

OTAY WATER DISTRICT

BOARD OF DIRECTORS MEETING
DISTRICT BOARDROOM

2554 SWEETWATER SPRINGS BOULEVARD
SPRING VALLEY, CALIFORNIA

WEDNESDAY
March 2, 2016
3:30 P.M.

AGENDA

1. ROLL CALL
2. PLEDGE OF ALLEGIANCE
3. APPROVAL OF AGENDA
4. APPROVE THE MINUTES OF THE REGULAR BOARD MEETING OF JANUARY 6, 2016
5. PUBLIC PARTICIPATION – OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO SPEAK TO THE BOARD ON ANY SUBJECT MATTER WITHIN THE BOARD'S JURISDICTION BUT NOT AN ITEM ON TODAY'S AGENDA
6. LEGISLATIVE UPDATE (CHRIS FRAHM OF BROWNSTEIN, HYATT, FARBER AND SCHRECK)

CONSENT CALENDAR

7. ITEMS TO BE ACTED UPON WITHOUT DISCUSSION, UNLESS A REQUEST IS MADE BY A MEMBER OF THE BOARD OR THE PUBLIC TO DISCUSS A PARTICULAR ITEM:
 - a) NULLIFY THE AUTHORIZATION TO ISSUE A PURCHASE ORDER TO ORANGE COAST DODGE AND APPROVE THE ISSUANCE OF A PURCHASE ORDER TO MIRAMAR FORD IN THE AMOUNT OF \$116,002 FOR THE PURCHASE OF ONE (1) REPLACEMENT CLASS 4 UTILITY TRUCK
 - b) APPROVE A CONTRACT FOR FINANCIAL ADVISOR, BOND COUNSEL AND DISCLOSURE COUNSEL SERVICES FOR THE ADVANCED RE-FUNDING OF THE 2007 CERTIFICATES OF PARTICIPATION FOR AN

AMOUNT NOT-TO-EXCEED \$52,500 FOR FINANCIAL ADVISOR SERVICES AND \$55,000 FOR COMBINED BOND COUNSEL AND DISCLOSURE COUNSEL SERVICES

ACTION ITEMS

8. BOARD

- a) DISCUSSION OF THE 2016 BOARD MEETING CALENDAR

INFORMATION AND DISCUSSION ITEMS

9. ENGINEERING, OPERATIONS AND WATER RESOURCES

- a) REVIEW INFORMATION GATHERED AND PREPARED IN THE UPDATING OF THE INTEGRATED WATER RESOURCES PLAN (IRP) FOR IDENTIFYING AND EVALUATING CURRENT AND POTENTIAL WATER SUPPLIES FOR THE DISTRICT (BEPPLER)

REPORTS

10. GENERAL MANAGER'S REPORT

- a) SAN DIEGO COUNTY WATER AUTHORITY UPDATE

11. DIRECTORS' REPORTS/REQUESTS

12. PRESIDENT'S REPORT/REQUESTS

RECESS TO CLOSED SESSION

13. CLOSED SESSION

- a) CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9:

1 CASE

- b) PUBLIC EMPLOYEE PERFORMANCE EVALUATION: PERIODIC AND CUSTOMARY REVIEW IN DUE COURSE [GOVERNMENT CODE §54957.6]

TITLE: GENERAL COUNSEL

RETURN TO OPEN SESSION

14. REPORT ON ANY ACTIONS TAKEN IN CLOSED SESSION. THE BOARD MAY ALSO TAKE ACTION ON ANY ITEMS POSTED IN CLOSED SESSION
15. ADJOURNMENT

All items appearing on this agenda, whether or not expressly listed for action, may be deliberated and may be subject to action by the Board.

The Agenda, and any attachments containing written information, are available at the District's website at www.otaywater.gov. Written changes to any items to be considered at the open meeting, or to any attachments, will be posted on the District's website. Copies of the Agenda and all attachments are also available through the District Secretary by contacting her at (619) 670-2280.

If you have any disability which would require accommodation in order to enable you to participate in this meeting, please call the District Secretary at (619) 670-2280 at least 24 hours prior to the meeting.

Certification of Posting

I certify that on February 26, 2016, I posted a copy of the foregoing agenda near the regular meeting place of the Board of Directors of Otay Water District, said time being at least 72 hours in advance of the regular meeting of the Board of Directors (Government Code Section §54954.2).

Executed at Spring Valley, California on February 26, 2016.

/s/ Susan Cruz, District Secretary

Agenda Item 4

**MINUTES OF THE
BOARD OF DIRECTORS MEETING OF THE
OTAY WATER DISTRICT
January 6, 2016**

1. The meeting was called to order by President Lopez at 3:38 p.m.

2. ROLL CALL

Directors Present: Lopez, Smith and Thompson

Directors Absent: Croucher (due to a work commitment) and Robak (out-of-town)

Staff Present: General Manager Mark Watton, General Counsel Daniel Shinoff, Asst. GM German Alvarez, Chief of Engineering Rod Posada, Chief Financial Officer Joe Beachem, Chief of Information Technology Geoff Stevens, Chief of Operations Pedro Porras, Asst. Chief of Administration and Information Technology Adolfo Segura, Asst. Chief of Operations Jose Martinez, District Secretary Susan Cruz and others per attached list.

3. PLEDGE OF ALLEGIANCE

4. APPROVAL OF AGENDA

A motion was made by Director Smith, and seconded by Director Thompson and carried with the following vote:

Ayes: Directors Lopez, Smith and Thompson
Noes: None
Abstain: None
Absent: Directors Croucher and Robak

to approve the agenda.

5. PRESENTATION OF RECOGNITION PLAQUE TO BOARD PRESIDENT

Vice President Thompson presented a recognition plaque on behalf of the Board of Directors and staff to Board President Lopez to thank him for his excellence in leadership and dedicated service to the District during the past year.

6. ELECTION OF BOARD PRESIDENT

A motion was made by Director Lopez, seconded by Director Smith and carried with the following vote:

Ayes: Directors Lopez, Smith and Thompson
Noes: None
Abstain: None
Absent: Directors Croucher and Robak

to elect Director Thompson as President.

7. ELECTION OF VICE PRESIDENT

A motion was made by Director Thompson, seconded by Director Smith and carried with the following vote:

Ayes: Directors Lopez, Smith and Thompson
Noes: None
Abstain: None
Absent: Directors Croucher and Robak

to elect Director Lopez as Vice President.

8. ELECTION OF BOARD TREASURER

A motion was made by Director Lopez, seconded by Director Thompson and carried with the following vote:

Ayes: Directors Lopez, Smith and Thompson
Noes: None
Abstain: None
Absent: Directors Croucher and Robak

to elect Director Smith as Treasurer.

9. ADJOURN OTAY WATER DISTRICT BOARD MEETING AND CONVENE THE OTAY WATER DISTRICT FINANCING AUTHORITY BOARD MEETING

President Thompson adjourned the Otay Water District board meeting at 3:50p.m. and convened the Otay Water District Financing Authority board meeting.

10. ROLL CALL

Directors Present: Lopez, Smith and Thompson

Directors Absent: Croucher and Robak

11. RE-AFFIRM OFFICERS OF THE OTAY WATER DISTRICT FINANCING AUTHORITY

A motion was made by Director Lopez, seconded by Director Smith and carried with the following vote:

Ayes: Directors Lopez, Smith and Thompson
Noes: None
Abstain: None
Absent: Directors Croucher and Robak

to elect Director Thompson as President, Director Lopez as Vice-President, General Manager Watton as Executive Director, Chief Financial Officer Joe Beachem as Treasurer/Auditor, and District Secretary Susan Cruz as Secretary.

12. ADJOURN OTAY DISTRICT FINANCING AUTHORITY BOARD MEETING AND CONVENE THE OTAY WATER DISTRICT BOARD MEETING

President Thompson adjourned the Otay District Financing Authority board meeting at 3:53p.m. and reconvened the Otay Water District board meeting.

13. APPROVE THE MINUTES OF THE BOARD MEETINGS OF JUNE 3, 2015 AND OCTOBER 7, 2015

A motion was made by Director Smith, seconded by Director Lopez and carried with the following vote:

Ayes: Directors Lopez, Smith and Thompson
Noes: None
Abstain: None
Absent: Directors Croucher and Robak

to approve the minutes of the regular board meetings of June 3, 2015 and October 7, 2015.

14. PUBLIC PARTICIPATION – OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO SPEAK TO THE BOARD ON ANY SUBJECT MATTER WITHIN THE BOARD'S JURISDICTION BUT NOT AN ITEM ON TODAY'S AGENDA

No one wished to be heard.

15. PRESENTATION OF 2015 MILESTONE AWARD RECOGNIZING THE OTAY WATER DISTRICT FOR UTILIZING TARGET SOLUTIONS TO HELP KEEP ITS WORKFORCE SAFE SINCE 2000

Assistant Chief of Administration and Information Technology Adolfo Segura indicated that the District was recognized with a *Milestone 15 Year Award* at a recent annual public safety conference. The award recognizes the District's ongoing safety training commitment through the utilization of the Target Solutions online training system. Safety and Security Specialist Oscar Ramirez indicated that the District has been using the Target Solutions training system since 2000. As a member of the Special Districts Risk Management Association (SDRMA), the system is provided free of cost to the District. It allows the District to provide regulatory safety, policy, and continuing education certification training, and provides significant cost savings as District does not need to send employees to outside training.

CONSENT CALENDAR

16. ITEMS TO BE ACTED UPON WITHOUT DISCUSSION, UNLESS A REQUEST IS MADE BY A MEMBER OF THE BOARD OR THE PUBLIC TO DISCUSS A PARTICULAR ITEM:

A motion was made by Director Lopez, seconded by Director Smith and carried with the following vote:

Ayes: Directors Lopez, Smith and Thompson
Noes: None
Abstain: None
Absent: Directors Croucher and Robak

to approve the following consent calendar items:

- a) AWARD A CONSTRUCTION CONTRACT TO ADVANCED INDUSTRIAL SERVICES, INC. FOR THE 980-1 RESERVOIR INTERIOR/EXTERIOR COATINGS AND UPGRADES PROJECT IN AN AMOUNT NOT-TO-EXCEED \$876,500
- b) AWARD A PROFESSIONAL AS-NEEDED LAND SURVEYING SERVICES CONTRACT TO HUNSAKER AND ASSOCIATES SAN DIEGO, INC. IN AN AMOUNT NOT-TO-EXCEED \$175,000 FOR A PERIOD OF THREE (3) FISCAL YEARS (FY 2016 THROUGH FY 2018, ENDING JUNE 20, 2019)
- c) APPROVE A PURCHASE ORDER TO ROCKWELL ENGINEERING AND EQUIPMENT IN AN AMOUNT NOT-TO-EXCEED \$326,160 FOR THE PURCHASE OF TWO (2) REPLACEMENT PORTABLE WATER PUMPS AND DECLARE THE TWO (2) OLDER PUMPS SURPLUS

ACTION ITEMS

17. FINANCE, ADMINISTRATION AND INFORMATION TECHNOLOGY

a) APPROVE A FINE OF \$1,000 FOR METER TAMPERING AT 617 DIAMOND DRIVE IN CHULA VISTA (CAREY)

Customer Service Manager Andrea Carey indicated that staff is requesting that the board uphold staff's recommendation to impose a \$1,000 fine for meter tampering at 617 Diamond Drive in Chula Vista. Please reference the Committee Action notes (Attachment A) attached to the staff report for the details of Ms. Carey's report.

General Manager Watton indicated that Mr. Juan Calderon has written a letter of appeal and has acknowledged and apologized for his action. He stated that this is the first time a District's customer has admitted to his actions and he wished to note this to the board. He stated it is up to the board's discretion on how they wish to handle Mr. Calderon's appeal.

Director Smith indicated the District's Finance, Administration and Communications Committee discussed that they wished to assure customers are informed of the District's ability to detect meter tampering and asked staff to publicize this fact to the District's customers. Staff indicated that the information has been included in previous newsletters to customers and that the information will be published again in the newsletter.

There was discussion that the District does offer payment plans for up to one (1) year.

Mr. Calderon apologized for tampering with his meter and indicated that he regrets his actions. He requested that the board waive the fine as he is disabled and lives only on social security and would be unable to pay the fine.

The board thanked Mr. Calderon for his honesty and discussed that because Mr. Calderon admitted and regrets his actions and knowing his financial situation, it was felt that cutting the penalty in half to \$500 would be fair.

A motion was made by Director Lopez, seconded by Director Smith and carried with the following vote:

Ayes: Directors Lopez, Smith and Thompson
Noes: None
Abstain: None
Absent: Directors Croucher and Robak

to impose a penalty of \$500 (half the original penalty of \$1,000) to Mr. Calderon for tampering with his meter.

b) ADOPT ORDINANCE NO. 552 AMENDING APPENDIX A OF THE DISTRICT'S CODE OF ORDINANCES WITH THE APPROVED WATER RATE INCREASE TO BE EFFECTIVE ON MARCH 1, 2016

Finance Manager Rita Bell requested that the Board adopt Ordinance No. 552 to amend Appendix A of the District's Code of Ordinances with the approved water rate increase to be effective on March 1, 2016. Please reference the Committee Action notes (Attachment A) attached to the staff report for the details of Ms. Bell's report.

In response to an inquiry from Director Smith, Ms. Bell indicated that the District has two (2) fixed fees under the current rate structure:

1. MWD/CWA's fee which is passed through directly to the District's customers
2. District's System fee which pays for the District's fixed costs (i.e., reading meters, etc.)

The District also has variable fees:

1. Usage Fee
2. Energy Fee
3. Government Rate Fee

Because the Energy Fee and Government Rate Fee is tied directly to a cost, the only fees that the District can put the cost on is the Fixed System Fee or the Usage Fee. Best Management Practice 1.4 (BMP) recommends that fixed fees be set no higher than 30% of total revenues. She stated because the District had an unexpected increase in variable costs (recycled water rate increase from the City of San Diego and a drop in water sales), placing the increase on fixed fees would increase the District's fixed fees above the recommended 30% of total revenues to 37%. Thus, the increase will be placed on the Usage Fee which is a variable fee. There are no legal implications for placing the increase on the Usage fee, but having fixed fees higher than 30% would cause the District to lose its eligibility for some grant funding.

General Manager Watton indicated that there are discussions regarding Cost of Service Studies (COSS) Statewide. He stated that the way the industry is evolving, it is getting harder to meet the BMP 1.4 standard of fixed costs being no higher than 30% of total revenues and the District has been discussing performing a COSS. He indicated that the Board has the discretion to set the rate different from the BMP 1.4 standard, but there will be an impact to the District's eligibility for grant funding.

It was further discussed that it is a State agency, the California Urban Water Conservation Council, that sets the BMP standard. The board requested that

staff contact the agency to see if there are plans to change that standard and that staff also inquire what other agencies are doing.

A motion was made by Director Smith, seconded by Director Lopez and carried with the following vote:

Ayes: Directors Lopez, Smith and Thompson
Noes: None
Abstain: None
Absent: Directors Croucher and Robak

to approve staffs' recommendation.

c) REJECT THE CLAIM BY DONICE AND DONITA BLALOCK

Finance Manager Kevin Koeppen indicated that staff is requesting that the Board reject the claim in the amount of \$300,000 submitted by Donice and Donita Blalock for damages to their residence caused by the Hillsdale Road water main break. He indicated that District Policy 29 requires that claims greater than \$10,000 be acted upon by the Board. He stated that it is the District's practice to deny such claims to begin the statute of limitations for bringing legal action in the matter. The claim has been forwarded to the District's liability insurer, Special Districts Risk Management Authority (SDRMA), for handling and they have directed the District to deny the claim due to the claims inclusion of losses that are not a direct result of the main break and losses, to date, which have not been substantiated. SDRMA has provided the Blalock's with a good faith offer of \$50,000 and a \$25,000 check to assist with any immediate financial burdens related to the break.

In response to an inquiry from Director Thompson, Finance Manager Kevin Koeppen indicated that following the rejection of the claim by the board, a rejection letter would be forwarded to Mr. and Mrs. Blalock. They would then have six (6) months to file a lawsuit. If the Blalock's decide to file a lawsuit, it would be handled through SDRMA as it is an insurance matter. SDRMA is currently working to settle the matter.

A motion was made by Director Lopez, seconded by Director Smith and carried with the following vote:

Ayes: Directors Lopez, Smith and Thompson
Noes: None
Abstain: None
Absent: Directors Croucher and Robak

to approve staffs' recommendation.

18. BOARD

a) DISCUSSION OF THE 2016 BOARD MEETING CALENDAR

There were no changes to the board meeting calendar.

INFORMATIONAL ITEM

19. THE FOLLOWING ITEMS ARE PROVIDED TO THE BOARD FOR INFORMATIONAL PURPOSES ONLY. NO ACTION IS REQUIRED ON THE FOLLOWING AGENDA ITEMS:

d) FIRST QUARTER OF FISCAL YEAR 2016 CAPITAL IMPROVEMENT PROGRAM UPDATE REPORT

Engineering Manager Dan Martin provided an update on the 1st quarter of the District's Capital Improvement Program. Please reference the Committee Action notes (Attachment A) attached to the staff report for the details of Mr. Martin's report.

In response to an inquiry from Director Lopez, Engineering Manager Martin indicated that the change order percentage last fiscal year was less than 5%. The target is 5%.

Engineering Manager Martin responded to an inquiry from Director Thompson indicating that the timing of each of the individual reservoir coatings will not impact the CIP as some tanks coatings will last longer than anticipated and some will last a little shorter. It was indicated that this is a critical tank in the 980 zone and the interior was scheduled for recoating in 2019. In evaluating the reservoir, however, it required a new interior coating now and, as it would be more cost effective, it was decided to do the exterior coating at the same time. It was noted that the exterior coating was last done in 1986. It was explained that this reservoir's interior coating just happened to require recoating earlier than scheduled, but other reservoirs will last longer than scheduled. The main goal is to keep the District's reservoirs maintained to extend its life which would, overall, provide savings.

e) REVIEW THE LATEST ACTUARIAL REPORT AND THE ACTUARIAL EVALUATION DETERMINING THE NET COST OR SAVINGS OF THE OTHER POST EMPLOYMENT BENEFIT PLAN ENHANCEMENT VERSUS THE INCREASED EMPLOYEE CONTRIBUTIONS TO PERS (KOEPPEN)

Finance Manager Kevin Koeppen reviewed the results of the actuarial studies related to the District's Other Post Employment Benefit Plan (OPEB). Please

reference the Committee Action notes (Attachment A) attached to the staff report for the details of Mr. Koeppen's report.

In response to an inquiry from Director Smith, Finance Manager Koeppen indicated that the enhancement to the OPEB Plan was offset by the District employees increasing their contribution to PERS in 2011. Employees' contributions to PERS increased from 1% to 8% over a two (2) year period as an offset to the OPEB healthcare enhancement benefit. The actuarial study on the District's OPEB fund performed by Bartel and Associates was questioned at the time. The District then had Milliman, Inc., the largest firm in the Country, review the actuary study performed by Bartel and Associates and they confirmed the assumptions used in the study were reasonable. General Manager Watton indicated that the District will be scheduling a Board Workshop to review this most recent Actuarial Study at the request of the District's Administration, Finance and Communications Committee.

It was discussed that the District had set aside a large fund prior to the trust for OPEB funds becoming available and the District was one of the first agencies to place their funds in a Trust once it did become available. The District was approximately 55% funded when the funds were placed in the Trust and it will be a 100% funded in the next few years. It was indicated that once the District is fully funded, the cost will substantially decrease.

Director Thompson indicated that he felt it would be a good idea to discuss, as part of next year's budget, whether the District should slow down the funding of the OPEB fund due to the impact of the drought on the District's budget.

REPORTS

20. GENERAL MANAGER'S REPORT

SAN DIEGO COUNTY WATER AUTHORITY UPDATE

General Manager Watton indicated that there are handouts on the dias for the members of the board which includes a powerpoint on the Bay Delta Conservation Plan/California WaterFix. He stated that CWA has not taken any action that would oppose or support the Bay Delta fix, but they have been asking a lot of questions regarding the viability of the finances. The Governor's Cabinet Secretary for the Department of Water Resources has asked that the public wait until all the information on the financial aspects of the plan be published before they cast their judgement on the plan. This was indicated approximately a year ago and the information has still not yet been published. Thus, it is difficult for the CWA to make judgement on whether to support the plan or not. He also shared that the CWA is being criticized by some of the MWD member agencies that they (CWA) are taking a position on the Bay Delta Plan when, in fact, the CWA has not. CWA Chair, Mr. Mark Weston, has written a letter to the Governor

stating that the CWA has not taken any position on the Bay Delta Plan. The CWA will continue to review the Plan as it becomes available.

General Manager Watton also indicated that a copy of the Water Desalination Report has been provided to the board on the dias and the report mentions that the Otay WD has signed an Letter of Interest with Consolidated Water Company. He noted that he has also forwarded a letter of interest to the State of Baja, Mexico, expressing the District's interest in purchasing water from the Rosarito Desalination Project.

General Manager Watton lastly presented information from his report that included health care reform, the recruitment for a Communications Officer due to an upcoming retirement and a Communications Representative, the District's hosting of the ESRI Roundtable, the Cost of Service Study, Sweetwater Authority's request for an emergency connection, the District' preparation for the El Niño weather.

Following General Manager Watton's report, Director Lopez requested a demonstration of the District's GIS system and how the District utilizes the system.

In response to an inquiry from Director Thompson, Finance Manager Rita Bell indicated that staff is reporting what has been budgeted for both potable and recycled water purchases and what the District is actually achieving. The District's budget accounts for seasonality, whereas the report to the State is a direct comparison of residential water consumption for 2013 and 2015. Thus, there is some variability. It was indicated in response to an inquiry from Director Smith that the District's residential customers achieved 19% conservation in the month of November (comparing November 2013 to November 2015) and that December's conservation percentage is not yet available. However, she stated that by looking at the water sales numbers, it is predicted December's savings will be lower than November's savings. Staff had anticipated that the savings would be less during the winter as much of the water savings is in customers' landscapes and less water is used in the landscape during the winter.

It was also discussed that the implementation of the rate increases on January 1 and March 1, 2016 should help counter the District's current negative revenue to expense ratio. It is expected that following the March 1 increase, the District will be back on budget.

21. DIRECTORS' REPORTS/REQUESTS

Director Smith indicated that in addition to his attendance of the Engineering, Operations and Water Resources Committee and the Regular Board Meeting last month, he attended the Carlsbad Desalination Plant Dedication on December 14, 2015. He indicated that Directors Lopez and Thompson also attended the

dedication and it was well attended by members from all over the State of California. He stated there was approximately 600 attendees and it was indicated that the plant was named after the former Mayor of Carlsbad, Mr. Bud Lewis. He stated that he understands that the Carlsbad Desalination Plant is the largest desalination plant in the western hemisphere.

Director Thompson indicated that the quality of the water received he is receiving at his home is very good. He stated that he had done a blind taste test with the members of his household and none could tell the difference between bottled drinking water and tap water. He also shared that he has purchased more rain barrels and he now has seven (7) barrels and they are all overflowing with water from the recent rains and he has plenty of water for his plants.

22. PRESIDENT'S REPORT

President Lopez reported on meetings that he attended during the months of November and December 2015 (a list of meetings he attended is attached).

23. CLOSED SESSION

The board recessed to closed session at 5:23 p.m. to discuss the following matters:

a) CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9:

1 CASE

b) CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
[GOVERNMENT CODE §54956.9]

PATRICIA MOSS v. OTAY WATER DISTRICT, et. al.; CASE NO. 37-2014-00005818-CU-OE-CTL

24. REPORT ON ANY ACTIONS TAKEN IN CLOSED SESSION. THE BOARD MAY ALSO TAKE ACTION ON ANY ITEMS POSTED IN CLOSED SESSION

The board reconvened from closed session at 6:34 p.m. and General Counsel Shinoff indicated that the board met in closed session and took no reportable actions.

25. ADJOURNMENT

With no further business to come before the Board, President Thompson adjourned the meeting at 6:34 p.m.

President

ATTEST:

District Secretary

**President's Report
January 6, 2016 Board Meeting**

A) Meetings attended during the Month of November 2015:

- 1) **Nov 4: Attended the District's Regular Board Meeting.**
- 2) **Nov 17: Attended the City of San Diego Council Meeting to protest their recycled water rate increase during their rate hearing.** Attendee: Director Thompson, General Manager Watton, Communications Officer Buelna, District Consultant Susy Villegas.
- 3) **Nov 18: Attended the District's Special Board Meeting** to discuss the impact of the City of San Diego's recycled water rate increase and conservation due to the Governor's mandate.

B) Meetings attended during the Month of December 2015:

- 1) **Dec 4: Committee Agenda Briefing.** Met with General Manager Watton to review items that will be presented at the December FA&C and EO&WR Committee meetings.
- 2) **Dec 5: Attended the District's Employee Holiday Dinner.**
- 3) **Dec 7: Attended the District's Finance, Administration and Communications Committee.** Reviewed, discussed, and made recommendation on items that will be presented at the January board meeting.
- 4) **Dec 8: Attended the District's Engineering, Operations and Water Resources Committee on Director Croucher's behalf.** Reviewed, discussed, and made recommendation on items that will be presented at the January board meeting.
- 5) **Dec 14: Attended the Carlsbad Desalination Plant Dedication Ceremony.** Attendees: Directors Robak, Smith and Thompson and General Manager Watton.
- 6) **Dec 15:**
 - a. **Board Agenda Briefing.** Met with General Manager Watton and General Counsel Dan Shinoff to review items that will be presented at the January 6 Board Meeting.

b. **Attended the District's Special Board Meeting** to discuss a couple of closed session matters.

AGENDA ITEM 7a



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	March 2, 2016
	Jose Martinez	PROJECT:	DIV. NO. All
SUBMITTED BY:	Asst. Chief Water Operations		
	<input checked="" type="checkbox"/> Pedro Porras, Chief Water Operations		
APPROVED BY:	<input checked="" type="checkbox"/> German Alvarez, Assistant General Manager		
	<input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	To Nullify the Authorization To Purchase One (1) Replacement Class 4 Utility Truck From Orange Coast Dodge and To Authorize To Purchase One (1) Replacement Class 4 Utility Truck From Miramar Ford		

GENERAL MANAGER'S RECOMMENDATION:

That the Board nullify the authorization to issue a purchase order to Orange Coast Dodge (Orange Coast) granted at the regular meeting of the Board of Directors on February 3, 2016 and authorize the General Manager to issue a purchase order to Miramar Ford in the amount of \$116,002 for the purchase of one (1) replacement Class 4 Utility Truck.

COMMITTEE ACTION:

See Attachment "A."

PURPOSE:

To obtain Board authorization to purchase one (1) replacement Class 4 Utility Truck from the vendor with the lowest responsive quote.

ANALYSIS:

At the regular meeting of the Board of Directors on February 3, 2016, the Board authorized the General Manager to issue a purchase order to Orange Coast in the amount of \$114,542 for the purchase

of one (1) replacement Class 4 Utility Truck (see Attachment "B"). On February 4, 2016, purchasing staff issued a purchase order to Orange Coast at which time they notified staff that they could not honor their proposal as they had failed to follow a requirement of the solicitation to include sales tax and all other fees, therefore, they withdrew their bid. As a result, Miramar Ford, having complied with all the requirements of the solicitation, is the lowest responsive vendor at \$116,002.

Dealer	Bid Price
Miramar Ford	\$116,002
Tuttle Click Ford	\$120,389
Orange Coast Dodge	Withdrawn

Staff is purchasing a 2016 Ford F550 with service body, crane and engine-driven air compressor included for a not-to-exceed amount of \$116,002, which is \$23,998 less than budgeted.

FISCAL IMPACT: Joe Beachem, Chief Financial Officer

Projected purchase budget for one (1) Class 4 Utility Truck is \$140,000 based on preliminary research. The purchase of the truck will cost \$116,002 which will be charged against the Vehicle Capital Purchases CIP P2282. The total cost in this account will not exceed budgeted funding.

Based on the evaluation, the CIP P2282 budget is sufficient to complete the budgeted purchase, as outlined in the Staff Report dated February 3, 2016 (see Attachment "C").

The Finance Department has determined that 100% of the funds are available in the replacement fund.

Expenditure Summary:

Total CIP 2282 Vehicle Replacements FY16 Budget:	\$556,000
Proposed One (1) Class 4 Utility Truck.	(\$116,002)
Approved Vactor Truck Replacement.	(\$402,831)
Proposed Replacement Bed for Unit 184	(\$11,000)
Projected CIP P2286 FY16 Under Budget:	\$26,167

STRATEGIC GOAL:

Operate the system to meet demand twenty-four hours a day, seven days a week.

LEGAL IMPACT:

None.

Attachment "A," Committee Action

Attachment "B," Example of Vehicle to Purchase

Attachment "C," Staff Report dated February 3, 2016



ATTACHMENT A

SUBJECT/PROJECT:	Approval to Purchase one (1) Class 4 Utility Truck
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COMMITTEE ACTION:

The Finance, Administration, and Communications Committee reviewed this item at a meeting held on February 16, 2016 and the following comments were made:

- Following the approval by the Board to issue a purchase order to Orange Coast Dodge in February, Orange Coast withdrew their bid as they failed to include sales tax and other fees in their bid as required by the bid specifications.
- Had Orange Coast Dodge included sales tax and fees in their bid, their bid would not have been the lowest responsive bid. Staff confirmed that Miramar Ford's bid did include the taxes and the fees and is the lowest responsive bid.
- The committee discussed and confirmed that there was no contractual obligation by Orange Coast Dodge to honor their bid as the bid is not a signed agreement. It is just an offer, which they revoked. The purchase order would have been the agreement had they accepted it.
- On large construction projects, the District requires a security bond (10% of contract price) or deposit to secure the price on the contractor's bid. If the contractor does not honor their bid price, they would lose their bond. However, for smaller contracts, such as this, this is generally not something that is provided or recommended.

Upon completion of the discussion, the committee supported staffs' recommendation and presentation to the full board on the consent calendar.

ATTACHMENT B



ATTACHMENT C



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	February 3, 2016
	Jose Martinez	PROJECT:	DIV. NO. All
SUBMITTED BY:	Asst. Chief Water Operations		
	<input checked="" type="checkbox"/> Pedro Porras, Chief Water Operations		
APPROVED BY:	<input checked="" type="checkbox"/> German Alvarez, Assistant General Manager		
	<input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	Approval To Purchase One (1) Replacement Class 4 Utility Truck		

GENERAL MANAGER'S RECOMMENDATION:

That the Board authorize the General Manager to issue a purchase order to Orange Coast Dodge in the amount of \$114,542.00 for the purchase of one (1) replacement Class 4 Utility Truck and declare Unit 154 surplus.

COMMITTEE ACTION: _____

See Attachment "A."

PURPOSE:

To obtain Board authorization to purchase one (1) replacement Class 4 Utility Truck.

ANALYSIS:

Included in the approved FY 2016 budget, as Item 21 under Capital Purchases, is one (1) replacement Class 4 Utility Truck. The purchase is to replace Unit 139, Pump Electrical Utility Service Truck. This unit is utilized for the District's day-to-day maintenance of pump station facilities including but not limited to pumps, motors, air compressors, etc.

Unit 139 is a 2003 Ford F550 truck with 94,891 miles and has a service body, air compressor, and a 15-foot reach 3,200 lb. lifting capacity crane attached. In order to effectively manage the District's fleet, Unit 139 will be rotated into the fleet replacing Unit 154, which belongs to the Meter Maintenance section. Unit 154 is a 2004 Ford F550 with 121,000 miles and has a service body, air compressor, and crane attached. While Unit 139 is one year older, Unit 154 has 27,000 more miles and the attached service body was reused from a previous vehicle. The service body of Unit 154 is in excess of 16-years-old and has a considerable amount of rust and corrosion on the underside of the bed and lower cabinets.

Based on system operation evaluations of work flow history by the Fleet Maintenance Supervisor, Pump Electrical supervision, and management, it is recommended that one (1) new Class 4 Utility Truck be purchased to replace Unit 139. Unit 139 will be rotated into the fleet replacing Unit 154, and Unit 154 will be declared surplus. This action will save the District approximately \$10,000 by eliminating the need to replace a service body on a 12-year-old truck and rotating a lower mileage unit into its position.

In accordance with District policy, bids were solicited for the Class 4 Utility Truck. Three (3) bids were received. Prices received include all applicable fees and taxes and delivery.

Funding for this purchase has been included in CIP P2282, Vehicle Capital Purchases Program.

Dealer	Bid Price
Orange Coast Dodge	\$114,542
Miramar Ford	\$116,002
Tuttle Click Ford	\$120,389

Staff is purchasing a 2016 Dodge Ram 5500 with a service body, crane and air compressor included for a not-to-exceed amount of \$114,542 which is \$25,458 less than budgeted.

FISCAL IMPACT: _____

Projected purchase budget for one (1) Class 4 Utility Truck is \$140,000 based on preliminary research. The purchase of the truck will cost \$114,542 which will be charged against the Vehicle Capital Purchases CIP P2282. The total cost in this account will not exceed budgeted funding.

The total FY16 project budget for the CIP P2282, Vehicle Capital Purchases is \$556,000. Existing expenditures and current encumbrances for the CIP, including the one (1) Class 4 Utility Truck purchased under this request if approved, are \$114,542.00.

Based on the evaluation, the CIP P2282 budget is sufficient to complete the budgeted purchase.

The Finance Department has determined that 100% of the funds are available in the replacement fund.

Expenditure Summary:

Total CIP 2282 Vehicle Replacements FY16 Budget:	\$556,000
Proposed One (1) Class 4 Utility Truck.	(\$114,542)
Approved Vactor truck replacement.	(\$402,831)
Proposed Replacement bed for Unit 184.	(\$11,000)
Projected CIP P2286 FY16 Under Budget:	\$27,627

STRATEGIC GOAL:

Operate the system to meet demand twenty-four hours a day, seven days a week.

LEGAL IMPACT: _____

None.

General Manager

Attachment "A," Committee Action



ATTACHMENT A

SUBJECT/PROJECT:	Approval to Purchase one (1) Class 4 Utility Truck
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COMMITTEE ACTION:

The Finance, Administration, and Communications Committee reviewed this item at a meeting held on January 20, 2016 and the following comments were made:

- Staff is requesting that the Board authorize a purchase order to Orange Coast Dodge in the amount of \$114,542 for the purchase of one (1) replacement Class 4 Utility Truck and declare Unit 154 as surplus.
- The Class 4 Utility Truck was included in the approved FY 2016 budget as Item 21 under Capital Purchases. The Class 4 Utility Truck will replace Unit 139, Pump Electrical Utility Service Truck.
- Staff solicited bids for a Class 4 Utility Truck in accordance with District policy. Three (3) bids were received and Orange Coast Dodge had the lowest responsive bid at \$114,542. The bid is \$25,458 less than budgeted.

Upon completion of the discussion, the committee supported staffs' recommendation and presentation to the full Board on the consent calendar.

AGENDA ITEM 7b



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	March 2, 2016
		PROJECT:	DIV. NO. All
SUBMITTED BY:	Rita Bell, Finance Manager		
APPROVED BY:	<input checked="" type="checkbox"/> Joseph R. Beachem, Chief Financial Officer		
	<input checked="" type="checkbox"/> German Alvarez, Assistant General Manager		
	<input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	Selection of a Financial Advisor, Bond Counsel and Disclosure Counsel		

GENERAL MANAGER'S RECOMMENDATION:

That the Board authorize the General Manager to contract for a Financial Advisor as well as Bond Counsel and Disclosure Counsel services for the advanced refunding of the 2007 Certificates of Participation (COPS). The amount is not to exceed \$52,500 for the Financial Advisor and \$55,000 for the combined Bond Counsel and Disclosure Counsel services.

COMMITTEE ACTION:

See Attachment A.

PURPOSE:

The District has an opportunity to refinance the 2007 COPS and potentially save the rate payers \$170,000 annually based on recent changes in market interest rates. Approval of this recommendation authorizes the General Manager to hire a Financial Advisor and Bond and Disclosure Counsel who are necessary to move forward with this refinancing.

ANALYSIS:

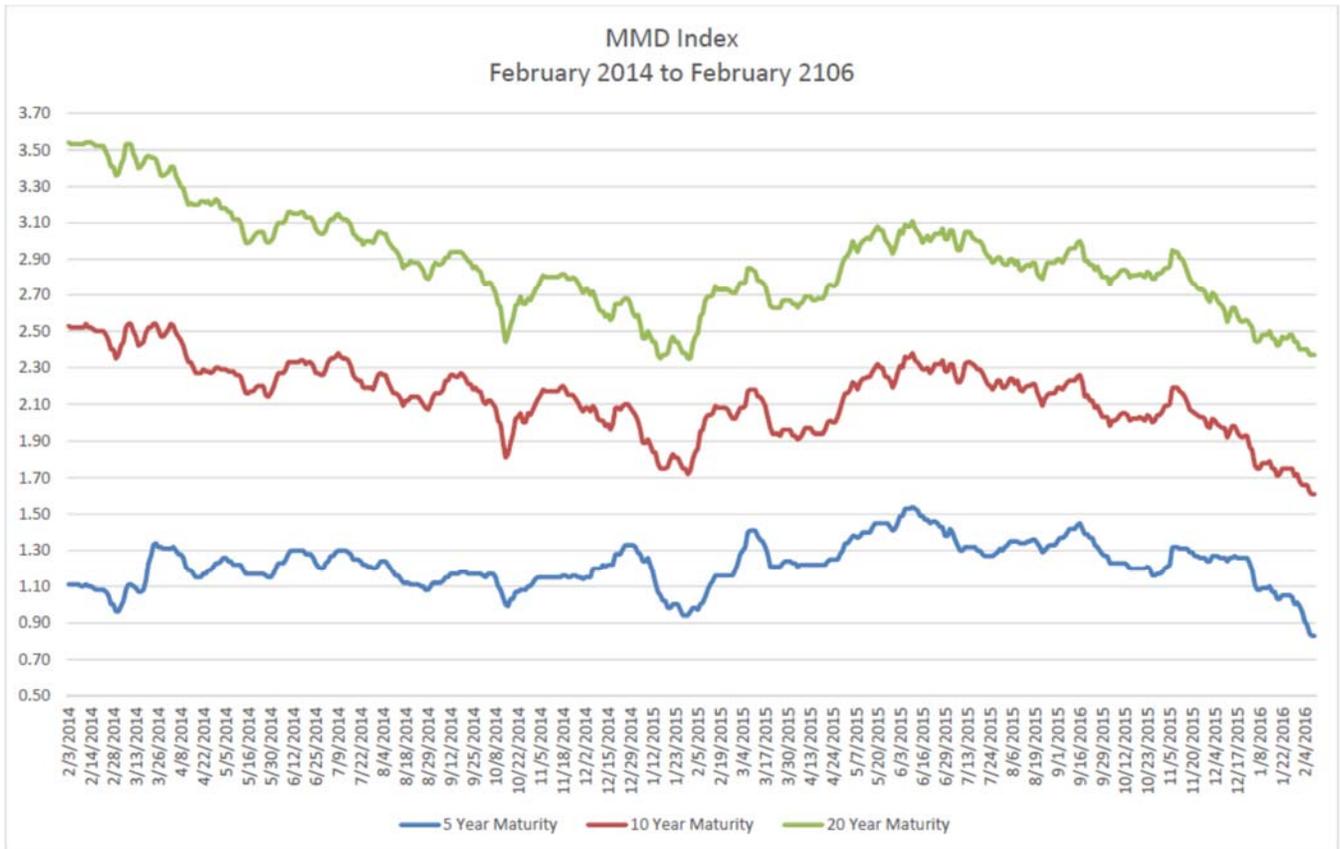
The District is pursuing the option to refinance its 2007 COPS which currently has approximately \$33MM outstanding. The refinancing is estimated to produce an annual savings of \$170,000, net of cost of issuance. This represents an 8% savings which meets the District's Debt Policy which suggests a minimum of 5% savings at the beginning of the process to ensure a 3% savings at the closing.

This past November staff reviewed all options of debt restructuring with the District's financial advisor. At that time, only one option had the ability to lower the rate impact, however, the cost savings was not significant and therefore the savings would not comply with the District's Debt Policy.

Since that time the market conditions have changed. In the past 30 days interest rates have dropped 40 basis points, as a result of the economic crisis in China, the drop in oil prices, and people pulling their money out of the equity market to invest in a safer debt market. Below is the analysis of how the annual savings has increased due to the reduction in interest rates.

	<u>October 2015</u>	<u>January 2016</u>	<u>Sensitivity</u>	
			<u>25 bp Increase</u>	<u>50 bp Increase</u>
Refunding Bonds Yield	3.36%	2.80%	3.05%	3.30%
2007 Bond Interest Rate	4.28%	4.28%	4.28%	4.28%
NPV Savings	609,035	2,950,481	2,042,698	1,174,206
NPV Savings %	1.75%	8.49%	5.87%	3.38%
Total \$ Savings	572,637	3,778,646	2,658,878	1,556,823
Annual Savings	27,268	179,936	126,613	74,134
Escrow Cost	37,407,534	36,765,482	36,765,482	36,765,482

The chart below depicts the two year MMD AAA Median index which is the only municipal benchmark created directly by the leading institutions of the municipal market and is the most consistent benchmark for daily municipal yield change. This index is the most similar index to model how the AA municipal bonds trade. The chart shows the drop in rates between October 2015 and January 2016.



The savings associated with a refinancing is subject to market fluctuations of the interest rate, referred to as interest rate risk. Interest rate risk is the potential that the estimated savings could diminish should interest rates increase prior to completing a refinancing. If rates decrease, the savings would be greater. The decrease of the current interest rate, which has generated the potential \$170,000 savings annually, occurred within the last 30 days. The current low interest rates will likely result in more debt being issued which will fill the lack of supply. Therefore, the longer the refinance process takes, the more debt will be supplied to the market, and the greater the risk that the interest rates will increase, resulting in a reduction of the potential savings.

Staff has obtained three quotes for a Financial Advisor, as shown in the table below, and recommends hiring Harrell & Company to perform the financial advisory services at a cost not to exceed \$52,500.

Harrell & Company	\$52,500
KNN Finance	\$55,000
Bartle Wells Associates	\$70,000

Additionally, staff has obtained three quotes, as presented in the table below, for combined Bond and Disclosure Counsel that also includes a review of the Official Statement. Staff is recommending the District hire Stradling Yocca Carlson & Rauth for Bond and Disclosure Counsel at a cost not to exceed \$55,000.

Stradling Yocca Carlson & Rauth	\$55,000
Quint & Thimmig, L.L.P.	\$65,000
Fulbright& Jaworski L.L.P.	\$78,900

Both Harrell & Company as Financial Advisor and Stradling Yocca Carlson & Rauth as Bond and Disclosure Counsel have served in these roles for the District's six prior financings. More recently, both firms served on the 2013 COPS refinancing which went smoothly, maintaining a high level of performance. In addition to excellent past service, it has proven to be cost effective to have consistent representation for debt issues, as reflected in the quotes received for this refinancing.

Time is of the essence and staff is attempting to move quickly to refinance the bonds in order to maximize the savings with the current favorable market conditions. Staff believes that maintaining consistency with these experienced and highly qualified firms will help staff achieve the desirable fast-paced schedule.

Staff is requesting that the Board authorize the General Manager to contract for the Financial Advisor and Bond and Disclosure Counsel services for the amounts mentioned above.

Staff plans on returning to the Board in April with the documents and the resolution needed to authorize the bond refinancing, assuming market conditions remain favorable. With this approval bonds will be sold in mid-April and will close in mid-May.

FISCAL IMPACT: Joe Beachem, Chief Financial Officer

All fees for the refinancing have been included in the calculation of the overall estimated savings of \$170,000 per year for a total estimated savings of \$3,400,000.

STRATEGIC GOAL:

The District ensures its continued financial health through long-term financial planning and debt planning.

LEGAL IMPACT:

None.

Attachments:

- A - Committee Action
- B - Financial Advisor Agreement
- C - Bond and Disclosure Counsel Agreement



ATTACHMENT A

SUBJECT/PROJECT:	Selection of a Financial Advisor, Bond Counsel and Disclosure Counsel
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COMMITTEE ACTION:

The Finance, Administration, and Communications Committee reviewed this item at a meeting held on February 16, 2016 and the following comments were made:

- Staff is requesting that the Board approve contracts for a Financial Advisor, Bond Counsel and Disclosure Counsel services for the refinancing of the 2007 Certificates of Participation (COPs) for an amount not-to-exceed \$52,500 for Financial Advisor services and \$55,000 for combined Bond Counsel and Disclosure Counsel services.
- Interest rates have dropped 40 basis points and if they should hold, the annual savings would be more than \$170,000. Should interest rates increase by 25 basis points, the annual savings would be \$126,000+ and if rates increase 50 basis points, the savings would be \$74,000+ annually which would still comply with the District's debt policy.
- Staff indicated that the refinancing process is sensitive to changes in interest rates and there is a risk that rates could rise as more municipalities enter the market to refinance. If interest rates rise, it would create less savings. Thus, the District needs to act quickly.
- The committee suggested that staff try to move the refinancing process quickly to preserve the District's ability to lock into the current low interest rate. The committee indicated that even if it cost a little money, in the long run, the District would achieve savings overall.
- In response to an inquiry from the Committee, staff indicated that the 2007 COPs represents approximately 35% of the District's total long term debt.

- Attached are the required agreements for Financial Advisor, Bond Counsel and Disclosure Counsel which were not available at the time this item was presented to committee.

Upon completion of the discussion, the committee supported staffs' recommendation and presentation to the full board on the consent calendar.



March 2, 2016

Otay Water District
2554 Sweetwater Springs Blvd.
Spring Valley, CA 91978-2004

Attention: Mark Watton
General Manager

RE: Otay Water District,
Proposed Issuance of Bonds - Proposal to Serve as Financial Advisor

Dear Mark:

The Otay Water District (the "District") proposes to issue water revenue bonds (the "Bonds") to refinance its 2007 Certificates of Participation. We appreciate the opportunity to submit this proposal to serve as financial advisor with respect to the Bonds and to have the opportunity to continue our relationship with the District.

Our engagement as financial advisor will require us to complete the following:

- Structure and size the Bonds.
- Prepare the Notice of Sale.
- Prepare the Official Statement including any required information relating to the facilities, water customers and usage, and debt coverage.
- Assist in preparation of the staff reports for Board actions.
- Review and comment on all legal documents, including resolutions and closing documents.
- Prepare rating agency presentation.
- Prepare Staff for dialogue with ratings analysts.
- Keep the District apprised of market conditions relating to interest rates.
- Conduct competitive sale of the Bonds.
- Provide any post-issuance follow up as required.
- Provide any other services reasonably requested and not otherwise set forth above.

The City Tower, 333 City Boulevard West, Suite 1430, Orange, California 92868
Tel: 714.939.1464 Fax: 714.939.1462

Our fee for acting as Financial Advisor in the issuance of an approximate amount of \$33 million in Bonds shall be as follows:

- A fixed fee of \$10,000 for preparation of the Official Statement.
- A fixed fee of \$42,500 for all other financial advisory services as described above.

In addition to such fees, we would expect to be reimbursed for actual out-of-pocket expenses associated with the transaction in an amount not to exceed \$1,800. Reimbursed expenses are expected to include shipping, delivery, printing, photocopying, and teleconferences.

Payment of any fees are contingent on the issuance of the Bonds and are subject in any case to approval of this proposal by the District's Board of Directors.

In connection with recent changes to the federal securities laws that require persons providing advice to municipal issuers to register with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board (MSRB), I wanted to remind you of the standard of care with which I undertake my duties to you for the above-referenced financing and to provide you with additional information regarding our fee arrangement and other matters.

Harrell & Company owes a fiduciary duty to the District and will carry out its duties under this proposal in accordance with such duty. Simply put, this means that we owe you both a duty of loyalty and a duty of care and that in performing services under this proposal we will put the needs of the District ahead of our own. This standard of care is higher than that required of other financial services providers such as underwriters.

Pursuant to rules proposed by the MSRB, we expect to be required to provide you with written disclosure regarding any actual or potential conflicts of interest that might impair our ability to fulfill our fiduciary duty to you. In advance of the effective date of any such requirements, we wanted to disclose to you that we are not aware of any such actual or potential conflicts of interest other than the contingent fee arrangement described below.

The rules proposed by the MSRB also would require us to remind you of the inherent conflict of interest caused by our contingent fee arrangement. Under a contingent fee form of compensation, payment of our fee is dependent upon the successful completion of a financing. Although this form of compensation may be customary, it presents a conflict because we may have an incentive to recommend unnecessary financings or financings that are disadvantageous to the District.

Although written disclosure of the conflict relating to contingent fees is not yet mandatory, we wanted you to be advised of it, as well as the coming MSRB rule requiring us to inform you of it. An example of such a conflict are when facts or circumstances arise that could cause the financing or other transaction to be delayed or fail to close, we may have an incentive to discourage a full consideration of such facts and circumstances, or to discourage consideration of alternatives that may result in the cancellation of the financing or other transaction.

Otay Water district
February 17, 2016
Page 3

I hope the foregoing is acceptable to the District. Please call if you have any questions or would like to discuss any of the foregoing. I look forward to working again with you, the District staff and your financing team.

Very truly yours

A handwritten signature in black ink, appearing to read "Suzanne Harrell". The signature is fluid and cursive, with the first name "Suzanne" written in a larger, more prominent script than the last name "Harrell".

Suzanne Q. Harrell

Accepted By:

Mark Watton, General Manager of the Otay Water District

BOND COUNSEL AGREEMENT

OTAY WATER DISTRICT

2016 WATER REVENUE REFUNDING BONDS

THIS AGREEMENT, made as of this 2nd day of March, 2016, by and between the OTAY WATER DISTRICT, a municipal water district organized and existing under the laws of the State of California (herein "District") and STRADLING YOCCA CARLSON & RAUTH, a Professional Corporation (herein "Bond Counsel"):

RECITALS:

A. The District desires to issue bonds (the "Bonds") for the purpose of prepaying and defeasing the Otay Water District Revenue Certificates of Participation (2007 Water System Project) Series 2007 (the "Certificates"); and

B. The District desires to retain Bond Counsel to do the necessary legal work hereinafter outlined, upon the terms and conditions hereinafter set forth, for accomplishing the issuance of the Bonds and the prepayment and defeasance of the Certificates; and

C. Bond Counsel represents that it is ready, willing and able to perform said legal work;

NOW, THEREFORE, in consideration of the premises, and the mutual covenants, terms and conditions herein contained, the parties agree as follows:

1. SCOPE OF SERVICES

A. BOND COUNSEL SERVICES

The District retains Bond Counsel to provide, and Bond Counsel agrees to provide, legal services in connection with the issuance of the Bonds for the prepayment and defeasance of the Certificates. Such services shall include, but not be limited to, the rendering of legal opinions (hereinafter called the "opinions") pertaining to the issuance of the Bonds to the effect that:

- 1) The Bonds have been properly authorized, executed and delivered and are valid and binding obligations; and
- 2) The essential sources of security for the Bonds have been legally provided; and
- 3) Interest on the Bonds is exempt from California personal income taxation and unless the District elects to issue taxable bonds, is excluded from gross income for purposes of federal income taxes.

Bond Counsel's services will also include compiling a sufficient record justifying the opinion by:

- i. Researching applicable laws and ordinances relating to the Bonds;
- ii. Attending conferences and consulting with District staff and District legal counsel regarding such laws, and the need for amendments thereto, or additional legislation;
- iii. Participating in meetings, conferences or discussions with any financial advisors, underwriters or other experts retained by the District in structuring the issuance of the Bonds;
- iv. Supervising and preparing documentation of the steps to be taken through the issuance of the Bonds, including:
 - (a) Drafting all resolutions, notices, rules and regulations, and other legal documents required for the issuance of the Bonds, and all other documents relating to the security of the Bonds, in consultation with the District, its counsel, financial advisor, underwriter and other experts;
 - (b) Preparing the record of proceedings for the authorization, sale, issuance of the Bonds;
 - (c) Assisting the District in preparing the official statement (the “Official Statement”) relating to the sale of the Bonds;
 - (d) Reviewing the bidding documents relating to the sale of the Bonds and participating in the related negotiations;
 - (e) Participating in meetings and other conferences scheduled by the District, the District’s financial advisor or the underwriter;
 - (f) Consulting with prospective purchasers, their legal counsel and rating agencies;
 - (g) Consulting with counsel to the District concerning any legislation or litigation which may affect the Bonds, the security for the Bonds, or any other matter related to the issuance of the Bonds;
 - (h) Consulting with the trustee for the Bonds and its counsel; and
 - (i) Preparing the form of the Bonds, and supervising their production, authentication and delivery.

B. DISCLOSURE COUNSEL SERVICES

In addition to the services set forth in Section A above, Bond Counsel agrees to review the Official Statement relating to the issuance of the Bonds and to provide a letter addressed to the underwriter or purchaser of the Bonds to the effect that, to the best knowledge of Bond Counsel, the Official Statement does not misstate a material fact or omit a material fact required to be stated therein; provided that no view will be expressed with respect to financial, statistical or certain other data as stated therein.

C. SPECIAL SERVICES

“Special Services” are defined for purposes of this Agreement as services in addition to the services outlined in Sections A and B above. Special Services will include, but not be limited to, any work after the issuance of the Bonds related to amendments to the financing documents or agreements and special studies or analyses. Special Services must be authorized in writing by the District’s General Manager, Chief Financial Officer or their respective designee.

2. COMPENSATION

The District agrees to pay Bond Counsel the following amounts as compensation for services rendered by Bond Counsel under this Agreement:

For the services to be rendered under Section 1.A and B above, Bond Counsel will be paid \$55,000. The fee shall be payable on the date that the Bonds are issued and payment is contingent on the issuance of the Bonds.

A. For performing Special Services as set forth in Section 1.C above, Bond Counsel will be paid fees at the hourly rates set forth in Exhibit A, or in such other manner as is mutually acceptable to the District and Bond Counsel. Such fees will be billed monthly and shall be payable within thirty (30) days following the receipt of each invoice; provided, however, that fees incurred for Special Services prior to the issuance of the Bonds shall, to the extent available, be paid out of the proceeds of the Bonds.

B. In addition to the fees set forth in paragraphs A and B above, Bond Counsel shall be reimbursed for the actual cost of any out-of-pocket expenses, not to exceed \$1,500, reasonably incurred by Bond Counsel in the course of its employment, such as document reproduction, telecommunications charges, printing costs, filing fees, long-distance telephone calls, messenger services, overnight delivery services, travel and similar items of expense. All expenses incurred in connection with services rendered will be billed upon the execution and delivery of the Bonds, and may include an estimate of costs to be incurred subsequent to the issuance date.

3. PERSONNEL AND CONTRACT ADMINISTRATION

District agrees to accept and Bond Counsel agrees to provide the aforementioned services primarily through Robert J. Whalen, Carol L. Lew, Cyrus Torabi and Reed Glycer. If any one of the above attorneys is unable to provide such services due to death, disability or similar event, Bond Counsel reserves the right to substitute another of its attorneys, upon approval by the General Manager, the Chief Financial Officer, or their respective designee, to provide such services; and such

substitution shall not alter or affect in any way Bond Counsel's or the District's other obligations under this Agreement.

This Agreement will be administered by the General Manager, the Chief Financial Officer, or their respective designee.

4. CONFLICTS OF INTEREST

Bond Counsel represents numerous underwriters of California municipal bonds. The District hereby provides its informed written consent to Bond Counsel's representation of any underwriter or purchaser of the Bonds on matters unrelated to the Bonds.

5. TERMINATION

A. This Agreement may be terminated without cause by the District or Bond Counsel upon thirty (30) days' advance written notice to the other party. Such notification shall state the effective date of the termination of this Agreement.

B. Bond Counsel reserves the absolute right to withdraw from representing the District if, among other things, the District fails to honor the terms of this Agreement, the District fails to cooperate fully or follow Bond Counsel's advice on a material matter, or any fact or circumstance occurs that would, in Bond Counsel's view, render its continuing representation unlawful or unethical. If Bond Counsel elects to withdraw, the District will take all steps necessary to free Bond Counsel of any obligation to perform further services, including the execution of any documents necessary to complete such withdrawal, and Bond Counsel will be entitled to be paid at the time of withdrawal for all services rendered and costs and expenses paid or incurred on the District's behalf in accordance with the payment terms set forth in Section 2 above. If necessary in connection with litigation, Bond Counsel would request leave of court to withdraw.

C. Bond Counsel's representation of the District will be considered terminated at the earlier of (i) the District's termination of its representation, (ii) Bond Counsel's withdrawal from its representation of the District, or (iii) the substantial completion by Bond Counsel of its substantive work for the District. Unless Bond Counsel has been specifically engaged to perform Special Services related to the Bonds after their issuance, Bond Counsel's representation of District as to the Bonds shall terminate on the date of issuance of the Bonds.

6. ARBITRATION

IN THE EVENT OF A DISPUTE REGARDING FEES, COSTS, OR ANY OTHER MATTER ARISING OUT OF OR RELATED IN ANY WAY WHATSOEVER TO BOND COUNSEL'S RELATIONSHIP WITH THE DISTRICT, OR BOND COUNSEL'S OR THE DISTRICT'S PERFORMANCE OF THIS AGREEMENT, INCLUDING THE QUALITY OF THE SERVICES WHICH BOND COUNSEL RENDERS, THE DISPUTE SHALL BE DETERMINED, SETTLED AND RESOLVED BY CONFIDENTIAL ARBITRATION IN THE COUNTY OF SAN DIEGO, CALIFORNIA. ANY AWARD SHALL BE FINAL, BINDING AND CONCLUSIVE UPON THE PARTIES, AND A JUDGMENT RENDERED THEREON MAY BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF. SHOULD YOU ELECT TO HAVE ANY FEE DISPUTE ARBITRATED PURSUANT TO NONBINDING ARBITRATION UNDER STATUTORY OR CASE LAW, THEN SUCH NONBINDING ARBITRATION SHALL

DETERMINE ONLY THE ISSUE OF THE AMOUNT OF FEES PROPERLY CHARGEABLE TO YOU. ANY OTHER CLAIMS OR DISPUTES BETWEEN US, INCLUDING CLAIMS FOR PROFESSIONAL NEGLIGENCE, SHALL REMAIN SUBJECT TO BINDING ARBITRATION PURSUANT TO THIS AGREEMENT.

Arbitration may be demanded by the sending of written notice to the other party. If arbitration is demanded, within 20 days of the demand the District shall present a list of five qualified individuals who would be willing to serve that the District would find acceptable to act as arbitrator. To serve as arbitrator, the individual must be a retired judge having served on any federal court or the California Superior Court or higher court in the State of California. Within 20 days of receiving the District's list, Bond Counsel may at its sole discretion (i) select any individual from that list and that individual shall serve as the arbitrator, or (ii) propose its own list of five individuals for arbitrator. If Bond Counsel chooses to present a separate list, the District may within 20 days select any individual from that list and that person shall serve as an arbitrator. If no arbitrator can be agreed upon at the end of this process, the District and Bond Counsel each shall select one individual from its own list and those two persons shall jointly select the arbitrator. The arbitration shall be conducted pursuant to the procedures set forth in the California Code of Civil Procedure §§ 1280 et seq., and in that connection you and we agree that § 1283.05 thereof is applicable to any such arbitration. Nothing herein shall limit the right of the parties to stipulate and agree to conduct the arbitration pursuant to the then-current rules of the American Arbitration Association, the Judicial Arbitration & Mediation Services, or any other agreed-upon arbitration services provider.

7. MISCELLANEOUS

A. Bond Counsel and the employees of Bond Counsel, in performance of the Agreement, shall act in an independent capacity and not as officers or agents of the District.

B. Without the written consent of the District, this Agreement is not assignable by Bond Counsel in whole or in part.

C. No alteration or variation of the terms of this Agreement shall be valid unless in writing and signed by the parties hereto, and no oral understanding or agreement not incorporated herein shall be binding on any of the parties hereto.

D. Bond Counsel does not and cannot guarantee any outcome in a matter.

E. In the event of any dispute that relates to our entitlement to any payment hereunder, all undisputed amounts shall be paid by the District.

F. In accordance with the requirements of California Business and Professions Code § 6148, Bond Counsel advises you that the firm maintains professional errors and omissions insurance coverage applicable to the services to be rendered to the District. Said insurance coverage shall be at least \$1,000,000 per occurrence, \$1,000,000 aggregate subject to a self-insured retention amount of no more than \$500,000 per occurrence. The policy shall state that such insurance will be deemed primary and non-contributory such that any other insurance that may be carried by District will be excess thereto. Bond Counsel will furnish to District a duly authenticated Certificate of Insurance evidencing maintenance of the insurance required under this Agreement and such other evidence of insurance as may be reasonably required by District from time to time. Insurance coverage in excess of the first \$1,000,000 must be placed with insurers with a current A.M. Best

Company Rating equivalent to at least a Rating of “A:VII.” Originals of the duly authenticated Certificate of Insurance shall be included with this Agreement as Exhibit B. The insurance policy shall state or be endorsed to state that coverage shall not be canceled, except after thirty (30) days (10 days for non-payment of premium) prior written notice by U.S. mail has been given to the District. Notwithstanding any commitment on the part of the insurer to provide such notice to the District, failure of Bond Counsel to provide separate notice of any intent to cancel any policy or change policy providers, or of any actual or potential cancellation, shall constitute a breach of contract for which District shall be entitled to full indemnification under the Agreement. Maintenance of specified insurance coverage is a material element of this Agreement, and Bond Counsel’s failure to maintain or renew coverage or to provide evidence of renewal during the term of this Agreement may be treated as a material breach of contract by District.

G. To the fullest extent permitted by law, Bond Counsel shall indemnify, protect, defend (with attorneys approved by District) and hold harmless District and any and all of its officials, elected board members, employees, volunteers, attorneys and agents (“Indemnified Parties”) from and against any liability (including liability for claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind, whether actual, alleged or threatened, including attorneys’ fees and costs, court costs, interest, defense costs, and expert witness fees), arising out of or in any way attributable to the performance of this Agreement by Bond Counsel or by any individual or entity for which Bond Counsel is legally liable, including but not limited to officers, agents, employees or sub-contractors of Bond Counsel. However, the provisions of this section do not apply to claims occurring as a result of District’s sole negligence or willful acts or omissions. It is expressly understood and agreed that the indemnification provisions of this subsection (G) will survive termination of this Agreement. Further, it is understood that the requirements as to the type and limits of insurance coverage to be maintained by Bond Counsel as required by this Agreement and any approval of said insurance by District, are not intended to and will not in any manner limit or qualify the liabilities and obligations otherwise assumed by Bond Counsel pursuant to this Agreement, including, without limitation, to the provisions concerning indemnification. Notwithstanding the foregoing, the requirements of this subsection (G) shall not apply so long as Bond Counsel maintains in full force and effect the insurance coverage required by subsection (F), above.

H. This Agreement shall be governed by and construed in accordance with the laws of the State of California. Any action or proceeding brought by any party against any other party arising out of or related to this Agreement shall be brought exclusively in San Diego County.

OTAY WATER DISTRICT

By: _____
Mark Watton
General Manager

STRADLING YOCCA CARLSON & RAUTH
a Professional Corporation

By: _____
Robert J. Whalen

EXHIBIT A

Shareholders	\$525
Associates	\$295
Paralegals	\$120

EXHIBIT B
CERTIFICATE OF INSURANCE

Number 1928

This certificate is issued as a matter of information only and confers no rights upon the certificate holder. This certificate does not amend or alter the coverage afforded by the policy described below.

INSURED: Stradling Yocca Carlson & Rauth
660 Newport Center Drive
Newport Beach, CA 92660

Federal ID #: 95-3347002

INSURER: Attorneys Insurance Mutual Risk Retention Group, Inc.

COVERAGE: This is to certify that the policy of insurance listed below has been issued to the Insured named above for the 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 policy described herein is subject to all terms, exclusions and conditions of such policy. The limit shown may have been reduced by paid claims.

TYPE OF INSURANCE: Professional Liability

POLICY NUMBER: IP-0000-18/2015

POLICY PERIOD: July 1, 2015 to July 1, 2016 (12:01 a.m.)

LIMIT: A minimum of \$2,000,000 per claim and in the aggregate including defense costs excess of a self-insured retention. See attached schedule.

CANCELLATION: Should the above described policy be canceled before the expiration date thereof, the issuing company will mail 30 days written notice to the certificate holder named below. Failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives.

CERTIFICATE HOLDER: Otay Water District
Attn: Kevin Koeppen/Treasury and Accounting Services Manager
2554 Sweetwater Springs Boulevard
Spring Valley, CA 91978

ISSUED BY: Attorneys Insurance Mutual Risk Retention Group, Inc.

DATE ISSUED: July 1, 2015



AUTHORIZED REPRESENTATIVE
Amethyst Captive Insurance Solutions, Inc.

"
"
"
"

B-1

Attachment to Certificate No. 1928

<u>Layer</u>	<u>Limit</u>	<u>Insurer</u>
Primary	\$1 million each claim and in the aggregate	Attorneys Insurance Mutual Risk Retention Group, Inc.
First Excess	\$1 million each claim and in the aggregate	Lexington Insurance Co., Nautilus Insurance Company, Scottsdale Insurance Co., Starr Surplus Lines Insurance Company, and Pioneer, each for their respective percentages.

Kam Verner

AUTHORIZED REPRESENTATIVE
Amethyst Captive Insurance Solutions, Inc.



AGENDA ITEM 8a

STAFF REPORT

TYPE MEETING:	Regular Board Meeting	MEETING DATE:	March 2, 2016
SUBMITTED BY:	Mark Watton, General Manager	W.O./G.F. NO:	DIV. NO.
APPROVED BY:	<input checked="" type="checkbox"/> Susan Cruz, District Secretary <input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	Board of Directors 2016 Calendar of Meetings		

GENERAL MANAGER'S RECOMMENDATION:

At the request of the Board, the attached Board of Director's meeting calendar for 2016 is being presented for discussion.

PURPOSE:

This staff report is being presented to provide the Board the opportunity to review the 2016 Board of Director's meeting calendar and amend the schedule as needed.

COMMITTEE ACTION:

N/A

ANALYSIS:

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

STRATEGIC GOAL:

N/A

FISCAL IMPACT:

None.

LEGAL IMPACT:

None.

Attachment: Calendar of Meetings for 2016

**Board of Directors, Workshops
and Committee Meetings
2016**

Regular Board Meetings:

January 6, 2016
February 3, 2016
March 2, 2016
April 6, 2016
May 4, 2016
June 1, 2016
July 6, 2016
August 3, 2016
September 7, 2016
October 5, 2016
November 2, 2016
December 7, 2016

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

January 20, 2016
February 17, 2016
March 16, 2016
April 20, 2016
May 18, 2016
June 15, 2016
July 20, 2016
August 17, 2016
September 21, 2016
October 19, 2016
November 16, 2016
December 21, 2016

SPECIAL BOARD MEETINGS:

BOARD WORKSHOPS:

AGENDA ITEM 9a



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	March 2, 2016
SUBMITTED BY:	Stephen Beppler Senior Civil Engineer	PROJECT:	P1210- 001101
	Bob Kennedy Engineering Manager	DIV. NO.	ALL
APPROVED BY:	<input checked="" type="checkbox"/> Rod Posada, Chief, Engineering <input checked="" type="checkbox"/> German Alvarez, Assistant General Manager <input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	Informational Item - 2015 Integrated Water Resources Plan Update Presentation		

GENERAL MANAGER'S RECOMMENDATION:

No recommendation. This is an informational item only.

COMMITTEE ACTION:

No committee presentation or action.

PURPOSE:

To present to the Board of Directors (Board) information gathered and prepared in the updating of the Integrated Water Resources Plan (IRP) for identifying and evaluating current and potential water supplies for the District.

ANALYSIS:

The original Integrated Water Resources Plan (IRP) was presented to the Board on April 4, 2007. The plan identified potential potable water and recycled water supply sources required to serve our customers at build-out conditions. The Board awarded the professional services contract for the 2015 IRP Update to Carollo

Engineers on November 5, 2014. The purpose of the 2015 IRP Update is to incorporate the significant changes the District has experienced to water demands and reflect the investigations and implementations made into many of the short-term and long-term water supply recommendations identified in the plan.

The attached presentation (Attachment A) summarizes the existing and projected water demands for the District, discusses the viable water supplies identified from past and current assessments, and sets a road map for future actions.

FISCAL IMPACT: Joe Beachem, Chief Financial Officer

No fiscal impact as this is an informational item only.

STRATEGIC GOAL:

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

LEGAL IMPACT:

None.

SB/BK:jf

P:\WORKING\CIP 00210 WMP & PEIR\Integrated Water Resources Plan\2015 IRP Update\Staff Report\BD 03-02-16 Staff Report - IRP Update Presentation (SB-BK).docx

Attachments: Attachment A - Presentation

ATTACHMENT A

Presentation

Integrated Water Resources Plan Update 2015



Otay Water District Board Presentation
March 2, 2016

Integrated Water Resources Plan Objective

- *Objective*
 - *Update the 2007 IRP based on water supply evaluations and studies completed since the 2007*
 - *Identify new sources of supply that were not previously included in 2007 IRP*
 - *Discuss regional alternative water sources and their impact on the District*
 - *Integrate water supplies with other District planning documents*
 - *Water Facilities Master Plan*
 - *Urban Water Management Plan*
 - *Water Supply Assessments and Verification Reports*

Integrated Water Resources Plan Purpose

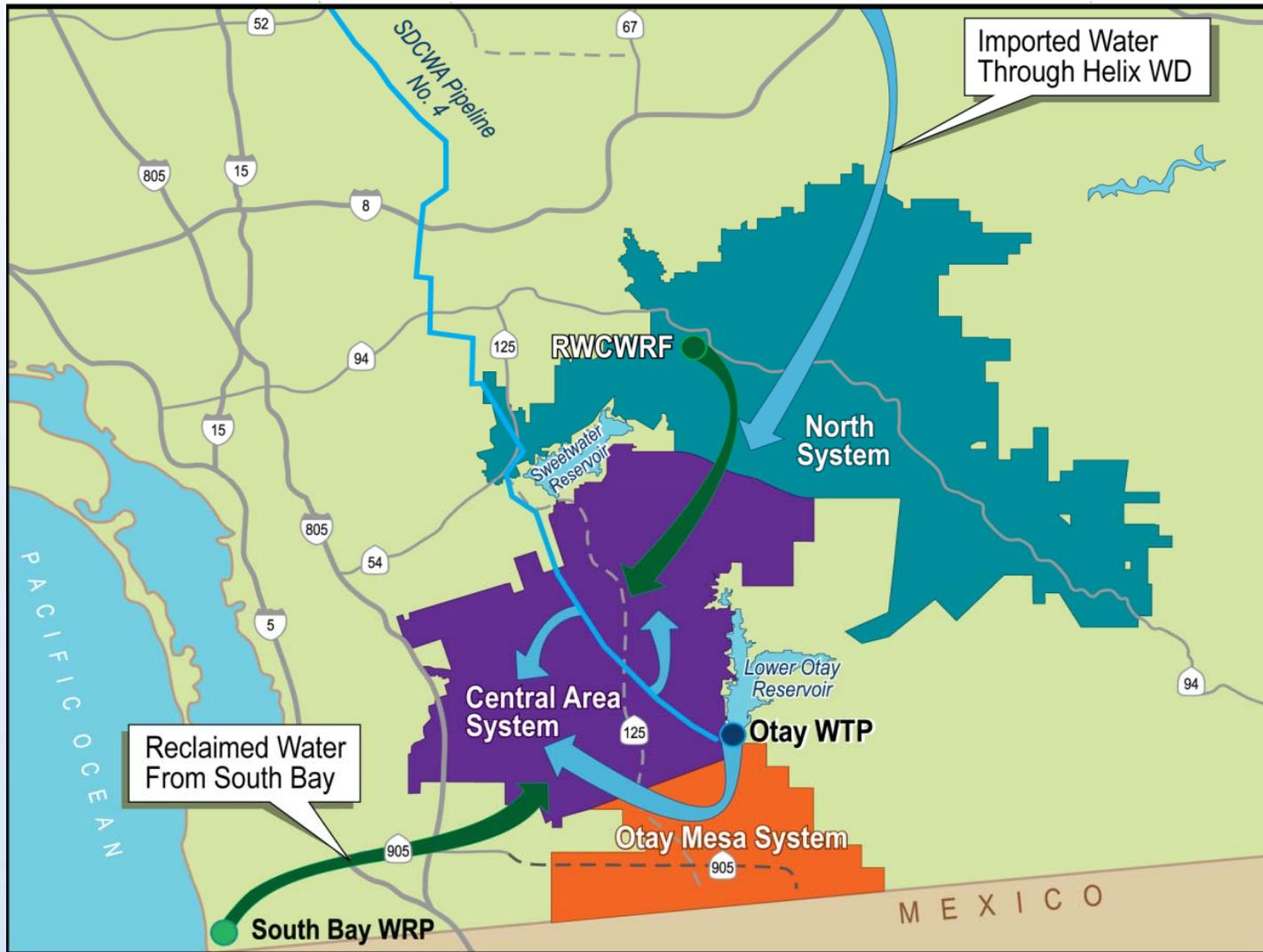
- *Purpose*
 - *Leverage District water supply options between dependency on SDCWA with expanding local water supplies that can provide high reliability with lower costs and rate stability*

Integrated Water Resources Plan Presentation Organization

1. Existing Water Supply Sources
2. Water Supply Gap Analysis
3. Water Supply Options – *How can the Objectives be met?*

Existing Water Supply Sources

Water Supply Systems

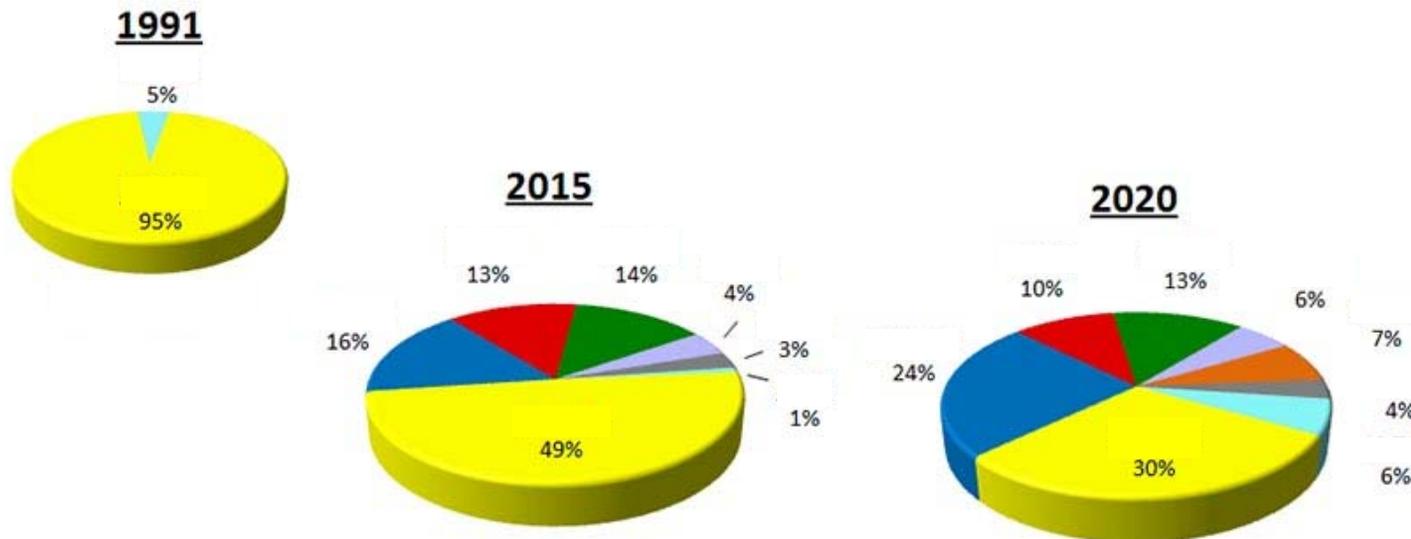


OWD Existing Water Supply Sources

Supply Source	Baseline Capacity ⁽¹⁾	Notes
Imported Potable		
SDCWA's treated water through Pipeline # 4	121.5 mgd (136,000 AFY)	Total capacity of all turnouts
City of San Diego's Otay WTP	10 mgd (11,000 AFY)	Only used during SDCWA shutdown and/or emergencies
Helix's Levy WTP	12 mgd On-Peak, 16 mgd Off-Peak (13,000-18,000 AFY)	Per Agreement, 10,000 AFY Min.
Total Imported Supply	143.5 - 147.5 mgd (160K – 166K AFY)	
Recycled		
OWD's Ralph W. Chapman WRF	1.3 mgd (1,400 AFY)	Total capacity of turnout
City of San Diego's South Bay WRP	Up to 6 mgd (6,700 AFY)	Per Agreement
Total Recycled Supply	7.3 mgd (8,000 AFY)	
Note: (1) Data from OWD Water Resource Master Plan, May 2013		

SDCWA Supply Diversification

Increasing San Diego County's Water Supply Reliability through Supply Diversification

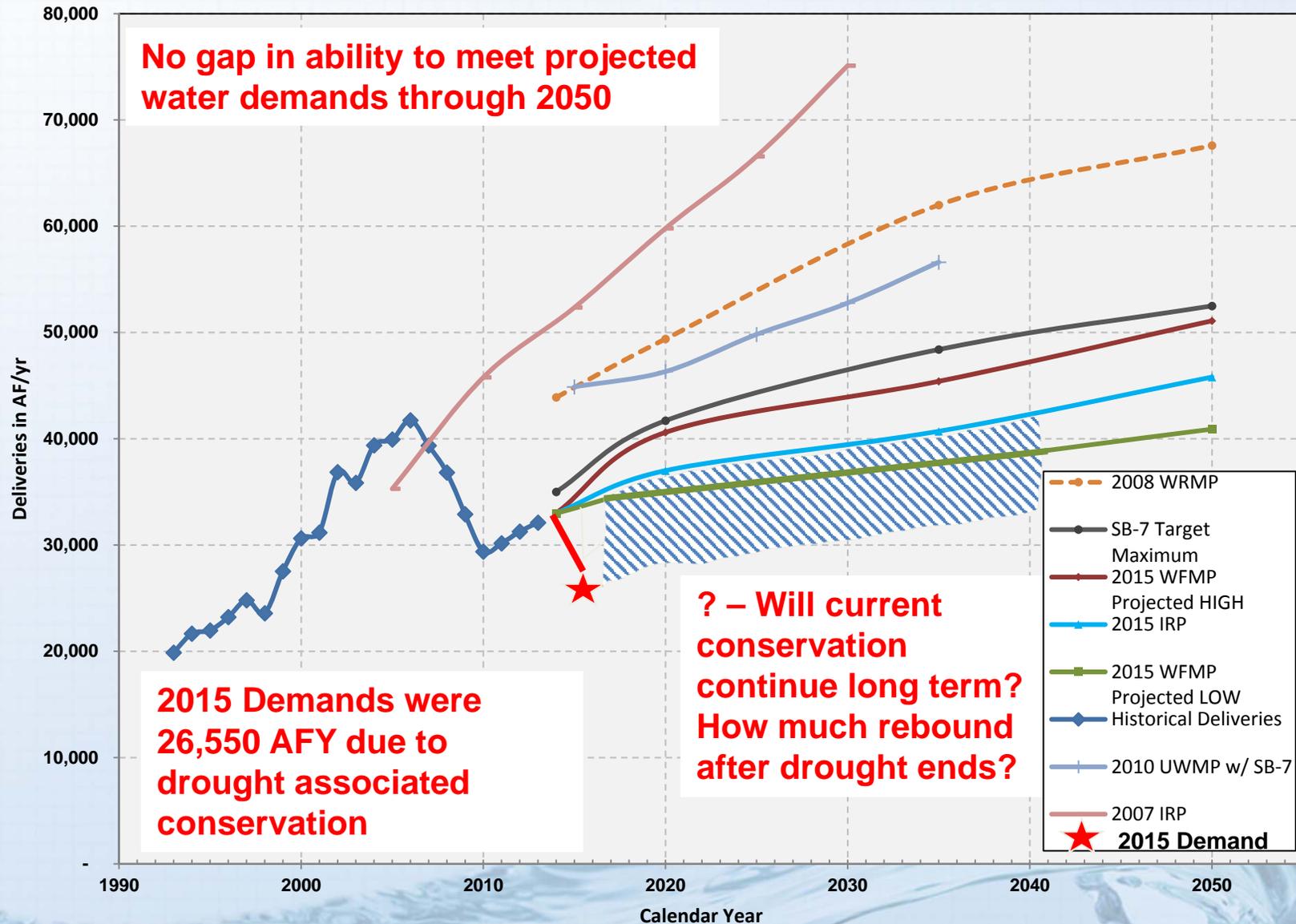


IID transfers began in 2003, Coachella in 2006 and All American in 2010



Water Supply Gap Analysis

Historical and Projected OWD Potable Water Demands



Supply Gap Analysis

- **No gap** in ability to meet projected water demands through 2050
 - Same findings as in 2007 IRP Report
- 2007 IRP Objectives were derived from assessing current water supplies
 - Decrease dependence on imported supply
 - Increase reliability, flexibility, and diversity of water supply

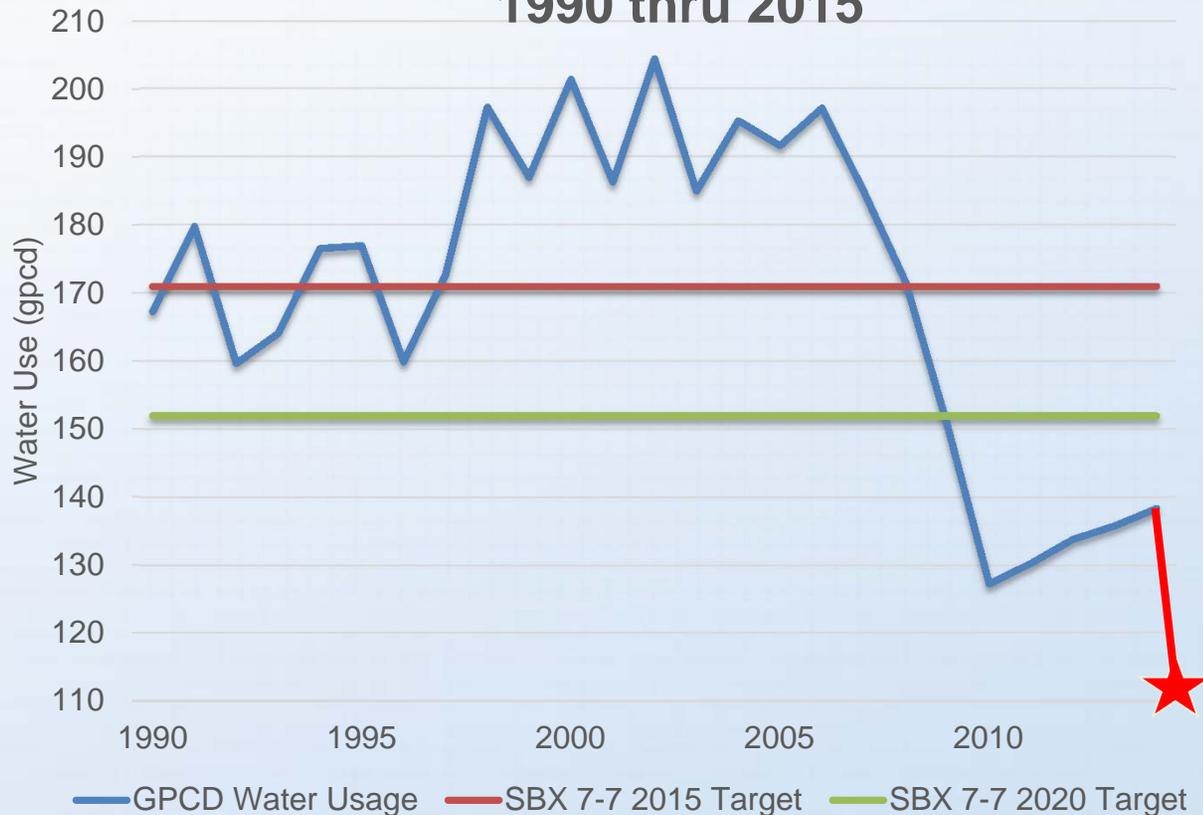
Water Supply Options

Water Supply Categories

- Conservation
- Groundwater
- Imported Water for Potable Use
- Indirect/Direct Potable Reuse Local Supply
- Potable Water Treatment Options
- Ocean Desalination
- Recycled Water for Non-Potable Use

Water Conservation

Residential Per Capita Water Usage – 1990 thru 2015



★ FY 2015 Usage (127 gpcd),
Calendar Year 2015 at 110 gpcd.

- 2015 State mandated water-use regulation – 20% reduction for OWD
- Water-use reductions started almost midway through 2015, so 2016 could be even lower than 2015
- Water use below SBX 7-7 2020 goal
- Continue encouraging customers to conserve
- Part of all portfolios

Groundwater

- Majority of groundwater is potentially subject to water rights litigation with the City of San Diego
- Well yields are generally low and water quality poor with high TDS
- Wells add little overall capacity to the OWD potable water system at a high production cost (substantially over \$2000/AF)
- Addition of wells will require significant water system operational and monitoring changes
- The following wells are the most advanced in research and having potential for development. They would contribute about 3% to the current potable water usage.

Supply Source	Description
Rancho del Rey Well	Produce approximately 600 AFY from well (requires treatment plant to be constructed and brine disposal)
Lot 7 Well	Produce approximately 320 AFY from well (requires treatment plant to be constructed and brine disposal)

Groundwater - Imported Raw Water Supply (Potable Use)

Supply Source	Description
Cadiz Valley Water Conservation, Recovery, and Storage	Purchase 5,000 AFY from Cadiz Valley property in Mojave Desert Have ability for long-term storage

- This water source is remote and dependent upon MWD and SDCWA to transport the water
- The raw water source requires treatment for potable use; pair with Levy WTP as part of the East County Regional Treated Water Improvement Program

Indirect/Direct Potable Reuse Local Supply Options

Supply Source	Description
PDMWD's Advanced Water Purification Project	Contribute funds for construction of AWPF that would be used to augment supplies in Lake Jennings (Pair with treatment at Levy WTP) (Requires North-South Interconnection)
Advanced Purification at RWCWRF or Spring Valley Plant	Upgrade RWCWRF to advanced water purification facility or construct new AWPF where more flows are available, augment supplies to Sweetwater Reservoir (Pair with treatment at SA's Perdue WTP) (Requires North-South Interconnection)
City of San Diego's Pure Water Program	Contribute to AWPF at South Bay WRF that would be used to augment supplies to Otay Reservoir (Pair with treatment at Otay WTP)

- These water sources are local with no direct SDCWA involvement
- Supplies are not subject to drought impacts

Water Supply Options – Ocean Desal

Supply Source	Description
Rosarito Desalination Plant	Purchase water from Rosarito's planned ocean desalination plant

- Requires bi-national agreements between the United States and Mexico, regulatory and inter-agency coordination

Water Supply Options – Non-Potable

Supply Source	Description
City of San Diego's South Bay WRP	Expand tertiary treatment facilities at SBWRP for additional recycled water
Chula Vista MBR	Joint City of Chula Vista/OWD tertiary treatment facility to produce Title 22 recycled water

2007 Supply Options in Top Rated Portfolios Not Considered Viable in the 2015 IRP

Supply Source	Reason not considered in the 2015 IRP
Middle Sweetwater Conjunctive Use	Recent studies suggest the basin is too shallow for storage. OWD would store SDCWA untreated water, may not be needed with San Vicente Dam Raise project
Lower Sweetwater Brackish Groundwater Demineralization	Coordination with Sweetwater Authority, City of Chula Vista, and City of San Diego for basin access and brine disposal complicate project
Santee/El Monte Conjunctive Use	Replaced with PDMWD's Advanced Water Purification project (IPR/DPR)
San Diego Formation Brackish Groundwater Demineralization	City of San Diego potential claim of water rights for any groundwater project in its watershed (similar to what occurred with Sweetwater Authority)
SD17 Agreement – Alvarado WTP	City of San Diego has not expressed interest in selling treatment capacity at this facility to the District
Tijuana River Valley Aquifer Reclaimed Water Storage	Water quality concerns and anticipated high costs

Questions?



STAFF REPORT

TYPE	MEETING
MEETING: Regular Board	DATE: March 2, 2016
SUBMITTED Mark Watton	W.O./G.F. N/A DIV. N/A
BY: General Manager	NO: NO.
APPROVED BY: <input checked="" type="checkbox"/> Mark Watton, General Manager	
SUBJECT: General Manager's Report	

ADMINISTRATIVE SERVICES:

Purchasing and Facilities:

- Purchasing Policy Update Recommendations - At an upcoming Finance Administration & Communications Committee meeting, staff will be presenting recommendations to revise certain provisions of the District's purchasing policy to codify current practices and to streamline the procurement of annual service and maintenance agreements for Board adopted technologies, infrastructure, and services.

Human Resources:

- Consumer Price Index (CPI) - The Bureau of Labor Statistics Annual San Diego CPI-U less Medical was released the end of February. This is the CPI used to determine the COLA for 7/1/16. The figure was 1.4%; however, in accordance with the MOU and Resolution, "the minimum increase shall be two percent (2%)..." therefore, employees will receive a 2% COLA effective 7/1/16 and this will be included in the FY16-17 budget.
- Benefits Consulting Contract - The District is currently in the fourth year of an up to five-year contract with our benefits consultant. The District will be completing a Request-for-Proposal over the next few months for future services. The renewal will not coincide with Labor Negotiations, which will take place next year.
- Water Utilities Human Resources Consortium (WUHRC) Meeting - Otay HR hosted the recent WUHRC meeting at the San Diego County Water Authority in Kearny Mesa. The WUHRC group consists of HR staff from all water agencies in the San Diego County region and meets on a

quarterly basis for networking and to discuss HR-related trends and topics.

- Recruitments - The District is currently recruiting for a Communications Officer.

Safety & Security:

- Emergency Preparedness:
 - o Staff participated in the first Southern California Water Security Symposium hosted by the City of San Diego Public Utilities Department and the US Department of Homeland Security. Topics covered included: Intelligence briefing on threats to water and wastewater Sector physical infrastructure cybersecurity. There were also group discussions on Southern California-Specific Water Security Challenges and Opportunities.
 - o Staff completed the February 2016 WebEOC monthly exercise, which consisted of navigating to the agency's Emergency Contacts Phone List to ensure correct names and contact numbers are posted, and if needed, attaching an updated phone list. The District's list is current and was last updated in January 2016.
- Meetings:
 - o Public Agency Safety Management Association (PASMA) Meeting - Staff attended the PASMA meeting. The main topic/discussion was Cal/OSHA's 2015 regulatory updates, most cited regulations, and what to expect for calendar year 2016.

INFORMATION TECHNOLOGY AND STRATEGIC PLANNING:

- Disaster Recovery/Business Continuity - IT staff continued the efforts of re-engineering business systems backup and recovery services. To date, staff has completed four remote facilities with services supporting the District's business continuity efforts. Staff also completed connectivity services from the Admin facility to the new co-location site for redundancy services.
- Municipal Information Systems Association of California (MISAC) Workshop - Last month, the District hosted MISAC's Special Interest Group meeting. MISAC convenes quarterly to discuss group topics to include cyber-security, technology best practices, cloud solutions and storage, data center redundancy and architecture, and other topics relative to regional and statewide technology initiatives.
- Senate Bill 272, California Public Records Act - IT staff completed the request of SB 272 of the California Public Records Act requiring all state and local agencies to make their Enterprise System/Technology records available for public viewing. The act requires all California local agencies to create a catalog of enterprise systems used and make that information available publicly on their website.

- ESRI Water Conference 2016 - Staff attended last month's conference in Austin, Texas. The Chief Information Officer presented a paper titled "The Competitive Advantage of Implementing Enterprise GIS for Water Utilities". This paper was requested by ESRI specifically for this conference. The GIS Manager also presented a paper titled "Using GIS to Improve Water Distribution Integrity". This paper described how the GIS centric approach has been embedded in staff's daily processes to improve efficiency at Otay. Several water professionals approached District staff for further discussion during the conference.

FINANCE:

- Budget Award - For the 12th consecutive year the Government Finance Officers Association (GFOA) presented Otay with the Distinguished Budget Presentation Award for the Fiscal Year 2015-2016 Operating and Capital Budget. This award is the highest form of recognition in governmental budgeting and represents a significant achievement. When this award is granted to an entity, a Certificate of Recognition for Budget Presentation is also presented to the Finance Department as being primarily responsible for having achieved this award.
- March Rate Increase - Staff spent the month of February preparing for the March rate increase. Using a test database, Finance, Customer Service, and IT staff worked together to ensure rate data and calculation accuracy. The rate increase will go into effect with the first cycle of bills, which will be mailed on March 8th.
- Financial Reporting:
 - o For the seven months ended January 31, 2016, there are total revenues of \$47,894,979 and total expenses of \$48,585,741. The expenses exceeded revenues by \$690,761. The reduced water sales from conservation is driving the year-to-date expenses to exceed the year-to-date revenue.
 - o The market value shown in the Portfolio Summary and in the Investment Portfolio Details as of January 31, 2016 total \$81,805,251 with an average yield to maturity of 0.77%. The total earnings year-to-date are \$373,440.

ENGINEERING AND WATER SYSTEM OPERATIONS:

Engineering:

- **SR-11 Potable Water Utility Relocations:** This project consists of the relocation of existing pipelines in Sanyo Avenue and utility easements and is currently in the construction phase. The contractor, Coffman Specialties Inc., has relocated the 10-inch, 12-inch, and 18-inch mains and these mains have been tied into the system. On December 14, 2015, Caltrans was invoiced \$1,367,858 for a partial payment associated with the pipeline relocations and

\$143,966 final payment associated with the blow-off relocation. On February 11, 2016 the District received a payment from Caltrans for the total amount invoiced to date. The District is working on second amendments to Caltrans Utility Agreement Numbers 33592 and 33622 to increase the total reimbursable amount of the agreements for additional work required to relocate the District facilities. It is anticipated that this construction contract will reach contract acceptance in March, 2016, pending the completion of punch list items. The overall project is within budget and on schedule. (P2453)

- **944-1, 944-2, & 458-2 Reservoir Interior/Exterior Coatings & Upgrades:** This project consists of removing and replacing the interior and exterior coatings of the 944-1 0.3 MG Reservoir, the 944-2 3.0 MG Reservoir, and the 458-2 1.8 MG Reservoir, along with providing structural upgrades to ensure the tanks comply with both State and Federal OSHA standards as well as the American Water Works Association and the County Health Department standards. The overall project reached substantial completion on December 3, 2015 (beyond the approved contract date). A credit change order to complete the assessment of liquidated damages associated with the project's late delivery was processed unilaterally as approved by the Board in February, 2016. Punch list items that consist of final administrative deliverables from the contractor are pending for contract acceptance. The project is within budget. (P2531, P2532, P2535)
- **Ralph W. Chapman Water Reclamation Facility (RWCWRF) Return Activated Sludge (RAS) Pumps Replacement Project:** This Project consists of removal and replacement of the existing 5 horsepower (HP) RAS pumps with upgraded 20 HP units. All planned pump replacements have been completed and this project reached substantial completion. The construction contract was accepted on February 19, 2016 and the project is within budget. (R2111)
- **Sweetwater River Trestle Improvements Project:** This project consists of installing fire protective measures to the underside of the trestle, ensuring the structural integrity of the bridge, and improving safety features for District personnel. The addition of the fire resistance measures will enable the trestle to endure a longer fire event (over three hours with the heat shields, as opposed to about 1.5 hours without). The construction contract was accepted on January 29, 2016 and the project is within budget and on schedule. (R2109)
- **624 Pressure Zone Pressure Reducing Stations (PRSs) and 944-1R Pressure Reducing Station No. 3 Improvements Projects:** This construction project consists of improvements from two (2) Capital Improvement Program (CIP) projects, P2541 and R2110. The CIP P2541 improvements will provide two (2) PRSs feeding the 485 Pressure

Zone and 458 Pressure Zones from the 624 Pressure Zone (Terra Nova Drive 624/485 PRS and Sequoia Street 624/458 PRS, respectively) to improve fire flow and enhance system reliability. The CIP R2110 improvements include retrofit of an existing PRS vault (944-1R PRS No. 3) with a sump pump, ventilation system, and hatch drain improvements to mitigate water intrusion. The work to construct the new facilities began in February, 2016. The project is within budget and is scheduled to be completed in April, 2016. (P2541, R2110)

- **Rosarito Desalination:** Staff and representatives from NSC Agua continue to coordinate on complying with the California Water Resources Control Board Drinking Water Program regulatory requirements related to source water quality testing. NSC Agua has chosen Suez as its EPC partner and technology provider for the proposed Rosarito desalination project. The tenders for the production and conveyance of desalinated water Phase I are due on March 23, 2016 and will be evaluated by Comisión Estatal del Agua de Baja California (CEA), an agency that is responsible for regulating the State's water and sewerage industry.

The Board President, Vice-President, General Manager, and staff conducted a public outreach effort on February 17, 2016, where Lisa Coburn-Boyd, Environmental Compliance Specialist, presented information on the project to the Tijuana Verde Working Committee Meeting of Tijuana Innovadora that was held at the Imperial Beach Tijuana River Estuary Park facility. The project was well received and a short segment on this committee meeting was also included in a KPBS news item.

The draft EIR/EIS has been completed and is being reviewed by the Department of State. The draft EIR/EIS is tentatively scheduled to be ready for its 45-day public review period in March, 2016. (P2451)

- **711-1 & 711-2 Reservoir Interior/Exterior Coatings & Upgrades:** This project consists of removing and replacing the interior and exterior coatings of the 711-1 3.1 MG Reservoir and the 711-2 2.3 MG Reservoir, along with providing structural upgrades, to ensure the tanks comply with both State and Federal OSHA standards as well as the American Water Works Association and the County Health Department standards. The contractor, Advanced Industrial Services, Inc., has completed structural repair work for the roof support system of the 711-1 Reservoir as provided under the project's allowance items. In addition, work to remove and coat the interior walls and ceiling of the 711-1 Reservoir is complete. The project is within budget and on schedule to complete in September, 2016. (P2529 & P2530)

- **Operations Yard Property Acquisition Improvements:**
 This project consists of the construction of an approximate 27,700 square-foot asphalt concrete parking lot including storm drainage facilities, chain link fence, and area lighting. The current work consists of excavation and export of the existing material and the installation of drainage facilities. The project is within budget and on schedule to complete in May, 2016. (P2537)
- **980-1 Reservoir Interior/Exterior Coatings & Upgrades:** This project consists of removing and replacing the interior and exterior coatings of the 980-1, 5.0 MG, Reservoir, along with providing structural upgrades, to ensure the tank complies with both State and Federal OSHA standards as well as the American Water Works Association and the County Health Department standards. At the January, 2016 Board Meeting, the Board authorized the General Manager to enter into an agreement with Advanced Industrial Services, Inc. from Los Alamitos, CA. Construction began in February, 2016. Current work consists of blasting the interior of the 980-1 reservoir and assessing and completing structural repairs as provided for under the project allowances. The project is within budget and on schedule to complete in July, 2016. (P2545)
- **Rancho San Diego Basin Sewer Rehabilitation - Phase 1:** This project consists of sewer system improvements at fourteen locations within the Rancho San Diego Basin. The work includes replacement of approximately 3,250 linear feet of 8-inch gravity sewer main and the installation of four new manholes. At the February, 2016 Board Meeting, the Board authorized the General Manager to enter into an agreement with Transtar Pipeline, Inc. from San Diego, CA. The project is within budget and construction is scheduled to begin in March, 2016. (S2033)
- **Recycled Water Fire Hydrant Installations:** This project consists of installing fire hydrants/filling stations on the recycled water system for fire suppression. The project includes meeting Title 22 requirements, obtaining regulatory approval, establishing protocol, and site selection. A fill station is proposed at the end of Hunte Parkway. The facility will be a locked enclosure within a District easement with easy access to fire department trucks and street sweepers. Staff submitted the project to be enrolled in Order WQ 2014-0090-DWQ, General Waste Discharge Requirements for Recycled Water Use (General Order). On January 8, 2016, the District received the Notice of Applicability from the San Diego Regional Water Quality Control Board with the requirements that must be met to comply with the General Order. The District will be required to prepare and process an amendment to the existing permit to update the Rules and Regulations for Recycled Water Use and submit a program for training for review and approval by the Regional Board, DDW, and the County DEH. A yearly report will also be required to

document the use, training, and inspection performed by the District. Construction is anticipated to be completed in March, 2016. (R2122)

- Ralph W. Chapman Water Reclamation Facility (RWCWRF) Indirect Potable Reuse/Direct Potable Reuse (IPR/DPR) with Sweetwater Authority:** Staff from both the District and Sweetwater Authority (SWA) continue to meet to discuss the major issues associated with an IPR/DPR project. Staff has retained Atkins Global and Michael Welch to prepare a high level report identifying the needed upgrades to the RWCWRF, the regulatory issues of an IPR/DPR project, and to produce a rough planning level cost per acre-foot for the product water delivered to SWA's Reservoir. A draft report was reviewed by staff in January, 2016 and the comments forwarded to Atkins. It is anticipated that a draft of the report will be submitted to SWA for review and comment by March, 2016.
- Water Facilities Master Plan Update:** This project will update the District's existing Water Resources Master Plan that was previously updated in October 2008 and revised in May 2013. Staff reviewed and provided comment on the draft list of potable and recycled water CIP projects and are updating the graphic exhibits to go with the list. The CIP list will be used by the environmental consultant for the master plan program environmental report update. (P1210)
- For the month of January, 2016, the District sold 1 meter (5 EDUs) generating \$49,166 in revenue. Projection for this period was 14 meters (21 EDUs), with budgeted revenue of \$190,542. Total revenue for Fiscal Year 2016 is \$2,527,588 against the annual budget of \$2,286,500.
- The following table summarizes Engineering's project purchases and Change Orders issued during the period of December 17, 2015 through February 25, 2016 that were within staff signatory authority:

Date	Action	Amount	Contractor/ Consultant	Project
1/25/16	P.O.	\$15,000	Clarkson Lab & Supply, Inc.	Bacteriological Testing FY 16-17 for Developer and CIP projects

WATER SYSTEM OPERATIONS (Reporting the month of January):

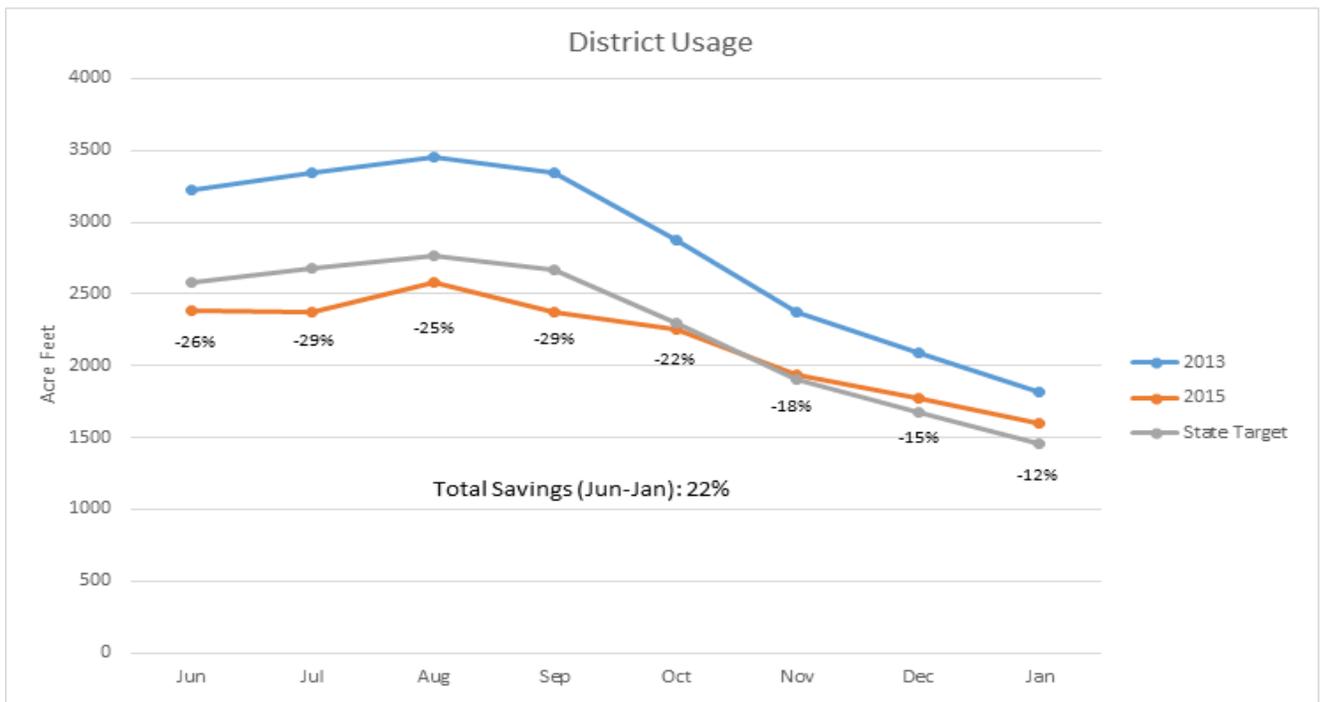
- Hydro tank and surge tank inspections, which began on February 11, 2016, took place District-wide and will continue until each tank is inspected and approved.

- On March 20, a planned seven-day treated water shutdown of SDCWA's Pipeline 4 will begin. This will affect supplies on all District connections off Pipeline 4. Flows will be available from Helix Water District via the No. 14 Connection to feed the North District and from the City of San Diego via the Lower Otay Pump Station to feed the Central and South Districts for the duration of the shutdown.
- Staff has been inspecting District sites, easements and the Treatment Plant for the anticipated El Niño to try to prevent corrosion and/or run off issues.
- On January 13, a system shutdown was performed on a 16-inch line east of the 944 Pump Station to correct a leak from a 4-inch blow off. Ten residential customers were affected and water trailers were strategically placed during the duration of the shutdown. This was reported to the Board as an emergency.
- On January 20, a system shutdown was performed at Sequoia Street in Chula Vista to cut and cap the 8-inch asbestos cement pipe and relocate a 2-inch air vacuum release to allow the City of Chula Vista to upgrade a storm drain. Four customers were affected and a water trailer was on site to provide water to affected customers.
- On January 21, 2016, a variance for the extension of the operating permit for the 870-1 Pump Station for engine No. 4 was granted. The engine needed to be source tested on December 10, 2015, but was unable to operate due to a failure of the potable water pump flow-control valve. The source testing then took place on February 2 and the engine passed the test.
- San Diego County Water Authority conducted an untreated water shutdown from January 20 through February 7. The shutdown affected water deliveries from Flow Control Facility No. 14 from Saturday, January 23 through Tuesday, January 26. No customers were affected.
- On January 27, a system shutdown was performed at the intersections of Britannia Blvd, Airway Rd, and Cactus Rd in Otay Mesa. Staff isolated a 16-inch and a 20-inch line to allow for the installation of a new storm drain on Airway Road. The main lines will remain isolated until the first week of March 2016. No customers were affected by the shutdown. This is a developer project.
- On February 9, a system shutdown was performed at the Donovan Prison easement in Otay Mesa. Water Systems staff isolated the 24-inch mainline to allow for a system tie-in for the new prison meter and realignment of the main line. No customers were affected by the shutdown. This is a developer project.

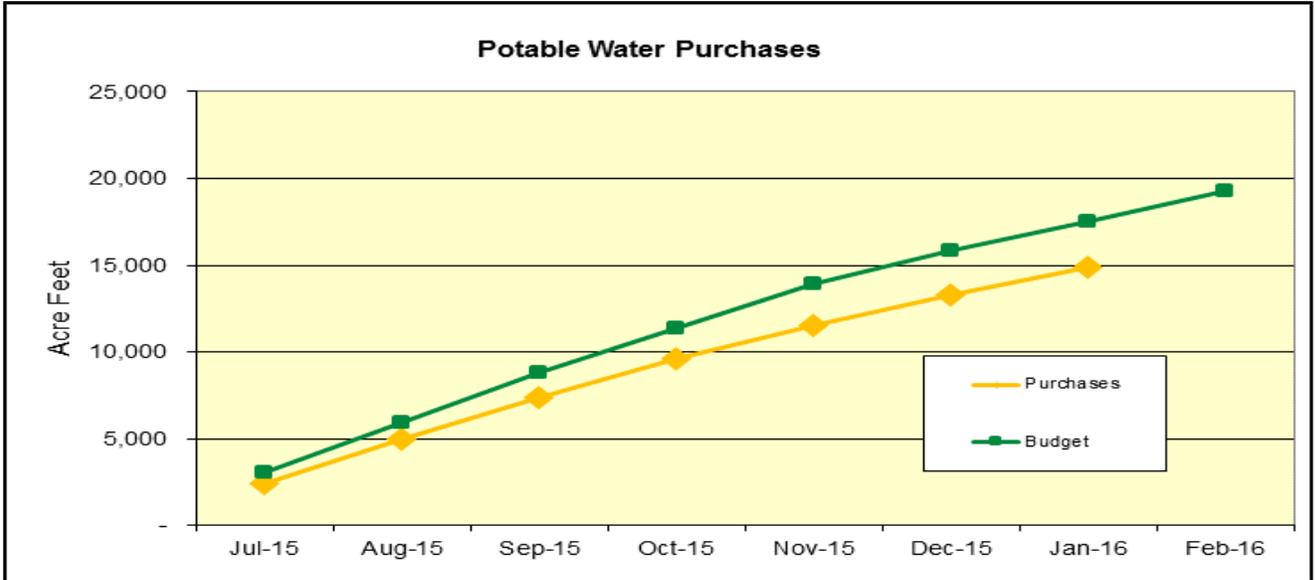
- On February 19, the APCD inspected five engines at three District facilities with no violations issued.
- Staff continues to clean and CCTV the sewer system with no spills being experienced.

Conservation and Water Purchases:

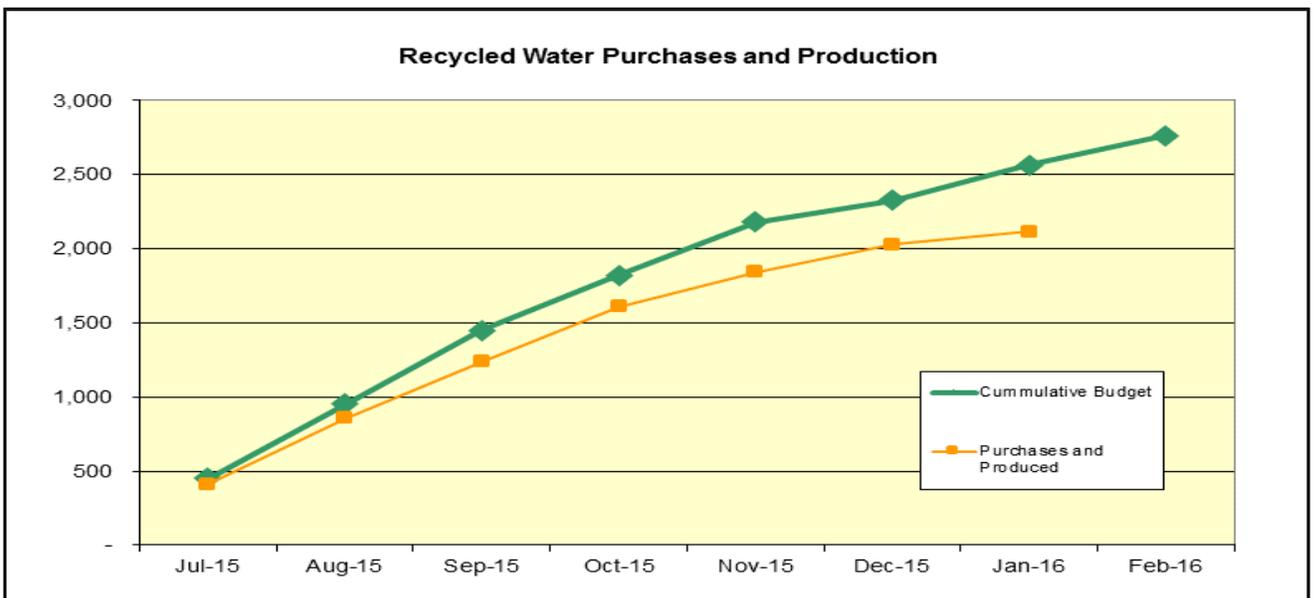
- Conservation Target - The District conserved 12% in January over 2013 totals. To date, the District is exceeding the State Mandated Target of 20% with a cumulative savings of 22%. Below is a chart that shows the District's savings through January 2016. On February 2, 2016, the State Water Resources Control Board adopted revised Emergency Regulations through October 2016. Revisions to the existing regulations include a credit for new, local, drought-resilient supply. Staff has submitted documentation to show the District's new desalination source, which may bring the District's overall target down to 12%. Staff will update the Board as soon as the State notifies the District of the updated target.



- The January potable water purchases were 1,603.7 acre-feet which is 6.3% below the budget of 1,710.7 acre-feet. The cumulative purchases through January were 14,904.5 acre-feet which is 15.1% below the cumulative budget of 17,550.0 acre-feet.



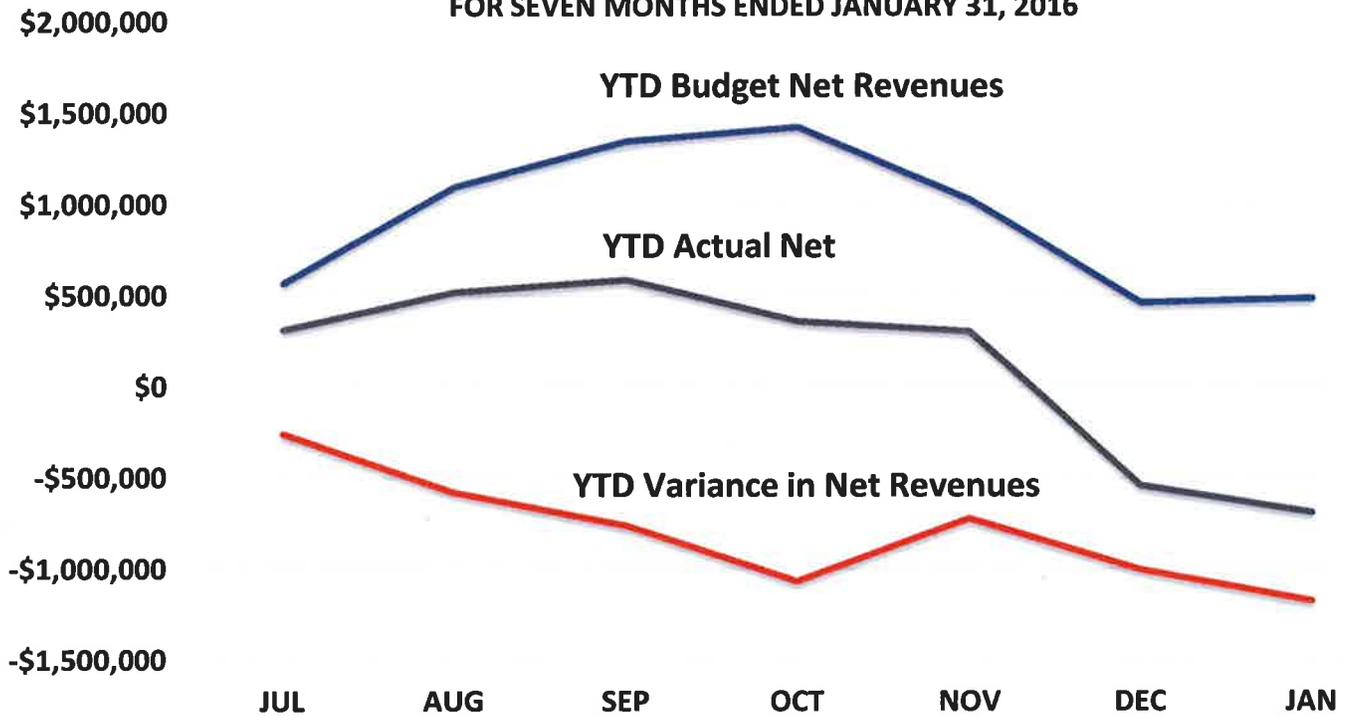
- The January recycled water purchases and production were 86.0 acre-feet which is 63.7% below the budget of 237.2 acre-feet. The cumulative production and purchases through January is 2,113.2 acre-feet which is 17.6% below the cumulative budget of 2,565.6 acre-feet.



Potable, Recycled, and Sewer (Reporting up to the month of January):

- Total number of potable water meters is 49,470.
- Recycled water consumption for the month of January is as follows:
 - Total consumption was 88.3 acre-feet or 28,758,356 gallons and the average daily consumption was 927,589 gallons per day.
 - Total cumulative recycled water consumption since July 1, 2015 is 2101.8 acre-feet.
 - Total number of recycled water meters is 713.
- Wastewater flows for the month of January were as follows:
 - Total basin flow, gallons per day: 1,634,047. This is a decrease of 0.21% from January 2015.
 - Spring Valley Sanitation District Flow to Metro, gallons per day: 540,973.
 - Total Otay flow, gallons per day: 1,093,074.
 - Flow Processed at the Ralph W. Chapman Water Recycling Facility, gallons per day: 519,000.
 - Flow to Metro from Otay Water District was 574,111 gallons per day.
- By the end of January there were 6,097 wastewater EDUs.

**COMPARATIVE BUDGET SUMMARY
NET REVENUES
FOR SEVEN MONTHS ENDED JANUARY 31, 2016**



Actual Net Revenues for January were negative \$149,489, which is \$172,878 below budgeted positive net revenues of \$23,389. The year-to-date net revenues through January were negative \$690,761, which is \$1.18MM below the year-to-date budgeted positive net revenues of \$485,949.

OTAY WATER DISTRICT
COMPARATIVE BUDGET SUMMARY
 FOR SEVEN MONTHS ENDED JANUARY 31, 2016

	Annual Budget	Actual	Budget	YTD Variance	Var %
REVENUES:					
Potable Water Sales	\$ 41,344,900	\$ 20,755,936	\$ 25,643,700	\$ (4,887,764)	(19.1%)
Recycled Water Sales	9,116,000	4,850,076	5,664,000	(813,924)	(14.4%)
Potable Energy Charges	2,311,300	1,144,759	1,289,400	(144,641)	(11.2%)
Potable System Charges	13,292,300	7,878,072	7,850,400	27,672	0.4%
Potable MWD & CWA Fixed Charges	11,946,600	6,394,650	6,396,100	(1,450)	(0.0%)
Potable Penalties	888,600	478,074	562,300	(84,226)	(15.0%)
Total Water Sales	<u>78,899,700</u>	<u>41,501,567</u>	<u>47,405,900</u>	<u>(5,904,333)</u>	<u>(12.5%)</u>
Sewer Charges	3,206,300	1,872,688	1,871,900	788	0.0%
Meter Fees	66,200	51,002	38,600	12,402	32.1%
Capacity Fee Revenues	1,134,800	792,210	662,000	130,210	19.7%
Non-Operating Revenues	1,873,600	1,203,693	1,036,400	167,293	16.1%
Tax Revenues	3,897,900	2,414,354	2,229,200	185,154	8.3%
Interest	157,500	59,466	91,900	(32,434)	(35.3%)
Total Revenues	<u>\$ 89,236,000</u>	<u>\$ 47,894,979</u>	<u>\$ 53,335,900</u>	<u>\$ (5,440,921)</u>	<u>(10.2%)</u>
EXPENSES:					
Potable Water Purchases	\$ 32,332,100	\$ 17,071,125	\$ 20,097,200	\$ 3,026,075	15.1%
Recycled Water Purchases	1,705,800	1,226,614	1,161,400	(65,214)	(5.6%)
CWA-Infrastructure Access Charge	1,931,400	1,125,133	1,125,400	267	0.0%
CWA-Customer Service Charge	1,777,800	1,050,453	1,050,300	(153)	(0.0%)
CWA-Reliability Charge	950,400	158,342	158,400	58	0.0%
CWA-Emergency Storage Charge	4,681,800	2,763,316	2,763,300	(16)	(0.0%)
MWD-Capacity Res Charge	806,400	483,018	470,400	(12,618)	(2.7%)
MWD-Readiness to Serve Charge	1,798,800	925,898	1,049,300	123,402	11.8%
Subtotal Water Purchases	<u>45,984,500</u>	<u>24,803,899</u>	<u>27,875,700</u>	<u>3,071,801</u>	<u>11.0%</u>
Power Charges	3,112,800	1,706,427	1,930,100	223,673	11.6%
Payroll & Related Costs	20,381,000	11,640,112	11,652,550	12,438	0.1%
Material & Maintenance	3,612,800	1,746,283	2,118,063	371,780	17.6%
Administrative Expenses	5,137,800	2,290,088	2,852,705	562,617	19.7%
Legal Fees	250,000	123,931	145,833	21,902	15.0%
Expansion Reserve	2,695,800	1,572,600	1,572,600	-	0.0%
Betterment Reserve	2,400,000	1,400,000	1,400,000	-	0.0%
Replacement Reserve	3,421,000	1,995,600	1,995,600	-	0.0%
New Supply Fee	35,000	20,400	20,400	-	0.0%
OPEB Trust	1,006,000	586,800	586,800	-	0.0%
Sewer Replacement	1,199,300	699,600	699,600	-	0.0%
Total Expenses	<u>\$ 89,236,000</u>	<u>\$ 48,585,741</u>	<u>\$ 52,849,951</u>	<u>\$ 4,264,210</u>	<u>8.1%</u>
EXCESS REVENUES(EXPENSE)	<u>\$ -</u>	<u>\$ (690,761)</u>	<u>\$ 485,949</u>	<u>\$ (1,176,711)</u>	

**OTAY WATER DISTRICT
INVESTMENT PORTFOLIO REVIEW
January 31, 2016**

INVESTMENT OVERVIEW & MARKET STATUS:

The federal funds rate has remained constant for over 5 years. On December 16, 2015, at the Federal Reserve Board’s regular scheduled meeting, the federal funds rate was increased from 0.25% to 0.50%” in response to the nation’s gradual economic improvement. The Committee judges that there has been considerable improvement in labor market conditions this year, and it is reasonably confident that inflation will rise, over the medium term, to its 2 percent objective. The stance of monetary policy remains accommodative after this increase, thereby supporting further improvement in labor market conditions and a return to 2 percent inflation. There have been no further changes made to the federal funds rate at the Federal Reserve Board’s subsequent regular meetings, the most recent of which was held on January 27, 2016. In determining the timing and size of future adjustments to the target range for the federal funds rate, they went on to say: *“the Committee will assess realized and expected economic conditions relative to its objectives of maximum employment and 2 percent inflation. This assessment will take into account a wide range of information, including measures of labor market conditions, indicators of inflation pressures and inflation expectations, and readings on financial and international developments. In light of the current shortfall of inflation from 2 percent, the Committee will carefully monitor actual and expected progress toward its inflation goal. The Committee expects that economic conditions will evolve in a manner that will warrant only gradual increases in the federal funds rate; the federal funds rate is likely to remain, for some time, below levels that are expected to prevail in the longer run. However, the actual path of the federal funds rate will depend on the economic outlook as informed by incoming data.”*

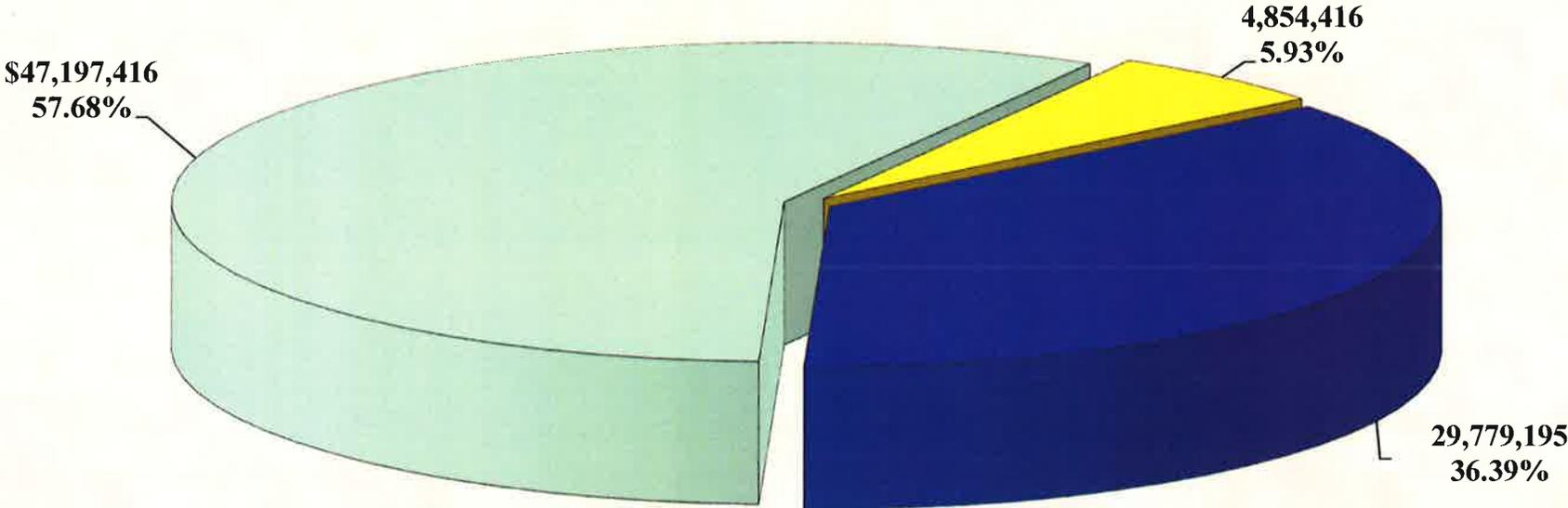
The District’s overall effective rate of return at January 31, 2016 was 0.77%, which was the same as the previous month. At the same time the LAIF return on deposits has improved over the previous month, reaching an average effective yield of 0.446% for the month of January 2016. Based on our success at maintaining a competitive rate of return on our portfolio during this extended period of low interest rates, no changes in investment strategy regarding returns on investment are being considered at this time. The desired portfolio mix is important in mitigating any liquidity risk from unforeseen changes in LAIF or County Pool policy.

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: January 31, 2016

<u>Investment</u>	<u>State Limit</u>	<u>Otay Limit</u>	<u>Otay Actual</u>
8.01: Treasury Securities	100%	100%	0
8.02: Local Agency Investment Fund (Operations)	\$50 Million	\$50 Million	\$13.31 Million
8.02: Local Agency Investment Fund (Bonds)	100%	100%	0
8.03: Federal Agency Issues	100%	100%	57.68%
8.04: Certificates of Deposit	30%	15%	.10%
8.05: Short-Term Commercial Notes	25%	10%	0
8.06: Medium-Term Commercial Debt	30%	10%	0
8.07: Money Market Mutual Funds	20%	10%	0
8.08: San Diego County Pool	100%	100%	20.12%
12.0: Maximum Single Financial Institution	100%	50%	5.83%

Otay Water District Investment Portfolio: 01/31/2016



Total Cash and Investments: \$81,831,027

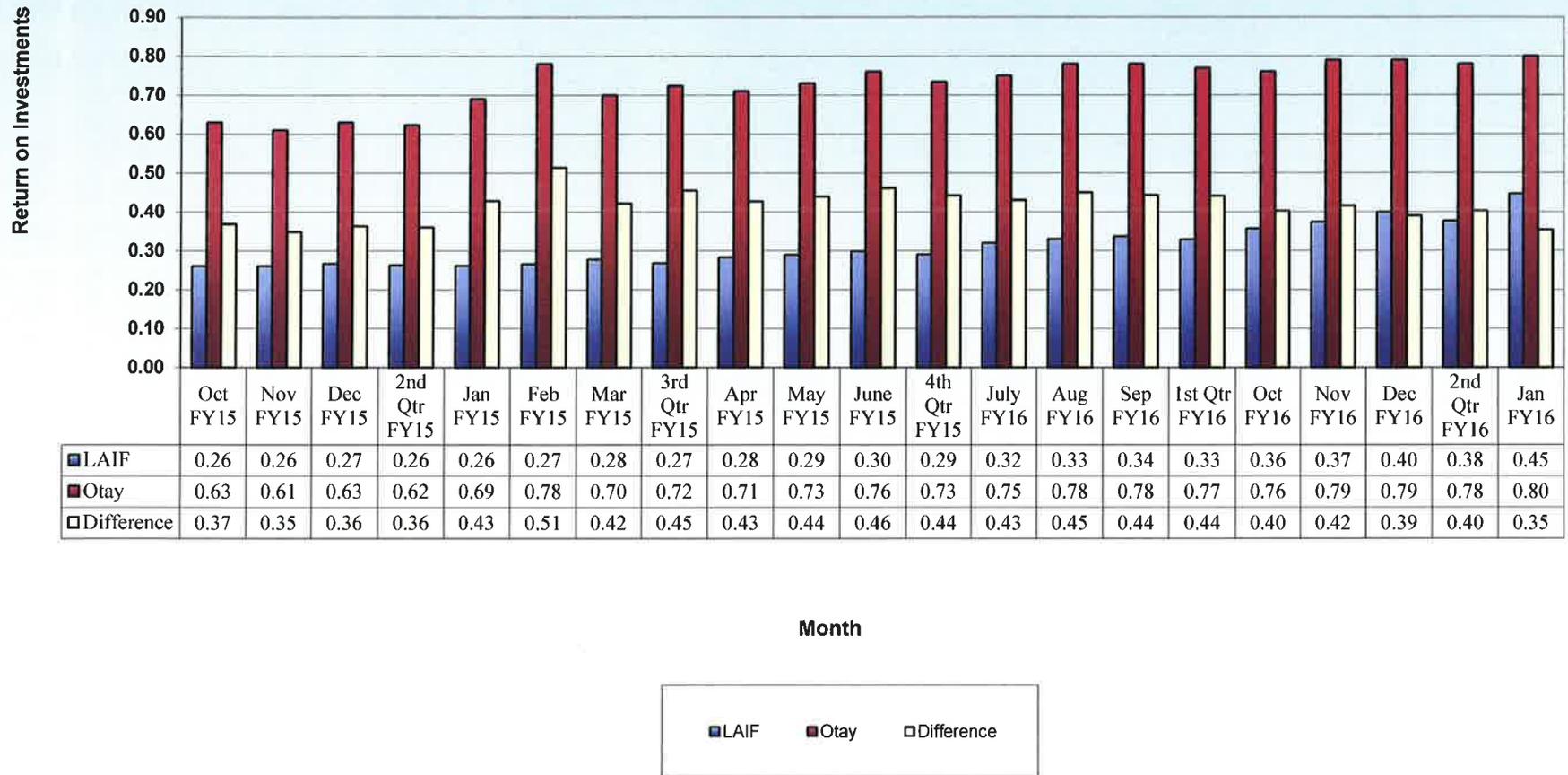
■ Banks (Passbook/Checking/CD)

■ Pools (LAIF & County)

■ Agencies & Corporate Notes

Performance Measure FY-16 Return on Investment

Target: Meet or Exceed 100% of LAIF



**Month End
Portfolio Management
Portfolio Summary
January 31, 2016**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Federal Agency Issues- Callable	43,200,000.00	43,219,572.00	43,199,505.56	56.06	998	776	1.056	1.071
Federal Agency Issues - Coupon	4,000,000.00	3,999,700.00	3,997,910.46	5.19	759	313	0.610	0.618
Certificates of Deposit - Bank	81,833.21	81,833.21	81,833.21	0.11	731	721	0.030	0.030
Local Agency Investment Fund (LAIF)	13,314,388.85	13,303,563.76	13,314,388.85	17.28	1	1	0.440	0.446
San Diego County Pool	16,464,806.10	16,428,000.00	16,464,806.10	21.37	1	1	0.646	0.655
Investments	77,061,028.16	77,032,668.97	77,058,444.18	100.00%	600	452	0.838	0.850
Cash								
Passbook/Checking (not included in yield calculations)	4,772,582.47	4,772,582.47	4,772,582.47		1	1	0.084	0.085
Total Cash and Investments	81,833,610.63	81,805,251.44	81,831,026.65		600	452	0.838	0.850

Total Earnings	January 31 Month Ending	Fiscal Year To Date
Current Year	56,959.18	373,440.31
Average Daily Balance	83,384,687.87	81,904,087.05
Effective Rate of Return	0.80%	0.77%

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 May 7, 2014. The market value information provided by Interactive Data Corporation. The investments provide sufficient liquidity to meet the cash flow requirements of the District for the next six months of expenditures.


 Joseph Beachem, Chief Financial Officer 2-19-16

**Month End
Portfolio Management
Portfolio Details - Investments
January 31, 2016**

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												
3133EECX6	2313	Federal Farm Credit Bank		11/25/2014	2,000,000.00	1,999,880.00	2,000,000.00	0.610		0.602	298	11/25/2016
3134G5A47	2301	Federal Home Loan Mortgage		06/30/2014	2,000,000.00	2,004,960.00	2,000,000.00	0.650		0.641	333	12/30/2016
3133EELR9	2317	Federal Farm Credit Bank		01/27/2015	2,000,000.00	1,996,500.00	1,999,505.56	0.625		0.616	361	01/27/2017
3133EEXC9	2323	Federal Farm Credit Bank		04/20/2015	2,000,000.00	1,996,940.00	2,000,000.00	0.690		0.681	430	04/06/2017
3136G23G0	2304	Federal National Mortgage Assoc		08/15/2014	2,000,000.00	2,002,000.00	2,000,000.00	1.050		1.036	561	08/15/2017
3134G6TJ2	2319	Federal Home Loan Mortgage		04/27/2015	2,000,000.00	2,002,100.00	2,000,000.00	0.875		0.863	634	10/27/2017
3134G7XJ5	2331	Federal Home Loan Mortgage		09/18/2015	2,000,000.00	2,000,300.00	2,000,000.00	1.000	AA	0.986	686	12/18/2017
3134G7B75	2332	Federal Home Loan Mortgage		09/29/2015	2,000,000.00	2,001,720.00	2,000,000.00	1.016		1.002	697	12/29/2017
3133EEYE4	2320	Federal Farm Credit Bank		04/16/2015	2,000,000.00	1,996,020.00	2,000,000.00	1.000		0.986	715	01/16/2018
3130A4MF6	2318	Federal Home Loan Bank		03/30/2015	2,000,000.00	2,002,620.00	2,000,000.00	1.300		1.282	787	03/29/2018
3130A4WT5	2322	Federal Home Loan Bank		04/27/2015	2,000,000.00	2,000,060.00	2,000,000.00	1.020		1.006	816	04/27/2018
3130A56B0	2325	Federal Home Loan Bank		05/04/2015	1,200,000.00	1,200,012.00	1,200,000.00	1.120	AA	1.105	823	05/04/2018
3130A52G3	2324	Federal Home Loan Bank		05/11/2015	2,000,000.00	2,000,440.00	2,000,000.00	1.050	AA	1.036	830	05/11/2018
3134G6V264	2326	Federal Home Loan Mortgage		06/29/2015	2,000,000.00	2,004,620.00	2,000,000.00	1.250	AA	1.233	879	06/29/2018
3136G2LZ8	2330	Fannie Mae		09/28/2015	2,000,000.00	2,001,460.00	2,000,000.00	1.250		1.233	970	09/28/2018
3135G0G64	2336	Fannie Mae		10/30/2015	2,000,000.00	2,000,000.00	2,000,000.00	1.100		1.085	1,001	10/29/2018
3134G7D81	2333	Federal Home Loan Mortgage		10/29/2015	2,000,000.00	2,002,820.00	2,000,000.00	1.300		1.282	1,001	10/29/2018
3136G2R665	2334	Fannie Mae		11/19/2015	2,000,000.00	2,000,920.00	2,000,000.00	1.150		1.134	1,022	11/19/2018
3134G76C0	2335	Federal Home Loan Mortgage		11/23/2015	2,000,000.00	1,998,220.00	2,000,000.00	1.200		1.184	1,026	11/23/2018
3130A6UZ8	2338	Federal Home Loan Bank		12/28/2015	2,000,000.00	2,005,020.00	2,000,000.00	1.375		1.356	1,061	12/28/2018
3134G87F0	2337	Federal Home Loan Mortgage		12/28/2015	2,000,000.00	2,000,120.00	2,000,000.00	1.450	AA	1.430	1,061	12/28/2018
3130A72G9	2339	Federal Home Loan Bank		01/29/2016	2,000,000.00	2,002,840.00	2,000,000.00	1.500		1.479	1,093	01/29/2019
Subtotal and Average			44,284,647.36		43,200,000.00	43,219,572.00	43,199,505.56			1.056	776	
Federal Agency Issues - Coupon												
3135G0YE7	2286	Federal National Mortgage Assoc		04/01/2014	2,000,000.00	2,000,600.00	2,000,663.58	0.625		0.558	207	08/26/2016
3133EEC73	2329	Federal Farm Credit Bank		06/26/2015	2,000,000.00	1,999,100.00	1,997,246.88	0.550	AA	0.661	420	03/27/2017
Subtotal and Average			3,997,863.02		4,000,000.00	3,999,700.00	3,997,910.46			0.610	313	
Certificates of Deposit - Bank												
2050003183-7	2341	California Bank & Trust		01/22/2016	81,833.21	81,833.21	81,833.21	0.030		0.030	721	01/22/2018
Subtotal and Average			81,800.39		81,833.21	81,833.21	81,833.21			0.030	721	

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Run Date: 02/18/2016 - 15:06

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**Month End
Portfolio Management
Portfolio Details - Investments
January 31, 2016**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 360	Days to Maturity	Maturity Date
Local Agency Investment Fund (LAIF)												
LAIF	9001	STATE OF CALIFORNIA			13,314,388.85	13,303,563.76	13,314,388.85	0.446		0.440	1	
LAIF BABS 2010	9012	STATE OF CALIFORNIA		07/01/2015	0.00	0.00	0.00	0.267		0.263	1	
Subtotal and Average			16,127,624.49		13,314,388.85	13,303,563.76	13,314,388.85			0.440	1	
San Diego County Pool												
SD COUNTY POOL	9007	San Diego County			16,464,806.10	16,428,000.00	16,464,806.10	0.655		0.646	1	
Subtotal and Average			16,448,356.21		16,464,806.10	16,428,000.00	16,464,806.10			0.646	1	
Total and Average			83,384,687.87		77,061,028.16	77,032,668.97	77,058,444.18			0.838	452	

**Month End
Portfolio Management
Portfolio Details - Cash
January 31, 2016**

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			10,000.64	10,000.64	10,000.64	0.010		0.010	1
PETTY CASH	9003	STATE OF CALIFORNIA			2,950.00	2,950.00	2,950.00			0.000	1
UNION OPERATING	9004	STATE OF CALIFORNIA			917,783.25	917,783.25	917,783.25	0.400		0.395	1
PAYROLL	9005	STATE OF CALIFORNIA		07/01/2015	27,891.35	27,891.35	27,891.35			0.000	1
RESERVE-10 COPS	9010	STATE OF CALIFORNIA			1,037,991.39	1,037,991.39	1,037,991.39	0.010		0.010	1
RESERVE-10 BABS	9011	STATE OF CALIFORNIA			2,725,987.41	2,725,987.41	2,725,987.41	0.010		0.010	1
UBNA-2010 BOND	9013	STATE OF CALIFORNIA		07/01/2015	0.00	0.00	0.00			0.000	1
UBNA-FLEX ACCT	9014	STATE OF CALIFORNIA		07/01/2015	49,978.43	49,978.43	49,978.43			0.000	1
Average Balance			0.00								1
Total Cash and Investments			83,384,687.87		81,833,610.63	81,805,251.44	81,831,026.65			0.838	452

**Month End
GASB 31 Compliance Detail
Sorted by Fund - Fund
January 1, 2016 - January 31, 2016**

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											
3134G5A47	2301	99	Fair Value	12/30/2016	1,999,100.00	0.00	0.00	0.00	0.00	5,860.00	2,004,960.00
3134G6TJ2	2319	99	Fair Value	10/27/2017	2,000,940.00	0.00	0.00	0.00	0.00	1,160.00	2,002,100.00
3134G6V264	2326	99	Amortized	06/29/2018	2,000,000.00	0.00	0.00	0.00	0.00	0.00	2,000,000.00
3134G87F0	2337	99	Fair Value	12/28/2018	1,993,160.00	0.00	0.00	0.00	0.00	6,960.00	2,000,120.00
3134G76C0	2335	99	Amortized	11/23/2018	2,000,000.00	0.00	0.00	0.00	0.00	0.00	2,000,000.00
3134G7B75	2332	99	Amortized	12/29/2017	2,000,000.00	0.00	0.00	0.00	0.00	0.00	2,000,000.00
3134G7D81	2333	99	Fair Value	10/29/2018	2,000,220.00	0.00	0.00	0.00	0.00	2,600.00	2,002,820.00
3134G7XJ5	2331	99	Fair Value	12/18/2017	1,993,260.00	0.00	0.00	0.00	0.00	7,040.00	2,000,300.00
3136G23G0	2304	99	Fair Value	08/15/2017	1,996,500.00	0.00	0.00	0.00	0.00	5,500.00	2,002,000.00
3135G0YE7	2286	99	Fair Value	08/26/2016	2,000,100.00	0.00	0.00	0.00	0.00	500.00	2,000,600.00
3130A6UZ8	2338	99	Amortized	12/28/2018	2,000,000.00	0.00	0.00	0.00	0.00	0.00	2,000,000.00
3130A52G3	2324	99	Fair Value	05/11/2018	1,990,060.00	0.00	0.00	0.00	0.00	10,380.00	2,000,440.00
3130A4WT5	2322	99	Fair Value	04/27/2018	1,987,260.00	0.00	0.00	0.00	0.00	12,800.00	2,000,060.00
3130A56B0	2325	99	Fair Value	05/04/2018	1,194,264.00	0.00	0.00	0.00	0.00	5,748.00	1,200,012.00
3130A72G9	2339	99	Amortized	01/29/2019	0.00	2,000,000.00	0.00	0.00	0.00	0.00	2,000,000.00
3130A4MF6	2318	99	Fair Value	03/29/2018	2,002,440.00	0.00	0.00	0.00	0.00	180.00	2,002,620.00
PETTY CASH	9003	99	Amortized		2,950.00	0.00	0.00	0.00	0.00	0.00	2,950.00
UBNA-2010 BOND	9013	99	Amortized		0.00	0.00	0.00	0.00	0.00	0.00	0.00
UNION MONEY	9002	99	Amortized		10,006.85	0.00	1,999,993.79	2,000,000.00	0.00	0.00	10,000.64
LAIF	9001	99	Fair Value		15,887,911.23	0.00	2,113,549.65	4,700,000.00	0.00	2,102.88	13,303,563.76
UBNA-FLEX ACCT	9014	99	Amortized		10,871.89	0.00	50,000.00	10,893.46	0.00	0.00	49,978.43
PAYROLL	9005	99	Amortized		27,891.35	0.00	0.00	0.00	0.00	0.00	27,891.35
LAIF BABS 2010	9012	99	Fair Value		0.00	0.00	0.00	0.00	0.00	0.00	0.00
RESERVE-10 COPS	9010	99	Amortized		5,871.00	0.00	1,032,120.39	0.00	0.00	0.00	1,037,991.39
RESERVE-10 BABS	9011	99	Amortized		15,418.85	0.00	2,710,568.56	0.00	0.00	0.00	2,725,987.41
UNION OPERATING	9004	99	Amortized		1,587,419.02	0.00	774.86	670,410.63	0.00	0.00	917,783.25
3133EEC73	2329	99	Amortized	03/27/2017	1,997,048.34	0.00	0.00	0.00	198.54	0.00	1,997,246.88
3133EECX6	2313	99	Fair Value	11/25/2016	1,992,500.00	0.00	0.00	0.00	0.00	7,380.00	1,999,880.00
3133EEYE4	2320	99	Fair Value	01/16/2018	2,000,040.00	0.00	0.00	0.00	0.00	-4,020.00	1,996,020.00
3133EELR9	2317	99	Fair Value	01/27/2017	1,993,540.00	0.00	0.00	0.00	0.00	2,960.00	1,996,500.00

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**Month End
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											
3133EEXC9	2323	99	Fair Value	04/06/2017	1,993,020.00	0.00	0.00	0.00	0.00	3,920.00	1,996,940.00
3133EECG3	2312	99	Fair Value	11/20/2017	2,698,453.90	0.00	0.00	2,705,000.00	0.00	6,546.10	0.00
3133EECG3	2311	99	Fair Value	11/20/2017	1,027,507.40	0.00	0.00	1,030,000.00	0.00	2,492.60	0.00
2050003183-6	2283	99	Amortized	01/22/2016	81,784.76	0.00	0.00	81,784.76	0.00	0.00	0.00
2050003183-7	2341	99	Amortized	01/22/2018	0.00	81,833.21	0.00	0.00	0.00	0.00	81,833.21
3135G0G64	2336	99	Amortized	10/29/2018	2,000,000.00	0.00	0.00	0.00	0.00	0.00	2,000,000.00
3136G2R665	2334	99	Amortized	11/19/2018	2,000,000.00	0.00	0.00	0.00	0.00	0.00	2,000,000.00
3136G2LZ8	2330	99	Amortized	09/28/2018	2,000,000.00	0.00	0.00	0.00	0.00	0.00	2,000,000.00
SD COUNTY POOL	9007	99	Fair Value		16,363,000.00	0.00	28,330.37	0.00	0.00	36,669.63	16,428,000.00
Subtotal					82,852,538.59	2,081,833.21	7,935,337.62	11,198,088.85	198.54	116,779.21	81,788,598.32
Total					82,852,538.59	2,081,833.21	7,935,337.62	11,198,088.85	198.54	116,779.21	81,788,598.32

**Month End
Activity Report
Sorted By Issuer
January 1, 2016 - January 31, 2016**

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: STATE OF CALIFORNIA									
Union Bank									
UNION MONEY	9002	STATE OF CALIFORNIA			0.010		1,999,993.79	2,000,000.00	
UNION OPERATING	9004	STATE OF CALIFORNIA			0.400		774.86	670,410.63	
RESERVE-10 COPS	9010	STATE OF CALIFORNIA			0.010		1,032,120.39	0.00	
RESERVE-10 BABS	9011	STATE OF CALIFORNIA			0.010		2,710,568.56	0.00	
UBNA-FLEX ACCT	9014	STATE OF CALIFORNIA					50,000.00	10,893.46	
Subtotal and Balance				1,660,428.96			5,793,457.60	2,681,304.09	4,772,582.47
Local Agency Investment Fund (LAIF)									
LAIF	9001	STATE OF CALIFORNIA			0.446		2,113,549.65	4,700,000.00	
Subtotal and Balance				15,900,839.20			2,113,549.65	4,700,000.00	13,314,388.85
Issuer Subtotal				22.102%			17,561,268.16	7,381,304.09	18,086,971.32
Issuer: California Bank & Trust									
Certificates of Deposit - Bank									
2050003183-6	2283	California Bank & Trust			0.030	01/22/2016	0.00	81,784.76	
2050003183-7	2341	California Bank & Trust			0.030	01/22/2016	81,833.21	0.00	
Subtotal and Balance				81,784.76			81,833.21	81,784.76	81,833.21
Issuer Subtotal				0.100%			81,833.21	81,784.76	81,833.21
Issuer: Fannie Mae									
Federal Agency Issues- Callable									
Subtotal and Balance				6,000,000.00					6,000,000.00
Issuer Subtotal				7.332%			0.00	0.00	6,000,000.00
Issuer: Federal Farm Credit Bank									

Month End
Activity Report
January 1, 2016 - January 31, 2016

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value		Current Rate	Transaction Date	Par Value		Ending Balance
				Beginning Balance				Purchases or Deposits	Redemptions or Withdrawals	
Issuer: Federal Farm Credit Bank										
Federal Agency Issues- Callable										
3133EECG3	2311	Federal Farm Credit Bank				1.140	01/25/2016	0.00	1,030,000.00	
3133EECG3	2312	Federal Farm Credit Bank				1.140	01/25/2016	0.00	2,705,000.00	
Subtotal and Balance				11,735,000.00				0.00	3,735,000.00	8,000,000.00
Federal Agency Issues - Coupon										
Subtotal and Balance				2,000,000.00						2,000,000.00
Issuer Subtotal			12.220%	13,735,000.00				0.00	3,735,000.00	10,000,000.00
Issuer: Federal Home Loan Bank										
Federal Agency Issues- Callable										
3130A72G9	2339	Federal Home Loan Bank				1.500	01/29/2016	2,000,000.00	0.00	
Subtotal and Balance				9,200,000.00				2,000,000.00	0.00	11,200,000.00
Issuer Subtotal			13.686%	9,200,000.00				2,000,000.00	0.00	11,200,000.00
Issuer: Federal Home Loan Mortgage										
Federal Agency Issues- Callable										
Subtotal and Balance				16,000,000.00						16,000,000.00
Issuer Subtotal			19.552%	16,000,000.00				0.00	0.00	16,000,000.00
Issuer: Federal National Mortgage Assoc										
Federal Agency Issues- Callable										
Subtotal and Balance				2,000,000.00						2,000,000.00
Federal Agency Issues - Coupon										
Subtotal and Balance				2,000,000.00						2,000,000.00
Issuer Subtotal			4.888%	4,000,000.00				0.00	0.00	4,000,000.00

**Month End
Activity Report
January 1, 2016 - January 31, 2016**

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value		Transaction Date	Purchases or Deposits	Par Value		Ending Balance
				Beginning Balance	Current Rate			Redemptions or Withdrawals		
Issuer: San Diego County										
San Diego County Pool										
SD COUNTY POOL	9007	San Diego County			0.655		28,330.37	0.00		
		Subtotal and Balance		16,436,475.73			28,330.37	0.00		16,464,806.10
		Issuer Subtotal	20.120%	16,436,475.73			28,330.37	0.00		16,464,806.10
		Total	100.000%	83,014,528.65			10,017,170.83	11,198,088.85		81,833,610.63

**Month End
Duration Report
Sorted by Investment Type - Investment Type
Through 01/31/2016**

Security ID	Investment #	Fund	Issuer	Investment Class	Book Value	Par Value	Market Value	Current Rate	YTM 360	Current Yield	Maturity/Call Date	Modified Duration
3134G5A47	2301	99	Federal Home Loan Mortgage	Fair	2,000,000.00	2,000,000.00	2,004,960.00	.6500000	0.641	0.378	12/30/2016	0.910
3136G23G0	2304	99	Federal National Mortgage Assoc	Fair	2,000,000.00	2,000,000.00	2,002,000.00	1.050000	1.036	0.984	08/15/2017	1.516
3133EECX6	2313	99	Federal Farm Credit Bank	Fair	2,000,000.00	2,000,000.00	1,999,880.00	.6100000	0.602	0.618	11/25/2016	0.812
3133EELR9	2317	99	Federal Farm Credit Bank	Fair	1,999,505.56	2,000,000.00	1,996,500.00	.6250000	0.616	0.803	01/27/2017	0.983
3130A4MF6	2318	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,002,620.00	1.300000	1.282	1.239	03/29/2018	2.116
3134G6TJ2	2319	99	Federal Home Loan Mortgage	Fair	2,000,000.00	2,000,000.00	2,002,100.00	.8750000	0.863	0.814	10/27/2017	1.718
3133EEYE4	2320	99	Federal Farm Credit Bank	Fair	2,000,000.00	2,000,000.00	1,996,020.00	1.000000	0.986	1.103	01/16/2018	1.932
3130A4WT5	2322	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,000,060.00	1.020000	1.006	1.019	04/27/2018	2.202
3133EEXC9	2323	99	Federal Farm Credit Bank	Fair	2,000,000.00	2,000,000.00	1,996,940.00	.6900000	0.681	0.821	04/06/2017	1.170
3130A52G3	2324	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,000,440.00	1.050000	1.036	1.040	05/11/2018	2.239
3130A56B0	2325	99	Federal Home Loan Bank	Fair	1,200,000.00	1,200,000.00	1,200,012.00	1.120000	1.105	1.120	05/04/2018	2.218
3134G6V264	2326	99	Federal Home Loan Mortgage	Amort	2,000,000.00	2,000,000.00	2,004,620.00	1.250000	1.233	1.153	06/29/2018	2.366
3136G2LZ8	2330	99	Fannie Mae	Amort	2,000,000.00	2,000,000.00	2,001,460.00	1.250000	1.233	1.222	09/28/2018	2.596
3134G7XJ5	2331	99	Federal Home Loan Mortgage	Fair	2,000,000.00	2,000,000.00	2,000,300.00	1.000000	0.986	0.992	12/18/2017	1.856
3134G7B75	2332	99	Federal Home Loan Mortgage	Amort	2,000,000.00	2,000,000.00	2,001,720.00	1.016125	1.002	0.971	12/29/2017	1.887
3134G7D81	2333	99	Federal Home Loan Mortgage	Fair	2,000,000.00	2,000,000.00	2,002,820.00	1.300000	1.282	1.248	10/29/2018	2.679
3136G2R665	2334	99	Fannie Mae	Amort	2,000,000.00	2,000,000.00	2,000,920.00	1.150000	1.134	1.133	11/19/2018	2.738
3134G76C0	2335	99	Federal Home Loan Mortgage	Amort	2,000,000.00	2,000,000.00	1,998,220.00	1.200000	1.184	1.232	11/23/2018	2.749
3135G0G64	2336	99	Fannie Mae	Amort	2,000,000.00	2,000,000.00	2,000,000.00	1.100000	1.085	1.100	10/29/2018	2.688
3134G87F0	2337	99	Federal Home Loan Mortgage	Fair	2,000,000.00	2,000,000.00	2,000,120.00	1.450000	1.430	1.448	12/28/2018	2.833
3130A6UZ8	2338	99	Federal Home Loan Bank	Amort	2,000,000.00	2,000,000.00	2,005,020.00	1.375000	1.356	1.287	12/28/2018	2.839
3130A72G9	2339	99	Federal Home Loan Bank	Amort	2,000,000.00	2,000,000.00	2,002,840.00	1.500000	1.479	1.451	01/29/2019	2.918
3135G0YE7	2286	99	Federal National Mortgage Assoc	Fair	2,000,663.58	2,000,000.00	2,000,600.00	.6250000	0.558	0.572	08/26/2016	0.565
3133EEC73	2329	99	Federal Farm Credit Bank	Amort	1,997,246.88	2,000,000.00	1,999,100.00	.5500000	0.661	0.589	03/27/2017	1.148

**Month End
Duration Report
Sorted by Investment Type - Investment Type
Through 01/31/2016**

Security ID	Investment #	Fund	Issuer	Investment Class	Book Value	Par Value	Market Value	Current Rate	YTM 360	Current Yield	Maturity/ Call Date	Modified Duration
2050003183-7	2341	99	California Bank & Trust	Amort	81,833.21	81,833.21	81,833.21	.0300000	0.030	0.030	01/22/2018	1.975
LAIF	9001	99	STATE OF CALIFORNIA	Fair	13,314,388.85	13,314,388.85	13,303,563.76	.4460000	0.440	0.446		0.000
LAIF BABS 2010	9012	99	STATE OF CALIFORNIA	Fair	0.00	0.00	0.00	.2670000	0.263	0.267		0.000
SD COUNTY	9007	99	San Diego County	Fair	16,464,806.10	16,464,806.10	16,428,000.00	.6550000	0.646	0.655		0.000
Report Total					77,058,444.18	77,061,028.16	77,032,668.97			0.837		1.217

**Month End
Interest Earnings
Sorted by Fund - Fund
January 1, 2016 - January 31, 2016
Yield on Beginning Book Value**

CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Ending Book Value	Maturity Date	Current Annualized Rate	Annualized Yield	Adjusted Interest Earnings		
										Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings
Fund: Treasury Fund												
3134G5A47	2301	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	12/30/2016	0.650	0.638	1,083.33	0.00	1,083.33
3134G6TJ2	2319	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	10/27/2017	0.875	0.859	1,458.33	0.00	1,458.33
3134G6V264	2326	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	06/29/2018	1.250	1.226	2,083.33	0.00	2,083.33
3134G87F0	2337	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	12/28/2018	1.450	1.423	2,416.66	0.00	2,416.66
3134G76C0	2335	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	11/23/2018	1.200	1.177	2,000.00	0.00	2,000.00
3134G7B75	2332	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	12/29/2017	1.016	0.997	1,693.54	0.00	1,693.54
3134G7D81	2333	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	10/29/2018	1.300	1.276	2,166.66	0.00	2,166.66
3134G7XJ5	2331	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	12/18/2017	1.000	0.981	1,666.67	0.00	1,666.67
3136G23G0	2304	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	08/15/2017	1.050	1.030	1,750.00	0.00	1,750.00
3135G0YE7	2286	99	FAC	2,000,000.00	2,000,760.69	2,000,663.58	08/26/2016	0.625	0.556	1,041.67	-97.11	944.56
3130A6UZ8	2338	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	12/28/2018	1.375	1.349	2,291.66	0.00	2,291.66
3130A52G3	2324	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	05/11/2018	1.050	1.030	1,750.00	0.00	1,750.00
3130A4WT5	2322	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	04/27/2018	1.020	1.001	1,700.00	0.00	1,700.00
3130A56B0	2325	99	MC1	1,200,000.00	1,200,000.00	1,200,000.00	05/04/2018	1.120	1.099	1,120.00	0.00	1,120.00
3130A72G9	2339	99	MC1	2,000,000.00	0.00	2,000,000.00	01/29/2019	1.500	1.014	166.67	0.00	166.67
3130A4MF6	2318	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	03/29/2018	1.300	1.276	2,166.67	0.00	2,166.67
UNION MONEY	9002	99	PA1	10,000.64	10,006.85	10,000.64		0.010	0.078	0.66	0.00	0.66
LAIF	9001	99	LA1	13,314,388.85	15,900,839.20	13,314,388.85		0.446	0.452	6,109.06	0.00	6,109.06
RESERVE-10 COPS	9010	99	PA1	1,037,991.39	5,871.00	1,037,991.39		0.010	0.407	2.03	0.00	2.03
RESERVE-10 BABS	9011	99	PA1	2,725,987.41	15,418.85	2,725,987.41		0.010	0.407	5.33	0.00	5.33
UNION OPERATING	9004	99	PA1	917,783.25	1,587,419.02	917,783.25		0.400	0.360	485.74	0.00	485.74
3133EEC73	2329	99	FAC	2,000,000.00	1,997,048.34	1,997,246.88	03/27/2017	0.550	0.657	916.66	198.54	1,115.20
3133EECX6	2313	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	11/25/2016	0.610	0.599	1,016.67	0.00	1,016.67
3133EEYE4	2320	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	01/16/2018	1.000	0.981	1,666.66	0.00	1,666.66
3133EELR9	2317	99	MC1	2,000,000.00	1,999,463.89	1,999,505.56	01/27/2017	0.625	0.638	1,041.67	41.67	1,083.34
3133EEXC9	2323	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	04/06/2017	0.690	0.677	1,150.00	0.00	1,150.00
3133EECG3	2312	99	MC1	0.00	2,705,000.00	0.00	11/20/2017	1.140	1.156	2,055.80	0.00	2,055.80
3133EECG3	2311	99	MC1	0.00	1,030,000.00	0.00	11/20/2017	1.140	1.156	782.80	0.00	782.80
2050003183-6	2283	99	BCD	0.00	81,784.76	0.00	01/22/2016	0.030	0.030	1.43	0.00	1.43

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**Month End
Interest Earnings
January 1, 2016 - January 31, 2016**

CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Ending Book Value	Maturity Date	Current Annualized Rate	Yield	Adjusted Interest Earnings		
										Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings
Fund: Treasury Fund												
2050003183-7	2341	99	BCD	81,833.21	0.00	81,833.21	01/22/2018	0.030	0.030	0.68	0.00	0.68
3135G0G64	2336	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	10/29/2018	1.100	1.079	1,833.33	0.00	1,833.33
3136G2R665	2334	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	11/19/2018	1.150	1.153	1,958.79	0.00	1,958.79
3136G2LZ8	2330	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	09/28/2018	1.250	1.226	2,083.34	0.00	2,083.34
SD COUNTY POOL	9007	99	LA3	16,464,806.10	16,436,475.73	16,464,806.10		0.655	0.655	9,150.24	0.00	9,150.24
Subtotal				81,752,790.85	82,970,088.33	81,750,206.87		0.815		56,816.08	143.10	56,959.18
Total				81,752,790.85	82,970,088.33	81,750,206.87		0.815		56,816.08	143.10	56,959.18



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	March 2, 2016
SUBMITTED BY:	Rita Bell, Finance Manager, <i>RCB</i> Controller and Budgetary Srvc	W.O./G.F. NO:	DIV. NO.
APPROVED BY:	Joseph Beachem, Chief Financial Officer (Chief)		
APPROVED BY:	German Alvarez, Assistant General Manager (Asst. GM)		
SUBJECT:	Accounts Payable Demand List		

PURPOSE:

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

FISCAL IMPACT:

SUMMARY FOR PERIOD 1/21/2016 - 2/17/2016	NET DEMANDS
CHECKS (2045110 - 2045298)	\$ 1,736,454.84
VOID CHECKS (0)	\$ 0.00
TOTAL CHECKS	\$ 1,736,454.84
WIRE TO:	
CALPERS - OTHER POST EMPLOYMENT BENEFITS (MONTHLY)	\$ 123,900.00
CITY OF CHULA VISTA - BI-MONTHLY SEWER CHARGES (NOV-DEC 2015)	\$ 3,229,726.12
CITY TREASURER - RECLAIMED WATER PURCHASE (12/3/15-1/4/16)	\$ 37,325.81
OTAY WATER DISTRICT - BI-WEEKLY PAYROLL DEDUCTION	\$ 665.00
OTAY WATER DISTRICT - BI-WEEKLY PAYROLL DEDUCTION	\$ 672.00
PREFERRED BENEFIT INSURANCE - DENTAL & COBRA CLAIMS (JAN 2016)	\$ 21,092.72
SAN DIEGO COUNTY WATER AUTH - CAPACITY FEES COLLECTED (10/1/15-12/31/15)	\$ 344,640.00
SAN DIEGO COUNTY WATER AUTH - WATER DELIVERIES & CHARGES (DEC 2015)	\$ 2,825,322.80
SPECIAL DISTRICT RISK - HEALTH ADMINISTRATION (FEB 2016)	\$ 301,524.24
STATE DISBURSEMENT UNIT - BI-WEEKLY PAYROLL DEDUCTION	\$ 237.69
STATE DISBURSEMENT UNIT - BI-WEEKLY PAYROLL DEDUCTION	\$ 323.06
STATE DISBURSEMENT UNIT - BI-WEEKLY PAYROLL DEDUCTION	\$ 237.69
STATE DISBURSEMENT UNIT - BI-WEEKLY PAYROLL DEDUCTION	\$ 667.37
UNION BANK - BI-WEEKLY PAYROLL TAXES	\$ 147,286.22
UNION BANK - BI-WEEKLY PAYROLL TAXES	\$ 159,287.15
UNION BANK NA - COPS 1996 (MONTHLY)	\$ 384.64
TOTAL CASH DISBURSEMENTS	\$ 8,929,747.35

RECOMMENDED ACTION:

That the Board received the attached list of demands.

Jb/Attachment

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Check #	Date	Vendor	Vendor Name	Invoice	Inv. Date	Description	Amount	Check Total
2045110	01/27/16	15876	1903 SOLUTIONS LLC	OWD150924PS	12/08/15	VDI IMPLEMENTATION	2,400.00	2,400.00
2045202	02/10/16	17045	ADEL ALKHAYYAT	Ref002455675	02/08/16	UB Refund Cst #0000216298	41.36	41.36
2045243	02/17/16	12174	AECOM TECHNICAL SERVICES INC	36	01/26/16	DISINFECTION SYSTEM (ENDING 1/1/16)	17,226.77	17,226.77
2045157	02/03/16	11462	AEGIS ENGINEERING MGMT INC	1409	01/05/16	DEVELOPER PLAN REVIEW (11/14/15-1/1/16)	12,924.51	12,924.51
2045111	01/27/16	07732	AIRGAS SPECIALTY PRODUCTS INC	131417944	12/23/15	AQUA AMMONIA	2,489.40	
				131417943	12/23/15	AQUA AMMONIA	1,509.60	
				131417945	12/23/15	AQUA AMMONIA	506.40	4,505.40
2045112	01/27/16	13753	AIRGAS USA LLC	9046538359	12/16/15	BREATHING AIR BOTTLES	222.70	
				9932777532	12/31/15	BREATHING AIR BOTTLES	47.47	270.17
2045244	02/17/16	13753	AIRGAS USA LLC	9933503265	01/31/16	BREATHING AIR BOTTLES	47.47	47.47
2045158	02/03/16	15024	AIRX UTILITY SURVEYORS INC	28	01/11/16	LAND SURVEYING (12/1/15-12/31/15)	3,010.00	3,010.00
2045113	01/27/16	17015	ALARMERI INC	Ref002454628	01/25/16	UB Refund Cst #0000216910	1,825.91	1,825.91
2045245	02/17/16	17015	ALARMERI INC	8500021116	02/11/16	CUSTOMER REFUND	220.09	220.09
2045114	01/27/16	17003	ALFONSO RODRIGUEZ	Ref002454615	01/25/16	UB Refund Cst #0000030596	97.25	97.25
2045159	02/03/16	14256	ALLIANT INSURANCE SERVICES INC	423993	01/13/16	CONSULTING SERVICES (JAN-MAR 2016)	6,750.00	6,750.00
2045160	02/03/16	14462	ALYSON CONSULTING	CM20163	01/09/16	MGMT/INSP (12/1/15-12/31/15)	4,687.50	
				CM20167	01/09/16	MGMT/INSP (12/1/15-12/31/15)	2,850.00	
				CM20165	01/09/16	MGMT/INSP (12/1/15-12/31/15)	2,190.00	
				CM20164	01/09/16	MGMT/INSP (12/1/15-12/31/15)	2,030.00	
				CM20168	01/09/16	MGMT/INSP (12/1/15-12/31/15)	1,200.00	
				CM20162	01/09/16	MGMT/INSP (12/1/15-12/31/15)	1,030.00	
				CM20161	01/09/16	MGMT/INSP (12/1/15-12/31/15)	300.00	
				CM20166	01/09/16	MGMT/INSP (12/1/15-12/31/15)	300.00	14,587.50
2045203	02/10/16	06166	AMERICAN MESSAGING	L1109570QB	02/01/16	PAGERS (JAN 2016)	231.47	231.47
2045115	01/27/16	17005	ANNA JOHNSON	Ref002454617	01/25/16	UB Refund Cst #0000063994	39.80	39.80
2045116	01/27/16	17013	ANNE CERVANTES	Ref002454626	01/25/16	UB Refund Cst #0000213360	30.70	30.70
2045161	02/03/16	06285	BARTEL ASSOCIATES LLC	15752	12/07/15	ACTUARIAL SERVICES (NOV 2015)	4,300.00	
				15675	11/11/15	ACTUARIAL SERVICES (OCT 2015)	950.00	5,250.00
2045246	02/17/16	15570	BEYOND IDEAS LLC	OWD0216	02/01/16	WEBSITE CONSULTING	1,050.00	1,050.00
2045247	02/17/16	03584	BIOTECHNICAL SERVICES INC	1402210	01/22/16	LABORATORY EQUIPMENT	190.00	190.00

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2045162	02/03/16	02434	BLACK BOX CORPORATION	IN0353345	01/14/16	HARDENED SWITCHES	1,806.75	1,806.75
2045248	02/17/16	10970	BRENNTAG PACIFIC INC	BPI594387	01/21/16	SODIUM HYPOCHLORITE	1,063.88	1,063.88
2045163	02/03/16	10970	BRENNTAG PACIFIC INC	BPI591983	01/14/16	SODIUM HYPOCHLORITE	2,139.40	
				BPI590135	01/07/16	SODIUM HYPOCHLORITE	1,615.20	3,754.60
2045204	02/10/16	17043	BYCOR	Ref002455673	02/08/16	UB Refund Cst #0000213365	1,386.15	1,386.15
2045249	02/17/16	16252	CALIFORNIA UNITED BANK	301282016	01/28/16	RETENTION/FORDYCE R2109 (ENDING 1/28/16)	4,324.83	4,324.83
2045164	02/03/16	05413	CALPERS	10000004687020	01/28/16	GASB-68 RPT AND SCHEDULES	2,500.00	2,500.00
2045205	02/10/16	15447	CANNON, LARRY	02082016LC	02/08/16	TUITION REIMBURSEMENT	756.86	756.86
2045250	02/17/16	04071	CAPITOL WEBWORKS LLC	27638	01/31/16	OUTSIDE SERVICES	45.00	45.00
2045251	02/17/16	02758	CARMEL BUSINESS SYSTEMS INC	7977	01/29/16	DESTRUCTION SERVICES (1/26/16)	38.50	38.50
2045206	02/10/16	02758	CARMEL BUSINESS SYSTEMS INC	7970	01/15/16	SCANNING SERVICES (1/15/16)	35.00	
				7962	12/22/15	SCANNING SERVICES (12/18/15)	35.00	70.00
2045165	02/03/16	02758	CARMEL BUSINESS SYSTEMS INC	7968	01/08/16	SCANNING SERVICES (1/8/16)	35.00	35.00
2045117	01/27/16	17001	CAROL EVANS	Ref002454613	01/25/16	UB Refund Cst #0000006077	84.99	84.99
2045252	02/17/16	15177	CAROLLO ENGINEERS INC	146633	01/25/16	DESIGN FOR 870-2 PS (2/1/15-12/31/15)	58,482.84	58,482.84
2045166	02/03/16	16746	CH2M HILL ENGINEERS INC	381053691	01/14/16	2015 UMWP UPDATE (11/28/15-12/25/15)	1,801.26	1,801.26
2045253	02/17/16	02026	CHULA VISTA ELEM SCHOOL DIST	AR045371	01/28/16	GARDEN TOURS (12/11/15 & 12/17/15)	540.00	
				AR045421	01/29/16	GARDEN TOURS (12/1/15)	270.00	810.00
2045118	01/27/16	15256	CIGNA GROUP INSURANCE / LINA	9267011016	01/10/16	AD&D & SUPP LIFE INS (JAN 2016)	4,538.78	4,538.78
2045119	01/27/16	00234	CITY TREASURER	1000155045	01/13/16	LABORATORY ANALYSIS (DEC 2015)	1,255.00	1,255.00
2045120	01/27/16	16807	CIVIC LINK STRATEGIES	122015OWD	01/06/16	OUTSIDE SERVICES	9,000.00	9,000.00
2045207	02/10/16	15616	COGENT COMMUNICATIONS INC	0001020116	02/01/16	INTERNET CIRCUITS (FEB 2016)	2,165.00	2,165.00
2045167	02/03/16	08160	COMPLETE OFFICE	18031120	01/12/16	COPY PAPER	1,338.77	
				18000710	01/05/16	BINDING - CAFRS	199.80	1,538.57
2045208	02/10/16	16030	CORA CONSTRUCTORS INC	301152016	01/15/16	RAS PUMPS REPLACEMENT (ENDING 1/15/16)	68,088.42	68,088.42
2045121	01/27/16	02612	COUNCIL OF WATER UTILITIES	1192016	01/19/16	BUSINESS MEETING	50.00	50.00
2045122	01/27/16	00099	COUNTY OF SAN DIEGO	DPWAROTAYMW	01/13/15	EXCAVATION PERMITS (DEC 2015)	2,053.60	2,053.60
2045254	02/17/16	02756	COX COMMUNICATIONS INC	9601013016	01/30/16	INTERNET SERVICES (1/29/16-2/28/16)	600.00	600.00

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2045123	01/27/16	17011	DANNA HERNANDEZ	Ref002454624	01/25/16	UB Refund Cst #0000208596	27.50	27.50
2045124	01/27/16	17019	DAVID JOHANSEN	Ref002454632	01/25/16	UB Refund Cst #0000222907	81.29	81.29
2045255	02/17/16	14362	DAY WIRELESS SYSTEMS	78685	01/31/16	FIRETIDE SUPPORT (1/14/16)	1,140.00	1,140.00
2045125	01/27/16	17014	EASTON MILLET	Ref002454627	01/25/16	UB Refund Cst #0000215840	14.31	14.31
2045209	02/10/16	17039	ELSA LOPEZ	Ref002455669	02/08/16	UB Refund Cst #0000182753	94.09	94.09
2045210	02/10/16	08023	EMPLOYEE BENEFIT SPECIALISTS	0073180IN	12/31/15	EMPLOYEE BENEFITS (DEC 2015)	675.00	675.00
2045211	02/10/16	00331	EMPLOYMENT DEVELOPMENT DEPT	23840216	02/03/16	UNEMPLOYMENT INSURANCE (QUARTERLY)	1,800.00	1,800.00
2045168	02/03/16	03227	ENVIROMATRIX ANALYTICAL INC	6010742	01/12/16	LAB ANALYSIS (12/22/15-12/30/15)	655.00	655.00
2045256	02/17/16	03227	ENVIROMATRIX ANALYTICAL INC	6011092	01/25/16	LAB ANALYSIS (1/7/16-1/15/16)	740.00	
				6010912	01/19/16	LAB ANALYSIS (12/31/15-1/12/16)	705.00	
				6020314	02/01/16	LAB ANALYSIS (1/16/16-1/22/16)	510.00	1,955.00
2045126	01/27/16	17002	ERIC ROACH	Ref002454614	01/25/16	UB Refund Cst #0000022389	105.00	105.00
2045212	02/10/16	14320	EUROFINS EATON ANALYTICAL INC	L0248981	01/21/16	OUTSIDE LAB SERVICES (1/5/16)	240.00	240.00
2045127	01/27/16	17010	F.J. WILLERT CONTRACTING CO IN	Ref002454623	01/25/16	UB Refund Cst #0000206990	1,540.69	1,540.69
2045128	01/27/16	03546	FERGUSON WATERWORKS # 1083	0536993	12/28/15	FORCEMAIN PROJECT MATERIALS	1,722.17	
				0536937	12/28/15	FORCEMAIN PROJECT MATERIALS	1,314.58	
				0536940	12/21/15	FORCEMAIN PROJECT MATERIALS	340.63	3,377.38
2045257	02/17/16	12187	FIRST AMERICAN DATA TREE LLC	9003400116	01/31/16	ONLINE DOCUMENTS (MONTHLY)	99.00	99.00
2045169	02/03/16	16469	FIRST CHOICE SERVICES	053256	01/13/16	COFFEE SERVICES	312.68	312.68
2045258	02/17/16	16469	FIRST CHOICE SERVICES	053851	01/27/16	COFFEE SERVICES	248.35	248.35
2045259	02/17/16	02591	FITNESS TECH	9930	02/01/16	EQUIPMENT MAINTENANCE (FEB 2016)	135.00	135.00
2045170	02/03/16	11962	FLEETWASH INC	x679891	01/15/16	VEHICLE WASHING	125.19	125.19
2045260	02/17/16	11962	FLEETWASH INC	x685060	01/22/16	VEHICLE WASHING	129.00	129.00
2045261	02/17/16	16119	FORDYCE CONSTRUCTION INC	301282016	01/28/16	SWEETWATER RIVER TRESTLE (ENDING 1/28/15)	82,171.80	82,171.80
2045129	01/27/16	02344	FRANCHISE TAX BOARD	Ben2454692	01/28/16	BI-WEEKLY PAYROLL DEDUCTION	7.73	7.73
2045262	02/17/16	13563	FRIENDS OF THE WATER	290	01/30/16	GARDEN TOURS (JAN 2016)	4,200.00	4,200.00
2045263	02/17/16	10817	GEXPRO	S112828695001	01/25/16	PLC RACK	1,877.29	
				S112702179001	01/25/16	ETHERNET MODULES	358.82	2,236.11
2045264	02/17/16	14948	GPS INSIGHT LLC	960850	02/01/16	GPS MODEMS	5,215.88	5,215.88

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2045171	02/03/16	02634	GRACIA, GUSTAVO	01152016	01/15/16	SAFETY BOOTS REIMBURSEMENT	135.63	135.63
2045265	02/17/16	00101	GRAINGER INC	9011068567	01/28/16	SIGN POST	499.60	
				9011068559	01/28/16	SIGN POST	217.31	716.91
2045266	02/17/16	12907	GREENRIDGE LANDSCAPE INC	13883	01/27/16	LANDSCAPING SERVICES (JAN 2016)	8,909.50	8,909.50
2045130	01/27/16	17020	GREG COCCA	Ref002454633	01/25/16	UB Refund Cst #0000223366	38.19	38.19
2045172	02/03/16	17024	GUIRIBA, DIANNE	DG020116	02/01/16	TRAVEL ADVANCEMENT	165.00	165.00
2045267	02/17/16	02630	HAAKER EQUIPMENT COMPANY	M04297	02/01/16	VACUUM TRUCK CP #9 UNIT #244 FY16	402,830.28	402,830.28
2045268	02/17/16	00174	HACH COMPANY	2125457		CREDIT MEMO	-1,726.80	
				9774646	01/29/16	LABORATORY SUPPLIES	2,946.42	1,219.62
2045269	02/17/16	00201	HARRINGTON INDL PLASTICS LLC	004G2363	01/20/16	EXPANSION JOINT & EPDM KITS	2,586.30	2,586.30
2045270	02/17/16	05986	HAVS INCORPORATED	7305	11/19/15	MAINTENANCE AND PARTS	2,400.00	2,400.00
2045131	01/27/16	17012	HECTOR COLON	Ref002454625	01/25/16	UB Refund Cst #0000208836	44.00	44.00
2045173	02/03/16	02008	HELIX ENVIRONMNTL PLANNING INC	14	01/05/16	ENVIRONMENTAL SERVICES (12/1/15-12/31/15)	4,983.41	4,983.41
2045271	02/17/16	15622	ICF JONES & STOKES INC	0112671	01/29/16	ENVIRONMENTAL SERVICES (11/27/15-12/31/15)	3,466.79	
				0112664	01/29/16	ENVIRONMENTAL SERVICES (11/27/15-12/31/15)	1,697.74	
				0112675	01/29/16	ENVIRONMENTAL SERVICES (10/31/15-12/31/15)	1,235.60	
				0112668	01/29/16	ENVIRONMENTAL SERVICES (11/27/15-12/31/15)	400.00	
				0112669	01/29/16	ENVIRONMENTAL SERVICES (10/31/15-12/31/15)	150.00	6,950.13
2045272	02/17/16	01649	IDEXX DISTRIBUTION INC	297504377	02/01/16	LABORATORY SUPPLIES	4,112.60	4,112.60
2045174	02/03/16	08969	INFOSEND INC	100946	01/05/16	BILL PRINTING SERVICES (DEC 2015)	2,038.62	2,038.62
2045273	02/17/16	08969	INFOSEND INC	101779	01/29/16	BILL PRINTING SERVICES (DEC 2015)	11,979.32	
				101778	01/29/16	BILL PRINTING SERVICES (JAN 2016)	5,422.31	17,401.63
2045274	02/17/16	02372	INTERIOR PLANT SERVICE INC	152389	01/20/16	PLANT SERVICES (JAN 2016)	226.00	226.00
2045213	02/10/16	13899	INTERMEDIA.NET INC	1602001776	02/01/16	EMAIL SERVICES (1/2/16-2/2/16)	3,103.34	3,103.34
2045214	02/10/16	17037	JAMES LESIRE	Ref002455667	02/08/16	UB Refund Cst #0000044315	85.00	85.00
2045132	01/27/16	17008	JASON MILLS	Ref002454620	01/25/16	UB Refund Cst #0000168824	39.94	39.94
2045175	02/03/16	10563	JCI JONES CHEMICALS INC	678321		CREDIT MEMO	-3,000.00	
				678284	01/05/16	CHEMICALS FOR TREATMENT PLANT	4,684.65	1,684.65
2045133	01/27/16	17021	JEREMY LAUB	7961012516	01/25/16	CUSTOMER REFUND	2,219.11	2,219.11

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2045134	01/27/16	16840	JOEL BELTRAN	Ref002454621	01/25/16	UB Refund Cst #0000170186	171.92	171.92
2045215	02/10/16	17041	JOHN CLIFFORD	Ref002455671	02/08/16	UB Refund Cst #0000203984	112.45	112.45
2045135	01/27/16	17018	JOVEN ERNANI DINGLASAN	Ref002454631	01/25/16	UB Refund Cst #0000221871	27.40	27.40
2045136	01/27/16	17016	JULIA ANGELI	Ref002454629	01/25/16	UB Refund Cst #0000217416	1,526.60	1,526.60
2045137	01/27/16	17009	JULIO GARCIA	Ref002454622	01/25/16	UB Refund Cst #0000174548	132.41	132.41
2045138	01/27/16	17017	KARA TUCKFIELD	Ref002454630	01/25/16	UB Refund Cst #0000221474	70.95	70.95
2045275	02/17/16	05840	KIRK PAVING INC	6045	01/25/16	ASPHALT CONCRETE PAVING	6,544.50	
				6054	02/01/16	ASPHALT CONCRETE PAVING	1,262.25	7,806.75
2045216	02/10/16	12276	KONECRANES INC	SDG01087024	01/29/16	HOIST SERVICE (1/6/16)	880.00	880.00
2045176	02/03/16	03336	KREINBRING, THERESA	TK020116	02/01/16	TRAVEL ADVANCEMENT	179.00	179.00
2045217	02/10/16	17047	KTA CONSTRUCTION INC	Ref002455677	02/08/16	UB Refund Cst #0000223126	1,903.11	1,903.11
2045218	02/10/16	15597	LEONARD H VILLARREAL	103115	10/31/15	PROFESSIONAL SERVICES (OCT 2015)	2,100.00	2,100.00
2045177	02/03/16	15597	LEONARD H VILLARREAL	010516	01/05/16	PROFESSIONAL SERVICES	3,150.00	
				020116	02/01/16	PROFESSIONAL SERVICES (JAN-FEB 2016)	2,975.00	
				120315	12/03/15	PROFESSIONAL SERVICES (11/23/15-12/1/15)	1,487.50	7,612.50
2045178	02/03/16	13749	LONDON GROUP REALTY ADVISORS	1151	02/01/16	OUTSIDE SERVICES (1/11/16-1/29/16)	10,930.00	10,930.00
2045219	02/10/16	17036	MARIO BUSALACCHI	Ref002455666	02/08/16	UB Refund Cst #0000042632	18.57	18.57
2045139	01/27/16	02882	MAYER REPROGRAPHICS INC	0097981IN	01/07/16	REPROGRAPHIC SERVICES	580.79	580.79
2045220	02/10/16	02882	MAYER REPROGRAPHICS INC	0098383IN	01/28/16	REPROGRAPHIC SERVICES	741.94	741.94
2045276	02/17/16	01183	MCMASTER-CARR SUPPLY CO	48447228	01/25/16	AB BLOWOFF FOR AERATION BASINS	1,355.57	1,355.57
2045179	02/03/16	01183	MCMASTER-CARR SUPPLY CO	46873948	01/08/16	FLASHLIGHT RAIN GAUGE	126.24	
				47019684	01/11/16	FLASHLIGHT RAIN GAUGE	126.24	252.48
2045140	01/27/16	17006	MICHAEL CRUZ	Ref002454618	01/25/16	UB Refund Cst #0000064977	96.63	96.63
2045221	02/10/16	17038	MICHAEL LOGUE	Ref002455668	02/08/16	UB Refund Cst #0000143273	69.61	69.61
2045222	02/10/16	17040	MICHELLE ALLISON	Ref002455670	02/08/16	UB Refund Cst #0000193881	75.00	75.00
2045223	02/10/16	16613	MISSION RESOURCE CONSERVATION	361	02/01/16	HOME WATER USE EVALUATION	62.50	62.50
2045277	02/17/16	15136	MISSION UNIFORM SERVICE	501774192	01/26/16	UNIFORM SERVICES	392.11	
				501729861	01/19/16	UNIFORM SERVICES	390.61	
				501810117	02/01/16	UNIFORM SERVICES	105.88	

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				501729860	01/19/16	UNIFORM SERVICES	105.06	
				501774191	01/26/16	UNIFORM SERVICES	105.06	
				501764173	01/25/16	UNIFORM SERVICES	94.40	
				501723846	01/19/16	UNIFORM SERVICES	69.52	1,262.64
2045180	02/03/16	15136	MISSION UNIFORM SERVICE	501641456	01/05/16	UNIFORM SERVICES	396.19	
				501684944	01/12/16	UNIFORM SERVICES	389.80	
				501675302	01/11/16	UNIFORM SERVICES	105.88	
				501719838	01/18/16	UNIFORM SERVICES	105.88	
				501684943	01/12/16	UNIFORM SERVICES	105.06	
				501641455	01/05/16	UNIFORM SERVICES	93.58	
				501679999	01/12/16	UNIFORM SERVICES	4.00	1,200.39
2045224	02/10/16	16255	NATIONWIDE RETIREMENT	Ben2455724	02/11/16	BI-WEEKLY DEFERRED COMP PLAN	13,771.12	13,771.12
2045141	01/27/16	16255	NATIONWIDE RETIREMENT	Ben2454682	01/28/16	BI-WEEKLY DEFERRED COMP PLAN	13,071.12	13,071.12
2045225	02/10/16	17044	NAYRA RAMIREZ	Ref002455674	02/08/16	UB Refund Cst #0000213845	75.00	75.00
2045181	02/03/16	16505	NIGHTCLUBPOOL LLC	105	01/26/16	WEB DEVELOPMENT	150.00	150.00
2045182	02/03/16	00761	NINYO & MOORE GEOTECHNICAL AND	195344	12/30/15	GEOTECHNICAL SERVICES (11/1/15-11/27/15)	6,753.50	6,753.50
2045278	02/17/16	00761	NINYO & MOORE GEOTECHNICAL AND	195865	01/21/16	GEOTECHNICAL SERVICES (11/28/15-12/25/15)	11,529.75	11,529.75
2045183	02/03/16	03215	O'DONNELL, MICHAEL	01272016MO	01/27/16	TUITION REIMBURSEMENT	775.00	775.00
2045279	02/17/16	00510	OFFICE DEPOT INC	819477587001	01/22/16	OFFICE SUPPLIES	143.07	
				819155310001	01/21/16	OFFICE SUPPLIES	36.17	
				820150021001	01/26/16	OFFICE SUPPLIES	18.99	198.23
2045184	02/03/16	00510	OFFICE DEPOT INC	816540174001	01/08/16	OFFICE SUPPLIES	114.94	
				813046522001	01/05/16	OFFICE SUPPLIES	61.12	
				815608559001	01/06/16	OFFICE SUPPLIES	54.16	
				816540523001	01/12/16	OFFICE SUPPLIES	26.99	
				812824284003	12/29/15	OFFICE SUPPLIES	17.81	275.02
2045185	02/03/16	01002	PACIFIC PIPELINE SUPPLY	305826	01/16/16	INVENTORY	2,332.15	2,332.15
2045142	01/27/16	05497	PAYPAL INC	47083539	12/31/15	PHONE PAYMENT SVCS (DEC 2015)	54.10	54.10
2045280	02/17/16	05497	PAYPAL INC	47900159	01/31/16	PHONE PAYMENT SVCS (JAN 2016)	54.10	54.10
2045226	02/10/16	12472	PCNATION	W12134490101	10/10/15	UPS	1,437.05	1,437.05
2045227	02/10/16	17035	PETE GARCIA	Ref002455665	02/08/16	UB Refund Cst #0000015428	51.63	51.63

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Check #	Date	Vendor	Vendor Name	Invoice	Inv. Date	Description	Amount	Check Total
2045281	02/17/16	00137	PETTY CASH CUSTODIAN	021116	02/11/16	PETTY CASH REIMBURSEMENT	605.69	605.69
2045186	02/03/16	15081	PINOMAKI DESIGN	5113	01/16/16	OUTSIDE SERVICES	85.00	85.00
2045282	02/17/16	15081	PINOMAKI DESIGN	5127	02/01/16	OUTSIDE SERVICES	340.00	340.00
2045187	02/03/16	06419	PLANT SOUP INC	1057	01/21/16	OUTSIDE SERVICES	1,113.00	1,113.00
2045188	02/03/16	02449	POLLARDWATER.COM	0033509	01/13/16	BRIGHT DYES	215.22	215.22
2045189	02/03/16	12571	PONCE, GREG	020116	02/01/16	SAFETY BOOTS REIMBURSEMENT	135.60	135.60
2045143	01/27/16	01715	PORRAS, PEDRO	012416012716	01/20/16	TRAVEL EXPENSE REIMB (1/24/16-1/27/16)	193.00	193.00
2045283	02/17/16	13059	PRIORITY BUILDING SERVICES	47712	01/01/16	JANITORIAL SERVICES (JAN 2016)	4,199.00	4,199.00
2045284	02/17/16	03613	PSOMAS	114450	01/21/16	AS-NEEDED DESIGN (ENDING 12/31/15)	712.00	
				114449	01/21/16	AS-NEEDED DESIGN (ENDING 12/31/15)	191.25	903.25
2045190	02/03/16	03613	PSOMAS	114222	01/18/16	AS-NEEDED DESIGN (ENDING 11/26/15)	705.25	705.25
2045285	02/17/16	00078	PUBLIC EMPLOYEES RET SYSTEM	Ben2455726	02/11/16	BI-WEEKLY PERS CONTRIBUTION	191,134.94	191,134.94
2045191	02/03/16	00078	PUBLIC EMPLOYEES RET SYSTEM	Ben2454684	01/28/16	BI-WEEKLY PERS CONTRIBUTION	191,134.65	191,134.65
2045286	02/17/16	01409	PUMP CHECK	6280	01/28/16	PUMP EFFICIENCY TESTING	9,800.00	9,800.00
2045192	02/03/16	16133	R J SAFETY SUPPLY CO INC	3527711	01/08/16	FACEMASK FLOW TEST	268.48	268.48
2045287	02/17/16	08972	RICK ENGINEERING COMPANY	0046850	01/27/16	CAMPO ROAD SUPPORT (12/1/15-12/31/15)	15,193.74	15,193.74
2045228	02/10/16	01700	RUBALCAVA, GILBERT	012816	02/05/16	SAFETY BOOTS	150.00	150.00
2045144	01/27/16	12470	SAN DIEGO BUSINESS JOURNAL	012016	01/01/16	SUBSCRIPTION RENEWAL	99.00	99.00
2045229	02/10/16	00003	SAN DIEGO COUNTY WATER AUTH	0000001304	09/24/15	MWD SCWS - WBIC	100.55	100.55
2045288	02/17/16	00003	SAN DIEGO COUNTY WATER AUTH	0000001372	01/22/16	HEWS	450.00	450.00
2045289	02/17/16	00121	SAN DIEGO GAS & ELECTRIC	012516a	01/25/16	UTILITY EXPENSES (MONTHLY)	19,234.56	
				020416	02/04/16	UTILITY EXPENSES (MONTHLY)	18,583.34	37,817.90
2045230	02/10/16	00121	SAN DIEGO GAS & ELECTRIC	012716	01/27/16	UTILITY EXPENSES (MONTHLY)	51,962.52	
				020316	02/03/16	UTILITY EXPENSES (MONTHLY)	36,728.73	
				012616	01/26/16	UTILITY EXPENSES (MONTHLY)	26,078.97	
				012016a	01/20/16	UTILITY EXPENSES (MONTHLY)	7,199.89	
				012516	01/25/16	UTILITY EXPENSES (MONTHLY)	935.41	122,905.52
2045145	01/27/16	00121	SAN DIEGO GAS & ELECTRIC	012016	01/20/16	UTILITY EXPENSES (MONTHLY)	11,823.31	11,823.31
2045231	02/10/16	17042	SARAH YOUNG	Ref002455672	02/08/16	UB Refund Cst #0000213351	19.67	19.67

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2045232	02/10/16	15086	SAVAGE, DEANDRE	020316	02/05/16	SAFETY BOOTS	113.25	113.25
2045233	02/10/16	16229	SMITH, TIMOTHY	010116013116	02/05/16	MILEAGE REIMBURSEMENT (JAN 2016)	131.76	131.76
2045234	02/10/16	17046	SPECTRUM CAPITAL LLC	Ref002455676	02/08/16	UB Refund Cst #0000217934	33.06	33.06
2045146	01/27/16	05755	STATE WATER RESOURCES	2673012116	01/21/16	CERTIFICATION RENEWAL	80.00	80.00
2045193	02/03/16	07678	STREAMLINE FORMS & GRAPHICS	40453	01/11/16	COURTESY NOTICE DOOR TAGS	202.82	
				40454	01/11/16	COURTESY NOTICES	170.42	373.24
2045235	02/10/16	12809	STUTZ ARTIANO SHINOFF	213149	02/01/16	LEGAL SERVICES (DEC 2015)	17,625.85	17,625.85
2045147	01/27/16	15974	SUN LIFE FINANCIAL	Ben2454680	01/28/16	MONTHLY CONTRIBUTION TO LTD	5,039.85	5,039.85
2045290	02/17/16	10339	SUPREME OIL COMPANY	420034	01/21/16	UNLEADED FUEL	7,068.38	
				420036	01/21/16	DIESEL FUEL	2,954.46	10,022.84
2045291	02/17/16	16610	SVPR COMMUNICATIONS	1089	12/01/15	CONSULTANT SERVICES	4,000.00	4,000.00
2045148	01/27/16	17007	TANIA LOPEZ	Ref002454619	01/25/16	UB Refund Cst #0000146780	6.90	6.90
2045292	02/17/16	01834	TC CONSTRUCTION CO INC	012116	01/22/16	EMERGENCY REPAIR	31,123.40	31,123.40
2045293	02/17/16	02376	TECHKNOWSION INC	2632	01/25/16	SCADA UPGRADES	20,000.00	20,000.00
2045194	02/03/16	02376	TECHKNOWSION INC	2631	01/11/16	SCADA UPGRADES	25,000.00	25,000.00
2045149	01/27/16	15926	TEXAS CHILD SUPPORT UNIT	Ben2454694	01/28/16	BI-WEEKLY PAYROLL DEDUCTION	184.61	184.61
2045236	02/10/16	15926	TEXAS CHILD SUPPORT UNIT	Ben2455734	02/11/16	BI-WEEKLY PAYROLL DEDUCTION	184.61	184.61
2045294	02/17/16	16744	THE SAN DIEGO UNION-TRIBUNE	002472404	01/22/16	BID ADVERTISEMENT	287.00	287.00
2045237	02/10/16	14177	THOMPSON, MITCHELL	010116013116	01/30/16	MILEAGE REIMBURSEMENT (JAN 2016)	92.88	92.88
2045150	01/27/16	08159	TORRES, LEONEL	LT012516	01/25/16	MEAL ADVANCEMENT	177.00	177.00
2045195	02/03/16	08159	TORRES, LEONEL	LT0020116	02/01/16	TRAVEL ADVANCEMENT	331.00	331.00
2045295	02/17/16	00427	UNDERGROUND SERVICE ALERT OF	120160488	02/01/16	UNDERGROUND ALERTS (MONTHLY)	253.50	253.50
2045296	02/17/16	15675	UNITED SITE SERVICES INC	1143713694	01/30/16	PORTABLE TOILET RENTAL (1/28/16-2/24/16)	98.17	
				1143692087	01/26/16	PORTABLE TOILET RENTAL (1/20/16-2/16/16)	79.98	
				1143720723	01/31/16	PORTABLE TOILET RENTAL (1/29/16-2/25/16)	79.98	258.13
2045196	02/03/16	15675	UNITED SITE SERVICES INC	1143665124	01/10/16	PORTABLE TOILET RENTAL (1/8/16-2/4/16)	80.03	
				1143665121	01/10/16	PORTABLE TOILET RENTAL (1/9/16-2/5/16)	79.98	
				1143665122	01/10/16	PORTABLE TOILET RENTAL (1/8/16-2/4/16)	79.98	
				1143665123	01/10/16	PORTABLE TOILET RENTAL (1/8/16-2/4/16)	79.98	

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				1143654034	01/13/16	PORTABLE TOILET RENTAL (1/1/16-1/28/16)	79.98	399.95
2045151	01/27/16	00350	UNITED STATES POSTAL SERVICE	3951012116	01/21/16	PREPAID POSTAGE MACHINE	6,000.00	6,000.00
2045238	02/10/16	15392	UP N DOWN SCAFFOLD CO INC	2792	01/29/16	SCAFFOLD RENTAL FOR 980-2 HYDRO TANK	1,800.00	1,800.00
2045197	02/03/16	07674	US BANK	CC20160122057	01/22/16	CAL CARD EXPENSES (MONTHLY)	47,383.91	47,383.91
2045152	01/27/16	01095	VANTAGEPOINT TRANSFER AGENTS	Ben2454688	01/28/16	BI-WEEKLY DEFERRED COMP PLAN	14,407.76	14,407.76
2045239	02/10/16	01095	VANTAGEPOINT TRANSFER AGENTS	Ben2455730	02/11/16	BI-WEEKLY DEFERRED COMP PLAN	14,373.70	14,373.70
2045153	01/27/16	06414	VANTAGEPOINT TRANSFER AGENTS	Ben2454690	01/28/16	BI-WEEKLY 401A PLAN	12,263.83	12,263.83
2045240	02/10/16	06414	VANTAGEPOINT TRANSFER AGENTS	Ben2455732	02/11/16	BI-WEEKLY 401A PLAN	10,750.10	10,750.10
2045241	02/10/16	03329	VERIZON WIRELESS	9759241301	01/21/16	CELLULAR & WIRELESS SVCS (12/22/15-1/21/16)	1,660.84	1,660.84
2045198	02/03/16	03329	VERIZON WIRELESS	9759241297	01/21/16	CELLULAR & WIRELESS SVCS (12/22/15-1/21/16)	5,503.86	
				9759241303	01/21/16	CELLULAR & WIRELESS SVCS (12/22/15-1/21/16)	450.12	
				9759241307	01/21/16	CELLULAR & WIRELESS SVCS (12/22/15-1/21/16)	100.04	
				9759241305	01/21/16	CELLULAR & WIRELESS SVCS (12/22/15-1/21/16)	40.04	6,094.06
2045154	01/27/16	15807	WATCHLIGHT CORPORATION, THE	447730	11/16/15	SECURITY AND ACCESS CONTROL	559.30	559.30
2045199	02/03/16	15807	WATCHLIGHT CORPORATION, THE	455104	01/15/16	MONITORING SERVICES (FEB 2016)	1,373.92	
				455491	01/13/16	SECURITY AND ACCESS CONTROL	959.11	
				455493	01/13/16	SECURITY AND ACCESS CONTROL	538.06	
				455490	01/13/16	SECURITY AND ACCESS CONTROL	204.00	3,075.09
2045155	01/27/16	15726	WATER SYSTEMS CONSULTING INC	1712	12/31/15	HYDRAULIC MODELING (ENDING 12/31/15)	4,415.00	4,415.00
2045200	02/03/16	03781	WATTON, MARK	121615121815	02/01/16	TRAVEL EXPENSE REIMB (12/16/15-12/18/15)	481.93	481.93
2045156	01/27/16	17004	WILLIAM STRONG	Ref002454616	01/25/16	UB Refund Cst #0000037955	42.55	42.55
2045201	02/03/16	16237	XYLEM DEWATERING SOLUTIONS INC	400574465	01/14/16	FLYGT PUMP REPLACEMENT	8,403.91	8,403.91
2045297	02/17/16	14857	YSI INCORPORATED	631636	01/27/16	YSI CONTROLLER	1,993.74	1,993.74
2045298	02/17/16	15567	ZETTA INC	INV00027164	02/01/16	STORAGE USAGE (FEB 2016)	2,083.25	2,083.25
2045242	02/10/16	15438	ZIOMEK, JEANETTE	02032016JZ	02/03/16	TUITION REIMBURSEMENT	433.00	433.00
Amount Pd Total:							1,736,454.84	
Check Grand Total:							1,736,454.84	