2011
August 17, 2011
September 21, 2011
October 19, 2011
November 16, 2011
December 21, 2011

Board Workshops:

Budget Workshop, TBD
Special Board Meeting/Board Retreat Workshop, TBD



STAFF REPORT

TYPE	MEETING
MEETING: Regular Board	DATE: November 3, 2010
SUBMITTED BY: Mark Watton General Manager	W.O./G.F. NO: N/A DIV. NO: N/A
SUBJECT: General Manager's Report	

GENERAL MANAGER:

FLAGSHIP PROJECTS

- Update on the design, construction, and environmental of the **36-Inch Potable Water Pipeline from FCF #14 to Regulatory Site** (CIP P2009) for the month of September 2010:
 - Final punchlist items are being addressed by CCL. The pipeline is in service with project completion scheduled for November 2010. Staff plans to send out end-of-project customer surveys in November to receive feedback from the community on how the District did with the construction of the pipeline.

ADMINISTRATIVE SERVICES, INFORMATION TECHNOLOGY AND FINANCE:

ADMINISTRATIVE SERVICES:

Human Resources:

- **Employee Information Meeting** - The District held Employee Information Meetings on October 21st. These meetings are held every six months to provide employees with relevant information regarding key District projects and District updates. Items covered at the meetings included an update on the employee satisfaction survey, CWA/MWD dispute, Rancho del Rey Well and 36-inch Pipeline, year-end audit, Windows 7 rollout, wireless project update, new phone system, and upcoming Otay activities.

- **Health Fair/Open Enrollment Meetings** - Employees attended a Health Fair held on October 13th where employees participated in health screenings and visited several health-related vendors. Open Enrollment informational meetings were held October 19th where health representatives provided information and answered employee questions. Both events were well attended by District employees.
- **Retirement Week** - The District participated in Retirement Week. This is a week designated for employees to focus on being prepared for retirement. CalPERS was onsite for employee trainings to ensure that employees fully understand their CalPERS pension benefits and deferred compensation providers were onsite for individual employee meetings.
- **New Hires** - There were no new hires in the month of October.

Water Conservation and School Education:

- **Outreach Events** - Water Conservation Specialist, Rhianna Pensa, gave a presentation at the Water Smart Innovation Conference on October 6th entitled, "From Report to Reality: One Agency's Delayed Success Story". The presentation highlighted our success at helping the District's two largest institutional sites use water more efficiently. The District also hosted a Smart Irrigation Technologies Workshop on October 16th, and staffed a booth at Marshall Elementary School's Fall Festival on October 29th.
- **Water Waste Reporting** - In October (through the 26th), there were three reports of water waste, either phoned in or reported through the District's website. The water waste report listing the activity is attached.
- **School Education Update** - In October, six school Garden tours were conducted involving a total of 223 third, fourth, and fifth graders and 54 adults from Avocado Elementary, Vista Grande Elementary, and Casillas Elementary School. Another four Garden tours are currently scheduled through the remainder of the school year.

Purchasing and Facilities:

- **Purchase Orders** - There were 132 purchase orders processed in October 2010 for a total of \$373,667.33.

INFORMATION TECHNOLOGY AND STRATEGIC PLANNING:

- **Hard Copy Facility Books** - Both potable and sewer facility books have been created on GIS format. The "cartographic representation" technology has been applied to this project. This design will greatly improve the process of future facility book updates. The copies of the new potable and sewer books have been delivered to Operations and Engineering departments for QAQC.
- **Automated GIS-Based Planning/Decision Support Tool** - The GIS department is working with PBS&J to conduct a study on how to utilize current GIS data and technology to develop an intelligent model that integrates risk management and asset management. The goal is to reduce water loss and life-cycle costs, maximize system reliability, and minimize short and long-term operational and management costs by utilizing the existing water model and future asset management data.
- **Arclogistic for Customer Service Department** - The GIS-based routine software, Arclogistic, has been fully tested and implemented for the Customer Service department. This application will save the Meter Reading staff time for the low-density readings. The program will allow the Lead Meter Reader to dispatch the workloads by the optimized routes and balanced workloads. This application has also been utilized by the Water Conservation Specialists to plan their visits to the field. The feedback has been very good.
- **Security, Access Control, and Video Surveillance** - Staff installed additional FOB readers at the Treatment Plant to secure the chlorine scrubber area. Cameras were also added with additional storage for NVR recording. Access control enhancements include new pan-tilt-zoom cameras, FOB/RFID readers, motorized gate control and Fire Department access at the 1485 Pump Station. Access control enhancements are nearing completion at the 1296 and 850-4 Reservoirs, and FOB/RFID readers and cameras are in place.

- **Virtualization** - The Network Engineer received VMware training and has "virtualized" the District's servers which will reduce the number of servers needed in the Data Center and Disaster Recovery Data Center, saving energy costs and greatly enhancing disaster recovery procedures.
- **Surplus Data on SharePoint** - Staff created an online paperless form to better track IT surplus equipment in SharePoint.
- **Windows 7 Upgrade** - Staff began installing new desktops with Windows 7 and Office 2007 in the Administrative Services department.
- **Internal Pay Accounts** - All District meters have been assigned UB accounts and are billed monthly with a regular billing cycle. The purpose of this process is to track Otay's monthly water usage and assist Finance in their annual budgeting process. This was implemented in September 2010.
- **2012-2014 Strategic Plan** - The process for developing the strategic plan for the next three years has begun. The plan's themes will focus on both efficiency and methods of increasing customer satisfaction through enhanced, but cost-effective, services. The District will be employing the "Balanced Scorecard" methodology and anticipates a high level of employee involvement in generating this plan.
- **GBA Conference - Presentation of Inspection Daily Reporting Using IMS** - The Construction Inspectors are now utilizing IMS for documenting their daily inspection activities. Otay was requested, by GBA, to make a presentation during their annual conference regarding the use of IMS for Inspection Daily Reporting. The presentation was made by David Charles and Cyndi Alcantara, and was well received by the attendees. The conference was held in San Diego on September 27-29, 2010.
- **Business Intelligence (BI) Conference** - In September, Geoff Stevens attended a Business Intelligence conference in San Diego. The conference was focused on how businesses are automating processes and streamlining how to use information more efficiently.

- **SymPro Treasury Software** - The Finance Department SymPro Treasury Software was upgraded to Version 7.2.3 to make it Windows 7 compatible.

FINANCE:

- **Alternative Payment Types** - The total alternative payments in September reached 23,659. Alternative payment types include ACH, web payments, online banking, credit card by phone, and payment through retailers such as Wal-Mart. These methods of payments are much less expensive to the District than the standard payment via check. The new electronic bill and presentment site went live on June 21, 2010. As of October 15, 2010, 12,719 customers had registered for this new online service, with 6,047 choosing to stop receiving paper bills, another significant cost savings to the District.
- **New Bill Format** - Staff is preparing a new version of the water and sewer bills which will bring greater clarity and information to customers. The first mock up of this bill will be presented to the Board in January.
- **FY 2010 CAFR** - The CAFR will be submitted to GFOA for award consideration in December. Copies will be distributed to the Board at the January Board meeting.
- **The financial reporting for September 30, 2010 is as follows:**
 - For the two months ending September 30, 2010, there are total revenues of \$20,857,759 and total expenses of \$20,857,361. The revenues exceeded expenses by \$398.
- **The financial reporting for investments for September 30, 2010 is as follows:**
 - The market value shown in the Portfolio Summary and in the Investment Portfolio Details as of September 30, 2010, total \$103,838,461.15 with an average yield to maturity of 1.059%. The total earnings year-to-date are \$312,770.01.
 - The market value shown in the Portfolio Summary and in the Investment Portfolio Details as of August 31, 2010, total \$107,002,302.16 with an average yield to maturity of 1.056%. The total earnings year-to-date are \$214,256.57.

ENGINEERING AND WATER OPERATIONS:

Engineering:

- **Otay Lakes Road Widening** - Southland Paving completed the installation of approximately 1,700 LF of recycled pipeline. They are still working on the potable Pressure Reducing Station and continuing the recycled pipeline installation in Otay Lakes Rd. The District and the City have partnered in a project to install a 12-Inch Recycled Water Pipeline and a Road Widening Project on Otay Lakes Road. The recycled pipeline will start at Telegraph Canyon Road and end in front of Bonita Vista High School. The project also includes the relocation of a few potable water facilities. The project is on budget and on schedule. This project is scheduled to be completed January 29, 2011. (R2094, P2496)
- **Rancho Del Rey Groundwater Well Development:** The well development has been completed and reports on water quality and quantity are being prepared. All equipment has been removed from the site and landscaping has been restored to original condition. Architectural renderings are being prepared. Conceptual design and a Feasibility Study are being prepared for board information for the January Board Meeting. Staff is preparing a Request for Proposal for the design of a treatment facility. (P2434)
- For the month of September 2010, the District sold 22 meters (44.5 EDUs) generating \$176,966 in revenue. Projection for this period was 12 meters (24 EDUs) with budgeted revenue of \$217,086. Projected revenue from June 1, 2010 through June 30, 2011 is \$2,605,036; against a budget of \$651,259 as of September 30, 2010. Revenue collected to date is \$478,106 which is 27% below projections.
- For the month of September staff reviewed 18 potential easement encroachments and will be gathering all the necessary information prior to informing customers of the removal of the encroachment. The above is part of an on-going program of easement monitoring.
- Approximately 785 linear feet of both CIP and developer project pipeline was installed in September 2010. The

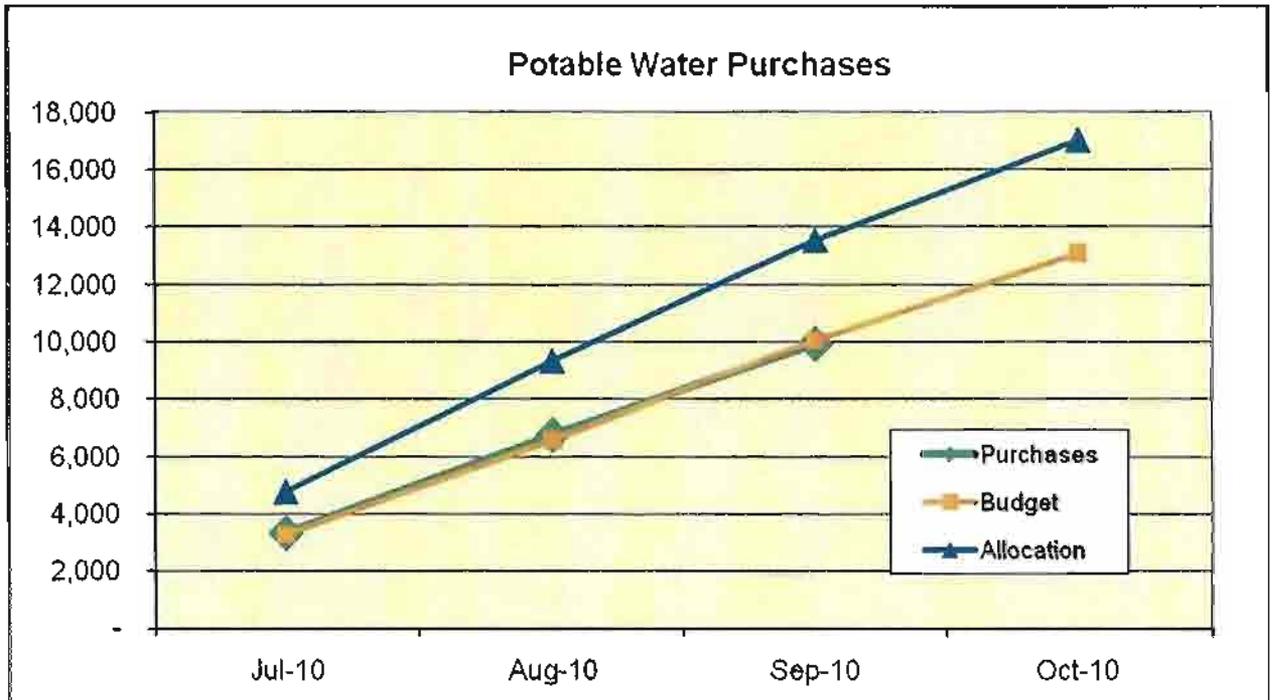
Construction Division performed quality control for these pipelines.

- The following table summarizes Engineering's Project purchases and change orders issued during the period of September 13 through October 27, 2010 that were within staff signatory authority:

Date	Action	Amount	Contractor/ Consultant	Project
09-17-10	CO#1	(2,226.09)	A.B. Hashmi	Jamacha Rd. 8-Inch Sanitary Sewer Replacement (S2021)
09-20-10	P.O.	\$19,421.00	HVAC Engineering Inc	803-1 & 850-2 Pump Stations (P2502 & P2503)
09/29/10	CO#1	\$9,115.00	ICF International	Otay Mesa Recycled Water System (R2087, R2077, R2058)
10/05/10	Check Request	\$2,060.25	County of San Diego	San Miguel Regional Training Facility MND (P1253)
10/11/10	P.O.	\$4,200.00	SR Bradley & Assoc.	Architectural renderings. Rancho Del Rey Groundwater Well Development (P2434)
10/13/10	Check Request	\$5,500.00	City of Chula Vista	Hunte Pkwy north of Proctor Valley Road (P2399)
10/27/10	Check Request	\$9,625.04	City of El Cajon	36-Inch Potable Water Pipeline from FCF #14 to Regulatory Site (P2009)

Water Operations:

- Total number of potable water meters is 48,139.
- The September potable water purchases was 3,170.0 acre feet. This is 8.5% less than budgeted water sales of 3,463.0, and 24.4% less than the CWA allocation.



- Recycled water consumption for the month of September is as follows:

Total consumption was 610.6 acre-feet or 198,902,176 gallons and the average daily consumption was 6,630,073 gallons per day.

Total number of recycled water meters is 687.

Total recycled water consumption to date for FY 2011 is 1,726.6 acre-feet.

- Wastewater flows for the month of September were as follows:
 - Total basin flow, gallons per day: 1,929,000.
 - Spring Valley Sanitation District Flow to Metro, gallons per day: 639,000.
 - Total Otay flow, gallons per day: 1,290,000.
 - Flow Processed at the Ralph W. Chapman Water Recycling Facility, gallons per day: 1,253,000.
 - Flow to Metro from Otay Water District, gallons per day: 56,007.
- For the month of September there were no new wastewater connections; total EDUs is 6,080.

Mark Watton 
General Manager

Water Waste Report

	Broken Sprinklers	High Usage	Leak	Overspray	Runoff due to over-watering	Washing Down Paved Surfaces	Washing Vehicles without bucket/hose nozzle	Watering after 10am/ before 6pm	Total
April 2009	6			4	4	1		2	17
May 2009	7		23	9	6	1		1	47
June 2009	13		35	5	8	10	1	7	79
July 2009	6		24	9	17	4	4	6	70
August 2009	11		15	7	8	1	1	9	52
September 2009	6		17	5	7	2	1	3	41
October 2009	4		6	2	6	1		1	20
November 2009	1		6	7	11			1	26
December 2009	1		15	1	4			1	22
January 2010	1		2	1	4	1			9
February 2010	1			2	3				6
March 2010	2		1		5			2	10
April 2010	1		4	1	5				11
May 2010	1		3	4	3		1	1	13
June 2010	2		2	1	2	1		1	9
July 2010			4		2				6
August 2010	3		6		4				13
September 2010	2	1	5	2	3		1		14
October 2010		1	1		1				3
Total	68	2	169	60	103	22	9	35	468

**OTAY WATER DISTRICT
COMPARATIVE BUDGET SUMMARY
FOR THREE MONTHS ENDED SEPTEMBER 30, 2010**

	Annual Budget	YTD Actual	YTD Budget	YTD Variance	Var %
REVENUES:					
Water Sales	\$ 36,560,100	\$ 10,856,266	\$ 10,986,700	\$ (130,434)	(1.2%)
Energy Charges	1,854,600	548,125	549,900	(1,775)	(0.3%)
System Charges	9,532,200	2,347,803	2,345,900	1,903	0.1%
Penalties	747,600	223,850	227,400	(3,550)	(1.6%)
MWD & CWA Fixed Charges	7,639,400	1,691,392	1,689,300	2,092	0.1%
Total Water Sales	<u>56,333,900</u>	<u>15,667,436</u>	<u>15,799,200</u>	<u>(131,764)</u>	<u>(0.8%)</u>
Reclamation Sales	7,620,600	2,817,154	2,851,400	(34,246)	(1.2%)
Sewer Charges	2,270,500	614,573	619,675	(5,102)	(0.8%)
Meter Fees	50,300	10,562	12,600	(2,038)	(16.2%)
Capacity Fee Revenues	1,095,300	238,175	243,600	(5,425)	(2.2%)
Betterment Fees for Maintenance	657,400	163,248	164,400	(1,152)	(0.7%)
Non-Operating Revenues	1,948,300	436,983	436,925	58	0.0%
Tax Revenues	3,843,900	131,143	125,200	5,943	4.7%
Interest	296,200	59,084	64,100	(5,016)	(7.8%)
General Fund Draw Down	1,657,500	414,400	414,400	-	0.0%
Transfer from OPEB	1,220,000	305,000	305,000	-	0.0%
Total Revenues	<u>\$ 76,993,900</u>	<u>\$ 20,857,759</u>	<u>\$ 21,036,500</u>	<u>\$ (178,741)</u>	<u>(0.8%)</u>
EXPENSES:					
Potable Water Purchases	\$ 26,238,700	\$ 8,082,051	\$ 8,130,500	\$ 48,449	0.6%
Recycled Water Purchases	1,179,900	480,806	504,050	23,244	4.6%
CWA-Infrastructure Access Charge	1,550,700	346,044	346,200	156	0.0%
CWA-Customer Service Charge	1,315,200	293,970	294,000	30	0.0%
CWA-Emergency Storage Charge	2,875,200	645,174	645,300	126	0.0%
MWD-Capacity Res Charge	665,100	166,338	166,200	(138)	(0.1%)
MWD-Readiness to Serve Charge	1,232,400	307,092	308,100	1,008	0.3%
Subtotal Water Purchases	<u>35,057,200</u>	<u>10,321,475</u>	<u>10,394,350</u>	<u>72,875</u>	<u>0.7%</u>
Power Charges	2,520,700	733,882	782,300	48,418	6.2%
Payroll & Related Costs	16,749,400	4,635,760	4,621,307	(14,453)	(0.3%)
Material & Maintenance	3,769,500	935,126	942,375	7,249	0.8%
Administrative Expenses	5,130,400	795,333	927,953	132,620	14.3%
Legal Fees	451,200	106,786	112,800	6,014	5.3%
Expansion Reserve	2,775,000	693,800	693,800	-	0.0%
Betterment Reserve	1,435,000	358,800	358,800	-	0.0%
Replacement Reserve	6,965,000	1,741,300	1,741,300	-	0.0%
Transfer to Sewer General Fund	390,500	97,600	97,600	-	0.0%
Transfer to General Fund Reserve	1,750,000	437,500	437,500	-	0.0%
Total Expenses	<u>\$ 76,993,900</u>	<u>\$ 20,857,361</u>	<u>\$ 21,110,085</u>	<u>\$ 252,724</u>	<u>1.2%</u>
EXCESS REVENUES(EXPENSE)	<u>\$ -</u>	<u>\$ 398</u>	<u>\$ (73,585)</u>	<u>\$ 73,983</u>	

**OTAY WATER DISTRICT
INVESTMENT PORTFOLIO REVIEW
SEPTEMBER 30, 2010**

INVESTMENT OVERVIEW & MARKET STATUS:

The federal funds rate has remained constant now for over 20-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 21, 2010. They went on to say: "*The Committee continues to anticipate that economic conditions are likely to warrant exceptionally low levels of the federal funds rate for an extended period.*"

Despite the large drop in available interest rates, the District's overall effective rate of return at September 30th was 1.13%, which was an increase of 1 basis point (0.01%) from the prior month. At the same time the LAIF return on deposits has dropped slightly over the last several months, reaching an average effective yield of 0.50% for the month of September 2010. 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.

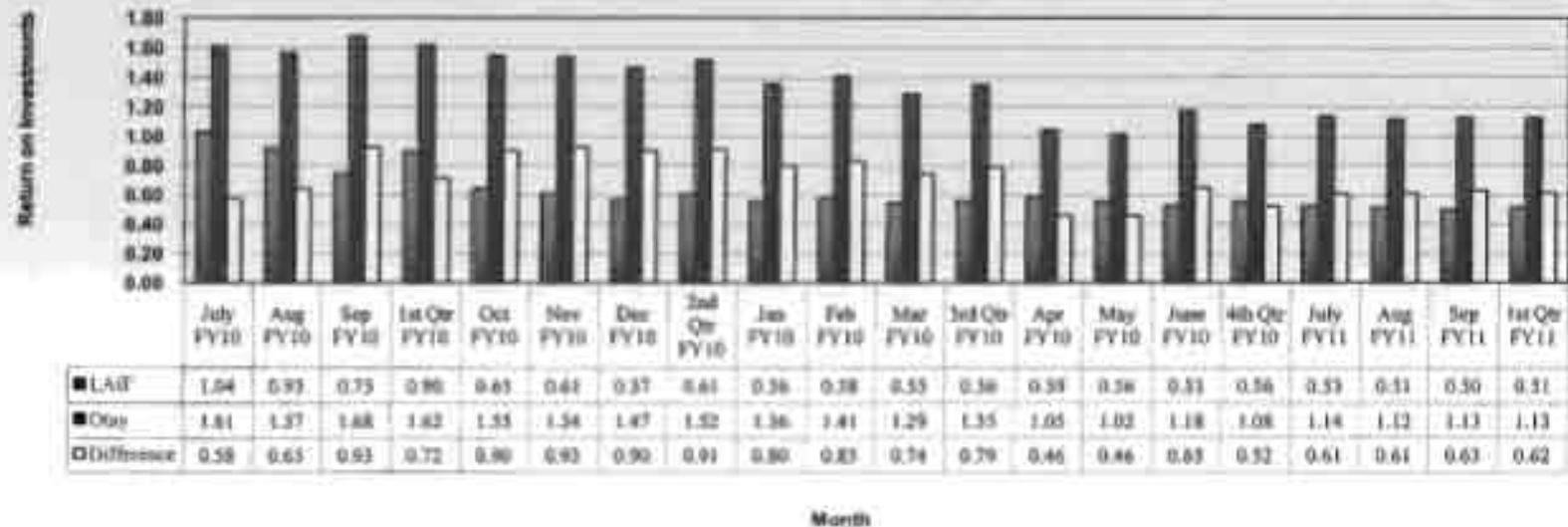
In accordance with the District's Investment Policy, all District funds continue to be managed based on the objectives, in priority order, of safety, liquidity, and return on investment.

PORTFOLIO COMPLIANCE: September 30, 2010

	<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)	\$40 Million	\$40 Million	\$7.41 Million
8.02:	Local Agency Investment Fund (Bonds)	100%	100%	3.89%
8.03:	Federal Agency Issues	100%	100%	63.49%
8.04:	Certificates of Deposit	30%	15%	2.97%
8.05:	Short-Term Commercial Notes	25%	15%	0
8.06:	Medium-Term Commercial Debt	30%	15%	3.86%
8.07:	Money Market Mutual Funds	20%	15%	0
8.08:	San Diego County Pool	100%	100%	16.34%
12.0:	Maximum Single Financial Institution	100%	50%	2.28%

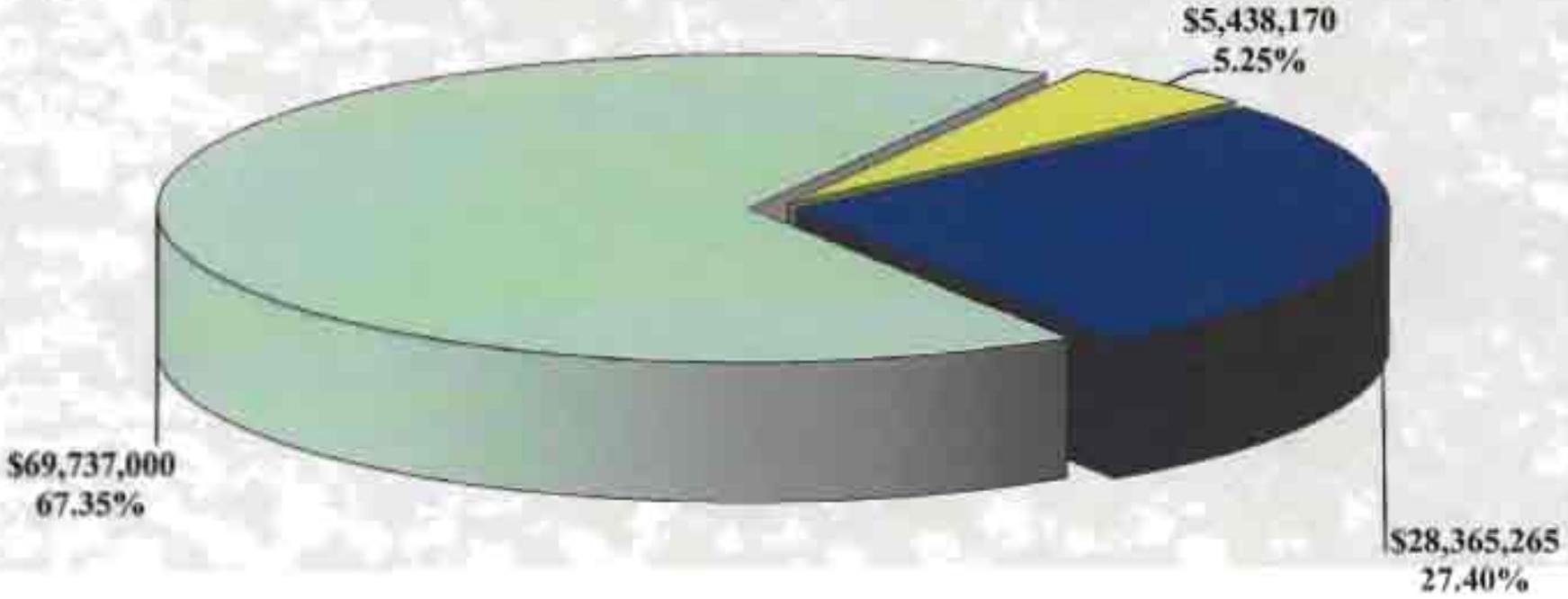
Performance Measure F-12 Return on Investment

Target: Meet or Exceed 100% of LAIF



■ LAIF ■ Otago □ Difference

Otay Water District Investment Portfolio: 09/30/10



□ Banks (Passbook/Checking/CD) ■ Pools (LAIF & County) □ Agencies & Corporate Notes

OTAY
Portfolio Management
Portfolio Summary
September 30, 2010

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Corporate Notes	4,000,000.00	4,030,260.00	4,005,927.51	3.96	878	68	1.973	2.000
Federal Agency Issues- Callable	65,737,000.00	65,930,539.72	65,747,305.27	64.97	837	747	1.122	1.138
Certificates of Deposit - Bank	3,079,108.00	3,079,108.00	3,079,108.00	3.04	374	117	1.399	1.419
Local Agency Investment Fund (LAIF)	11,444,576.56	11,466,491.21	11,444,576.56	11.31	1	1	0.493	0.500
San Diego County Pool	16,920,688.43	16,973,000.00	16,920,688.43	16.72	1	1	0.918	0.931
Investments	101,181,372.99	101,479,398.93	101,197,605.77	100.00%	590	492	1.059	1.074
Cash	2,359,062.22	2,359,062.22	2,359,062.22		1	1	0.136	0.138
(not included in yield calculations)								
Total Cash and Investments	103,540,435.21	103,838,461.15	103,556,667.99		590	492	1.059	1.074

Total Earnings	September 30	Month Ending	Fiscal Year To Date
Current Year		98,513.44	312,770.01
Average Daily Balance		106,089,632.85	109,715,982.15
Effective Rate of Return		1.13%	1.12%

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.


 _____ NOV 22, 2010
 Joseph Beachem, Chief Financial Officer

Reporting period 09/01/2010-09/30/2010

Run Date: 10/21/2010 - 17:01

Portfolio OTAY
 AP
 PM (PRF PM1) 7.3.0
 Report Ver. 7.3.2

OTAY
Portfolio Management
Portfolio Details - Investments
September 30, 2010

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 360	Days to Maturity	Maturity Date
Corporate Notes												
084664AF8	2094	Berkshire Hathaway Fin		03/10/2009	2,000,000.00	2,015,960.00	2,004,078.74	4.200	AAA	1.973	75	12/15/2010
36962G2S2	2044	General Electric Capital		11/16/2007	2,000,000.00	2,014,300.00	2,001,848.77	5.000	AAA	1.973	61	12/01/2010
Subtotal and Average			4,007,173.51		4,000,000.00	4,030,260.00	4,005,927.51			1.973	68	
Federal Agency Issues- Callable												
31331GZ36	2155	Federal Farm Credit Bank		07/16/2010	4,000,000.00	4,002,520.00	4,011,113.69	1.550	AAA	1.374	657	07/19/2012
31331JYF4	2161	Federal Farm Credit Bank		08/19/2010	2,000,000.00	2,000,620.00	2,000,000.00	0.900	AAA	0.888	872	02/19/2013
31331JZV8	2164	Federal Farm Credit Bank		09/03/2010	2,000,000.00	2,001,260.00	2,000,000.00	0.950	AAA	0.937	945	05/03/2013
3133XXRW9	2128	Federal Home Loan Bank		03/29/2010	2,000,000.00	2,009,380.00	2,000,000.00	1.250	AAA	1.233	637	06/29/2012
3133XYNS0	2145	Federal Home Loan Bank		06/10/2010	2,000,000.00	2,010,620.00	2,000,000.00	1.280	AAA	1.262	801	12/10/2012
3133XYSH9	2147	Federal Home Loan Bank		06/21/2010	2,000,000.00	2,011,260.00	2,000,000.00	1.125	AAA	1.110	721	09/21/2012
3133XYXR1	2150	Federal Home Loan Bank		07/14/2010	2,000,000.00	2,000,620.00	2,000,000.00	1.250	AAA	1.233	836	01/14/2013
31337ONF1	2160	Federal Home Loan Bank		08/20/2010	2,000,000.00	2,000,620.00	2,000,000.00	0.800	AAA	0.789	781	11/20/2012
31337OP77	2162	Federal Home Loan Bank		08/25/2010	2,000,000.00	2,002,500.00	2,000,000.00	0.850	AAA	0.838	878	02/25/2013
313370UP1	2165	Federal Home Loan Bank		09/13/2010	2,000,000.00	2,001,880.00	2,000,000.00	0.875	AAA	0.863	894	03/13/2013
313370VG0	2166	Federal Home Loan Bank		09/21/2010	2,000,000.00	2,000,620.00	2,000,000.00	0.800	AAA	0.789	721	09/21/2012
3134G1DE1	2140	Federal Home Loan Mortgage		05/19/2010	2,000,000.00	2,003,060.00	2,000,000.00	1.650	AAA	1.627	780	11/19/2012
3137EACK3	2146	Federal Home Loan Mortgage		05/28/2010	2,000,000.00	2,023,120.00	1,999,191.58	1.147	AAA	1.154	665	07/27/2012
3137EACK3A	2148	Federal Home Loan Mortgage		05/27/2010	1,030,000.00	1,041,906.80	1,030,000.00	1.125	AAA	1.109	665	07/27/2012
3137EACK3B	2149	Federal Home Loan Mortgage		05/27/2010	2,707,000.00	2,738,292.92	2,707,000.00	1.125	AAA	1.109	665	07/27/2012
3134G1KZ6	2151	Federal Home Loan Mortgage		07/20/2010	2,000,000.00	2,003,140.00	2,000,000.00	1.000	AAA	0.986	658	07/20/2012
3134G1MD3	2153	Federal Home Loan Mortgage		07/22/2010	2,000,000.00	2,008,140.00	2,000,000.00	1.100	AAA	1.085	294	07/22/2011
3134G1PK4	2158	Federal Home Loan Mortgage		08/11/2010	2,000,000.00	2,007,820.00	2,000,000.00	1.000	AAA	0.986	864	02/11/2013
3134G1TU8	2167	Federal Home Loan Mortgage		09/28/2010	2,000,000.00	2,003,180.00	2,000,000.00	0.800		0.789	728	09/28/2012
3134G1UR3	2169	Federal Home Loan Mortgage		09/28/2010	2,000,000.00	2,003,080.00	2,000,000.00	0.900		0.888	909	03/28/2013
3136FJR45	2118	Federal National Mortgage Assoc		01/25/2010	2,000,000.00	2,003,760.00	2,000,000.00	1.250	AAA	1.233	847	01/25/2013
3136FMFR0	2127	Federal National Mortgage Assoc		04/05/2010	2,000,000.00	2,010,000.00	2,000,000.00	1.500	AAA	1.479	735	10/05/2012
3136FMJF2	2129	Federal National Mortgage Assoc		04/14/2010	2,000,000.00	2,005,620.00	2,000,000.00	1.250	AAA	1.233	591	05/14/2012
3136FMFB4	2132	Federal National Mortgage Assoc		04/29/2010	2,000,000.00	2,010,000.00	2,000,000.00	1.480	AAA	1.460	759	10/29/2012
31398AQ47	2135	Federal National Mortgage Assoc		05/05/2010	2,000,000.00	2,002,500.00	2,000,000.00	1.600	AAA	1.578	766	11/05/2012
3136FMRH9	2136	Federal National Mortgage Assoc		04/29/2010	2,000,000.00	2,011,880.00	2,000,000.00	1.550		1.529	759	10/29/2012
3136FMRG1	2137	Federal National Mortgage Assoc		05/10/2010	2,000,000.00	2,001,880.00	2,000,000.00	1.300	AAA	1.282	587	05/10/2012
31398AW65	2152	Federal National Mortgage Assoc		07/27/2010	2,000,000.00	2,000,620.00	2,000,000.00	1.000	AAA	0.986	665	07/27/2012
3136FMX82	2154	Federal National Mortgage Assoc		07/26/2010	2,000,000.00	2,003,120.00	2,000,000.00	1.000	AAA	0.986	756	10/26/2012
3136FM4N1	2157	Federal National Mortgage Assoc		08/11/2010	2,000,000.00	2,003,760.00	2,000,000.00	1.000	AAA	0.986	864	02/11/2013

OTAY
Portfolio Management
Portfolio Details - Investments
September 30, 2010

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 360	Days to Maturity	Maturity Date
Federal Agency Issues- Callable												
3136FM6A7	2159	Federal National Mortgage Assoc		08/19/2010	2,000,000.00	2,001,260.00	2,000,000.00	1.000	AAA	0.986	780	11/19/2012
3136FPHU4	2168	Federal National Mortgage Assoc		09/21/2010	2,000,000.00	2,002,500.00	2,000,000.00	0.875	AAA	0.863	902	03/21/2013
Subtotal and Average			63,039,202.76		65,737,000.00	65,930,539.72	65,747,305.27			1.122	747	
Certificates of Deposit - Bank												
2050003183-4	2121	California Bank & Trust		01/22/2010	79,108.00	79,108.00	79,108.00	1.380		1.380	478	01/22/2012
1008995288	2119	Neighborhood National Bank		12/10/2009	1,000,000.00	1,000,000.00	1,000,000.00	1.400		1.400	69	12/09/2010
1006200563-2	2126	Neighborhood National Bank		02/04/2010	2,000,000.00	2,000,000.00	2,000,000.00	1.400		1.400	126	02/04/2011
Subtotal and Average			3,079,108.00		3,079,108.00	3,079,108.00	3,079,108.00			1.399	117	
Local Agency Investment Fund (LAIF)												
LAIF	9001	STATE OF CALIFORNIA		07/01/2004	7,413,399.46	7,427,595.01	7,413,399.46	0.500		0.493	1	
LAIF BABS 2010	9012	STATE OF CALIFORNIA		04/21/2010	4,031,177.10	4,038,896.20	4,031,177.10	0.500		0.493	1	
Subtotal and Average			14,129,576.56		11,444,576.56	11,466,491.21	11,444,576.56			0.493	1	
San Diego County Pool												
SD COUNTY POOL	9007	San Diego County		07/01/2004	16,920,688.43	16,973,000.00	16,920,688.43	0.931		0.918	1	
Subtotal and Average			18,587,355.10		16,920,688.43	16,973,000.00	16,920,688.43			0.918	1	
Total and Average			106,089,632.85		101,181,372.99	101,479,398.93	101,197,605.77			1.059	492	

OTAY
Portfolio Management
Portfolio Details - Cash
September 30, 2010

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 360	Days to Maturity
Union Bank											
UNION MONEY	9002	STATE OF CALIFORNIA		07/01/2004	24,603.93	24,603.93	24,603.93	0.050		0.049	1
PETTY CASH	9003	STATE OF CALIFORNIA		07/01/2004	2,800.00	2,800.00	2,800.00			0.000	1
UNION OPERATING	9004	STATE OF CALIFORNIA		07/01/2004	2,305,513.37	2,305,513.37	2,305,513.37	0.141		0.139	1
PAYROLL	9005	STATE OF CALIFORNIA		07/01/2004	24,977.26	24,977.26	24,977.26			0.000	1
RESERVE-10 COPS	9010	STATE OF CALIFORNIA		04/20/2010	690.76	690.76	690.76	0.001		0.001	1
RESERVE-10 BABS	9011	STATE OF CALIFORNIA		04/20/2010	425.01	425.01	425.01	0.001		0.001	1
UBNA-2010 BOND	9013	STATE OF CALIFORNIA		04/20/2010	51.89	51.89	51.89	0.147		0.145	1
Average Balance			0.00								1
Total Cash and Investments			106,089,632.85		103,540,435.21	103,838,461.15	103,556,667.99			1.059	492

OTAY
Activity Report
Sorted By Issuer
July 1, 2010 - September 30, 2010

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value Beginning Balance	Current Rate	Transaction Date	Purchases or Deposits	Par Value Redemptions or Withdrawals	Ending Balance
Issuer: Berkshire Hathaway Fin									
Corporate Notes									
			Subtotal and Balance	2,000,000.00					2,000,000.00
			Issuer Subtotal	2,000,000.00			0.00	0.00	2,000,000.00
Issuer: STATE OF CALIFORNIA									
Union Bank									
UNION MONEY	9002	STATE OF CALIFORNIA			0.050		68,763,913.81	68,749,319.87	
UNION OPERATING	9004	STATE OF CALIFORNIA			0.141		2,307,419.16	1,046,617.78	
PAYROLL	9005	STATE OF CALIFORNIA					320,925.04	320,925.04	
UBNA-2010 BOND	9013	STATE OF CALIFORNIA			0.147		10,000,000.00	10,000,000.00	
			Subtotal and Balance	1,083,666.90			81,392,258.01	80,116,862.69	2,359,062.22
Local Agency Investment Fund (LAIF)									
LAIF	9001	STATE OF CALIFORNIA			0.500		21,658,449.75	32,750,000.00	
LAIF BABS 2010	9012	STATE OF CALIFORNIA			0.500		31,177.10	12,000,000.00	
			Subtotal and Balance	34,504,949.71			21,689,626.85	44,750,000.00	11,444,576.56
			Issuer Subtotal	35,588,616.61			103,081,884.86	124,866,862.69	13,803,638.78
Issuer: California Bank & Trust									
Certificates of Deposit - Bank									
			Subtotal and Balance	79,108.00					79,108.00
			Issuer Subtotal	79,108.00			0.00	0.00	79,108.00
Issuer: Federal Farm Credit Bank									
Federal Agency Issues- Callable									
31331GZ36	2155	Federal Farm Credit Bank			1.550	07/16/2010	4,000,000.00	0.00	

OTAY
Activity Report
July 1, 2010 - September 30, 2010

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value		Transaction Date	Purchases or Deposits	Par Value	
				Beginning Balance	Current Rate			Redemptions or Withdrawals	Ending Balance
Issuer: Federal Farm Credit Bank									
Federal Agency Issues- Callable									
31331JYF4	2161	Federal Farm Credit Bank			0.900	08/19/2010	2,000,000.00	0.00	
31331JZV8	2164	Federal Farm Credit Bank			0.950	09/03/2010	2,000,000.00	0.00	
Subtotal and Balance				0.00			8,000,000.00	0.00	8,000,000.00
Issuer Subtotal				7.726%	0.00		8,000,000.00	0.00	8,000,000.00

Issuer: Federal Home Loan Bank									
Federal Agency Issues- Callable									
3133XXK22	2124	Federal Home Loan Bank			1.250	07/08/2010	0.00	2,000,000.00	
3133XY2C8	2130	Federal Home Loan Bank			1.800	07/26/2010	0.00	2,000,000.00	
3133XY5H4	2131	Federal Home Loan Bank			1.450	07/30/2010	0.00	2,000,000.00	
3133XTAS4	2133	Federal Home Loan Bank			1.600	08/06/2010	0.00	2,000,000.00	
3133XYDD4	2138	Federal Home Loan Bank			1.700	08/13/2010	0.00	2,000,000.00	
3133XYCT0	2139	Federal Home Loan Bank			1.500	08/13/2010	0.00	2,000,000.00	
3133XYFP5	2142	Federal Home Loan Bank			1.020	08/25/2010	0.00	2,000,000.00	
3133XYXR1	2150	Federal Home Loan Bank			1.250	07/14/2010	2,000,000.00	0.00	
313370BD9	2156	Federal Home Loan Bank			0.800	07/27/2010	2,000,000.00	0.00	
313370BD9	2156	Federal Home Loan Bank				08/27/2010	0.00	2,000,000.00	
31337ONF1	2160	Federal Home Loan Bank			0.800	08/20/2010	2,000,000.00	0.00	
31337OP77	2162	Federal Home Loan Bank			0.850	08/25/2010	2,000,000.00	0.00	
31337DJR0	2163	Federal Home Loan Bank			0.850	08/27/2010	2,875,000.00	0.00	
31337DJR0	2163	Federal Home Loan Bank				09/27/2010	0.00	2,875,000.00	
313370UP1	2165	Federal Home Loan Bank			0.875	09/13/2010	2,000,000.00	0.00	
313370VG0	2166	Federal Home Loan Bank			0.800	09/21/2010	2,000,000.00	0.00	
Subtotal and Balance				20,000,000.00			14,875,000.00	18,875,000.00	16,000,000.00
Issuer Subtotal				15.453%	20,000,000.00		14,875,000.00	18,875,000.00	16,000,000.00

Issuer: Federal Home Loan Mortgage									
Federal Agency Issues- Callable									
3134G1AW4	2134	Federal Home Loan Mortgage			1.300	08/10/2010	0.00	2,000,000.00	
3134G1EH3	2144	Federal Home Loan Mortgage			1.300	09/08/2010	0.00	2,000,000.00	
3134G1KZ6	2151	Federal Home Loan Mortgage			1.000	07/20/2010	2,000,000.00	0.00	

OTAY
Activity Report
July 1, 2010 - September 30, 2010

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value		Transaction Date	Par Value		Ending Balance
				Beginning Balance	Current Rate		Purchases or Deposits	Redemptions or Withdrawals	
Issuer: Federal Home Loan Mortgage									
Federal Agency Issues- Callable									
3134G1MD3	2153	Federal Home Loan Mortgage			1.100	07/22/2010	2,000,000.00	0.00	
3134G1PK4	2158	Federal Home Loan Mortgage			1.000	08/11/2010	2,000,000.00	0.00	
3134G1TU8	2167	Federal Home Loan Mortgage			0.800	09/28/2010	2,000,000.00	0.00	
3134G1UR3	2169	Federal Home Loan Mortgage			0.900	09/28/2010	2,000,000.00	0.00	
Subtotal and Balance				11,737,000.00			10,000,000.00	4,000,000.00	17,737,000.00
Issuer Subtotal		17.131%		11,737,000.00			10,000,000.00	4,000,000.00	17,737,000.00
Issuer: Federal National Mortgage Assoc									
Federal Agency Issues- Callable									
31398AC91	2117	Federal National Mortgage Assoc			1.500	07/20/2010	0.00	2,000,000.00	
3136FJ4T5	2120	Federal National Mortgage Assoc			1.500	08/16/2010	0.00	2,000,000.00	
31398AH88	2123	Federal National Mortgage Assoc			1.500	09/24/2010	0.00	2,000,000.00	
31398AS78	2143	Federal National Mortgage Assoc			1.400	08/25/2010	0.00	2,000,000.00	
31398AW65	2152	Federal National Mortgage Assoc			1.000	07/27/2010	2,000,000.00	0.00	
3136FMX82	2154	Federal National Mortgage Assoc			1.000	07/26/2010	2,000,000.00	0.00	
3136FM4N1	2157	Federal National Mortgage Assoc			1.000	08/11/2010	2,000,000.00	0.00	
3136FM6A7	2159	Federal National Mortgage Assoc			1.000	08/19/2010	2,000,000.00	0.00	
3136FPHU4	2168	Federal National Mortgage Assoc			0.875	09/21/2010	2,000,000.00	0.00	
Subtotal and Balance				22,000,000.00			10,000,000.00	8,000,000.00	24,000,000.00
Issuer Subtotal		23.179%		22,000,000.00			10,000,000.00	8,000,000.00	24,000,000.00
Issuer: General Electric Capital									
Corporate Notes									
Subtotal and Balance				2,000,000.00					2,000,000.00
Issuer Subtotal		1.932%		2,000,000.00			0.00	0.00	2,000,000.00
Issuer: Neighborhood National Bank									
Certificates of Deposit - Bank									
Subtotal and Balance				3,000,000.00					3,000,000.00

OTAY
Activity Report
July 1, 2010 - September 30, 2010

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value		Transaction Date	Purchases or Deposits	Par Value	
				Beginning Balance	Current Rate			Redemptions or Withdrawals	Ending Balance
Issuer Subtotal			2.897%	3,000,000.00			0.00	0.00	3,000,000.00
Issuer: San Diego County									
San Diego County Pool									
SD COUNTY POOL	9007	San Diego County			0.931		42,446.70	2,000,000.00	
Subtotal and Balance				18,878,241.73			42,446.70	2,000,000.00	16,920,688.43
Issuer Subtotal			16.342%	18,878,241.73			42,446.70	2,000,000.00	16,920,688.43
Total			100.000%	115,282,966.34			145,999,331.56	157,741,862.69	103,540,435.21

OTAY
GASB 31 Compliance Detail
Sorted by Fund - Fund
July 1, 2010 - September 30, 2010

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	
Fund: Treasury Fund											
LAIF	9001	99	Fair Value		18,535,367.70	0.00	21,658,449.75	32,750,000.00	0.00	-16,222.44	7,427,595.01
UNION MONEY	9002	99	Amortized		10,009.99	0.00	68,763,913.81	68,749,319.87	0.00	0.00	24,603.93
PETTY CASH	9003	99	Amortized		2,800.00	0.00	0.00	0.00	0.00	0.00	2,800.00
UNION OPERATING	9004	99	Amortized		1,044,711.99	0.00	2,307,419.16	1,046,617.78	0.00	0.00	2,305,513.37
PAYROLL	9005	99	Amortized		24,977.26	0.00	320,925.04	320,925.04	0.00	0.00	24,977.26
SD COUNTY POOL	9007	99	Fair Value		18,851,000.00	0.00	42,446.70	2,000,000.00	0.00	79,553.30	16,973,000.00
36962G2S2	2044	99	Fair Value	12/01/2010	2,032,000.00	0.00	0.00	0.00	0.00	-17,700.00	2,014,300.00
084664AF8	2094	99	Fair Value	12/15/2010	2,030,740.00	0.00	0.00	0.00	0.00	-14,780.00	2,015,960.00
31398AC91	2117	99	Fair Value	01/20/2012	2,000,620.00	0.00	0.00	2,000,000.00	0.00	-620.00	0.00
3136FJR45	2118	99	Fair Value	01/25/2013	2,005,620.00	0.00	0.00	0.00	0.00	-1,860.00	2,003,760.00
1008995288	2119	99	Amortized	12/09/2010	1,000,000.00	0.00	0.00	0.00	0.00	0.00	1,000,000.00
3136FJ4T5	2120	99	Fair Value	08/16/2012	2,002,500.00	0.00	0.00	2,000,000.00	0.00	-2,500.00	0.00
2050003183-4	2121	99	Amortized	01/22/2012	79,108.00	0.00	0.00	0.00	0.00	0.00	79,108.00
31398AH88	2123	99	Fair Value	09/24/2012	2,004,380.00	0.00	0.00	2,000,000.00	0.00	-4,380.00	0.00
3133XXK22	2124	99	Fair Value	06/25/2012	2,000,000.00	0.00	0.00	2,000,000.00	0.00	0.00	0.00
1006200563-2	2126	99	Amortized	02/04/2011	2,000,000.00	0.00	0.00	0.00	0.00	0.00	2,000,000.00
3136FMFR0	2127	99	Fair Value	10/05/2012	2,012,500.00	0.00	0.00	0.00	0.00	-2,500.00	2,010,000.00
3133XXRW9	2128	99	Fair Value	06/29/2012	2,012,500.00	0.00	0.00	0.00	0.00	-3,120.00	2,009,380.00
3136FMJF2	2129	99	Fair Value	05/14/2012	2,009,380.00	0.00	0.00	0.00	0.00	-3,760.00	2,005,620.00
3133XY2C8	2130	99	Fair Value	01/29/2013	2,001,880.00	0.00	0.00	2,000,000.00	0.00	-1,880.00	0.00
3133XY5H4	2131	99	Fair Value	07/30/2012	2,001,880.00	0.00	0.00	2,000,000.00	0.00	-1,880.00	0.00
3136FMPB4	2132	99	Fair Value	10/29/2012	2,010,620.00	0.00	0.00	0.00	0.00	-620.00	2,010,000.00
3134G1AW4	2134	99	Fair Value	05/10/2012	2,001,920.00	0.00	0.00	2,000,000.00	0.00	-1,920.00	0.00
31398AQ47	2135	99	Fair Value	11/05/2012	2,007,500.00	0.00	0.00	0.00	0.00	-5,000.00	2,002,500.00
3136FMRH9	2136	99	Fair Value	10/29/2012	2,014,380.00	0.00	0.00	0.00	0.00	-2,500.00	2,011,880.00
3136FMRG1	2137	99	Fair Value	05/10/2012	2,005,620.00	0.00	0.00	0.00	0.00	-3,740.00	2,001,880.00
3133XYDD4	2138	99	Fair Value	11/13/2012	2,002,500.00	0.00	0.00	2,000,000.00	0.00	-2,500.00	0.00
3133XYCT0	2139	99	Fair Value	08/13/2012	2,002,500.00	0.00	0.00	2,000,000.00	0.00	-2,500.00	0.00
3134G1DE1	2140	99	Fair Value	11/19/2012	2,008,000.00	0.00	0.00	0.00	0.00	-4,940.00	2,003,060.00
RESERVE-10 COPS	9010	99	Amortized		690.76	0.00	0.00	0.00	0.00	0.00	690.76

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	
Fund: Treasury Fund											
RESERVE-10 BABS	9011	99	Amortized		425.01	0.00	0.00	0.00	0.00	0.00	425.01
3133XYFP5	2142	99	Fair Value	11/25/2011	2,001,880.00	0.00	0.00	2,000,000.00	0.00	-1,880.00	0.00
31398AS78	2143	99	Fair Value	05/25/2012	2,001,880.00	0.00	0.00	2,000,000.00	0.00	-1,880.00	0.00
3134G1EH3	2144	99	Fair Value	06/08/2012	2,002,540.00	0.00	0.00	2,000,000.00	0.00	-2,540.00	0.00
LAIF BABS 2010	9012	99	Fair Value		16,026,300.42	0.00	31,177.10	12,000,000.00	0.00	-18,581.32	4,038,896.20
UBNA-2010 BOND	9013	99	Amortized		51.89	0.00	10,000,000.00	10,000,000.00	0.00	0.00	51.89
3133XYNS0	2145	99	Fair Value	12/10/2012	2,009,380.00	0.00	0.00	0.00	0.00	1,240.00	2,010,620.00
3137EACK3	2146	99	Fair Value	07/27/2012	2,014,380.00	0.00	0.00	0.00	0.00	8,740.00	2,023,120.00
3133XYSH9	2147	99	Fair Value	09/21/2012	2,010,000.00	0.00	0.00	0.00	0.00	1,260.00	2,011,260.00
3137EACK3A	2148	99	Fair Value	07/27/2012	1,037,405.70	0.00	0.00	0.00	0.00	4,501.10	1,041,906.80
3137EACK3B	2149	99	Fair Value	07/27/2012	2,726,463.33	0.00	0.00	0.00	0.00	11,829.59	2,738,292.92
3133XYXR1	2150	99	Fair Value	01/14/2013	0.00	2,000,000.00	0.00	0.00	0.00	620.00	2,000,620.00
3134G1KZ6	2151	99	Fair Value	07/20/2012	0.00	2,000,000.00	0.00	0.00	0.00	3,140.00	2,003,140.00
31398AW65	2152	99	Fair Value	07/27/2012	0.00	2,000,000.00	0.00	0.00	0.00	620.00	2,000,620.00
3134G1MD3	2153	99	Fair Value	07/22/2011	0.00	2,000,000.00	0.00	0.00	0.00	8,140.00	2,008,140.00
3136FMX82	2154	99	Fair Value	10/26/2012	0.00	2,000,000.00	0.00	0.00	0.00	3,120.00	2,003,120.00
31331GZ36	2155	99	Fair Value	07/19/2012	0.00	4,012,400.00	0.00	0.00	0.00	-9,880.00	4,002,520.00
313370BD9	2156	99	Fair Value	04/27/2012	0.00	2,000,000.00	0.00	2,000,000.00	0.00	0.00	0.00
3136FM4N1	2157	99	Fair Value	02/11/2013	0.00	2,000,000.00	0.00	0.00	0.00	3,760.00	2,003,760.00
3134G1PK4	2158	99	Fair Value	02/11/2013	0.00	2,000,000.00	0.00	0.00	0.00	7,820.00	2,007,820.00
3136FM6A7	2159	99	Fair Value	11/19/2012	0.00	2,000,000.00	0.00	0.00	0.00	1,260.00	2,001,260.00
31337ONF1	2160	99	Fair Value	11/20/2012	0.00	2,000,000.00	0.00	0.00	0.00	620.00	2,000,620.00
31331JYF4	2161	99	Fair Value	02/19/2013	0.00	2,000,000.00	0.00	0.00	0.00	620.00	2,000,620.00
31337OP77	2162	99	Fair Value	02/25/2013	0.00	2,000,000.00	0.00	0.00	0.00	2,500.00	2,002,500.00
313370JR0	2163	99	Fair Value	08/27/2012	0.00	2,875,000.00	0.00	2,875,000.00	0.00	0.00	0.00
31331JZV8	2164	99	Fair Value	05/03/2013	0.00	2,000,000.00	0.00	0.00	0.00	1,260.00	2,001,260.00
313370UP1	2165	99	Fair Value	03/13/2013	0.00	2,000,000.00	0.00	0.00	0.00	1,880.00	2,001,880.00
313370VG0	2166	99	Fair Value	09/21/2012	0.00	2,000,000.00	0.00	0.00	0.00	620.00	2,000,620.00
3134G1TU8	2167	99	Fair Value	09/28/2012	0.00	2,000,000.00	0.00	0.00	0.00	3,180.00	2,003,180.00
3136FPHU4	2168	99	Fair Value	03/21/2013	0.00	2,000,000.00	0.00	0.00	0.00	2,500.00	2,002,500.00
3134G1UR3	2169	99	Fair Value	03/28/2013	0.00	2,000,000.00	0.00	0.00	0.00	3,080.00	2,003,080.00
3133XTAS4	2133	99	Fair Value	11/06/2012	2,001,880.00	0.00	0.00	2,000,000.00	0.00	-1,880.00	0.00
Subtotal					115,548,292.05	42,887,400.00	103,124,331.56	157,741,862.69	0.00	20,300.23	103,838,461.15
Total					115,548,292.05	42,887,400.00	103,124,331.56	157,741,862.69	0.00	20,300.23	103,838,461.15

OTAY
Duration Report
Sorted by Investment Type - Investment Type
Through 09/30/2010

Security ID	Investment #	Fund	Issuer	Investment Class	Book Value	Par Value	Market Value	Current Rate	YTM 360	Current Yield	Maturity/ Call Date	Modified Duration
36962G2S2	2044	99	General Electric Capital	Fair	2,001,848.77	2,000,000.00	2,014,300.00	5.000000	1.973	3.545	12/01/2010	0.167
084664AF8	2094	99	Berkshire Hathaway Fin	Fair	2,004,078.74	2,000,000.00	2,015,960.00	4.200000	1.973	2.583	12/15/2010	0.205
3134G1KZ6	2151	99	Federal Home Loan Mortgage	Fair	2,000,000.00	2,000,000.00	2,003,140.00	1.000000	0.986	0.912	07/20/2012	1.779
3134G1UR3	2169	99	Federal Home Loan Mortgage	Fair	2,000,000.00	2,000,000.00	2,003,080.00	.9000000	0.888	0.837	03/28/2013	2.459
3137EACK3	2146	99	Federal Home Loan Mortgage	Fair	1,999,191.58	2,000,000.00	2,023,120.00	1.147196	1.154	0.509	07/27/2012	1.797
3134G1DE1	2140	99	Federal Home Loan Mortgage	Fair	2,000,000.00	2,000,000.00	2,003,060.00	1.650000	1.627	1.577	11/19/2012	2.076
3134G1TU8	2167	99	Federal Home Loan Mortgage	Fair	2,000,000.00	2,000,000.00	2,003,180.00	.8000000	0.789	0.719	09/28/2012	1.972
3137EACK3B	2149	99	Federal Home Loan Mortgage	Fair	2,707,000.00	2,707,000.00	2,738,292.92	1.125000	1.109	0.487	07/27/2012	1.797
3137EACK3A	2148	99	Federal Home Loan Mortgage	Fair	1,030,000.00	1,030,000.00	1,041,906.80	1.125000	1.109	0.487	07/27/2012	1.797
3134G1PK4	2158	99	Federal Home Loan Mortgage	Fair	2,000,000.00	2,000,000.00	2,007,820.00	1.000000	0.986	0.833	02/11/2013	2.326
3134G1MD3	2153	99	Federal Home Loan Mortgage	Fair	2,000,000.00	2,000,000.00	2,008,140.00	1.100000	1.085	0.595	07/22/2011	0.803
3136FM4N1	2157	99	Federal National Mortgage Assoc	Fair	2,000,000.00	2,000,000.00	2,003,760.00	1.000000	0.986	0.919	02/11/2013	2.325
3136FM6A7	2159	99	Federal National Mortgage Assoc	Fair	2,000,000.00	2,000,000.00	2,001,260.00	1.000000	0.986	0.970	11/19/2012	2.103
3136FMPB4	2132	99	Federal National Mortgage Assoc	Fair	2,000,000.00	2,000,000.00	2,010,000.00	1.480000	1.460	1.236	10/29/2012	2.028
3136FMJF2	2129	99	Federal National Mortgage Assoc	Fair	2,000,000.00	2,000,000.00	2,005,620.00	1.250000	1.233	1.075	05/14/2012	1.589
3136FPHU4	2168	99	Federal National Mortgage Assoc	Fair	2,000,000.00	2,000,000.00	2,002,500.00	.8750000	0.863	0.824	03/21/2013	2.440
3136FMFR0	2127	99	Federal National Mortgage Assoc	Fair	2,000,000.00	2,000,000.00	2,010,000.00	1.500000	1.479	1.248	10/05/2012	1.494
31398AW65	2152	99	Federal National Mortgage Assoc	Fair	2,000,000.00	2,000,000.00	2,000,620.00	1.000000	0.986	0.983	07/27/2012	1.798
3136FMRG1	2137	99	Federal National Mortgage Assoc	Fair	2,000,000.00	2,000,000.00	2,001,880.00	1.300000	1.282	1.241	05/10/2012	1.579
3136FMX82	2154	99	Federal National Mortgage Assoc	Fair	2,000,000.00	2,000,000.00	2,003,120.00	1.000140	0.986	0.924	10/26/2012	2.040
3136FMRH9	2136	99	Federal National Mortgage Assoc	Fair	2,000,000.00	2,000,000.00	2,011,880.00	1.550000	1.529	1.260	10/29/2012	2.026
3136FJR45	2118	99	Federal National Mortgage Assoc	Fair	2,000,000.00	2,000,000.00	2,003,760.00	1.250000	1.233	1.168	01/25/2013	2.252
31398AQ47	2135	99	Federal National Mortgage Assoc	Fair	2,000,000.00	2,000,000.00	2,002,500.00	1.600000	1.578	1.539	11/05/2012	2.039
313370UP1	2165	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,001,880.00	.8750000	0.863	0.836	03/13/2013	2.418
3133XYSH9	2147	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,011,260.00	1.125178	1.110	0.837	09/21/2012	1.942
3133XYXR1	2150	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,000,620.00	1.250000	1.233	1.236	01/14/2013	2.241
31337ONF1	2160	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,000,620.00	.8000000	0.789	0.785	11/20/2012	2.112
31337OP77	2162	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,002,500.00	.8500000	0.838	0.797	02/25/2013	2.369
3133XXRW9	2128	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,009,380.00	1.250000	1.233	0.978	06/29/2012	1.713

Portfolio OTAY
AP

OTAY
Duration Report
Sorted by Investment Type - Investment Type
Through 09/30/2010

Security ID	Investment #	Fund	Issuer	Investment Class	Book Value	Par Value	Market Value	Current Rate	YTM 360	Current Yield	Maturity/ Call Date	Modified Duration
313370VG0	2166	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,000,620.00	.8000000	0.789	0.784	09/21/2012	1.952
3133XYNS0	2145	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,010,620.00	1.280000	1.262	1.035	12/10/2012	2.149
31331JYF4	2161	99	Federal Farm Credit Bank	Fair	2,000,000.00	2,000,000.00	2,000,620.00	.9000000	0.888	0.887	02/19/2013	2.351
31331GZ36	2155	99	Federal Farm Credit Bank	Fair	4,011,113.69	4,000,000.00	4,002,520.00	1.550000	1.374	1.515	07/19/2012	1.764
31331JZV8	2164	99	Federal Farm Credit Bank	Fair	2,000,000.00	2,000,000.00	2,001,260.00	.9500950	0.937	0.925	05/03/2013	2.549
2050003183-4	2121	99	California Bank & Trust	Amort	79,108.00	79,108.00	79,108.00	1.380000	1.380	1.380	01/22/2012	1.296 †
1008995288	2119	99	Neighborhood National Bank	Amort	1,000,000.00	1,000,000.00	1,000,000.00	1.400000	1.400	1.400	12/09/2010	0.187 †
1006200563-2	2126	99	Neighborhood National Bank	Amort	2,000,000.00	2,000,000.00	2,000,000.00	1.400000	1.400	1.400	02/04/2011	0.339 †
LAIF	9001	99	STATE OF CALIFORNIA	Fair	7,413,399.46	7,413,399.46	7,427,595.01	.5000000	0.493	0.500		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	4,031,177.10	4,031,177.10	4,038,896.20	.5000000	0.493	0.500		0.000
SD COUNTY	9007	99	San Diego County	Fair	16,920,688.43	16,920,688.43	16,973,000.00	.9310000	0.918	0.931		0.000
Report Total					101,197,605.77	101,181,372.99	101,479,398.93			1.017		1.313 †

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



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	November 3, 2010
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:

SUMMARY	NET DEMANDS
CHECKS (2025756-2026148)	\$4,004,290.57
VOID CHECKS (2)	(\$74,949.18)
TOTAL CHECKS	\$3,929,341.39
WIRE TO:	
CALPERS - OTHER POST EMPLOYMENT BENEFITS	\$28,900.00
CITY TREASURER - WATER DELIVERIES	\$1,877.35
DELTA HEALTH SYSTEMS - DENTAL & COBRA CLAIMS	\$16,773.59
LANDESBANK - CERTIFICATES OF PARTICIPATION	\$28,343.63
SAN DIEGO COUNTY WATER - WATER DELIVERIES	\$3,187,127.40
SPECIAL DIST RISK MGMT AUTH - INSURANCE PREMIUM	\$195,701.02
STATE BOARD OF EQUALIZATION - SALES USE TAX	\$799.00
UNION BANK - PAYROLL TAXES	\$295,923.74
WAGeworks - FLEXIBLE SPENDING ACCOUNT	\$55,224.90
TOTAL CASH DISBURSEMENTS	\$7,740,012.02

RECOMMENDED ACTION:

That the Board receive the attached list of demands.

Jb/Attachment

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2025756 THROUGH 2026148
RUN DATES 10/6/2010 TO 10/27/2010

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2025862	10/13/10	10720	1060 TECHNOLOGY INC	1682	09/23/10	HP DRIVES	4,785.00	4,785.00
2025969	10/20/10	10720	1060 TECHNOLOGY INC	1649	09/24/10	TOUGHBOOKS	38,236.50	38,236.50
2025970	10/20/10	10133	9931 VIA DE LA AMISTAD	002504 002503	10/18/10 10/18/10	W/O REFUND D0626-010300 W/O REFUND D0626-010301	3,228.50 2,875.39	6,103.89
2025863	10/13/10	08488	ABLEFORCE INC	2423	10/05/10	CONSULTING SERVICES	8,670.00	8,670.00
2026064	10/27/10	08488	ABLEFORCE INC	2438	10/19/10	CONSULTING SERVICES	8,585.00	8,585.00
2025799	10/06/10	12174	AECOM TECHNICAL SERVICES INC	37042512 37042520	08/11/10 08/11/10	WELL PROJECT ENGINEERING SERVICES	37,472.29 4,334.48	41,806.77
2026065	10/27/10	12174	AECOM TECHNICAL SERVICES INC	37048050 37048073	09/23/10 09/23/10	WELL PROJECT ENGINEERING SERVICES	608,136.65 2,780.00	610,916.65
2026066	10/27/10	11462	AEGIS ENGINEERING MGMT INC	1011	10/04/10	PLAN CHECKING	18,546.00	18,546.00
2025800	10/06/10	11803	AEROTEK ENVIRONMENTAL	OE00680082	09/16/10	TEMPORARY SERVICES	2,178.00	2,178.00
2025864	10/13/10	11803	AEROTEK ENVIRONMENTAL	OE00681615	09/23/10	TEMPORARY SERVICES	1,497.38	1,497.38
2025971	10/20/10	11803	AEROTEK ENVIRONMENTAL	OE00683164	09/30/10	TEMPORARY SERVICES	2,178.00	2,178.00
2026067	10/27/10	11803	AEROTEK ENVIRONMENTAL	OE00684744	10/07/10	TEMPORARY SERVICES	2,224.00	2,224.00
2025972	10/20/10	12083	AHERN RENTALS	8741369001	09/22/10	55FT BOOMLIFT	47,586.83	47,586.83
2025973	10/20/10	07732	AIRGAS SPECIALTY PRODUCTS INC	131171895 131171894	09/27/10 09/27/10	AQUA AMMONIA AQUA AMMONIA	2,171.07 1,875.27	4,046.34
2025974	10/20/10	00132	AIRGAS WEST INC	103145753	09/30/10	BREATHING AIR	28.85	28.85
2025756	10/06/10	12302	ALFREDO OLIVAS	Ref002409064	10/05/10	UB Refund Cst #0000157753	30.99	30.99
2025757	10/06/10	12288	ALICE SMITH	Ref002409050	10/05/10	UB Refund Cst #0000122638	30.76	30.76
2025975	10/20/10	02362	ALLIED WASTE SERVICES # 509	0509004123547 0509004125530	09/25/10 09/25/10	TRASH SERVICES TRASH SERVICES TP	841.23 146.80	988.03
2025936	10/20/10	12340	ALMA FERNANDEZ	Ref002409428	10/19/10	UB Refund Cst #0000162013	31.57	31.57
2025801	10/06/10	01369	AMERICAN BACKFLOW	INV16132	09/10/10	BACKFLOWS	3,313.83	3,313.83
2025758	10/06/10	12314	AMERICAN EAGLE REAL ESTATE	Ref002409076	10/05/10	UB Refund Cst #0000162368	40.00	40.00
2025759	10/06/10	12318	AMERICAN EAGLE REAL ESTATE	Ref002409081	10/05/10	UB Refund Cst #0000163316	5.23	5.23

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2025802	10/06/10	02966	AMERICAN INDUSTRIAL SUPPLY INC	125186	09/15/10	ANTI - SEIZE COMPOUND	501.09	501.09
2025803	10/06/10	06166	AMERICAN MESSAGING	L1109570KJ	10/01/10	PAGER SERVICES	135.54	135.54
2026068	10/27/10	00315	AMERICAN SOCIETY OF CIVIL	1041052631	10/21/10	MEMBERSHIP DUES	250.00	250.00
2025760	10/06/10	12325	ANN AMARAL	Ref002409088	10/05/10	UB Refund Cst #0000169437	75.00	75.00
2026069	10/27/10	00002	ANSWER INC	3975	10/22/10	ANSWERING SERVICES	1,000.00	1,000.00
2025865	10/13/10	08967	ANTHEM BLUE CROSS EAP	40906	09/24/10	EMPLOYEE ASSISTANCE	365.70	365.70
2025976	10/20/10	08967	ANTHEM BLUE CROSS EAP	640871	06/01/10	EMPLOYEE ASSISTANCE	365.70	365.70
2025804	10/06/10	12329	API FUND FOR PAYROLL EDUCATION	002471	10/06/10	REGISTRATION FEES	845.00	845.00
2026070	10/27/10	03492	AQUA-METRIC SALES COMPANY	0034754IN	10/04/10	SENSUS METERS	43,885.91	43,885.91
2026071	10/27/10	02651	ART'S TRENCH PLATE &	35888	10/07/10	TRENCHING	2,790.00	2,790.00
2026072	10/27/10	03143	ASIAN BUSINESS ASSOCIATION	1335	03/12/10	1/4 PAGE AD	400.00	400.00
2025805	10/06/10	03340	ASSOCIATION OF PUBLIC	4623	10/06/10	MEMBERSHIP RENEWAL	169.00	169.00
2025977	10/20/10	05758	AT&T	082164572809251C	09/25/10	INTERNET BANDWIDTH	1,976.64	1,976.64
2025978	10/20/10	05758	AT&T	61942256050910	09/20/10	PHONE SVC (INTERAGENCY WTR MTR CONN)	30.67	30.67
2025979	10/20/10	07785	AT&T	000001669468	10/02/10	PHONE SERVICES	5,909.64	5,909.64
2025980	10/20/10	08330	AT&T INTERNET SERVICES	8547826250910	09/22/10	INTERNET BANDWIDTH	1,200.00	1,200.00
2025937	10/20/10	12363	ATLANTIC & PACIFIC REAL ESTATE	Ref002409452	10/19/10	UB Refund Cst #0000139708	6.37	6.37
2025806	10/06/10	03543	AUDIO ASSOCIATES OF	9785	09/13/10	SERVICE LABOR	138.00	138.00
2025981	10/20/10	03543	AUDIO ASSOCIATES OF	9822	09/29/10	SERVICE LABOR	1,330.74	1,330.74
2025982	10/20/10	03526	BALDWIN COOKE	2562249	09/25/10	EXECUTIVE PLANNERS	138.04	138.04
2026073	10/27/10	03526	BALDWIN COOKE	2570060	10/01/10	EXECUTIVE PLANNERS	22.08	22.08
2025807	10/06/10	00145	BARRETT ENGINEERED PUMPS	072808	09/13/10	SAMPLE PUMP	1,059.23	1,059.23
2025938	10/20/10	12362	BERTHA TESORO	Ref002409451	10/19/10	UB Refund Cst #0000127102	34.63	34.63
2025808	10/06/10	08144	BEST BUY	002463	09/29/10	COMPUTER LOAN	2,764.56	2,764.56
2025809	10/06/10	10970	BRENNTAG PACIFIC INC	BPI033030	09/14/10	SODIUM HYPOCHLORITE	3,412.41	

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				BPI033911	09/16/10	SODIUM HYPOCHLORITE	3,406.64	
				BPI032634	09/13/10	SODIUM HYPOCHLORITE	1,944.83	
				BPI033470	09/16/10	SODIUM HYPOCHLORITE	728.59	
				BPI032633	09/13/10	SODIUM HYPOCHLORITE	527.99	
				BPI033469	09/16/10	SODIUM HYPOCHLORITE	495.72	10,516.18
2025866	10/13/10	10970	BRENNTAG PACIFIC INC	BPI036107	09/23/10	SODIUM HYPOCHLORITE	3,227.95	
				BPI035237	09/21/10	SODIUM HYPOCHLORITE	3,043.50	
				BPI034406	09/17/10	SODIUM HYPOCHLORITE	1,593.22	
				BPI034852	09/20/10	SODIUM HYPOCHLORITE	1,245.07	
				BPI036108	09/23/10	SODIUM HYPOCHLORITE	1,102.12	
				BPI034851	09/20/10	SODIUM HYPOCHLORITE	760.87	
				BPI035640	09/23/10	SODIUM HYPOCHLORITE	536.08	
				BPI034405	09/17/10	SODIUM HYPOCHLORITE	345.85	11,854.66
2025983	10/20/10	10970	BRENNTAG PACIFIC INC	BPI037360	09/28/10	SODIUM HYPOCHLORITE	3,366.29	
				BPI0396911	09/27/10	SODIUM HYPOCHLORITE	1,406.46	
				BPI037361	09/28/10	SODIUM HYPOCHLORITE	1,082.52	
				BPI037362	09/28/10	SODIUM HYPOCHLORITE	951.10	
				BPI037892	09/30/10	SODIUM HYPOCHLORITE	691.70	
				BPI036910	09/27/10	SODIUM HYPOCHLORITE	461.14	7,959.21
2026074	10/27/10	10970	BRENNTAG PACIFIC INC	BPI038767	10/01/10	SODIUM HYPOCHLORITE	3,043.50	
				BPI039515	10/05/10	SODIUM HYPOCHLORITE	2,075.11	
				BPI039094	10/04/10	SODIUM HYPOCHLORITE	884.23	
				BPI039096	10/04/10	SODIUM HYPOCHLORITE	876.16	
				BPI040640	10/07/10	SODIUM HYPOCHLORITE	760.87	
				BPI039095	10/04/10	SODIUM HYPOCHLORITE	368.91	8,008.78
2025939	10/20/10	12353	BRENT LAMBERT	Ref002409441	10/19/10	UB Refund Cst #0000066972	200.02	200.02
2025984	10/20/10	03679	BRG CONSULTING INC	10093630	09/28/10	CONSULTANT CONTRACT FOR ENV SVCS	11,996.00	11,996.00
2025867	10/13/10	08156	BROWNSTEIN HYATT FARBER	436416	09/29/10	PROFESSIONAL SERVICES	1,950.00	1,950.00
2025868	10/13/10	00223	C W MCGRATH INC	37566	09/21/10	CRUSHED ROCK	196.18	196.18
2025985	10/20/10	00223	C W MCGRATH INC	37577	09/22/10	CRUSHED ROCK	362.74	
				37655	09/30/10	CRUSHED ROCK	223.05	585.79
2026075	10/27/10	00223	C W MCGRATH INC	37689	10/05/10	CRUSHED ROCK	460.78	
				37712	10/07/10	CRUSHED ROCK	40.15	500.93
2025986	10/20/10	12269	CABLEORGANIZER.COM INC	844613	09/20/10	STAINLESS TIES	1,077.49	1,077.49
2025810	10/06/10	11044	CALIFORNIA BANK & TRUST	14R	09/14/10	RETENTION FOR CCL CONTRACTING	68,663.61	68,663.61
2025869	10/13/10	02920	CALIFORNIA COMMERCIAL	96949	09/22/10	ASPHALT	2,626.01	2,626.01

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2026076	10/27/10	02920	CALIFORNIA COMMERCIAL	97399	10/07/10	ASPHALT	384.43	384.43
2025987	10/20/10	02989	CALIFORNIA MUNICIPAL	10092403	09/24/10	DEBT STATEMENT	475.00	475.00
2025870	10/13/10	00192	CALIFORNIA WATER ENVIRONMENT	0912330011010	10/07/10	CERTIFICATE RENEWAL	81.00	81.00
2026077	10/27/10	00192	CALIFORNIA WATER ENVIRONMENT	93551010	10/19/10	MEMBERSHIP RENEWAL	132.00	132.00
2026078	10/27/10	01243	CALIFORNIA-NEVADA SECTION	002513	10/19/10	REGISTRATION FEE	35.00	35.00
2025871	10/13/10	01004	CALOLYMPIC SAFETY	075070	09/17/10	CAL-GAS	571.79	571.79
2026079	10/27/10	11057	CAREY, ANDREA	17801010	10/26/10	TRAVEL EXPENSE	222.10	222.10
2026080	10/27/10	02758	CARMEL BUSINESS SYSTEMS INC	7223 7222	10/01/10 10/01/10	RECORDS ASSISTANCE RECORDS STORAGE	1,335.66 293.00	1,628.66
2025940	10/20/10	12361	CARMINA VALDEZ	Ref002409450	10/19/10	UB Refund Cst #0000126487	16.22	16.22
2025872	10/13/10	03491	CASA DE ORO CAR WASH	002449	09/20/10	VEHICLE WASHING	91.97	91.97
2025811	10/06/10	10571	CCL CONTRACTING	14	09/14/10	P2009/P2038 JAMACHA ROAD PIPELINE	1,302,708.50	1,302,708.50
2025873	10/13/10	10571	CCL CONTRACTING	14B	09/14/10	P2009/P2038 JAMACHA ROAD PIPELINE	1,900.00	1,900.00
2025812	10/06/10	03232	CDW GOVERNMENT INC	TXG9875	09/16/10	FIBER-OPTIC SWITCH	1,139.53	1,139.53
2025988	10/20/10	03232	CDW GOVERNMENT INC	LA1000316 LA1000344	09/30/10 09/30/10	NETWORK SUPPORT NETWORK SUPPORT	1,445.00 136.00	1,581.00
2026081	10/27/10	09801	CENTERBEAM INC	123751	10/01/10	NETWORK MONITORING	1,697.00	1,697.00
2025761	10/06/10	12326	CHALDEAN SISTERS	Ref002409089	10/05/10	UB Refund Cst #0000169955	1,630.31	1,630.31
2025989	10/20/10	04349	CHAMBERS, JONATHAN	002506	10/19/10	SAFETY BOOTS	150.00	150.00
2025941	10/20/10	12370	CHRIS MARKWELL	Ref002409459	10/19/10	UB Refund Cst #0000159794	54.40	54.40
2025935	10/13/10	00446	CITY OF CHULA VISTA	002476	10/12/10	SECURITY DEPOSIT	5,500.00	5,500.00
2025934	10/13/10	00446	CITY OF CHULA VISTA	1	09/22/10	FEASIBILITY STUDY	69,449.18	69,449.18
2026082	10/27/10	03811	CITY OF EL CAJON	0000007032	10/07/10	FINALIZED PERMITS	9,625.04	9,625.04
2025990	10/20/10	04119	CLARKSON LAB & SUPPLY INC	52130 52117 52119 52116 52120	09/30/10 09/30/10 09/30/10 09/30/10 09/30/10	BACTERIOLOGICAL SERVICES BACTERIOLOGICAL SERVICES BACTERIOLOGICAL SERVICES BACTERIOLOGICAL SERVICES BACTERIOLOGICAL SERVICES	1,704.00 1,542.00 1,396.00 412.00 163.00	

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				52118	09/30/10	BACTERIOLOGICAL SERVICES	125.00	5,342.00
2025875	10/13/10	11520	CLINICAL LABORATORY OF	910253	09/21/10	LAB ANALYSIS	1,000.00	
				910256	09/21/10	LAB ANALYSIS	241.00	1,241.00
2025876	10/13/10	08160	COMPLETE OFFICE	12337500	09/20/10	USB PARALLEL ADAPTER	239.25	239.25
2026083	10/27/10	08160	COMPLETE OFFICE	12372600	10/04/10	COPY PAPER	1,011.05	1,011.05
2025813	10/06/10	12282	CORELOGIC INFORMATION	12936563	08/31/10	REALQUEST BUNDLE	241.67	241.67
2025991	10/20/10	11806	COR-O-VAN DATA STORAGE INC	DS1239122	09/04/10	DATA STORAGE	359.42	359.42
2026084	10/27/10	11806	COR-O-VAN DATA STORAGE INC	DS1240001	10/06/10	DATA STORAGE	364.46	364.46
2026085	10/27/10	02060	COSS, GREGORY	002512	10/19/10	SAFETY BOOTS	118.61	118.61
2025814	10/06/10	00193	COUNTY OF SAN DIEGO	002468	10/05/10	FILING FEES	2,060.25	2,060.25
2025877	10/13/10	00184	COUNTY OF SAN DIEGO	DEH110090D11	10/06/10	SHUT DOWN TEST	773.50	773.50
2025992	10/20/10	00206	COUNTY OF SAN DIEGO	1986	09/24/10	LEGAL ADS	8,408.00	8,408.00
2025815	10/06/10	00099	COUNTY OF SAN DIEGO - DPW	131322	09/07/10	EXCAVATION PERMITS	4,874.12	4,874.12
2026086	10/27/10	00099	COUNTY OF SAN DIEGO - DPW	132420	09/30/10	EXCAVATION PERMITS	7,551.62	7,551.62
2026087	10/27/10	11286	CPM PARTNERS INC	10035	10/01/10	SCHEDULING SERVICES	11,657.50	11,657.50
2025762	10/06/10	12292	CRYSTAL WATKINS	Ref002409054	10/05/10	UB Refund Cst #0000127394	75.00	75.00
2025942	10/20/10	12365	DANIEL BURBA	Ref002409454	10/19/10	UB Refund Cst #0000143219	21.39	21.39
2025763	10/06/10	12297	DANIEL MORA	Ref002409059	10/05/10	UB Refund Cst #0000154117	19.60	19.60
2025764	10/06/10	12307	DAVID SCURLOCK	Ref002409069	10/05/10	UB Refund Cst #0000160617	158.85	158.85
2025765	10/06/10	12291	DAVID SOTELO	Ref002409053	10/05/10	UB Refund Cst #0000125700	12.15	12.15
2025878	10/13/10	02603	DELL MARKETING LP	XF3CDDP48	09/23/10	LAPTOPS	4,391.31	4,391.31
2025993	10/20/10	02603	DELL MARKETING LP	XF3C2RC36	09/23/10	DELL MEMORY	729.69	729.69
2025816	10/06/10	07680	DELTA HEALTH SYSTEMS	P100924	09/27/10	EMPLOYEE HEALTH	1,608.40	1,608.40
2025994	10/20/10	03744	DEPARTMENT OF JUSTICE	814979	10/06/10	FINGERPRINTING SERVICES	102.00	102.00
2025995	10/20/10	00319	DEPARTMENT OF PUBLIC HEALTH	1130518	09/30/10	WATER SYSTEM FEES #3710034	10,276.51	10,276.51

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2025996	10/20/10	02519	DIEHL EVANS & COMPANY LLP	69214	09/30/10	AUDIT SERVICES	4,950.00	4,950.00
2025997	10/20/10	03417	DIRECTV	1356830653	10/05/10	SATELLITE TV	10.00	10.00
2025943	10/20/10	12352	DOUG HANSON	Ref002409440	10/19/10	UB Refund Cst #0000062211	30.53	30.53
2025998	10/20/10	03152	DRIES, ROSEMARY	002489	10/12/10	TUITION	3,000.00	3,000.00
2025766	10/06/10	12257	ED PREHODEN	Ref002409077	10/05/10	UB Refund Cst #0000162525	34.59	34.59
2025817	10/06/10	02447	EDCO DISPOSAL CORPORATION	1554580910	09/30/10	RECYCLING SERVICES	90.00	90.00
2025767	10/06/10	12301	EDGAR LOPEZ	Ref002409063	10/05/10	UB Refund Cst #0000157563	13.41	13.41
2025944	10/20/10	12360	EDUARDO NAVARRO	Ref002409448	10/19/10	UB Refund Cst #0000088387	185.53	185.53
2025818	10/06/10	01012	EL CAJON FORD	C52314	09/10/10	DIAGNOSTICS	102.95	102.95
2025999	10/20/10	08023	EMPLOYEE BENEFIT SPECIALISTS	0050834IN	09/30/10	ADMINISTRATION FEES	562.50	562.50
2025819	10/06/10	03227	ENVIROMATRIX ANALYTICAL INC	0090205	09/13/10	LABORATORY SERVICES	335.00	335.00
2025879	10/13/10	03227	ENVIROMATRIX ANALYTICAL INC	0090359	09/20/10	LABORATORY SERVICES	560.00	560.00
2026000	10/20/10	03227	ENVIROMATRIX ANALYTICAL INC	0090481	09/27/10	LABORATORY SERVICES	335.00	335.00
2026088	10/27/10	03227	ENVIROMATRIX ANALYTICAL INC	0100055	10/04/10	LABORATORY SERVICES	605.00	605.00
2025820	10/06/10	02259	ENVIRONMENTAL RESOURCE	594134	09/14/10	LABORATORY CERTIFICATION	985.84	985.84
2025768	10/06/10	12299	ERNEST HARLOW	Ref002409061	10/05/10	UB Refund Cst #0000155157	23.41	23.41
2026089	10/27/10	02939	ESCARCEGA, LUIS	002511	10/22/10	SAFETY BOOTS	149.25	149.25
2026001	10/20/10	12372	EUGENE ALIM	250628211REF	10/19/10	CUSTOMER REFUND	136.53	136.53
2026002	10/20/10	00645	FEDEX	725135648	10/08/10	MAIL SERVICES	12.67	12.67
2025821	10/06/10	03546	FERGUSON WATERWORKS # 1082	03549332	09/14/10	METER RETROFIT	5,562.78	
				0358366	09/14/10	INVENTORY	3,580.77	
				0357228	09/15/10	CLAVALVE CONTROLS	3,490.62	
				0358364	09/10/10	INVENTORY	815.62	
				03560641	09/14/10	SHELL CUTTERS	717.75	
				0358178	09/14/10	INVENTORY	547.45	
				0358971	09/15/10	INVENTORY	451.31	
				03574121	09/14/10	INVENTORY	91.35	
				0358406	09/14/10	NEW INSTALL	77.87	15,335.52
2025880	10/13/10	03546	FERGUSON WATERWORKS # 1082	0359512	09/22/10	INVENTORY	1,386.56	

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				03534461	09/21/10	INVENTORY	489.38	1,875.94
2026003	10/20/10	03546	FERGUSON WATERWORKS # 1082	0360035	09/28/10	INVENTORY	3,741.00	
				0359792	09/28/10	INVENTORY	3,245.84	
				0359928	09/28/10	INVENTORY	1,447.29	
				0357864	09/30/10	INVENTORY	778.11	9,212.24
2025945	10/20/10	12345	FIELD ASSET SERVICES	Ref002409433	10/19/10	UB Refund Cst #0000168539	57.14	57.14
2025769	10/06/10	12312	FIELD ASSET SERVICES LLC	Ref002409074	10/05/10	UB Refund Cst #0000162216	31.19	31.19
2026004	10/20/10	12187	FIRST AMERICAN DATA TREE LLC	90034090	09/30/10	ONLINE MAPS	99.00	99.00
2025881	10/13/10	04066	FIRST CHOICE SERVICES - SD	086255	09/17/10	COFFEE SUPPLIES	508.76	508.76
2026090	10/27/10	04066	FIRST CHOICE SERVICES - SD	088568	10/01/10	COFFEE SUPPLIES	263.35	263.35
2026005	10/20/10	00035	FISHER SCIENTIFIC	5877918	09/30/10	LABORATORY SUPPLIES	76.95	76.95
2026091	10/27/10	02591	FITNESS TECH	6844	10/01/10	EQUIPMENT MAINTENANCE	125.00	125.00
2025770	10/06/10	12300	FLAVIO QUINTERO	Ref002409062	10/05/10	UB Refund Cst #0000155647	74.93	74.93
2025822	10/06/10	11962	FLEETWASH INC	3362114	09/10/10	VEHICLE WASH	221.40	
				3362108	09/10/10	VEHICLE WASH	43.20	264.60
2026006	10/20/10	11962	FLEETWASH INC	3377837	09/24/10	VEHICLE WASH	354.24	354.24
2025882	10/13/10	01612	FRANCHISE TAX BOARD	Ben2409191	10/14/10	PAYROLL DEDUCTION	75.00	75.00
2025883	10/13/10	02344	FRANCHISE TAX BOARD	Ben2409187	10/14/10	PAYROLL DEDUCTION	150.00	150.00
2026092	10/27/10	01612	FRANCHISE TAX BOARD	Ben2409564	10/28/10	PAYROLL DEDUCTION	75.00	75.00
2026093	10/27/10	02344	FRANCHISE TAX BOARD	Ben2409560	10/28/10	PAYROLL DEDUCTION	150.00	150.00
2025946	10/20/10	12359	FREDDIE AMOS	Ref002409447	10/19/10	UB Refund Cst #0000081600	44.05	44.05
2026094	10/27/10	03094	FULLCOURT PRESS	21494	10/01/10	PRINTING SERVICES	1,409.94	1,409.94
2026007	10/20/10	06291	GARCIA CALDERON & RUIZ LLP	4311	10/12/10	LEGAL SERVICES	37,876.67	37,876.67
2026008	10/20/10	11867	GEORGE YIM	002492	09/22/10	LANDSCAPE PROGRAM	597.00	597.00
2025947	10/20/10	12342	GINA BARNES	Ref002409430	10/19/10	UB Refund Cst #0000163412	8.24	8.24
2026095	10/27/10	09571	GOVERNMENTJOBS.COM INC	075188	10/04/10	SOFTWARE LICENSE	3,600.00	3,600.00
2025823	10/06/10	00101	GRAINGER INC	9345582838	09/13/10	POWER METERS	312.58	

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				9347813256	09/14/10	CLAVALVE ITEMS	110.73	
				9347406598	09/14/10	CLAVALVE ITEMS	61.00	
				9347572852	09/14/10	CLAVALVE ITEMS	56.76	541.07
2025884	10/13/10	00101	GRAINGER INC	9352276399	09/21/10	RAS#3 MOTOR	757.16	
				9351273074	09/20/10	HYDRANT PAINT	237.50	
				9353888663	09/22/10	MAINTENANCE LIGHTING	132.46	
				9351273066	09/20/10	WAREHOUSE PAINT	297.68	1,424.80
2026009	10/20/10	00101	GRAINGER INC	9355316374	09/23/10	WIRE RACK	184.35	
				9356239427	09/24/10	DRILLS AND GASKETS	161.93	
				9357123695	09/27/10	DRILLS AND GASKETS	89.79	
				9356933151	09/27/10	DRILLS AND GASKETS	39.74	475.81
2026096	10/27/10	00101	GRAINGER INC	9372295502		CREDIT MEMO	(154.00)	
				9362895410	10/04/10	SUMP PUMPS	1,168.86	
				9365870782	10/07/10	CURRENT TRANSFORMER	381.91	
				9361481410	10/01/10	VACTOR TOOLS	164.03	
				9363004574	10/04/10	BATTERIES	106.03	
				9361669626	10/01/10	VACTOR TOOLS	53.30	1,720.13
2025885	10/13/10	03289	GRANGER, WILLIAM E	15711010	10/08/10	TRAVEL EXPENSE	203.35	203.35
2025824	10/06/10	01576	GRAYBAR ELECTRIC CO INC	949770440	09/10/10	CABLE MANAGEMENT	374.64	374.64
2026097	10/27/10	02187	GREENSCAPE	2489	10/22/10	LANDSCAPING SERVICES	6,090.00	
				2502	10/05/10	PARCEL CLEARING	1,600.00	7,690.00
2026010	10/20/10	03773	GTC SYSTEMS INC	30741	09/30/10	CITIRX SUPPORT	114.86	114.86
2026011	10/20/10	02630	HAAKER EQUIPMENT COMPANY	C76223	09/24/10	VACTOR PARTS	1,066.92	
				C76367	09/30/10	VACTOR PART	204.44	1,271.36
2025825	10/06/10	00174	HACH COMPANY	6905127	09/14/10	AMMONIA SENSOR	7,009.93	7,009.93
2025886	10/13/10	00174	HACH COMPANY	6913346	09/20/10	CL17 ANALYZER	3,586.02	
				6915478	09/21/10	EFFLUENT SAMPLER	3,038.83	6,624.85
2025948	10/20/10	12364	HANI HIYASAT	Ref002409453	10/19/10	UB Refund Cst #0000142571	72.99	72.99
2025887	10/13/10	02629	HANSON AGGREGATES INC	628312	09/23/10	AGGREGATES	233.13	233.13
2025888	10/13/10	00169	HAWTHORNE POWER SYSTEMS	PS100188196	09/03/10	REPAIR PART	297.21	297.21
2026098	10/27/10	10973	HDR ENGINEERING INC	234845H	10/04/10	TEMPORARY LABOR	4,200.00	4,200.00
2026012	10/20/10	04472	HECTOR I MARES-COSSIO	67	09/30/10	CONSULTANT SERVICES	3,600.00	3,600.00
2026099	10/27/10	00062	HELIX WATER DISTRICT	178540011010	10/12/10	WATER BILL - AVOCADO BLVD	48.86	

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				174639861010	10/12/10	WATER BILL - RUSSELL SQ	42.20	91.06
2026100	10/27/10	02096	HELIX WATER DISTRICT	HWD102110otayjr	10/21/10	WET FLYERS	505.56	505.56
2026013	10/20/10	08610	HENRY BROS ELECTRONICS INC	13030110	09/30/10	FOB READERS	48,620.56	51,458.94
				b13080110	09/30/10	LICENSE RENEWAL	2,838.38	
2026101	10/27/10	11874	HERNDON SOLUTIONS GROUP	1169	10/01/10	SPCC PLANS	6,262.50	6,262.50
2025889	10/13/10	06843	HI-TECH AIR CONDITIONING	22394	09/17/10	AC MAINTENANCE	668.21	668.21
2025771	10/06/10	12321	HOME REPO TOURS	Ref002409084	10/05/10	UB Refund Cst #0000168565	28.92	28.92
2025826	10/06/10	06540	HORIZON CRANE SERVICE LLC	5613	09/14/10	CRANE RENTAL	540.00	540.00
2025890	10/13/10	06540	HORIZON CRANE SERVICE LLC	5596	09/21/10	CRANE RENTAL	580.00	580.00
2026102	10/27/10	06540	HORIZON CRANE SERVICE LLC	5629	10/06/10	MOTOR INSTALLATION	580.00	580.00
2026014	10/20/10	12335	HP ENTERPRISE SERVICES LLC	U2669377	08/18/10	CHARGEBACK	300.00	300.00
2025827	10/06/10	03743	HYDROTEX	583419	09/14/10	OIL	1,721.56	1,721.56
2026103	10/27/10	12285	IDENTICARD SYSTEMS	9313082916	10/04/10	SOFTWARE	1,488.38	2,655.23
				9313091802	10/05/10	SOFTWARE	619.88	
				9313076729	10/04/10	SOFTWARE	546.97	
2026015	10/20/10	01649	IDEXX DISTRIBUTION INC	246490795	09/29/10	LABORATORY SUPPLIES	3,573.83	3,573.83
2026016	10/20/10	08969	INFOSEND INC	45921	09/30/10	BILLING POSTAGE	15,449.04	22,168.45
				45920	09/30/10	BILL PRINTING SERVICES	6,719.41	
2026104	10/27/10	08969	INFOSEND INC	46037	10/04/10	INFOSEND EBPP	2,429.20	7,069.60
				45574	09/13/10	INFOSEND EBPP	2,155.80	
				45577	09/13/10	INFOSEND EBPP	1,800.00	
				45576	09/13/10	INFOSEND EBPP	684.60	
2026017	10/20/10	02372	INTERIOR PLANT SERVICE INC	35785	09/30/10	PLANT SERVICES	186.00	186.00
2025949	10/20/10	11569	JAMES JENKINS	Ref002409449	10/19/10	UB Refund Cst #0000124040	12.35	12.35
2025772	10/06/10	12323	JAMES RHEINBOLD	Ref002409086	10/05/10	UB Refund Cst #0000168637	7.90	7.90
2025773	10/06/10	12295	JANEL SAMS	Ref002409057	10/05/10	UB Refund Cst #0000147204	20.37	20.37
2026105	10/27/10	03077	JANI-KING OF CALIFORNIA INC	SDO10100233	10/01/10	JANITORIAL SERVICES	1,062.84	1,062.84
2025891	10/13/10	10563	JCI JONES CHEMICALS INC	483665		CREDIT MEMO	(3,000.00)	1,801.80
				483595	09/22/10	CHLORINE	4,801.80	

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2026106	10/27/10	10563	JCI JONES CHEMICALS INC	483595A	09/22/10	CHLORINE	36.00	36.00
2025950	10/20/10	12368	JENNIFER ANDREW	Ref002409457	10/19/10	UB Refund Cst #0000155965	29.30	29.30
2025774	10/06/10	12286	JOAN LIFF	Ref002409048	10/05/10	UB Refund Cst #0000058004	10.00	10.00
2025951	10/20/10	12350	JODY GASS	Ref002409438	10/19/10	UB Refund Cst #0000013935	9.30	9.30
2025952	10/20/10	12343	JOE SOUTHWICK	Ref002409431	10/19/10	UB Refund Cst #0000163501	51.43	51.43
2025775	10/06/10	12290	JOHN KELLY	Ref002409052	10/05/10	UB Refund Cst #0000125491	54.31	54.31
2025892	10/13/10	03172	JONES & STOKES ASSOCIATES INC	0073801 0073799 0073800 0073802	09/15/10 09/15/10 09/15/10 09/15/10	P1253 SAN MIGUEL HABITAT MGMT AREA ENVIRONMENTAL CONSULTING ENVIRONMENTAL CONSULTING ENVIRONMENTAL CONSULTING	20,503.25 4,852.71 3,498.50 1,289.03	30,143.49
2026107	10/27/10	02449	JOSEPH G POLLARD CO INC	1283917IN	10/01/10	DE-CHLOR TABLETS	1,637.54	1,637.54
2025776	10/06/10	12304	JOSIE GOMEZ	Ref002409066	10/05/10	UB Refund Cst #0000159612	43.51	43.51
2025893	10/13/10	12283	K & C SERVICES LLC	118	09/13/10	OIL FILTER	669.60	669.60
2026018	10/20/10	12242	K HOVNANIAN HOMES	002501 002500 002499	10/18/10 10/18/10 10/18/10	W/O REFUND D0307-090078 W/O REFUND D0307-090079 W/O REFUND D0307-090080	2,617.62 2,513.53 2,227.24	7,358.39
2025777	10/06/10	12287	KATHY GRAHAM	Ref002409049	10/05/10	UB Refund Cst #0000094506	33.73	33.73
2025778	10/06/10	12311	KAYVON & ASSOCIATES	Ref002409073	10/05/10	UB Refund Cst #0000161448	51.98	51.98
2025779	10/06/10	12316	KAYVON & ASSOCIATES	Ref002409079	10/05/10	UB Refund Cst #0000162666	75.00	75.00
2025953	10/20/10	12348	KB COASTAL	Ref002409436	10/19/10	UB Refund Cst #0000171863	2,254.76	2,254.76
2025780	10/06/10	12306	KEN CAPURRO	Ref002409068	10/05/10	UB Refund Cst #0000160259	46.67	46.67
2025781	10/06/10	12324	KNOLLWOOD INVESTMENT CAP LLC	Ref002409087	10/05/10	UB Refund Cst #0000169091	38.61	38.61
2026019	10/20/10	04996	KNOX ATTORNEY SERVICE INC	575771	09/30/10	DELIVERY SERVICES	161.25	161.25
2025894	10/13/10	06497	LAKESIDE LAND COMPANY	242060	09/23/10	ASPHALT	31.45	31.45
2026108	10/27/10	06497	LAKESIDE LAND COMPANY	242525	10/07/10	ASPHALT	47.94	47.94
2025828	10/06/10	02011	LEFEUVRE, LARRY	002464	09/30/10	SAFETY BOOTS	148.14	148.14
2026020	10/20/10	09880	LEIGH, ROBERT	002486	10/11/10	SAFETY BOOTS	118.51	118.51

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2025782	10/06/10	12294	LILIANA RAMIREZ	Ref002409056	10/05/10	UB Refund Cst #0000145428	75.84	75.84
2025829	10/06/10	05220	LOGICALIS INTEGRATION SOLUTION	IN054012 IN054013	09/10/10 09/10/10	VMWARE-VSPHERE MAINTENANCE & SUPPORT	5,228.98 1,470.42	6,699.40
2026021	10/20/10	05220	LOGICALIS INTEGRATION SOLUTION	S030575	09/30/10	T & M SUPPORT	1,815.00	1,815.00
2025830	10/06/10	01054	LYNN'S LOCKSMITH SERVICE	269982	09/13/10	LOCK SERVICE	495.40	495.40
2026022	10/20/10	00628	MANHATTAN NATIONAL LIFE	002485	10/18/10	VOLUNTARY LIFE INSURANCE	314.98	314.98
2025954	10/20/10	12358	MARIA KHOSHNAW	Ref002409446	10/19/10	UB Refund Cst #0000074104	85.81	85.81
2025955	10/20/10	12357	MARIZA DELGADILLO	Ref002409445	10/19/10	UB Refund Cst #0000069011	37.04	37.04
2025783	10/06/10	12293	MARJORIE DYKEMA	Ref002409055	10/05/10	UB Refund Cst #0000140523	21.55	21.55
2025956	10/20/10	12366	MARK FEDER	Ref002409455	10/19/10	UB Refund Cst #0000144549	76.47	76.47
2026109	10/27/10	02902	MARSTON+MARSTON INC	2010101 2010102	10/04/10 10/01/10	PUBLIC RELATIONS JAMACHA PIPELINE COMMUNITY OUTREACH	3,400.00 297.50	3,697.50
2026023	10/20/10	01183	MCMASTER-CARR SUPPLY CO	66744220 65870725 65985873 66682859 65985855 66126061	09/30/10 09/21/10 09/22/10 09/30/10 09/22/10 09/23/10	SPEED CONTROLLERS HARDWARE SCREWS WASHERS NUTS REPAIR PART HARDWARE SCREWS WASHERS NUTS	1,030.47 205.94 118.22 62.30 35.66 11.55	1,464.14
2026110	10/27/10	01183	MCMASTER-CARR SUPPLY CO	67189688	10/06/10	SPEED CONTROLLERS	1,030.50	1,030.50
2026111	10/27/10	03169	MENDEZ-SCHOMER, ALICIA	15531010	10/26/10	TRAVEL EXPENSE	219.36	219.36
2026024	10/20/10	01524	MESA LABORATORIES INC	0400380IN	09/30/10	ULTRASONIC FLOWMETER	18,703.29	18,703.29
2026112	10/27/10	09581	MICHAEL R WELCH PHD PE	7137 7136	10/07/10 07/05/10	ENGINEERING PLANNING SERVICES ENGINEERING PLANNING SERVICES	2,565.00 1,215.00	3,780.00
2025957	10/20/10	12356	MIGUEL VERGARA	Ref002409444	10/19/10	UB Refund Cst #0000068970	22.57	22.57
2025958	10/20/10	12347	MIKE LEWIS	Ref002409435	10/19/10	UB Refund Cst #0000168562	53.03	53.03
2025895	10/13/10	00887	MIRAMAR TRUCK CENTER-SAN DIEGO	271204	09/07/10	REPAIR PART	97.01	97.01
2026025	10/20/10	00237	MISSION JANITORIAL & ABRASIVE	22617300	09/29/10	JANITORIAL SUPPLIES	1,299.57	1,299.57
2026026	10/20/10	05743	MITCH MOSHTAGHI	002496	10/18/10	W/O REFUND D0303-XX9684	2,362.58	2,362.58

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2025831	10/06/10	02371	MOODY'S INVESTORS SERVICE	C1765464	09/15/10	1996 CERTIFICATES	5,500.00	5,500.00
2026027	10/20/10	01701	MUNOZ, JERRY	002490	10/12/10	TUITION	975.00	975.00
2025896	10/13/10	09881	NATGUN CORPORATION	00005901	10/13/10	RETAINAGE RELEASE	217,683.29	217,683.29
2025897	10/13/10	03523	NATIONAL DEFERRED COMPENSATION	Ben2409177	10/14/10	DEFERRED COMP PLAN	8,338.43	8,338.43
2026113	10/27/10	03523	NATIONAL DEFERRED COMPENSATION	Ben2409550	10/28/10	DEFERRED COMP PLAN	8,602.07	8,602.07
2026114	10/27/10	03605	NATIONAL FIRE PROTECTION ASSN	4990649Y	09/25/10	7011SB NATIONAL ELECTRICAL CODE SO	80.45	80.45
2025832	10/06/10	12275	NEC CORPORATION OF AMERICA	TM0000019160	09/14/10	LABOR	122.00	122.00
2025898	10/13/10	12275	NEC CORPORATION OF AMERICA	MC0000008661 TM0000019358	09/21/10 09/22/10	PHONE MAINTENANCE LABOR	18,941.76 122.00	19,063.76
2025784	10/06/10	12313	NEW VISTA REALTY	Ref002409075	10/05/10	UB Refund Cst #0000162253	32.06	32.06
2026028	10/20/10	00745	NEWARK	19519052 19533613 19526813	09/17/10 09/22/10 09/21/10	MICROPHONE CABLES MICROPHONE CABLES MICROPHONE CABLES	236.52 35.62 27.01	299.15
2025833	10/06/10	03517	NOBEL SYSTEMS	11284	08/31/10	DETAIL DRAWINGS	3,000.00	3,000.00
2025834	10/06/10	00510	OFFICE DEPOT INC	534144960001 533357590001 533176632001 533266057001 534144959001		CREDIT MEMO OFFICE SUPPLIES SUPPLIES OFFICE SUPPLIES OFFICE SUPPLIES	(10.16) 254.69 95.37 32.61 9.67	382.18
2025899	10/13/10	00510	OFFICE DEPOT INC	535008067001 534148997001 534813820001	09/23/10 09/17/10 09/22/10	OFFICE SUPPLIES OFFICE SUPPLIES UTENSILS	95.62 84.32 20.25	200.19
2026029	10/20/10	00510	OFFICE DEPOT INC	536453521001 534573463001 535008607001 535183294001 535575003001 535454188001		CREDIT MEMO COMPUTER FILTERS OFFICE SUPPLIES OFFICE SUPPLIES FILING SUPPLIES FILE BOX	(10.90) 390.54 122.30 83.13 35.92 18.92	639.91
2026115	10/27/10	00510	OFFICE DEPOT INC	535620223001 535932416001 535932877001		CREDIT MEMO TONER/CARTRIDGE TONER/CARTRIDGE	(97.64) 214.32 97.40	214.08
2025835	10/06/10	03149	ON SITE LASER LLC	44847	09/15/10	PRINTER SERVICE	389.81	389.81
2026116	10/27/10	07496	ORTEGA-CARRILLO, ALMA PATRICIA	002510	10/21/10	TUITION	125.00	125.00

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2025785	10/06/10	12315	OTAY 13 INVESTORS LLC	Ref002409078	10/05/10	UB Refund Cst #0000162657	1,722.27	1,722.27
2025900	10/13/10	03101	OTAY WATER DISTRICT	Ben2409179	10/14/10	PAYROLL DEDUCTION - ASSN DUES	749.00	749.00
2026117	10/27/10	03101	OTAY WATER DISTRICT	Ben2409552	10/28/10	PAYROLL DEDUCTION - ASSN DUES	742.00	742.00
2025901	10/13/10	03780	OWEN, DOUGLAS WESTLEY	970031010	10/11/10	LICENSE RENEWAL	200.00	200.00
2025902	10/13/10	01002	PACIFIC PIPELINE SUPPLY	141510	09/17/10	INVENTORY	25,141.37	
				141335	09/21/10	INVENTORY	3,138.72	
				141681	09/21/10	INVENTORY	168.08	28,448.17
2026118	10/27/10	01002	PACIFIC PIPELINE SUPPLY	142338	10/05/10	INVENTORY	3,229.88	
				141922	10/05/10	SHOP TOOLS	500.25	3,730.13
2026030	10/20/10	03017	PACIFIC SAFETY COUNCIL	67535	09/28/10	SAFETY TRAINING	118.00	118.00
2025959	10/20/10	12344	PATRICIA MCKELVEY	Ref002409432	10/19/10	UB Refund Cst #0000168185	65.37	65.37
2025960	10/20/10	12346	PATRICIA MCKELVEY	Ref002409434	10/19/10	UB Refund Cst #0000168547	75.23	75.23
2026031	10/20/10	05497	PAYPAL INC	8989558	09/30/10	PAYMENT SERVICES	54.10	54.10
2025903	10/13/10	00138	PEARSON FORD CO	368946	08/31/10	REPAIR PARTS	2,320.78	2,320.78
2026119	10/27/10	00227	PELL MELL SUPPLY	47426900	10/06/10	NUTS/ BOLTS	1,044.00	1,044.00
2025904	10/13/10	10514	PENSA, RHIANNA	17851010	10/08/10	TRAVEL EXPENSE	399.01	399.01
2026120	10/27/10	03180	PERFORMANCE METER INC	0017852IN	10/01/10	BARREL LOCKS	604.11	604.11
2026032	10/20/10	03457	PERSONAL TOUCH WEST	21761	09/24/10	WATER BOTTLES	1,741.96	1,741.96
2025905	10/13/10	00137	PETTY CASH CUSTODIAN	002480	10/12/10	PETTY CASH	339.71	339.71
2026121	10/27/10	00137	PETTY CASH CUSTODIAN	002515	10/26/10	PETTY CASH	361.89	361.89
2025786	10/06/10	12317	PGI INVESTMENTS LLC	Ref002409080	10/05/10	UB Refund Cst #0000163196	328.26	328.26
2026033	10/20/10	12188	PHOTO GEODETIC CORPORATION	4170	09/30/10	AERIAL MAPPING	2,400.00	2,400.00
2026034	10/20/10	12339	PR II WINDSTAR POINTE MASTER	002498	10/18/10	W/O REFUND D0653-090004	3,681.35	
				002497	10/18/10	W/O REFUND D0653-090013	773.65	4,455.00
2026035	10/20/10	10819	PREDICTIVE MAINTENANCE	1356	09/28/10	VIBRATION ANALYSIS	7,100.00	7,100.00
2026122	10/27/10	10662	PROFESSIONAL MAINTENANCE	78156	10/01/10	JANITORIAL SERVICES	2,675.00	2,675.00

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2026036	10/20/10	12135	PROPULSION CONTROLS	37534	09/29/10	PUMP REBUILD	11,356.00	11,356.00
2025836	10/06/10	06641	PRUDENTIAL OVERALL SUPPLY	30127807	09/16/10	UNIFORMS	317.28	
				30127806	09/16/10	MATS, TOWELS & SUPPLIES	166.12	
				30127808	09/16/10	MATS, TOWELS & SUPPLIES	137.15	
				30127070	09/14/10	MATS, TOWELS & SUPPLIES	102.27	
				30127069	09/14/10	UNIFORMS	66.36	
				30127809	09/16/10	UNIFORMS	54.92	844.10
2025906	10/13/10	06641	PRUDENTIAL OVERALL SUPPLY	30129399	09/23/10	UNIFORMS	322.70	
				30129398	09/23/10	MATS, TOWELS & SUPPLIES	166.12	
				30129400	09/23/10	MATS, TOWELS & SUPPLIES	137.15	
				30128730	09/21/10	MATS, TOWELS & SUPPLIES	102.27	
				30128729	09/21/10	UNIFORMS	74.36	
				30129401	09/23/10	UNIFORMS	70.34	872.94
2026037	10/20/10	06641	PRUDENTIAL OVERALL SUPPLY	30130975	09/30/10	UNIFORMS	322.78	
				30130974	09/30/10	MATS, TOWELS & SUPPLIES	166.12	
				30130976	09/30/10	MATS, TOWELS & SUPPLIES	139.83	
				30130977	09/30/10	UNIFORMS	68.34	697.07
2026123	10/27/10	06641	PRUDENTIAL OVERALL SUPPLY	30132561	10/07/10	UNIFORMS	333.86	
				30132560	10/07/10	MATS, TOWELS & SUPPLIES	166.12	
				30132562	10/07/10	MATS, TOWELS & SUPPLIES	139.83	
				30131900	10/05/10	MATS, TOWELS & SUPPLIES	102.27	
				30130322	09/28/10	MATS, TOWELS & SUPPLIES	102.27	
				30132563	10/07/10	UNIFORMS	56.92	
				30131899	10/05/10	UNIFORMS	54.94	956.21
2025837	10/06/10	00078	PUBLIC EMPLOYEES RETIREMENT	Ben2408869	09/30/10	PERS	143,102.35	143,102.35
2026038	10/20/10	00078	PUBLIC EMPLOYEES RETIREMENT	Ben2409173	10/14/10	PERS CONTRIBUTION	142,106.61	142,106.61
2026039	10/20/10	04065	PURCHASE POWER	75031010	10/05/10	POSTAGE METER REFILL	2,119.99	2,119.99
2025838	10/06/10	01342	R J SAFETY SUPPLY CO INC	27981100	09/15/10	WAREHOUSE SAFETY	680.04	680.04
2025907	10/13/10	01342	R J SAFETY SUPPLY CO INC	27981101	09/22/10	WAREHOUSE SAFETY	218.72	218.72
2026040	10/20/10	01342	R J SAFETY SUPPLY CO INC	28024000	09/28/10	SHOP TOOLS	202.28	202.28
2025787	10/06/10	12309	RANCHO BUENA VISTA REO	Ref002409071	10/05/10	UB Refund Cst #0000160921	10.10	10.10
2026041	10/20/10	12337	RANCHO SAN DIEGO ASSOCIATION	002494	10/12/10	IRRIGATION UPGRADE PROGRAM	7,500.00	7,500.00
2025839	10/06/10	02041	RBF CONSULTING	10090010	09/15/10	CONSTRUCTION MANAGEMENT	360.00	360.00
2026124	10/27/10	02041	RBF CONSULTING	10090030	10/06/10	SUPPLY LINK	1,230.00	1,230.00

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2025840	10/06/10	00021	RCP BLOCK & BRICK INC	4343806	09/13/10	RAPID SET	1,772.63	1,772.63
2025841	10/06/10	01890	RECON	41912	09/13/10	P1253 - PREPARATION OF THE SUBAREA PLAN	12,089.27	12,089.27
2025842	10/06/10	06645	RELIABLE ELEVATOR INC	23290	09/01/10	ELEVATOR MAINTENANCE	430.00	430.00
2025788	10/06/10	12298	RENEE SIMPSON	Ref002409060	10/05/10	UB Refund Cst #0000155036	74.97	74.97
2026042	10/20/10	12338	REPUBLIC SERVICES INC	002505	10/18/10	W/O REFUND D0789-090069	288.25	288.25
2025789	10/06/10	12303	RICHARD HOLLIS	Ref002409065	10/05/10	UB Refund Cst #0000158946	32.00	32.00
2025961	10/20/10	12355	RICHARD NANCE	Ref002409443	10/19/10	UB Refund Cst #0000068078	65.21	65.21
2025962	10/20/10	12349	RICHARD OLNEY	Ref002409437	10/19/10	UB Refund Cst #0000012384	25.77	25.77
2026125	10/27/10	11663	RICK SALDANA	625047550REF	10/25/10	CUSTOMER REFUND	34.01	34.01
2026126	10/27/10	11685	RLLD LP	127600	09/07/10	LIGHTING EQUIPMENT	270.00	270.00
2025843	10/06/10	04542	ROBAK, MARK	70140710 70140810	07/31/10 08/31/10	MILEAGE REIMBURSEMENT MILEAGE REIMBURSEMENT.	30.50 9.00	39.50
2025908	10/13/10	04542	ROBAK, MARK	70140910	09/30/10	MILEAGE REIMBURSEMENT	21.00	21.00
2025790	10/06/10	12322	RONALD WALLER	Ref002409085	10/05/10	UB Refund Cst #0000168585	119.93	119.93
2025844	10/06/10	00217	RW LITTLE CO INC	98709	09/16/10	SANDBLASTING	150.00	150.00
2026043	10/20/10	00217	RW LITTLE CO INC	98803	09/23/10	VAULT RENOVATION	4,600.00	4,600.00
2025845	10/06/10	05130	SAFARI MICRO INC	190878 190591	09/08/10 08/31/10	VIDEO CABLE CAT 5 CABLES	522.00 271.88	793.88
2026044	10/20/10	05130	SAFARI MICRO INC	191890	09/30/10	ADOBE PHOTOSHOP	2,251.13	2,251.13
2025963	10/20/10	12354	SAM VICKERS	Ref002409442	10/19/10	UB Refund Cst #0000067821	44.47	44.47
2025909	10/13/10	11596	SAN DIEGO CONSTRUCTION WELDING	7741	09/23/10	WELDING	680.00	680.00
2026045	10/20/10	11596	SAN DIEGO CONSTRUCTION WELDING	7738	09/21/10	WELDING	2,790.00	2,790.00
2025910	10/13/10	02586	SAN DIEGO COUNTY ASSESSOR	2010110	10/10/10	ASSESSOR DATA	125.00	125.00
2026127	10/27/10	02680	SAN DIEGO COUNTY TREASURER	58516020001010	10/05/10	BOND TAXES	152.56	152.56
2025846	10/06/10	00003	SAN DIEGO COUNTY WATER	002472	10/05/10	REGISTRATION FEES	170.00	170.00
2026128	10/27/10	00003	SAN DIEGO COUNTY WATER	002516	10/26/10	REGISTRATION FEE	85.00	85.00

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2025847	10/06/10	00121	SAN DIEGO GAS & ELECTRIC	002467	09/27/10	UTILITY EXPENSES	55,929.49	
				002465	09/27/10	UTILITY EXPENSES	22,998.21	
				002466	09/24/10	UTILITY EXPENSES	405.65	79,333.35
2025911	10/13/10	00121	SAN DIEGO GAS & ELECTRIC	002474	10/05/10	UTILITY EXPENSES	60,394.55	
				002475	09/29/10	UTILITY EXPENSES	17,662.99	78,057.54
2026046	10/20/10	00121	SAN DIEGO GAS & ELECTRIC	002491	10/06/10	UTILITY EXPENSES	19,618.45	19,618.45
2025791	10/06/10	12319	SAN DIEGO REO	Ref002409082	10/05/10	UB Refund Cst #0000168399	54.84	54.84
2026047	10/20/10	09345	SANTOS, CESAR	002487	10/11/10	SAFETY BOOTS	138.26	138.26
2025964	10/20/10	12367	SATURNINO LORENZO	Ref002409456	10/19/10	UB Refund Cst #0000145403	5.46	5.46
2025912	10/13/10	05321	SCHIFF ASSOCIATES	05681	08/31/10	CATHODIC PROTECTION	1,657.75	1,657.75
2026129	10/27/10	12333	SCHINDLER ELEVATOR CORPORATION	8102724109	10/01/10	ELEVATOR MAINTENANCE	430.00	430.00
2025965	10/20/10	12371	SD COASTLINE LP	Ref002409460	10/19/10	UB Refund Cst #0000160445	33.60	33.60
2026048	10/20/10	12373	SEPARA, BERNARDO	002507	09/18/10	COMPUTER LOAN	714.85	714.85
2025913	10/13/10	07735	SERVICEBUREAU	AR164395	09/15/10	POPULATION ESTIMATES	400.00	400.00
2026130	10/27/10	07735	SERVICEBUREAU	AR164428	10/04/10	POPULATION ESTIMATES	250.00	250.00
2025914	10/13/10	04544	SIGN CRAFTERS	9121	09/23/10	NO TRESPASSING SIGN	1,646.25	1,646.25
2025915	10/13/10	02660	SILVA, GABRIEL S	002473	10/06/10	SAFETY BOOTS	138.26	138.26
2025792	10/06/10	12327	SKANSKA USA CIVIL WEST	Ref002409090	10/05/10	UB Refund Cst #0000169997	752.02	752.02
2025916	10/13/10	03592	SOFTCHOICE CORPORATION	2464375	09/13/10	RAM UPGRADES	393.94	393.94
2025848	10/06/10	02201	SOLAR DEPOT	0000169423	09/14/10	SOLAR SYSTEM	1,320.32	1,320.32
2026049	10/20/10	02201	SOLAR DEPOT INC	0000170459	09/30/10	SOLAR SYSTEM	2,188.75	2,188.75
2026050	10/20/10	12336	SOLOMON ROYTBURG	002493	10/13/10	LANDSCAPE PROGRAM	603.00	603.00
2025966	10/20/10	12351	SONIA RODRIGUEZ	Ref002409439	10/19/10	UB Refund Cst #0000027812	18.00	18.00
2025849	10/06/10	03103	SOUTHCOAST HEATING &	C44217	09/14/10	AC MAINTENANCE	1,068.00	1,068.00
2025793	10/06/10	12308	SOUTHLAND HOME MORTGAGE	Ref002409070	10/05/10	UB Refund Cst #0000160917	20.57	20.57
2026051	10/20/10	03760	SPANKY'S PORTABLE SERVICES INC	856770	09/16/10	TOILET RENTAL	98.25	

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				857600	09/24/10	TOILET RENTAL	80.06	
				857601	09/24/10	TOILET RENTAL	80.06	
				857602	09/24/10	TOILET RENTAL	80.06	
				857728	09/27/10	TOILET RENTAL	80.06	418.49
2025850	10/06/10	03516	SPECIAL DISTRICT RISK	0034260IN	09/02/10	WORKERS' COMPENSATION	50,756.00	50,756.00
2026131	10/27/10	05968	STAPLES BUSINESS ADVANTAGE	3143079727	10/02/10	FILE FOLDERS	94.53	94.53
2025917	10/13/10	01560	STATE CHEMICAL MFG CO, THE	94757644	08/31/10	SHOP SUPPLIES	182.53	182.53
2025918	10/13/10	06281	STATE DISBURSEMENT UNIT	Ben2409195	10/14/10	PAYROLL DEDUCTION	264.00	264.00
2025919	10/13/10	06299	STATE DISBURSEMENT UNIT	Ben2409185	10/14/10	PAYROLL DEDUCTION	237.69	237.69
2025920	10/13/10	06303	STATE DISBURSEMENT UNIT	Ben2409189	10/14/10	PAYROLL DEDUCTION	836.30	836.30
2026132	10/27/10	06281	STATE DISBURSEMENT UNIT	Ben2409568	10/28/10	PAYROLL DEDUCTION	264.00	264.00
2026133	10/27/10	06299	STATE DISBURSEMENT UNIT	Ben2409558	10/28/10	PAYROLL DEDUCTION	237.69	237.69
2026134	10/27/10	06303	STATE DISBURSEMENT UNIT	Ben2409562	10/28/10	PAYROLL DEDUCTION	836.30	836.30
2025851	10/06/10	00097	STATE OF CALIFORNIA	440221330910	10/04/10	MAINTENANCE FEE	282.38	282.38
2025921	10/13/10	02261	STATE STREET BANK & TRUST CO	Ben2409175	10/14/10	DEFERRED COMP PLAN	6,201.56	6,201.56
2026135	10/27/10	02261	STATE STREET BANK & TRUST CO	Ben2409548	10/28/10	DEFERRED COMP PLAN	6,201.56	6,201.56
2025922	10/13/10	12226	STEVEN ROSSO	1122	09/21/10	CONSULANT SERVICES	375.00	375.00
2025852	10/06/10	02188	TALLEY COMMUNICATIONS	10042736	09/14/10	WIRELESS ANTENNA	2,236.74	2,236.74
2025923	10/13/10	02799	TARULLI TIRE INC - SAN DIEGO	8/16/10	08/16/10	TIRE SERVICE	306.52	306.52
2025853	10/06/10	11754	TECHNOLOGY ASSOCIATES	K30800120	09/14/10	CONSULTING SERVICES	2,402.13	2,402.13
2026052	10/20/10	12079	TELKIN DEVELOPMENT CONSULTING	201002	07/29/10	SITE ASSESMENT	6,030.00	
				201001	04/09/10	SITE ASSESMENT	4,680.00	10,710.00
2026053	10/20/10	12079	TELKIN DEVELOPMENT CONSULTING	201003	09/15/10	SITE ASSESMENT	1,920.00	1,920.00
2025794	10/06/10	12289	TERESA THORNTON	Ref002409051	10/05/10	UB Refund Cst #0000123822	45.31	45.31
2025854	10/06/10	11289	TLC STAFFING	IVC050000043449	09/30/10	CWA INTERN	270.00	270.00
2025924	10/13/10	11289	TLC STAFFING	IVC05000004	10/01/10	CWA INTERN	810.00	810.00
2026054	10/20/10	11289	TLC STAFFING	IVC050000043668	10/15/10	CWA INTERN	270.00	

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				IVC050000043591	10/08/10	CWA INTERN	270.00	540.00
2026055	10/20/10	04977	T-MOBILE	4150860451010	10/05/10	CELL PHONE SERVICES	247.73	247.73
2025795	10/06/10	12296	TONY ARCHER	Ref002409058	10/05/10	UB Refund Cst #0000153838	45.05	45.05
2025925	10/13/10	03314	TRAN, THIEN	15461010	10/12/10	TRAVEL EXPENSE	651.00	651.00
2025855	10/06/10	00870	TRANSCAT INC	453867	09/15/10	CALIBRATION RULER	127.18	127.18
2026056	10/20/10	12084	TRIACTIVE INC	10915	09/30/10	SOFTWARE SUPPORT	33.48	33.48
2026136	10/27/10	00427	UNDERGROUND SERVICE ALERT OF	920100456	10/01/10	UNDERGROUND ALERTS	262.50	262.50
2025856	10/06/10	12330	UNION-TRIBUNE PUBLISHING CO	4863551010	10/05/10	SUBSCRIPTION RENEWAL	209.94	209.94
2025857	10/06/10	08262	UNITED RENTALS NORTHWEST INC	89546087001 89757697001	09/03/10 09/14/10	LIFT RENTAL CONCRETE	1,085.83 179.44	1,265.27
2026137	10/27/10	08262	UNITED RENTALS NORTHWEST INC	90170028001 90169899001	10/06/10 10/06/10	CONCRETE CONCRETE	179.44 123.06	302.50
2025926	10/13/10	05417	UNITED STATES DEPARTMENT	Ben2409193	10/14/10	PAYROLL DEDUCTION	100.00	100.00
2026138	10/27/10	05417	UNITED STATES DEPARTMENT	Ben2409566	10/28/10	PAYROLL DEDUCTION	100.00	100.00
2025927	10/13/10	00350	UNITED STATES POSTAL SERVICE	104339511010	10/11/10	REIMBURSE POSTAGE MACHINE	2,100.00	2,100.00
2025928	10/13/10	03577	UNITED STATES TREASURY	Ben2409197	10/14/10	PAYROLL DEDUCTION	745.52	745.52
2026139	10/27/10	03577	UNITED STATES TREASURY	Ben2409570	10/28/10	PAYROLL DEDUCTION	745.52	745.52
2026140	10/27/10	07662	UNITEDHEALTHCARE SPECIALTY	103000000039	11/01/10	BASIC LIFE/AD&D & SUPP LIFE INS	5,980.84	5,980.84
2026141	10/27/10	03212	UNUM LIFE INSURANCE	Ben2409544	10/28/10	CONTRIBUTION TO LTD	5,889.88	5,889.88
2026142	10/27/10	12374	URBINA'S MASTER SWEEPING INC	10325	09/29/10	CONSTRUCTION SWEEPING	440.00	440.00
2025858	10/06/10	07674	US BANK CORPORATE PAYMENT	002469	09/22/10	DISTRICT EXPENSES	167.98	167.98
2025929	10/13/10	07674	US BANK CORPORATE PAYMENT	002481 002478 002477	09/22/10 09/22/10 09/22/10	DISTRICT EXPENSES DISTRICT EXPENSES DISTRICT EXPENSES	5,274.51 45.12 (478.00)	4,841.63
2026057	10/20/10	07674	US BANK CORPORATE PAYMENT	002508 002488	09/22/10 09/22/10	DISTRICT EXPENSES DISTRICT EXPENSES	12,497.84 5,215.12	17,712.96
2026143	10/27/10	07674	US BANK CORPORATE PAYMENT	002514	09/22/10	DISTRICT EXPENSES	507.21	507.21

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2026058	10/20/10	06829	US SECURITY ASSOCIATES INC	8744	09/30/10	SECURITY SERVICES	219.75	219.75
2025859	10/06/10	11606	USA BLUE BOOK	235855	09/15/10	PANEL DISPLAYS	662.08	662.08
2026059	10/20/10	08028	VALLEY CONSTRUCTION MANAGEMEN	SD100107	09/30/10	INSPECTION SERVICES	14,060.00	14,060.00
2025930	10/13/10	01095	VANTAGEPOINT TRANSFER AGENTS	Ben2409181	10/14/10	DEFERRED COMP PLAN	6,809.34	6,809.34
2025931	10/13/10	06414	VANTAGEPOINT TRANSFER AGENTS	Ben2409183	10/14/10	401A PLAN	5,055.45	5,055.45
2026144	10/27/10	01095	VANTAGEPOINT TRANSFER AGENTS	Ben2409554	10/28/10	DEFERRED COMP PLAN	6,830.72	6,830.72
2026145	10/27/10	06414	VANTAGEPOINT TRANSFER AGENTS	Ben2409556	10/28/10	401A PLAN	1,097.00	1,097.00
2025932	10/13/10	07670	VOLVO ROAD MACHINERY INC	N501000170	09/22/10	REPLACEMENT COMPRESOR	14,768.25	14,768.25
2025796	10/06/10	12320	WACHOVIA	Ref002409083	10/05/10	UB Refund Cst #0000168423	131.86	131.86
2025967	10/20/10	12341	WACHOVIA	Ref002409429	10/19/10	UB Refund Cst #0000162992	79.55	79.55
2026146	10/27/10	10340	WAGeworks INC	88185	10/01/10	FLEXIBLE SPENDING	568.80	568.80
2026060	10/20/10	12027	WALTCOMM	20100930OTAY	09/30/10	SECURITY ENHANCEMENTS	4,800.00	4,800.00
2026147	10/27/10	02700	WATER CONSERVATION GARDEN	62656	10/01/10	OPERATING COSTS	25,047.00	25,047.00
2025860	10/06/10	00215	WATER EDUCATION FOUNDATION	1689	10/06/10	SUBSCRIPTION RENEWAL	60.00	60.00
2026061	10/20/10	01343	WE GOT YA PEST CONTROL	64368 63755 64068	09/29/10 08/24/10 09/14/10	PEST CONTROL PEST CONTROL PEST CONTROL	345.00 115.00 115.00	575.00
2025861	10/06/10	07780	WEBER SCIENTIFIC	00511576	09/01/10	LABORATORY SUPPLIES	495.99	495.99
2026148	10/27/10	11692	WEST COAST IND COATINGS INC	6	10/04/10	RESERVOIR COATING	103,133.79	103,133.79
2025797	10/06/10	12305	WESTERN DIRECT REALTY	Ref002409067	10/05/10	UB Refund Cst #0000159644	75.00	75.00
2026062	10/20/10	00125	WESTERN PUMP INC	0092559IN	09/28/10	APCD TESTING	400.00	400.00
2026063	10/20/10	04605	WILLIAM LYON HOMES	002502	10/18/10	W/O REFUND D0160-000001	800.21	800.21
2025933	10/13/10	02230	WILLIAMSON, KELLI	14371010	10/07/10	TRAVEL EXPENSE	132.00	132.00
2025968	10/20/10	12369	ZACH GOAD	Ref002409458	10/19/10	UB Refund Cst #0000157458	27.18	27.18
2025798	10/06/10	12310	ZEPHYR PARTNERS	Ref002409072	10/05/10	UB Refund Cst #0000161186	75.26	75.26

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			GRAND TOTAL				<u>3,929,341.39</u>	<u>3,929,341.39</u>