

OTAY WATER DISTRICT

BOARD OF DIRECTORS MEETING
DISTRICT BOARDROOM

2554 SWEETWATER SPRINGS BOULEVARD
SPRING VALLEY, CALIFORNIA

WEDNESDAY

July 2, 2014

3:30 P.M.

AGENDA

1. ROLL CALL
2. PLEDGE OF ALLEGIANCE
3. APPROVAL OF AGENDA
4. APPROVE THE MINUTES OF THE SPECIAL MEETING OF MAY 19, 2014
5. PUBLIC PARTICIPATION – OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO SPEAK TO THE BOARD ON ANY SUBJECT MATTER WITHIN THE BOARD'S JURISDICTION BUT NOT AN ITEM ON TODAY'S AGENDA

CONSENT CALENDAR

6. ITEMS TO BE ACTED UPON WITHOUT DISCUSSION, UNLESS A REQUEST IS MADE BY A MEMBER OF THE BOARD OR THE PUBLIC TO DISCUSS A PARTICULAR ITEM:
 - a) AWARD A PROFESSIONAL AS-NEEDED ENVIRONMENTAL CONSULTING SERVICES AGREEMENT TO ICF INTERNATIONAL IN AN AMOUNT NOT-TO-EXCEED \$375,000 DURING FISCAL YEARS 2015, 2016, AND 2017 (ENDING JUNE 30, 2017)
 - b) AWARD A PROFESSIONAL AS-NEEDED HYDRAULIC MODELING SERVICES AGREEMENT TO WATER SYSTEMS CONSULTING, INC. IN AN AMOUNT NOT-TO-EXCEED \$175,000 FOR FISCAL YEARS 2015 AND 2016 (ENDING JUNE 30, 2016)
 - c) AWARD A PROFESSIONAL SERVICES AGREEMENT TO RBF CONSULTING FOR CONSTRUCTION MANAGER AND INSPECTION SUP-

PORT OF THE 870-2 PUMP STATION PROJECT IN AN AMOUNT NOT-TO-EXCEED \$853,485

- d) REJECT ALL BIDS FOR THE CONSTRUCTION OF THE 624 PRESSURE ZONE PRESSURE REDUCING STATIONS PROJECT
- e) ADOPT RESOLUTION NO. 4236 TO ESTABLISH THE TAX RATE FOR IMPROVEMENT DISTRICT NO. 27 AT \$0.005 FOR FISCAL YEAR 2014-2015
- f) ADOPT RESOLUTION NO. 4237 TO CONTINUE WATER AND SEWER AVAILABILITY CHARGES FOR DISTRICT CUSTOMERS FOR FISCAL YEAR 2014-2015 TO BE COLLECTED THROUGH PROPERTY TAX BILLS
- g) ADOPT ORDINANCE NO. 544 AMENDING SECTION 23.04, CROSS-CONNECTIONS AND BACKFLOW DEVICES, OF THE DISTRICT'S CODE OF ORDINANCES

ACTION ITEMS

7. ADMINISTRATION, FINANCE AND INFORMATION TECHNOLOGY

- a) ADOPT RESOLUTION NO. 4238 AMENDING SECTION (C) (6) (e) OF THE DISTRICT'S BOARD OF DIRECTOR'S POLICY 8 TO PROVIDE MORE EFFICIENT AND STREAMLINED REPORTING AND MORE CLOSELY ALIGN ITS LANGUAGE WITH THE REQUIREMENTS OUTLINED IN GOVERNMENT CODE SECTION 53065.5
- b) APPROVE A TEMPORARY MORATORIUM ON THE INSTALLATION OF A NEW RECYCLED WATER FACILITIES ON OTAY MESA

8. BOARD

- a) DISCUSSION OF THE 2014 BOARD MEETING CALENDAR

INFORMATIONAL ITEM

9. THE FOLLOWING ITEM IS PROVIDED TO THE BOARD FOR INFORMATIONAL PURPOSES ONLY. NO ACTION IS REQUIRED ON THE FOLLOWING AGENDA ITEM:

- a) FISCAL YEAR 2014 THIRD QUARTER CAPITAL IMPROVEMENT PROGRAM REPORT

AGENDA ITEM 4

**MINUTES OF THE
SPECIAL MEETING OF THE
BOARD OF DIRECTORS
OTAY WATER DISTRICT
May 19, 2014**

1. The meeting was called to order by President Lopez at 3:20 p.m.

2. ROLL CALL

Directors Present: Croucher, Gonzalez, Lopez, Robak and Thompson

Directors Absent: None

Staff Present: General Manager Mark Watton, Attorney Richard Romero, Asst. GM German Alvarez, Chief of Information Technology Geoff Stevens, Chief Financial Officer Joe Beachem, Chief of Engineering Rod Posada, Chief of Administration Rom Sarno, Chief of Operations Pedro Porras, District Secretary Susan Cruz and others per attached list.

3. PLEDGE OF ALLEGIANCE

4. APPROVAL OF AGENDA

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

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

to approve the agenda.

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

No one wished to be heard.

WORKSHOP

6. ADOPT RESOLUTION NO. 4235 OF THE BOARD OF DIRECTORS TO APPROVE THE FISCAL YEAR 2014-2015 OPERATING AND CAPITAL BUDGET; APPROVE FUND TRANSFERS FOR POTABLE, RECYCLED, AND SEWER; APPROVE WATER AND SEWER RATE CHANGES ON ALL BILLINGS THAT BEGIN IN CALENDAR YEAR 2015; ADOPT THE SALARY SCHEDULE; AND ADOPT ORDINANCE NO. 543 AMENDING THE CODE OF ORDINANCES SECTION 53, CONDITIONS FOR SEWER SERVICE, AND APPENDIX A WITH THE PROPOSED WATER AND SEWER RATE CHANGES; AND DIRECT STAFF TO SEND RATE INCREASE NOTICES

Chief Financial Officer Beachem reviewed the objectives of the workshop which included:

- Reviewing the FY 2015 - 2018 Strategic Plan
- Presenting for approval an \$91.6 million Operating Budget
- Presenting for approval a \$10.6 million CIP Budget
- Requesting approval of average rate increases to be effective January 1, 2015
 - Water: 5.8%
 - Sewer: 5.0%
- Requesting approval of the annual fund transfers

Chief of Information Technology Geoff Stevens provided a presentation on the District's 2015-2018 Strategic Plan. He noted that the presented Strategic Plan is for four (4) years, one (1) more year than previous plans. He presented slides stating the District's *Mission* (what the District will do), *Vision* (how the District will do it), *Statement of Values* and *Key Challenges* (see attached copy of staffs' presentation).

He indicated that the implementation of the Strategic Plan will be a two phase approach. The first phase is to improve the foundation processes and systems which includes:

- Identifying the key projects (building blocks) needed
 - SCADA (Supervisory Control and Data Acquisition): Monitors water related equipment
 - Work Order / AM: Management of work for District's assets
 - Water Planning
 - Emergency Preparedness/NIMS (National Incident Management System)
- Identifying key commitments and deliverables across departments
- Enterprise focus
- Limit focus to these projects first; if there is additional time, then expand

- Sharpen existing measurement targets already in the plan

Chief of Information Technology Stevens indicated that staff is continuing the objectives and performance measures that are already in place. He stated that nothing is being taken out of the plan, the District is just focusing on the plan in a different way.

Once the key building blocks are in place and the resources across all departments are gathered, the District will move into Phase 2; implementing enhanced performance measures. This phase includes:

- Test scenarios and approaches during Phase 1 and be ready to implement after key projects are in place
- Identify measurement philosophy to ensure relevance
- Build a visual display (dashboard) of results
- Determine internal areas of focus; how to best contribute to overall company efficiency and effectiveness

Mr. Stevens reviewed the details of each Key Project and Objective in Phase I (see attached copy of staffs' presentation) for fiscal year 2015. He also noted the Objectives from fiscal year 2014 that will continue into 2015 (see attached copy of staffs' presentation). He stated the focus in Phase 2 is to develop better enterprise measures. There will be critical ratios, such as employees per customer, O&M per customer, debt coverage ratio, etc., which will provide a good view of what is going on at the macro level with the business/District and there will be measures that provide detailed feedback at the department level. The District's target is to present a "dashboard" view or a consolidated metrics view for the board. He presented a slide indicating the existing Operating Measures that will continue in the fiscal year 2015-2018 Strategic Plan (see attached copy of staffs' presentation).

Chief Financial Officer Beachem reviewed the rate model and the process to develop the District's budget. He stated the Strategic Plan is where the process begins and it is what drives where the District will be focusing its efforts. With the Strategic Plan as a guide, all items are input into the 6-year rate model which includes the 6-year CIP Budget, Operating budget, MWD and CWA rates, beginning year balances, the various assumptions for interest rates, inflation, growth and sales, and the District's targets for debt coverage and reserve levels. From the input, the District generates an Operating and CIP Budget and the water and sewer rates to support the budgets.

As the rate model is developed, staff assures that District objectives are met. Some of the objectives include:

- Increasing the debt coverage ratio to the 152% target
- Funding the \$91.6 million Operating Budget
- Funding the \$10.6 million Capital Budget

- Maintaining all reserves at target levels
- Adhering to the Reserve Policy guidelines

He stated that staff is also requesting approval of the proposed reserve and operating budget fund transfers for FY 2015 of \$8.1 million to assure all the reserves are at target:

- Potable:
 - Designated Expansion to Replacement - \$4,470,000
- Recycled:
 - General Fund to Designated Expansion - \$1,971,100
 - General fund to New Water Supply - \$25,000
- Sewer:
 - Designated Expansion to Replacement - \$40,500
 - Designated Betterment to Replacement - \$530,000
 - General Fund to Replacement - \$1,050,300
 - General Fund to Sewer State Loan - \$34,000

From the Operating Budget revenues, staff is proposing transfers to the following reserve funds:

- From Recycled transferring \$2,538,900 to the Expansion Reserve
- From Potable (\$2,805,000) and Recycled (\$725,000) transferring a total of \$3,530,000 to the Betterment Reserve
- From Potable (\$675,000), Recycled (\$1,679,000) and Sewer (\$961,200) transferring a total of \$3,270,200 to the Replacement Reserves
- From Potable transferring \$1,583,800 to the General Fund Reserve
- From Potable transferring \$553,800 to the Sewer General Fund Reserve
- From Potable transferring \$127,000 to the Sewer Replacement Reserve
- From Potable (\$546,000), Recycled (\$57,300) and Sewer (\$43,800) transferring a total of \$647,100 to the OPEB Trust Fund

Chief Financial Officer Beachem indicated that staff had projected in last Fiscal Year's (FY) six-year budget projections water rate increases that are a little higher than this year's projections primarily because MWD's proposed increases for this FY were lower than projected last fiscal year. Also, there has been an increase in labor efficiency (drop in head count from 143 to 140 FTE staff members) and the District's CIP has been reduced \$3.2 million. Staff is proposing a 5.8% in FY 2015, a 4.7% increase in FY 2016 and 2017, a 4.6% increase in FYs 2018 to 2019 and a 4.5% increase in FY 2020. He indicated with a reduction in the rate increase, there is a reduction in the debt coverage ratio which will bring it closer to 150%.

He indicated that the six-year budget projections for sewer this FY is also lower than was projected last FY. A 7.9% increase was projected from FY 2014 to 2019. This FY, the rate increases for sewer from FY 2015 through 2020 is projected to be 5%. The decrease is primarily due to savings in labor cost.

Chief Financial Officer Beachem also indicated that the District's minimum required Debt Coverage Ratio, per the District's Bond Covenant, is 125% and the target level is 150%. He stated that the District's Debt Coverage Ratio has not been above 150% since 2008, during the downturn in the economy. With the improving economy and the proposed rate increases, the District's Debt Coverage Ratio, excluding growth revenues (connection fees, capacity fees, etc.), is projected to be back above 150% for FY 2015 at 152%. If growth revenues are included, the District's Debt Coverage Ratio for FY 2015 is projected to be 166%. He stated that the District looks at both ratios, with and without growth, as the District must maintain its target level even if there is no longer growth.

He stated that 75% of the proposed rate increase is due to the District's suppliers raising their rates and 25% is due to Otay WD's internal cost increases. He reviewed in detail the items that are putting an upward pressure on the District's rates:

- Water costs increase of \$2,034,100
- Power cost increase of \$145,400
- Salary and benefit costs net increase of \$1,073,800 (while reducing employee head count by 3 FTEs)
- Materials and Maintenance cost increases of \$336,600
- Proposed Sewer State Revolving Fund debt issuance \$1.96 million in FY 2016 and \$1.76 million in FY 2017

He stated that with the proposed water rate increase for FY 2015, the District would rank as the eleventh (11th) lowest cost water provider with an average residential bill of \$81.66 for customers utilizing an average of 14 units of water a month. The District's goal is to remain under the mid-point among the local water agencies and as the 11th lowest cost water provider, it has met this goal.

He indicated with regard to the proposed sewer rate increase of 5% in each of the next six (6) years, the typical residential customer will see a \$2.82 increase per month where \$2.06 is due to the rate increase and \$0.76 is due to the phase in of the Cost of Service Study. With the proposed increases in FY 2015, the District will be the seventh (7th) lowest cost sewer service provider with an average residential bill of \$45.16 for customers who use an average of 14 units of water a month. Again, the District's goal is to remain under the mid-point among the local sewer providers and as the 7th lowest cost water provider, it has met this goal.

He stated that in FY 2015 the District has a pretty substantial CIP budget to fund totaling \$17.4 million for six (6) years. He noted that potable had borrowed funds

from sewer to avoid some temporary borrowing and the borrowed funds are being paid back in FY 2015. The District will also need to borrow \$3.7 million from the State Revolving Funds to fund the sewer CIP. This is a low cost and low interest rate (2.5% for 20 years) debt with no external issuance cost. He indicated that all reserve are on target.

Chief Financial Officer Beachem introduced Mr. Gary London of the London Group. Mr. London worked with staff to develop the growth projections for the development of the District's budget. He stated that Mr. London will be presenting an economic overview for San Diego County. Mr. London noted the employment rate from January 2002 to January 2014 and indicated that the employment level dipped to very low levels during the recessionary years and reached its lowest point in 2010. He stated that we have since reduced the unemployment rate from double digits to approximately 6%. He noted that while unemployment is not the only metric, it certainly provides information on where we were and where the economy is today. He indicated that from a baseball perspective, the economy is probably in the fourth or fifth inning of recovery. He stated that it will be a long slow continual recovery, but that economic prosperity is in front of us and we will see an upward curve in economic expansion over the next few years at least.

He indicated that San Diego is in a much better position economically than other parts of the Country because it has a diversified economy. He stated, however, there are still a lot of individuals who are underemployed; those that have been trained to be lawyers, etc., but are not working in the fields that they were trained or are working less than 40 hours per week. He indicated that the overall health of the economy is also affected by the job participation level which has gone down because the key demographic, those born between 1949 to 1964, are starting their retirement years, but are not yet ready to retire and they do not have the skills to start over again.

He reviewed job growth in San Diego from 2008 to 2013 and most of the segments have been in a growth mode since 2010 to 2013 with the exception of the manufacturing sector. He indicated that he is not comfortable indicating that manufacturing is ever going to come back to historical levels, however, the construction sector has been rebounding heavily over the past year. Construction is not at its lowest levels as it has been in the early part of the century, but it is back at a reasonable pace.

Mr. London stated that in comparing the demographic growth rate for the Otay WD and the County as a whole, the District's growth rates are higher. The number of persons per household is larger and the average median income per household is substantially higher than the region as a whole. Since the crash of 2007, the house resale market has been recovering from a pricing perspective, but sales have not been near the levels that occurred before the economic downturn. He indicated that he felt that demand exceeding supply will become a permanent state for the housing market. This will continue to bid up house prices in the region.

He stated that the commercial market is similar to the residential market in that evaluations have not recovered to the levels prior to the recession. They are climbing back up, but likely will not reach pre-recession levels. Commercial is in a much slower growth mode than the residential sector primarily because technology is shrinking workspace requirements. Retail is also closing more space than it is adding due to on-line shopping. This impact is mainly to mid-level retail. High-end and low-end retail is doing fine.

Mr. London indicated that residential foreclosures have declined and we have pretty much reached the end of that period. There is very little foreclosure inventory and distressed individuals are able to sell their homes in today's economy. This will hold true over the coming years. He stated in the City of Chula Vista, the number of new permitted residential homes is much below the peak of 2004. However, we are showing steady growth from 2009 to 2013 and he felt this current pace is likely what will continue in the foreseeable future in this region.

He presented a slide (see attached copy of presentation) indicating the projected new residential construction within the District's service area from FYs 2013 to 2020. He stated that the presented numbers are going to be very accurate in terms of the delivery of constructible units over the next few years. He stated that his firm has vetted the numbers with the City, County and with the developers themselves. He highlighted that much of the residential construction will be apartment buildings, which is reflective of the state of the market we are in today. He indicated the reason is that there is not enough land to build single family homes and, thus, the demand for single family homes is increasing which is driving prices up. Also, developers feel that condominiums are not feasible to build as they cannot price them high enough to build them profitably. Thus, many perspective homeowners will likely rent for a while. He noted, however, that because of the affluence and the fact that most of the developable property is within the District's service area, it is inevitable that the region will see more single family homes built in comparison to the remainder of the region. Over the next few years, however, it will be at a conservative level.

Chief of Engineering Rod Posada presented the District's projected six (6) year CIP from 2015 to 2020. He stated that staff utilized Mr. London's and the developers' projections to develop the District's growth projections which is presented in slide number 34 of staffs' report (see attached copy of presentation). He indicated that Single-Family homes (150 units), condominiums (50 units) and apartment units (300) are the majority of the developments projected in FY 2015. There will also be approximately \$48 million in commercial development mainly in the Otay Mesa area with some in the City of Chula Vista. He indicated that growth, thus, will remain relatively flat in FY 2015.

He stated in the development of the CIP budget for FY 2015 this year, staff reprioritized projects based on recent requests for water availability letters, Water

Supply Assessment reports, and the District's Water Facilities Master Plan, and projects that the CIP Budget requirement for FY 2015 is \$10.6 million. The six-year CIP Budget total for FY's 2015 to 2020 is \$103.6 million. Of the \$103.6 million, \$56.56 million is designated for Capital Facilities Projects, \$37.37 million for Replacement/Renewal Projects, \$4.90 million for Developer Reimbursements and \$4.70 million for Capital Purchases. He presented the high profile CIP projects which included:

- Campo Road Sewer Replacement, \$5.5 million
- Otay Mesa Desalination Conveyance and Disinfection System, \$27.4 million
- 870-2 Pump Station Replacement, \$15.7 million
- Sewer System Rehabilitation, \$5.5 million
- Reservoir Improvements, \$5.5 million

for a total expenditure of \$59.6 million.

Accounting Manager Rita Bell presented the details of the FY 2015 Operating Budget and the how the budget was developed. She indicated that the District's water sales projections for FY 2015 are based on the average sales for FY 2011 to FY 2013 . Staff did not utilize the sales figures for FY 2014, as sales were much higher than budgeted due to the high temperatures and low rainfall. Staff also developed the growth rates based on the projections by The London Group and the Engineering Department.

She indicated that potable water sales projected for FY 2014 was pretty level with earlier years and because of higher temperatures and low rainfall, potable sales this FY is more than 6% over budget. Based on the average potable sales for FY 2011 to FY 2013, staff is projecting FY 2015 water sales of 12,716,000 units. Staff feels this is a reasonable level, especially if the drought continues and customers are asked to conserve more.

She stated that potable water sales revenues are increasing \$4.9 million (7.3%) budget to budget. Of the \$4.9 million, \$3.1 million is due to the FY 2014 rate increases and to increased sales because of higher temperatures and low rainfall; and \$1.7 million is due to the FY 2015 proposed rate increases. Potable water sales will increase 0.7% based on average sales from FY 2011 to FY 2013 and the added growth factor. She also noted that when staff sets the potable rate, the fixed fees are set at no more than 30% of the total revenues based on Best Management Practice 1.4.

Accounting Manager Bell indicated with regard to recycled water sales that staff sees a similar picture. Staff also utilized the average sales from FY 2011 to FY 2013 to project recycled water sales in FY 2015 and leveled it off. It is projected that FY 2015 recycled water sales will be 1.7 million units which is slightly lower than last FY. She stated recycled water sales revenues are increasing \$486,500 (5.8%). She noted that of the \$486,500 increase in recycled water revenues,

\$315,700 is due to the FY 2014 rate increase and increased sales due to higher temperatures and low rainfall; and \$170,800 is due to the FY 2015 rate increases. Recycled water sales will decrease 4,100 units or -0.2% in FY 2015.

She also reviewed the sewer sales revenues and indicated that sewer revenues will increase \$318,200 (11.8%) in FY 2015. Of the \$318,200 increase in sewer revenues, \$74,700 is due to the FY 2014 rate increase, \$222,200 is due to rate structure changes from the FY 2014 rate structure change implemented last year based on the Sewer Cost of Service Study (COSS), and \$21,300 is due to the board approved phase-in of the residential system fee.

The District receives revenues from other sources which include:

- Capacity Fee Revenues will decrease \$140,600 (10.9%) due to a decrease in developer activity and the completion of the Sewer Master Plan.
- Betterment Fee Revenues will decrease \$474,900 (61.1%) due to the expiration of betterment fee revenues (betterment fees are being shifted to water rates); this is revenue neutral
- Property Tax will increase \$167,900 (5.8%)
- Rents and Leases will increase \$22,800 (1.8%)
- Miscellaneous Revenues will decrease \$78,000 due to an increase in billable work order activity

She stated that the District's water cost is increasing \$2,034,100 or 4%. She reviewed the reasons for the water cost increases which included:

- Variable Cost Increase:
 - Potable costs increase of \$1,492,600 or 4.5%
 - Recycle costs decrease of \$3,400 or -0.3%
- Fixed Cost Increase:
 - Potable costs increase of \$539,500 or 5.2% due to a rate increase from the District's water suppliers (CWA and MWD)
 - There is no change in the recycled water costs
- Take or Pay
 - Recycled cost increase of \$5,400 or 1.0% due to the inflator in the contractual agreement

She indicated that sewer costs will decrease \$3,100 or -0.3% in FY 2015 due to a O&M cost decrease in the same amount of \$3,100 from the City of San Diego Metro Commission. The Spring Valley Sanitation District's O&M charges will remain the same in FY 2015.

Accounting Manager Bell stated that power cost from SDG&E is estimated to increase \$145,100 or 5.4%. The reasons for the increase include:

- Water demand increase of 0.7% for potable and 0.2% for recycled

- SDG&E had planned four (4) separate 2.5% rate increases which did not happen. They did implement, effective May 1, rate increases between 4% and 7% depending on meter size (the District has small, medium and large meters) and extended their summer peak for the month of October

Assistant Chief of Administration and Information Technology Adolfo Segura reviewed the staffing changes. He indicated that each year the Senior Team members conduct an analysis of staff workload requirements and existing vacancies. Based on the review, three (3) vacant positions were deleted reducing the fulltime equivalent (FTE)/headcount from 143 to 140 in FY 2015. He stated that the District has reduced the number of staff members from 174.75 in 2007 to 140 in 2015; a reduction of 34.75 employees or 19.9%. The cumulative cost savings from the reduction in staffing is approximately \$19,288,600 from 2007 to 2015. From an efficiency standpoint, the customer to employee ratio has increased from 301 customers serviced per employee in 2007 to 389 customers serviced per employee in 2015 or an increase of 29.2%.

He indicated that salaries and benefits have increased \$1,073,800. The items increasing salary and benefits include:

- Increase in pension costs of \$500,700
- Increase in Operating budget caused by decrease in CIP charges of \$409,900
- Increase in in-range adjustments per the MOU of \$127,000 (no COLA increase)
- Increase in OPEB of \$165,00
- Increase in temporary position wages of \$86,500

Offsetting the increases in salaries and benefits are a:

- Decrease in the staffing level of (\$263,200)
- Decrease in Overtime of (\$24,600)

Staff is also requesting that the board approve the salary schedule which is attached as Exhibit 2 to staffs' report.

In response to an inquiry from Director Croucher, Accounting Manager Bell indicated that cost savings realized by outsourcing workload is netted against the cost saved by eliminating positions. She stated that the numbers presented do reflect this net savings.

Chief of Operations Pedro Porrás reviewed changes in the District's materials and maintenance costs and indicated that the District has an overall increase in costs of \$86,900 and the increase is attributed to:

- Increase in Safety Equipment & Supplies of \$17,900 or 68.1%

- Increase in Contracted Services of \$123,900 or 26.7%
 - \$100,000 of this amount is for the Operations Department for potential major water main breaks
- Increase in Infrastructure Equipment & Supplies of \$26,000 or 5.2%

The increase in materials and maintenance costs was offset by the following savings:

- Decrease in Chemicals of \$29,000 or 6.8%
 - District will no longer be required to pay sales taxes for sodium hypochlorite.
- Decrease in Other Materials & Supplies of \$24,400 or 15.6%
- Decrease in meter and materials of \$21,100 or 15.3%

The District will also see a reduction in fuel cost due to:

- The implementation of the Automated Meter Reading (AMR) program there was a reduction in the number of vehicles for meter reading
- In 2007 the District began utilizing more fuel efficient vehicles
- In 2009 SR125 opened which reduced fuel cost

Additionally, in correlation with the reduction in staffing, the District was able to reduce the number of vehicles needed in the field. Further savings were realized when the Department of Environmental Health (DEH), in FY 2012, allowed the District to perform recycled water system inspections without their being present. This has reduced the inspections fees paid to the DEH.

Accounting Manager Bell indicated that the overall administrative expenses increased \$336,600 or 6.6%. She reviewed the reasons for the increase:

- Increase in Equipment Cost of \$232,700 (this is a one-time cost for the purchase of equipment)
- Increase in Property Liability Insurance of \$35,200 related to the increase in the number of facilities and property that must be insured
- Increase in the allocation to work orders of \$98,500

There were also some decreases in administrative costs which included:

- Decrease in postage and printing of \$36,100
 - Eliminated the printing and mailing of Proposition 218 notices in FY 2015. The District will instead be printing 30 day notices and bill inserts.
- Decrease in outside services for the removal of the one-time cost for a Salary Survey Study of \$40,000 and Actuarial Services of \$10,000 from the FY 2015

Chief Financial Officer Beachem indicated that staff is proposing a balanced budget which meets the water and sewer needs of our customers and support the District's Strategic Plan. The budget is supported by a 5.8% average rate increase for water and a 5.0% average rate increase for sewer. Staff is recommending that the board adopt Resolution No. 4235 approving the FY 2015 Operating Budget of \$91.6 million, the FY 2015 – 2020 CIP Budget of \$10.3 million, and the listing of job classifications and salary schedule. Staff is also requesting that the Board adopt Ordinance No. 543 to implement the rate increase of 5.8% for water and 5.0% for sewer effective January 1, 2015, approve the fund transfers, and direct staff to send rate increase notices to the District's customers.

Director Thompson left the dias at 4:25 p.m.

Director Croucher indicated that CWA had requested that MWD not raise their rates (0% increase) due to the fact that they are significantly over their reserve target levels. MWD denied CWA's request. He noted that the District will see an increase from CWA, but the increase will support increased water supply and storage reliability.

Director Croucher also complimented Mr. London on his presentation on the economy. He inquired if there is anything overall in the County for agriculture. Mr. London indicated that he has not done any studies specific to agriculture, but his sense is that it is not growing.

Director Thompson returned to the dias at 4:29 p.m.

In response to an inquiry from President Lopez, Mr. London indicated that he felt that the city is more bullish with their projections. He stated that he is very comfortable with the projections that his firm has provided. He indicated that they had put a lot of work into the projections and he feels they are accurate.

Director Croucher stepped off the dias at 4:31 p.m.

Director Thompson inquired what the projection differentiation would be between condos and apartments. Chief of Engineering Posada indicated that there is not a differentiation in the meters between apartments and condominiums. Both would utilize master meters with sub-meters, which is reflected in the District's meter sales projections. It was noted that there is a meter count and an EDU (Equivalent Dwelling Units) count. The meter size is based on the type of use. There was a differentiation in our revenues in that the number of meters that we projected to be sold was less than the actual sales.

Director Croucher returned to the dias at 4:34 p.m.

In response to an inquiry from Director Robak, staff indicated that the increase from MWD is 1.5% and CWA advertised their increase as 2.6%, but this does not include

IAC (Infrastructure Access Charge) or MWD's (readiness to serve or capacity reservation charge) numbers. When you add these numbers in and cost it to Otay WD, the rate increase is actually 3.6%. Part of the rate increase is the shifting of \$474,000 in betterment fees to the general water rate and SDG&E's increase of approximately \$1 million. The increase after the shift is \$1,453,000. It was indicated that the 75% (\$1,095,000) of the increase is due to the potable water rate increase and SDG&E's increase. The shift of the betterment fees of \$474,000 to the general water rate is not a rate increase as it is revenue neutral and it is basically a shift in where the fees are collected. Staff explained that if there were no increases from the District's providers, 75% of 5.8%, the District's proposed water rate increase, would go away. The 25% is made up of some internal cost increases and for funding the reserves.

In response to another inquiry from Director Robak, Accounting Manager Bell indicated that the 11.8% (\$318,200) increase in sewer revenues is the increase in the FY 2015 sewer budget over the FY 2014 budget. She stated that 5% or \$74,700 is due to the proposed sewer rate increase and the balance of \$222,200 is due to the rate structure change implemented in FY 2014. Additionally, \$21,300 is due to the Board approved phase-in of the residential system fee. In response to another inquiry from Director Robak, staff indicated that the 5% increase would not be universal to all sewer customers. Single-family residential customers will see a larger increase and multi-residential and commercial will see a lower increase. Also, the District had a base fee for 3/4" and 1" residential meter customers. This base fee no longer exists and has been combined into one fee for both meter sizes. Thus, 1" meter customers will receive a small decrease. She also noted that individual customer bills are dependent upon their winter use.

Chief Financial Officer Beachem indicated in response to an additional inquiry from Director Robak that the rate increase is complex and customer service staff do receive calls with regard to the rate increase notices. The customer service staff responds to their questions and explains the increases. Staff indicated that they can review the sewer notice and see if there is additional language that can be added to clearly explain the proposed increase.

Director Robak also indicated with regard to a comparison of the District's sewer rate with other local sewer service providers, and in particular the County of San Diego, the District's sewer rate was lower than the County of San Diego in the past. Currently, residents who live across the street from one another, the resident receiving service from the District is 35% higher than the resident receiving service from the County of San Diego. He inquired what is keeping the County of San Diego's rate consistently lower than the District's. Accounting Manager Bell indicated that the County had merged all their individual sanitation districts (Pine Valley, Lake Forrest, etc.) and they were using up some of their excess reserves, which has kept their rate down. She indicated that the County of San Diego is currently doing a Cost of Service Study and that she could check with them on how the outcome for their sewer service costs.

In response to another inquiry from Director Robak, Chief of Engineering Posada indicated that the District is in conversation with the County of San Diego with regard to their possibly treating the District's sewage or in their taking over the District's Ralph Chapman Water Reclamation Plant. This would reduce the District's costs. At this time, a study is being done and there is no certainty of the outcome.

General Manager Watton indicated in response to an inquiry from Director Robak that more employee salary costs are being shifted from the CIP to the Operating budget. Also, the increase in PERS cost is due to having less employees due to the District's reduction of FTE's over the years. The District is still paying charges for its retirees, but have fewer employees to spread the cost over. He indicated that the State did pass new statutes that provides for a different retirement system which will reduce costs, but it will take some time before the District sees the impact to costs from to the new system.

Director Robak indicated that at some point customers will get to a point where they cannot get more efficient with their water use and if this was taken into consideration. Accounting Manager Bell indicated that for the six-year model, staff took the average of the three (3) years and added the projected growth for six (6) years. She agreed that at some point customers will get to a point where they cannot do more to conserve, but that would be very far out in the future.

Director Robak suggested that staff make the water conservation message on the Rate Notices more prominent so it is more eye-catching. Staff indicated that it certainly can be done.

Director Croucher also inquired with regard to the Rate Notices, if there is a way to make it very clear that the rate increase can impact water consumed as early as December 2014. Staff responded that they would try to make that information more prominent as well.

Director Thompson commented that the District has a 5.7% increase in labor and benefits costs, while at the same time it has reduced the FTE count by 2%. He stated that this indicates that the District's labor and benefit costs are increasing per employee by about 7.7%. He stated that he also understands that labor is also charged to the CIP budget which is not included in the operating budget. The labor cost is one area that he has concerns with and would like to understand the reasons in why it is going up. Chief Financial Officer Beachem indicated that when the District does its projections for labor, each department is asked to identify how much labor is being charged to the Operating versus CIP budget. He stated that this year there is less being charged to the CIP budget and more is being charged in the Operating Budget. Staff noted that the driver of the CIP budget is construction. The personnel labor used in construction is substantially less than the amount of labor used in design. During slow construction periods, the District

handles construction management in house. When construction is very busy, the District does not want to hire staff, instead the District utilizes construction management consultants to handle the peak periods. It was further discussed that over a million was for labor cost, approximately \$400,000 was charged to the CIP budget, and \$120,000 was allocated to step increases.

Chief Financial Officer Beachem indicated that part of the rate increase is tied to the District's debt coverage ratio and due to a portion of the increase, the District's debt coverage ratio will increase from 130% to 152%. The District's target is to be above 150%.

Director Thompson also commented that he felt that the District should get more aggressive with the Water Conservation programs. He indicated that CWA will be doubling the turf rebate program and he felt that the program can be utilized within the District's jurisdiction. General Manager Watton indicated that the District did carry the programs over and does have various conservation programs. Director Croucher suggested that the District could possibly have a staff member go to customers' homes and share with them the various conservation programs. General Manager Watton indicated that the District does have an audit program where a staff member would visit the customer and advise them on how they can redo their yard with water conserving plants.

Director Gonzalez complimented staff for their work on the budget and indicated he appreciated staff providing the information to the board's questions.

President Lopez inquired if 2014 was another dry year, what would the District reference for water sales to develop the budget for FY 2016. Chief Financial Officer Beachem indicated if this year turns out to be an El Nino year and the District's sales drop, staff would typically reference a normal year and budget for a normal rainfall year unless the District hears differently.

Director Thompson indicated that last year part of the discussion was on the Carlsbad Desalination Project and that the District had built into its rate increase the anticipated increase from CWA related to the cost of water from the Carlsbad Desalination Plant. He inquired if staff had a different perspective on the impact of the cost of the Carlsbad Desalination Project (CDP) on the District's rate increase this year versus last year. Chief Financial Officer Beachem indicated that staff feels that it will be the same impact as last year. CWA, however, did not include the impact of the CDP in their rate increase last year. They did include the cost of the CDP in their rate increase this year and, thus, staff backed it out of the District's rate increase for this year.

A motion was made by Director Robak, seconded by Director Croucher and carried with the following vote:

Ayes: Directors Croucher, Gonzalez, Lopez, Robak and Thompson

Noes: None
Abstain: None
Absent: None

to approve the FY 2015 Operating and Capital Budget; approve the fund transfers for potable, recycled and sewer; approve water and sewer rate changes on all billings that begin in calendar year 2015; adopt the salary schedule; adopt the amendments to the code of Ordinances Section 53, Conditions for Sewer Service, and Appendix A with the proposed water and sewer rate changes; and direct staff to send rate increase notices.

7. ADJOURNMENT

With no further business to come before the Board, President Lopez adjourned the meeting at 5:24 p.m.

President

ATTEST:

District Secretary

AGENDA ITEM 6a



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	July 2, 2014
SUBMITTED BY:	Lisa Coburn-Boyd Environmental Compliance Specialist Bob Kennedy Engineering Manager	PROJECT:	Various 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:	Award of a Professional As-Needed Environmental Consulting Services Contract for Fiscal Years 2015 through 2017		

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) authorize the General Manager to enter into an agreement for Professional Services for As-Needed Environmental Consulting Services with ICF International for an amount not to exceed \$375,000 during Fiscal Years 2015, 2016, and 2017 (ending June 30, 2017).

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To obtain Board authorization for the General Manager to enter into a Professional As-Needed Environmental Consulting Services Agreement with ICF International in an amount not-to-exceed \$375,000 for Fiscal Years 2015, 2016, and 2017 (ending June 30, 2017).

ANALYSIS:

The District often requires the expertise of environmental consultants for small tasks on its Capital Improvement and Operations projects. These tasks typically are valued between \$1,000 and \$40,000 and, as such, they are small enough that formal proposals from consultants are not cost-effective to process. Because of this, the District began using an As-Needed Environmental Consultant during Fiscal Year 2006 to perform such tasks. This has proven to be a very effective and efficient way to address the environmental issues that come up as projects develop.

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

The District has used an As-Needed Environmental Consultant for the past eight Fiscal Years and during this period, the costs for all projects during any given fiscal year have averaged between \$100,000 and \$125,000. For example, a partial list of tasks that were authorized under the as-needed contract during Fiscal Year 2014 are listed below:

CIP	DESCRIPTION	AUTHORIZED AMOUNT
P2083	MND for 870-2 Pump Station	\$34,770
P2515	Technical Studies to support 870-1 Res. Paving Project	\$11,993
P2519	832-2 Reservoir Drainage Bio. Assessment & Monitoring	\$7,815
P1253	Hwy 94 Pipeline Break Bio. Assessment & Monitoring	\$9,497
P1253	Cuyamaca College Dr. Pipeline Break Bio. Assessment, Monitoring & Mitigation	\$15,625
P1253	Caltrans Encroachment Permit WPCP preparation	\$5,630

The current As-Needed Environmental Consultant Services contract will be complete and the entire budget expended at the end of FY 2014. The District solicited as-needed environmental services by placing an advertisement on the Otay Water District's website on March 12, 2014 and with various other publications including the San Diego Daily Transcript. Twenty-two (22) consulting firms expressed

interest and received the RFP. On April 3, 2014, twelve (12) proposals were received from the following firms:

- AMEC
- BRG
- Chambers Group
- Dudek
- Enviro Applications
- ECORP Consulting
- ESA
- HDR
- Helix Environmental
- ICF International
- Lilburn
- RECON

Ten (10) firms (Adanta, ADV-SOC, Bloom Biological, Cardno-Tec, Phoenix Consulting, RBF, Stantec, Tierra Data, Ultra Systems, and URS) chose not to propose.

In accordance with the District's Policy 21, Staff evaluated and scored all written proposals and interviewed the five top-rated firms (AMEC, HDR, Helix Environmental, ICF International, and RECON). After holding the interviews, the panel completed the consultant ranking process and concluded that ICF International was the most qualified consultant. A summary of the complete evaluation is shown in Attachment B.

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

This Professional As-Needed Environmental Consulting Services contract will be a three-year contract. The District will evaluate the performance of the As-Needed Consultant at the end of each fiscal year and has the option to terminate the agreement if it concludes that the As-Needed Consultant has not performed effectively. If the District is satisfied with the performance of the As-Needed Consultant, the contract will continue through to the next fiscal year. This As-Needed Environmental Services contract does not commit the District to any expenditure until a task order is approved to perform work. The District does not guarantee work to the As-needed Consultant, nor does the District guarantee that it will utilize the entire \$375,000 budgeted for this contract.

FISCAL IMPACT: Joe Beachem, Chief Financial Officer

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

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

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

STRATEGIC GOAL:

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

LEGAL IMPACT:

None.

LCB/BK:jf

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



ATTACHMENT A

SUBJECT/PROJECT: Various	Award of a Professional As-Needed Environmental Consulting Services Contract for Fiscal Years 2015 through 2017
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COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee (Committee) reviewed this item at a meeting held on June 17, 2014 and the following comments were made:

- Staff recommended that the Board authorize the General Manager to enter into an agreement for Professional Services for As-Needed Environmental Consulting Services with ICF International for an amount not to exceed \$375,000 during Fiscal Years 2015, 2016, and 2017 (ending June 30, 2017).
- Staff indicated that the District often requires the expertise of consultants for smaller environmental tasks associated with its CIP and Operations projects. Examples of these environmental tasks might be a Mitigated Negative Declaration (MND) for the construction of a pump station or reservoir, or biological monitoring for a pipeline repair project.
- It was noted that the District began using an as-needed environmental consultant approximately nine years ago and it has proven to be an efficient and effective way to address environmental issues, particularly those that are time-sensitive.
- Staff discussed the selection process which is detailed on pages 2 and 3 of the staff report and noted that Attachment B provides a summary of the complete evaluation process.
- Staff indicated that ICF International received the highest score and recommended that they be awarded the as-needed environmental contract.
- Staff has previously worked with ICF International on environmental projects and they have consistently done excellent work. Their references were checked and were also found to be excellent.

- In response to a question from the Committee, staff stated that the District also contracts with RECON and Helix Environmental for other projects that require environmental services.

Following the discussion, the Committee supported staffs' recommendation and presentation of this item to the full board on the consent calendar.

ATTACHMENT B – Summary of Proposal Rankings

SUBJECT/PROJECT: Various	Award of a Professional As-Needed Environmental Consulting Services Contract for Fiscal Years 2015 through 2017
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SUMMARY OF PROPOSAL RANKINGS																	
As-needed Environmental Services FY2015-2017																	
		WRITTEN								ORAL				TOTAL SCORE	REFERENCES		
		Qualifications of Team	Responsiveness, Project Understanding	Technical and Management Approach	INDIVIDUAL SUBTOTAL - WRITTEN	AVERAGE SUBTOTAL - WRITTEN	Proposed Fee*	Consultant's Commitment to DBE	AVERAGE TOTAL WRITTEN	Additional Creativity and Insight	Strength of Project Manager	Presentation, Communication Skills	Quality of Response to Questions			INDIVIDUAL TOTAL - ORAL	AVERAGE TOTAL ORAL
MAXIMUM POINTS		30	25	30	85	85	15	Y/N	100	15	15	10	10	50	50	150	
AMEC	Steve Beppler	26	21	25	72	73	10	Y	83	13	14	8	9	44	44	127	
	Kevin Cameron	27	24	27	78					13	14	9	9	45			
	Bob Kennedy	26	22	25	73					12	13	8	8	41			
	Dan Martin	25	22	25	72					13	14	9	8	44			
	Gary Stalker	25	22	25	72					14	13	9	9	45			
BRG	Steve Beppler	21	16	22	59	67			67	NOT INTERVIEWED				67			
	Kevin Cameron	26	19	25	70												
	Bob Kennedy	25	22	25	72												
	Dan Martin	25	22	25	72												
	Gary Stalker	22	19	20	61												
Chambers Group	Steve Beppler	20	16	21	57	64			64	NOT INTERVIEWED				64			
	Kevin Cameron	23	16	18	57												
	Bob Kennedy	25	22	25	72												
	Dan Martin	25	20	24	69												
	Gary Stalker	23	20	24	67												
Dudek	Steve Beppler	23	18	23	64	68			68	NOT INTERVIEWED				68			
	Kevin Cameron	26	21	25	72												
	Bob Kennedy	25	21	26	72												
	Dan Martin	25	20	24	69												
	Gary Stalker	23	21	21	65												
EnviroApp	Steve Beppler	18	14	18	50	57			57	NOT INTERVIEWED				57			
	Kevin Cameron	21	15	15	51												
	Bob Kennedy	24	21	23	68												
	Dan Martin	21	18	21	60												
	Gary Stalker	20	18	20	58												
ECORP	Steve Beppler	20	16	20	56	62			62	NOT INTERVIEWED				62			
	Kevin Cameron	22	16	17	55												
	Bob Kennedy	24	21	23	68												
	Dan Martin	24	20	24	68												
	Gary Stalker	22	20	22	64												
ESA	Steve Beppler	24	19	24	67	67			67	NOT INTERVIEWED				67			
	Kevin Cameron	24	20	20	64												
	Bob Kennedy	26	22	26	74												
	Dan Martin	26	20	23	69												
	Gary Stalker	21	18	20	59												
HDR	Steve Beppler	26	23	28	77	76	2	Y	78	12	12	8	7	39	39	117	
	Kevin Cameron	27	23	26	76					12	12	8	7	39			
	Bob Kennedy	26	23	26	75					11	11	7	6	35			
	Dan Martin	28	24	28	80					13	12	8	7	40			
	Gary Stalker	24	22	25	71					12	13	8	7	40			
Helix	Steve Beppler	27	23	28	78	78	12	Y	90	13	14	7	8	42	43	133	
	Kevin Cameron	29	25	28	82					14	15	9	9	47			
	Bob Kennedy	27	23	27	77					12	13	8	7	40			
	Dan Martin	28	24	28	80					13	14	8	8	43			
	Gary Stalker	25	23	26	74					12	14	8	7	41			
ICF	Steve Beppler	28	24	28	80	79	12	Y	91	14	14	9	9	46	44	135	Excellent
	Kevin Cameron	28	25	29	82					14	15	10	8	47			
	Bob Kennedy	26	23	27	76					12	12	8	7	39			
	Dan Martin	29	24	28	81					14	14	9	8	45			
	Gary Stalker	27	23	27	77					13	13	9	8	43			
Lilburn	Steve Beppler	19	15	19	53	59			59	NOT INTERVIEWED				59			
	Kevin Cameron	22	15	16	53												
	Bob Kennedy	24	21	23	68												
	Dan Martin	22	20	23	65												
	Gary Stalker	19	17	20	56												
RECON	Steve Beppler	27	23	27	77	77	7	Y	84	13	13	8	8	42	43	127	
	Kevin Cameron	28	24	28	80					14	14	10	9	47			
	Bob Kennedy	27	23	27	77					13	13	8	8	42			
	Dan Martin	27	23	27	77					13	13	9	7	42			
	Gary Stalker	24	22	26	72					13	12	8	8	41			

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

RATES SCORING CHART											
Consultant	Rate	Position	Score	Consultant	Rate	Position	Score	Consultant	Rate	Position	Score
AMEC	\$700		10	ECORP	\$602	highest	15	Helix	\$660		12
BRG	\$728		9	Enviro App	\$598	highest	15	ICF	\$670		12
Chambers Group	\$735		9	ESA	\$790		6	Lilburn	\$770		7
Dudek	\$900		1	HDR	\$880		2	RECON	\$765		7

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



AGENDA ITEM 6b

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	July 2, 2014
SUBMITTED BY:	Stephen Beppler Senior Civil Engineer Bob Kennedy Engineering Manager	PROJECT:	Various 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:	Award of As-Needed Hydraulic Modeling Engineering Services Contract for Fiscal Years 2015 and 2016		

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) award a professional As-Needed Hydraulic Modeling Services contract to Water Systems Consulting Inc. (WSC) and authorize the General Manager to execute an agreement with WSC in an amount not-to-exceed \$175,000 for Fiscal Years 2015 and 2016 (ending June 30, 2016).

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To obtain Board authorization for the General Manager to enter into a professional As-Needed Hydraulic Modeling Services contract with WSC in an amount not-to-exceed \$175,000 for Fiscal Years 2015 and 2016. The termination date for the professional services agreement will be June 30, 2016.

ANALYSIS:

The District will require the professional services of a hydraulic modeling consultant on an as-needed basis in support of Capital Improvement Program (CIP) projects, developer funded studies, engineering planning studies, and Information Technology studies for Fiscal Years 2015 and 2016. These services will also be used to integrate GIS updates into the existing model and support Operations in the field. The As-Needed Hydraulic Modeling Services contract will provide the District with the ability to obtain consulting services in a timely and efficient manner and on an as-needed basis.

The District will require the expertise of a hydraulic modeling consultant to maintain the current potable water, recycled water, and sanitary sewer hydraulic models already developed or in the process of being updated under the Water Resources Master Plan. This will include integrating new facilities or GIS updates into the model and performing planning studies for the Engineering, Operations, and Information Technology departments. The consultant will perform fire flow calculations in support of new or existing developments and prepare developer funded studies.

It is more efficient and cost effective to issue a contract on an as-needed basis. This concept has also been used in the past for other disciplines like civil engineering design, geotechnical, electrical, and environmental services.

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

The CIP projects that are estimated to require hydraulic modeling services for Fiscal Years 2015 and 2016, at this time, are listed below:

CIP	DESCRIPTION	ESTIMATED COST
P1210	Water Facilities Master Plan	\$30,000
P2083	PS 870-2 Pump Station Replacement	\$15,000
P2318	PL- 20-inch 657 Zone Summit Cross-Tie and 36-inch Main Connection	\$10,000
P2451	Otay Mesa Conveyance and Disinfection System	\$20,000
R2116	14-inch Recycled Water Pipeline Assessment and Repair	\$10,000
S2024	Campo Road Sewer Replacement	\$5,000
S2033	Sewer System Rehabilitation	\$10,000
	TOTAL:	\$100,000

The hydraulic modeling services scopes for the above projects are estimated from preliminary information and past projects.

Therefore, staff believes that a \$175,000 cap on the As-Needed Hydraulic Modeling Services contract is adequate, while still providing a buffer.

The contract is not-to-exceed \$175,000 for all task orders. Fees for professional services will be charged to the CIP projects or to the Fiscal Year Operations budget.

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

The District solicited hydraulic modeling services by placing an advertisement on the Otay Water District's website on March 14, 2014 and with various other publications including the San Diego Daily Transcript. Nine (9) firms submitted a letter of interest and a statement of qualifications. The Request for Proposal (RFP) for Hydraulic Modeling Services was sent to all nine (9) firms resulting in six (6) proposals received on April 23, 2014. They are as follows:

- Arcadis
- Dudek
- HDR
- Mission Consulting Services
- RMC
- WSC

One firm, IDModeling, received the RFP, but elected not to propose. Two (2) firms that submitted letters of interest, but did not propose, were Atkins and NCS.

In accordance with the District's Policy 21, Staff evaluated and scored all written proposals. WSC received the highest score based on their experience in hydraulic modeling, understanding of the scope of work, proposed method to accomplish the work, ability to provide an independent assessment of the Water Resources Master Plan models, and their composite hourly rate. WSC was the most qualified consultant with the best overall proposal. The District has not previously worked with WSC on any project, but they are a highly rated company, provide similar services to over a dozen water agencies in California, and are readily available to provide the

services required. A summary of the complete evaluation is shown in Attachment B.

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

FISCAL IMPACT: Joe Beachem, Chief Financial Officer

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

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

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

STRATEGIC GOAL:

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

LEGAL IMPACT:

None.

SB/BK:jf

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



ATTACHMENT A

SUBJECT/PROJECT: Various	Award of As-Needed Hydraulic Modeling Services Contract for Fiscal Years 2015 and 2016
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COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee (Committee) reviewed this item at a meeting held on June 17, 2014, and the following comments were made:

- Staff recommended that the Board award a professional As-Needed Hydraulic Modeling Services contract to Water Systems Consulting Inc. (WSC) and authorize the General Manager to execute an agreement with WSC in an amount not-to-exceed \$175,000 for Fiscal Years 2015 and 2016 (ending June 30, 2016).
- Staff indicated that the Consultant will prepare developer funded studies, fire flow calculations, engineering planning studies, information technology studies, integrate GIS updates into the existing model and support Operations in the field. The Consultant will also support the District's CIP projects and provide reviews of the Water Resources Master Plan (WRMP). A list of the proposed CIP projects is included with the staff report. Staff noted that a buffer of approximately \$75,000 is included in the contract amount.
- Staff discussed the selection process which is detailed on page 3 of the staff report. A summary of the complete evaluation is provided in Attachment B.
- WSC received the highest overall score based on their experience, proposed method to accomplish the work, their ability to provide an independent assessment of the WRMP, and their composite hourly rate.
- Staff stated that the fees were evaluated by comparing billing rates for a Principal Project Manager, Hydraulic Modeling, GIS Technician, and Office Support.
- It was noted that the District has not worked with WSC on any project, but they are a highly rated company who provides similar services to over a dozen water agencies in California and are readily available to provide the services required.

Following the discussion, the Committee supported staffs' recommendation and presentation of this item to the full board on the consent calendar.



ATTACHMENT B – Summary of Proposal Rankings

SUBJECT/PROJECT: Various	Award of As-Needed Hydraulic Modeling Services Contract for Fiscal Years 2015 and 2016
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		WRITTEN							REFER-ENCES	
		Qualifications of Team	Responsiveness and Project Understanding	Technical and Management Approach	INDIVIDUAL SUBTOTAL - WRITTEN	AVERAGE SUBTOTAL - WRITTEN	Proposed Fee*	Consultant's Commitment to DBE		TOTAL - WRITTEN
MAXIMUM POINTS		30	25	30	85	85	15	Y/N	100	Poor/Good/Excellent
Arcadis	<i>Ming Zhao</i>	25	23	26	74	72	15	Y	87	
	<i>Bob Kennedy</i>	25	23	25	73					
	<i>Dan Martin</i>	26	23	26	75					
	<i>Kevin Cameron</i>	25	22	25	72					
	<i>Jake Vaclavek</i>	25	21	22	68					
Dudek	<i>Ming Zhao</i>	25	22	25	72	71	7	Y	78	
	<i>Bob Kennedy</i>	25	22	25	72					
	<i>Dan Martin</i>	24	22	24	70					
	<i>Kevin Cameron</i>	26	22	26	74					
	<i>Jake Vaclavek</i>	24	20	22	66					
HDR	<i>Ming Zhao</i>	25	23	26	74	73	14	Y	87	
	<i>Bob Kennedy</i>	26	23	26	75					
	<i>Dan Martin</i>	25	22	25	72					
	<i>Kevin Cameron</i>	27	23	26	76					
	<i>Jake Vaclavek</i>	25	22	22	69					
MCS	<i>Ming Zhao</i>	25	22	25	72	72	15	Y	87	
	<i>Bob Kennedy</i>	25	22	24	71					
	<i>Dan Martin</i>	25	21	25	71					
	<i>Kevin Cameron</i>	26	23	26	75					
	<i>Jake Vaclavek</i>	24	24	25	73					
RMC	<i>Ming Zhao</i>	25	20	25	70	70	1	Y	71	
	<i>Bob Kennedy</i>	25	22	25	72					
	<i>Dan Martin</i>	24	21	23	68					
	<i>Kevin Cameron</i>	25	20	24	69					
	<i>Jake Vaclavek</i>	25	23	25	73					
WSC	<i>Ming Zhao</i>	27	23	27	77	78	11	Y	89	E
	<i>Bob Kennedy</i>	28	24	28	80					
	<i>Dan Martin</i>	27	23	27	77					
	<i>Kevin Cameron</i>	27	24	28	79					
	<i>Jake Vaclavek</i>	28	22	26	76					

RATES SCORING CHART						
Firm	Arcadis	Dudek	HDR	MCS	RMC	WSC
Fee	\$650	\$850	\$685	\$658	\$994	\$745
Score	15	7	14	15	1	11

*Note: Review Panel does not see or consider proposed fee when scoring other categories. The proposed fee is scored by the PM, who is not on the Review Panel.

AGENDA ITEM 6c



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	July 2, 2014
SUBMITTED BY:	Dan Martin Engineering Manager	PROJECT:	P2083- DIV. NO. 2 001103
APPROVED BY:	<input checked="" type="checkbox"/> Rod Posada, Chief, Engineering <input checked="" type="checkbox"/> German Alvarez, Assistant General Manager <input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	Award of a Professional Engineering Services Contract for Construction Manager and Inspection Support of the 870-2 Pump Station Project to RBF Consulting		

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) award a professional services contract to RBF Consulting (RBF) and authorize the General Manager to execute an agreement with RBF for Construction Manager and Inspection support of the 870-2 Pump Station Project in an amount not-to-exceed \$853,457 (see Exhibit A for Project location).

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To obtain Board authorization for the General Manager to enter into a professional engineering services contract with RBF for Construction Manager and Inspection support of the 870-2 Pump Station Project in an amount not-to-exceed \$853,457.

ANALYSIS:

The 870-2 Pump Station Project (Project) includes a new pump station to replace the District's existing Low Head Pump Station (571-1 Pump Station) and High Head Pump Station (870-1 Pump Station). Exhibit A shows the location of the Low and High Head Pump Stations relative to the Roll (570-1) Reservoir. The two existing pump stations are reaching the end of their useful lives.

The District has secured Carollo Engineer's, Inc. to provide a range of professional engineering services, including hydraulic and surge modeling, potholing, ground survey, demolition, grading & drainage, structural, mechanical, HVAC, electrical, instrumentation & control, process, Cathodic protection, coatings, and prepare plans and specifications required to move the Project to construction.

The District also requires the services of a construction management and inspection firm for the Project to perform: pre-construction services including value engineering and constructability reviews; Construction Manager services; Resident Engineering services; and Inspection services.

In accordance with the Board of Directors Policy Number 21, the District initiated the consultant selection process on March 13, 2014, by placing an advertisement in the San Diego Daily Transcript, and posting the Project on the District's website for Professional Engineering Services. The advertisements attracted Letters of Interest and Statements of Qualifications from eleven (11) consulting firms. A Pre-Proposal Meeting was held on April 9, 2014. Eleven (11) people representing ten (10) prime consulting firms attended the meeting.

On April 23, 2014, proposals were received from the following five (5) consulting firms:

1. DUDEK
2. Leidos Engineering
3. RBF Consulting
4. Vali Cooper & Associates, Inc.
5. Valley Construction Management

Among the potential firms that submitted letters of interest, but did not propose, were Construction Management Inspection, Harris & Associates, KEH & Associates Inc., Nuera Contracting and Consulting, PMA Consultants, and Vanir Construction Management Inc.

After the written proposals were evaluated and ranked by a five-member review panel consisting of District Engineering, Operations,

and Administration/IT staff, it was determined that the five (5) proposals ranked sufficiently to warrant being invited to make an oral presentation and respond to questions from the panel. After conducting the interviews on May 22, 2014, the panel completed the consultant ranking process and concluded that RBF had the best approach to the Project and provided the best overall value to the District. A summary of the complete evaluation is shown in Exhibit B.

Scope and fee negotiations with RBF Consulting concluded on June 6, 2014 which resulted in the addition of scope to incorporate the development of a commissioning plan in the Project specifications for bidding purposes and the performance of constructability reviews using a 3D model. The negotiations resulted in no increase to the original proposed fee submitted for the Project. RBF's proposed fee including the additional scope described above is \$853,457.

RBF Consulting submitted the Company Background Questionnaire as required by the RFP and staff did not find any significant issues. In addition, staff checked their references and performed an internet search on the company. Staff found the references to be excellent and did not find any outstanding issues with the internet search. The District has experience with RBF Consulting in the construction of large water facilities including but not limited to the 680-1 Recycled Water Reservoir/944-1 Recycled Water Pump Station in the City of Chula Vista. The District has found RBF Consulting's work in support of construction to be excellent.

FISCAL IMPACT: Joe Beachem, Chief Financial Officer

The Fiscal Year 2015 budget for CIP P2083 is \$16,500,000. Total expenditures, plus outstanding commitments and forecast, including this contract, are \$2,494,755. See Attachment B for budget detail.

Based on a review of the financial budget, the Project Manager anticipates that the budget for CIP P2083 is sufficient to support the Project.

Finance has determined that 100% of the funding is available from the Replacement Fund for CIP P2083.

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.

DM/RP:jf

P:\WORKING\CIP P2083 870-2 Pump Station Replacement\Staff Reports\BD-07-02-14\BD-07-02-14, Staff Report Award CM_Inspection Contract to RBF (DM-RP).docx

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



ATTACHMENT A

SUBJECT/PROJECT: P2083-001103	Award of a Professional Engineering Services Contract for Construction Manager and Inspection Support of the 870-2 Pump Station Project to RBF Consulting
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COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee (Committee) reviewed this item at a meeting held on June 17, 2014, and the following comments were made:

- Staff recommended that the Board award a professional services contract to RBF Consulting (RBF) and authorize the General Manager to execute an agreement with RBF for Construction Manager and Inspection support of the 870-2 Pump Station Project in an amount not-to-exceed \$853,457.
- Staff stated that the Project was originally constructed in 1961 and that the Low Head Pump Station was constructed in 1965 to improve hydraulics (boost suction head to the High Head Pump Station). Both pump stations are reaching the end of their useful lives. Exhibit A provides the location of the pump stations.
- Staff indicated that the District secured Carollo Engineer's Inc. to design the replacement of the 870-2 Pump Station and provide a range of services that support the design.
- It was noted that the District requires the services of a construction management and inspection firm for the Project to perform pre-construction services including values engineering, constructability reviews, construction management services, resident engineering services, and inspection services.
- Staff discussed the selection process that is detailed on page 2 and 3 of the staff report. A summary of the complete evaluation is provided in Exhibit B.
- Staff indicated that RBF Consulting received the highest score. Staff checked RBF's references, reviewed their Company Background Questionnaire form and performed an internet search on the company and did not find any significant issues.

- Staff discussed that the District has successfully worked with RBF staff previously on the construction of large water facilities including but not limited to the 680-1 Recycled Water Reservoir/944-1 Recycled Water Pump Station in the City of Chula Vista. The District has found RBF consulting's work in support of construction to be excellent.
- Staff concluded scope and fee negotiations with RBF Consulting on June 6, 2014 which resulted in the addition of scope to incorporate the development of a detailed commissioning plan in the Project specifications for bidding purposes and the performance of constructability reviews using a 3D model. No original scope was deleted. The negotiations resulted in no increase to the original proposed fee submitted for the Project. RBF's proposed fee, including the additional scope described above, is \$853,457.
- In response to a question from the Committee regarding the creativity and insight scoring shown in Exhibit B of the staff report, RBF had a team member who was creative in bringing forward a specific plan within the contract's specifications for commissioning a project. Usually the District provides a scope of work to candidates; however, during the evaluation process for this Project, candidates were asked to provide a scope of work so that the interview panel could get a general idea of their thought process. Staff noted that RBF was very familiar with the Project location and was able to present an insight of the overall Project.
- The Committee had several questions about turnovers of Project Managers prior to projects being completed. Staff stated that while interviewing candidates, staff also looked at the Strength of Project Manager (Scores shown in Exhibit B) which included the consideration of possible turnovers of Project Managers. Staff stated that there is no guarantee that there will not be a change in Project Managers prior to the completion of a project; however, there is a clause in the District's contracts that requires consultants to negotiate any changes concerning Project Managers.

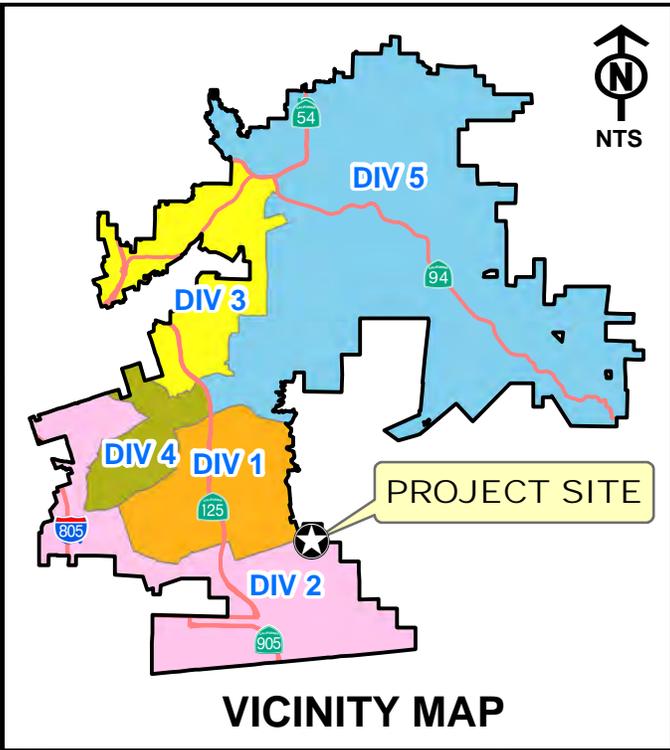
Following the discussion, the Committee supported staffs' recommendation and presentation of this item to the full board on the consent calendar.



ATTACHMENT B – Budget Detail

SUBJECT/PROJECT: P2083-001103	Award of a Professional Engineering Services Contract for Construction Manager and Inspection Support of the 870-2 Pump Station Project to RBF Consulting
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Otay Water District					Date Updated: 5/30/2014
p2083-PS - 870-2 Pump Station (28,000 GPM)					
Budget	Committed	Expenditures	Outstanding Commitment & Forecast	Projected Final Cost	Vendor/Comments
16,500,000					
Planning					
Conversion Cost Type	580,444	580,444	\$ -	580,444	EXPENDITURES PRIOR TO 2004
Consultant Contracts	11,784	11,784	-	11,784	JONES & STOKES ASSOCIATES INC
Service Contracts	164	164	-	164	SAN DIEGO DAILY TRANSCRIPT
Standard Salaries	53,842	53,842	-	53,842	
	34,770		34,770	34,770	INTERNATIONAL ENVIRONMENTAL CORP
Total Planning	681,004	646,234	34,770	681,004	
Design					
Consultant Contracts	504,677	114,206	390,471	504,677	CAROLLO ENGINEERS INC
	3,637	3,637	-	3,637	SOUTHERN CALIFORNIA SOIL
Service Contracts	1,300	1,300	-	1,300	INLAND AERIAL SURVEYS INC
Standard Salaries	250,000	91,030	158,970	250,000	
	20,000		20,000	20,000	BID DOC DISTRIBUTION
Total Design	759,615	210,174	549,441	759,615	
Construction					
Consultant Contracts	120,233	-	-	-	CAROLLO ENGINEERS INC
Consultant Contracts	853,457	-	853,457	853,457	RBF
Service Contracts	119	119	-	119	SAN DIEGO DAILY TRANSCRIPT
Standard Salaries	80,000	7,421	72,579	80,000	
Total Construction	1,053,808	7,539	926,036	933,575	
Grand Total	2,614,987	929,738	1,530,247	2,494,755	



OTAY WATER DISTRICT

870-2 PUMP STATION
LOCATION MAP



CIP P2083

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**EXHIBIT B
SUMMARY OF PROPOSAL RANKINGS
870-2 Pump Station Replacement Project**

		WRITTEN							ORAL							REFERENCES	
		Qualifications of Team	Responsiveness and Project Understanding	Technical and Management Approach	INDIVIDUAL SUBTOTAL - WRITTEN	AVERAGE SUBTOTAL - WRITTEN	Proposed Fee*	Consultant's Commitment to DBE	TOTAL - WRITTEN	Additional Creativity and Insight	Strength of Project Manager	Presentation and Communication Skills	Responses to Questions	INDIVIDUAL TOTAL - ORAL	AVERAGE TOTAL ORAL		TOTAL SCORE
MAXIMUM POINTS		30	25	30	85	85	15	Y/N	Y/N	15	15	10	10	50	50	150	Poor/Good/Excellent
DUDEK	<i>Steve Beppler</i>	25	20	25	70	73	1	Y	74	11	11	7	6	35	36	110	
	<i>Brandon DiPietro</i>	25	23	27	75					11	10	7	7	35			
	<i>Bob Kennedy</i>	25	21	24	70					11	11	6	6	34			
	<i>Jose Martinez</i>	26	22	27	75					13	12	8	7	40			
	<i>Adolfo Sequra</i>	27	22	25	74					10	9	8	7	34			
LEIDOS	<i>Steve Beppler</i>	27	21	26	74	71	15	Y	86	12	13	7	7	39	40	126	
	<i>Brandon DiPietro</i>	25	20	23	68					12	13	6	7	38			
	<i>Bob Kennedy</i>	25	21	25	71					12	13	7	7	39			
	<i>Jose Martinez</i>	28	20	26	74					13	14	8	8	43			
	<i>Adolfo Sequra</i>	24	21	23	68					12	12	8	8	40			
RBF	<i>Steve Beppler</i>	28	23	28	79	77	11	Y	88	13	12	8	8	41	45	133	Excellent
	<i>Brandon DiPietro</i>	27	22	25	74					13	15	9	9	46			
	<i>Bob Kennedy</i>	28	23	27	78					14	14	9	9	46			
	<i>Jose Martinez</i>	26	23	27	76					13	14	9	9	45			
	<i>Adolfo Sequra</i>	27	24	26	77					14	14	9	9	46			
VALI COOPER	<i>Steve Beppler</i>	24	19	23	66	66	4	Y	70	10	11	6	6	33	35	105	
	<i>Brandon DiPietro</i>	24	19	22	65					11	10	6	6	33			
	<i>Bob Kennedy</i>	23	20	23	66					12	12	7	7	38			
	<i>Jose Martinez</i>	23	20	23	66					12	11	7	7	37			
	<i>Adolfo Sequra</i>	24	20	23	67					10	10	7	6	33			
VALLEY CM	<i>Steve Beppler</i>	25	22	24	71	68	15	Y	83	12	12	7	7	38	40	123	
	<i>Brandon DiPietro</i>	24	21	23	68					14	13	8	8	43			
	<i>Bob Kennedy</i>	23	20	23	66					12	12	7	7	38			
	<i>Jose Martinez</i>	24	23	24	71					13	13	8	7	41			
	<i>Adolfo Sequra</i>	23	20	23	66					12	11	8	8	39			

RATES SCORING CHART					
Firm	DUDEK	LEIDOS	RBF	VALI COOPER	VALLEY CM
Fee	\$1,075,100	\$755,559	\$853,485	\$995,745	\$759,840
Score	1	15	11	4	15

*Note: Review Panel does not see or consider proposed fee when scoring other categories. The proposed fee is scored by the PM, who is not on Review Panel.

AGENDA ITEM 6d



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	July 2, 2014
SUBMITTED BY:	Jeff Marchioro Senior Civil Engineer	PROJECT:	P2541- DIV. NO. 2 001102
	Bob Kennedy Engineering Manager		
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:	Reject all Construction Bids for the 624 Pressure Zone Pressure Reducing Stations Project		

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) reject all bids for the construction of the 624 Pressure Zone Pressure Reducing Stations (PRS) Project (see Exhibit A for Project location).

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To obtain Board authorization for the General Manager to reject all bids for the construction of the 624 Pressure Zone PRS Project and to rebid the Project.

ANALYSIS:

The 624 Pressure Zone PRS project (CIP P2541) will provide two 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. Since both PRSs are intended to be used during emergencies, or to facilitate shut down of watermains, neither PRS will be fitted with SCADA for remote operation or remote monitoring. Both PRSs will be manually operated. The Terra Nova Drive 624/485 PRS will be needed in the event that an 18-inch watermain in H Street will be shut down. The Sequoia Street 624/458 PRS will be needed in the event that a 12-inch watermain in Brandywine Avenue between Sequoia Street and the Olympic Parkway will be shut down.

The Terra Nova Drive 624/485 PRS was originally designed by Rick Engineering Company in 1990 as part of Chula Vista Tract No. 89-5, Ranch del Rey SPA II, Phase 2, Unit 3, and associated record drawings were filed by the District in 1995; however, the pressure reducing station was never built. Rick Engineering's design included two (2) pressure reducing valves in an underground vault. However, only the isolation valves and 12-inch stubouts to the PRS site were installed as part of the development.

District staff prepared the bid documents in-house. Mayer Reprographics (Mayer) distributed the bid documents electronically through Mayer's online planroom.

The Project was advertised for bid on April 28, 2014. Even though staff notified several contractors during the bid process to encourage them to submit a bid, no contractors attended the Pre-bid Meeting that was held on Thursday, May 8, 2014. One addenda was sent out to all bidders and plan houses on May 12, 2014 to address a single question asked during the bidding period.

Five (5) bids were received on May 22, 2014. The table below provides the bid results.

<u>CONTRACTOR</u>	<u>TOTAL BID AMOUNT</u>
1. Blue Pacific Engineering & Construction (Blue Pacific)	\$379,054
2. Piperin Corporation	\$385,715
3. Transtar Pipeline, Inc.	\$399,220
4. Cora Constructors, Inc.	\$498,870
5. Wier Construction Corporation	\$529,401

The Engineer's Estimate is \$300,000.

Several contractors that have successfully completed similar work for the District in the past (e.g., Arietta, Basile, Cass, CCL, LH Woods, NEWest, TC) mentioned they were too busy to submit a bid. Since there was little interest during the bidding process, and the project budget would need to be increased to award the higher than anticipated contract amount, staff recommends rebidding the Project to provide an opportunity to solicit additional interest and receive lower bids.

FISCAL IMPACT: Joe Beachem, Chief Financial Officer

None.

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.

JM/BK:jf

P:\WORKING\CIP P2541 - 624 Pressure Zone PRSs\Staff Reports\BD-07-02-14, Staff Report, 624 Pressure Zone PRSs Const Reject Bids, (JM-BK) - ver2.docx

Attachments: Attachment A - Committee Action
 Exhibit A - Location Map



ATTACHMENT A

SUBJECT/PROJECT: P2541-001102	Reject all Construction Bids for the 624 Pressure Zone Pressure Reducing Stations Project
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COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee (Committee) reviewed this item at a meeting held on June 17, 2014, and the following comments were made:

- Staff recommended that the Board reject all bids for the construction of the 624 Pressure Zone Pressure Reducing Stations (PRS) Project.
- Staff stated that the Project would provide two (2) Pressure Reducing Stations or PRSs to feed the 485 and 458 Pressure Zones and are intended to be used during emergencies or to help during a shut down. Both PRSs will be manually operated.
- Staff discussed the solicitation process and indicated that five (5) bids were received ranging from \$379,000 to \$529,000. Details of the solicitation results are provided on page 2 or the staff report. It was noted that the Engineer's Estimate was \$300,000.
- Staff noted that several contractors that have successfully completed work for the District in the past were contacted, but mentioned that they were too busy to submit a bid at this time.
- Staff recommends rebidding the Project with a larger project like the 870-2 pump station to provide an opportunity to solicit additional interest and possibly receive lower bids.
- The PRSs will be back up stations so there is no immediate need for them. Staff stated that the system can still operate while rebidding the Project.
- The Committee expressed concern for the ability of smaller businesses to take on a larger Project. Staff stated that the District has a better chance at receiving additional interest from firms, if bid with a larger project.

- Staff believes that in light of the Committee comment, staff will consider the total project scope and ability of smaller firms to submit a successful bid.
- Staff also believes that the District may get better bid proposals that are more aligned with the Engineer's Estimate by going back out to the market.

Following the discussion, the Committee supported staffs' recommendation and presentation of this item to the full board on the consent calendar.

AGENDA ITEM 6e



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	July 2, 2014
		PROJECT:	DIV. NO. All
SUBMITTED BY:	Jeanette Ziomek, Senior Accountant		
	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:	Adopt Resolution No. 4236 to Establish the Tax Rate for Improvement District No. 27 (ID 27) for Fiscal Year 2014-2015		

GENERAL MANAGER'S RECOMMENDATION:

That the Board adopt Resolution No. 4236 to establish the tax rate for Improvement District No. 27 (ID 27) at \$0.005 for Fiscal Year 2014-2015.

COMMITTEE ACTION:

See Attachment A.

PURPOSE:

Improvement District No. 27 has outstanding general obligation bonds which mature in Fiscal Year 2023 and is the only improvement district with general obligation debt service.

At the beginning of each fiscal year staff must provide the County of San Diego Property Tax Services with the tax rate to be charged upon all property within ID 27 to ensure the amount of tax collections will support the annual debt service requirement.

BACKGROUND:

In December 1992, the District sold \$11,500,000 of general obligation bonds in ID 27 for the construction of the 30mg reservoir. At the time of the formation of ID 27, the District intended to have a maximum tax rate of \$0.10 per \$100 of assessed valuation. The tax rate has remained well below the intended maximum rate.

The District refinanced the bonds in fiscal year 1998 and again in fiscal year 2010 which resulted in a reduction in the annual debt schedule. Property valuations continued to increase and reached its peak in fiscal year 2008 at \$12.5 billion and have been approximately \$10 billion from 2010 to present. The combination of the reduced debt service requirement and the increased assessed values resulted in the District's reserve levels to exceed the target.

Since 2009, the tax rate has been \$.005. The subsequent drop in assessed valuations has caused the tax collection to decline below the annual debt service. The District has intentionally covered this shortfall with ID 27 reserves to bring down the prior build up in that reserve.

For Fiscal Year 2015, staff proposes to maintain the tax rate at \$.005 and to continue to cover the tax collection shortfall from the ID 27 reserves. Staff projects that a \$.005 tax rate will maintain reserve levels above the target until it is time to wind down the reserve for the expiration of the debt.

FISCAL IMPACT:

Joseph R. Beachem, Chief Financial Officer

The tax proceeds are legally restricted for the sole purpose of the repayment of this debt. These proceeds will be collected until the debt obligation is fully paid, at which time the fund will have a zero balance. The \$0.005 tax rate is projected to generate \$626,558 in revenue in fiscal year 2015. The projected revenue, given the recommended tax rate combined with the current fund balance, will meet the annual ID 27 debt service payment of \$754,163. This action lowers the fund balance, bringing it closer to the target level of six months of bond payments while maintaining a positive cash balance for the foreseeable future.

STRATEGIC GOAL:

Through well-established financial policies and wise management of funds, the District will continue to guarantee fiscal responsibility to its ratepayers and the community at large.

LEGAL IMPACT:

None.

Attachments:

- A) Committee Action
- B) Resolution No. 4236
- C) ID 27 Tables



ATTACHMENT A

SUBJECT/PROJECT:	Adopt Resolution No. 4236 to Establish the Tax Rate for Improvement District No. 27 (ID 27) for Fiscal Year 2014-2015
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COMMITTEE ACTION:

The Finance, Administration, and Communications Committee reviewed this item at a meeting held on June 18, 2014 and the following comments were made:

- In December 1992, the District sold \$11.5 million of General Obligation Bonds (GO) in Improvement District 27 (ID 27) for the construction of the 30 mg reservoir. ID 27 is the last improvement district with outstanding GO bond debt. The bonds are scheduled to mature in FY 2023.
- At the beginning of each fiscal year, the District must provide the County of San Diego Property Tax Services with the tax rate to be charged upon all property within ID 27. Proposed Resolution No. 4236 will authorize the County to collect the tax onto the tax rolls.
- The District refinanced the bonds in FY 1998 and again in FY 2010. This resulted in a reduction of the annual debt service requirements. In addition, property values continued to increase and reached its peak in FY 2008. With the combination of reduced debt service and increase assessed values, the District's reserve levels for ID 27 exceeded the target. Since 2009, the District has intentionally set the tax rate at \$.005 creating a shortfall in ID 27 net revenues in order to draw down the prior build-up of the reserve balance.
- For FY 2014-2015, staff proposes to maintain the tax rate at \$.005 which will continue the desired drawdown of the reserve. This tax rate is projected to generate \$626,558 in revenue and the annual debt service payment is \$754,163. The projected shortfall of \$127,605 will be covered with ID 27's reserve funds. Staff projects that the reserve levels will remain above the target level for the next 4 years and then wind down until the debt matures in FY 2023.

- Staff is requesting that the board adopt resolution No 4236 to establish the tax rate of \$.005 for ID 27 for FY 2014-2015 and authorize the county to collect the tax on the tax rolls.
- The committee inquired what amount is left of the outstanding debt and why the District does not pay down the debt with the excess collections to close it out. The committee suggested that if the debt can be prepaid, that the District do so unless it will affect reserves. Staff indicated that there may be issues related to repaying the debt early. Staff will verify and advise the committee of their findings. Staff verified that the bonds current outstanding balance of \$5.7 million are not callable and must remain outstanding until they mature.

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

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

RESOLUTION NO. 4236

A RESOLUTION OF THE BOARD OF DIRECTORS OF OTAY WATER DISTRICT FIXING TAX RATES FOR FISCAL YEAR 2014-2015 FOR PAYMENT OF PRINCIPAL AND INTEREST ON GENERAL OBLIGATION BONDS OF IMPROVEMENT DISTRICTS (GF 1600)

WHEREAS, California Water Code Section 72091 authorizes the Otay Water District, as a municipal water district, to levy an ad valorem property tax which is equal to the amount required to make annual payments for principal and interest on general obligation bonds approved by the voters prior to July 1, 1978.

NOW, THEREFORE, the Board of Directors of the Otay Water District resolves, determines and orders as follows:

1. Findings. It is necessary that this Board of Directors cause taxes to be levied in Fiscal Year 2014-2015 for Improvement District No. 27 of the Otay Water District to pay the amount of the principal and interest on the bonded debt of such improvement district.

2. Amounts to be Raised by Taxes. The amount required to be raised by taxation during Fiscal Year 2014-2015 for the principal and interest on the bonded debt of Improvement District No. 27 is as follows:

Improvement District No. 27 \$626,558

3. Tax Rates. The tax rates per one hundred dollars (\$100) of the full value of all taxable property within said improvement district necessary to pay the aforesaid amounts of principal and interest on the bonded debt of said improvement district for Fiscal Year 2014-2015 is hereby determined and fixed as follows:

Improvement District No. 27 \$0.005

4. Certification of Tax Rates. Pursuant to Water Code Section 72094, this Board of Directors hereby certifies to the Board of Supervisors and the County Auditor of the County of San Diego the tax rates hereinbefore fixed, and said County Auditor shall, pursuant to Section 72095 of said Code, compute and enter in the County assessment roll the respective sums to be paid as tax on the property in Improvement District No. 27, using the rate of levy hereinabove fixed for such improvement district and the full value as found on the assessment roll for the property therein, and the Secretary of this Board of Directors is hereby authorized and directed to transmit certified copies of this resolution, Attachment B, and made a part hereof, to said Board of Supervisors and said Auditor.

PASSED AND ADOPTED by the Board of Directors of the Otay Water District at a regular meeting held this 2nd day of July, 2014.

Ayes:
Noes:
Abstain:
Absent:

President

ATTEST:

Secretary

IMPROVEMENT DISTRICT 27

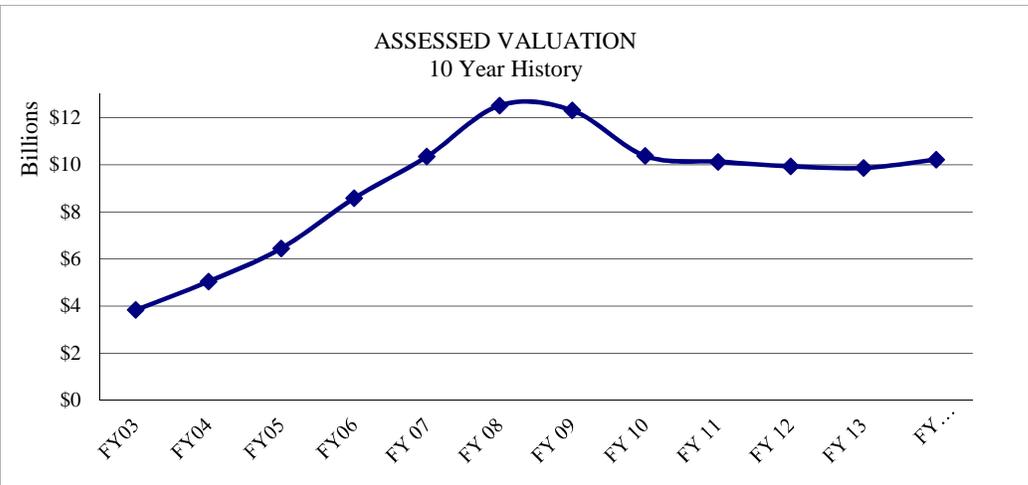
History

- 1989** Improvement District 27 was formed with \$100,000,000 bonding authorized.
- 1992** District issued \$11,500,000 in General Obligation Bonds primarily for the construction of a 30 million gallon storage reservoir.
- 1998** District refinanced outstanding debt of \$10,900,000.
- 2009** District refinanced again outstanding debt of \$7,780,000.

Historical Data						
	TAXES COLLECTED	DEBT SERVICE	NET	TAX RATE	ASSESSED VALUATION	INC%
FY03	\$725,085	\$848,600	(\$123,515)	\$0.01500	\$3,837,693,353	37%
FY04	\$829,036	\$848,700	(\$19,664)	\$0.01400	\$5,047,625,296	32%
FY05	\$994,501	\$840,800	\$153,701	\$0.01200	\$6,454,909,846	28%
FY06	\$1,081,991	\$840,385	\$241,606	\$0.01000	\$8,579,576,581	33%
FY 07	\$862,795	\$837,936	\$24,859	\$0.00700	\$10,348,663,242	21%
FY 08	\$917,168	\$835,017	\$82,151	\$0.00600	\$12,518,643,676	21%
FY 09	\$747,175	\$830,823	(\$83,648)	\$0.00500	\$12,308,043,285	-2%
FY 10	\$605,405	\$934,674	(\$329,269)	\$0.00500	\$10,378,404,507	-16%
FY 11	\$606,966	\$781,144	(\$174,178)	\$0.00500	\$10,131,397,697	-2.4%
FY 12	\$597,799	\$752,976	(\$155,177)	\$0.00500	\$9,941,622,812	-1.9%
FY 13	\$650,587	\$773,863	(\$123,276)	\$0.00500	\$9,869,377,173	-0.7%
FY 14⁽¹⁾	\$641,372	\$755,438	(\$114,066)	\$0.00500	\$10,226,148,004	3.6%

⁽¹⁾ Due to timing of the report, taxes collected is an estimate.

Change in Fund Balance						
	TAXES COLLECTED	DEBT SERVICE	NET	TAX RATE	ASSESSED VALUATION	INC%
	Est Fund Balance 6/30/14		\$818,955			
FY15	\$626,558	\$754,163	(\$127,605)	\$0.00500	\$10,532,932,444	3.0%
	Interest		\$1,905			
	Est Fund Balance 6/30/15		\$693,255			



AGENDA ITEM 6f



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	July 2, 2014
	Alicia Mendez-Schomer, Customer Service Manager	PROJECT:	DIV. NO. ALL
SUBMITTED BY:			
APPROVED BY:	<input checked="" type="checkbox"/> Joseph R. Beachem, Chief Financial Officer <input checked="" type="checkbox"/> German Alvarez, Assistant General Manager <input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	Adopt Resolution No. 4237 to Continue Water and Sewer Availability Charges for District Customers for Fiscal Year 2014-2015 to be Collected through Property Tax Bills		

GENERAL MANAGER'S RECOMMENDATION:

That the Board adopt Resolution No. 4237 to continue water and sewer availability charges for District customers for Fiscal Year 2014-2015 to be collected through property tax bills.

COMMITTEE ACTION:

See Attachment A.

PURPOSE:

That the Board consider the adoption of Resolution No. 4237 to continue water and sewer availability charges for District customers for Fiscal Year 2014-2015 to be collected through property tax bills.

ANALYSIS:

State Water Code Section 71630-71637 authorizes the District to access such availability charges. The District levies availability charges each year on property in both developed and undeveloped

areas. In order to place these charges on the tax roll, the County of San Diego requires the District to provide a resolution authorizing the charges. Each year, the District provides a resolution along with the listing of charges by parcel. Current legislation provides that any amount up to \$10 per parcel (one acre or less) is for general use and any amount over \$10 per parcel (\$30 per acre for parcels over one acre) is restricted, to be expended in and for that Improvement District. The District uses amounts over \$10 per parcel to develop water and sewer systems within the Improvement Districts where the funds are collected. In accordance with legislation, the District places amounts up to \$10 per parcel in the General Fund.

FISCAL IMPACT: Joe Beachem, Chief Financial Officer

The availability charges, as budgeted will generate approximately \$1.2 million in revenue.

STRATEGIC GOAL:

This revenue source will help the District meet its fiscal responsibility to its ratepayers.

LEGAL IMPACT:

None.

Attachments: Attachment A - Committee Action Form
 Attachment B - Resolution No. 4237



ATTACHMENT A

SUBJECT/PROJECT:	Adopt Resolution No. 4237 to Continue Water and Sewer Availability Charges for District Customers for Fiscal Year 2014-2015 to be Collected through Property Tax Bills
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COMMITTEE ACTION:

The Finance, Administration, and Communications Committee reviewed this item at a meeting held on June 18, 2014 and the following comments were made:

- Staff is requesting that the Board adopt Resolution No. 4237 to continue water and sewer availability fees in Fiscal Year 2014-2015.
- The availability fees are collected through property tax bills and are authorized through the State Water Code.
- In order to place these fees on the property tax bills, the County of San Diego requires that the District's Board adopt a resolution annually authorizing the fees.
- The fees collected are \$10/acre for parcels one acre or less and \$30/acre for parcels larger than one acre. These fees have not changed for many years.
- The District collects approximately \$1.2 million each year through this assessment.
- In response to an inquiry from the committee, staff indicated that there is a \$3 fee for parcels that are within a mile of District facilities, but not currently utilizing the District's services.

Upon completion of the discussion, the committee supported staffs' recommendation and presentation to the board as a consent item.

RESOLUTION NO. 4237

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE OTAY WATER DISTRICT CONTINUING PREVIOUSLY ESTABLISHED WATER AND SEWER AVAILABILITY CHARGES FOR FISCAL YEAR 2014-2015; REQUESTING THE COUNTY TO COLLECT SUCH AVAILABILITY CHARGES ON THE 2014-2015 SECURED TAX ROLL AND TAKING OTHER RELATED ACTIONS

WHEREAS, the Otay Water District (herein "District") is a member of the San Diego County Water Authority and the Metropolitan Water District of Southern California and, as a member, the District is entitled to purchase water for distribution within the District and water so purchased is available to property in the District that is also within the San Diego County Water Authority and the Metropolitan Water District of Southern California, without further need for annexation to any agency; and

WHEREAS, Improvement Districts No. 14 and 18 and Assessment District No. 4 (Hillsdale) have been formed within the Otay Water District (herein "District") and sanitary sewers have been constructed and sewer service is available to land within each of the said districts; and

WHEREAS, in consideration of the benefit that water availability confers upon property within the District, and in further consideration of the need for revenue to pay the cost of water storage and transmission facilities which directly and specially benefit property within the District, the District has previously determined that water availability charges be fixed and established under applicable provisions of law; and

WHEREAS, in consideration of the benefit which sewer availability confers upon property within Improvement Districts No.

14 and 18 and within Assessment District No. 4 (Hillsdale), and in further consideration of the need to pay the cost of sanitary sewers which directly and specifically benefit those properties, the District has previously determined that sewer availability charges be fixed and established for Improvement Districts No. 14 and 18 and Assessment District No. 4 (Hillsdale), all as provided under applicable provisions of law; and

WHEREAS, the District desires to continue the collection of such water and sewer availability charges without increases or revisions in methodology or application.

NOW, THEREFORE, the Board of Directors of the Otay Water District resolves, determines and orders as follows:

1. SCHEDULE OF WATER CHARGES

(A) The water availability charges previously fixed and established are hereby continued for Fiscal Year 2014-2015 at the existing rates, as follows:

- (1) In Improvement Districts No. 5 and La Presa No. 1 the charge shall be \$10.00 per acre of land and \$10.00 per parcel of land less than one acre.
- (2) In Improvement Districts No. 2, 3, 7, 9, 10, 19, 20, 22, 25 and 27 the charge shall be \$30.00 per acre of land and \$10.00 per parcel of land less than one acre.
- (3) For land located outside an improvement district and within one mile of a District water line, the charge shall be \$10.00 per acre of land and \$10.00 for each parcel less than one acre.

(4) For land located outside an improvement district and greater than one mile from District facilities, the charge shall be \$3.00 per acre of land and \$3.00 for each parcel less than one acre.

(B) Modifications The charges provided for in subparagraphs (1) through (4) in (A) above shall be modified upon petition by the property owner where the property does not receive water from the District as follows:

(1) where a parcel of land or a portion thereof is within an open space easement approved by San Diego County, the charge for such parcel or portion thereof shall be fifty percent (50%) of the charge determined pursuant to paragraph (A), provided the owner files with the District proof, satisfactory to the District, that said parcel of land or portion thereof is within such a designated permanent open space area;

(2) where a parcel of land or portion thereof is in an agricultural reserve under a Land Conservation Contract with the County of San Diego, pursuant to the Land Conservation Act of 1965 as amended, the charge for such parcel shall be \$3.00 per acre, provided the owner files with the District proof, satisfactory to the District, that said parcel of land or portion thereof is within such an agricultural preserve;

- (3) where a parcel of land or a portion thereof is within an area designated as a floodplain by the County of San Diego, the charge for such a parcel or portion thereof shall be \$3.00 per acre, provided the owner files with the District proof, satisfactory to the District, that said parcel of land or portion thereof is within such designated floodplain; and
- (4) where a parcel of land or portion thereof exceeds a 30% slope, and where such is not within a legal subdivision, lot-split or planned residential development, the charge for the slope portion shall be \$3.00 per acre, or if such a parcel is less than one acre and more than one-half of the area exceeds 30% slope, \$3.00 for the parcel, provided the owner files with the District proof, satisfactory to the District, that said parcel of land or portion thereof meets or exceeds the slope.

(C) Exceptions The charges provided for in (A) and (B) above shall not apply, upon petition by the property owner, to the following:

- (1) land located within an area designated as a floodway by the County of San Diego;
- (2) land designated as a vernal pool area by a governmental agency authorized to make such a designation and which designation prohibits use of such area for any purpose;

- (3) land owned by non-profit, tax-exempt conservation organizations specializing in identifying and protecting the natural habitat of rare species; or
- (4) land that is located within the boundaries of the Otay Water District but not within the boundaries of the Metropolitan Water District of Southern California and the San Diego County Water Authority.

2. SCHEDULE OF SEWER CHARGES

(A) Sewer standby assessment or availability charges are hereby fixed and established for Fiscal Year 2014-2015 as follows:

- (1) In Improvement Districts No. 14, 18 and Assessment District No. 4 (Hillsdale), the charges shall be \$30.00 per acre of land and \$10.00 per parcel of land less than one acre. The preceding charges shall not apply, upon petition by the property owner, to the following:
 - (a) any portion of a parcel which is undeveloped and maintained in its natural state within an Open Space Area as a requirement under the San Diego County General Plan, provided the owner of such parcel files proof, satisfactory to the District, of such designed Open Space Area;
 - (b) any portion of a parcel located within an area designated by the County of San Diego as a floodway or floodplain; or
 - (c) any portion of a parcel of land which exceeds a slope of 30% and which is not within a legal

subdivision, lot split or planned lot split or planned residential development.

3. DEFERRALS

(A) Deferral of Charge, Purpose Situations may arise when an owner of a parcel of land does not use and has no present intention of using water and/or sewer provided by the District on a parcel of land, as defined in Section 4. The purpose of this section is to permit an evaluation by the District, on a case-by-case basis, of the circumstances which pertain to such situations to determine whether a deferral of charges should be approved according to the terms and conditions herein provided.

Any owner of a parcel of land who believes that the amount of the water and/or sewer availability charges fixed against such parcel should be deferred may file an application with the District for deferral of the charge, as follows:

- (a) Application The application shall include a statement describing the circumstances and factual elements which support the request for deferral.
- (b) The General Manager shall consider the request within sixty (60) days after the filing of a completed application. If the application for deferral meets the established criteria, the General Manager may decide whether to approve the request and order the charge deferred accordingly. If the request is denied, the applicant shall be notified in writing stating the reasons for the denial.

(B) Appeal to Board of Directors If the General Manager denies a request, the owner may file an appeal with the Board of Directors within sixty (60) days after such denial. No new application for deferral need be considered by the General Manager until expiration of twelve (12) months from the date of a denial, unless differently directed by the Board of Directors.

(C) Deferred Charges on Restricted Parcels, Criteria The levy of the charge may be deferred annually as to any parcel of land which meets each of the following criteria:

- (a) The owner of such parcel makes a timely application requesting deferral of the charge.
- (b) The parcel, which is the subject of the request, will become subject to enforceable restrictions which prohibits the connection to the District sewer system or use of water on the parcel, except by means of natural precipitation or runoff; provided, however, if considered appropriate by the General Manager, local water may be used for limited domestic stock watering and irrigation uses.
- (c) The owner executed a recordable agreement which includes provisions that:
 - (1) set forth the enforceable restrictions pertinent to the subject parcel;
 - (2) the agreement may be terminated upon written request by the owner and payment of all deferred water and/or sewer availability charges, plus interest thereon, compounded

annually, and accruing at the legal rate from the date such charges would have been otherwise due and payable;

- (3) no water and/or sewer service from the District shall be provided to such parcel for a period of ten (10) years after the total amount due for the charges deferred, plus annually compounded interest, is paid in full to the District, unless a surcharge penalty as described below is paid to the District prior to connection of any water and/or sewer service;
- (4) if the surcharge is not paid, during the ten (10) year period, while water and/or sewer service is not available to the subject land, the owner shall pay all annual water or availability charges as fixed; and
- (5) contains such other provisions considered by the General Manager to be appropriate.

(D) Surcharge Upon termination of the deferral agreement, an owner may elect to receive water and/or sewer service prior to the expiration of the ten (10) year penalty period upon payment of a surcharge. The surcharge shall be equal to the amount of the annual water and/or sewer availability charges fixed for the parcel(s) of land in the year of election to receive water and/or sewer service multiplied by the number of years remaining of the ten (10)

year penalty period. This surcharge shall also apply if a property owner develops a parcel that is subject to a deferral agreement without termination of said agreement.

(E) Enforcement Procedures In order to insure that terms and conditions of the recordable agreement are being met, the General Manager shall:

- (1) Maintain a record of all parcels approved for deferral of the water assessments or availability charges.
- (2) Report to the Board of Directors any instances where the terms of the agreement are being violated.
- (3) Take such other actions or procedures considered appropriate.

4. DEFINITION OF PARCEL The term "parcel" as used herein shall mean a parcel of land as shown on the assessment rolls of the County Assessor of San Diego County as of March, 2014.

5. NOTICE AND REQUEST TO THE BOARD OF SUPERVISORS AND AUDITOR As provided in Sections 71634 to 71637, on or before the third Monday in August, 2013, the Secretary of this District shall furnish, in writing to the Board of Supervisors of San Diego County and to the County Auditor, a description of the land within the District upon which availability charges are to be levied and collected for Fiscal Year 2014-2015 together with the amount of the assessments or charges. At the time and in the manner required by law for the levying of taxes for county purposes, the Board of Supervisors of San Diego County shall levy, in addition to taxes it levies, water and/or sewer availability charges in the amounts fixed by this

Resolution for the respective parcels of land described in Section 1 of this Resolution. All County officers charged with the duty of collecting taxes shall collect the charges with the regular property tax payments in the same form and manner as County taxes are collected. Such availability charges are a lien on the property with respect to which they are fixed. Collection of the charges may be enforced by the same means as provided for the enforcement of liens for state and county taxes.

6. CERTIFICATION TO COUNTY BOARD OF SUPERVISORS The District certifies that this Resolution complies with the provisions of Article XIIIID of the California Constitution in that the availability charges are existing charges first set by the Board of Directors of the District prior to November 6, 1996. At the time the availability charges were initially established, the District followed the applicable provisions of law then in effect, and the District has continued to comply with such provisions, including any requirements for notices or hearings, as from time to time in effect. Therefore, pursuant to Section 71632 and Section 71638 of the California Water Code, as currently in effect, the District may continue the availability charges in successive years at the same rate. The District further certifies that the charge is not increased hereby and the methodology for the rate is the same as in previous years. The charge is imposed exclusively to finance the capital costs, maintenance and operating expenses of the water or sewer system of the District, as applicable.

7. CERTIFIED COPIES The Secretary of this District shall deliver certified copies of this Resolution to the Board of Supervisors and

to the Auditor of San Diego County with the list of charges described in Section 4 above.

8. CORRECTIONS; OTHER ACTIONS The General Manager of the District is hereby authorized to correct any clerical error made in any assessment or charge pursuant to this Resolution and to make an appropriate adjustment in any assessment or charge made in error. Furthermore, the General Manager and the Secretary of this District are hereby directed to take any further actions and deliver such documents and certificates as necessary to carry out the purpose of this Resolution.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Otay Water District at a regular meeting duly held this 2nd day of July, 2014.

President

ATTEST:

Secretary

I HEREBY CERTIFY that the foregoing Resolution No. 4237 was duly adopted by the BOARD OF DIRECTORS of the OTAY WATER DISTRICT at a regular meeting thereof held on the 2nd day of July, 2014 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

District Secretary



AGENDA ITEM 6g

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	July 2, 2014
	Alicia Mendez-Schomer, Customer Service Manager	PROJECT:	DIV. NO. ALL
SUBMITTED BY:			
APPROVED BY:	<input checked="" type="checkbox"/> Joseph R. Beachem, Chief Financial Officer <input checked="" type="checkbox"/> German Alvarez, Assistant General Manager <input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	Adopt Ordinance No. 544 Amending Section 23.04, Cross-Connections and Backflow Devices, of the District's Code of Ordinances.		

GENERAL MANAGER'S RECOMMENDATION:

That the Board adopt Ordinance No. 544 amending Section 23.04, Cross-Connections and Backflow Devices, which incorporates key portions of California Department of Health, Title 17 of the California Administrative Code (Title 17).

COMMITTEE ACTION:

See Attachment A.

PURPOSE:

To clarify the language in Section 23.04 and incorporate essential portions from Title 17, which govern the implementation and provisions of a cross-connection program.

ANALYSIS:

The purpose of Title 17 is to protect the public water supply from contamination by the implementation of a cross connection control program.

The proposed amendment to Section 23.04, Cross Connection and Backflow Devices is taken from Title 17. The amendment includes all of the following summarized items, A-G:

- A. The adoption of operating rules and ordinances to effectively implement and manage the cross-connection program.
- B. The authority to conduct surveys to identify situations where cross-connections are likely to occur.
- C. The provisions of backflow protection types required, based on degree of hazard, and listing of approved backflow types.
- D. The establishment of a procedure or system for testing backflow preventers.
- E. The provision for the inclusion of at least one person trained in cross connection control to carry out the cross-connection program.
- F. Customer responsibility.
- G. The maintenance of records of locations, tests, and repairs of backflow preventers.

The inclusion of sections from Title 17 will ensure the cross-connection program is part of the District's systematic approach to managing the District and is found in one single document, the District's Code of Ordinance.

FISCAL IMPACT:

Joe Beachem, Chief Financial Officer

None.

STRATEGIC GOAL:

None.

LEGAL IMPACT:

None.

Attachments:

- A) Committee Action Form
- B) Ordinance No. 544
Exhibit 1 - Strike-through Section 23.04
- C) Proposed Section 23.04



ATTACHMENT A

SUBJECT/PROJECT:	Adopt Ordinance No. 544 Amending Section 23.04, Cross-Connections and Backflow Devices, of the District's Code of Ordinances.
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COMMITTEE ACTION:

The Finance, Administration, and Communications Committee reviewed this item at a meeting held on June 18, 2014 and the following comments were made:

- Staff is recommending that the Board adopt Ordinance No. 544 amending Section 23.04, Cross Connections and Backflow Devices, which incorporates key portions of the California Department of Health's (CDH) Title 17 of the California Administrative Code.
- The amendment clarifies the language in Section 23.04 and incorporates essential portions of Title 17 into this section. Title 17 governs the implementation and provisions of a cross-connection program, which ensures the safety of the District's water systems.
- Staff noted seven fundamental items that have been incorporated into the District's Code under Section 23.04. Please reference page 2 of staffs' report.
- In response to an inquiry from the committee, staff indicated that by including the essential portions of Title 17 into the District's Code, it would provide more clarity. Customers have inquired about the backflow maintenance mandates and rather than refer customers to the California Administrative Code, the key provisions of Title 17 would be included in the District's Code.
- The committee inquired if incorporating provisions of Title 17 into the District's code provides a greater ability to fine violators. Staff indicated that the provisions for fining a violator is included in Section 71, Violations and Prohibited Practices. Penalties and Damages are identified in Section 72 of the District's Code allowing for the ability to prosecute and fine violators. The proposed amendments just lay out the provisions of Title 17, which governs the implementation and requirements of a cross-connection program.

- Staff indicated in response to another inquiry from the committee that some residential sites may need backflow devices. Such sites are generally on well water. However, most backflow devices are used on irrigation systems and commercial sites. Backflow devices protect the potable system from backflow should the system experience negative pressure. The provisions cover cross connections as well.
- It was discussed that Title 17 has been in place since the 1980's. When a customer applies for a permit, the District's Public Services staff will advise them at that time should a backflow prevention device be required or if a survey will be required at the time of connection.
- The committee inquired the reason the fee schedule is included in the Code as it requires that the Code be amended each time a fee changes. The committee suggested that the fee schedule be segregated, if allowed by statute, for efficiency of operations. It was indicated that there may be a statutory requirement that the District's fees be published. Staff was advised by the District's Attorney that there is no requirement to include fees in the Code of Ordinances. While the District's Attorney indicates that the fees are not required to be published in the Code of Ordinances, the District's practice is to bring all changes to fees for the board's approval.

Upon completion of the discussion, the committee supported staffs' recommendation and presentation to the board as a consent item.

ORDINANCE NO. 544

AN ORDINANCE OF THE BOARD OF DIRECTORS OF
THE OTAY WATER DISTRICT
AMENDING SECTION 23, 23.04, CROSS-CONNECTIONS AND BACKFLOW
DEVICES OF THE DISTRICT'S CODE OF ORDINANCES

BE IT ORDAINED by the Board of Directors of Otay Water District that the District's Code of Ordinances Section 23.04, Cross-Connections and Backflow Devices, be amended as per Exhibit 1 (attached).

NOW, THEREFORE, BE IT RESOLVED that the new proposed Section 23.04, Cross-Connections and Backflow Devices, (Attachment C) of the Code of Ordinances shall become effective July 2, 2014.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Otay Water District at a regular meeting duly held this 2nd day of July 2014, by the following roll call vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

President

ATTEST:

District Secretary

SECTION 23 NON-RESPONSIBILITY OF DISTRICT

23.01 INTERRUPTIONS OF WATER SERVICE

District does not guarantee continuous delivery of water on demand. From time to time it may be necessary for the District to shut off the flow of water in any of its water systems. Except in emergencies, such stoppages will not be made without prior notice to the customers involved. District shall not assume any responsibility for loss or damages which may occur due to interruption of water service.

23.02 PRIVATELY-OWNED WATER LINES

The District assumes no responsibility for the delivery of water through privately-owned pipelines or systems, nor shall it assume any responsibility for damages resulting from the operation of any such system even though water may be received from a district water distribution system.

23.03 WATER PRESSURE REGULATION

- A. Customer Responsibility. The District shall assume no responsibility for water pressure regulation within a customer's service area. The customer shall be responsible for providing adequate safeguard measures for the customer's water system wherever pressure regulation is necessary.
- B. Requirement for Installation in New Construction. Customers making application for water service for new construction for residential, commercial or industrial use shall be required to install an appropriate pressure regulation device for such service.

23.04 CROSS-CONNECTIONS AND BACKFLOW DEVICES

State Regulations for Cross-Connections

The California Department of Public Health has issued Regulations Relating to Cross-Connections (Calif. Adm. Code, Title 17 - Public Health) for the purpose of safeguarding drinking water supplies by preventing backflow into public water systems.

It is unlawful for any person, firm, or corporation at any time to make or maintain or cause to be made or maintained, temporarily or permanently, for any period of time whatsoever, any cross-connection between plumbing pipes or water fixtures being served with water by the District water department and any other source of water supply or to maintain

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any sanitary fixture or other appurtenances or fixtures which by reason of their construction may cause or allow back-flow of water or other substances into the water supply system of the District and/or the service of water pipes or fixtures of any consumer of the District.

~~The District has adopted Rules, Regulations, and Fees Regarding Cross-Connections as uncodified Ordinance No. 386 which is available in the Operations and Engineering Departments.~~

A. Definitions: For a complete listing see California Administrative Code, Title 17, Public Health.

1. Air-Gap Separation (AG): The term "air-gap separation" means a physical break between a supply pipe and a receiving vessel. The air-gap shall be at least double the diameter of the supply pipe measured vertically above the top rim of the vessel, in no case less than one inch.
2. Approved Backflow Prevention Device: The term "approved backflow prevention device" shall mean devices which have passed laboratory and field evaluation tests performed by a recognized testing organization which has demonstrated their competency to perform such test to the California Department of Health Services and the Otay Water District.
3. AWWA Standard: The term "AWWA Standard" means an official standard developed and approved by the American Water Works Association (AWWA).
4. Backflow: The term "backflow" shall mean a flow condition, caused by a differential in pressure, that causes the flow of water or other liquids, gases, mixtures or substances into the distributing pipes of a potable supply of water from any source or sources other than an approved water supply source. Back-siphonage is one cause of backflow. Back pressure is the other cause.
5. Cross-Connection: The term "cross-connection" as used in this Ordinance means any unprotected actual or potential connection between a potable water system used to supply water for drinking purposes and any source or system containing unapproved water or a substance that is not or cannot be approved as safe, wholesome, and potable. Bypass arrangements, jumper connections, removable sections, swivel or changeover devices, or other devices through which backflow could occur, shall be considered to be cross-connections.

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6. Double Check Valve Assembly: The term "double check valve assembly" means an assembly of at least two independently acting check valves, including tightly closing shut-off valves, on each side of the check valve assembly and test cocks available for testing the water tightness of each check valve.

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7. Reduced Pressure Principle Backflow Prevention Device (RP): The term "reduced pressure principle backflow prevention device" means a device incorporating two or more check valves and an automatically operating differential relief valve located between the two check valves, a tightly closing shut-off valve on each side of the check valve assembly, and equipped with necessary test cocks for testing.

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8. Reduced Pressure Detection Assembly (RPDA): Same as RP except as approved for fire services.

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9. Service Connection: The term "service connection" refers to the point of connection of a user's piping to the Otay Water District facilities.

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B. General Provisions

1. Unprotected cross-connections with the public water supply are prohibited.
2. Whenever backflow protection has been found necessary, the District will require the water user to install an approved backflow prevention device by and at his/her expense for continued services or before a new service will be granted.
3. Wherever backflow protection, has been found necessary on a water supply line entering a water user's premises, then any and all water supply lines from the District's mains entering such premises, buildings, or structures shall be protected by an approved backflow prevention device. The type of device to be installed will be in accordance with the requirements of this ordinance.

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C. Where Protection is Required

1. Each service connection from the District water system for supplying water to premises having an

auxiliary water supply shall be protected against backflow of water from the premises into the public water system.

2. Each service connection from the District water system for supplying water to any premises on which any substance is handled in such fashion as may allow its entry into the water system shall be protected against backflow of the water from the premises into the public system. This shall include commercial accounts, irrigation accounts, multifamily dwellings, multi-story buildings, complex piping and locations where the handling of process waters and waters originating from the District water system may be subjected to deterioration in sanitary quality.

D. Type of Protection Required

1. The type of protection that shall be provided to prevent backflow into the approved water supply shall be commensurate to the degree of hazard that exists on the consumer's premises. The type of protective device that may be required (listed in an increasing level of protection) includes: Reduced Pressure Principle Backflow Prevention Device (RP), and an Air-gap separation (AG). The water user may choose a higher level of protection than that required by the District. The minimum types of backflow protection required to protect the approved water supply at the user's water connection to premises with varying degrees of hazard, are given in Table 1 of the California Administrative Code, Title 17, Public Health. Situations which are not covered in Table 1 shall be evaluated on a case by case basis and the appropriate backflow protection shall be determined by the District.

E. Approved Backflow Prevention Devices

1. Only backflow prevention devices which have been approved by the District shall be acceptable for installation by a water user connected to the District's potable water system.
2. The District will provide to any affected customer, upon their request, a list of approved backflow prevention devices.

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F. Backflow Prevention Device Installation

1. Backflow prevention devices shall be installed in a manner prescribed in Section 7603, Title 17 of the California Administrative Code. Location of the devices should be as close as practical to the user's connection. The District shall have the final authority in determining the required location of a backflow prevention device.
 - a. Air-gap separation (AG) - The air-gap separation shall be located on the user's side of and as close to the service connection as is practical. All piping from the service connection to the receiving tank shall be above grade and be entirely visible. No water use shall be provided from any point between the service connection and the air-gap separation. The water inlet piping shall terminate a distance of at least two (2) pipe diameters of the supply inlet, but in no case less than one inch above the overflow rim of the receiving tank.
 - b. Reduced Pressure principle backflow prevention device (RP) - The approved reduced pressure principle backflow prevention device shall be installed on the user's side of the service connection at a distance consistent with the District's Standard Drawings and Specifications. The device shall be installed a minimum of twelve inches (12") but not more than eighteen inches (18") above grade measured from the bottom of the relief valve and with a minimum of twelve inches (12") side clearance. The device shall be installed so that it is readily accessible for maintenance and testing. Water supplied from any point between the service connection and the RP device shall be protected in a manner approved by the District. Additionally, materials and installation shall at all times conform to water agency standards as outlined in www.sdwas.com.

G. Backflow Prevention Device Testing and Maintenance

1. The owners of any premises on which, or on account of which, backflow prevention devices are installed, shall have the devices tested by a person who has demonstrated their competency in testing of these devices to the District and has been approved by the District. Backflow prevention devices must be tested at least annually and immediately after installation, relocation or repair. The District may require a more frequent testing schedule -if it is determined to be necessary. No device shall be placed back in service unless it is functioning as required. A report in a form acceptable to the District shall be filed with the District each time a device is tested, relocated or repaired. These devices shall be serviced, overhauled, or replaced whenever they are found to be defective and all costs of testing, repair, and maintenance shall be borne by the water user.
2. Initial testing after installation and subsequent retesting shall at all times conform to water agency standards as outlined in www.sdwas.com.
3. The District will supply affected water users with a list of persons acceptable to the District to test backflow prevention devices. The District will notify affected customers by mail when annual testing of a device is needed and also supply users with the necessary forms which must be filled out each time a device is tested or repaired.
4. Existing double check valves and pressure vacuum breakers on median strip irrigation areas which function adequately may remain in place, however, as the District no longer recognizes such devices to be commensurate with the degree of potential hazard, failures of these devices will necessitate their replacement with a reduced pressure principal backflow prevention device (RP).

H. Backflow Prevention Device Removal

1. Written approval must be obtained from the District before a backflow prevention device is removed, relocated, repaired or replaced.

- a. Removal: The use of a device may be discontinued and device removed from service upon presentation of sufficient evidence to the District to verify that a hazard no longer exists or is not likely to be created in the future;
- b. Relocation: A device may be relocated following confirmation by the District that the relocation will continue to provide the required protection and satisfy installation requirements. A retest will be required following the relocation of the device;
- c. Repair: A device may be removed for repair, provided the water use is either discontinued until repair is completed and the device is returned to service, or the service connection is equipped with other backflow protection approved by the District. A retest will be required following the repair of the device; and
- d. Replacement: A device may be removed and replaced provided the water use is discontinued until the replacement device is installed and tested. All replacement devices must be approved by the District and must be commensurate with the degree of hazard involved.

I. User Supervisor

- 1. At each premise where it is necessary, in the opinion of the District, a user supervisor shall be designated by and at the expense of the water user. This user supervisor shall be responsible for the monitoring of the backflow prevention devices and for avoidance of cross connections. In the event of contamination or pollution of the drinking water system due to a cross-connection on the premises, the District shall be promptly notified by the user supervisor so that appropriate measures may be taken to overcome the contamination. The water user shall inform the District of the user supervisor's identity on, as a minimum, an annual basis and whenever a change occurs.

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J. Administrative Procedures

Water System Survey

1. The District shall review all requests for new services to determine if backflow protection is needed. Plans and specifications must be submitted to the District upon request for review of possible cross-connection hazards as a condition of service for new service connections. If it is determined that a backflow prevention device is necessary to protect the public water system, the required device must be installed before service will be activated.
2. The District may require an on-premise inspection to evaluate cross-connection hazards. The District will transmit a written notice requesting an inspection appointment to each affected water user. Any customer which cannot or will not allow an on-premise inspection of their piping system shall be required to install the backflow prevention device the District considers necessary.
3. The District may, at it's discretion, require a reinspection for cross-connection hazards of any premise to which it serves water. The District will transmit a written notice requesting an inspection appointment to each affected water user. Any customer which cannot or will not allow an on-premise inspection of their piping system shall be required to install the backflow prevention device the District considers necessary.

K. Customer Notification - Device Installation and/or Repair (Corrective Action)

1. The District will notify the water user of the survey findings, listing corrective action to be taken if required. A period of 30 days will be given to complete all corrective action required including installation of backflow prevention devices.
2. A second notice will be sent to each water user who does not take the required corrective

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action prescribed in the first notice within the 30 day period allowed. The second notice will give the water user a 14 day period to take the required corrective action and will generate the assessment of a fee in accordance with Schedule A. If no action is taken within the 14 day period, the District may terminate water service to the affected water user until the required corrective actions are taken.

3. A third and final notice will be sent to each water user who fails to take the requisite corrective action detailed in the second notice within the 14 day period allowed. The third notice will indicate the date of service termination and will generate the assessment of a fee in accordance with Schedule A.
4. Only written verification from a certified and District-approved tester/installer received in the District office within the allotted time period will constitute compliance with the above requirements.

L. Customer Notification - Testing

1. The District will notify each affected water user when it is time for the backflow prevention device installed on their service connections to be tested. This written notice shall give the water user 30 days to have the device tested and supply the water user with the necessary form(s) to be completed and submitted to the District.
2. A second notice shall be sent to each water user who does not have their backflow prevention device tested as prescribed in the first notice within the 30 day period allowed. The second notice will give the water user a 14 day period to have their backflow prevention device tested and will generate the assessment of a fee in accordance with Schedule A of this Ordinance. If no action is taken within the 14 day period, the District may terminate water service to the affected water user until the subject device is tested.
3. A third and final notice will be sent to each water user who fails to have their backflow

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prevention device(s) tested as required in the second notice within the 14 day period allowed. The third notice will indicate the date of service termination and will generate the assessment of a fee in accordance with Schedule A of this Ordinance.

4. Submittal of verification of testing by a District approved tester on the appropriate form(s) received in the District office within the allotted time period will constitute compliance with the above requirements.

M. Water Service Termination

A. General

When the District encounters water uses that represent a clear and immediate hazard to the potable water supply that cannot be immediately abated, the District shall institute the procedure for discontinuing the District water service. A reconnection fee will be assessed in accordance with Schedule A.

B. Basis for Termination

Conditions or water uses that create a basis for water service termination shall include, but are not limited to, the following items:

1. Refusal to install a required backflow prevention device;
2. Refusal to test a backflow prevention device;
3. Refusal to repair a faulty backflow prevention device;
4. Refusal to replace a faulty backflow prevention device;
5. Direct or indirect connection between the public water system and a sewer line;
6. Unprotected direct or indirect connection between the public water system and a system or equipment containing contaminants;

- 7. Unprotected direct or indirect connection between the public water system and an auxiliary water system; and/or
- 8. Any situation which presents an immediate health hazard to the public water system.

Additional remedies for failure to comply with Cross Connection requirements are referenced in Section 72 of The Code Of Ordinance and may be prosecuted as set forth in Section 73.01 of this Code.

- N. Water Service Termination Procedures
The District has absolute discretion to determine the corrective action required and referenced in Sections 72 and 73 of this Code.

- 1. For conditions 1, 2, 3, or 4, the District will terminate service to a customer's premise after 2 written notices have been sent specifying the corrective action needed and the time period in which it must be done. If no action is taken within the allowed time period water service may be terminated.
- 2. For conditions 4, 5, 6, 7, or 8, the District will take the following steps:
 - a. Make reasonable effort to advise the water user of intent to terminate water service;
 - b. Terminate water supply and lock service valve. The water service will remain inactive until correction of violations has been approved by the District.

- O. Requirements for addition to or renewal on the Otay Water District list of approved backflow prevention device testers

- A. Each applicant desiring initial addition to or annual renewal on the District List of Approved Backflow Prevention Device Testers shall submit a fee in accordance with Section A. of this Ordinance. Fees must be made in an acceptable form of payment to the District. With the fee, a current address and phone number must be furnished. Those applicants not meeting all

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qualifications specified herein will have current fees returned.

- B. Applicants shall hold a valid and current certification from the American Water Works Association (AWWA), American Backflow Prevention Association (ABPA), American Society of Sanitary Engineering (ASSE), or University of Southern California Test Procedures (current edition). California Nevada Section or from a certification program recognized by the San Diego County Health Department. Evidence of said certification shall be furnished the District at the time of application, at time of renewal and at any time the District requests verification. Certification alone does not constitute District approval.
- C. Each applicant shall furnish evidence to show the availability of the necessary tools and equipment to properly test and/or repair such devices. Test kits shall be recalibrated annually and evidence of this shall also be provided with both initial application and subsequent renewals.
- D. The tester shall be solely responsible for the competency and accuracy of all tests and reports prepared and submitted to the District.

The list of approved testers will be furnished upon request to any District customer requiring such service.

The testers listed will remain listed for a period of one year at which time they are subject to application for renewal. At the beginning of each year a grace period not to exceed ninety (90) days will be allowed for this process. Failure to renew within the grace period will constitute removal from the list. The District reserves the authority to revoke, suspend, or remove any tester from the list of authorized testers for improper conduct, testing, repairs, and/or reporting.

FEES

- A. A second notice for required corrective action will result in a service fee, per backflow device as outlined in Schedule A.
- B. A third notice (termination of service notice) will result in a service, per backflow device followed by the assessment of a reconnection fee if such action is required as outlined in Schedule A.
- C. A reconnection fee, per service, is required for service to be resumed as outlined in Schedule A
- D. Applicants for addition to the list of approved backflow prevention device testers in the Otay Water District will submit an initial filing fee and a renewal fee of ten dollars annually thereafter as outlined in Schedule A.

23.05 WATER SERVICE FOR STEAM BOILERS

Customers using District water to supply steam boilers are required to provide adequate storage of water for boiler use for a minimum period of 12 hours.

23.06 ELECTRICAL GROUND CONNECTIONS

The connection of electrical ground wire to water pipes is prohibited. The District shall assume no responsibility for any loss or damage resulting from such a connection.

SECTION 23 NON-RESPONSIBILITY OF DISTRICT23.01 INTERRUPTIONS OF WATER SERVICE

District does not guarantee continuous delivery of water on demand. From time to time it may be necessary for the District to shut off the flow of water in any of its water systems. Except in emergencies, such stoppages will not be made without prior notice to the customers involved. District shall not assume any responsibility for loss or damages which may occur due to interruption of water service.

23.02 PRIVATELY-OWNED WATER LINES

The District assumes no responsibility for the delivery of water through privately-owned pipelines or systems, nor shall it assume any responsibility for damages resulting from the operation of any such system even though water may be received from a district water distribution system.

23.03 WATER PRESSURE REGULATION

- A. Customer Responsibility. The District shall assume no responsibility for water pressure regulation within a customer's service area. The customer shall be responsible for providing adequate safeguard measures for the customer's water system wherever pressure regulation is necessary.
- B. Requirement for Installation in New Construction. Customers making application for water service for new construction for residential, commercial or industrial use shall be required to install an appropriate pressure regulation device for such service.

23.04 CROSS-CONNECTIONS AND BACKFLOW DEVICESState Regulations for Cross-Connections

The California Department of Public Health has issued Regulations Relating to Cross-Connections (Calif. Adm. Code, Title 17 - Public Health) for the purpose of safeguarding drinking water supplies by preventing backflow into public water systems.

It is unlawful for any person, firm, or corporation at any time to make or maintain or cause to be made or maintained, temporarily or permanently, for any period of time whatsoever, any cross-connection between plumbing pipes or water fixtures being served with water by the District water department and any other source of water supply or to maintain

any sanitary fixture or other appurtenances or fixtures which by reason of their construction may cause or allow back-flow of water or other substances into the water supply system of the District and/or the service of water pipes or fixtures of any consumer of the District.

- A. Definitions: For a complete listing see California Administrative Code, Title 17, Public Health.
1. Air-Gap Separation (AG): The term "air-gap separation" means a physical break between a supply pipe and a receiving vessel. The air-gap shall be at least double the diameter of the supply pipe measured vertically above the top rim of the vessel, in no case less than one inch.
 2. Approved Backflow Prevention Device: The term "approved backflow prevention device" shall mean devices which have passed laboratory and field evaluation tests performed by a recognized testing organization which has demonstrated their competency to perform such test to the California Department of Health Services and the Otay Water District.
 3. AWWA Standard: The term "AWWA Standard" means an official standard developed and approved by the American Water Works Association (AWWA).
 4. Backflow: The term "backflow" shall mean a flow condition, caused by a differential in pressure, that causes the flow of water or other liquids, gases, mixtures or substances into the distributing pipes of a potable supply of water from any source or sources other than an approved water supply source. Back-siphonage is one cause of backflow. Back pressure is the other cause.
 5. Cross-Connection: The term "cross-connection" as used in this Ordinance means any unprotected actual or potential connection between a potable water system used to supply water for drinking purposes and any source or system containing unapproved water or a substance that is not or cannot be approved as safe, wholesome, and potable. Bypass arrangements, jumper connections, removable sections, swivel or changeover devices, or other devices through which backflow could occur, shall be considered to be cross-connections.
 6. Double Check Valve Assembly: The term "double check valve assembly" means an assembly of at least two independently acting check valves, including tightly

closing shut-off valves, on each side of the check valve assembly and test cocks available for testing the water tightness of each check valve.

7. Reduced Pressure Principle Backflow Prevention Device (RP): The term "reduced pressure principle backflow prevention device" means a device incorporating two or more check valves and an automatically operating differential relief valve located between the two check valves, a tightly closing shut-off valve on each side of the check valve assembly, and equipped with necessary test cocks for testing.
8. Reduced Pressure Detection Assembly (RPDA): Same as RP except as approved for fire services.
9. Service Connection: The term "service connection" refers to the point of connection of a user's piping to the Otay Water District facilities.

B. General Provisions

1. Unprotected cross-connections with the public water supply are prohibited.
2. Whenever backflow protection has been found necessary, the District will require the water user to install an approved backflow prevention device by and at his/her expense for continued services or before a new service will be granted.
3. Wherever backflow protection, has been found necessary on a water supply line entering a water user's premises, then any and all water supply lines from the District's mains entering such premises, buildings, or structures shall be protected by an approved backflow prevention device. The type of device to be installed will be in accordance with the requirements of this ordinance.

C. Where Protection is Required

1. Each service connection from the District water system for supplying water to premises having an auxiliary water supply shall be protected against backflow of water from the premises into the public water system.

2. Each service connection from the District water system for supplying water to any premises on which any substance is handled in such fashion as may allow its entry into the water system shall be protected against backflow of the water from the premises into the public system. This shall include commercial accounts, irrigation accounts, multifamily dwellings, multi-story buildings, complex piping and locations where the handling of process waters and waters originating from the District water system may be subjected to deterioration in sanitary quality.

D. Type of Protection Required

1. The type of protection that shall be provided to prevent backflow into the approved water supply shall be commensurate to the degree of hazard that exists on the consumer's premises. The type of protective device that may be required (listed in an increasing level of protection) includes: Reduced Pressure Principle Backflow Prevention Device (RP), and an Air-gap separation (AG). The water user may choose a higher level of protection than that required by the District. The minimum types of backflow protection required to protect the approved water supply at the user's water connection to premises with varying degrees of hazard, are given in Table 1 of the California Administrative Code, Title 17, Public Health. Situations which are not covered in Table 1 shall be evaluated on a case by case basis and the appropriate backflow protection shall be determined by the District.

E. Approved Backflow Prevention Devices

1. Only backflow prevention devices which have been approved by the District shall be acceptable for installation by a water user connected to the District's potable water system.
2. The District will provide to any affected customer, upon their request, a list of approved backflow prevention devices.

F. Backflow Prevention Device Installation

1. Backflow prevention devices shall be installed in a manner prescribed in Section 7603, Title 17 of

the California Administrative Code. Location of the devices should be as close as practical to the user's connection. The District shall have the final authority in determining the required location of a backflow prevention device.

- a. Air-gap separation (AG) - The air-gap separation shall be located on the user's side of and as close to the service connection as is practical. All piping from the service connection to the receiving tank shall be above grade and be entirely visible. No water use shall be provided from any point between the service connection and the air-gap separation. The water inlet piping shall terminate a distance of at least two (2) pipe diameters of the supply inlet, but in no case less than one inch above the overflow rim of the receiving tank.

- b. Reduced Pressure principle backflow prevention device (RP) - The approved reduced pressure principle backflow prevention device shall be installed on the user's side of the service connection at a distance consistent with the District's Standard Drawings and Specifications. The device shall be installed a minimum of twelve inches (12") but not more than eighteen inches (18") above grade measured from the bottom of the relief valve and with a minimum of twelve inches (12") side clearance. The device shall be installed so that it is readily accessible for maintenance and testing. Water supplied from any point between the service connection and the RP device shall be protected in a manner approved by the District. Additionally, materials and installation shall at all times conform to water agency standards as outlined in www.sdwas.com.

G. Backflow Prevention Device Testing and Maintenance

1. The owners of any premises on which, or on account of which, backflow prevention devices are installed, shall have the devices tested by a person who has demonstrated their competency

in testing of these devices to the District and has been approved by the District. Backflow prevention devices must be tested at least annually and immediately after installation, relocation or repair. The District may require a more frequent testing schedule -if it is determined to be necessary. No device shall be placed back in service unless it is functioning as required. A report in a form acceptable to the District shall be filed with the District each time a device is tested, relocated or repaired. These devices shall be serviced, overhauled, or replaced whenever they are found to be defective and all costs of testing, repair, and maintenance shall be borne by the water user.

2. Initial testing after installation and subsequent retesting shall at all times conform to water agency standards as outlined in www.sdwas.com.
3. The District will supply affected water users with a list of persons acceptable to the District to test backflow prevention devices. The District will notify affected customers by mail when annual testing of a device is needed and also supply users with the necessary forms which must be filled out each time a device is tested or repaired.
4. Existing double check valves and pressure vacuum breakers on median strip irrigation areas which function adequately may remain in place, however, as the District no longer recognizes such devices to be commensurate with the degree of potential hazard, failures of these devices will necessitate their replacement with a reduced pressure principal backflow prevention device (RP).

H. Backflow Prevention Device Removal

1. Written approval must be obtained from the District before a backflow prevention device is removed, relocated, repaired or replaced.
 - a. Removal: The use of a device may be discontinued and device removed from service upon presentation of sufficient

evidence to the District to verify that a hazard no longer exists or is not likely to be created in the future;

- b. Relocation: A device may be relocated following confirmation by the District that the relocation will continue to provide the required protection and satisfy installation requirements. A retest will be required following the relocation of the device;
- c. Repair: A device may be removed for repair, provided the water use is either discontinued until repair is completed and the device is returned to service, or the service connection is equipped with other backflow protection approved by the District. A retest will be required following the repair of the device; and
- d. Replacement: A device may be removed and replaced provided the water use is discontinued until the replacement device is installed and tested. All replacement devices must be approved by the District and must be commensurate with the degree of hazard involved.

I. User Supervisor

- 1. At each premise where it is necessary, in the opinion of the District, a user supervisor shall be designated by and at the expense of the water user. This user supervisor shall be responsible for the monitoring of the backflow prevention devices and for avoidance of cross connections. In the event of contamination or pollution of the drinking water system due to a cross-connection on the premises, the District shall be promptly notified by the user supervisor so that appropriate measures may be taken to overcome the contamination. The water user shall inform the District of the user supervisor's identity on, as a minimum, an annual basis and whenever a change occurs.

J. Administrative Procedures

Water System Survey

1. The District shall review all requests for new services to determine if backflow protection is needed. Plans and specifications must be submitted to the District upon request for review of possible cross-connection hazards as a condition of service for new service connections. If it is determined that a backflow prevention device is necessary to protect the public water system, the required device must be installed before service will be activated.
2. The District may require an on-premise inspection to evaluate cross-connection hazards. The District will transmit a written notice requesting an inspection appointment to each affected water user. Any customer which cannot or will not allow an on-premise inspection of their piping system shall be required to install the backflow prevention device the District considers necessary.
3. The District may, at it's discretion, require a reinspection for cross-connection hazards of any premise to which it serves water. The District will transmit a written notice requesting an inspection appointment to each affected water user. Any customer which cannot or will not allow an on-premise inspection of their piping system shall be required to install the backflow prevention device the District considers necessary.

K. Customer Notification - Device Installation and/or Repair (Corrective Action)

1. The District will notify the water user of the survey findings, listing corrective action to be taken if required. A period of 30 days will be given to complete all corrective action required including installation of backflow prevention devices.
2. A second notice will be sent to each water user who does not take the required corrective action prescribed in the first notice within the 30 day period allowed. The second notice will give the water user a 14 day period to take the required corrective action and will

generate the assessment of a fee in accordance with Schedule A. If no action is taken within the 14 day period, the District may terminate water service to the affected water user until the required corrective actions are taken.

3. A third and final notice will be sent to each water user who fails to take the requisite corrective action detailed in the second notice within the 14 day period allowed. The third notice will indicate the date of service termination and will generate the assessment of a fee in accordance with Schedule A.
4. Only written verification from a certified and District-approved tester/installer received in the District office within the allotted time period will constitute compliance with the above requirements.

L. Customer Notification - Testing

1. The District will notify each affected water user when it is time for the backflow prevention device installed on their service connections to be tested. This written notice shall give the water user 30 days to have the device tested and supply the water user with the necessary form(s) to be completed and submitted to the District.
2. A second notice shall be sent to each water user who does not have their backflow prevention device tested as prescribed in the first notice within the 30 day period allowed. The second notice will give the water user a 14 day period to have their backflow prevention device tested and will generate the assessment of a fee in accordance with Schedule A of this Ordinance. If no action is taken within the 14 day period, the District may terminate water service to the affected water user until the subject device is tested.
3. A third and final notice will be sent to each water user who fails to have their backflow prevention device(s) tested as required in the second notice within the 14 day period allowed. The third notice will indicate the date of service termination and will generate the

assessment of a fee in accordance with Schedule A of this Ordinance.

4. Submittal of verification of testing by a District approved tester on the appropriate form(s) received in the District office within the allotted time period will constitute compliance with the above requirements.

M. Water Service Termination

A. General

When the District encounters water uses that represent a clear and immediate hazard to the potable water supply that cannot be immediately abated, the District shall institute the procedure for discontinuing the District water service. A reconnection fee will be assessed in accordance with Schedule A.

B. Basis for Termination

Conditions or water uses that create a basis for water service termination shall include, but are not limited to, the following items:

1. Refusal to install a required backflow prevention device;
2. Refusal to test a backflow prevention device;
3. Refusal to repair a faulty backflow prevention device;
4. Refusal to replace a faulty backflow prevention device;
5. Direct or indirect connection between the public water system and a sewer line;
6. Unprotected direct or indirect connection between the public water system and a system or equipment containing contaminants;
7. Unprotected direct or indirect connection between the public water system and an auxiliary water system; and/or

8. Any situation which presents an immediate health hazard to the public water system.

Additional remedies for failure to comply with Cross Connection requirements are referenced in Section 72 of The Code Of Ordinance and may be prosecuted as set forth in Section 73.01 of this Code.

N. Water Service Termination Procedures

The District has absolute discretion to determine the corrective action required and referenced in Sections 72 and 73 of this Code.

1. For conditions 1, 2, 3, or 4, the District will terminate service to a customer's premise after 2 written notices have been sent specifying the corrective action needed and the time period in which it must be done. If no action is taken within the allowed time period water service may be terminated.
2. For conditions 4, 5, 6, 7, or 8, the District will take the following steps:
 - a. Make reasonable effort to advise the water user of intent to terminate water service;
 - b. Terminate water supply and lock service valve. The water service will remain inactive until correction of violations has been approved by the District.

O. Requirements for addition to or renewal on the Otay Water District list of approved backflow prevention device testers

- A. Each applicant desiring initial addition to or annual renewal on the District List of Approved Backflow Prevention Device Testers shall submit a fee in accordance with Section A. of this Ordinance. Fees must be made in an acceptable form of payment to the District. With the fee, a current address and phone number must be furnished. Those applicants not meeting all qualifications specified herein will have current fees returned.
- B. Applicants shall hold a valid and current certification from the American Water Works

Association (AWWA), American Backflow Prevention Association (ABPA), American Society of Sanitary Engineering (ASSE), or University of Southern California Test Procedures (current edition). California Nevada Section or from a certification program recognized by the San Diego County Health Department. Evidence of said certification shall be furnished the District at the time of application, at time of renewal and at any time the District requests verification. Certification alone does not constitute District approval.

- C. Each applicant shall furnish evidence to show the availability of the necessary tools and equipment to properly test and/or repair such devices. Test kits shall be recalibrated annually and evidence of this shall also be provided with both initial application and subsequent renewals.
- D. The tester shall be solely responsible for the competency and accuracy of all tests and reports prepared and submitted to the District.

The list of approved testers will be furnished upon request to any District customer requiring such service.

The testers listed will remain listed for a period of one year at which time they are subject to application for renewal. At the beginning of each year a grace period not to exceed ninety (90) days will be allowed for this process. Failure to renew within the grace period will constitute removal from the list. The District reserves the authority to revoke, suspend, or remove any tester from the list of authorized testers for improper conduct, testing, repairs, and/or reporting.

FEES

- A. A second notice for required corrective action will result in a service fee, per backflow device as outlined in Schedule A.
- B. A third notice (termination of service notice) will result in a service, per backflow device

followed by the assessment of a reconnection fee if such action is required as outlined in Schedule A.

- C. A reconnection fee, per service, is required for service to be resumed as outlined in Schedule A
- D. Applicants for addition to the list of approved backflow prevention device testers in the Otay Water District will submit an initial filing fee and a renewal fee of ten dollars annually thereafter as outlined in Schedule A.

23.05 WATER SERVICE FOR STEAM BOILERS

Customers using District water to supply steam boilers are required to provide adequate storage of water for boiler use for a minimum period of 12 hours.

23.06 ELECTRICAL GROUND CONNECTIONS

The connection of electrical ground wire to water pipes is prohibited. The District shall assume no responsibility for any loss or damage resulting from such a connection.



AGENDA ITEM 7a

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	July 2, 2014
	Wales Benham Senior Accountant	PROJECT:	Various DIV. NO. ALL
SUBMITTED BY:			
APPROVED BY:	<input checked="" type="checkbox"/> Joe Beachem, Chief Financial Officer <input checked="" type="checkbox"/> German Alvarez, Asst. General Manager <input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	Update of Section (C)(6)(e) of Otay Water District Board of Director's Policy 8		

GENERAL MANAGER'S RECOMMENDATION:

Adopt Resolution No.4238 amending Section (C)(6)(e) of Otay Water District Board of Director's Policy 8 to provide more efficient and streamlined reporting and more closely align its language with the requirements outlined in Government Code Section 53065.5.

COMMITTEE ACTION:

See Attachment A for copy of revised Section (C)(6)(e) of Otay Water District Board of Director's Policy 8.

PURPOSE:

The ensure that the District meets the specific disclosure requirements in Government Code Section 53065.5 and to provide a more efficient and streamlined format to inform the Board of the Director's expenses at quarterly interims.

ANALYSIS:

California Government Code Section 53065.5 requires special districts to disclose any reimbursement to any member of its governing body of at least \$100 paid by a district within the immediately preceding fiscal year. The disclosure requirement shall be fulfilled by including the reimbursement information in a document published or

printed, at least annually by a date determined by that district, and shall be made available for public inspection.

Currently the District meets that requirement by providing detailed quarterly reports of the director's expenses. This report includes such expenses as stipends, mileage, seminar, airline or ground travel, meals, and telephone use, along with the Director's name and date the expenses were incurred.

The new proposed quarterly summary report of Directors' Expenses will be included in the General Manager's report and provide the past quarter and year-to-date amounts paid for each Director. To meet the requirements of California Government Code Section 53065.5, a detailed report, similar to the current quarterly report, will be provided annually.

Upon review of Policy 8, staff identified language that required updating. In an effort to minimize the use of paper documents and to improve communications, the District is now providing computerized equipment for Director's use for District business.

FISCAL IMPACT:

This more efficient and streamlined format for the quarterly reports will provide an incremental savings to the District.

STRATEGIC GOAL:

Prudently manage District funds.

LEGAL IMPACT:

Compliance with California Government Code Section 53065.5.

Attachments: A) Committee Action
 B) Resolution No. 4238
 Exhibit 1 - Strike-through Policy 8
 C) Proposed Quarterly Board of Directors'
 Expense Report
 D) Proposed Policy 8



ATTACHMENT A

SUBJECT/PROJECT:	Update of Section (C)(6)(e) of Otay Water District Board of Director's Policy 8
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COMMITTEE ACTION:

The Finance, Administration, and Communications Committee reviewed this item at a meeting held on June 18, 2014 and the following comments were made:

- Staff is requesting that the Board adopt Resolution No. 4238 amending Section (C)(6)(e) of the District's Board of Director's Policy 8 to provide more efficient and streamlined reporting and align its language with Government Code Section 53065.5.
- The amendments to Policy 8 proposes that the District report a summary of Director's expenses quarterly within the General Manager's monthly report, and provide a detailed report annually, similar to what is currently provided quarterly. This will comply with Government Code requirements and streamline the current reporting process.
- Staff is also proposing to update Section (E) of Policy 8, to align it with current practice. It was proposed in April 2014 that the District move to providing electronic copies (paperless) of the Board and Committee meeting materials to Members of the Board to streamline the board packet production and delivery process. By moving to electronic copies, staff projected that the District would save approximately \$6,000 per year through the reduced use of paper, toner, copier, staff time, delivery costs, etc.

Upon completion of the discussion, the committee supported staffs' recommendation and presentation to the board as an action item.

RESOLUTION NO. 4238

A RESOLUTION OF THE BOARD OF DIRECTORS OF
OTAY WATER DISTRICT AMENDING POLICY 8,
DIRECTORS COMPENSATION, REIMBURSEMENT OF
EXPENSES AND GROUP INSURANCE BENEFITS, WITH
REGARD TO THE REPORTING OF BOARD EXPENSES

WHEREAS, in accordance with the California Government Code, the Board of Directors of the Otay Water District wish to amend Policy 8 with regard to reporting of Board Member expenses; and

WHEREAS, the board wishes to provide more efficient and streamlined reporting; and

WHEREAS, the board wishes that the language within Policy 8 be more closely aligned to the language of that of California Government Code Section 53065.5; and

WHEREAS, the board wishes that the policy be amended as per attached copy (Exhibit 1).

NOW, THEREFORE, BE IT RESOLVED that this resolution shall take effect upon adoption by the Board of Directors of the Otay Water District.

PASSED, APPROVED AND ADOPTED by the Board of Directors of Otay Water District at a regular meeting held this 2nd day of July, 2014.

Ayes:
Noes:
Abstain:
Absent:

President

ATTEST:

District Secretary

OTAY WATER DISTRICT BOARD OF DIRECTORS POLICY			
Subject	Policy Number	Date Adopted	Date Revised
DIRECTORS COMPENSATION, REIMBURSEMENT OF EXPENSES AND GROUP INSURANCE BENEFITS	08	2/20/91	7/1/99/ 2/14

Purpose

To provide guidelines for payment of compensation and reimbursement of expenses to Directors in connection with their attendance at meetings or the performance of other authorized business, and for group insurance benefits for Directors.

Background

Members of the Board of Directors ("Directors") attend regular, adjourned or special meetings of the Board of Directors ("Board"). In addition, Directors attend other District meetings, committee meetings, association meetings, and educational seminars on behalf of the District. These meetings and seminars are related to District business, water and water related issues, and California special districts. State statutes authorize District payments for meetings, reimbursements of expenses. State law also authorizes the District to provide health and welfare benefits for active Directors and, in limited circumstances, retired Directors if they served 12 years and were first elected prior to January 1, 1995. The District is also authorized to offer health and welfare benefits for retired Directors who commenced office on or after January 1, 1995, if the recipient participates on a self-pay basis.

Policy

The District will compensate Directors on a per diem basis for attendance at authorized meetings or functions and will reimburse Directors for reasonable expenses incurred while traveling on District business to include, lodging, dining, transportation and related incidentals.

A. Directors Per Diem

As provided in Section 1.01 C. of the District Code of Ordinances, each Director shall receive a per diem in the amount of \$100 for each day of attendance at meetings of the Board or for each day of service rendered as a Director by request or authorization of the Board, not to exceed a total of ten (10) days in any calendar month. Attendance at any meeting shown on Exhibit A to this Policy shall be deemed a meeting requested or authorized by the Board. Attendance of meetings shall be in accordance with Exhibit A. The President of the Board or the Board may authorize a Director to attend meetings not listed in Exhibit A when the President or the Board determine that it is in the interest of the District that a Director attend, and that such attendance be compensated and expenses reimbursed. Director's claims for per diem amounts shall be made on a "Board of Directors Per Diem and Mileage Claim Form" (Exhibit B). The President of the Board or the Board may approve reimbursement of expenses outside the per diem limit for a Director, if the Director submits receipts for all of the related District business expenses.

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
DIRECTORS COMPENSATION, REIMBURSEMENT OF EXPENSES AND GROUP INSURANCE BENEFITS	08	2/20/91	7/1/097/ 2/14

Attendance at a meeting that is not authorized by this policy (pre-approved meetings) or pre-approved by the President may be approved by the Board for per diem. Director's seeking per diem amounts for these meetings shall request that the item be presented to the Board at its next regularly scheduled meeting for consideration. The decision of the Board shall be final.

When travel arrangements require a day earlier arrival or a day later departure, Directors will not be eligible for the \$100 per diem, however, reasonable expenses associated with the extended stay will be reimbursed as specified below.

B. Pre-payment of Otherwise Reimbursable Expenses

The Director may request pre-payment of registration, transportation, and lodging, using the "Board of Directors Travel Request Form" (Exhibit C). Pre-payments shall be limited to the Director's expenses only. No advances shall be made on travel expenses.

C. Reimbursement of Expenses

Each Director shall be reimbursed for travel expenses to and from the meetings described in Exhibit A or for any other authorized District business as follows:

1. Authorization

Travel associated with the attendance of meetings or functions for Directors shall be approved in advance by the Otay Water District Board President. To request approval of travel, the Director should complete a "Board of Directors Travel Request Form" (Exhibit B) in order to be eligible for compensation and/or reimbursement. Travel requests will be reviewed and approved by the Board President or the Board.

2. Transportation

a. Air Transportation

The District will endeavor to purchase airline tickets in advance taking advantage of discounts and low fares.

b. Automobile

1. Personal Auto: Directors may use their personal vehicle. The District will reimburse Directors at the current rate/mile as established by the IRS, plus tolls, parking, etc., provided, however, if air transportation is available, the total amount of expense paid shall be limited to the cost of coach air travel between points traveled by personal vehicle. Gasoline, collision and

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

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liability insurance, and maintenance will be provided by the Director and is deemed covered in the rate/mileage reimbursement.

Directors using personal vehicles on District business must maintain a valid California driver's license and the automobile insurance coverage required by the State of California, or make arrangements for a driver who meets the above requirements. The General Manager's Staff will verify that Directors have a valid driver's license. Directors will also be required to maintain automobile insurance coverage. Proof of such insurance will be submitted two times per year, in January and July, and is required to be eligible for mileage reimbursement.

2. Rental Cars: The District will provide a rental car when needed. Such rental car shall be a compact or mid-size class, unless upgrades are offered at no additional cost to the District.
- c. Miscellaneous Transportation
Whenever practicable, bus, taxi, rail, shuttle, etc. transportation may be used in lieu of, or in conjunction with, modes above.
3. Meals and Lodging
 - a. Meals and Beverages
Whenever travel requires meals, the meals, excluding gratuity, shall be reimbursable, provided the Director presents a receipt along with the "Board of Directors Expense Claim Form" (Exhibit D) for all meals. Reimbursements for expense items where a receipt has been lost will not be paid until the President or the Board has reviewed and approved the expense item. Meals are reimbursable based on the Meals and Incidental Expenses (M&IE) as updated by the U.S. General Services Administration:
 1. Full Day Reimbursement
When a Director is traveling for a full day and no meals are provided for by other sources, such as pre-paid registration, the Director may be reimbursed for meal expenses at the rate provided by the M&IE per day. This amount is exclusive of any gratuities.

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

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2. Single Meal Reimbursement
When a Director requires reimbursement for a single meal while traveling, the maximum meal reimbursement amount shall be at a rate provided by the M&IE for Breakfast, lunch, and/or dinner, or amounts determined by the President or the Board to be reasonable for the occasion or circumstances. These amounts and any amount approved by the President or Board shall exclude gratuities.

3. Partial Day Reimbursement
When a director will be traveling for a partial day or where a single meal is provided for by other sources such as pre-paid registration, the maximum reimbursement amount shall be at the rate provided by the M&IE per meal, or such other amounts as may be determined by the President or the Board to be reasonable for the occasion or circumstances. In any event all amounts to be reimbursed shall exclude any gratuities.

4. Taxes
The maximum meal reimbursement amounts are inclusive of and assume expenses for taxes. The maximum meal reimbursements shall exclude any and all gratuities.

b. Lodging
The District will reimburse Directors or pre-pay accommodations in single rooms at conference facilities or in close proximity when applicable. Or, in the absence of conference accommodations, normal single-room business, government or commercial class accommodation may be obtained. Under normal circumstances, lodging will not be reimbursed for the night before a conference starts and the night after it ends. However, in situations where available travel schedules would require the Director to leave home before 6:00 AM or return to home after 12:00 AM, lodging for the night before or the night after will be reimbursable.

4. Entertainment
The District shall not cover any expenses incurred for recreation or entertainment.

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
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5. Incidental Expenses

Unavoidable, necessary and reasonable authorized expenses will be fully reimbursed by the District. Some examples of allowable expenses are:

- a. Telephone Calls (Business): Calls placed by the Director, to the District office, or for the purpose of conducting District business. Business related calls should be itemized on the Director's "Board of Directors Expense Claim Form" (Exhibit D).
- b. Telephone Calls (Personal): One (1) brief personal call each day away from home, up to a \$10 maximum per day.
- c. Telephone Calls (Local): Charges for local calls, for meal or transportation reservations, or for area information related to travel.
- d. Reasonable transportation to local restaurants and to optional functions that are a part of conference events.
- e. Parking fees.
- f. The following expenses are not reimbursable:
 - 1. Alcoholic beverages
 - 2. Parking or traffic violations
 - 3. In-room movies or laundry services

6. Director's Responsibility

- a. Directors must submit a detailed "Board of Directors Expense Claim Form" for reimbursement. Claim forms should be supported by vouchers and itemized receipts of expenditures for which reimbursement is being requested. Receipts must be attached for all expenses. If a receipt is lost, the lost receipt must be noted on the "Board of Directors Expense Claim Form" (Exhibit D) and approved by the President or the Board before any payment can be made. Claim forms shall be submitted within 45 calendar days after the expense was incurred. Expense claims requiring reimbursement to the District, which are not reconciled within 45 calendar days, shall be deducted from the next month's reimbursement.
- b. Expenses will not be reimbursed for meetings that have been pre-paid and not attended. The President or the Board may excuse an absence for a meeting. The absent Director shall provide a verbal or written report at

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BOARD OF DIRECTORS POLICY**

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DIRECTORS COMPENSATION, REIMBURSEMENT OF EXPENSES AND GROUP INSURANCE BENEFITS	08	2/20/91	7/1/097/ 2/14

the next regularly scheduled Board meeting stating the reason for the absence and, if appropriate, request that it be excused. Directors will be required to reimburse the district for any pre-paid expenses for any unexcused absence. This reimbursement will be made by deduction from future expenditures.

- c. When two (2) or more Directors combine an expense on one receipt, the Director requesting reimbursement should indicate, on or attached to the Director's "Board of Directors Expense Claim Form" the identity of the other persons sharing expenses. This will facilitate appropriate allocation of expenses to each participant.
- d. Except where the District sponsors a table at an event, expenses incurred by spouses, family members, or guests are the responsibility of the Director.
- e. ~~The District shall, at least annually, provide a report to disclose any reimbursement paid by the district within the immediately preceding fiscal year of at least \$100 for each individual charge for services or product received. "Individual charge" (as defined in California Government Code Section 53065.5) includes, but is not limited to, one meal, lodging for one day, transportation, or a registration fee. Staff will create a quarterly report showing in detail all expenses for the Directors. The report will include all expenses, for example, stipend, mileage, seminar, airline or ground travel, meals, telephone use, the date incurred, and the Director's name. To the extent that Directors report meetings for which they did not receive reimbursement or per diem, those meetings shall be noted on the report. All payments will be listed whether the payment was a reimbursement or direct payment made on behalf of the Director to a vendor. The reports will be presented to the Board of Directors at public meetings.~~

D. District Group Insurance Benefits

- 1. Each Director, while serving as a member of the Board of Directors, shall be entitled to the health and welfare and life insurance benefits set forth in the Schedule of Benefits in the District Group Insurance Plan Booklet, which benefits are furnished by the District at District cost, with applicable contributions, for active District employees and Directors. Each active Director shall also be entitled to a \$65,000 term life and accidental death and dismemberment insurance policy (subject to policy requirements and any standard age reduction schedule), a \$50,000 travel accidental

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
DIRECTORS COMPENSATION, REIMBURSEMENT OF EXPENSES AND GROUP INSURANCE BENEFITS	08	2/20/91	7/1/097/ 2/14

death and dismemberment policy. In addition to the foregoing, the District will pay premiums for additional individual life insurance coverage in an amount of up to \$250,000 for a 20 year term for those active Directors who apply for such coverage with the District's provider and meet the provider's standard underwriting guidelines and policy requirements. If coverage at higher amounts or for a longer term is made available by the provider, each Director may purchase such additional coverage on a self-pay basis.

2. Each former member of the Board of Directors, who served in office after January 1, 1981, who was elected to a term of office that began before January 1, 1995, who is at least 60 years of age, and whose total service at the time of termination is not less than 12 years, shall be entitled to the health and welfare and life insurance benefits set forth in the District Group Insurance Plan Booklet, which benefits are furnished by the District, at District cost, for retired Directors.

E. Miscellaneous

Cell Phone expenses are not considered a reimburseable expense

- ~~1. The following are not reimbursable expenses:~~
 - ~~a. Cell phone expenses~~
 - ~~b. Service fees for internet access~~
- ~~2. The District does not provide equipment, such as fax machines, computers and laptops to board members for District business use.~~

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Attachments

- Exhibit A: Approved Function List
- Exhibit B: "Board of Directors Per Diem and Mileage Claim Form"
- Exhibit C: "Board of Directors Travel Request Form"
- Exhibit D: "Board of Directors Expense Claim Form"

Approved Functions List

Board Policy for payment of per diems and expenses for Director attendance at District meetings:

The Board reviews its authorization and policy for payment of per diems (pre-approved meetings) annually, in January following reorganization of the Board and election of a new President. Below is the current Board policy:

1. The following meetings are pre-approved for all Directors to attend and receive a per diem and expense reimbursement:
 - Otay Water District Regular and Special Board Meetings
 - Otay committee meetings for committee members only
 - Otay business meetings called by the General Manager and authorized by the President of the Board where individual Directors are requested to attend
 - Except as otherwise specifically excluded in this policy, official District functions that take place during normal business hours where Directors are requested to attend by either the Board President or the Board
 - Semi-annual conference of the Association of California Water Agencies
 - Regular quarterly meetings of the Water Agencies Association of San Diego County
 - Regularly monthly meeting of Council of Water Utilities
 - Business meetings and conferences of the California Special District Association held in San Diego County

All other meetings not listed here require pre-approval by the President or Board.

2. The following meetings are pre-approved for designated Otay Director representatives or designated alternate. The District Secretary will maintain an updated list of designated Director representatives. Any other Director who wishes to attend these meetings and receive a per diem must have approval from the President or Board prior to the event or be designated by the President or Board, as an alternate. The pre-approval shall include the attendance of the Director at the commission, committee, board or meeting and any committee, subcommittee or other official or posted meeting of the agencies, commissions, committees or boards listed below:
 - Planning Group and City Commission meetings that fall within the boundaries of each directors district (when issues impacting OWD are discussed)

EXHIBIT A

- Inter-Agency Committee Meeting
 - METRO (TAC/AFFORD) Commission
 - ACWA or CSDA meetings/conferences
 - Water Conservation Garden
3. The Board President or his designee is pre-authorized to attend District business meetings with cities and other agencies to represent Otay Water District, and may claim a per diem and expenses. Any other Director desiring to attend the same meeting of this nature would require approval to attend from the President or the Board in order to receive a per diem and expense reimbursement.
 4. When the President or the Board appoints a director(s) to a committee, the meeting(s) shall be considered pre-approved for per diem and expense reimbursement.
 5. The following meetings are not eligible for pre-approved per diem claims:
 - a) Attending other Districts' Board meetings
 - b) Otay employee appreciation breakfast, luncheons or dinners
 - c) Retirement receptions
 - d) Otay picnics or dinner-dances or other purely social events
 - e) CWA meeting attendance (by Otay Water District appointed CWA Board Member(s))
 - f) Chamber of Commerce events
 - g) First Friday Breakfasts unless presenting Otay official business to the assembly
 - h) Any political campaign event or function
 6. In order to submit a per diem/travel reimbursement the member must attend at least 50% of the meeting (per day) and the reimbursement request must be submitted within 45 days of the occurrence, otherwise it may be considered attended without per diem. The President of the Board will make the final determination.
 7. All other meetings/conferences/tours/seminars/workshops/functions not listed in this policy must be pre-approved by the Board President or the Board.



EXHIBIT B

OTAY WATER DISTRICT
BOARD OF DIRECTORS
PER-DIEM AND MILEAGE CLAIM FORM

Pay To: _____

Period Covered: _____

Employee Number: _____

From: _____ To: _____

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE	
				HOME to OWD OWD to HOME	OTHER LOCATIONS

Total Meeting Per Diem: \$ _____
(\$100 per meeting)

Total Mileage Claimed: _____ miles

(Director's Signature)

GM Receipt: _____ Date: _____

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: \$ _____

EXHIBIT B

INSTRUCTIONS ON REVERSE

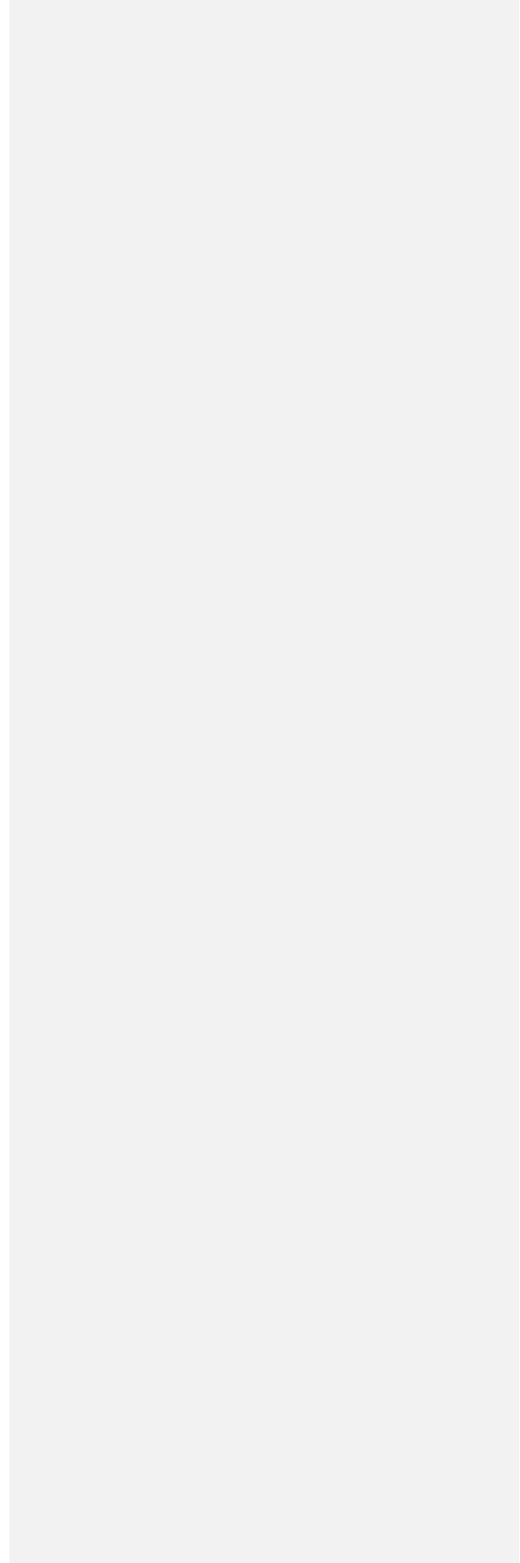




EXHIBIT B

**INSTRUCTIONS FOR PREPARATION OF
BOARD OF DIRECTORS PER DIEM CLAIM FORM**

1. Record the date, and name or purpose/issues discussed of meeting attended on behalf of the District.

Note: The District will pay Director's per-diem for one meeting/function per day and the maximum of 10 meetings/functions per month. If a Director attends more than 10 meetings/functions (10 days), the District will reimburse for the mileage and any reimbursable out-of-pocket expenses incurred for these additional meetings.

2. Record number of miles (round trip) driven to attend meeting/ function.

The use of personal vehicles in the conduct of official District business shall be reimbursed at the current Internal Revenue Service rate. The Director's expense claim should indicate the nature of the trip. If a trip begins at home, the District will reimburse the mileage from home to destination and return mileage. District insurance does not cover personal vehicles while they are being driven on District business. The reimbursement rate is inclusive of an allowance for insurance costs. The District will reimburse Directors for the deductible under their personal insurance policy should they be involved in an accident while on District business. To be eligible for reimbursement, each Director shall maintain a current California driver's license and at least the minimum vehicle liability insurance required by State law or shall arrange for a driver who meets said standards.

The District will not reimburse the cost of travel of a personal nature taken in conjunction with travel on official business.

Claim forms shall be submitted within 45 calendar days after the meeting date. Expense claims requiring reimbursement to the District which are not reconciled within 45 calendar days, shall be deducted from the next month's reimbursement.

No information on the Per Diem Claim Form may be designated as confidential in nature. All expenses must be fully disclosed on the form.



**OTAY WATER DISTRICT
BOARD OF DIRECTORS
TRAVEL REQUEST FORM**

Director: _____ **Date of Request:** _____

Name and Location of Function: _____

Date(s) function to be held: _____ - _____

Sponsoring Organization: _____

Request for Prepayment of Fees Related to the Function:

Expense Type	Not Needed	Pre-Payment Requested
Registration	<input type="checkbox"/>	<input type="checkbox"/>
Airline	<input type="checkbox"/>	<input type="checkbox"/>
Auto Rental	<input type="checkbox"/>	<input type="checkbox"/>
Mileage	<input type="checkbox"/>	N/A
Taxi/Shuttle	<input type="checkbox"/>	N/A
Lodging	<input type="checkbox"/>	<input type="checkbox"/>
Meals	<input type="checkbox"/>	N/A
Other Expenses – Explain Below	<input type="checkbox"/>	<input type="checkbox"/>

Lodging Preference: _____

Explanation of Other Expenses: _____

Signature of Director **Date of Request**

For Office Use Only Below This Line

Date of Board Approval: _____

Expense Type	Description	Amount Pre-Paid
Registration		
Airline		
Auto Rental		
Mileage		N/A
Taxi/Shuttle		N/A
Lodging		
Meals		N/A
Other Expenses		

District Secretary Date Processed



**INSTRUCTIONS FOR PREPARATION OF
BOARD OF DIRECTORS EXPENSE CLAIM FORM**

The necessary expenses incurred while traveling on District business including common carrier fares (economy class), automobile rental charges, District business telephone calls, one personal telephone call home each day (\$10 maximum per day), lodging, baggage handling, parking fees, meals, etc. will be reimbursed when documented on the Director's Per Diem and Expense Claim Forms. Receipts must be attached for all meal expenses. If a receipt is lost, the lost receipt should be noted next to the expense and submitted to the President before any reimbursement can be made. Receipts are required for the reimbursement of all expenses.

All receipts must have the nature of the expense and the business purpose noted on the receipt.

The District will not reimburse the cost of travel of a personal nature taken in conjunction with travel on official business.

Meals shall be reimbursed up to \$46 per day, or an amount determined by the President of the Board of Directors to be reasonable for occasion or circumstances, exclusive of any gratuities. Partial days shall be reimbursable at a rate of \$8 for breakfast, \$13, for lunch and \$25 for dinner, or amounts determined by the President of the Board of Directors to be reasonable for the occasion or circumstances, excluding any gratuities. The above amounts may be combined if travel status requires two (2) or more meals. The meal reimbursement amounts are inclusive of and assume expenses for taxes only. Gratuities are not reimbursable and are excluded. Where pre-paid registration includes meals, only meals that are not included in the registration will be reimbursable.

Any receipts that include costs of personal travel (e.g., hotel receipt for employee and spouse) should identify what the cost would have been without personal travel (e.g., single room rate as opposed to double room rate).

Claim forms shall be submitted within 45 calendar days after the expense was incurred. Expense claims requiring reimbursement to the District which are not reconciled within 45 calendar days, shall be deducted from the next month's reimbursement.

No information on the Expense Claim Form may be designated as confidential in nature. All expenses must be fully disclosed on the form.

The following expenses are not reimbursable:

- | | |
|----------------------------------|--|
| a. Alcoholic Beverages | d. Laundry service |
| b. Parking or traffic violations | e. Entertainment or recreation |
| c. In-room movies | f. Expenses incurred by spouses,
family members, or guests. |

FY 2014 Board of Directors' Expenses

	3rd Quarter <u>(1/1/14 - 3/31/14)</u>	YTD <u>(7/1/13 - 3/31/14)</u>
CROUCHER, GARY	\$ 400.00	\$ 1,000.00
GONZALEZ, DAVID	600.00	5,161.17
LOPEZ, JOSE	1,928.64	5,823.15
ROBAK, MARK	420.16	1,086.58
THOMPSON, MITCHELL	1,469.64	4,231.82
	<u>\$ 4,818.44</u>	<u>\$ 17,302.72</u>

OTAY WATER DISTRICT BOARD OF DIRECTORS POLICY			
Subject	Policy Number	Date Adopted	Date Revised
DIRECTORS COMPENSATION, REIMBURSEMENT OF EXPENSES AND GROUP INSURANCE BENEFITS	08	2/20/91	7/2/14

Purpose

To provide guidelines for payment of compensation and reimbursement of expenses to Directors in connection with their attendance at meetings or the performance of other authorized business, and for group insurance benefits for Directors.

Background

Members of the Board of Directors ("Directors") attend regular, adjourned or special meetings of the Board of Directors ("Board"). In addition, Directors attend other District meetings, committee meetings, association meetings, and educational seminars on behalf of the District. These meetings and seminars are related to District business, water and water related issues, and California special districts. State statutes authorize District payments for meetings, reimbursements of expenses. State law also authorizes the District to provide health and welfare benefits for active Directors and, in limited circumstances, retired Directors if they served 12 years and were first elected prior to January 1, 1995. The District is also authorized to offer health and welfare benefits for retired Directors who commenced office on or after January 1, 1995, if the recipient participates on a self-pay basis.

Policy

The District will compensate Directors on a per diem basis for attendance at authorized meetings or functions and will reimburse Directors for reasonable expenses incurred while traveling on District business to include, lodging, dining, transportation and related incidentals.

A. Directors Per Diem

As provided in Section 1.01 C. of the District Code of Ordinances, each Director shall receive a per diem in the amount of \$100 for each day of attendance at meetings of the Board or for each day of service rendered as a Director by request or authorization of the Board, not to exceed a total of ten (10) days in any calendar month. Attendance at any meeting shown on Exhibit A to this Policy shall be deemed a meeting requested or authorized by the Board. Attendance of meetings shall be in accordance with Exhibit A. The President of the Board or the Board may authorize a Director to attend meetings not listed in Exhibit A when the President or the Board determine that it is in the interest of the District that a Director attend, and that such attendance be compensated and expenses reimbursed. Director's claims for per diem amounts shall be made on a "Board of Directors Per Diem and Mileage Claim Form" (Exhibit B). The President of the Board or the Board may approve reimbursement of expenses outside the per diem limit for a Director, if the Director submits receipts for all of the related District business expenses.

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
DIRECTORS COMPENSATION, REIMBURSEMENT OF EXPENSES AND GROUP INSURANCE BENEFITS	08	2/20/91	7/2/14

Attendance at a meeting that is not authorized by this policy (pre-approved meetings) or pre-approved by the President may be approved by the Board for per diem. Director's seeking per diem amounts for these meetings shall request that the item be presented to the Board at its next regularly scheduled meeting for consideration. The decision of the Board shall be final.

When travel arrangements require a day earlier arrival or a day later departure, Directors will not be eligible for the \$100 per diem, however, reasonable expenses associated with the extended stay will be reimbursed as specified below.

B. Pre-payment of Otherwise Reimbursable Expenses

The Director may request pre-payment of registration, transportation, and lodging, using the "Board of Directors Travel Request Form" (Exhibit C). Pre-payments shall be limited to the Director's expenses only. No advances shall be made on travel expenses.

C. Reimbursement of Expenses

Each Director shall be reimbursed for travel expenses to and from the meetings described in Exhibit A or for any other authorized District business as follows:

1. Authorization

Travel associated with the attendance of meetings or functions for Directors shall be approved in advance by the Otay Water District Board President. To request approval of travel, the Director should complete a "Board of Directors Travel Request Form" (Exhibit B) in order to be eligible for compensation and/or reimbursement. Travel requests will be reviewed and approved by the Board President or the Board.

2. Transportation

a. Air Transportation

The District will endeavor to purchase airline tickets in advance taking advantage of discounts and low airfares.

b. Automobile

1. Personal Auto: Directors may use their personal vehicle. The District will reimburse Directors at the current rate/mile as established by the IRS, plus tolls, parking, etc., provided, however, if air transportation is available, the total amount of expense paid shall be limited to the cost of coach air travel between points traveled by personal vehicle. Gasoline, collision and

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
DIRECTORS COMPENSATION, REIMBURSEMENT OF EXPENSES AND GROUP INSURANCE BENEFITS	08	2/20/91	7/2/14

liability insurance, and maintenance will be provided by the Director and is deemed covered in the rate/mileage reimbursement.

Directors using personal vehicles on District business must maintain a valid California driver's license and the automobile insurance coverage required by the State of California, or make arrangements for a driver who meets the above requirements. The General Manager's Staff will verify that Directors have a valid driver's license. Directors will also be required to maintain automobile insurance coverage. Proof of such insurance will be submitted two times per year, in January and July, and is required to be eligible for mileage reimbursement.

2. Rental Cars: The District will provide a rental car when needed. Such rental car shall be a compact or mid-size class, unless upgrades are offered at no additional cost to the District.

c. Miscellaneous Transportation
Whenever practicable, bus, taxi, rail, shuttle, etc. transportation may be used in lieu of, or in conjunction with, modes above.

3. Meals and Lodging

a. Meals and Beverages
Whenever travel requires meals, the meals, excluding gratuity, shall be reimbursable, provided the Director presents a receipt along with the "Board of Directors Expense Claim Form" (Exhibit D) for all meals. Reimbursements for expense items where a receipt has been lost will not be paid until the President or the Board has reviewed and approved the expense item. Meals are reimbursable based on the Meals and Incidental Expenses (M&IE) as updated by the U.S. General Services Administration:

1. Full Day Reimbursement
When a Director is traveling for a full day and no meals are provided for by other sources, such as pre-paid registration, the Director may be reimbursed for meal expenses at the rate provided by the M&IE per day. This amount is exclusive of any gratuities.

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
DIRECTORS COMPENSATION, REIMBURSEMENT OF EXPENSES AND GROUP INSURANCE BENEFITS	08	2/20/91	7/2/14

2. Single Meal Reimbursement

When a Director requires reimbursement for a single meal while traveling, the maximum meal reimbursement amount shall be at a rate provided by the M&IE for Breakfast, lunch, and/or dinner, or amounts determined by the President or the Board to be reasonable for the occasion or circumstances. These amounts and any amount approved by the President or Board shall exclude gratuities.

3. Partial Day Reimbursement

When a director will be traveling for a partial day or where a single meal is provided for by other sources such as pre-paid registration, the maximum reimbursement amount shall be at the rate provided by the M&IE per meal, or such other amounts as may be determined by the President or the Board to be reasonable for the occasion or circumstances. In any event all amounts to be reimbursed shall exclude any gratuities.

4. Taxes

The maximum meal reimbursement amounts are inclusive of and assume expenses for taxes. The maximum meal reimbursements shall exclude any and all gratuities.

b. Lodging

The District will reimburse Directors or pre-pay accommodations in single rooms at conference facilities or in close proximity when applicable. Or, in the absence of conference accommodations, normal single-room business, government or commercial class accommodation may be obtained. Under normal circumstances, lodging will not be reimbursed for the night before a conference starts and the night after it ends. However, in situations where available travel schedules would require the Director to leave home before 6:00 AM or return to home after 12:00 AM, lodging for the night before or the night after will be reimbursable.

4. Entertainment

The District shall not cover any expenses incurred for recreation or entertainment.

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
DIRECTORS COMPENSATION, REIMBURSEMENT OF EXPENSES AND GROUP INSURANCE BENEFITS	08	2/20/91	7/2/14

5. Incidental Expenses

Unavoidable, necessary and reasonable authorized expenses will be fully reimbursed by the District. Some examples of allowable expenses are:

- a. Telephone Calls (Business): Calls placed by the Director, to the District office, or for the purpose of conducting District business. Business related calls should be itemized on the Director's "Board of Directors Expense Claim Form" (Exhibit D).
- b. Telephone Calls (Personal): One (1) brief personal call each day away from home, up to a \$10 maximum per day.
- c. Telephone Calls (Local): Charges for local calls, for meal or transportation reservations, or for area information related to travel.
- d. Reasonable transportation to local restaurants and to optional functions that are a part of conference events.
- e. Parking fees.
- f. The following expenses are not reimbursable:
 - 1. Alcoholic beverages
 - 2. Parking or traffic violations
 - 3. In-room movies or laundry services

6. Director's Responsibility

- a. Directors must submit a detailed "Board of Directors Expense Claim Form" for reimbursement. Claim forms should be supported by vouchers and itemized receipts of expenditures for which reimbursement is being requested. Receipts must be attached for all expenses. If a receipt is lost, the lost receipt must be noted on the "Board of Directors Expense Claim Form" (Exhibit D) and approved by the President or the Board before any payment can be made. Claim forms shall be submitted within 45 calendar days after the expense was incurred. Expense claims requiring reimbursement to the District, which are not reconciled within 45 calendar days, shall be deducted from the next month's reimbursement.
- b. Expenses will not be reimbursed for meetings that have been pre-paid and not attended. The President or the Board may excuse an absence for a meeting. The absent Director shall provide a verbal or written report at

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
DIRECTORS COMPENSATION, REIMBURSEMENT OF EXPENSES AND GROUP INSURANCE BENEFITS	08	2/20/91	7/2/14

the next regularly scheduled Board meeting stating the reason for the absence and, if appropriate, request that it be excused. Directors will be required to reimburse the district for any pre-paid expenses for any unexcused absence. This reimbursement will be made by deduction from future expenditures.

- c. When two (2) or more Directors combine an expense on one receipt, the Director requesting reimbursement should indicate, on or attached to the Director's "Board of Directors Expense Claim Form" the identity of the other persons sharing expenses. This will facilitate appropriate allocation of expenses to each participant.
- d. Except where the District sponsors a table at an event, expenses incurred by spouses, family members, or guests are the responsibility of the Director.
- e. The District shall, at least annually, provide a report to disclose any reimbursement paid by the district within the immediately preceding fiscal year of at least \$100 for each individual charge for services or product received. "Individual charge" (as defined in California Government Code Section 53065.5) includes, but is not limited to, one meal, lodging for one day, transportation, or a registration fee.

D. District Group Insurance Benefits

- 1. Each Director, while serving as a member of the Board of Directors, shall be entitled to the health and welfare and life insurance benefits set forth in the Schedule of Benefits in the District Group Insurance Plan Booklet, which benefits are furnished by the District at District cost, with applicable contributions, for active District employees and Directors. Each active Director shall also be entitled to a \$65,000 term life and accidental death and dismemberment insurance policy (subject to policy requirements and any standard age reduction schedule), a \$50,000 travel accidental death and dismemberment policy. In addition to the foregoing, the District will pay premiums for additional individual life insurance coverage in an amount of up to \$250,000 for a 20 year term for those active Directors who apply for such coverage with the District's provider and meet the provider's standard underwriting guidelines and policy requirements. If coverage at higher amounts or for a longer term is made available by the provider, each Director may purchase such additional coverage on a self-pay basis.

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
DIRECTORS COMPENSATION, REIMBURSEMENT OF EXPENSES AND GROUP INSURANCE BENEFITS	08	2/20/91	7/2/14

2. Each former member of the Board of Directors, who served in office after January 1, 1981, who was elected to a term of office that began before January 1, 1995, who is at least 60 years of age, and whose total service at the time of termination is not less than 12 years, shall be entitled to the health and welfare and life insurance benefits set forth in the District Group Insurance Plan Booklet, which benefits are furnished by the District, at District cost, for retired Directors.

E.Miscellaneous

Cell Phone expenses are not considered a reimbuseable expense

Attachments

- Exhibit A: Approved Function List
- Exhibit B: "Board of Directors Per Diem and Mileage Claim Form"
- Exhibit C: "Board of Directors Travel Request Form"
- Exhibit D: "Board of Directors Expense Claim Form"

Approved Functions List

Board Policy for payment of per diems and expenses for Director attendance at District meetings:

The Board reviews its authorization and policy for payment of per diems (pre-approved meetings) annually, in January following reorganization of the Board and election of a new President. Below is the current Board policy:

1. The following meetings are pre-approved for all Directors to attend and receive a per diem and expense reimbursement:

- Otay Water District Regular and Special Board Meetings
- Otay committee meetings for committee members only
- Otay business meetings called by the General Manager and authorized by the President of the Board where individual Directors are requested to attend
- Except as otherwise specifically excluded in this policy, official District functions that take place during normal business hours where Directors are requested to attend by either the Board President or the Board
- Semi-annual conference of the Association of California Water Agencies
- Regular quarterly meetings of the Water Agencies Association of San Diego County
- Regularly monthly meeting of Council of Water Utilities
- Business meetings and conferences of the California Special District Association held in San Diego County

All other meetings not listed here require pre-approval by the President or Board.

2. The following meetings are pre-approved for designated Otay Director representatives or designated alternate. The District Secretary will maintain an updated list of designated Director representatives. Any other Director who wishes to attend these meetings and receive a per diem must have approval from the President or Board prior to the event or be designated by the President or Board, as an alternate. The pre-approval shall include the attendance of the Director at the commission, committee, board or meeting and any committee, subcommittee or other official or posted meeting of the agencies, commissions, committees or boards listed below:

- Planning Group and City Commission meetings that fall within the boundaries of each directors district (when issues impacting OWD are discussed)

EXHIBIT A

- Inter-Agency Committee Meeting
 - METRO (TAC/AFFORD) Commission
 - ACWA or CSDA meetings/conferences
 - Water Conservation Garden
3. The Board President or his designee is pre-authorized to attend District business meetings with cities and other agencies to represent Otay Water District, and may claim a per diem and expenses. Any other Director desiring to attend the same meeting of this nature would require approval to attend from the President or the Board in order to receive a per diem and expense reimbursement.
 4. When the President or the Board appoints a director(s) to a committee, the meeting(s) shall be considered pre-approved for per diem and expense reimbursement.
 5. The following meetings are not eligible for pre-approved per diem claims:
 - a) Attending other Districts' Board meetings
 - b) Otay employee appreciation breakfast, luncheons or dinners
 - c) Retirement receptions
 - d) Otay picnics or dinner-dances or other purely social events
 - e) CWA meeting attendance (by Otay Water District appointed CWA Board Member(s))
 - f) Chamber of Commerce events
 - g) First Friday Breakfasts unless presenting Otay official business to the assembly
 - h) Any political campaign event or function
 6. In order to submit a per diem/travel reimbursement the member must attend at least 50% of the meeting (per day) and the reimbursement request must be submitted within 45 days of the occurrence, otherwise it may be considered attended without per diem. The President of the Board will make the final determination.
 7. All other meetings/conferences/tours/seminars/workshops/functions not listed in this policy must be pre-approved by the Board President or the Board.

INSTRUCTIONS ON REVERSE



**INSTRUCTIONS FOR PREPARATION OF
BOARD OF DIRECTORS PER DIEM CLAIM FORM**

1. Record the date, and name or purpose/issues discussed of meeting attended on behalf of the District.

Note: The District will pay Director's per-diem for one meeting/function per day and the maximum of 10 meetings/functions per month. If a Director attends more than 10 meetings/functions (10 days), the District will reimburse for the mileage and any reimbursable out-of-pocket expenses incurred for these additional meetings.

2. Record number of miles (round trip) driven to attend meeting/ function.

The use of personal vehicles in the conduct of official District business shall be reimbursed at the current Internal Revenue Service rate. The Director's expense claim should indicate the nature of the trip. If a trip begins at home, the District will reimburse the mileage from home to destination and return mileage. District insurance does not cover personal vehicles while they are being driven on District business. The reimbursement rate is inclusive of an allowance for insurance costs. The District will reimburse Directors for the deductible under their personal insurance policy should they be involved in an accident while on District business. To be eligible for reimbursement, each Director shall maintain a current California driver's license and at least the minimum vehicle liability insurance required by State law or shall arrange for a driver who meets said standards.

The District will not reimburse the cost of travel of a personal nature taken in conjunction with travel on official business.

Claim forms shall be submitted within 45 calendar days after the meeting date. Expense claims requiring reimbursement to the District which are not reconciled within 45 calendar days, shall be deducted from the next month's reimbursement.

No information on the Per Diem Claim Form may be designated as confidential in nature. All expenses must be fully disclosed on the form.



**OTAY WATER DISTRICT
BOARD OF DIRECTORS
TRAVEL REQUEST FORM**

Director: _____ **Date of Request:** _____

Name and Location of Function: _____

Date(s) function to be held: _____ - _____

Sponsoring Organization: _____

Request for Prepayment of Fees Related to the Function:

Expense Type	Not Needed	Pre-Payment Requested
Registration	<input type="checkbox"/>	<input type="checkbox"/>
Airline	<input type="checkbox"/>	<input type="checkbox"/>
Auto Rental	<input type="checkbox"/>	<input type="checkbox"/>
Mileage	<input type="checkbox"/>	N/A
Taxi/Shuttle	<input type="checkbox"/>	N/A
Lodging	<input type="checkbox"/>	<input type="checkbox"/>
Meals	<input type="checkbox"/>	N/A
Other Expenses – Explain Below	<input type="checkbox"/>	<input type="checkbox"/>

Lodging Preference: _____

Explanation of Other Expenses: _____

Signature of Director **Date of Request**

For Office Use Only Below This Line

Date of Board Approval: _____

Expense Type	Description	Amount Pre-Paid
Registration		
Airline		
Auto Rental		
Mileage		N/A
Taxi/Shuttle		N/A
Lodging		
Meals		N/A
Other Expenses		

District Secretary

Date Processed



**INSTRUCTIONS FOR PREPARATION OF
BOARD OF DIRECTORS EXPENSE CLAIM FORM**

The necessary expenses incurred while traveling on District business including common carrier fares (economy class), automobile rental charges, District business telephone calls, one personal telephone call home each day (\$10 maximum per day), lodging, baggage handling, parking fees, meals, etc. will be reimbursed when documented on the Director's Per Diem and Expense Claim Forms. Receipts must be attached for all meal expenses. If a receipt is lost, the lost receipt should be noted next to the expense and submitted to the President before any reimbursement can be made. Receipts are required for the reimbursement of all expenses.

All receipts must have the nature of the expense and the business purpose noted on the receipt.

The District will not reimburse the cost of travel of a personal nature taken in conjunction with travel on official business.

Meals shall be reimbursed up to \$46 per day, or an amount determined by the President of the Board of Directors to be reasonable for occasion or circumstances, exclusive of any gratuities. Partial days shall be reimbursable at a rate of \$8 for breakfast, \$13, for lunch and \$25 for dinner, or amounts determined by the President of the Board of Directors to be reasonable for the occasion or circumstances, excluding any gratuities. The above amounts may be combined if travel status requires two (2) or more meals. The meal reimbursement amounts are inclusive of and assume expenses for taxes only. Gratuities are not reimbursable and are excluded. Where pre-paid registration includes meals, only meals that are not included in the registration will be reimbursable.

Any receipts that include costs of personal travel (e.g., hotel receipt for employee and spouse) should identify what the cost would have been without personal travel (e.g., single room rate as opposed to double room rate).

Claim forms shall be submitted within 45 calendar days after the expense was incurred. Expense claims requiring reimbursement to the District which are not reconciled within 45 calendar days, shall be deducted from the next month's reimbursement.

No information on the Expense Claim Form may be designated as confidential in nature. All expenses must be fully disclosed on the form.

The following expenses are not reimbursable:

- | | |
|----------------------------------|---|
| a. Alcoholic Beverages | d. Laundry service |
| b. Parking or traffic violations | e. Entertainment or recreation |
| c. In-room movies | f. Expenses incurred by spouses, family members, or guests. |

AGENDA ITEM 7b



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	July 2, 2014
SUBMITTED BY:	Dan Martin Engineering Manager	PROJECT:	R2087- DIV. NO. 2 001101
	Bob Kennedy Engineering Manager		
	Kevin Koeppen Finance Manager		
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:	Temporary Moratorium on the Installation of New Recycled Water Facilities on Otay Mesa		

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) place a temporary moratorium on the installation of new recycled water facilities on Otay Mesa (see Exhibit A for Project location).

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

Given the uncertainty of recycled water availability for Otay Mesa, the financial feasibility considerations associated with anticipated recycled water rates from the City of San Diego, the uncertainty of securing easements to support the Otay Mesa Recycled Water Supply Link Project, and the delivery horizon of Indirect Potable Reuse (IPR) and/or Direct Potable Reuse (DPR), staff is recommending a

temporary moratorium be placed on the installation of new recycled water facilities on Otay Mesa.

ANALYSIS:

It is the policy of the District that recycled water shall be used within the jurisdiction wherever its use is financially and technically feasible, and consistent with legal requirements, preservation of public health, safety and welfare, and the environment. To this end, the District currently operates and maintains 102 miles of recycled water mains and 43.7 million gallons of recycled water storage. A significant majority of these facilities are located in and support recycled water for the Central area of the District. The District is committed to the use of recycled water in order to minimize its overall demand for potable water, and currently has one of the largest recycled water distribution systems in San Diego County.

The District owns and operates the Ralph W. Chapman Water Reclamation Facility (RWCWRF) which was originally constructed in 1979 and was upgraded in 1990 to its current rated design capacity of 1.3 million gallons per day (MGD) or approximately 4.0 Acre-Feet (AF) per day. In April 2013, the District completed an additional treatment upgrade to the RWCWRF to meet the current "Total Nitrogen limits" established by the California Regional Water Quality Control Board. With the current design capacity, the RWCWRF has recently produced an average of 3.1 AF per day (1.0 MGD) of recycled water. On a peak demand day, the RWCWRF has been operated to produce a supply of 3.7 AF per day (1.2 MGD). In 2011, the RWCWRF provided a recycled water supply of 1,077 AF to the District. The RWCWRF supplies a portion of the recycled water needs for the District which in Fiscal Year 2013 totaled 4,313 AF.

To augment the RWCWRF recycled water supply, the District and the City of San Diego (City) entered into a Supply Agreement dated October 20, 2003 ("Agreement" is attached as Exhibit B) that provides for recycled water supply from the South Bay Water Reclamation Plant (SBWRP). The term of the Agreement, which began on January 1, 2007, is for twenty years and includes a Schedule of Reclaimed Water Delivery that increases on an annual basis up to 5.22 million gallons per day in calendar year 2026. The Agreement committed the City to supply sufficient recycled water from the SBWRP to the District at an initial rate of \$350 per AF and required that the District pay a one-time capacity reservation charge of \$3.6 Million. The District started taking recycled water from the City of San Diego's SBWRP in May 2007. The Agreement was negotiated approximately four years ahead of implementing the use of the City's recycled water supply and in advance of the development of the

District's system in this area. As annual implementation of the Supply Agreement occurred and use of the recycled water supply was influenced by the economy and the other factors the contract became problematic for the District. To date, the City has not shown interest in discussing the terms of the Agreement.

As the District has pursued expansion of the District's recycled water system to the Otay Mesa area, the District has encountered a number of issues and risks when considered in total, challenge both the technical and financial feasibility of delivering recycled water to Otay Mesa. These include the following:

- Securing a reliable and cost effective supply of recycled water for Otay Mesa;
- The cost of new recycled water infrastructure when analyzed with projected demand on Otay Mesa;
- Avoided San Diego County Water Authority (SDCWA) capacity fees on recycled meters; and
- Potential new sources of water.

This report provides an overview of these issues as they relate to the delivery of recycled water on Otay Mesa and are in support of a staff recommendation to place a temporary moratorium on the installation of new recycled water facilities on Otay Mesa.

Securing a reliable and cost effective supply of recycled water for Otay Mesa

The District's ability to meet the requirements in the Supply Agreement is based on the City's ability to provide enough recycled water in the warmer months when demand peaks. Shortly after the Agreement commenced in January 2007, the District's General Manager met with the City of San Diego's Utility Director, James Barrett, to discuss the terms of the Agreement including the topic of pricing. Director Barrett was unwilling to entertain any changes to the Agreement. District staff has on several occasions over several years attempted to negotiate a more equitable recycled water supply agreement with the City with the goal of securing a financially feasible and reliable source of recycled water to augment the District's supply. As an example, on August 1, 2011, staff met with the City's Utility Director, Roger Bailey, and his senior staff on the amendment and rewrite of the Agreement and a number of other issues including resolution of the proposed City recycled water pricing, the contracted volumes, and future availability. The District's General Manager also met with the City's Utility Director several times on these issues. Each meeting was very friendly and detailed, however, no movement towards resolution was provided by

the City. The new Utility Director, Halla Razak, who started with the City earlier this year, has met with District staff and expressed interest in discussing the issues. Staff presented a proposal to rewrite the Agreement to Director Razak; to date no meaningful response has been provided. Exhibit C details the City of San Diego - Otay Water District Discussion Items as of December 2013. Exhibit D includes correspondence related to these issues and includes the most recent letter sent to the City dated March 5, 2014.

In 2003, when the District entered into the Agreement, the District expressed concern regarding the City established rate of \$350 per AF indicating that the recycled water rate was not justified and was excessive for the SBWRP supply. Since that time, the City has identified that it costs \$214 per AF to produce and pump recycled water from the SBWRP plant. Hence, as the District believed in 2003, the City's charge for recycled water was approximately \$136 per AF in excess of the actual production cost.

Over the last several years, the District has repeatedly requested and the City has repeatedly promised to provide the District with a report on future recycled water rates. The District has reviewed early draft copies of the Raftelis Financial Consultants Recycled Water Pricing Study (Raftelis Report) which has suggested the wholesale cost of recycled water could change dramatically for the District. The City has hired a contractor to move two de-mineralization systems currently at the City's North City plant to the SBWRP to remove chlorides in the recycled water the District receives. Staff understands that the cost of these systems, which has been estimated by the City at \$5.9 Million, will be passed on to the District when the cost of service study is released to account for cost recovery. The District does not agree with this rationale and believes that there are other alternatives. A substantial increase in the cost of recycled water raises concerns regarding the financial feasibility of providing recycled water to the District's customers.

The issues associated with the recycled water supply Agreement include occasions that the City has been unable to supply sufficient recycled water to the District when it is most needed, particularly in the summer months. Late last year, the South Bay plant did not consistently deliver requested demands by the District for volume which resulted in the District's reservoirs operating at a level that was lower than optimal. It took several days to bring the reservoir back to an optimal operating range. The District is unable to rely on City flows equal to or greater than 6 MGD of recycled water, let alone the 10 MGD that is included in the recital of the recycled water supply Agreement with the City. Based on the

City's 2012 Annual Report and Summary for the South Bay Wastewater Reclamation Plant and Ocean Outfall, the City is only diverting approximately 8.04 MGD of wastewater to the plant making it impossible for the City to produce 10 MGD as stated in Recital A of the Agreement. To date, the City has not taken steps towards expanding the availability of recycled water in the South Bay.

Among the discussion items included in Exhibit C is the use of District facilities by the City. The City is currently using reverse flow from the District's 450-1 reservoir when it is full and the SBWRP is not pumping to serve a City customer (Caltrans). The District, under threat from the City to discontinue the supply of recycled water, allows the City to use the 450-1 reservoir in this manner. The District disputes the City's right to use the District's facilities in this manner and has sent correspondence to the City on an annual basis to reserve the District's rights. Therefore, the agreement needs to be modified to address the use of the District's Reservoir, disinfection, pipeline operations and maintenance, and Capital recovery costs.

Over the last several years, stakeholders have written letters of support to the City of San Diego for the District's recycled water program and the District's efforts to expand the supply in an effort to alleviate the uncertainty out of the cost of the recycled water (see Exhibit E).

The District has expended approximately \$49.0 Million in capital costs to construct the facilities to link the SBWRP to the District's recycled water system to transport the SBWRP recycled water to the District's customers located in the South Bay. Currently, the District is the only significant customer of recycled water from the SBWRP because the City has not developed a recycled water system in that area.

Although there are existing recycled water facilities that have been constructed on Otay Mesa, the District is not currently providing recycled water to this area. The continued uncertainty on the availability of recycled water from the SBWRP and future cost of recycled water has delayed expansion of the District's Otay Mesa Recycled Water Supply Link Project. This Project connects to the existing recycled water infrastructure and customers and enables the District to expand the use of recycled water. The estimated cost of this infrastructure is approximately \$23.5 Million. It would connect the existing transmission main from Olympic Parkway via Wueste Road and connect gaps of the transmission system on Alta Road, Otay Mesa Road, La Media Street, and Airway Road to be able to provide recycled water to Otay Mesa.

The Otay Mesa Recycled Water Supply Link Project is also dependent on the acquisition of District easements from the City for the constructed facilities. As noted in the District's July 27, 2012 letter to the City (Exhibit D), the District initiated discussions to obtain easements in 2010. As recent as March 5, 2014, the District sent correspondence to the City regarding this issue (Exhibit D). To date, the City has not granted the District easements for this critical infrastructure providing additional uncertainty on the availability of recycled water for Otay Mesa. District staff's understanding is that the easements were ready to be granted by the City's Real Estate Department, however, the City's Utilities Department placed a hold on the process.

As part of the development of the recycled water system on Otay Mesa, Developers have been required to install dual main pipelines for potable and recycled water and separate onsite recycled water irrigation systems in anticipation of a future recycled water supply. The current demand for irrigation water on Otay Mesa is 330 AF/year (approximately 0.30 MGD) and is expected to grow to 1,200 AF/year (approximately 1.1 MGD) by 2035.

The cost of new recycled water infrastructure when analyzed with projected demand on Otay Mesa

The District's Finance Department has prepared a recycled water financial analysis for Otay Mesa based on a range of anticipated costs of water from the City's SBWRP. That analysis shows how financially unfeasible it is to structure recycled water CIP expenditures in Otay Mesa without a reliable and cost effective water supply. The recycled water supply Agreement with the City expires at the end of 2026 and the District's expansion project will begin delivering recycled water to Otay Mesa in 2020. With only six years remaining on the contract from the time recycled water is able to be delivered to Otay Mesa, staff is concerned with further expansion of the District's recycled water supply system to Otay Mesa given the uncertainty of the supply and the cost of recycled water from the City.

The budgeted CIP expenditure for the expansion of the recycled water system to Otay Mesa is approximately \$23.5 Million through 2025. The District anticipates it could recoup up to 25% of Otay Mesa recycled water project expenditures through grant reimbursements, resulting in a net CIP cost of \$17.6 Million. However, there is some risk as grant reimbursements are not guaranteed. Staff performed its financial analysis based on obtaining grant reimbursements of 0% and 25% for the associated CIP expenditures. On October 1, 2013, the United States Department of the Interior Bureau of Reclamation notified the District that Fiscal Year 2014

appropriations did not include funding for the District's Cooperative Agreement.

In addition to the City of San Diego's recycled water supply and pricing issues mentioned above, there are risks that, when combined, currently render this a costly source of water. These risks include: the projected volume associated with the level of CIP expenditures, potable versus recycled water costs, ongoing incremental recycled operating costs and the expiration of Metropolitan Water District of Southern California (MWD) and San Diego County Water Authority (SDCWA) credits in 2025 and 2026, respectively.

The financial analysis indicates that the most recent pricing proposal received from the City reflects a recycled rate of \$566/AF, which is a 59% increase from Fiscal Year 2015's budgeted rate of \$357/AF and a 23% increase from District staff's estimated cost of service, including demineralization, rate of \$462/AF. Staff performed the financial analysis based on the \$462/AF estimated cost of service and \$566/AF proposed pricing from the City of San Diego.

The Otay Mesa recycled expansion will deliver 672 acre-feet of recycled water beginning in 2020 and grow to 1,200 acre-feet per year by 2035. If the District was able to fund 25% of the CIP through grants the CIP cost per annual acre-feet of supply would be \$14,667. Comparably, the District invested approximately \$25.6 Million, net of grants, or \$8,533 per annual acre-feet of supply to obtain the current 3,000 AF/year through the City of San Diego connection to the SBWRP. On an annual acre-feet of supply basis, the cost of CIP expansion to Otay Mesa is 172% greater than the cost of the City of San Diego connection to the SBWRP.

The Fiscal Year 2015 effective rates for potable and recycled water are \$1,476/AF and \$551/AF, respectively. The District anticipates that the current savings between the cost of potable and recycled water will decrease in the future as the City increases its recycled pricing to the District and other uses for this water are developed.

The ongoing incremental operating costs include regulatory cross-connection testing of recycled water lines to the end user and maintaining dual infrastructures (i.e., potable and recycled infrastructure). Staff anticipates that while the volume of water being delivered to Otay Mesa will reach a capacity of 1,200 AF/year, the ongoing incremental costs associated with maintaining the recycled system will continue to increase due to inflation.

Currently, the District receives \$385/AF credit from SDCWA and MWD for recycled water sales to assist in the recovery of investments in

the recycled system. These credits will expire in 2025 and 2026 and currently represent approximately \$1.5 Million in revenue to the District. The loss of these credits extend the payback period of any investment not recovered prior to their expiration. When considering all the risks and volumes associated with expanding recycled water to Otay Mesa, the financial analysis indicates it is probable that the payback period for these facilities would be in excess of 70 years. A payback period of more than 70 years would be beyond the estimated useful life of the infrastructure and as a result would be considered to be financially unfeasible.

Avoided San Diego County Water Authority (SDCWA) capacity fees on recycled meters

Currently, the District has not collected SDCWA capacity fees on meters set for future recycled water in anticipation that recycled water will be available on Otay Mesa. To date, the value of the avoided SDCWA capacity fees is \$1,265,300. These fees represent a risk to the District. This risk could grow very quickly upon the sale of meters to the Pio Pico Power Plant (Pio Pico) which anticipates needing a 6-inch recycled water meter and to Corrections Corporation of America (CCA) which anticipates needing a 4-inch recycled water meter. In total, these two projects will expose the District to an additional \$222,728 in avoided SDCWA capacity fees, if not collected. A temporary moratorium would allow the District to collect capacity fees from developers and avoid this risk. It also allows developers to avoid the installation cost of a dual pipeline with separate purple pipe recycled water systems.

Potential new sources of water

Lastly, the City is pursuing Indirect Potable Reuse (IPR) and/or Direct Potable Reuse (DPR) as a water source. At this time it is unclear how this will specifically impact the City's production and supply of recycled water to the District. The delivery for IPR or DPR may have a delivery horizon similar to the estimated development horizon for the Otay Mesa area.

FISCAL IMPACT: Joe Beachem, Chief Financial Officer

The issues, risks, and financial analysis presented in the report indicate that a temporary moratorium on the installation of new recycled water facilities on Otay Mesa would assist in mitigating financial impacts to the District should the Board decide that a future permanent moratorium of recycled water facilities on Otay Mesa is required.

There are financial risks associated with a future permanent moratorium. Those risks include reimbursement of \$950,000 in grant funds that were received from the United States Bureau of Reclamation (USBR) and SDCWA capacity fees.

STRATEGIC GOAL:

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

LEGAL IMPACT:

None.

BK/DM/KK/RP:jf

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- Attachments:
- Attachment A - Committee Action
 - Exhibit A - Project Location Map
 - Exhibit B - Supply Agreement
 - Exhibit C - Otay Water District Discussion Items
 - Exhibit D - Letters to City of San Diego
 - Exhibit E - Letters of Support
 - Exhibit F - Presentation



ATTACHMENT A

SUBJECT/PROJECT: N/A	Temporary Moratorium on the Installation of New Recycled Water Facilities on Otay Mesa
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COMMITTEE ACTION:

The Finance, Administration, and Communications Committee reviewed this item at a meeting held on June 18, 2014 and the following comments were made:

- Staff introduced the item and stated that this item presents information regarding the financial and technical feasibility of recycled water for Otay Mesa in accordance with District policy and in consideration of this information provides a recommendation that a temporary moratorium be placed on the installation of new recycled water facilities on Otay Mesa.
- The District operates 102 miles of recycled water mains, there are four (4) reservoirs with a storage capacity of 43.7 MG, three (3) pump stations that pump recycled water to the reservoirs, and the District operates the Ralph W Chapman Water Reclamation Facility in support of delivering recycled water to our customers. The Reclamation Facility averages approximately 1 MGD of recycled water supply. Last fiscal year, this represented one quarter of the District's customer needs. The remaining three quarters (approximately 3 MGD) is provided through a Supply Agreement with the City of San Diego.
- Staff indicated that the District's recycled water system is located primarily in the Central part of the District. The recycled water system delivers recycled water to customers and is primarily used for irrigation purposes. The District's ongoing operating costs in support of recycled water include maintaining this separate system and performing inspections of the end user and of regulatory cross-connection testing as required by the State of California.
- Staff provided a high level overview of the entire recycled water system as back ground for the item and reviewed the major facilities that are part of the system.

- The Ralph Chapman Water Reclamation Facility is located in the northern part of the District and is accessed from SR 94 at Singer Lane. This facility produces recycled water and is fed by the District's sewer system basins which are also located in the northern part of the District. In April 2013, the District completed an additional treatment upgrade to the reclamation facility to meet the current "Total Nitrogen limits" established by the California Regional Water Quality Control Board. Recycled water is pumped from the reclamation plant by the 927-1 Pump Station which is co-located at this facility.
- It was indicated with regard to two (2) of the recycled system reservoirs that the 944-1 has a storage capacity of 12 MG and the 927-1 has a storage capacity of 16.3 MG. These reservoirs are located at the northern end of the Salt Creek Golf Course and are accessed from Hunte Parkway in Chula Vista. Construction to replace the reservoir liner and cover at the 927-1 reservoir was substantially completed just last month.
- The City of San Diego's South Bay Water Reclamation Plant is located west of the Tijuana International Border crossing facility and supplies a majority of the District's recycled water needs through the District's Supply Agreement with the City.
- In 2007 the District completed construction of a number of recycled water facilities in support of transporting water from the South Bay Water Reclamation Plant to the Central area of the District. Those facilities included the 30-inch recycled water distribution main that transports water from the South Bay Water Reclamation Plant, the 450-1 reservoir, and the 680-1 Pump Station. The 450-1 reservoir is located just south of Olympic Parkway and east of Brandywine Avenue in the City of Chula Vista. This reservoir has a capacity of 12 MG.
- In 2004, the District constructed the 680-1 reservoir. This reservoir which has a storage capacity of 3.4 MG and is located under the City of Chula Vista's Sunset View Park on Greensview Drive. This reservoir location also supports the 944-1 Pump Station. The capacity of the 944-1 Pump Station was increased in 2013 with the installation of a new pump and reconfiguration of the suction header piping.
- Staff then presented information regarding recycled water facilities for Otay Mesa which is the focus of this item. Staff stated that in the Otay Mesa area there are approximately 16 miles of recycled water mains that have been installed to date. Most of these have been installed through Developer projects as a condition of development in preparation for a supply of recycled water for the Otay Mesa area. The current potential demand for recycled

water is 330 AF/Year and is projected to reach 1,200 AF/Year in 2035. Efforts to bring recycled water to Otay Mesa are dependent on the Otay Mesa Recycled Water Supply Link project which would connect the existing transmission main from Olympic Parkway via Wueste Road and connect gaps in the transmission system on Alta Road, Otay Mesa Road, La Media Street, and Airway Road. This work is currently estimated at \$23.5M and has been delayed due to the continued uncertainty with respect to the availability of a recycled water supply.

- As the District pursued expansion of its recycled water system to the Otay Mesa area, staff encountered a number of issues and risks. When these issues and risks are considered in total, they challenge both the technical and financial feasibility of delivering recycled water to Otay Mesa.
- The District entered into a Supply Agreement with the City (Exhibit B) in 2003 and started taking water in January 2007 beginning the term of the 20-year agreement. The agreement includes a delivery schedule that increases year to year and tops out at 5.22 MGD when the agreement expires in 2026. As the annual implementation of the Supply Agreement occurred and use of the recycled water supply was influenced by the economy and the other factors, the contract became problematic for the District due to the cost of recycled water from the City. When the agreement was initiated, the established rate was \$350/AF. The City's recent price proposal is \$566/AF. Additionally, the District understands that the cost of recycled water from the City may change dramatically as the City studies recycled water rates and considers passing along the cost of systems such as the SBWRP de-mineralization systems. Concerns over the rates and how the rate structure is being developed have been communicated by the District at meetings with City staff and in correspondence to the City as included in Exhibits C and D of staffs' report. To date, the City has not shown interest in discussing the terms of the Agreement.
- There are technical challenges to delivering water to Otay Mesa. These items include the acquisition of easements from the City of San Diego that would allow the District's proposed transmission main for the Otay Mesa Recycled Water Supply Link to cross the City's right-of-way. Although the District has been working with the City for a number of years on this request, the City has not yet granted these critical easements.
- The supply from the City's South Bay Water Reclamation Plant also represents a technical challenge for Otay Mesa. The District has been unable to rely on City flows greater than 6 MGD of recycled water when it is most needed. To date, the City has not taken

steps towards expanding the availability of recycled water in the South Bay.

- The City is also using the District's 450-1 reservoir. The City is currently using reverse flow from the District's 450-1 reservoir when it is full and the South Bay Plant is not pumping. This impairs the District's ability to efficiently use the reservoir. The District disputes the City's right to use the District's facilities in this manner and has sent correspondence to the City on an annual basis to reserve the District's rights. The Recycled Water Supply Agreement needs to be modified to address the use of the District's Reservoir, disinfection, pipeline operations and maintenance, and Capital recovery costs.
- Further, the recycled water supply incentives provided by the Metropolitan Water District and the San Diego County Water Authority are set to expire in 2025 and 2026 respectively. Currently, the District receives credits totaling \$385/AF from these agencies for recycled water sales to assist in the recovery of investments in the recycled system. These credits currently represent approximately \$1.5 Million in yearly revenue to the District.
- Staff indicated in consideration of the infrastructure costs, projected demand, cost of supply from the City, incentive details, and risks and volumes associated with expanding recycled water to Otay Mesa, staff performed a financial analysis. The analysis indicates that the probable payback period for these facilities would be in excess of 70 years. A payback period of more than 70 years would be beyond the estimated useful life of the infrastructure. Unless these factors change in a very dramatic way expansion to Otay Mesa would be considered to be financially unfeasible.
- Staff noted other points of consideration which included risks associated with fees that have been avoided to date. Currently, the District has not collected SDCWA capacity fees on meters set for future recycled water in anticipation that recycled water will be available on Otay Mesa. To date, the value of the avoided SDCWA capacity fees is \$1.27 Million. These fees represent a risk to the District. This risk could grow very quickly upon the sale of meters to the Pio Pico Power Plant and to Corrections Corporation of America. In total, these two projects will expose the District to an additional \$223K in avoided SDCWA capacity fees, if not collected. A temporary moratorium would allow the District to collect capacity fees from developers and avoid this risk.
- The District has also received grant funds that total \$950K from the United States Bureau of Reclamation (USBR) for Otay Mesa. If a

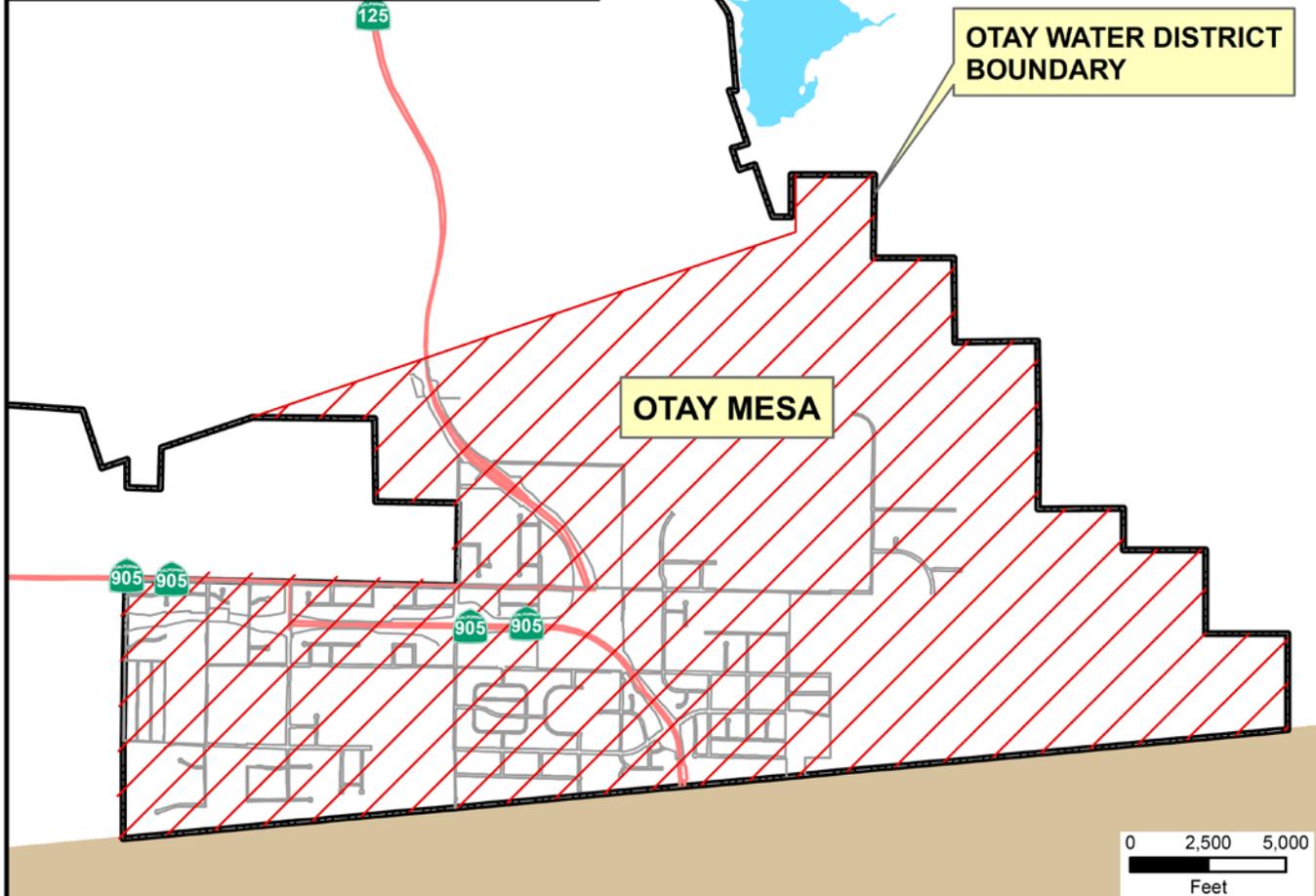
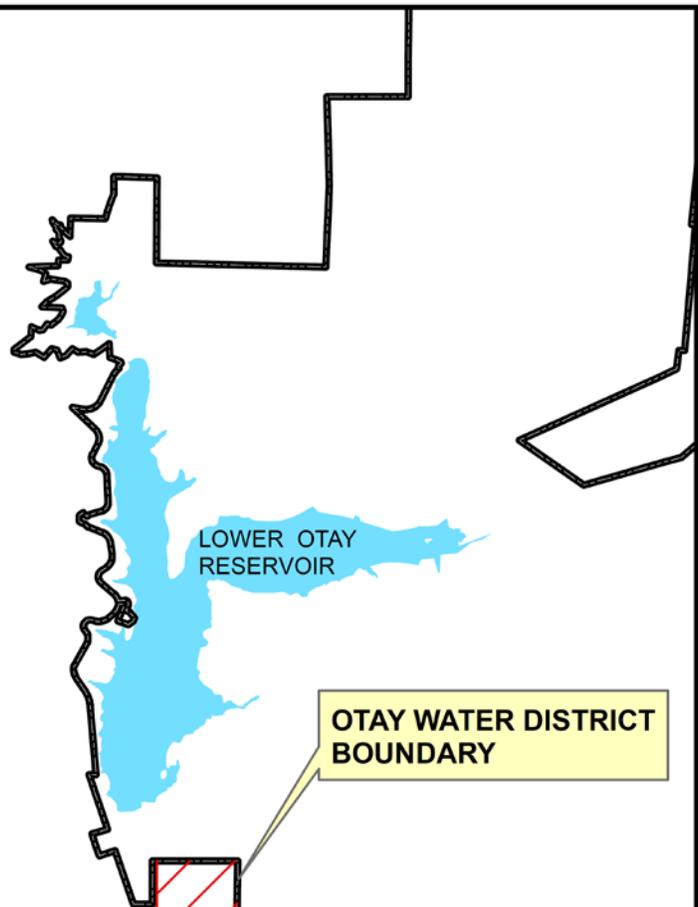
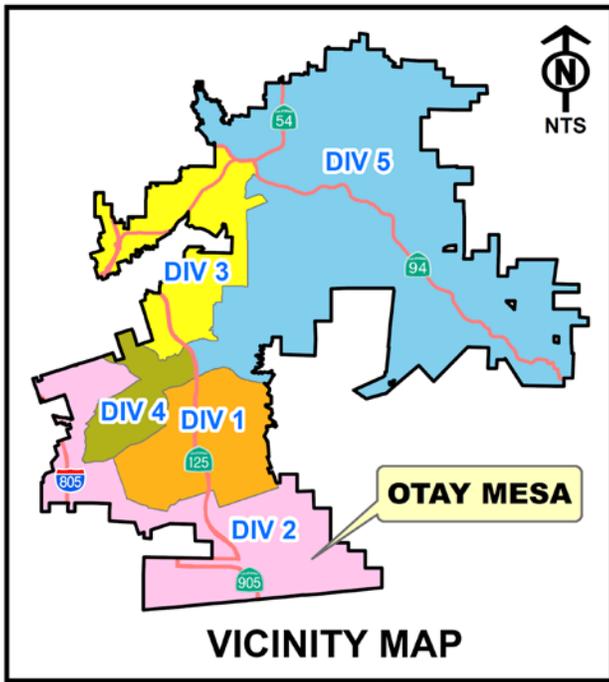
future permanent moratorium were placed on Otay Mesa, the District would be at risk for reimbursement of these funds. In general, a moratorium also allows developers to avoid the installation cost of a dual pipeline with separate purple pipe recycled water systems.

- Staff stated that there is potential for new sources of water in the future. The City is pursuing Indirect Potable Reuse (IPR) and/or Direct Potable Reuse (DPR) as a water source. At this time it is unclear how this will specifically impact the City's production, supply, and cost of recycled water to the District. The delivery for IPR or DPR may have a delivery horizon similar to the estimated development horizon for the Otay Mesa area. Conservation may also play a role as revised landscape plant palates from the City and the County use less water.
- Staff stated given the uncertainty of recycled water availability for Otay Mesa, the financial feasibility considerations associated with anticipated recycled water rates from the City of San Diego, the uncertainty of securing easements to support the Otay Mesa Recycled Water Supply Link Project, and the delivery horizon of Indirect Potable Reuse (IPR) and/or Direct Potable Reuse (DPR), staff is recommending a temporary moratorium be placed on the installation of new recycled water facilities on Otay Mesa.
- Staff noted that should the Board approve the recommended temporary moratorium, staff would report back to the Board within one year to update the Board on the issues associated with recycled water on Otay Mesa including cost of service and present a discussion of next steps. The committee requested that staff provide a status report to the Board at the six (6) month interval.
- In response to an inquiry from the committee, staff indicated that the moratorium would only impact the Otay Mesa Area. Future developments within the Otay Mesa area would not be required to install purple pipes. The District's Attorney responded to another inquiry that the District would need to conduct further reviews in order to determine if there is exposure.
- In response to another inquiry from the committee staff indicated that the one-year moratorium will provide the District a year to negotiate with CWA and the USBR for the repayment of capacity fees and the grant in the event a decision is made to cease recycled water development in Otay Mesa.
- It was discussed that the key for the central area is that the incentives will essentially repay the infrastructure (the pipeline and pump station which connects the South Bay area to the central system) prior to their expiration. As long as there is some differential between the cost for potable and recycled water, the

District will be fine. In the Otay Mesa area it is different because of the added infrastructure that the District would need to invest in. The infrastructure would not be covered by the incentives due to the timeline that the incentive expire. However, from a supply standpoint, it would still be beneficial to utilize recycled water.

- The committee inquired if staff foresees the District invoking the mediation clause because of the lack of response from the City of San Diego. General Manager Watton indicated that he had a discussion with the new Director of the City's Water Department yesterday and the District will be drafting a proposal for discussion with the City. Staff will see where this discussion goes.
- It was further discussed that the agreement with the City will expire in 2026 and the incentives with CWA will expire in 2025 which lines up with when the District is expected to have recovered all its capital costs for the central area. Staff indicated in response to an inquiry from the Committee that they do have the break even numbers and those numbers have been a negotiations point with the City of San Diego.
- It was indicated that staff would bring back an update on this matter at the end of the year (the six [6] month interval).

Upon completion of the discussion, the committee supported staffs' recommendation and presentation to the board as an action item. As part of the recommendation, the Committee requested that an update be provided in six months should the Board approve the temporary moratorium.



OTAY WATER DISTRICT
OTAY MESA RECYCLED WATER AREA



EXHIBIT A

**AGREEMENT BETWEEN THE OTAY WATER DISTRICT
AND THE CITY OF SAN DIEGO FOR PURCHASE
OF RECLAIMED WATER FROM THE
SOUTH BAY WATER RECLAMATION PLANT**

OCT 20 2003

This Agreement is made and entered into this _____ day of 2003 between the Otay Water District ("Otay"), and the City of San Diego ("City") [collectively "Party(ies)"], with reference to the following:

RECITALS

- A. WHEREAS, City owns and operates the South Bay Water Reclamation Plant ("SBWRP"), which has a design production capacity of approximately fifteen million gallons per day of tertiary water from collected and treated wastewater; of which 10 million gallons per day is available for sale; and
- B. WHEREAS, Otay provides water service, including Reclaimed Water service, to its customers and is willing to finance and construct facilities to transmit tertiary water from the SBWRP to its service area; and
- C. WHEREAS, Otay is seeking additional Reclaimed Water to meet projected demands; and
- D. WHEREAS, City desires to sell some or all of the Reclaimed Water it produces at its SBWRP and Otay desires to purchase said water; and
- E. WHEREAS, Maximizing the use of Reclaimed Water benefits the region by providing local supply to meet local demand thereby lessening the demand of the San Diego region for imported water.

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties do hereby agree as follows:

Section 1. Definitions

The following terms shall have the following meanings whenever used in this Agreement, unless the context requires otherwise:

1.1 "Annual Contract Amount" means the quantity of Reclaimed Water, in acre-feet on an annual basis, that City agrees to produce, make available, deliver, and sell to Otay and Otay agrees to accept, and/or purchase from City.

1.2 "Average Day Amount" means the quantity, in millions of gallons, of Reclaimed Water to be used for production planning purposes.

DOCUMENT NO. PL-298502
FILED OCT 20 2003
OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA

1.3 "Beginning Date" means the date that Otay begins receiving Reclaimed Water from City under this Agreement or the Effective Date hereof, whichever is later. Beginning Date may occur after the Effective Date of this Agreement.

1.4 "Billing Cycle" has the meaning contained in Section 2.1 herein.

1.5 "City" means the City of San Diego, a charter city.

1.6 "Commodity Rate" means the rate for Reclaimed Water of Three Hundred Fifty dollars (\$350.00) per acre-foot.

1.7 "Constant Rate of Delivery" has the meaning contained in Section 4.2 herein.

1.8 "Demand schedule" has the meaning contained in Section 4.1 herein.

1.9 "Effective Date" means the date that the last Party executed the Agreement.

1.10 "Fiscal Year" means July 1 through June 30.

1.11 "Maximum Day Demand" means the quantity of Reclaimed Water delivered during any day.

1.12 "MGD" means millions of gallons of Reclaimed Water per day.

1.13 "Monthly Meter Charges" means the amount charged by the City each month for a meter installed by the City.

1.14 "Otay" means the Otay Water District.

1.15 "Point of Delivery" means the location to which City agrees to deliver Reclaimed Water to Otay, more particularly described in Exhibit A, attached hereto and by this reference incorporated herein.

1.16 "Reclaimed Water" has the meaning set forth in Title 22, Division 4 of the California Code of Regulations for "recycled water" and means water which, as a result of treatment of wastewater, is suitable for a direct beneficial use or a controlled use that otherwise would not occur.

1.17 "Reserved Capacity" has the meaning set forth in Section 2.2.

1.18 "SBWRP" means the South Bay Water Reclamation Plant.

1.19 "Term" has the meaning set forth in Section 3 herein.

1.20 "Total Capacity Reservation Charge" has the meaning set forth in Section 2.2 herein.

Section 2. Rates and Charges

2.1 City agrees to produce, make available, deliver and sell to Otay, and Otay agrees to accept, and/or purchase from City, Reclaimed Water for Three Hundred Fifty dollars (\$350.00) per acre-foot as of the Effective Date of this Agreement. Otay agrees that for each year thereafter or any portion thereof (referred to herein as a "Billing Cycle"), the Commodity Rate for Reclaimed Water will escalate at the same rate adopted by the City council for other Reclaimed Water customers. The City will provide documentation supporting any increases prior to the Effective Date.

2.2 Otay shall pay City a one time Capacity Reservation Charge of \$ 3,600,000.00 ("Total Capacity Reservation Charge"). \$1,800,000.00 shall be paid upon execution of this Agreement. The remaining \$1,800,000.00 shall be paid upon delivery of Reclaimed Water or January 1, 2007, whichever occurs first, unless an unforeseen delay has occurred pursuant to Section 3.2.3 of this Agreement. No additional capacity reservation charges will be charged to Otay for the Term of this Agreement.

2.2.1 The Total Capacity Reservation Charge paid by Otay shall reserve 6.0 MGD of capacity ("Reserved Capacity") for the quantities of Reclaimed Water specified in Section 3 of this Agreement. The Reserved Capacity shall be limited to a period of twenty years and coincide with the Term of this Agreement. The Total Capacity Reservation Charge shall not apply to any extensions or modifications to the term of this Agreement.

2.2.2 The Total Capacity Reservation Charge paid by Otay shall reserve and limit capacity to the specific Term of this Agreement and relate to the quantities of Reclaimed Water specified in Section 3 of this Agreement.

2.3 In addition to Commodity Charges, Otay shall pay the prevailing Monthly Meter Charges to be based on the rate for the 10" size meter as specified in the City of San Diego Reclaimed Rate Schedule.

Section 3. Quantity

3.1 Upon the execution of this Agreement, City agrees to produce, make available, deliver, and sell to Otay and Otay agrees to purchase from City, the Annual Contract Amount of Reclaimed Water per the schedule set forth in Exhibit B of this Agreement. Such amount shall be calculated between January 1 and December 31 of each year of the Term of this Agreement.

3.2 Otay agrees to purchase from the City no less than the Annual Contract Amount of Reclaimed Water from the time it commences delivery of Reclaimed Water. Otay is obligated

to pay the Annual Contract Amount even if it is not able to take or use the Reclaimed Water to the extent the reclaimed water is not sold to another party, as per Section 11.2.

3.2.1 For the first year that Otay accepts delivery of Reclaimed Water, the Annual Contract Amount will be prorated based on the number of days remaining in that calendar year.

3.2.2 The Annual Contract Amount is subject to adjustments for interruptions in service not caused by Otay, as more fully described in Section 4.4 of this Agreement.

3.2.3 In the event that Otay has failed to take delivery of Reclaimed Water from the City by January 1, 2007, Otay shall remain responsible to take and pay for the delivery of the Reclaimed Water or pay the Annual Contract Amount unless the Parties agree to an extension beyond January 1, 2007, due to an unforeseen delay in construction of any of the following facilities:

1. Otay pipeline connecting to the City pipeline at the north end of Dairy Mart Road Bridge.
2. The Otay 680-1 pump station.
3. The 450-1 reservoir off of Brandywine Road in Chula Vista
4. City construction of facilities up to and including the delivery point.

3.3 On or before January 1 of each year, Otay may request that the schedule set forth in Exhibit B be revised to increase the quantity of Reclaimed Water that Otay purchases from the City. If such adjustment does not adversely impact City's ability to serve other City customers, including the SBWRP, and Otay has complied with all obligations in this Agreement, City may not unreasonably reject such an adjustment in the schedule.

3.4 Unless mutually agreed in writing by City and Otay, the quantity of Reclaimed Water to be purchased by Otay as set forth in Exhibit B shall not be reduced.

3.5 Subsequent to the execution of this Agreement, and subject to the availability of Reclaimed Water, deliveries to Otay in excess of the Maximum Day Demand shall not constitute a breach of this Agreement. Such excess deliveries shall be considered interruptible in nature, and they can be discontinued at any time.

Section 4. Rate of Production

4.1 Otay shall provide City a Demand Schedule that includes a two-week rolling daily demand schedule each weekday. Otay may request one change up to 10% in the Demand Schedule by giving three days advance notice.

4.2 Reclaimed Water produced at the SBWRP shall be pumped to Otay's 450 zones in an amount equal to or greater than 6 MGD, and balanced by City to attempt to meet the Demand Schedule provided by Otay. City shall notify Otay three days in advance if the Demand Schedule amount above 6 MGD, cannot be delivered.

4.3 SBWRP production of Reclaimed Water will meet Otay's peak summer and winter seasonal orders, subject to availability as specified in the Demand Schedule.

4.4 The Parties recognize that factors beyond the control of the City could cause operational difficulties resulting in the temporary production of Reclaimed Water which does not meet the terms of this Agreement or other regulatory agencies for Otay's intended uses. In such case, the City has sole discretion and may temporarily suspend Otay's supply of Reclaimed Water from the City's facilities. City shall use its best efforts to re-establish the production of Reclaimed Water and shall re-establish Otay's supply of such water accordingly. Otay will be responsible in providing a standby water supply that may be necessary in the event of an interruption in the supply of Reclaimed Water and hereby waives any right which it might have to recover from the City damages attributable to such interruption.

Section 5. Billing

5.1 City will read the meter at the end of each month and bill Otay within 15 calendar days thereafter at Otay's address: 2554 Sweetwater Springs Boulevard, Spring Valley, CA 91978. Billing shall not commence until after the Beginning Date.

5.2 Payment shall be received at City's address listed on the invoice on or before the twentieth calendar day after the date of the invoice.

5.3 In the event Otay fails to pay any amount when due, interest thereon shall accrue at the rate of ten percent per annum from the date when due until payment is received. Failure to make a payment when due constitutes a default under this Agreement.

5.4 City shall be responsible for metering the Reclaimed Water delivered to Otay at the Point of Delivery and reading such meter for purposes of billing Otay. The quantity of Reclaimed Water for which payment is due by Otay in any month shall be the total quantity of Reclaimed Water Delivered to Otay in the preceding month as determined by the measuring

equipment described in Section 6 below.

5.4.1 Notwithstanding the foregoing, on or prior to February 15 of each Calendar Year City shall determine the actual quantity of Reclaimed Water taken by Otay in the prior Calendar Year. If the total quantity of Reclaimed Water taken is less than the Annual Contract Amount, then the City shall bill Otay for the difference between the Annual Contract Amount and the quantity of Reclaimed Water taken. Otay shall pay the invoice on or before March 30 of each Calendar Year.

5.5 Within thirty days after the end of each calendar year quarter, City shall furnish Otay with a statement showing the quantities of all Reclaimed Water delivered for the quarter.

Section 6. Measuring Equipment

6.1 At City's sole cost and expense, City shall furnish and install at the Point of Delivery, Exhibit A, a measuring system for recording the quantity of Reclaimed Water delivered to Otay.

6.2 During all reasonable hours, Otay shall have access to the measuring equipment and records pertinent to such measuring equipment and the quantity of Reclaimed Water delivered to Otay.

6.3 City shall be responsible for maintaining the measuring equipment in good order and condition. City shall conduct tests at least once every twelve months to determine the accuracy of such metering equipment. City shall notify Otay at least forty-eight hours in advance of the time and location of such test. If Otay requests an additional test within twelve months, City shall charge, and Otay shall pay, an amount equal to City's cost to perform such test.

6.4 At its sole cost and expense, Otay shall have the right to independently test such measuring equipment at any time during normal business hours upon forty-eight hours prior notice to City. City shall have the right to monitor such tests.

6.5 In the event the test of the measuring equipment shows that the equipment registers either more than 110 percent or less than ninety percent of the actual amount of Reclaimed Water delivered for a given flow rate, the total quantity of Reclaimed Water delivered to Otay will be deemed to be the Average Day Amount as measured by the measuring equipment when in working order. This adjustment shall be for a period extending back to the time when the inaccuracy began, if such time is ascertainable; and if such time is not ascertainable, for a period extending back to the last test of the measuring equipment or 120 days, whichever is less. In the event the metering equipment is deemed to be inaccurate, the metering equipment shall be calibrated to the manufacturer's specifications for the given flow rate or replaced at the City's sole cost and expense with accurate measuring equipment that is tested before it is placed in service.

6.6 In the event of a dispute between City and Otay regarding the accuracy of the testing equipment used by City or Otay to conduct an accuracy test, City and Otay may mutually agree to have an independent accuracy test conducted. Such test shall be conducted by an independent measuring equipment company or other third Party suitable to both City and Otay. The cost of the test shall be paid equally by City and Otay.

Section 7. Responsibility for Quality of Reclaimed Water

7.1 City shall meet all applicable federal, state, and local health and water quality requirements for Reclaimed Water produced at the SBWRP and delivered to Otay at the Point of Delivery. The Reclaimed Water shall not exceed 1000 mg/l TDS.

7.2 Otay shall be responsible for all water handling facilities it owns and operates from and beyond the Point of Delivery. Otay agrees to be responsible for maintaining and operating such facilities at its own cost and expense. Otay shall ensure that connections to the Point of Delivery are properly designed, constructed, operated and maintained.

7.3 Otay shall be responsible for the quality of the Reclaimed Water from the Point of Delivery. Otay shall be in exclusive control and possession of the Reclaimed Water after it passes through the Point of Delivery and shall be solely responsible for any injury or damage to persons or property caused thereby. Otay shall meet all applicable federal, state, and local health and water quality requirements for Reclaimed Water from the Point of Delivery. Otay shall be solely responsible for obtaining and complying with all environmental approvals and permits.

7.4 Otay shall clearly mark all infrastructure as a non-potable water source not suitable for drinking. Otay shall educate and train its employees and users on the use of the Reclaimed Water consistent with Title 22, California Code of Regulations standards.

Section 8. Term

8.1 The Term of this Agreement shall be for twenty years, commencing on January 1, 2007 or when Otay begins to take Reclaimed Water, whichever occurs first.

8.2 Otay can renew this Agreement for an additional 20-year Term or a portion thereof, subject to the payment of additional applicable capacity reservation charges to the City.

Section 9. Grants and Subsidies

9.1 City and Otay will cooperate with each other in the efforts to obtain grants and subsidies for the Reclaimed Water distribution from the South Bay Plant. Otay shall have the right to apply for and receive all appropriate benefits from the Metropolitan Water District and

the San Diego County Water Authority incentives (LRP), Title XVI revenue, subsidies, and local grants, associated with costs of transporting and delivering Reclaimed Water through its transmission system.

Section 10. Pipelines

10.1 For the Term of this Agreement, City shall provide Otay with a portion of the transmission capacity to Otay in a 4,000-foot, 30-inch transmission system through the Dairy Mart Road Bridge, in an amount equal to the quantity identified in Section 3.

10.2 At Otay's sole cost and expense, Otay shall plan, design, construct, operate and maintain the transmission piping system for transport of Reclaimed Water from the 4,000-foot, 30-inch conveyance system to the Otay 450 zone reservoirs. This pipeline shall be referenced in the facility book of the City and such reference shall clearly indicate that the pipeline is the property of Otay. Appurtenances and valve caps on the pipeline shall be marked "Otay Water District." Otay shall be permitted to use lockout caps in valve casings to ensure that City employees do not close Otay valves. Otay's facility books shall show all City mains and appurtenances in the general area of the pipeline to enable staff to better identify the source of any leak.

10.3 The Parties agree to jointly establish procedures for giving notice of any leaks, shutting down the pipeline in the event of a major break, repairing or maintaining the pipeline and using facilities for the purpose of repairing or maintaining the pipeline. Such procedures shall be effective upon the completion of the pipeline construction.

10.4 The Otay transmission main piping system travels through the City service area. Otay agrees to allow the City to utilize 1 MGD transmission capacity in the pipeline to serve Reclaimed Water customers in the City's service area.

Section 11. Right to Market

11.1 City and Otay shall each have the right to market Reclaimed Water to other entities. The Reclaimed Water rate charged by Otay to other entities or individuals shall not exceed 110% of Otay's costs, including capital costs, operation and maintenance, and the cost of the Reclaimed Water purchased from the City. Otay agrees that any proposed sale of Reclaimed Water to another Party must be approved by City. City agrees that City: (1) shall not unreasonably withhold approval; and (2) shall provide Otay with notice of approval or disapproval within forty-five (45) calendar days of receipt of notification from Otay.

mf
9/10/03
20/10/03

11.2 City shall have the right to contract for the sale of Reclaimed Water up to the 6.00 MGD allocated to but unused by Otay as reflected in Exhibit B to this Agreement. This means that as Otay ramps up its demand for but does not require 6.00 MGD; City may sell any surplus Reclaimed Water to other customers.

Section 12. Environmental Approvals

12.1 City and Otay shall provide mutual cooperative support and assistance with any and all environmental approvals, completing processes, and meeting all requirements for projects associated with the SBWRP Reclaimed Water production, transmission, pumping, and storage facilities necessary to the successful discharge of their respective responsibilities under this Agreement.

12.2 City and Otay shall cooperate in obtaining any required or necessary modifications of the Regional Water Quality Control Board surface water or groundwater regulations to allow for the use of SBWRP Reclaimed Water within Otay service areas.

Section 13. Indemnification

13.1 With respect to any liability, including but not limited to claims asserted or costs, losses, attorney fees, or payments for injury to any person or property caused or claimed to be caused by the acts or omissions of Otay, or Otay's agents, officers, and employees, Otay agrees to defend, indemnify, protect, and hold City its agents, officers, and employees harmless from and against any and all liability. Also covered is liability arising from, connected with, caused by, or claimed to be caused by the active or passive negligent acts or omissions of City, its agents, officers, or employees which may be in combination with the active or passive negligent acts or omissions of Otay, its agents, officers, or employees, or any third Party. Otay's duty to defend, indemnify, protect, and hold harmless shall not include any claims or liability arising from the sole negligence or sole willful misconduct of City, its agents, officers, or employees.

13.2 With respect to any liability, including but not limited to claims asserted or costs, losses, attorney fees, or payments for injury to any person or property caused or claimed to be caused by the acts or omissions of City, or City's agents, officers, and employees, City agrees to defend, indemnify, protect, and hold Otay its agents, officers, and employees harmless from and against any and all liability. Also covered is liability arising from, connected with, caused by, or claimed to be caused by the active or passive negligent acts or omissions of Otay, its agents, officers, or employees which may be in combination with the active or passive negligent acts or omissions of City, its agents, officers, or employees, or any third Party. City's duty to defend, indemnify, protect, and hold harmless shall not include any claims or liability arising from the sole negligence or sole willful misconduct of Otay, its agents, officers, or employees.

Section 14. Insurance

14.1 Otay shall provide a Certificate of Insurance indicating that the City is named as an additional insured with coverage for both bodily injury and property damage in the form of a

combined single limit liability policy in the amount of not less than One Million Dollars (\$1,000,000). Further, the insurance policies shall be non-surplus, and issued by an entity licensed in the State of California, and have attached a rider whereby it is provided that in the event of expiration or proposed cancellation of such policies for any reason whatsoever, the City shall be notified by registered mail, return receipt requested, in no event less than 30 calendar days before expiration or cancellation is effective. The policy shall be kept in force for the duration of this Agreement. All deductibles on any policy shall be the responsibility of Otay. A certificate of this insurance shall be filed with the City upon execution of this Agreement. Failure to provide insurance as required in this section shall constitute a material breach of this agreement.

Section 15. Miscellaneous

15.1 Amendment: This Agreement may be modified or amended by the Parties at any time. Such modifications or amendments must be mutually agreed upon and executed in writing. Verbal modifications or amendments shall be of no effect.

15.2 Integration: This Agreement, including attachments and/or exhibits, contains all of the Agreements of the Parties and all-prior negotiations and Agreements are merged herein.

15.3 Notice: Any notice, demand, request, consent, approval of communication that Either Party desires or is required to give to the other Party shall be in writing addressed to the other Party as follows:

To City of San Diego:
Water Department Director
600 B Street, Suite 1300
San Diego, CA 92101

To Otay Water District:
General Manager
2554 Sweetwater Springs Blvd.
Spring Valley, CA 91978-2096

15.4 Mandatory Mediation: If a dispute arises out of, or relates to this Agreement, or the breach thereof, which cannot be resolved by the Parties, the Parties agree to mandatory mediation under the Rules of the American Arbitration Association or any other neutral organization agreed upon before having recourse in a court of law. Any agreements resulting from mediation shall be documented in writing by all Parties. All mediation results shall be "non-binding" and inadmissible for any purpose in any legal proceeding, unless all Parties otherwise agree upon, such admission in writing.

15.5 Waiver: No failure of either City or Otay to insist upon the strict performance by the other of any covenant, term or condition of this Agreement, nor any failure to exercise any right or remedy consequent upon a breach of any covenant, term, or condition of this Agreement,

shall constitute a waiver of any such breach or of such covenant, term or condition. No waiver of any breach shall affect or alter this Agreement, and each and every covenant, condition, and term hereof shall continue in full force and effect to any existing or subsequent breach.

15.6 Assignment: Otay shall not assign the obligations under this Agreement without City's prior written approval. Any assignment in violation of this paragraph shall constitute a default and is grounds for immediate termination of this Agreement, at the sole discretion of City. In no event shall any putative assignment create a contractual relationship between City and any putative assignee.

15.7 Successors-in-Interest: This Agreement and all rights and obligations contained herein shall be in effect whether or not any or all Parties to this Agreement have been succeeded by another entity, and all rights and obligations of the Parties shall be vested and binding on their successors-in-interest.

15.8 Laws and Venue: This Agreement is entered into and shall be construed and interpreted in accordance with the laws of the State of California. Venue for actions arising out of the Agreement shall be in the City of San Diego, California.

15.9 Force Majeure: If the performance of any act required of City or Otay is directly prevented or delayed by reason of strikes, lockouts, labor disputes, unusual governmental delays, acts of God, fire, floods, epidemics, freight embargoes, or other causes beyond the reasonable control of the Party required to perform an act, that Party shall be excused from performing that act for the period of time equal to the period of time of the prevention or delay. In the event City or Otay claims the existence of such a delay, the Party claiming the delay shall notify the other Party in writing of that fact within 10 calendar days after the beginning of any such claimed delay.

15.10 Negotiated Agreement: The Parties agree that they have the right to be advised by counsel with respect to the negotiations, terms, and conditions of this Agreement, and the decision whether to seek advice of counsel with respect to this Agreement is the sole responsibility of each of the Parties. This Agreement shall not be construed in favor of or against either Party by reason of the extent to which each Party participated in the drafting of this Agreement.

15.11 Counterparts: This Agreement may be executed in counterparts, which when taken together shall constitute a single signed original as though all Parties had executed the same page.

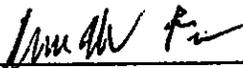
15.12 Abandonment: If any part of this Agreement is abandoned or indefinitely delayed, due to circumstances beyond the control of both Parties, this Agreement may be terminated by the City and Otay. In this event, each Party shall bear its own costs without liability to the other Party.

15.13 Delegation of Authority: When this Agreement refers to an act or approval to be performed by the City, that act or approval shall be performed by the City Manager, Water Department Director, or designee.

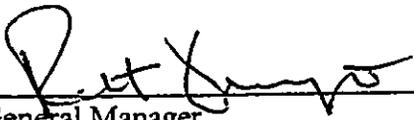
15.14 Authority to Sign: Each Party signing on behalf of a corporation, partnership, joint venture or governmental entity hereby declares that he, she, or it has the authority to sign on behalf of his, her or its respective corporation, partnership, joint venture, entity and agrees to hold the other Party or Parties hereto harmless if he, she or it does not have such authority.

IN WITNESS WHEREOF, the Parties hereto have executed this agreement effective the date first written above.

CITY OF SAN DIEGO

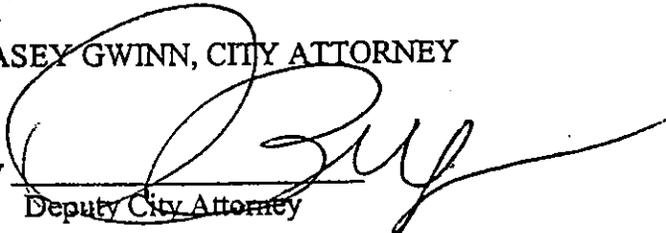
By 
City Manager

OTAY WATER DISTRICT

By 
General Manager

Approved as to form and legality on this 31 day of 10, 2003

CASEY GWINN, CITY ATTORNEY

By 
Deputy City Attorney

Passed and adopted by the Council of San Diego on OCT 20 2003 by the following vote:

YEAS: PETERS, ZUCCHET, ATKINS, LEWIS, MAIENSCHIN, FRYE, MADAFFER, INZUNZA, MAYOR MURPHY.

NAYS: NONE.

NOT PRESENT: NONE.

AUTHENTICATED BY:

DICK MURPHY
Mayor of The City of San Diego, California

CHARLES G. ABDELNOUR
City Clerk of The City of San Diego, California

(SEAL)

By: Mary Cepeda, Deputy

I HEREBY CERTIFY that the above and foregoing is a full, true and correct copy of RESOLUTION NO. R- 298502, passed and adopted by the Council of The City of San Diego, California on OCT 20 2003.

CHARLES G. ABDELNOUR
City Clerk of The City of San Diego, California

(SEAL)

By: Mary A. Cepeda Deputy

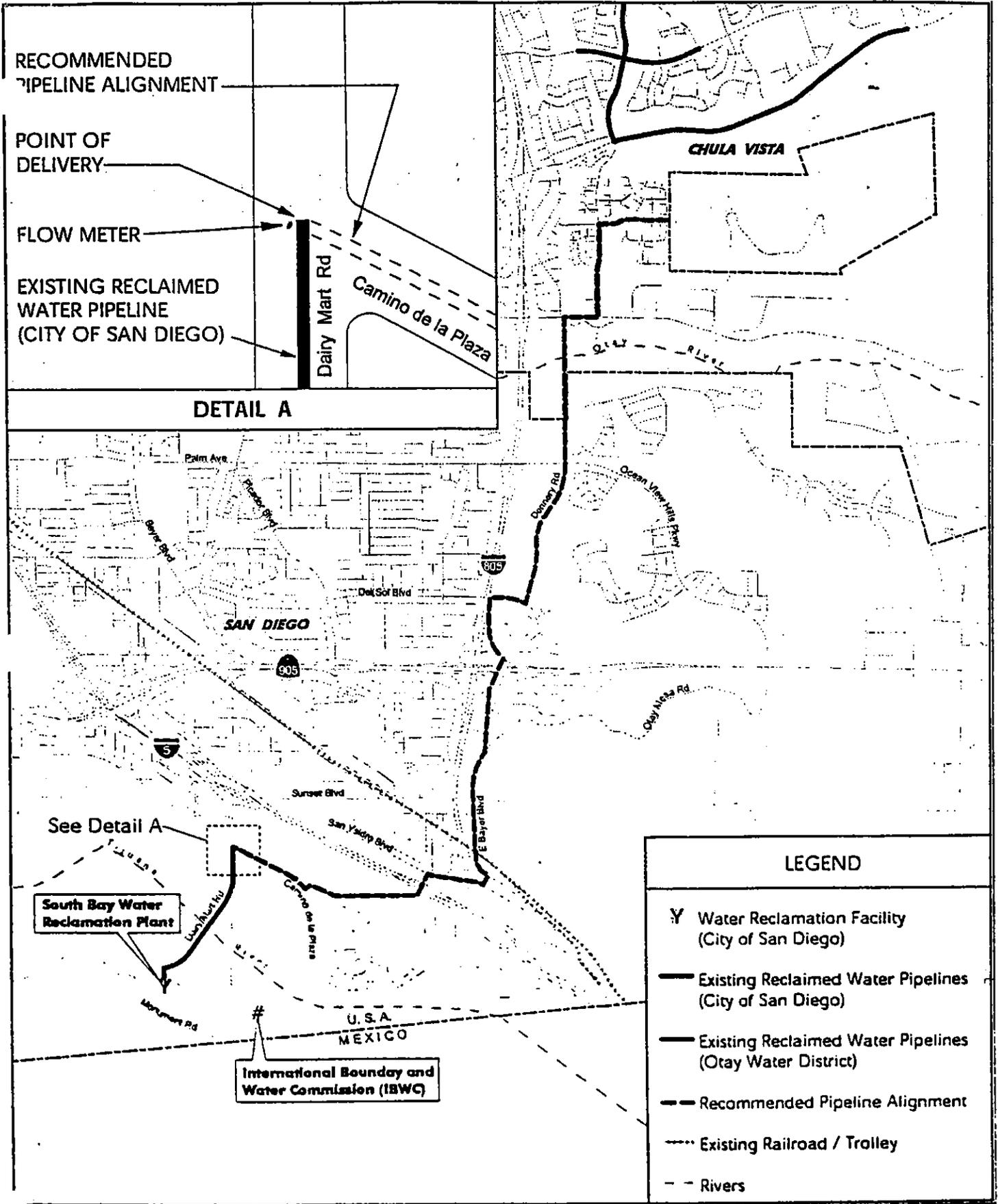


EXHIBIT A
CITY OF SAN DIEGO RECLAIMED WATER
POINT OF DELIVERY TO OTAY

EXHIBIT B
SCHEDULE OF RECLAIMED WATER DELIVERY
AGREEMENT BETWEEN THE OTAY WATER DISTRICT AND THE CITY OF SAN DIEGO
FOR PURCHASE OF RECLAIMED WATER

Calendar Year	Average Annual Demand (mgd)*	Annual Contract Amount (mg)**	Annual Contract Amount Acre Feet
2003	2.100	767	2,352
2004	2.230	816	2,505
2005	2.350	858	2,632
2006	2.480	905	2,778
2007	2.600	949	2,912
2008	2.730	999	3,066
2009	2.850	1,040	3,192
2010	2.980	1,088	3,338
2011	3.610	1,318	4,044
2012	3.740	1,369	4,201
2013	3.860	1,409	4,324
2014	3.990	1,456	4,469
2015	4.110	1,500	4,604
2016	4.240	1,551	4,762
2017	4.370	1,595	4,895
2018	4.490	1,639	5,029
2019	4.620	1,686	5,175
2020	4.730	1,731	5,312
2021	4.820	1,759	5,399
2022	4.900	1,789	5,488
2023	4.980	1,818	5,578
2024	5.060	1,847	5,668
2025	5.140	1,876	5,758
2026	5.220	1,905	5,847

*mgd: Million Gallons per Day

**mg: Million Gallons

(R-2004-346)

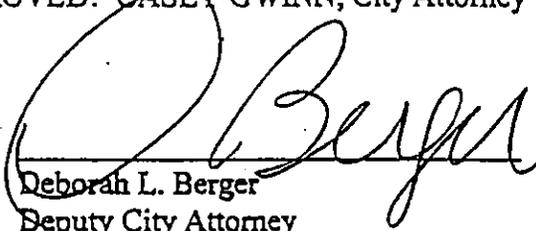
RESOLUTION NUMBER R- 298502

ADOPTED ON OCT 20 2003

BE IT RESOLVED, by the Council of The City of San Diego, that the City Manager is authorized to execute, for and on behalf of the City, an agreement with the Otay Water District for the purchase of reclaimed water from the South Bay Water Reclamation Plant, under the terms and conditions set forth in the Agreement on file in the office of the City Clerk as Document No. RR-298502, together with any reasonably necessary modifications or amendments thereto which do not increase project scope or cost and which the City Manager shall deem necessary from time to time in order to carry out the purposes and intent of this project and agreement.

APPROVED: CASEY GWINN, City Attorney

By


Deborah L. Berger
Deputy City Attorney

DLB:jc
09/26/03
Aud.Cert:n/a
Or.Dept:Water
R-2004-346
Form=auagr.frm

Exhibit C

Otay Water District Discussion with City of San Diego

Updated 12/06/2013

Scott Chadwick is the Chief Operating Officer of the City of San Diego effective October 31, 2013. Scott Chadwick serves the Mayor. The Assistant Chief Operating Officer is Stacey LoMedico. Together they manage the 6 Deputy Chief Operating Officers at the City. The Deputy Chief Operating Officer for Infrastructure/Public Works is Tony Heinrichs. Halla Razak, Public Utilities Director, is one of six departments that report to Tony.

Recycled Water Discussion Items:

On August 1, 2011, the City of San Diego and Otay Water District staff met to discuss the amendment/rewrite of the recycled water agreement. The District stated the areas in which the agreement could be changed to the benefit of both partners. On a follow-up meeting on September 20, 2013, District staff met with Lee Ann Jones-Santos, to go over many of the same items and a possible amendment to the recycled water agreement was discussed. With Halla Razak as the new Utilities Director, the District would like to revisit these issues again with the City.

- **Proposition 218 Setting of Recycled Water Rates:** After trying to rush a recycled water rate increase through the City over the summer of 2013, City staff was directed to have Black & Veatch prepare a cost of service study and recommend a new rate structure. Their contract was scheduled to go to the City council in October so it is time to get an update.
- **City Customers Served by SBWRP:** Latest disclosure lists five City of San Diego recycled water meters serving City customers along with the single meter to the District. Little information is available for the City meters. IBWC use fluctuates a lot now and as of Jan-May 2012 were using approx. 97,000 GPD or about 35 MG per year. This is almost a 50% decrease from previous years and is probably the result of their producing a sufficient quantity of secondary effluent of a quality suitable for use onsite. On January 16, 2013, Edgar Perez of the City of San Diego acknowledges the City relies on District facilities to serve their South Bay recycled water customers.
- **Inability to Meet Otay WD's Demands:** The District's demands have dropped so no potable water has been needed to supplement the recycled water supply

since the summer of 2011. The Metro Commission/JPA letter to the City's Deputy Director of Water Resources and Planning dated June 7, 2012 on the acceptance of the City's Recycled Water Study stated that, with the JPA's acceptance, the JPA request the City begin the Point Loma offloads starting with the Salt Creek Diversion to the South Bay Plant to be addressed within 12 months of this letter. Ann Sasaki said the City must complete a "benefit analysis" to justify adding this project to the CIP list.

- **Consent Decree:** In prior IROC Annual Reports (FY2008, FY2009, FY2010, and FY 2011), IROC has stressed the importance of planning for the potential waiver denial by the EPA to continue operating Point Loma as advanced primary plant. The Public Utilities Department relies on the belief that the Advance Primary Treatment Process at the Point Loma Wastewater Treatment Plant meets all of the requirements of the Clean Water Act, with the exception of the 30 mg/L TSS and BOD requirements (30/30 rule). No scientific evidence has been presented that demonstrates a significant negative impact to the biodiversity at the outfall has occurred as a result of the outfall not meeting the 30/30 rule. However, IROC as well as the Otay Water District understands that this may be less of a science issue and more of a political issue when the application for the next waiver is required.

An additional waiver may not be issued when the current permit expires July 31, 2015. Hence, the District/P.A.'s would like to see a 5, 10, and 15 year detailed plan on how the City of San Diego will meet this future challenge. FY 2012 should have been the time that a technical subcommittee was formed within the Department, along with citizen involvement, to start outlaying the long-term plan. If the next waiver is denied, the City of San Diego would likely have another 5-15 yrs to implement a strategy solution to upgrade its wastewater treatment capability. Significant planning is required now to assess how future rate cases may be affected by the lack of the waiver. Too much is at stake not to be engaged now, instead of waiting until 2015. (IROC's Annual Report Fiscal Year 2011 issued February 22, 2012 also points out this fact)

To start the Point Loma waiver, a Metro JPA Ad-Hoc Committee was formed to pursue action on a Long-Range Regional Water Reuse Plan and also to gain Secondary Equivalency for the Point Loma Wastewater Treatment Plant. With the exception of Imperial Beach and the County of San Diego, all Metro JPA agencies have adopted resolutions supporting these goals.

- **Compliance with Agreement:** Under Section 7 of the agreement, the responsibility for the quality of the recycled water is defined and at the point of connection between the District and City facilities, the recycled water must meet all applicable federal, state, and local health and water quality requirements, and that the recycled water total dissolved solids concentration not exceed 1,000 milligrams per liter. The most recent three years were researched and the violations show an increasing pattern over the last three years, climbing from three (3) in 2010 to thirty-three (33) in 2012. Violations occurred for chloride, coliform, manganese, and percent sodium. The City recently announced they are moving the demineralization facility from North City to South Bay. When the District questioned this move, the City provided documentation that they have not been in compliance with the Regional Board Requirements.
- **Use of Otay Water District's Facilities:** The City is using the District's 450-1 reservoir to serve City customers. This reverse flow from the reservoir can be considerable and has been measured as high as 0.9 MGD (March 9, 2011). To prevent air from getting into the District's pipeline and to protect the 680-1R 11,500 GPM pump station, the District has established the reservoir water level set point for shutdown of the 680-1R pump station at 8.5 feet. The pumps can't begin pumping again until the reservoir level is back at 9 feet. As a result of these operational limitations, only 8.7 MG of useable volume is now available to the District. This is affecting the efficiency of the pumps by requiring more frequent shutdowns and start up. The City needs to build infrastructure to serve their customers and the agreement needs to be modified to address the District's Reservoir, disinfection, and pipeline O&M and Capital recovery costs. We understand that the City is in the process of installing the jockey pump that supposedly will correct this operational limitation.
- **Rate Uncertainty:** The District has repeatedly requested to be involved in the setting of a wholesale rate that is fair and equitable to both the District and the City. The District buys 99.6% of the recycled water sold at SBWRP by the City. The District owns and operates the largest recycled water distribution system in the region with over 700 retail customers and 99 miles of distribution mains. The District maintains that the recycled water rate should be based on a true cost of service study that gives both price and volumetric assurances that will allow the District to continue to expand the distribution of this regionally valuable commodity. Otay Water District's existing and future demands; without assurance on price and availability, the District has delayed construction of the Otay Mesa Recycled Water Supply Link project that will expand recycled water to Otay Mesa. This is a \$30 Million project that is on hold. It is expected that if this

project is implemented, 325 AFY of recycled water would be used. The ultimate demand for recycled water for Otay Mesa is projected to be 1,200 AFY.

- **Take or Pay Agreement**; The take or pay requirement should be revisited. When the original contract was signed in 2003, the volumes on the take requirement were unrealistic and did not anticipate the poor economic conditions in recent years that greatly reduced the demand for recycled water. The contractual take requirement grew at an average rate of 6% until 2011, and then it jumped an incredible 21% in one year. This schedule should be revised to reflect a realistic take requirement and growth rate that assures both beneficial reuse in the region and financial stability for the City and the District. The City had to build the SBWRP to tertiary level of 15 MGD per terms of the Consent Decree wholly independent of the District recycled water system and supply requirements and the City along with the PA's 100% paid for the SBWRP. If take requirements are to remain then they need to be reasonable and adjust as a function of actual growth rates and impacts to sales such as water conservation or drought condition declarations and the like. A take or pay agreement is often used to give financial protection to the party investing in infrastructure, but it should not be used to take advantage of the other party.
- **Caltrans water service at Del Sol/I-805**; Caltrans is asking to install a City of San Diego recycled water meter off of the District's transmission pipeline; The City needs to install the infrastructure needed to serve this project independent of the District's existing reservoir and disinfection facility.
- **Otay Mesa Recycled Water Supply Link Easement to Otay WD**: The City needs to grant the recycled water pipeline easements to the District for the Otay Mesa Recycled Water Supply Link Project.
- **\$3.6 M Capacity Reservation Fee**: The City (Metro) invested \$4.5 Million in tertiary capital cost at SBWRP. They received \$1.4 Million in grant funds, therefore, the net tertiary capital cost at SBWRP was \$3.1 Million. The District's capacity costs can be estimated by dividing the District's portion of the capacity by the overall pipeline capacity multiplied by the cost of the tertiary capital cost (6 MGD/15 MGD x \$3.1 Million of net capital cost = \$1.24 Million). The balance of the \$3.6 Million capacity fee the District overpaid the City for this capacity should be refunded to the District or applied to future capital expenditures. In this case, the District's Capacity Reservation Charge paid for 100% of the tertiary treatment infrastructure at SWBRP. See the American Water Works Association (AWWA), Principles of Water Rates, Fees and Charges, M1 Manual which explains the proper utilization of a take or pay contractual agreement.

An unresolved issue with the Participating Agencies (PAs) of Metro is the City's (Metro) transferred the 4,145 feet of pipeline that connects to the District pipeline to the Water department. This was followed by a transfer of funds between departments of \$1.2 Million, the original cost of the pipeline. Metro should reimburse the PAs for their share of this transfer.

Potable Water Discussion Items:

- **Metropolitan Airpark development on Brown Field:** City is asking for new interconnection agreements for future emergency interconnections for this development. City staff wants to terminate existing interconnection agreements and terminate the service agreement to the INS facility currently served by the District. Street improvements on La Media will require developer to relocate existing potable pipeline and install a recycled water pipeline along their project frontage. Will City require developer to use recycled water?
- **Nakano Development:** Will City require developer to use recycled water? Status of project?
- **Otay Water District Base Load Treated Water from Lower Otay Water Treatment Plant:** The City has fixed costs at the Lower Otay water treatment plant and could benefit by increasing production, thereby, lowering the unit cost of the water produced at the plant. The purchase price has to be lower than the total of CWA treated water cost plus the District's pumping costs. CWA delivery pressure vs. City of San Diego's delivery pressure will affect the transportation cost for the District.
- **LOPS Agreement:** The City and the District entered into an agreement to sell Otay treated water from the District WTP in 1999. City records indicate an outstanding balance of \$706,991.44 for treated water received 2006-2008. The City's letter dated October 15, 2012 states that a failure to resolve this issue with the City may result in the following adverse actions:
 - Forward all unpaid invoices to the City Attorney Office for appropriate action.
 - Assess and accrue interest charges on outstanding balance at a rate of return equal to the City's pool investment return per agreement.
 - Temporarily suspend the District's ability to purchase treated water from City's Otay WTP.
 - Terminate agreement for failure to abide by the terms and conditions of the agreement.

At the last meeting District staff had with City of San Diego staff, resolution of this item was identified as a critical item for the City. Resolution of this item may need to be considered as key to getting the City to renegotiate the recycled water agreement.

- **CWA's Fixed Cost/Desal Pricing:** Member agencies (MAs) of CWA have high fixed water cost that are passed onto them from MWD and CWA. Currently, CWA has 30% of their water sales revenue as fixed revenue, including the MWD pass-through. CWA's preferred method to price Carlsbad Desalinated water for the member agencies is to increase both the Infrastructure Access Charge, as well as create a new fixed Standby charge for member agencies. This would make 32% of what MAs pay to CWA and MWD fixed charges. These high fixed costs may increase revenue stability to CWA, mitigating its own risk, but they force the member agencies to pass more fixed costs onto their customers (MA's are limited to a 30% fixed per Best Management Practices 1.4). This also discourages the MAs from developing their own sources of water such as IPR or recycled water if their fixed costs to CWA are too high, deteriorating the water independence of MAs. CWA projects that its sales will exceed the combined required take of water from IID and Carlsbad. This projection shows that CWA has limited financial risk that would result from sales revenue reductions. CWA also has the ability to modify its rates in a declining sales environment and adjust its declining revenues.

Potential Areas the Otay Water District Could Help the City

- **Expand Recycled Water Use in the South Bay:** The City has an opportunity to expand recycled water use in the South Bay if the District and the City can amend the current agreement. The District has much of the infrastructure needed to transport recycled water to the Nakano Development, Caltrans, Brown Field, IBWC, and the westerly area of Otay Mesa.
- **DPR/IPR Pipeline Alternative:** A concept the City and the District could discuss is IPR (or DPR) at Lower Otay reservoir and treatment plant. The District has plans to install a recycled water pipeline near the Otay WTP. An RO facility co-located at the Otay WTP would reduce staff requirements, eliminate the need for a costly pipeline from South Bay WRP, and could take advantage of the head and storage volume available from the large 927/944 recycled water reservoirs. The brine disposal is just an engineering problem that needs to be solved.

December 17, 2009

VIA FACSIMILE AND US MAIL

Jan Goldsmith, Esq.
City Attorney, City of San Diego
1200 Third Ave., Suite 1620
San Diego, CA 92101
Fax: (619) 236-7215

Re: Potential Litigation in Connection with the City's Proposed Recycled Water Rate Restructuring and the City of San Diego Recycled Water Pricing Study Draft Report Dated January 9, 2009

Dear Mr. Goldsmith:

On behalf of the Otay Water District ("District"), I am writing to express the District's serious concern about the potential breach of contract and litigation that could result from the implementation of the proposed recycled water rate restructuring ("Rate Restructuring"), in the manner described in the referenced recycled water pricing study ("Draft Study"). The District and other stakeholders previously provided comments and input to the City staff regarding the many reasons why the Rate Restructuring should not be considered, but to no avail.¹ The District wishes to avoid expensive litigation with the City over this complex pricing issue and has asked us to inform you that the Rate Restructuring, if implemented with respect to the District, would constitute a breach of the Agreement Between the District and the City for Purchase of Reclaimed Water from the South Bay Water Reclamation Plant, made and entered into on October 20, 2003 (the "Agreement").

It is currently anticipated that the proposed Rate Restructuring will be presented to the City Council without addressing the concerns of the District and other stakeholders. If the City Council implements the Rate Restructuring as proposed, and the breach of the Agreement is not addressed in a manner satisfactory to the parties, it will result in costly and protracted litigation. Such litigation would negatively affect the reputation of both public agencies.

The District and the City entered into the Agreement primarily to set forth terms and conditions for the purchase by the District of recycled water from the City's South Bay Reclamation Plant. (A copy of the Agreement is enclosed for your reference.) The Agreement was premised, in part, on the mutually beneficial goals of supplying the District's projected demand for recycled water and providing certainty to the City concerning the sale of reclaimed water produced at its South Bay Reclamation Plant. The Agreement was also intended to benefit the region by reducing the demand for imported water within San Diego County. Pursuant to the Agreement, the City agrees to reserve a specified amount of recycled water capacity from the South Bay Reclamation Plant for the District for a period of twenty years (ending in 2026) and the District agrees to take or pay for said amount of recycled water, in accordance with a

¹ Note: At the December 14, 2009 meeting of the City's Independent Rate Oversight Committee, comments were provided by the District, the City of Chula Vista and other local agency representatives to the IROC.

schedule. The parties agreed that the District would pay a specified rate for the recycled water and that the rate would “escalate at the same rate adopted by the City Council for other Reclaimed Water customers.”

The City staff argues that the pricing clause in the contract gives the City *carte blanche* to establish any rate it deems appropriate pursuant to any methodology it chooses. Contrary to such interpretation, the California Civil Code recognizes that specific performance of a contract can not be enforced against a party if the contract is not, as to that party, fair and reasonable.² The analysis of what constitutes fair and reasonable pricing for the recycled water purchased by the District under the “take or pay” Agreement is, therefore, not as unilaterally discretionary as the City’s water department believes it to be. Certainly, a unilateral change in the pricing methodology that was a cornerstone of the negotiation and execution of the Agreement is neither fair nor reasonable.³

Promoting and maximizing the use of recycled water within the region is not only one of the premises upon which the District contracted with the City, but is also a widely publicized City goal and policy. The City recently re-stated its goal to maximize recycling of its wastewater to offset potable water demands.⁴ The Draft Study purports to outline a plan for the City to treat the recycled water system as an independent system or enterprise, a novel idea for the City who previously priced the recycled water at a rate and pursuant to a methodology intended to *promote the use of recycled water*. In fact, it is well known that operating recycled water programs as self-sufficient financial enterprises is not the favored approach.⁵ This does not mean that the City can not or should not implement *reasonable increases*; provided that such reasonable increases reflect the established methodology of pricing the water at a rate that *promotes the use of recycled water*.

In addition to proposing a change in pricing methodology, which would be a breach of the Agreement, the Draft Study is flawed in its internal analysis. For example, the Draft Study contends that the Water Fund should be reimbursed for its financial contributions to the Program, but fails to emphasize that any effort to establish a rate-setting methodology that includes a reimbursement to the Water Fund would require a detailed analysis identifying and accounting for the benefits to the City’s potable water and wastewater customers and would require clear identification of, and notice to, the identified recycled water customers.

Another example of the flaws of the Draft Study is the proposed unitary rate structure. The proposed unitary rate is based on the premise that treating differently situated customers “equally,” by applying one rate across the board, will somehow lead to a fair result. The City has had prior negative experiences when attempting to shift the cost of providing service from the benefited customers to other customers, therefore, it is surprising that this approach is even

² Cal. Civ. Code §3391.

³ See e.g., Cal. Civil Code § 1611; *Sabatini v. Hensley*, 161 Cal. App. 2d 172, 175 (1958); *O’Keefe v. Aptos Land & Water Co.*, 134 Cal. App. 2d 772, 779 (1955).

⁴ William Kennedy to Amer Barhoumi, *DRAFT Technical Memorandum No. 2*, November 9, 2009, Brown and Caldwell (TM 2). TM 2 is one of 12 technical memoranda that will comprise the City’s Recycled Water Study (RWS). Since TM’s 3-12 are not yet available, it is not possible at this time to identify the full measure of the conflict between the Draft Study and the RWS.

⁵ American Water Works Association, *Water Reuse Rates and Charges Survey Results* (2008.)

considered. Any unitary rate that fails to take into consideration pre-paid capacity fees and other significant capital contributions is potentially illegal and is a violation of the terms of the Agreement. The District pre-paid millions of dollars in capacity charges, which is why the Agreement contains a clause providing that the District will not be charged further capacity charges. The District also expended millions of dollars in infrastructure to access the South Bay Plant and, in reliance on supply certainty under the Agreement, invested millions more in its own recycled water infrastructure. Thus, any attempt to escalate the District's recycled water rate based on the proposed Rate Restructuring, would constitute a material breach of the Agreement.

The District understands that the City must bear the burden of complying with legal mandates concerning wastewater treatment and disposal, the conditions of waivers related to wastewater treatment, and other commitments to local agencies and local environmental groups. Establishing the Reclaimed Water Program (Program) and committing to maximizing the use of recycled water within the region were steps in the right direction, which is why the District has actively supported and promoted the expansion and use of recycled water. The program not only provides a means to satisfy the City's obligations but also, as a bonus to the City, provides a means for the City to develop a supplemental water source and augment its revenues. However, the City can not reasonably expect to shift the cost of all such burdens to its approximately 450 retail customers and three or four wholesale customers.

If the proposed Rate Restructuring is adopted, it will alienate current and potential recycled water customers and would result in a regional decrease in the use of recycled water. At the very least, implementation of the proposed Rate Restructuring would have the following major negative impacts: (i) breach of the agreement between the City and the District; (ii) possible litigation; (iii) significant decrease in the use of recycled water in direct contravention of promises previously made by the City Mayor to local agencies, environmental groups and other stakeholders; and (iv) a decrease in goodwill and support for the Program.

The District believes that by working with the District and other stakeholders, including the Metro JPA, the City can find a way to ensure that recycled water continues to be available to the region at a reasonable price while ensuring compliance with its commitments to environmental groups and the terms of its waiver for the Point Loma Treatment Plant. The District looks forward to working with City representatives to identify avenues for the City to adopt a reasonable increase and to continue meeting its goals and commitments with respect to the Program. For our part, we are available to meet with representatives of the City Attorney's office to discuss these issues and to help our respective clients find a reasonable solution before the matter escalates to litigation.

Yours truly,



Yuri Calderon

GCR LLP, General Counsel, Otay Water District

Enclosure: Copy of Reclaimed Water Agreement



...Dedicated to Community Service

2554 SWEETWATER SPRINGS BOULEVARD, SPRING VALLEY, CALIFORNIA 91978-2004
TELEPHONE: 670-2222, AREA CODE 619

www.otaywater.gov

July 27, 2012

CIP Project No.: R2077-001102

Roger Bailey
Director of City of San Diego
Public Utilities Department
9192 Topaz Way, MS 904A
San Diego, CA 92123

Subject: Easements to the Otay Water District for the Otay Mesa
Recycled Water Supply Link Project; Response to Memo
from City of San Diego dated April 30, 2012

Dear Mr. Bailey:

The Otay Water District (District) approached the City of San Diego (City) over two years ago to obtain easements for a 24-inch recycled water transmission pipeline to connect the District's pipelines, reservoirs, and pump stations in Chula Vista to existing District facilities in Otay Mesa. This pipeline alignment crosses City property to connect to an existing recycled water pipeline that the District constructed 10 years ago along the southerly edge of the City's Lower Otay Water Treatment Plant. The requested easement is part of a much larger project to expand the use of recycled water to Otay Mesa. This project will connect existing recycled water pipelines constructed by the property owners on Otay Mesa. These developments are already plumbed with purple irrigation systems which will allow the District to continue to expand the use of recycled water, which the District purchases from the City.

Despite the benefits of the project served by the requested easement, the City, in response to the District's request for the easement – and over 24 months after the District originally approached the City about the easement – provided the District with a memo from the City's Real Estate Assets Department that included several conditions from the Public Utilities Department. The first condition is to add the following language to the easement document:

“Grantor shall grant the easement for the construction of the Otay Mesa Recycled Water Supply Link upon condition that Otay Water District consents to Grantor's connecting its recycled water customers to Grantee's recycled water transmission line that travels through the Grantor's service area, utilizing up to one million gallons per day of capacity.”

Such a condition is entirely unrelated to the easement requested by the District and, in addition to having no bearing on the easement, is unreasonable for the following reasons:

- A. The City is not entitled to the requested connection under the current system and thus is improperly attempting to leverage the District into providing it. The agreement between the District and the City dated October 20, 2003 (Agreement), which provides the City with 1 MGD of transmission capacity, does not include the use of the District's reservoir and disinfection facility. All of the City's South Bay customers must rely on the District's disinfection facilities, reservoir, and pipeline for service. In order to properly serve its customers, the City must provide the basic infrastructure. It is unreasonable for the City to expect to use the District's facilities without a proper agreement and compensation. Moreover, these facilities were not designed with enough capacity to provide the required service to the City on a long-term commitment. An issue at hand is reimbursement to the District for costs incurred by the City using the District's facilities without agreement. The District has, with our long-term relationship and cooperation in mind, continued to allow this use. However, such allowance may not be deemed consent to any continued use and the District reserves any rights it may have under the law including termination of said use or any other remedy available.
- B. Since the District is unable to independently control the use of the District's 450-1 reservoir, this has created operational limitations on the District's use of this facility. To prevent air from getting into the District's pipeline and to protect the 680-1R pump station (11,500 GPM), the District has established the reservoir water level set point for shutdown of the 680-1R pump station at 8.5 feet. The pumps cannot begin pumping again until the reservoir level is back at 9 feet. As a result of these operational limitations, the 12 MG reservoir has only 8.7 MG of usable volume. This limits the amount of recycled water the District can pump from this facility and is affecting the efficiency of the pumps by requiring more frequent shutdowns and start ups. This has also created water quality problems, which required the District to expend \$700,000 to construct a disinfection facility.
- C. The Public Utilities Department requested changes to the easement documents to restrict the construction of recycled water services. The City is the fee owner of the property and, therefore, adding language that restricts the City's use of recycled water on their property is unnecessary.

Such conditions are particularly discouraging to the District because, instead of cooperating on a project that will benefit the region, the City has instead placed unrelated conditions which hinder the development of the recycled water system in the South Bay. The District and the City have a long relationship spanning many years on

Roger Bailey
Easements to the Otay Water District for the Otay Mesa
Recycled Water Supply Link Project
July 27, 2012
Page 3 of 3.

interconnection agreements on Otay Mesa serving both agencies and agreements to provide water service to areas of Otay Mesa the City infrastructure could not serve. The City recently contacted the District about the City's Metropolitan Airpark project on Brown Field to re-new interconnection agreements and to provide an emergency connection to serve this project. There are many ways the District and the City can collaborate on projects that are mutually beneficial and meet the long-term goals of both agencies. However, we have not made any progress on the issues we discussed with you last August 1, 2011 – despite repeated efforts by the District – except to add to the list of issues needing resolution, the withholding of these easements. As such, District staff would like to sit down with you again to see if we can resolve the issues noted at this prior meeting and, in particular, those issues mentioned above.

Sincerely,
OTAY WATER DISTRICT



Mark Watton
General Manager

MW:jf

cc: Barry Sloten, City of San Diego Real Estate Assets Department



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March 5, 2014

Halla Razak
Water Department Director
City of San Diego
MOC II Building
9192 Topaz Way, 2nd Floor
San Diego, CA 92123

RE: City of San Diego Invoice No. 1000095859

Dear Ms. Razak:

Please consider this correspondence as accompanying the Otay Water District's ("Otay") payment remitted by check no. 2039533 on the above invoice for reclaimed water, pursuant to the October 23, 2003 Agreement Between the Otay Water District and the City of San Diego for Purchase of Reclaimed Water from the South Bay Water Reclamation Plant ("Agreement"). Please take notice that, as with the prior payments under the Agreement, said payment is made under protest and Otay reserves any and all rights to dispute or challenge the invoice and/or any related issues. Listed below are several such related issues regarding the volume requirements, pricing of recycled water, water quality issues and the unauthorized use of Otay facilities, although these issues may not be the only outstanding issues.

Pursuant to the Agreement, Otay is obligated to pay for certain quantities of reclaimed water at rates set by the City of San Diego ("City") regardless of whether or not Otay takes the water (the "take-or-pay provision").¹ Pursuant to the Agreement, the take-or-pay quantity increases each year.² Since the Agreement was signed in 2003, the region has experienced a recession and a drought, which increased conservation efforts and diminished recycled water demands as much as 30%, thus creating a hardship for Otay.

Moreover, on more than one occasion the City has been unable to satisfy Otay's recycled water demands when it was most needed in the summer months. The contract, in section 4.2, states that recycled water will be produced and pumped to Otay in amounts equal to or greater than 6 mgd. Recital A of the Agreement represents that the City has 10 million gallons per day of recycled water available for sale. Over the years Otay has on many occasions needed to supplement its reservoirs with potable water. Within the last few weeks, for instance, the South Bay plant did not consistently deliver requested demands by Otay for volume and Otay's storage tank nearly ran empty. The District is rarely able to rely on the contracted 6 mgd of volume let alone the 10 mgd the recital states. Based on the City's 2012 Annual Report and Summary for the South Bay Wastewater Reclamation Plant and Ocean Outfall, the City is only diverting 8.04 mgd of wastewater to the plant making it impossible for the City to produce 10 mgd and it is highly questionable if they can produce 6 mgd as agreed.

¹ Agreement Between the Otay Water District and the City of San Diego for Purchase of Reclaimed Water from the South Bay Water Reclamation Plant, dated October 23, 2003 ("Agreement"), sec. 3.2.

² Agreement, sec. 3.1 and Exhibit B.

In addition to such supply difficulties from the City and the recession and drought issues touched on above, increasing recycled sales is made even more difficult because the City is withholding an easement to Otay which would allow the expansion of Otay's recycled water system to Otay Mesa, placing unrelated, unreasonable, and unnecessary conditions on the granting of the easement that the District has sought for years. Similarly, the City is also preventing developers from using recycled water for projects upstream from the Upper and Lower Otay Reservoir, even after approving water quality measures which address the City's water quality concerns on storm runoff. Limiting the use of recycled water prevents Otay from expanding recycled water use to meet the targets of the take-or-pay provision.

Unfortunately, the above actions are not the only actions the City has taken that have stymied the District's efforts to increase recycled water usage. The City commissioned a recycled water rate study by Raftelis Financial Consultants ("Raftelis") and a draft report dated January 2009 was issued (the "Report"). The City Director of Public Utilities at the time indicated the Report was going to be the basis for intended changes of rates and charges for recycled water. Based on the content of the Report, this put into focus the viability of the recycled water supply to Otay on an intermediate and long-term basis. Consequently, Otay suspended plans to invest as much as \$30 million in its CIP to expand the recycled water system. This has had a negative impact on the potential recycled water sales and, as a result, recycled water purchases from the City, hence Otay's inability to purchase the quantities of recycled water required in the Agreement.

On June 24, 2013, Otay staff spoke at the City's Independent Rates Oversight Committee ("IROC") meeting after learning about the latest recommendations from Raftelis' study. Otay disputed the equity of the uniform single rate the City was proposing for all customers, regardless of whether the customer was a wholesale customer who built its own distribution system (such as Otay) or a retail customer with a single meter delivering water directly to the customer's property. To resolve this issue, on July 2nd City staff brought forward a zone rate proposal separating the North City rate from the South Bay rate. While this proposal was much more equitable, new capital costs were added, raising the South Bay rate over a four-year period. The addition of such capital costs is troubling when, as part of the Agreement, Otay was required to pay a \$3.2 million Capacity Reservation Charge, thereby prepaying all capital costs for the length of the Agreement. Accordingly, capital costs should not again be added to the zone rate at South Bay.

In the past, Otay staff has met with City's staff to discuss these matters but, regrettably, such discussions and correspondence have not resulted in any progress. Otay has repeatedly expressed concerns to the City regarding the ongoing viability of the Agreement and the City's rate-setting calculation for reclaimed water. For instance, on November 24, 2009 and again on or about May 2, 2011, Otay sent correspondence to the City expressing such concerns. Moreover, Otay's General Manager, Mark Watton, met with City officials on more than one occasion in an attempt to discuss and work through issues related to the Agreement and the City's rate structure. Additionally, in both 2012 and 2013, Otay sent protest letters with its take-or-pay payments outlining a number of outstanding issues.

In addition to the above, Otay wants to address and again put the City on notice of outstanding issues relating to the City's use of storage capacity in Otay's 450-1 Reservoir despite having no contractual entitlement thereto, as such storage capacity is not contemplated in the Agreement. (The City's historical share of cost to date is \$549,976.) Otay has previously notified the City regarding the City's unauthorized use (including correspondence going back as early as 2007, again in January of 2010, and yet again in May 2011 and March 2013) but, out of respect for the relationship between Otay and the City, Otay has delayed taking any action on such issues pending an agreement between the parties. As

correspondence on this issue has been ongoing for several years now, discussions on a resolution to the storage issues are long overdue.

Similar to the storage capacity issue, the City has not paid for its use of a disinfection facility at the 450-1 Reservoir. Since the completion of the 450 Reservoir Disinfection System project in July of 2009, the return flow of over 600 acre-feet of disinfected recycled water has served City customers, yet the City has not paid for past or future use of the disinfection system. (The City's historical share of cost to date is \$39,764.) Additionally, the Agreement also states the City is responsible for metering the recycled water delivered to Otay. From May 2007 until August 2013, the City's meter did not work properly, yet the City continued to bill Otay for a malfunctioning meter for 60 of the 76 months, resulting in an over billing of \$88,911. Because the City's meter did not function properly, Otay's water meter at the 450-1 Reservoir was being used as the meter to read both inflows and outflows of the inlet piping.

Unfortunately, such meter issues were not the City's only failure to comply with the terms of the Agreement. Otay recently became aware that the City has not been in compliance with state regulations regarding chlorides since 2010, yet Otay was not notified of the noncompliance in a timely manner. Section 7.1 of the Agreement clearly states that "City shall meet all applicable federal, state, and local health and water quality requirements for Reclaimed Water produced at SBWRP and delivered to Otay at the Point of Delivery." Failure to meet such requirements could be considered a breach of Agreement.

The importance of resolving such issues is highlighted by the City's issuance of a permit to Caltrans to tap a recycled water irrigation service to Otay's pipeline from the South Bay Water Reclamation Plant. Otay has notified Caltrans that, pending resolution of the City's use of Otay's storage and disinfection facilities, and the City paying their fair share of the cost to operate and maintain Otay's pipeline, Otay may be in a position to issue a permit for this connection. (The City's share of historical cost to date is \$74,936.)

Because of such concerns, I want to take this opportunity to again notify you of the issues which loom large if the Agreement continues as currently structured. We look forward to reinitiating dialogue between our respective entities to reach an amicable solution which will allow for a sustainable and long-term way to move forward.

Sincerely,

Mark Watton
General Manager

cc: Richard E. Romero, Stutz Artiano Shinoff & Holtz, Otay WD Attorney
Lee Ann Jones-Santos, Deputy Director, Public Utilities Dept. (check hand delivered to Ms. Jones-Santos)
Tom Zeleny, San Diego City Attorney's Office, Public Works Unit

CALIFORNIA ENERGY COMMISSION

1516 NINTH STREET
SACRAMENTO, CA 95814-5512
www.energy.ca.gov

EXHIBIT E



July 25, 2011

Mr. Roger Bailey, Utilities Director
City of San Diego
9192 Topaz Way, MS 904A
San Diego, CA 92123

Subject: **Otay Water District's Procurement of Reclaimed Water**

Dear Mr. Bailey,

On behalf of the California Energy Commission staff, I'd like to express our support for the Otay Water District's (OWD) effort to procure additional reclaimed water from the City of San Diego under your October 20, 2003 Agreement to supply reclaimed water from the South Bay Water Reclamation Plant.

As part of the Natural Resources Agency, the Energy Commission works diligently to uphold state water policies that require the use of reclaimed water in industrial applications, such as thermal power plants which are under our exclusive permitting authority. We are currently conducting an environmental review of the proposed Pio Pico Energy Center (PPEC) which is a 300-megawatt (MW) power plant that proposes to use reclaimed water supplied through existing infrastructure owned and operated by the OWD. Understanding whether or not there is a reliable supply of reclaimed water for PPEC's operation is a significant consideration in our environmental review.

Additionally, the Energy Commission previously permitted the Otay Mesa Generating Station (OMGS) which is a 400MW, natural gas-fired power plant adjacent to the PPEC site. The OMGS was approved to use potable water under a Condition of Certification that requires the water supply to be switched to reclaimed water when reclaimed water becomes available. As such, we again support any efforts by the City of San Diego to supply more reclaimed water to the OWD under your October 20, 2003 agreement.

Please feel free to call me at 916-654-3933 with any questions. Thank you.

Sincerely,

TERRENCE O'BRIEN, Deputy Director
Siting, Transmission, and
Environmental Protection Division

cc: Mayor Jerry Sanders
Councilmember David Alvarez, Council District 8
Mr. Mark Walton, General Manager, Otay Water District

OMPOA

Otay Mesa Property Owners Association

September 23, 2011

Mr. Roger Bailey
Utilities Director
The City of San Diego
9192 Topaz Way, MS 904A
San Diego, CA 92123

OTAY WATER DISTRICT
RECEIVED
2011 SEP 26 PM 1:32

Mr. Bailey:

On behalf of the Otay Mesa Property Owners Association (OMPOA), I am writing to request your assistance with issues affecting the timely implementation of recycled water pipelines in Otay Mesa. The OMPOA consists of 15 property owners who have an interest in overseeing the timely development of Otay Mesa. Over the past two years, the OMPOA has received several briefings from the Otay Water District (OWD) on the status of recycled water projects in Otay Mesa. At our Association meeting on August 4, 2011, we received an update from David Charles and Bob Kennedy on the status of the projects in Otay Mesa. It came to our attention that there are two primary issues that are delaying the implementation of the project at this time: capacity constraints at the South Bay Reclamation Plant and recycled water rates.

Capacity:

We understand that the City is in a contractual agreement with OWD to supply recycled water from the South Bay Reclamation Plant. As it stands now, OWD cannot obtain the recycled water from the City that it needs in order to meet summer peak demand. In order to resolve this issue, we urge you to work with OWD to facilitate the construction of a sewer diversion structure to the South Bay Reclamation Plant along with 2.5 miles of recycled lines in Chula Vista to accommodate the additional capacity that OWD's customers require. Building the sewer diversion structure will provide the underutilized San Ysidro Water Treatment Facility with additional sewer flow that will allow the facility to meet the recycled water need of OWD, and it will still leave the facility with remaining capacity. Additionally, construction of the missing 2.5 miles of 24" recycled line in Chula Vista will connect existing recycled lines in Otay Mesa to recycled water, which in-turn will provide an additional benefit for businesses in Otay Mesa, thereby creating additional jobs and tax base.

We are aware that in response to a forthcoming California Energy Commission condition on the Pio Pico Energy Center (PPEC) project, PPEC has agreed to contribute \$0.25M toward the construction of this diversion structure and another \$1.25M for a recycled water pipeline to supply recycled water to the power plant IF the City and OWD can reach an agreement within the next 12 months on the terms

OMPOA

Otay Mesa Property Owners Association

(quantity, quality and price) of the recycled water. We request that you coordinate with PPEC to determine the feasibility of accepting this contribution and completing construction of these facilities within one year.

Recycled Water Rates:

It is our understanding that the City commissioned Raftelis Financial Consultants to conduct the "Recycled Water Pricing Study", which will be completed in the Fall of 2011, to recommend a pricing structure for recycled water. The findings in this study will serve as the basis in establishing the price of recycled water, which OWD and other districts will charge their ratepayers. As property owners and developers, it is imperative that the rate that is established be reasonable and feasible to promote the use of recycled water.

As developers, our members have installed 16.5 miles of purple pipe on the Mesa, which has yet to realize its value, as it has not been connected to a recycled water source. Since the Association as a whole has been a strong advocate of OWD providing recycled water to the Mesa, we would like to see the above issues resolved in a timely manner and see the completion of the recycled water network. To that end, we request that you convene a meeting with OWD and City leadership to determine an appropriate solution to this issue.

Additionally, since the OMPOA is actively following this issue, we would appreciate an update from the City on the status of its negotiations with OWD in this regard.

We appreciate your attention to this important issue. If you have questions, please don't hesitate to contact me at (619) 696-8350 or Rob.Hixson@cbre.com.

Sincerely,



Rob Hixson

Chairman, Otay Mesa Property Owners Association

Cc: Councilmember David Alvarez
Mayor Jerry Sanders
Mark Watton, OWD
David Charles, OWD
Bob Kennedy, OWD
Supervisor Greg Cox
Michael De La Rosa

3111 Camino del Rio North, Ste. 100
San Diego, CA 92108

OMPOA

Otay Mesa Property Owners Association

August 6, 2012

Mr. Roger Bailey
Utilities Director
The City of San Diego
9192 Topaz Way, MS 904A
San Diego, CA 92123

Mr. Bailey:

As you are aware from our previous letter dated September 23, 2011, the Otay Mesa Property Owners Association ("OMPOA") is very concerned about the progress that the City of San Diego ("City") and the Otay Water District ("OWD") have made towards establishing recycled water service in Otay Mesa. Therefore, this topic was raised at the OMPOA's joint meeting with its counterpart in the County, the East Otay Mesa Property Owners Association ("EOMPOA") on July 12, 2012, whereby the members of both associations unanimously voted for the OMPOA and EOMPOA to take a more active involvement in this effort and identify the main issues that are delaying this critical alternate water source for our region.

During these efforts, we have learned that the City has not committed to delivering the amount of water that is necessary to meet customers' needs. This shortage of water supply is a concern to the OMPOA and EOMPOA, since a dependable recycled water source is essential as our traditional water sources continue to be depleted. As such, we would like to see a focus on operating and improving the efficiencies of the South Bay Reclamation Plan to resolve the water supply deficiencies.

Additionally, it has come to our attention that the City may be attempting to add conditions on OWD's request for an easement to build the missing link of recycled pipeline from Wueste Road to Alta Road. It appears that these conditions are unrelated to the easement request and should be dealt with separately, as they seem to be the only delay to OWD obtaining the easement. This easement will allow OWD to finalize the design for this crucial segment of pipeline which will connect the 16.5 miles of recycled pipeline infrastructure, that developers were conditioned to build as part of their projects, to the larger system. Currently, these segments of purple pipe are sitting in the ground, unable to connect or be utilized. All of the previous hard work and investment in this infrastructure is for naught, unless the City and OWD are able to do their part and connect the system.

Lastly, we understand that the City and OWD have not reached consensus on recycled water rates. As perspective ratepayers, this issue is of utmost importance and should be resolved

OMPOA

Otay Mesa Property Owners Association

immediately to ensure that a fair and equitable price is established, while the other aforementioned issues are being resolved.

The continuing uncertainties and lack of progress since our previous letter from almost a year ago, causes us concern. It is imperative to the future development of Otay Mesa and to the tax base and job opportunities in our region that these two governmental agencies work together in a productive and efficient manner to resolve these issues immediately.

Since the OMPOA has now designated this task as a "priority item", we request a response from the City on the status of its negotiations with OWD in this regard.

We thank you in advance for your attention to this important issue. If you have questions, please don't hesitate to contact me at (619) 696-8350 or Rob.Hixson@cbre.com.

Sincerely,



Rob Hixson

Chairman, Otay Mesa Property Owners Association

Cc: Councilmember David Alvarez

Mayor Jerry Sanders

Congressman Bob Filner

Councilmember Carl DeMaio

Supervisor Greg Cox

Ann Sasaki, City of San Diego

Mark Watton, OWD



Ernest Ewin, Chairman

www.metrojpa.org

June 7, 2012

Ms. Marsi A. Steirer
Deputy Director
Water Recourses and Planning
City of San Diego Public Utilities Department
600 B Street, MS 906
San Diego, CA 92101

Re: Metro Commission/JPA Acceptance of the Recycled Water Study

Dear Marsi:

In August 2009, the City of San Diego (San Diego), along with key stakeholders, including representatives from the Participating Agencies (PAs), initiated the Recycled Water Study (Study). The Study is intended to serve as a guidance document in helping policy leaders make the important decisions ahead regarding water reuse and the region's water and wastewater infrastructure.

The Study process was very collaborative and included a number of technical evaluations and coordination steps to identify and evaluate reuse alternatives within San Diego as well as areas served by the Participating Agencies. Throughout the Study, regular Stakeholder Status Update meetings were held to present progress and to receive input and feedback on the activities. Eight technical memoranda were developed to document information.

We accept the San Diego Recycled Water Study dated May 3, 2012. With this acceptance we acknowledge that this Study provides valuable foundational data on Indirect Potable Reuse (IPR) and other water recycling opportunities but is just the first step in the process of achieving the Study's stated objectives:

1. Identify opportunities to increase recycling of wastewater for IPR and Non-Potable Reuse (NPR)
2. Determine the extent recycling can reduce wastewater flows to the Point Loma Wastewater Treatment Plant
3. Determine implementation costs.

We appreciate the inclusion of the Metro TAC and Metro Commission/JPA as stakeholders in the Study process and San Diego's allowing the PAs to comment on each Technical Memorandum and including these comments and the PAs White Paper as appendices to the Report.

We accept San Diego's offer of our continued collaboration as stakeholders in the implementation process and acknowledge that additional investments will be needed to plan and develop the program to a level of detail that can be designed, permitted and constructed as outlined in the Implementation Checklist from the Report (attached). With this acceptance we request that the following items be addressed in the next year:

1. Finalize cost sharing framework
2. Move forward with all items listed on Finance Implementation Checklist
3. Identify water supply implications for the region and work with the County Water Authority.
4. Begin the Point Loma offloads starting with the Salt Creek Diversion to the South Bay Plant.



Ernest Ewin
Chairman, Metro JPA



Greg Humora
Chairman, MetroTAC

The Joint Powers Authority Proactively Addressing Regional Wastewater Issues

IMPLEMENTATION CHECKLIST: REGULATORY, INSTITUTIONAL, POLICY, FINANCE

Water Purification Demonstration Project/Permitting. The Water Purification Demonstration Project (Demonstration Project) and the San Vicente flow modeling are key steps of the public involvement and regulatory permitting processes to confirm the health and safety of the new water supply. The following summarizes these key implementation steps:

- Obtain Advanced Water Purification Facility water quality and San Vicente limnology model final results
- Provide on-going public involvement and community outreach
- Coordinate with CDPH and the Regional Water Quality Control Board on processes and permitting (whether through uniform criteria being developed by CDPH or project specific criteria)
- Promote advocacy by Stakeholder groups with CDPH and the Regional Water Quality Control Board

Mayor and City Council. Support from the Mayor and City Council is essential to implement such an important program. While the reuse program appears to offer substantial cost savings to ratepayers (compared to upgrading the Point Loma Plant), support from policymakers to advance the program will be needed. The following summarizes these key Mayor and City Council implementation steps:

- Obtain Independent Rates Oversight Committee support
- Obtain Natural Resources and Culture Committee approval.
- Obtain stakeholder advocacy support of the Study by the Metro JPA, Independent Rates Oversight Committee, environmental groups, and other interested parties.
- Obtain City Council approval.
- Coordinate implementation with broader water policy issues and programs

Metro JPA Approval. As partners in the Metro System, support from the Metro JPA is also essential to implement such an important program. Support from JPA policymakers is needed to advance the program. The following summarizes these key Metro JPA implementation steps:

- Finalize the cost sharing framework, as summarized below. This includes policy and legal issues, costs and consensus.
- Promote stakeholder advocacy in support of the Study by the City, Independent Rates Oversight Committee, environmental groups, and other interested parties.
- Obtain Policymaker approval to support the Study and the reuse program.

Financials. Fiscal responsibility is important for all parties. For Metropolitan Wastewater System ratepayers, there is an important choice required regarding whether to fund this water reuse plan or fund the alternative improvements at the Point Loma Plant. The following summarizes key financial implementation steps:

- Finalize cost share framework concepts and agreements
- Provide comparative financial analyses with other sources (if desired)
- Determine/develop policy on local resource program funding from SDCWA/MWD.
- Seek out and apply for grants.
- Develop of rate impacts
- Develop a detailed financing plan
- Provide funding and staff to move forward with the program implementation, including the activities needed for near-term and long-term projects



IMPLEMENTATION CHECKLIST: TECHNICAL

Technical/Other. Implementing the reuse plan will require technical evaluations and engineering. The following summarizes these key technical implementation steps:

- North City treatment. Determine the North City treatment approach (existing filters, feed source, recovery rates, improvements to the treatment processes upstream of the filters, the fate of the electro dialysis reversal unit's, and other technical design parameters.
- Non-potable reuse demands and wastewater flow confirmation. Continue to evaluate non-potable reuse demands and use trends; and wastewater flow generation. These totals will be important to finalize the size of indirect potable reuse projects.
- Point Loma permitting. Continue permitting coordination amongst Stakeholders as part of the Point Loma Plant 301h Modified Permit process.
- New facility siting. Develop detailed siting studies for new pump stations and treatment plants, including evaluation and confirmation of availability of the Harbor Drive and Camino del Rio North sites.
- Wastewater treatment pilot testing. Test treatment strategies and high rate systems to develop area-specific design values.
- New conveyance facility alignments. Perform alignment studies for new conveyance facilities.
- SV8 Diversion to South Bay. Update the SV8 Pump Station Predesign and Sweetwater River crossing concept (with possible evaluation of constructing solids handling facilities at the South Bay Plant in lieu of diverting to the Point Loma Plant). Coordinate efforts between the Recycled Water Study needs and the September 2011 Draft Wastewater Master Plan (or any updates) needs.
- South Bay Plant. Continue discussion and coordination on South Bay Plant issues, including on-going evaluations regarding whether to treat biosolids produced at the South Bay Plant at a dedicated facility instead of continuing to send it to the Point Loma Plant and the MBC for treatment.
- South Bay indirect potable reuse delivery. Perform detailed evaluation of the South Bay Plant expansion including pump station and delivery pipeline to Otay Lakes.
- Otay Lakes operation. Perform an Otay Lakes operational evaluation in relation to local runoff and indirect potable reuse operation to confirm flow rates and optimal project sizing. Develop a hydraulic model similar to those developed for the San Vicente Reservoir to determine seasonal hydraulic patterns within the Otay Lakes system.
- Joint Project Evaluation. Identify opportunities of joint projects, such as brine pipelines or indirect potable reuse delivery pipelines coordinated with other regional projects.
- Mission Gorge Plant Evaluations. Coordinate further discussion and evaluation on the merits of a joint plant with Padre Dam Municipal Water District in the Mission Gorge area (conceptualized in Alternative B3).
- Groundwater updates. Complete groundwater studies including evaluation of the San Diego Formation and San Diego River system for possible inclusion into future master planning efforts. Update the status of other County groundwater studies including San Pasqual and Padre Dam Municipal Water District's studies.
- Waste stream recovery. Evaluate waste stream efficiency and recovery analysis to evaluate ways to further minimize waste streams.



- San Vicente regulatory limits and operational coordination. Perform San Vicente analysis to evaluate maximum potential indirect potable reuse. If it is limited, determine options such as further evaluation of the San Diego formation or integration with other reservoirs. Coordinate reuse operational activities with other San Vicente operations after the dam raise is complete.
- Regulatory update on minimum reservoir capacities. Check assumptions on smaller sized reservoirs (Lakes Murray and Miramar) once indirect potable reuse reservoir augmentation regulations are finalized.
- SDCWA Coordination. Coordinate with SDCWA on their Master Plan (currently underway), broader water policy support at the state level, and possible regional collaboration involving funding.
- Peak Wet Weather Flow strategies. Continue to evaluate fail-safe disposal strategies under wet weather conditions, including equalization, live stream discharge, and CEPT-secondary effluent blending at the Point Loma Plant.



EOMPOA

East Otay Mesa Property Owners Association

March 6, 2014

Mayor Kevin Faulconer
City of San Diego
202 C Street, 10th Floor
San Diego, CA 92101

copy to:
JOE M
Don P
BOND
GURMAN A.

RE: City of San Diego Water Utilities Department Recycled Water Rate Recommendation

Dear Mayor Faulconer:

The East Otay Mesa Property Owners Association (EOMPOA) has reviewed both the City of San Diego Water Utilities Department recycled water rate report and the City's Independent Rate Oversight Committee annual report which discusses the city's recycled water rate. This will be coming to the City Council for a hearing soon. The report touches upon several areas of concern to our members including the following:

The City retained Raftelis Financial Consultants to do a pricing study of the recycled water program. This program was established to promote the development of recycled water within the service area as a way to diversify the regional water supply and reduce San Diego's dependence on imported water.

The study found that the Public Utilities Department (PUD) was charging a subsidized recycled water rate of \$0.80 per hundred cubic feet (HCF) which was 20% of the June 2013 irrigation rate of \$4.014 per HCF. The true all-in non-subsidized cost to produce and distribute recycled water is \$14.12/HCF and continuation of the current rate structure would result in San Diego ratepayers paying approximately \$57M-\$60M/year to continue subsidizing recycled water.

The PUD proposed to reduce but not eliminate the subsidy by increasing the recycled commodity rate from 20% to 56% of the portable irrigation rate or from \$0.80/HCF to \$2.241/HCF (an 180% rate increase) beginning January 1, 2014 for the next four years. Complicating the proposal was the need to reduce the subsidy while maintaining customer demand in face of the 180% rate shock; and protests by the Otay Water District (OWD) who had made \$200M of infrastructure investments in their recycled water system which the rate increased jeopardized.

Independent Rate Oversight Committee (IROC) held a hearing on the proposed rate increase, reviewed the proposal, and heard from Otay Water District. IROC found that San Diego rate payers were likely to continue to pay the \$57-60M annual costs to maintain the subsidy over the next four years, and IROC therefore concurred with the PUD proposal to reduce the subsidy. IROC though suggested PUD do this over a five year phase in period in consultation with their wholesale customers such as OWD, so they could adjust their business models to accommodate the rate increase. Otay and the City are working together to resolve the concern about escalating rates so Otay can continue to invest in future infrastructure and ensure its customers that recycled water supplies will be available in future years.

Recycled Water Rate Recommendation

This IROC recycled water rate recommendation came before the City had the most recent information regarding potential cut backs in state water transfers to Southern California due to the current severe drought in California which may continue for several more years.

With the recent announcement by California Governor Jerry Brown that the state is suffering from the severest drought in decades, now is not the time to cut back on water conservation such as the recycled water program by increasing water rates significantly over a short time horizon to agencies that are doing their part to conserve potable water. This increases demand for imported potable water and, at the same time, supplies may be severely cut back including the imposition of rationing.

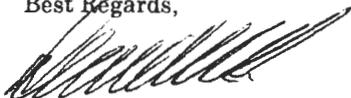
The Otay Water District has invested over \$200 million in their recycled water distribution system and private property owners in Otay have invested additional millions in infrastructure to transport recycled water to their current and proposed developments. Otay and four other agencies that have invested in recycled water infrastructure need more time than just one to five years to recover the costs of their infrastructure investment and need some assurance that they will be able to provide recycled water supplies to customers that have invested in recycled water infrastructure.

Due to the drought, the San Diego Water Utilities Department shouldn't penalize agencies that want to conserve water by using recycled water. The East Otay Mesa Property Owners Association recommends the City consider phasing in the proposed water rate increase over 20 to 30 years so Otay and other agencies can continue to provide recycled water to customers, which will allow both the agencies and customers to recover the cost of their infrastructure investments and maintain a reliable customer base for the San Diego PUD to sell its recycled water.

The City of San Diego shouldn't jeopardize our water supply security by destroying the demand for recycled water by sharply increasing the cost of the recycled water in a short timeframe. This would only hamper the agencies' ability to market and sell recycled water to users who cannot absorb the recommended cost increase which amounts to almost 200% over a five year period.

Thank you for your efforts to incorporate our proposed changes into the final recycled water city council recommendations to help property owners depend upon the availability and future costs of recycled water to serve future projects in Otay Mesa, East Otay Mesa and throughout San Diego County.

Best Regards,



**David Wick, Chairman
East Otay Mesa Property Owners Association**

cc: San Diego City Council
Supervisor Greg Cox
Andrea Tevlin, Independent Budget Analyst
Mark *Watton*, General Manager, Otay Mesa Water District
Kevin Smith, Staff Consultant, City Council Environment Committee
County District 1 Staff Representative, Michael de la Rosa

1050 Rosecrans Street, Ste. B
San Diego, CA 92106
619.222.8155 ♦ 619.222.8154

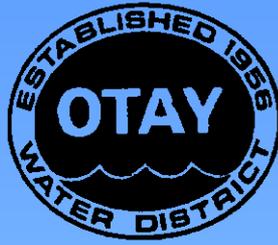


EXHIBIT F

Otay Water District Temporary Moratorium on Otay Mesa Recycled Water System

July 2, 2014

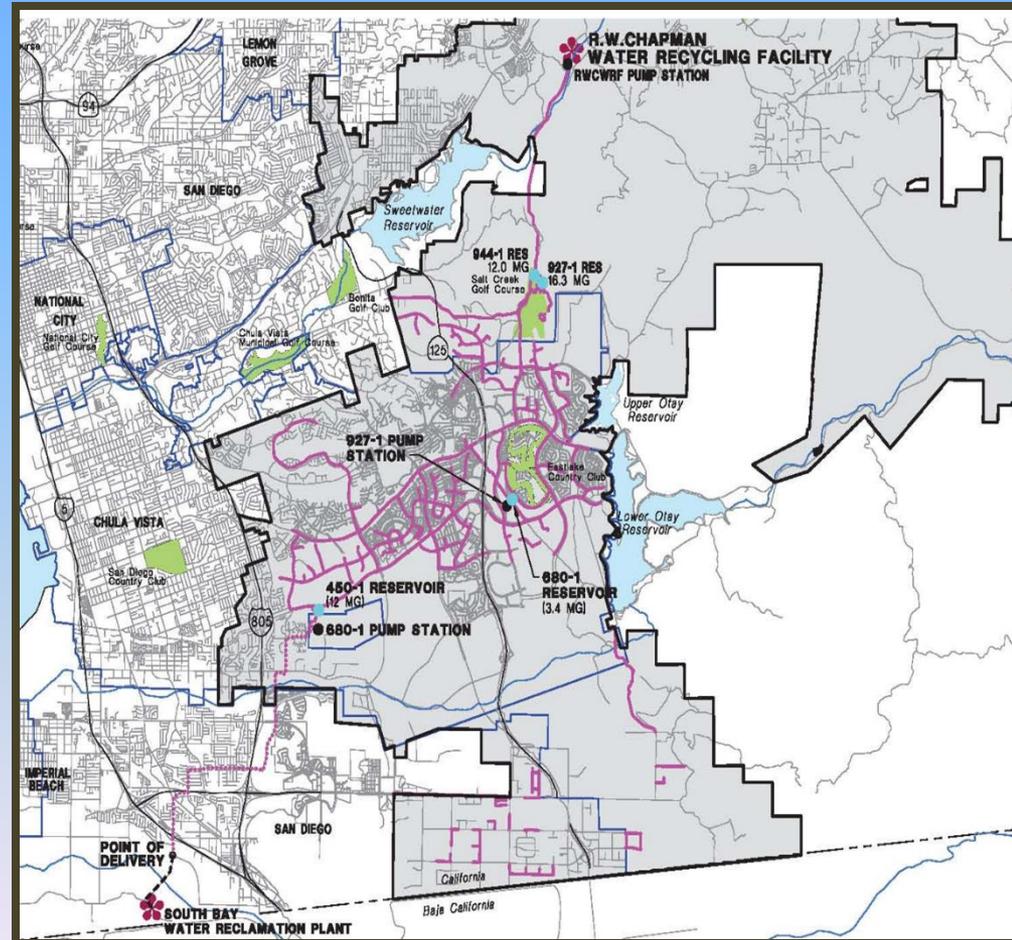
Temporary Moratorium on Otay Mesa Recycled Water System

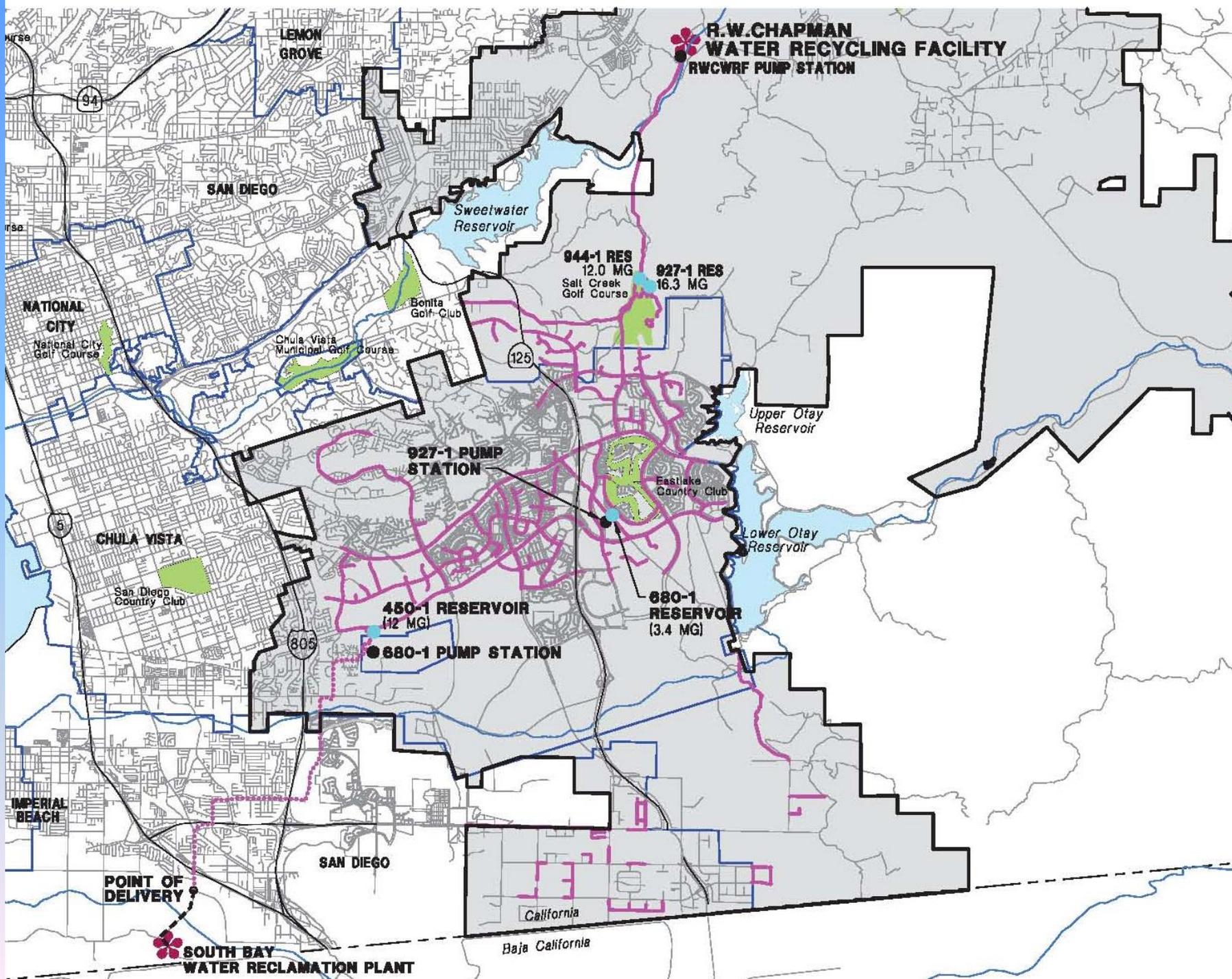
- ▶ Overview District System/Otay Mesa
- ▶ Securing a Reliable and Cost Effective Supply of Recycled Water for Otay Mesa
- ▶ Otay Mesa – Cost of Infrastructure, Demand, Cost of Supply
- ▶ Avoided Fees
- ▶ Potential New Sources of Water
- ▶ Recommendation

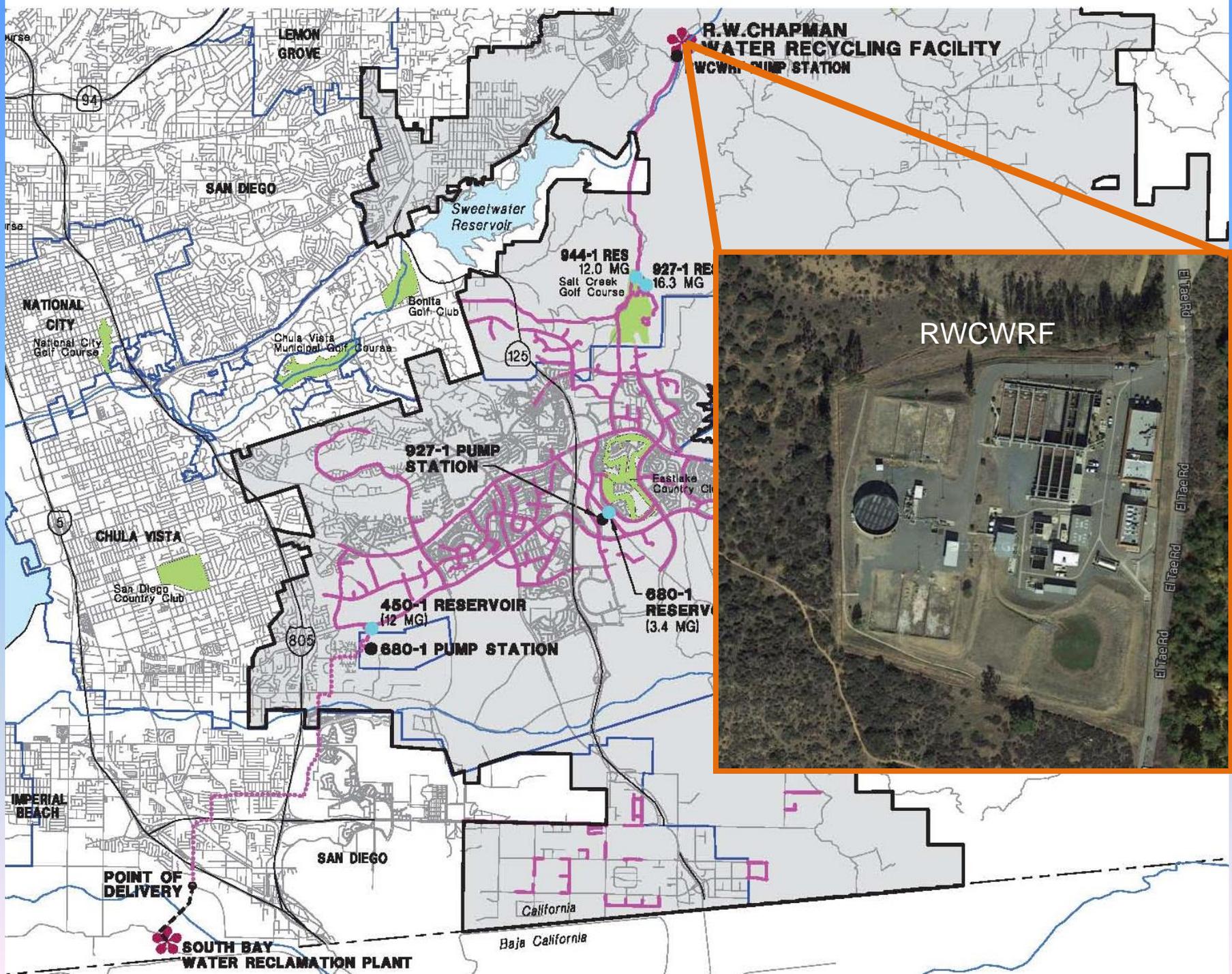
District Recycled Water System

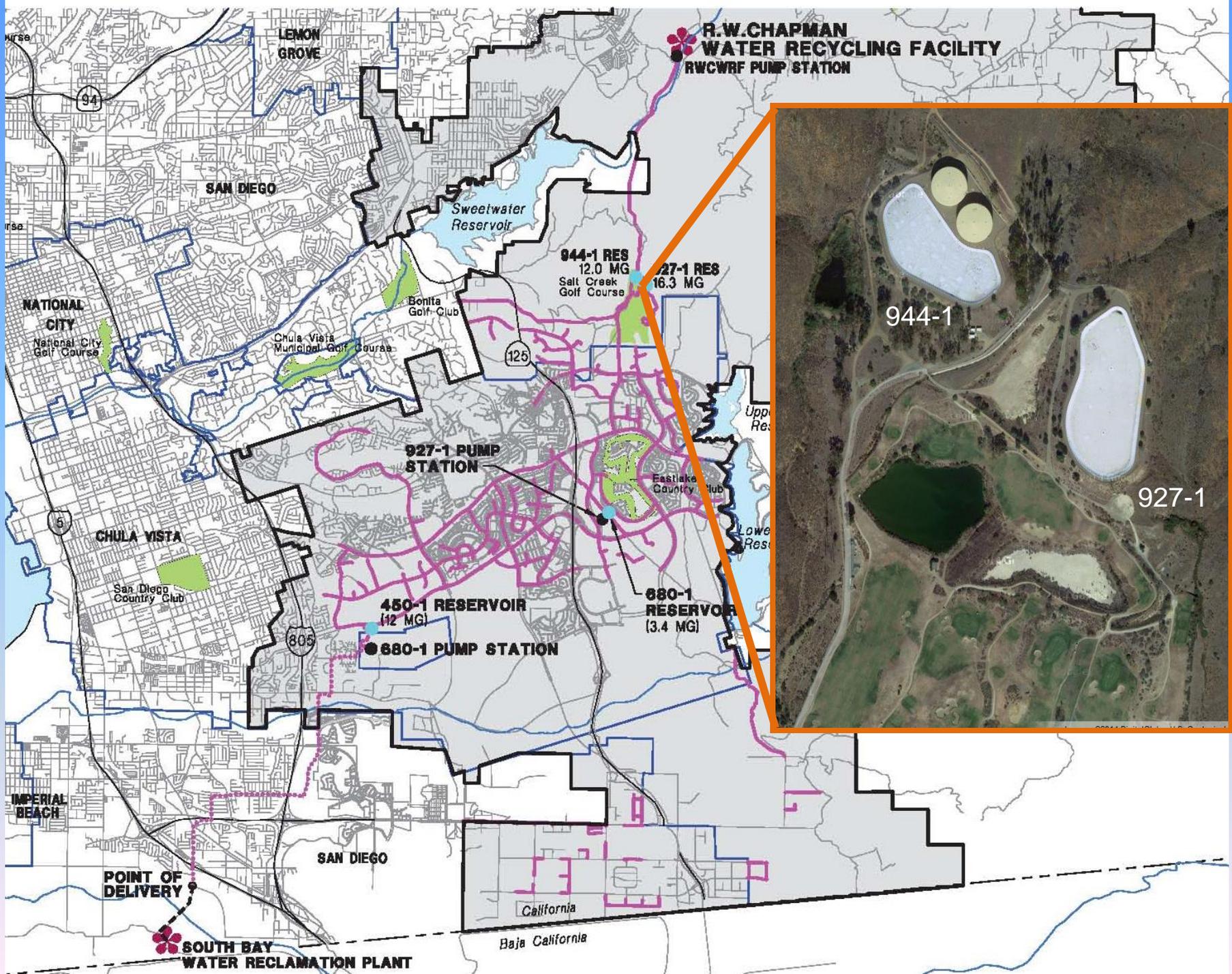
▶ Existing Infrastructure \ Demand

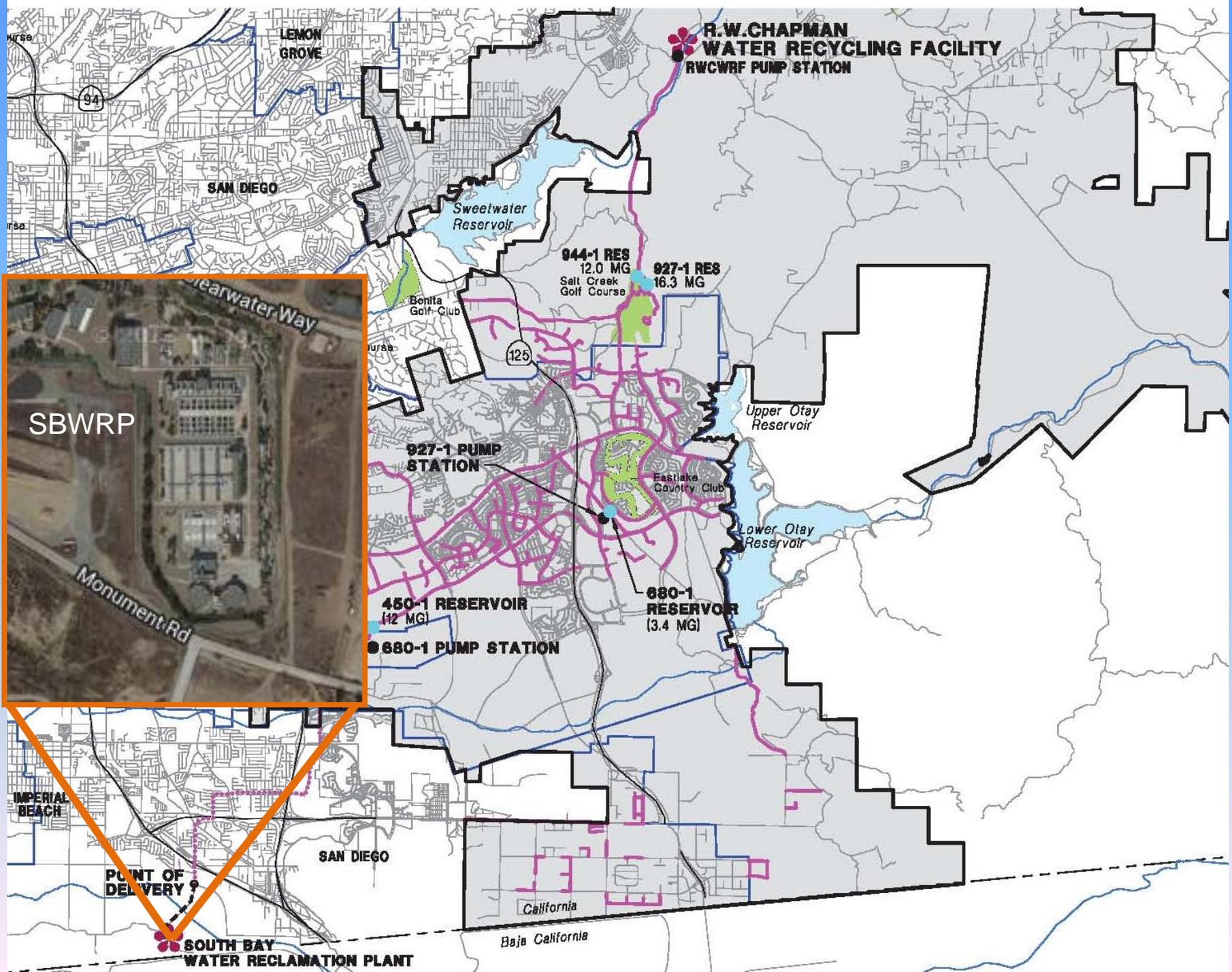
- 102 miles of mains
- 4 Reservoirs – 43.7 MG
- 3 Pump Stations
- RWCWRF – 1.0 MGD
- FY 2013 Total Demand 4,313 AF (3.9 MGD)
- City of SD Supply Agreement – Supplies 75% of District's needs

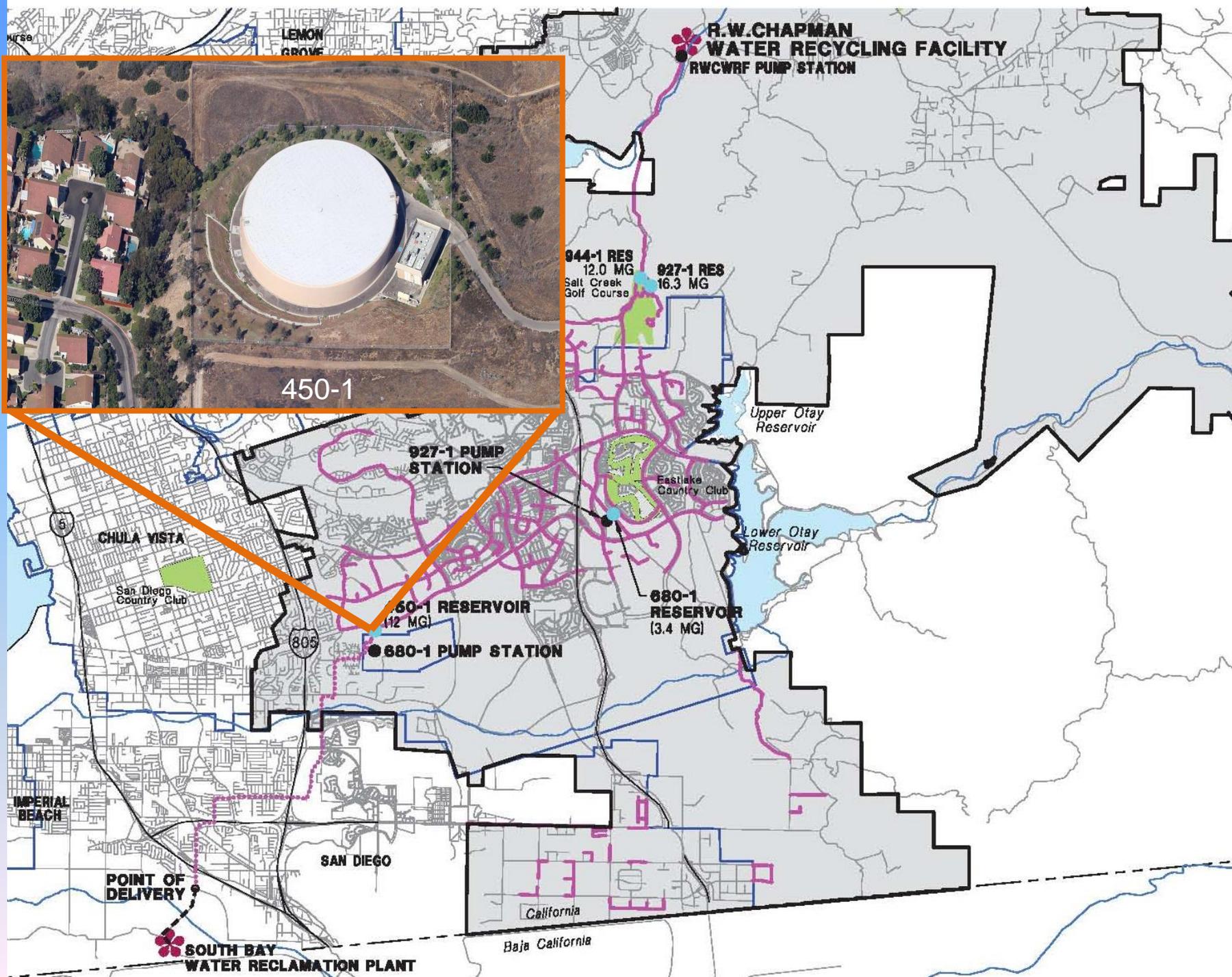


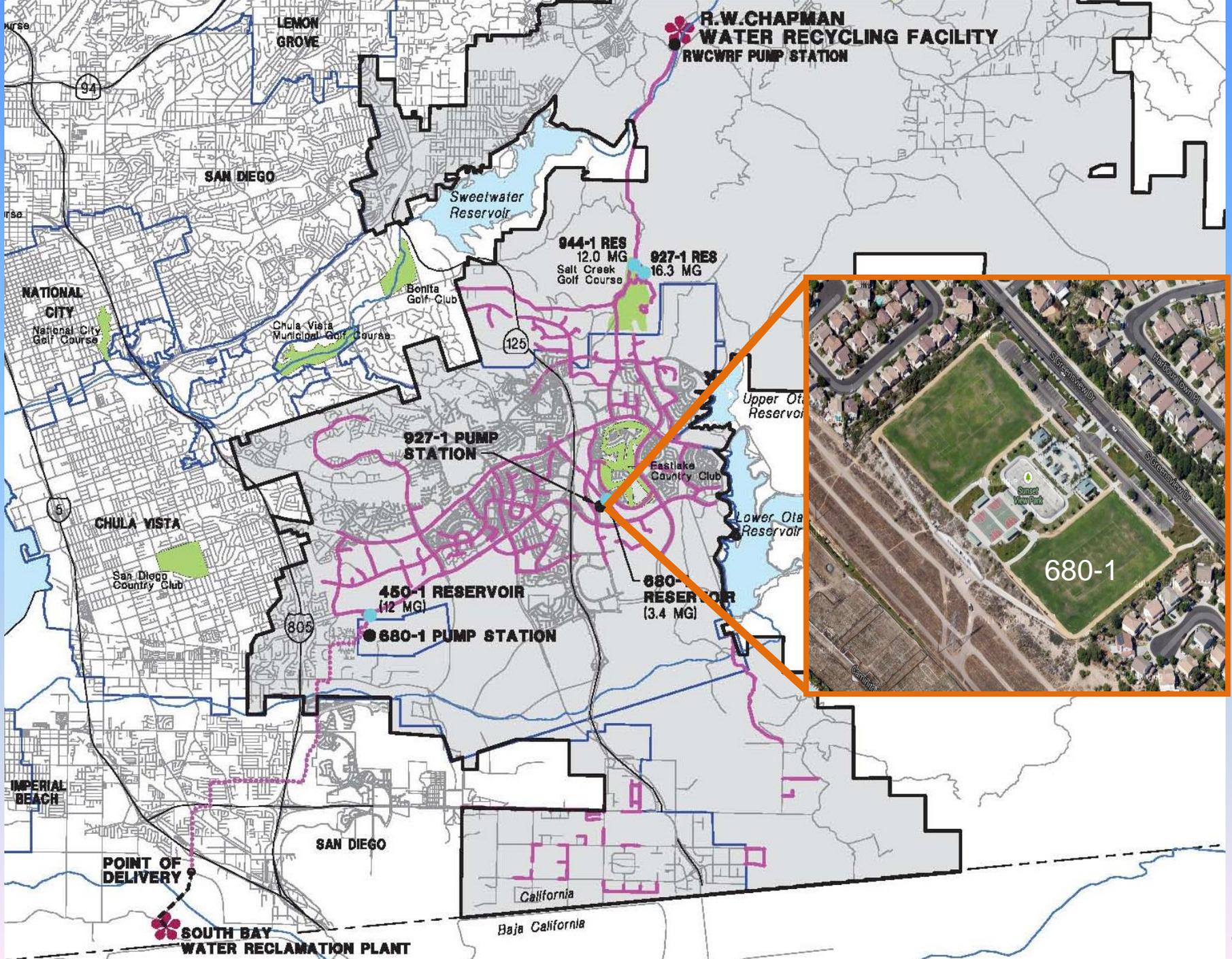








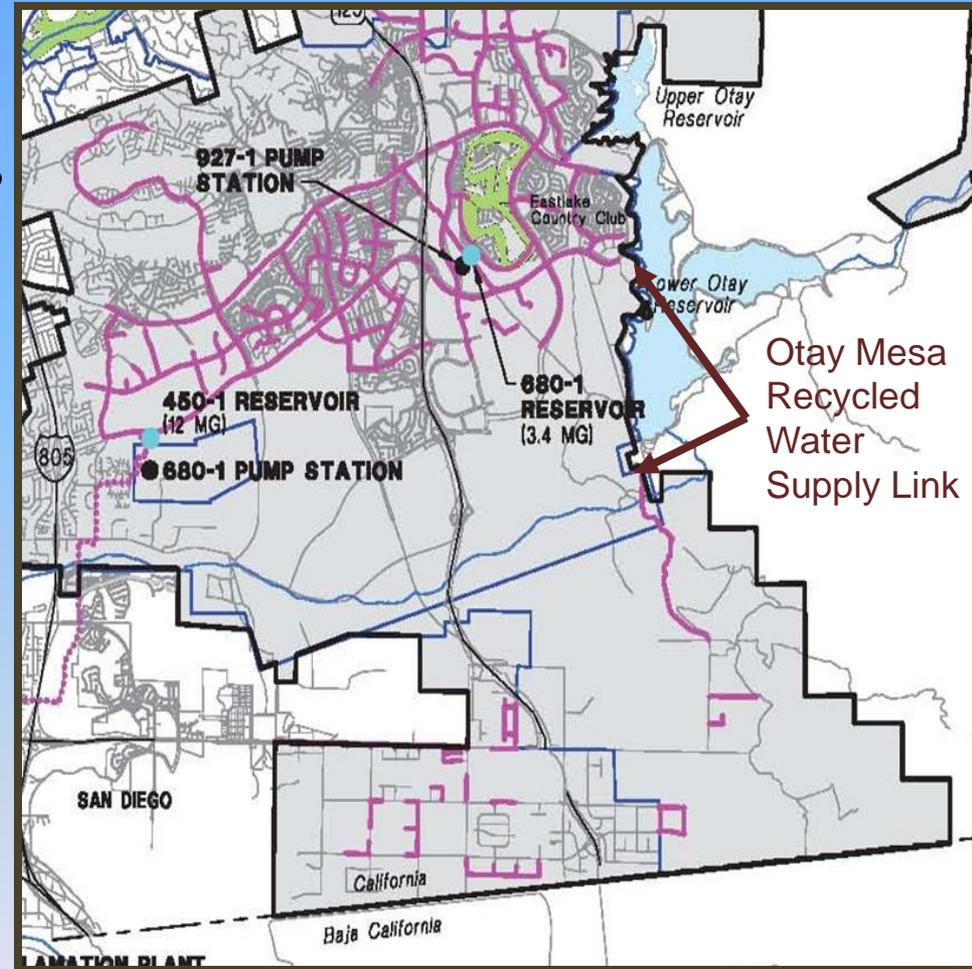




Otay Mesa Recycled Water Facilities

► Infrastructure \ Demand

- Approx. 16 miles of Developer installed mains
- No current supply
- Current Demand
330 AF/Year (0.3 MGD)
- Future Demand – 2035
1,200 AF/Year (1.1 MGD)
- Otay Mesa Recycled Water Supply Link Project – \$23.5 M



Securing a Reliable Cost Effective Supply of Recycled Water for Otay Mesa

- ▶ **City of San Diego Supply Agreement**
 - Cost of recycled water in excess of actual production costs
 - District's efforts to discuss the terms of Agreement 2007 to Present
 - Draft Recycled Water Pricing Study – Cost of De-mineralization systems
 - Recent Price Proposal from City – \$566/AF
 - Agreement expires in 2026

Securing a Reliable Cost Effective Supply of Recycled Water for Otay Mesa

- ▶ Otay Mesa Recycled Water Supply Link Easement from the City of San Diego
- ▶ Use of the 450-1 Reservoir by City
- ▶ Supply – No Plans to expand SBWRP
- ▶ Recycled Water Incentives
 - MWD – Expire in 2025
 - SDCWA – Expire in 2026

Otay Mesa – Cost of Infrastructure, Demand, Cost of Supply

**Financial Analysis: Payback period more than 70
years (beyond estimated useful life)**

- ▶ Infrastructure Cost: \$23.5 Million
- ▶ Demand projections: 672 AFY (0.6 MGD) by 2020
1,200 AFY (1.1 MGD) by 2035
- ▶ Cost of Supply: \$566/AF City of San Diego
- ▶ Expiration of Recycled Water Incentives

Avoided Fees

- ▶ SDCWA \$1.27 Million of capacity fees associated with recycled water meter purchases
 - Pio Pico Plant and Corrections Corporation of America (\$0.22 Million of exposure)
- ▶ USBR Grants – \$0.95 Million

These fees represent financial risks associated with a permanent moratorium.

Potential New Sources of Water

- ▶ Indirect Potable Reuse (IPR)
- ▶ Direct Potable Reuse (DPR)
- ▶ Conservation – Revised landscape plant palates from City of San Diego, and County of San Diego use less water

Recommendation

Temporary Moratorium

That the Otay Water District (District) Board of Directors (Board) place a temporary moratorium on the installation of new recycled water facilities on Otay Mesa.



AGENDA ITEM 8a

STAFF REPORT

TYPE MEETING:	Regular Board Meeting	MEETING DATE:	July 2, 2014
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 2014 Calendar of Meetings		

GENERAL MANAGER'S RECOMMENDATION:

At the request of the Board, the attached Board of Director's meeting calendar for 2014 is being presented for discussion.

PURPOSE:

This staff report is being presented to provide the Board the opportunity to review the 2014 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 2014

**Board of Directors, Workshops
and Committee Meetings
2014**

Regular Board Meetings:

January 7, 2014
February 5, 2014
March 11, 2014
April 8, 2014
May 7, 2014
June 4, 2014
July 2, 2014
August 6, 2014
September 3, 2014
October 1, 2014
November 5, 2014
December 3, 2014

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

January 21, 2014
February 19, 2014
March 17, 2014
April 16, 2014
May 21, 2014
June 18, 2014
July 16, 2014
August 20, 2014
September 17, 2014
October 15, 2014
November 19, 2014
December 17, 2014

SPECIAL BOARD MEETINGS:

BOARD WORKSHOPS:



AGENDA ITEM 9a

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	July 2, 2014
SUBMITTED BY:	Dan Martin Engineering Manager	PROJECT:	Various 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 - Third Quarter Fiscal Year 2014 Capital Improvement Program Report		

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) accept the Third Quarter Fiscal Year 2014 Capital Improvement Program (CIP) Report for review and receives a summary via PowerPoint presentation (see Attachment C).

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To update the Board about the status of all CIP project expenditures and to highlight significant issues, progress, and milestones on major projects.

ANALYSIS:

To keep up with growth and to meet our ratepayers' expectations to adequately deliver safe, reliable, cost-effective, and quality water, each year the District staff prepares a Six-Year CIP Plan that identifies the District's infrastructure needs. The CIP is comprised of four categories consisting of backbone capital facilities, replacement/renewal projects, capital purchases, and developer's reimbursement projects.

The Third Quarter Fiscal Year 2014 update is intended to provide a detailed analysis of progress in completing these projects within the allotted time and budget of \$13.9 million. Expenditures through the Third Quarter totaled approximately \$5.9 million. Approximately 43% of the Fiscal Year 2014 expenditure budget was spent (see Attachment B).

This update also provides additional information regarding the annual CIP Budget Forecast versus Expenditures in recent years, as requested by the Board at the March 11, 2014 Board meeting. Annual expenditures over the five year period from FY 2009 to FY 2013 ranged from 57% to 78% of the fiscal year budgeted amount. A review of these fiscal years indicated factors that influenced the CIP expenditures during the fiscal year. Changes in the economy, external agency driven projects, as well as budgeting flexibility for "Just in time" delivery for District projects was found to influence the rate of expenditure during a fiscal year. Additionally, a majority of the projects contained in the annual CIP budget are multi-year projects that require the project manager to forecast how expenditures will occur over several future fiscal years. The project managers consider these factors when development of a fiscal year's CIP budget begins. Development of the fiscal year budget occurs on average sixteen months in advance of that fiscal year's completion.

Changes in the Economy

The FY 2014 CIP budget contains Developer reimbursement projects and District transmission projects that are programmed into the budget based on the Developer timelines for project delivery. Changes in the economy influence Developer decisions on when to implement projects. Staff works with the Developers to incorporate the best project delivery information into the budgeting process, however, as the economic climate changes during a fiscal year, Developers revise their project delivery schedules.

External Agency Driven Projects

In FY 2014, fifteen (15) percent of the CIP budget consists of projects that are driven by external agencies including the County of San Diego, the City of Chula Vista, Caltrans, and the San Diego Association of Governments. This category of the District's projects are typically a component of larger external agency projects and the District's expenditures are directly tied to the delivery of those external agency projects. As external agency projects experience delays in construction or reimbursement requests, those external agency delays impact the planned expenditure rate of the District's projects. A specific example contained in the FY 2014 budget is the San Diego County Sanitation District Outfall and RSD Outfall project which has a value of \$450,000 where expenditures are dependent on the County's request for reimbursement. As of May 1, 2014, the District

has not received a reimbursement request from the County for this project.

Just in Time Delivery

The CIP also contains a number of projects that experience reprioritization during the course of a fiscal year. The primary reason is to respond to external factors and additional project information to assure that the project is delivered when it is needed. This concept of "Just in Time Delivery" assists in assuring that project delivery of design or construction does not get ahead of the need and results in avoiding wasted expenditures. In FY 2014 the Otay Mesa Desalination Conveyance and Disinfection System project is an example of this concept as the District works with Mexico's Federal Agencies, California State agencies, and the United States Federal agencies on moving the project forward.

As staff is developing the FY 2015 budget, staff is focused on improving the accuracy of fiscal year budgeting for multi-year projects to meet established expenditure targets by taking the following actions:

- Working closer with outside agencies and Developers on changes to their delivery schedules to better predict when expenditures related to these projects will occur.
- Closer coordination between the District's departments to better determine the anticipated schedule of expenditures where cross-functional teams are required for project delivery.
- Refinement of the project budget numbers while still providing flexibility for Just in Time Delivery.

FISCAL IMPACT: Joe Beachem, Chief Financial Officer

No fiscal impact as this is an informational item only.

STRATEGIC GOAL:

The Capital Improvement Program 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.

DM/RP:jf

P:\Forms\D-Construction\CIP Quarterly Reports\CIP Qtr Reports\FY 2014\Q3\Staff Report\BD 07-02-14, Staff Report, Third Quarter FY 2014 CIP Report, (DM-RP)_rev1(3).docx

Attachments: Attachment A - Committee Action
 Attachment B - Fiscal Year 2014 Third Quarter CIP
 Expenditure Report
 Attachment C - Presentation



ATTACHMENT A

SUBJECT/PROJECT: Various	Informational Item - Third Quarter Fiscal Year 2014 Capital Improvement Program Report
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COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee (Committee) reviewed this item at a Committee Meeting held on June 17, 2014, and the following comments were made:

- Staff provided a PowerPoint presentation to the Committee and indicated that the expenditures through the third quarter of FY 2014 totaled approximately \$5.9 million, which is about 43% of the District's fiscal year budget.
- Staff indicated that the District's FY 2014 CIP budget consists of 63 projects that total \$13.9 million and is divided into four categories:
 - Capital Facilities= \$4.4 million
 - Replacement/Renewal= \$7.7 million
 - Capital Purchases= \$1.6 million
 - Developer Reimbursement= \$0.2 million
- The PowerPoint presentation included the following:
 - Total Life-to-Date Expenditures
 - CIP Budget Forecast vs. Expenditures
 - Annual CIP Expenditures vs. Budget
 - Factors that Influence CIP Expenditures
 - Major CIP Projects
 - CIP Projects in Construction
 - Construction Contract Status of projects, contract amount with allowances, net change orders, and percent of project completion
 - Consultant Contract Status of contract amounts, approve payments to date, change orders, dates when contracts were signed and the end date of contracts

- Staff provided a slide that showed how annual expenditures over the five-year period from FY 2009 to FY 2013 ranged from 57% to 78% of the fiscal year budgeted amount. Expenditures for FY 2014 is projected to be approximately 60%.
- Staff discussed factors that influenced the CIP expenditures during the fiscal year. Changes in the economy, external agency driven projects, and budgeting flexibility for "Just in time" delivery for District projects found to influence the rate of expenditure. Details of these influential factors are provided on page 2 of the staff report.
- It was also discussed that a majority of projects in the annual CIP budget are multi-year projects that require the project manager to forecast how expenditures will occur over several future fiscal years. Development of the fiscal year budget occurs on average sixteen (16) months in advance of that fiscal year's completion.
- As staff developed the FY 2015 budget, the focus was on improving the accuracy of fiscal year budgeting for multi-year projects to meet established expenditure targets by taking the following actions:
 - Working closer with outside agencies and Developers on change to their delivery schedules to better predict when expenditures related to these projects will occur
 - Closer coordination between the District's departments to better determine the anticipated schedule of expenditures where cross-functional teams are required for project delivery
 - Refinement of the project budget numbers while still providing flexibility for Just in Time Delivery
- Staff provided an update of the following:
 - 624-2 Reservoir Interior/Exterior Coating & Upgrades. Staff indicated that this project is nearing completion and estimated to be completed in June 2014.
 - 927-1 Recycled Water Reservoir Cover and Liner Replacement was placed into service in early June 2014. Staff indicated that minor punch list items are remaining.
 - SR-11 Utility Relocations Sequence I project will relocate existing water to support the construction of SR-11. Staff

indicated that work began in the Third Quarter and is phased with the delivery of the SR-11 project being constructed by Caltrans.

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

FISCAL YEAR 2014
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ATTACHMENT B

CIP No.	Description	Project Manager	FISCAL YEAR-TO-DATE, 03/31/14				LIFE-TO-DATE, 03/31/14				Comments	
			FY 2014 Budget	Expenses	Balance	Expense to Budget %	Budget	Expenses	Balance	Expense to Budget %		
CAPITAL FACILITY PROJECTS												
p2083	PS - 870-2 Pump Station Replacement (28,000 GPM)	Marchiolo	\$ 540	\$ 182	\$ 358	34%	\$ 12,581	\$ 795	\$ 11,786	6%	Project slowed to give consultant time to address preliminary design report comments. 30% design will be complete by June 2014.	
P2190	PL - 10-Inch, 1485 Zone, Jamul Highlands	Martin	-	-	-	0%	228	3	225	1%	No budget for FY 2014.	
P2267	36-Inch Main Pumpouts and Air/Vacuum Ventilation Installations	Vasquez	5	-	5	0%	435	234	201	54%	Project has been deferred to FY 2015.	
p2403	PL - 12-Inch, 624 Zone, Heritage Road - Olympic/Otay Valley	Martin	-	-	-	0%	925	-	925	0%	No budget for FY 2014.	
P2434	Rancho Del Rey Groundwater Well Development	Marchiolo	100	9	91	9%	8,700	3,606	5,094	41%	Design on hold.	
P2451	Otay Mesa Desalination Conveyance and Disinfection System	Kennedy	1,500	781	719	52%	30,000	2,410	27,590	8%	Project pace slowed to match the developer's progress in Rosarito Beach.	
P2466	Regional Training Facility	Coburn-Boyd	14	4	10	29%	300	285	15	95%	On schedule. Anticipate spending balance of budget by end of Fiscal Year.	
P2486	Asset Management Plan Condition Assessment and Data Acquisition	Zhao	75	44	31	59%	1,090	838	252	77%	On target. Anticipate spending the budget by the end of FY 2014.	
P2511	Otay Interconnect Pipeline	Marchiolo	600	246	354	41%	37,300	1,920	35,380	5%	Environmental subconsultant will amend EIR to include new alignment. Design on hold.	
P2514	PL - 30-Inch, 980 Zone, Hunte Parkway - Proctor Valley/Use Area	Martin	130	69	61	53%	1,815	1,737	78	96%	Construction complete. Current work consists of claims resolution.	
P2528	30-Inch Potable Water Pipeline Manifold at 624 Reservoirs	Marchiolo	-	-	-	0%	7,000	18	6,982	0%	No budget for FY 2014.	
P2537	Operations Yard Property Acquisition Improvements	Cameron	50	5	45	10%	300	26	274	9%	Project is progressing to 30% design. Project is under budget.	
P2539	South Bay Bus Rapid Transit (BRT) Utility Relocations	Cameron	80	17	63	21%	320	17	303	5%	SANDAG driven project. Design is at 90%. Design phase completed April 2014. Award of construction contract anticipated June Committee/July Board. Construction will be completed during FY 2015.	
P2541	624 Pressure Zone PRSs	Marchiolo	300	161	139	54%	600	161	439	27%	Expenses expected in the 4th quarter of Fiscal Year 2014.	
P2542	850-3 Reservoir Interior Coating	Cameron	10	-	10	0%	440	-	440	0%	No budget for FY 2014.	
P2543	850-1 Reservoir Interior/Exterior Coating	Cameron	-	-	-	0%	475	-	475	0%	No budget for FY 2014.	
P2544	850-2 Reservoir Interior/Exterior Reservoir Coating	Cameron	-	-	-	0%	1,075	-	1,075	0%	No budget for FY 2014.	
R2028	RecPL - 8-Inch, 680 Zone, Heritage Road - Santa Victoria/Otay Valley	Martin	-	-	-	0%	600	-	600	0%	No budget for FY 2014.	
R2042	RecPL - 8-Inch, 927 Zone, Rock Mountain Road - SR-125/EastLake	Martin	-	-	-	0%	140	-	140	0%	No budget for FY 2014.	
R2047	RecPL - 12-Inch, 680 Zone, La Media Road - Birch/Rock Mountain	Martin	-	-	-	0%	450	-	450	0%	No budget for FY 2014.	
R2048	RecPL - Otay Mesa Distribution Pipelines and Conversions	Martin	100	5	95	5%	2,200	475	1,725	22%	Developer driven project.	
R2058	RecPL - 16-Inch, 860 Zone, Airway Road - Otay Mesa/Alta	Martin	100	1	99	1%	3,500	1,340	2,160	38%	Developer driven project.	
R2077	RecPL - 24-Inch, 860 Zone, Alta Road - Alta Gate/Airway	Beppler	135	58	77	43%	4,500	2,802	1,698	62%	Anticipate spending full budget by the end of Fiscal Year 2014.	
R2087	RecPL - 24-Inch, 927 Zone, Wueste Road - Olympic/Otay WTP	Cameron	5	-	5	0%	7,000	1,030	5,970	15%	Project on hold.	
R2091	RecPS - 927-1 Pump Station Upgrade (10,000 GPM) and System Enhancements	Martin	250	164	86	66%	2,130	2,059	71	97%	Construction complete. Current work consists of claims resolution.	
R2107	RWCWRF Screening Compactor and Chlorine Injectors Enclosure	Stalker	60	21	39	35%	130	93	37	72%	We anticipate spending the remaining balance by the end of the year.	
R2108	Res - 927-1 Reservoir Cover Replacement	Martin	100	730	(630)	730%	1,400	730	670	52%	Project has been accelerated. Construction will be completed this fiscal year rather than next fiscal year. Anticipated Fiscal Year 2014 expenditures are \$1.1M rather than \$0.1M.	
R2110	RecPS - 927-1 Optimization and Pressure Zone modifications	Marchiolo	150	17	133	11%	150	17	133	11%	Distribution system improvements completed; however, pump station control strategy improvements postponed until FY 2015.	
S2039	Hidden Mountain Lift Station Enclosure	Stalker	8	-	8	0%	37	30	7	81%	This work is complete and will be invoiced shortly.	
S2043	RWCWRF Sludge Handling System	Beppler	50	37	13	74%	1,500	37	1,463	2%	Anticipate spending full budget by the end of Fiscal Year 2014.	
Total Capital Facility Projects			Total:	4,362	2,551	1,811	58%	127,321	20,663	106,658	16%	
REPLACEMENT/RENEWAL PROJECTS												
p2366	APCD Engine Replacements and Retrofits	Rahders	5	31	(26)	620%	3,488	2,513	975	72%	Retrofitted Unit #144 and anticipate spending \$16.5K by end of Fiscal Year 2014.	
P2382	Safety and Security Improvements	Ramirez	500	58	442	12%	3,397	1,961	1,436	58%	\$170K in system upgrades have been identified for completion by the end of Fiscal Year 2014. It is expected that the remaining balance will be expensed in Fiscal Year 2015.	

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ATTACHMENT B

CIP No.	Description	Project Manager	FISCAL YEAR-TO-DATE, 03/31/14				LIFE-TO-DATE, 03/31/14				Comments
			FY 2014 Budget	Expenses	Balance	Expense to Budget %	Budget	Expenses	Balance	Expense to Budget %	
P2440	I-905 Utility Relocations	Marchioro	10	3	7	30%	1,600	1,583	17	99%	Staff anticipates that Caltrans will issue an additional \$33,493 credit to Otay; however, the \$33K credit on hold pending Caltrans' receipt of final accounting numbers from the City of San Diego's sewer contractor.
p2453	SR-11 Utility Relocations	Marchioro	125	52	73	42%	2,250	210	2,040	9%	Construction contract awarded January 2014; however, construction schedule tied to large Caltrans freeway project. Majority of water relocation construction anticipated FY 2015.
P2477	Res - 624-1 Reservoir Cover Replacement	Martin	50	28	22	56%	1,000	924	76	92%	Complete.
P2485	SCADA Communication System and Software Replacement	Stalker	540	276	264	51%	1,846	1,044	802	57%	Only about \$340K will be spent this year due to delays in the SCADA replacement, South District Radio, and 3 day Battery Back-up projects.
P2493	624-2 Reservoir Interior/Exterior Coating	Cameron	1,550	578	972	37%	1,950	595	1,355	31%	Construction is 40% complete. Project is scheduled to be completed July 2014.
P2494	Multiple Species Conservation Plan	Coburn-Boyd	60	5	55	8%	887	804	83	91%	May use about \$10,000 by end of FY. Project getting started again, but won't really gear up until next FY 2015.
P2495	San Miguel Habitat Management/Mitigation Area	Coburn-Boyd	140	89	51	64%	2,040	982	1,058	48%	Expect to use all of the budget by end of FY.
P2496	Otay Lakes Road Utility Relocations	Martin	70	22	48	31%	325	298	27	92%	On target. Project to complete in Fiscal Year 2014.
P2504	Regulatory Site Access Road and Pipeline Relocation	Cameron	325	12	313	4%	900	326	574	36%	Project schedule driven by Heartland Fire. On hold.
P2507	East Palomar Street Utility Relocation	Cameron	230	318	(88)	138%	900	601	299	67%	Caltrans driving project. Utility agreements are in place for reimbursement.
P2508	Pipeline Cathodic Protection Replacement Program	Marchioro	60	1	59	2%	300	4	296	1%	Partial draft PDR completed April 8, 2014. Final design of 14-inch forcemain cathodic protection rehab will be completed by June 2014.
P2513	East Orange Avenue Bridge Crossing	Cameron	300	139	161	46%	1,350	1,304	46	97%	Complete. As-built drawings and closeout with Caltrans are being processed.
P2515	870-1 Reservoir Paving	Cameron	490	34	456	7%	550	91	459	17%	Project is under budget. Additional environmental surveys delayed construction expenditures.
P2518	803-3 Reservoir Interior/Exterior Coating	Cameron	125	105	20	84%	750	614	136	82%	Complete. Finalizing as-built drawings.
p2519	832-2 Reservoir Interior/Exterior Coating	Cameron	335	358	(23)	107%	775	627	148	81%	Complete. Finalizing as-built drawings.
P2520	Motorola Mobile Radio Upgrade	Martinez	30	11	19	37%	100	75	25	75%	This project has been extended through FY 2015 and an additional \$50K proposed to complete the upgrade of mobile handheld radios. All vehicle and fleet radio upgrades are complete and online.
P2521	Large Meter Vault Upgrade Program	Mendez-Schomer	105	23	82	22%	600	219	381	37%	Retrofit of the vault sites will continue throughout this fiscal year. It is expected that this project will finish under budget. This CIP will be closed at end of FY 2014 and moving any additional work to a work order.
P2529	711-2 Reservoir Interior & Exterior Coating	Cameron	-	-	-	0%	600	-	600	0%	No budget for FY 2014.
P2530	711-1 Reservoir Interior & Exterior Coating	Cameron	-	-	-	0%	725	-	725	0%	No budget for FY 2014.
P2531	944-1 Reservoir Interior & Exterior Coating	Cameron	5	-	5	0%	175	-	175	0%	Expenses expected in the 4th quarter.
P2532	944-2 Reservoir Interior & Exterior Coating	Cameron	5	-	5	0%	725	-	725	0%	Expenses expected in the 4th quarter.
P2533	1200-1 Reservoir Interior & Exterior Coating	Cameron	-	-	-	0%	325	-	325	0%	No budget for FY 2014.
P2534	978-1 Reservoir Interior & Exterior Coating	Cameron	-	-	-	0%	225	-	225	0%	No budget for FY 2014.
P2535	458-2 Reservoir Interior Coating	Cameron	345	5	340	1%	425	13	412	3%	Project was delayed. Construction will be done in FY 2015.
P2538	Administration and Operations Building Fire Sprinkler Replacement Program	Cameron	100	18	82	18%	400	18	382	5%	The project's scope was modified from a full replacement to repair and treatment. This will significantly reduce the cost.
R2109	Sweetwater River Wooden Trestle Improvement for the Recycled Water Forcemain	Beppler	100	16	84	16%	350	16	334	5%	Design proceeding. Anticipate spending 40% of budget by the end of Fiscal Year 2014.
R2111	RWCWRF - RAS Pump Replacement	Beppler	100	9	91	9%	100	9	91	9%	Anticipate spending 35% of budget by the end of Fiscal Year 2014.
S2012	San Diego County Sanitation District Outfall and RSD Outfall Replacement	Kennedy	450	-	450	0%	3,550	817	2,733	23%	The County will invoice the District at the end of the FY 2014.
S2024	Campo Road Sewer Main Replacement	Beppler	275	64	211	23%	5,500	109	5,391	2%	Anticipate spending 40% of budget by the end of Fiscal Year 2014.

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CIP No.	Description	Project Manager	FISCAL YEAR-TO-DATE, 03/31/14				LIFE-TO-DATE, 03/31/14				Comments
			FY 2014 Budget	Expenses	Balance	Expense to Budget %	Budget	Expenses	Balance	Expense to Budget %	
S2027	Rancho San Diego Pump Station Rehabilitation	Beppler	500	13	487	3%	2,900	52	2,848	2%	The County is expected to invoice the District after the Board of Supervisors approve the agreement with the District. Anticipate spending 40% of budget by the end of Fiscal Year 2014.
S2033	Sewer System Rehabilitation	Beppler	800	258	542	32%	6,000	490	5,510	8%	
Total Replacement/Renewal Projects		Total:	7,730	2,526	5,204	33%	47,008	16,299	30,709	35%	
CAPITAL PURCHASE PROJECTS											
P2282	Vehicle Capital Purchases	Rahders	266	-	266	0%	5,021	2,876	2,145	57%	On schedule and anticipate spending total budget for Fiscal Year 2014.
P2285	Office Equipment and Furniture Capital Purchases	Dobrawa	55	12	43	22%	589	516	73	88%	No additional purchases anticipated for Fiscal Year 2014.
p2286	Field Equipment Capital Purchases	Rahders	149	94	55	63%	1,758	1,257	501	72%	On-schedule.
P2469	Information Technology Network and Hardware	Segura	350	241	109	69%	2,509	1,625	884	65%	Expect to spend \$350K in FY 2014.
P2470	Financial System Enhancements	Stevens	130	49	81	38%	2,322	1,668	654	72%	Expected to spend \$60K in FY 2014.
P2540	Work Order Management System Replacement	Stevens	300	72	228	24%	700	72	628	10%	Expect to spend \$275K in FY 2014.
S2042	Sewer Vehicle Capital Purchases	Rahders	367	367	-	100%	367	367	-	100%	Complete.
Total Capital Purchase Projects		Total:	1,617	835	782	52%	13,266	8,381	4,885	63%	
DEVELOPER REIMBURSEMENT PROJECTS											
P2104	PL - 12-Inch, 711 Zone, La Media Road - Birch/Rock Mountain	Martin	-	-	-	0%	833	-	833	0%	No budget for Fiscal Year 2014.
P2107	PL - 12-Inch, 711 Zone, Rock Mountain Road - La Media/SR 125	Martin	-	-	-	0%	722	-	722	0%	No budget for Fiscal Year 2014.
R2082	RecPL - 24-Inch, 680 Zone, Olympic Parkway - Village 2/Heritage	Martin	1	-	1	0%	1,747	-	1,747	0%	Developer driven project. No major activity anticipated for Fiscal Year 2014.
R2083	RecPL - 20-Inch, 680 Zone, Heritage Road - Village 2/Olympic	Martin	1	-	1	0%	400	-	400	0%	Developer driven project. No major activity anticipated for Fiscal Year 2014.
R2084	RecPL - 20-Inch, 680 Zone, Village 2 - Heritage/La Media	Martin	1	-	1	0%	971	1	970	0%	Developer driven project. No major activity anticipated for Fiscal Year 2014.
R2085	RecPL - 20-Inch, 680 Zone, La Media - State/Olympic	Martin	1	-	1	0%	600	-	600	0%	Developer driven project. No major activity anticipated for Fiscal Year 2014.
R2094	Potable Irrigation Meters to Recycled Water Conversions	Martin	150	22	128	15%	1,700	1,587	113	93%	On target. Project to complete in Fiscal Year 2014.
Total Developer Reimbursement Projects		Total:	154	22	132	14%	6,973	1,588	5,385	23%	
GRAND TOTAL			\$ 13,863	\$ 5,934	\$ 7,929	43%	\$ 194,568	\$ 46,931	\$ 147,637	24%	

Otay Water District Capital Improvement Program

Fiscal Year 2014
Third Quarter
(through March 31, 2014)



03/24/2014

927-1 Recycled Water Reservoir



Background

The approved CIP Budget for Fiscal Year 2014 consists of 63 projects that total \$13.9 million. These projects are broken down into four categories.

- | | |
|----------------------------|----------------|
| 1. Capital Facilities | \$ 4.4 million |
| 2. Replacement/Renewal | \$ 7.7 million |
| 3. Capital Purchases | \$ 1.6 million |
| 4. Developer Reimbursement | \$ 0.2 million |

Overall expenditures through the Third Quarter of Fiscal Year 2014 totaled \$5.9 million, which is approximately 43% of the Fiscal Year budget.

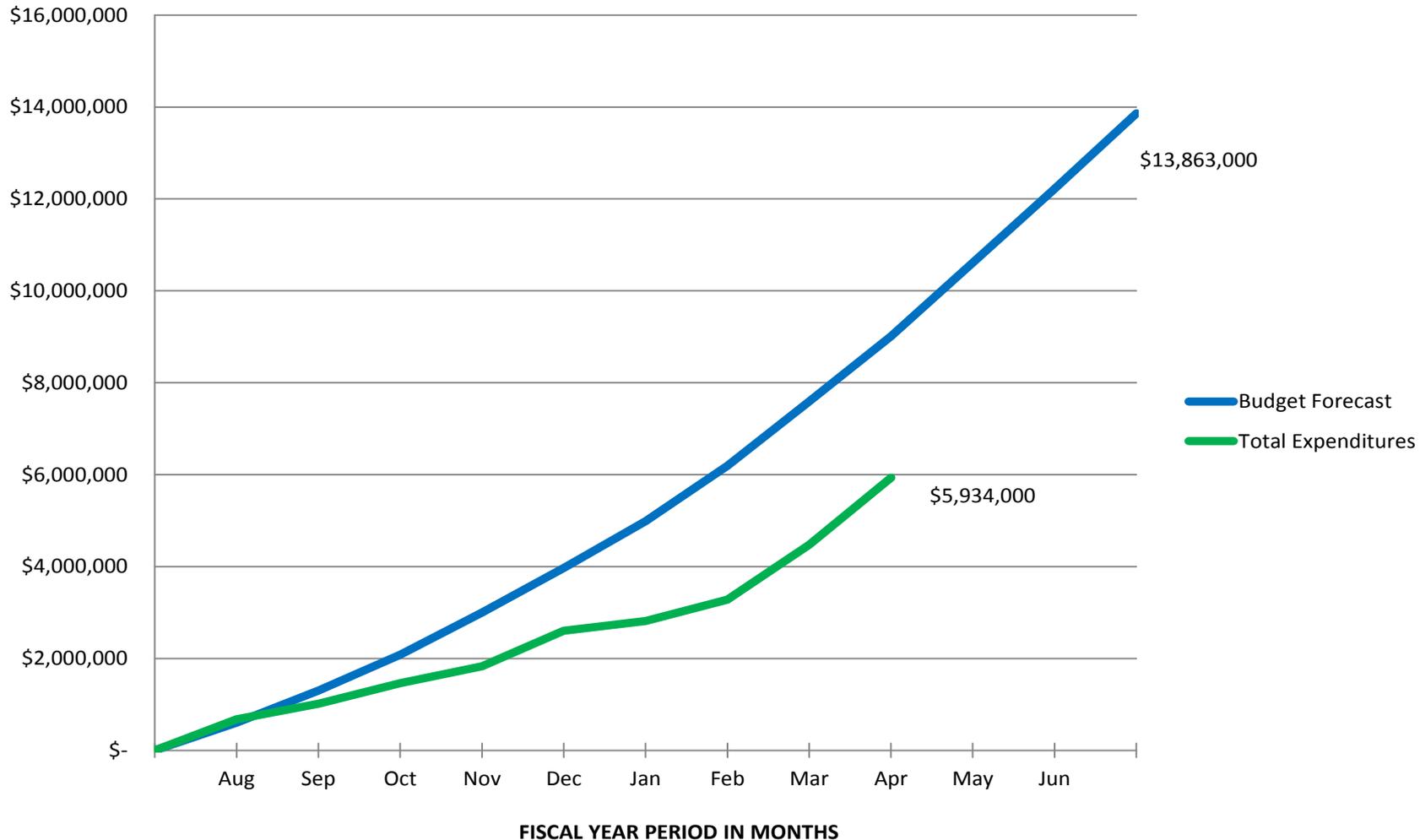
Fiscal Year 2014

Third Quarter Update

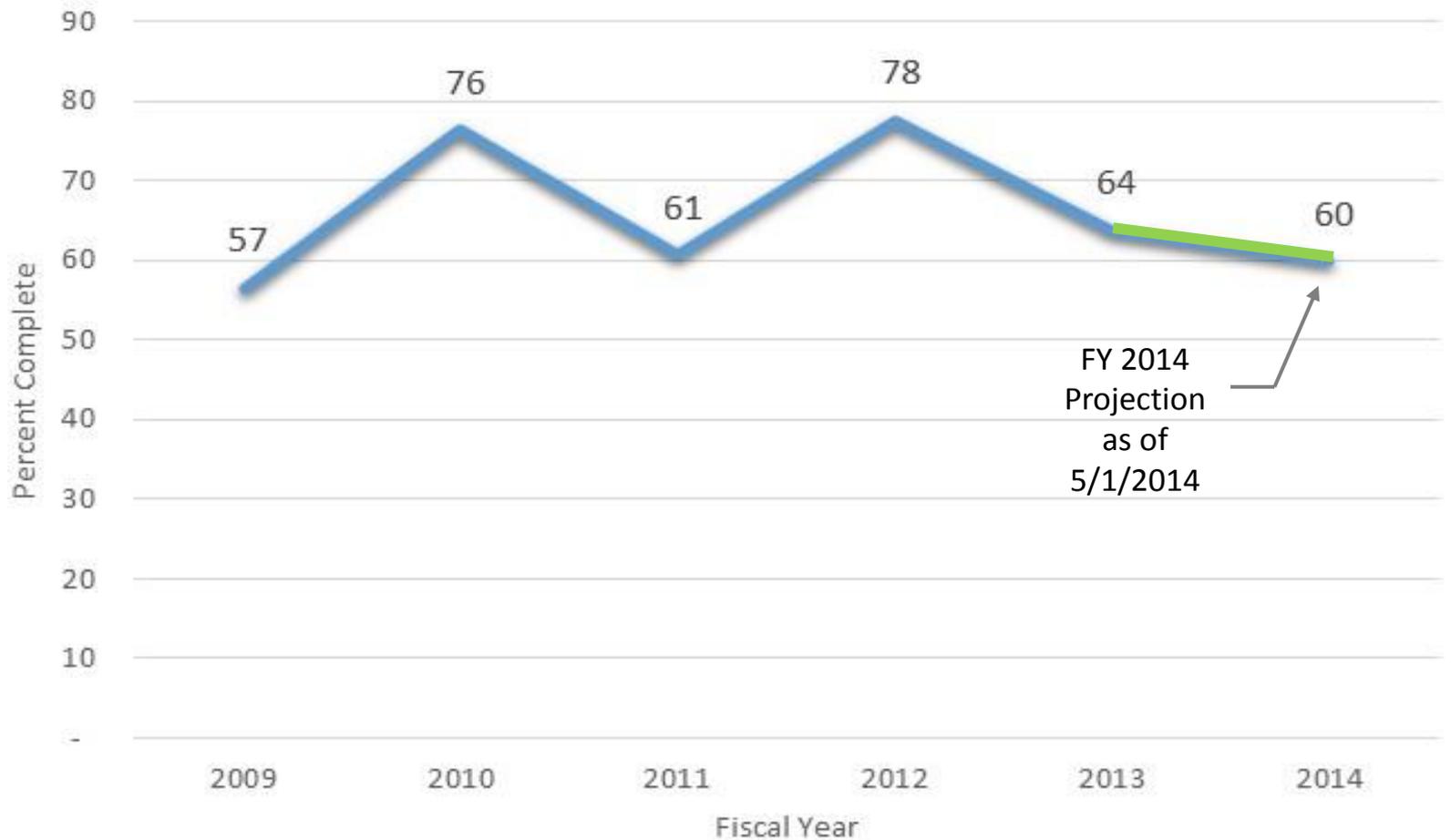
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CIP CAT	Description	FY 2014 Budget	FY 2014 Expenditures	% FY 2014 Budget Spent	Total Life-to- Date Budget	Total Life-to-Date Expenditures	% Life-to- Date Budget Spent
1	Capital Facilities	\$4,362	\$2,551	58%	\$127,321	\$20,663	16%
2	Replacement/ Renewal	\$7,730	\$2,526	33%	\$47,008	\$16,299	35%
3	Capital Purchases	\$1,617	\$835	52%	\$13,266	\$8,381	63%
4	Developer Reimbursement	\$154	\$22	14%	\$6,973	\$1,588	23%
	Total:	\$13,863	\$5,934	43%	\$194,568	\$46,931	24%

Fiscal Year 2014 Third Quarter CIP Budget Forecast vs. Expenditures



Annual CIP Expenditures vs. Budget



Factors that Influence CIP Expenditures

Causes

- Changes in the economy
- External Agency driven projects (15% in FY 2014)

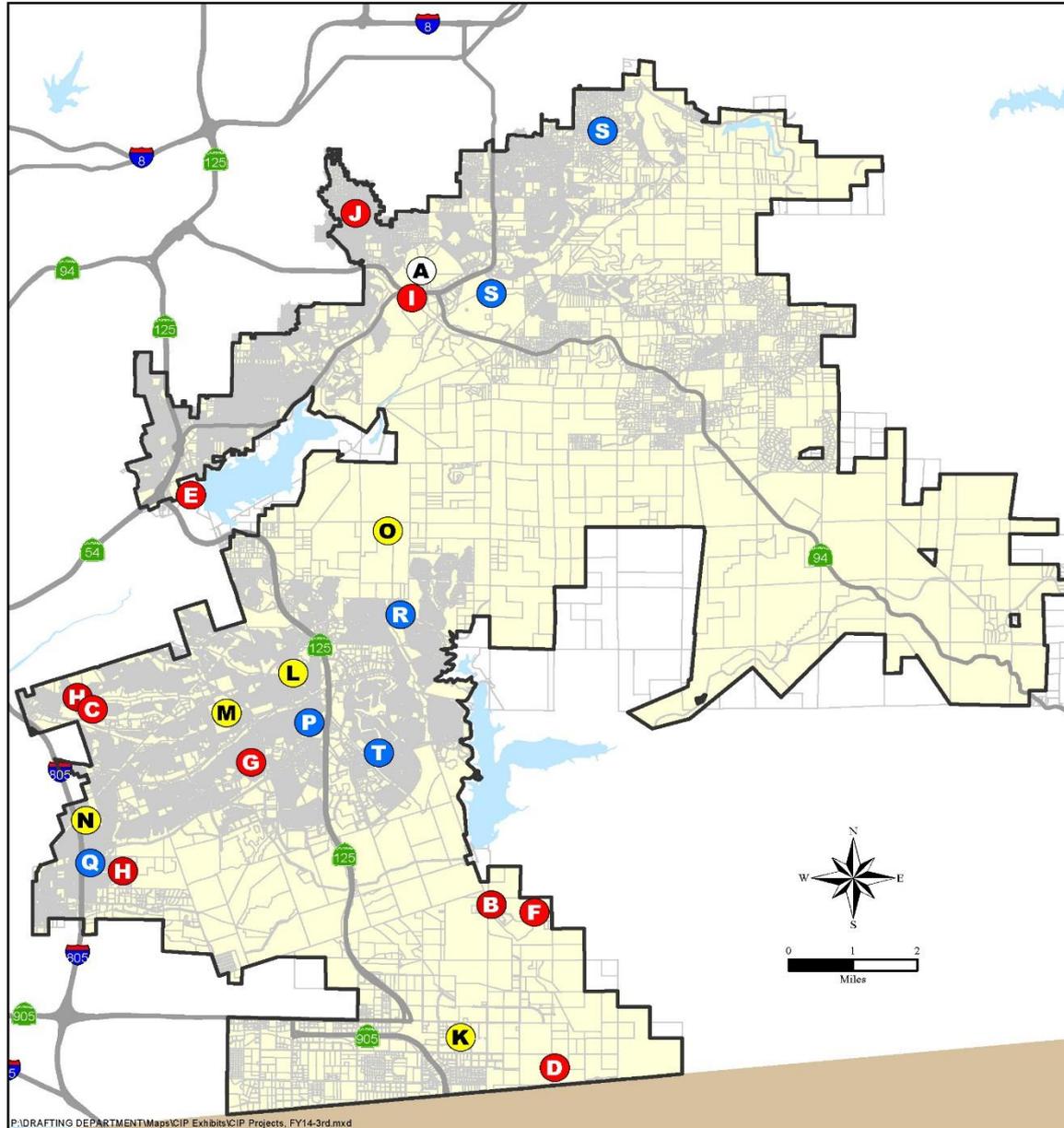
Effects

- Developer timelines, Agency Schedules
- Reprioritization of CIP project expenditures to respond to external factors
- Budgeting flexibility for Just in Time Delivery

Actions taken by Staff for FY 2015 Budget

- Working closer with Outside agencies and Developers on changes to their delivery schedules
- Closer coordination between District Departments on anticipated schedule of expenditures
- Refinement of Project Budgets while providing flexibility for Just in Time delivery

District Map of Major CIP Projects



MAJOR CIP PROJECTS

PLANNING - 1

- A** P2504 - Regulatory Site Access Road & Pipeline Relocation

DESIGN - 9

- B** P2083 - 870-2 Pump Station Replacement
- C** P2434 - Rancho Del Rey Groundwater Well Development
- D** P2451 - Otay Mesa Conveyance and Disinfection System
- E** P2511 - Otay Interconnect Pipeline
- F** P2515 - 870-1 Reservoir Paving
- G** P2539 - South Bay Bus Rapid Transit (BRT) Utility Relocations
- H** P2541 - 624PZ Pressure Reducing Stations
- I** S2024 - Campo Road Sewer Main Replacement
- J** S2033 - Calavo Basin Sewer System Rehabilitation

CONSTRUCTION - 5

- K** P2453 - SR-11 Utility Relocations
- L** P2493 - 624-2 Reservoir Interior Coating & Upgrades
- M** P2496 - Otay Lakes Road Utility Relocations Phase II
- N** P2507 - East Palomar Street Utility Relocation
- O** R2108 - 927-1 Reservoir Cover and Liner Replacement

COMPLETED - 5

- P** P2477 - 624-1 Reservoir Cover and Liner Replacement
- Q** P2513 - East Orange Avenue Bridge Crossing
- R** P2514 - 30-Inch Potable Water Pipeline in Hunte Parkway
- S** P2518/P2519 - 803-3 & 832-2 Reservoir Interior/Exterior Coating
- T** R2091 - 944-1R Recycled Water Pump Station Upgrade



Fiscal Year 2014 - 3rd Quarter

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CIP Projects in Construction

- 624-2 Reservoir Interior/Exterior Coating & Upgrades (P2493)
- Remove and Replace Deteriorating Reservoir Coating
- Structural Modifications Including Level Indicator Replacement and Anode Replacement
- \$1.95M Budget
- Start: January 2014
- Estimated Completion: June 2014



Above: Reservoir Interior Coating
Below: Reservoir Roof Coating



CIP Projects in Construction

- 927-I Recycled Water Reservoir Cover and Liner Replacement (R2108)
- Removal and Replacement of the reservoir liner and cover
- \$1.40M Budget
- Start: November 2013
- Estimated Completion: June 2014



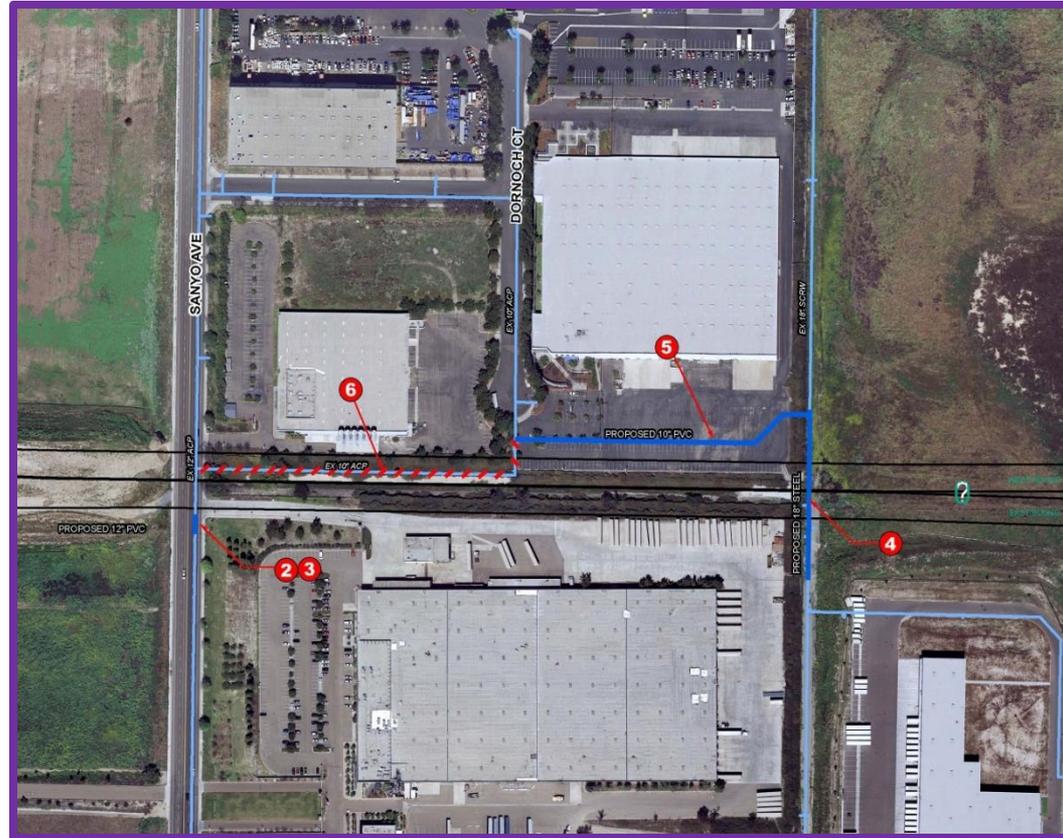
Above: Removing Existing Liner

Below: Recoating Existing Vault



CIP Projects in Construction

- SR-II Utility Relocations Sequence I (P2453)
- Relocate Existing Water Facilities to support SR-II Construction
- \$2.25M Budget
- Start: February 2014
- Estimated Completion: July 2016



Aerial View of Project Location
Future SR-II/Sanyo Avenue

Construction Contract Status

CIP NO.	PROJECT TITLE	CONTRACTOR	BASE BID AMOUNT	CONTRACT AMOUNT W/ ALLOWANCES	NET CHANGE ORDERS LTD*		CURRENT CONTRACT AMOUNT	TOTAL EARNED TO DATE	% CHANGE ORDERS W/ ALLOWANCE CREDIT**	% COMPLETE	EST. COMP. DATE
					PROJECT TOTAL	%					
R2091	944-1R Recycled Pump Station Upgrade & System Enhancements	Sepulveda	\$1,099,423	\$1,162,423	\$90,505	8.2%	\$1,252,928	\$1,252,928	7.8%	100.0%	Complete February 2014
R2108	927-1 Recycled Water Reservoir Cover and Liner Replacement	Layfield	\$833,400	\$873,400	\$3,760	0.5%	\$877,160	\$614,830	0.4%	70.1%	June 2014
P2453	SR-11 Potable Water Utility Relocations - Sequence 1	Coffman Specialties, Inc.	\$947,380	\$992,380	\$0	0.0%	\$947,380	\$0	-4.5%	0.0%	July 2016
P2493	624-2 Reservoir Coating	Advanced Industrial Services	\$1,169,000	\$1,199,000	\$0	0.0%	\$1,169,000	\$457,761	-2.5%	39.2%	June 2014
P2514	Hunte Parkway 30" Potable Water Installation	Sepulveda	\$1,172,257	\$1,212,257	\$126,233	10.8%	\$1,312,508	\$1,312,508	8.3%	100.0%	Complete June 2013
P2513	Orange Avenue/ I-805 12" Potable Water Installation	Basile	\$767,000	\$872,000	\$19,290	2.5%	\$891,290	\$891,290	2.2%	100.0%	Complete August 2013
P2518/P2519	803-3 & 832-2 Reservoir Coating	Advanced Industrial Services	\$876,900	\$946,900	(\$3,339)	-0.4%	\$873,561	\$873,561	-7.7%	100.0%	Complete December 2013
		TOTALS:	\$6,865,360	\$7,258,360	\$236,449	3.4%	\$7,323,827	\$5,402,878	0.9%		

*NET CHANGE ORDERS DO NOT INCLUDE ALLOWANCE ITEM CREDITS. IT'S A TRUE CHANGE ORDER PERCENTAGE FOR THE PROJECT

**THIS CHANGE ORDER RATE INCLUDES THE CREDIT FOR UNUSED ALLOWANCES



Consultant Contract Status

Consultant	CIP No.	Project Title	Original Contract Amount	Total Change Orders	Revised Contract Amount	Approved Payment To Date	% Change Orders	% Project Complete	Date of Signed Contract	End Date of Contract
PLANNING										
ATKINS	Varies	2015 WATER FACILITIES MASTER PLAN UPDATE	\$ 434,731.00	\$ -	\$ 434,731.00	\$ -	0.0%	0.0%	1/28/2014	12/31/2016
ARCADIS U.S., INC.	Varies	WASTEWATER MANAGEMENT PLAN FY12-13	\$ 349,979.36	\$ -	\$ 349,979.36	\$ 349,971.86	0.0%	100.0%	8/3/2011	COMPLETE 12/31/2013
BROWN AND CALDWELL	P1210	IWRP 2013 UPDATE	\$ 5,000.00	\$ -	\$ 5,000.00	\$ 3,001.00	0.0%	60.0%	9/17/2013	COMPLETE 12/31/2013
NARASIMHAN CONSULTING	Varies	HYDRAULIC MODELING SERVICES	\$ 175,000.00	\$ -	\$ 175,000.00	\$ 106,120.70	0.0%	60.6%	5/2/2011	6/30/2014
DESIGN										
AECOM	P2451	OTAY MESA CONVEYANCE AND DISINFECTION SYSTEM (DESIGN ENGINEER)	\$ 3,910,297.00	\$ -	\$ 3,910,297.00	\$ 805,954.32	0.0%	20.6%	1/3/2011	6/30/2016
AEGIS ENGINEERING MGMT INC	Varies	AS-NEEDED DESIGN SERVICES FY13-14	\$ 300,000.00	\$ -	\$ 300,000.00	\$ 163,922.90	0.0%	54.6%	11/1/2012	6/30/2014
ARCADIS U.S., INC.	P2434, P2511	VALUE ENGINEERING AND CONSTRUCTIBILITY REVIEW	\$ 153,628.00	\$ -	\$ 153,628.00	\$ 65,308.73	0.0%	42.5%	1/18/2012	6/30/2014
ATKINS	Varies	AS-NEEDED ENGINEERING DESIGN SERVICES FY12-13	\$ 175,000.00	\$ -	\$ 175,000.00	\$ 149,283.56	0.0%	85.3%	10/25/2011	6/30/2015
BSE ENGINEERING INC	Varies	AS-NEEDED ELECTRICAL SERVICES	\$ 100,000.00	\$ -	\$ 100,000.00	\$ 9,360.00	0.0%	9.4%	6/1/2012	6/30/2015
BUSTAMANTE & ASSOCIATES	P2451	OTAY MESA CONVEYANCE AND DISINFECTION SYSTEM (BINATIONAL WATER AND RELATED ISSUES)	\$ 39,500.00	\$ -	\$ 39,500.00	\$ 7,000.00	0.0%	17.7%	1/1/2013	COMPLETE 10/31/2013
CAROLLO ENGINEERS INC	P2083	DESIGN/CONSTRUCTION FOR 870-2 PS	\$ 624,910.00	\$ -	\$ 624,910.00	\$ 83,243.73	0.0%	13.3%	10/11/2013	12/31/2017
DARNELL & ASSOCIATES	Varies	AS-NEEDED TRAFFIC ENGINEERING SERVICES	\$ 125,000.00	\$ -	\$ 125,000.00	\$ -	0.0%	0.0%	6/12/2012	6/30/2014
HDR ENGINEERING INC	Varies	CORROSION SERVICES FY14-FY16	\$ 684,750.00	\$ -	\$ 684,750.00	\$ 24,256.50	0.0%	3.5%	11/22/2013	12/31/2015
HECTOR MARES-COSSIO	P2451	OTAY MESA CONVEYANCE AND DISINFECTION SYSTEM (BINATIONAL WATER AND RELATED ISSUES)	\$ 120,000.00	\$ -	\$ 120,000.00	\$ 79,200.00	0.0%	66.0%	4/1/2013	3/31/2015



Consultant Contract Status

Consultant	CIP No.	Project Title	Original Contract Amount	Total Change Orders	Revised Contract Amount	Approved Payment To Date	% Change Orders	% Project Complete	Date of Signed Contract	End Date of Contract
LEE & RO INC	P2511	OTAY INTERCONNECT PIPELINE	\$ 2,769,119.00	\$ -	\$ 2,769,119.00	\$ 1,066,665.71	0.0%	38.5%	11/4/2010	12/31/2015
MICHAEL D.KEAGY REAL ESTATE	Varies	AS-NEEDED APPRAISAL SERVICES FY13-14	\$ 45,000.00	\$ -	\$ 45,000.00	\$ 5,000.00	0.0%	11.1%	9/5/2012	6/30/2014
SILVA SILVA CONSULTING	P2451	OTAY MESA CONVEYANCE AND DISINFECTION SYSTEM (BINATIONAL WATER AND RELATED ISSUES)	\$ 104,000.00	\$ -	\$ 104,000.00	\$ 96,289.05	0.0%	92.6%	5/1/2012	6/30/2014
SOUTHERN CALIFORNIA SOIL	Varies	GEOTECHNICAL SERVICES FY13-15	\$ 175,000.00	\$ -	\$ 175,000.00	\$ 37,287.57	0.0%	21.3%	12/10/2012	6/30/2015
TETRA TECH, INC	P2434	RANCHO DEL REY WELL - PHASE 2	\$ 724,493.50	\$ 23,749.00	\$ 748,242.50	\$ 404,445.17	3.3%	54.1%	4/21/2011	12/31/2014
V & A CONSULTING	Varies	VALUE ENGINEERING AND CONSTRUCTIBILITY REVIEW	\$ 392,729.00	\$ -	\$ 392,729.00	\$ 298,601.09	0.0%	76.0%	6/23/2011	COMPLETE 9/30/2013
CONSTRUCTION SERVICES										
AIRX UTILITY SURVEYORS	Varies	AS-NEEDED SURVEYING SERVICES FY 14-15	\$ 175,000.00	\$ -	\$ 175,000.00	\$ 41,243.00	0.0%	23.6%	9/18/2013	6/30/2015
ALTA LAND SURVEYING, INC.	Varies	AS-NEEDED SURVEYING SERVICES	\$ 175,000.00	\$ -	\$ 175,000.00	\$ 171,198.75	0.0%	97.8%	8/15/2011	6/30/2014
ALYSON CONSULTING	Varies	CONSTRUCTION MGMT/INSPECTION FY 13-15	\$ 350,000.00	\$ -	\$ 350,000.00	\$ 171,800.00	0.0%	49.1%	10/24/2012	6/30/2015
CLARKSON LAB & SUPPLY	Varies	AS-NEEDED BACTERIOLOGICAL TESTING FY 14	\$ 15,000.00	\$ -	\$ 15,000.00	\$ 15,000.00	0.0%	100.0%	7/1/2013	6/30/2014
HARPER & ASSOCIATES	P2493	COATING INSPECTION SERVICES ON THE 624-2 & 458-2 RESERVOIR	\$ 75,160.00	\$ -	\$ 75,160.00	\$ 29,660.00	0.0%	39.5%	8/27/2013	7/3/2014
ENVIRONMENTAL										
ICF INTERNATIONAL (aka JONES & STOKES ASSOCIATES)	Varies	AS-NEEDED ENVIRONMENTAL CONSULTING SERVICES	\$ 375,000.00	\$ -	\$ 375,000.00	\$ 314,475.80	0.0%	83.9%	9/9/2010	6/30/2014
MERKEL & ASSOCIATES	Varies	SAN MIGUEL HABITAT MANAGEMENT AREA AND CIP-ASSOCIATED MITIGATION PROJECTS	\$ 359,079.00	\$ -	\$ 359,079.00	\$ 300,521.48	0.0%	83.7%	12/14/2011	12/31/2014
RECON	P2494	PREPARATION OF THE SUBAREA PLAN	\$ 270,853.00	\$ -	\$ 270,853.00	\$ 190,221.86	0.0%	70.2%	3/28/2008	6/30/2015
WATER RESOURCES										
MICHAEL R. WELCH	Varies	ENGINEERING PLANNING SVCS.	\$ 40,000.00	\$ -	\$ 40,000.00	\$ 39,960.00	0.0%	99.9%	3/25/2009	COMPLETE 6/30/2015



Consultant Contract Status

Consultant	CIP No.	Project Title	Original Contract Amount	Total Change Orders	Revised Contract Amount	Approved Payment To Date	% Change Orders	% Project Complete	Date of Signed Contract	End Date of Contract
MICHAEL R. WELCH	Varies	ENGINEERING PLANNING SVCS.	\$ 100,000.00	\$ -	\$ 100,000.00	\$ -	0.0%	0.0%	3/31/2014	6/30/2019
PUBLIC SERVICES										
AEGIS ENGINEERING MANAGEMENT	Varies	RECYCLED WATER PLAN CHECKING, RETROFIT, AND INSPECTION SERVICES FOR DEVELOPER PROJECTS	\$ 300,000.00	\$ -	\$ 300,000.00	\$ 296,020.96	0.0%	98.7%	1/20/2010	COMPLETE 12/30/2013
AEGIS ENGINEERING MANAGEMENT	Varies	RECYCLED WATER PLAN CHECKING, RETROFIT, AND INSPECTION SERVICES FOR DEVELOPER PROJECTS	\$ 300,000.00	\$ 35,000.00	\$ 335,000.00	\$ 309,105.24	11.7%	92.3%	11/24/2010	COMPLETE 12/30/2013
AEGIS ENGINEERING MANAGEMENT	Varies	AS-NEEDED DEVELOPER PROJECTS FY 14-15	\$ 350,000.00	\$ -	\$ 350,000.00	\$ 80,603.30	0.0%	23.0%	8/20/2013	6/30/2015
TOTALS:			\$ 14,293,228.86	\$ 58,749.00	\$ 14,351,977.86	\$ 5,714,722.28	0.4%			

QUESTIONS?

AGENDA ITEM 10



STAFF REPORT

TYPE		MEETING			
MEETING:	Regular Board	DATE:	July 2, 2014		
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				

GENERAL MANAGER:

- **Leak Detection Project:** The District contracted with ME Simpson Company to perform proactive leak detection in the area of Chula Vista that is south of Otay Lakes Road and east of La Media Road. The technicians listened for leak noise in over 6,700 meters and over 3,100 valves on 77 miles of potable pipelines. They also listened to 371 meters and 442 valves on 31 miles of recycled pipelines. They reported 6 service lateral leaks and 30 leaks inside meter boxes and 22 leaks on customers' property where the meter was not moving. None of the lateral or meter box leaks were visible on the surface. All the reported leaks were on the potable system; there were none found on the recycled system. The preliminary estimate for the total flow recovered is 53 gpm. If the leaks would have continued unnoticed for a year, the amount of water loss would be 85.5 acre feet per year. Using the loaded wholesale rate of \$1,455 per acre-foot, the cost of replacing this lost water would be \$124,402. The leak survey cost was approximately \$28,000. The cost for repairs is presently being determined.

The amount of water loss from the service leaks was estimated using a theoretical water loss table based on the size of the hole and the water pressure. The water loss for the meter leaks, which were mostly dripping, not steadily flowing, was estimated using 0.1 gpm. The water loss for the leaks on the customer side of the meter was 0.05 gpm, because the meter indicators were not moving and the meters are accurate down to 0.125 gpm.

This survey covered 11% of the potable system and 30% of the recycled system.

Last year staff did 10% of the system from a potable "miles of pipe" standpoint, for a total of 21% over two years. From a "number of service connections" standpoint, staff did 13.7% in each of the last two years for a total of 27.4%.

- The District participated in the following events:
 - "It's How We Live Festival", Spring Valley Community Center, - Saturday, May 31st
 - International Friendship Games - Mater Dei High School, Chula Vista - Saturday, June 7th
 - Garden Friendly Plant Fair at the EastLake Home Depot, Chula Vista - Saturday, June 14th
 - Gonzalez Scholars Give Back: Rice Canyon Clean Up - Chula Vista - Thursday, June 19th 2014
 - County Water Authority Exhibit at the Del Mar Fair - Sunday, June 29th

ADMINISTRATIVE SERVICES:

Purchasing and Facilities:

- Purchase Orders - There were 49 purchase orders processed in June for a total of \$303,441 - 40% of the value and 6% of the orders were on blanket orders. While blanket order value exceeded Purchasing's 15% strategic plan objective, the number of blanket orders at 6% does not. The drop in the percentage of blanket orders is due to the approaching fiscal year end and an associated surge in off contract orders and projects.

Human Resources:

- Employee Picnic and Holiday Party Scheduled - Please mark your calendars to attend our Picnic and Holiday Party. The Picnic will be held at Santee Lakes on August 2nd from 11:00 a.m. - 4:00 p.m. and the Holiday Party will be on the Berkley Ferry (San Diego Maritime Museum) on December 13th from 6:00 p.m. - 11:00 p.m.
- Annual Performance Evaluations - Managers and Supervisors are completing the annual performance evaluations during the months of June and July.
- Recruitments - HR is currently recruiting for Water Reclamation Plant Operator, Senior Civil Engineer, and SCADA/Senior SCADA Instrumentation Technician.
- New Hires/Promotions - There was one new hire in the month of June: Utility Worker II.

Safety & Security:

- NIMS/SEMS/ICS Program Review/Training - District staff completed ICS-100 and IS-700 training.
- District-Wide Facility Alarm Security Testing and Inspection - Phase I of District-wide alarm security testing, inspection and reprogramming project is complete. A total of 30 District facility sites are completed.
- First-AID/CPR/AED Training and Annual Hearing Testing- District field employees completed first-aid/CPR/AED and annual hearing testing and training.
- California Environmental System Reporting Requirements (CERS) Reporting - CERS for 25 District facilities are complete.
- Monthly WebEOC Exercises (April& May) - Completed monthly WebEOC exercises for April and May. April's training consisted of sending an emergency e-mail to the CWA. May's training consisted of developing an ICS 201 Incident Briefing form, completing the current organization section of the chart and providing a brief summary of actions.

INFORMATION TECHNOLOGY AND STRATEGIC PLANNING:

- Strategic Measures - Staff is adding more detail to new projects and revised measures approved by the Board for the 2015 - 2018 Strategic plan. Milestones, deliverables and revised measurements are being developed in order for the new plan to take effect in July 1.
- City of Chula Vista Sewer Rate Increase - The City of Chula Vista (City) is increasing their sewer rates this year effective July 1, 2014. The last time they raised their rates was about five years ago. IT is working with Customer Service to test the new rates to ensure sewer charges are calculated correctly. The City is also asking Otay to split the current sewer rate into three rates to help them track sewer charges, stormwater fees and replacement fees separately. This phase of the rate increase will require a full implementation plan which is yet to be discussed. The City is aware that the rate split will not be implemented until later this year.

FINANCE

- Fiscal Year-End - Staff is preparing to close the District's books for the fiscal year ending June 30, 2014, updating the

related annual financial audit schedules and opening the new fiscal year beginning July 1, 2014.

- Operations Calls Transitioning to Customer Service - In an effort to streamline customer communications, Customer Service Representatives will begin taking customer calls from Operations beginning on June 26th. Over the past month, Customer Service Representatives have worked closely with the Operations Secretary to ensure the transition is seamless.

Water Conservation

- Otay Mesa Commercial Vehicle Enforcement Facility Irrigation Audit - MWD has approved funding a commercial irrigation audit for the California Highway Patrol's seventeen acre Commercial Vehicle Enforcement Facility. Van Dyke Landscape Architects of San Diego will provide the audit at no charge to the District.
- Water Conservation Demonstration Garden - Staff identified three potential partners for a demonstration garden site in Chula Vista. Otay Ranch Town Center, Southwestern College and the City of Chula Vista Open Space Section, were contacted and each expressed interest in learning more about the potential project. Staff is currently scheduling meetings to discuss the proposed idea of establishing a demonstration garden on a visible and accessible area of land.
- **The financial reporting for May 31, 2014 is as follows:**
 - For the eleven months ended May 31, 2014, there are total revenues of \$82,503,152 and total expenses of \$79,884,064. The revenues exceeded expenses by \$2,619,088.
- **The financial reporting for investments for May 31, 2014 is as follows:**
 - The market value shown in the Portfolio Summary and in the Investment Portfolio Details as of May 31, 2014 total \$80,978,492.85 with an average yield to maturity of 0.38%. The total earnings year-to-date are \$285,726.31.

ENGINEERING AND WATER OPERATIONS:

Engineering:

- **SR-11 Potable Water Utility Relocations - Sequence 1:** This project consists of the relocation of existing pipelines in

Sanyo Avenue and utility easements to accommodate the construction of the future SR-11 right-of-way. At the request of Caltrans, the District's relocations were bid as six (6) separate "work windows" to provide flexibility to Caltrans' contractor and coordinate with the SR-11 freeway construction. Current work includes coordination with the Caltrans' SR-11 construction contract, potholing existing utilities, and submittal review/approval. Project is within budget and on schedule and is anticipated to complete in August 2016. (P2453)

- **927-1 Reservoir Liner and Cover Replacement:** This project consists of replacing the liner and floating cover on the 927-1 recycled water reservoir which is also known as Pond 4 located in the Salt Creek Golf Course. The existing liner and cover have reached the end of their useful life and are in need of replacement. The project was awarded to Layfield Environmental Systems Corporation. The installation of the liner and cover is complete and the reservoir has been placed into service. Substantial completion for the project was issued effective May 23, 2014. Contract acceptance is anticipated in June 2014. Project is within budget and on schedule. (R2108)
- **624-2 Reservoir Interior/Exterior Coatings & Upgrades:** This project consists of removing and replacing the interior and exterior coatings of the 624-2 8.0 MG Reservoir, along with providing structural upgrades to ensure the tank complies with both State and Federal OSHA standards as well as American Water Works Association and County Health Department standards. The construction contract was awarded to Advanced Industrial Services. The current work consists of the completion of coating operations to the exterior, filling, and testing of the reservoir. The project is within budget and on schedule and is anticipated that the reservoir will be placed into service in July 2014. (P2493)
- **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 tank complies with both State and Federal OSHA standards as well as American Water Works Association and County Health Department standards. The project is currently in the design phase. An underwater dive inspection has been performed on all (3) tanks to evaluate the current conditions and identify any needed upgrades. The project is anticipated to be advertised in July 2014, and award a construction contract at the October 2014 Board Meeting. (P2531, P2532, P2535)

- **Calavo Basin Sewer System Rehabilitation:** This project consists of removing and replacing approximately 1,400 linear-feet of 8" PVC sewer pipeline in the residential streets of the Calavo Gardens area near Avocado Blvd. The project is in the final stages of 100% design. Submittal to the County of San Diego for an excavation permit is scheduled for June 16, 2014. The County estimates 4-6 weeks for review, and subsequently, a permit will be issued for the project identifying the County's requirements for paving and traffic control procedures. The project is anticipated to be advertised in August 2014, and award a construction contract at the November 2014 Board Meeting.
- **Administration Building Fire Sprinkler Replacement:** This project consists of evaluating and rehabilitating the existing fire sprinkler system in the Administration Building. A recent inspection of the fire sprinkler system identified corrosion throughout the system. A&D Fire Sprinkler, Inc. recommended the first phase to be a replacement of the visually corroded fixtures. This was completed on January 21, 2014, and as a result, the District received a 5 year certification on the Administration Building. The second phase includes installing an automated system to inject a chemical solution that will treat the corrosion. Epic Fire will be performing the Phase II work and it is anticipated to be completed by July 2014. (P2538)
- **Rosarito Desal:** Staff, together with District's consultants and representatives from NSC Agua, held two telephone conference calls on May 14, 2014 and June 4, 2014 to discuss the project and coordinate on complying with CDPH regulatory requirements.

NSC Agua closed escrow on the 50-acre parcel of land on May 15, 2014. This is an important milestone because it shows the commitment of NSC Agua to this project. NSC Agua also filed their environmental documents with SEMARNAT for the desalination project and for the first segment of the conveyance pipeline to Tijuana. (P2451)
- **Water Facilities Master Plan Update:** Staff, together with District's consultant, Atkins, met with officials from the City of Chula Vista and County of San Diego on June 12, 2014. The purpose of the meeting was to review City and County planning information relative to the future water demand forecasts and review changes to major circulation elements that may impact the alignment of future District infrastructure. (P1210)
- For the month of May 2014, the District sold 1 meter (1 EDU) generating \$10,599 in revenue. Projection for this period was 17.5 meters (29.5 EDUs) with budgeted revenue of \$266,447.

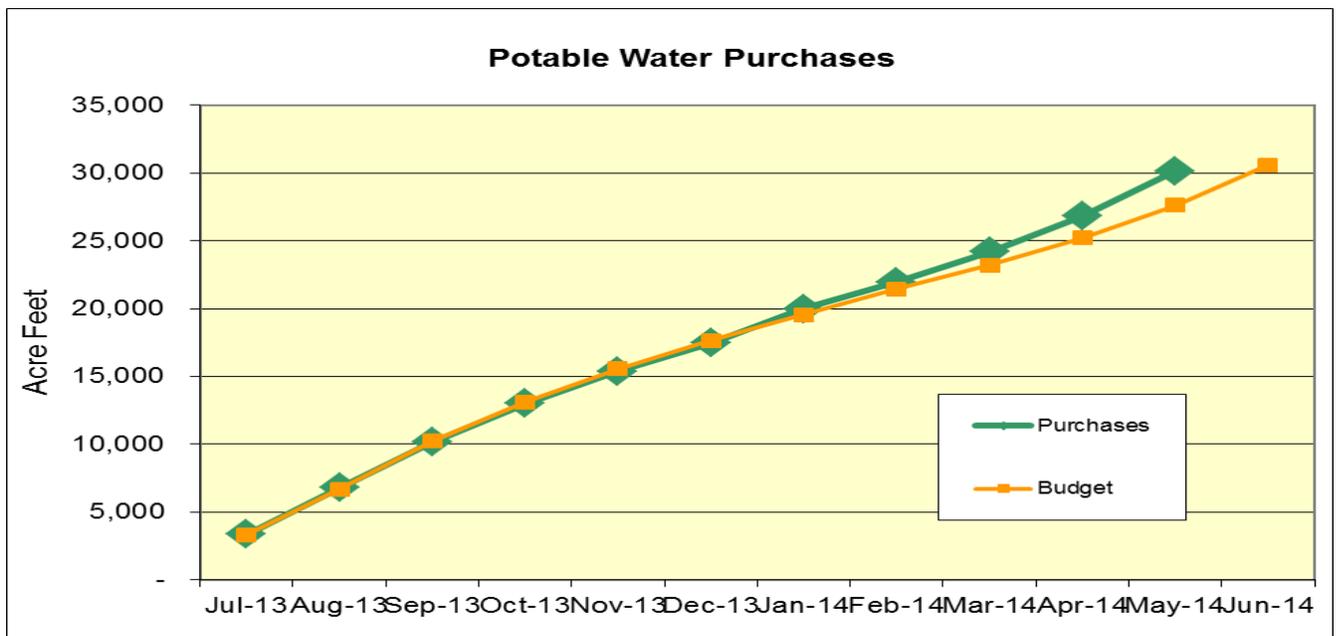
Total revenue for Fiscal Year 2014 through May 2014 is \$1,605,267 against the annual budget of \$3,197,767.

- The actions below summarize Engineering's CIP project purchases during the period of May 6, 2014 through June 18, 2014 that were within staff signatory authority:

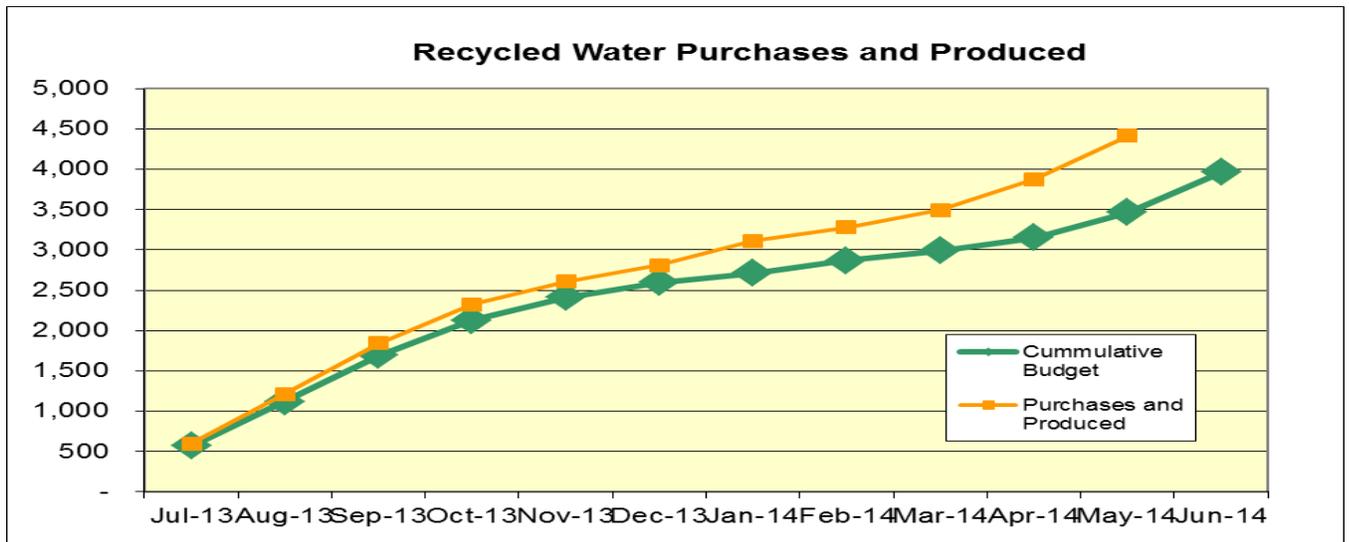
Date	Action	Amount	Contractor/ Consultant	Project
5/6/14	P.O.	\$1,251.61	Mayer Reprographics	624 Pressure Zone PRSs (P2541)
6/9/14	Check Request	\$154,956.00	County of San Diego	San Diego County Sanitation District Outfall and RSD Outfall Replacement (S1000 & S2012)

Water Operations:

- Total number of potable water meters is 49,245.
- The May potable water purchases were 3,316.2 acre-feet which is 36.9% above the budget of 2,422.6 acre-feet. The cumulative purchases through May is 30,139.7 acre-feet which is 9.1% above the cumulative budget of 27,634.1 acre-feet.



- The May recycled water purchases and production was 540.5 acre-feet which is 72.4% above the budget of 313.5 acre-feet. The cumulative production and purchases through May is 4,417 acre-feet which is 27.4% above the cumulative budget of 3,465.9 acre-feet. This increase was caused by less rainfall and higher than normal temperatures, a temporary customer that was not anticipated in the FY 2014 budget, and a new meter from the City for water sales from the SBWRP that is running approximately 10% higher than Otay's meter.



- Recycled water consumption for the month of May is as follows:
 - Total consumption was 458.8 acre-feet or 149,446,660 gallons and the average daily consumption was 4,820,860 gallons per day.
 - Total recycled water consumption as of May for FY 2014 is 4221.4 acre-feet.
 - Total number of recycled water meters is 706.
- Wastewater flows for the month of May were as follows:
 - Total basin flow, gallons per day: 1,599,006.
 - Spring Valley Sanitation District Flow to Metro, gallons per day: 529,471.
 - Total Otay flow, gallons per day: 1,069,483.
 - Flow Processed at the Ralph W. Chapman Water Recycling Facility, gallons per day: 1,083,038.
 - Flow to Metro from Otay Water District, not including solids, was zero gallons per day.
- By the end of May there were 6,088 wastewater EDUs.

**OTAY WATER DISTRICT
COMPARATIVE BUDGET SUMMARY
FOR ELEVEN MONTHS ENDED MAY 31, 2014**

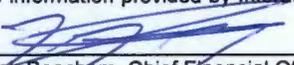
	Annual Budget	YTD Actual	YTD Budget	YTD Variance	Var %
REVENUES:					
Water Sales	\$ 42,668,400	\$ 41,467,250	\$ 38,008,400	\$ 3,458,850	9.1%
Energy Charges	1,958,100	1,883,762	1,755,300	128,462	7.3%
System Charges	11,184,200	10,216,475	10,242,300	(25,825)	(0.3%)
MWD & CWA Fixed Charges	10,399,700	9,382,932	9,455,500	(72,568)	(0.8%)
Penalties	823,100	770,997	732,800	38,197	5.2%
Total Water Sales	<u>67,033,500</u>	<u>63,721,416</u>	<u>60,194,300</u>	<u>3,527,116</u>	<u>5.9%</u>
Recycled Water Sales	8,340,100	8,811,653	7,301,500	1,510,153	20.7%
Sewer Charges	2,701,600	2,526,485	2,471,900	54,585	2.2%
Meter Fees	81,600	60,282	74,800	(14,518)	(19.4%)
Capacity Fee Revenues	1,291,200	1,018,707	1,183,600	(164,893)	(13.9%)
Betterment Fees for Maintenance	776,700	424,935	712,000	(287,065)	(40.3%)
Non-Operating Revenues	1,846,000	1,825,423	1,666,100	159,323	9.6%
Tax Revenues	3,597,100	3,668,722	3,525,200	143,522	4.1%
Interest	69,100	111,630	63,300	48,330	76.4%
Transfer from OPEB	149,800	137,300	137,300	-	0.0%
General Fund Draw Down	61,600	56,500	56,500	-	0.0%
Transfer from General Fund	152,800	140,100	140,100	-	0.0%
Total Revenues	<u>\$ 86,101,100</u>	<u>\$ 82,503,152</u>	<u>\$ 77,526,600</u>	<u>\$ 4,976,552</u>	<u>6.4%</u>
EXPENSES:					
Potable Water Purchases	\$ 33,028,900	\$ 32,542,370	\$ 29,774,800	\$ (2,767,570)	(9.3%)
Recycled Water Purchases	1,599,500	1,495,495	1,406,450	(89,045)	(6.3%)
CWA-Infrastructure Access Charge	1,856,100	1,700,156	1,700,000	(156)	(0.0%)
CWA-Customer Service Charge	1,753,600	1,605,182	1,604,800	(382)	(0.0%)
CWA-Emergency Storage Charge	4,515,500	4,125,420	4,125,400	(20)	(0.0%)
MWD-Capacity Res Charge	531,000	481,486	481,200	(286)	(0.1%)
MWD-Readiness to Serve Charge	1,740,500	1,595,468	1,596,100	632	0.0%
Subtotal Water Purchases	<u>45,025,100</u>	<u>43,545,576</u>	<u>40,688,750</u>	<u>(2,856,826)</u>	<u>(7.0%)</u>
Power Charges	2,693,300	2,430,004	2,440,500	10,496	0.4%
Payroll & Related Costs	18,675,500	17,397,886	17,177,735	(220,151)	(1.3%)
Material & Maintenance	3,532,900	2,892,276	3,140,491	248,215	7.9%
Administrative Expenses	4,702,600	3,174,043	3,788,509	614,466	16.2%
Legal Fees	380,000	276,878	348,333	71,455	20.5%
Expansion Reserve	3,428,000	3,142,300	3,142,300	-	0.0%
Betterment Reserve	125,000	114,600	114,600	-	0.0%
Replacement Reserve	4,230,000	3,877,500	3,877,500	-	0.0%
Sewer General Fund	152,800	140,100	140,100	-	0.0%
OPEB Trust	1,242,900	1,139,300	1,139,300	-	0.0%
Potable General Fund	1,913,000	1,753,600	1,753,600	-	0.0%
Total Expenses	<u>\$ 86,101,100</u>	<u>\$ 79,884,064</u>	<u>\$ 77,751,719</u>	<u>\$ (2,132,344)</u>	<u>(2.7%)</u>
EXCESS REVENUES(EXPENSE)	<u>\$ -</u>	<u>\$ 2,619,088</u>	<u>\$ (225,119)</u>	<u>\$ 2,844,208</u>	

**OTAY
Portfolio Management
Portfolio Summary
May 31, 2014**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Federal Agency Issues- Callable	41,735,000.00	41,744,015.50	41,737,420.73	52.15	1,017	844	0.675	0.685
Federal Agency Issues - Coupon	4,000,000.00	4,000,140.00	4,002,605.78	5.00	987	920	0.710	0.720
Certificates of Deposit - Bank	81,784.76	81,784.76	81,784.76	0.10	730	600	0.030	0.030
Local Agency Investment Fund (LAIF)	12,964,668.30	12,968,779.63	12,964,668.30	16.20	1	1	0.225	0.228
San Diego County Pool	21,250,908.83	21,140,000.00	21,250,908.83	26.55	1	1	0.418	0.424
Investments	80,032,361.89	79,934,719.89	80,037,388.40	100.00%	581	487	0.535	0.543
Cash								
Passbook/Checking (not included in yield calculations)	1,043,772.96	1,043,772.96	1,043,772.96		1	1	0.208	0.211
Total Cash and Investments	81,076,134.85	80,978,492.85	81,081,161.36		581	487	0.535	0.543

Total Earnings	May 31 Month Ending	Fiscal Year To Date
Current Year	33,593.75	285,726.31
Average Daily Balance	81,872,303.89	81,707,229.81
Effective Rate of Return	0.48%	0.38%

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

6-19-14

Reporting period 05/01/2014-05/31/2014

Run Date: 06/16/2014 - 14:49

Portfolio OTAY
AP
PM (PRF_PM1) 7.3.0
Report Ver. 7.3.3b

**OTAY WATER DISTRICT
INVESTMENT PORTFOLIO REVIEW
May 31, 2014**

INVESTMENT OVERVIEW & MARKET STATUS:

The federal funds rate has remained constant now for over 5 years. On December 16, 2008, at the Federal Reserve Board's regular scheduled meeting, the federal funds rate was lowered from 1.00% to "a target range of between Zero and 0.25%" in response to the nation's ongoing financial crisis, as well as banking industry pressure to ease credit and stimulate the economy. This marked the ninth reduction in a row since September 18, 2007, when the rate was 5.25%. There have been no further changes made to the federal funds rate at the Federal Reserve Board's subsequent regular scheduled meetings, the most recent of which was held on June 18, 2014. They went on to say: *"In determining how long to maintain the current 0 to 1/4 percent target range for the federal funds rate, the Committee will assess progress--both realized and expected--toward 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 developments. The Committee continues to anticipate, based on its assessment of these factors, that it likely will be appropriate to maintain the current target range for the federal funds rate for a considerable time after the asset purchase program ends, especially if projected inflation continues to run below the Committee's 2 percent longer-run goal, and provided that longer-term inflation expectations remain well anchored."*

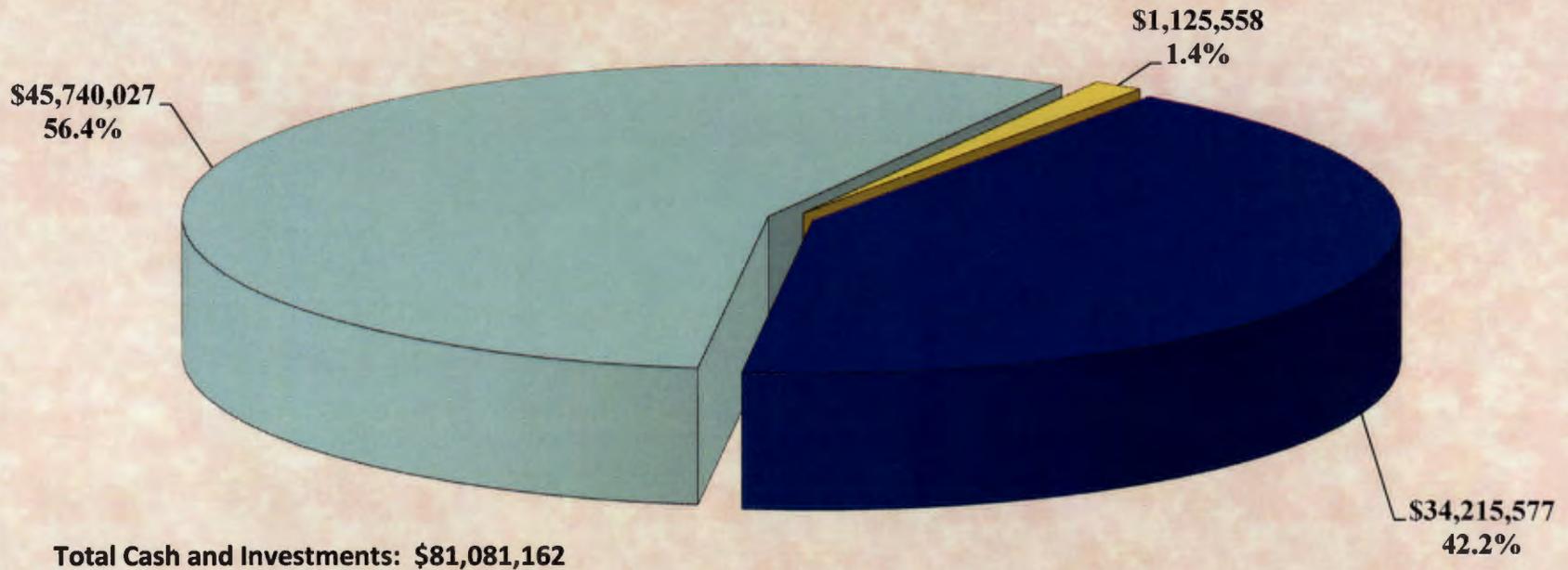
Despite the large drop in available interest rates, the District's overall effective rate of return at May 31, 2014 was 0.48%, which was 5 basis points above the previous month. At the same time the LAIF return on deposits has declined over the previous month, reaching an average effective yield of 0.228% for the month of May 2014. Based on our success at maintaining a competitive rate of return on our portfolio during this extended period of interest rate declines, no changes in investment strategy regarding returns on investment are being considered at this time. This 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: May 31, 2014

<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	\$12.96 Million
8.02: Local Agency Investment Fund (Bonds)	100%	100%	0
8.03: Federal Agency Issues	100%	100%	56.41%
8.04: Certificates of Deposit	30%	15%	0.10%
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%	26.21%
12.0: Maximum Single Financial Institution	100%	50%	1.29%

Otay Water District Investment Portfolio: 05/31/2014



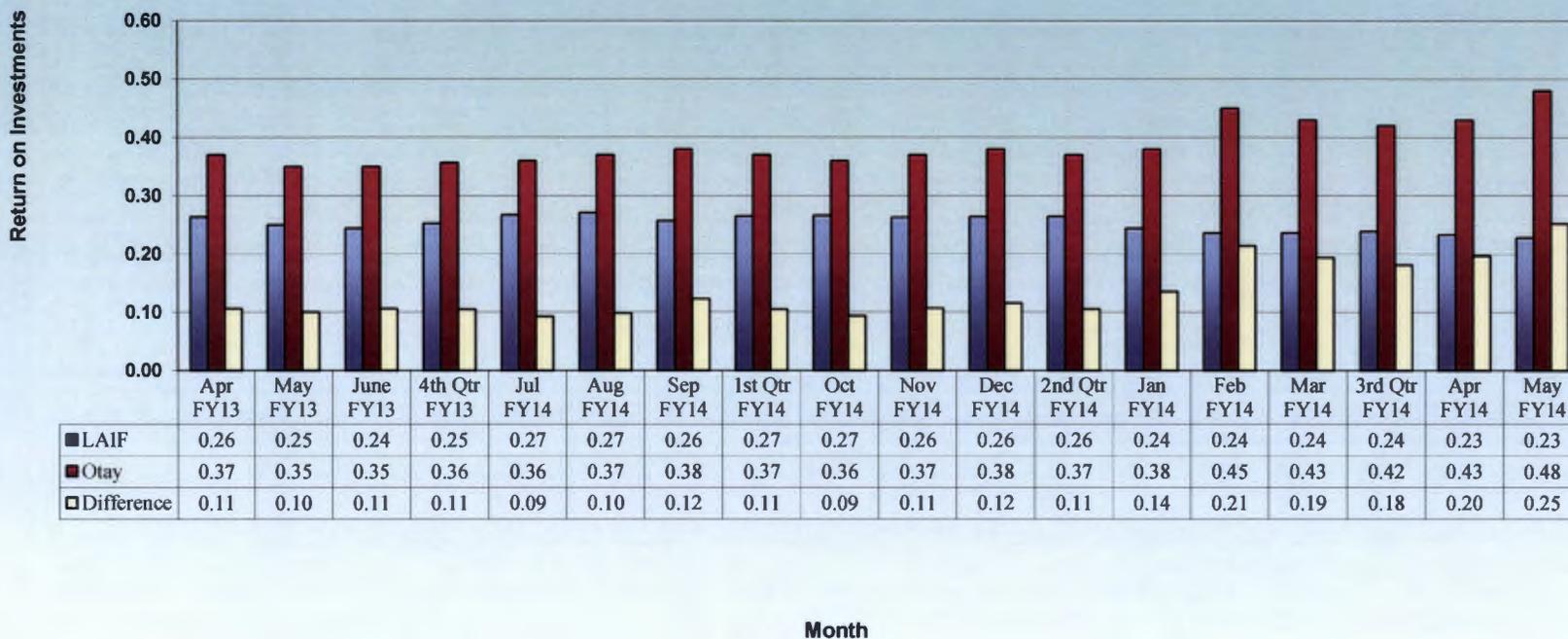
■ Banks (Passbook/Checking/CD)

■ Pools (LAIF & County)

■ Agencies & Corporate Notes

Performance Measure FY-14 Return on Investment

Target: Meet or Exceed 100% of LAIF



OTAY
Portfolio Management
Portfolio Details - Investments
May 31, 2014

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												
3135GOXR9	2269	Fannie Mae		06/06/2013	2,000,000.00	1,998,460.00	2,000,000.00	0.550	AA	0.542	828	09/06/2016
3133EC6F6	2258	Federal Farm Credit Bank		12/05/2012	3,000,000.00	3,007,050.00	3,000,000.00	0.350	AA	0.345	365	06/01/2015
3133EC7H1	2260	Federal Farm Credit Bank		12/17/2012	3,000,000.00	3,005,910.00	3,000,000.00	0.340		0.335	442	08/17/2015
3133EDKF8	2291	Federal Farm Credit Bank		04/29/2014	2,000,000.00	1,999,640.00	2,000,000.00	0.550		0.542	789	07/29/2016
313382YY3	2268	Federal Home Loan Bank		05/22/2013	2,000,000.00	1,997,320.00	2,000,000.00	0.350	AA	0.345	631	02/22/2016
313383EE7	2270	Federal Home Loan Bank		06/19/2013	2,000,000.00	1,997,140.00	2,000,000.00	0.500	AA	0.493	841	09/19/2016
3130A0VG2	2281	Federal Home Loan Bank		02/25/2014	2,000,000.00	2,003,300.00	2,000,000.00	0.700		0.690	906	11/25/2016
3130A0YG9	2282	Federal Home Loan Bank		03/12/2014	2,000,000.00	2,000,340.00	2,000,000.00	0.750		0.740	925	12/12/2016
3130A1HX9	2287	Federal Home Loan Bank		04/23/2014	2,000,000.00	2,002,220.00	2,000,000.00	1.000		0.986	967	01/23/2017
3130A1SE9	2288	Federal Home Loan Bank		05/19/2014	2,000,000.00	2,002,380.00	2,000,000.00	1.000		0.986	1,083	05/19/2017
3130A1RB6	2289	Federal Home Loan Bank		05/15/2014	1,030,000.00	1,031,339.00	1,030,000.00	1.020		1.006	1,079	05/15/2017
3130A1RB6	2290	Federal Home Loan Bank		05/15/2014	2,705,000.00	2,708,516.50	2,705,000.00	1.020		1.006	1,079	05/15/2017
3130A1Q84	2292	Federal Home Loan Bank		05/08/2014	2,000,000.00	2,002,000.00	2,000,000.00	1.010		0.996	1,072	05/08/2017
3130A1XA1	2294	Federal Home Loan Bank		05/30/2014	2,000,000.00	1,996,860.00	2,000,000.00	0.650		0.641	817	08/26/2016
3130A1ZX9	2296	Federal Home Loan Bank		05/22/2014	2,000,000.00	1,997,080.00	2,000,000.00	1.050		1.036	1,178	08/22/2017
3134G4PX0	2277	Federal Home Loan Mortgage		12/27/2013	2,000,000.00	2,000,600.00	2,000,000.00	0.500		0.493	757	06/27/2016
3134G4WJ3	2284	Federal Home Loan Mortgage		03/19/2014	2,000,000.00	2,000,500.00	2,000,000.00	0.625		0.616	841	09/19/2016
3134G54N2	2293	Federal Home Loan Mortgage		05/28/2014	2,000,000.00	2,001,800.00	2,000,000.00	0.750		0.740	911	11/28/2016
3136G1XZ7	2274	Federal National Mortgage Assoc		12/19/2013	2,000,000.00	1,994,860.00	2,000,000.00	0.670		0.661	932	12/19/2016
3135G0YW7	2276	Federal National Mortgage Assoc		12/04/2013	2,000,000.00	1,996,700.00	2,002,420.73	0.750		0.685	908	11/25/2016
Subtotal and Average			37,507,060.31		41,735,000.00	41,744,015.50	41,737,420.73			0.675	844	
Federal Agency Issues - Coupon												
3134G4WH7	2285	Federal Home Loan Mortgage		03/20/2014	2,000,000.00	1,994,640.00	2,000,000.00	0.900		0.888	1,023	03/20/2017
3135G0YE7	2286	Federal National Mortgage Assoc		04/01/2014	2,000,000.00	2,005,500.00	2,002,605.78	0.625		0.533	817	08/26/2016
Subtotal and Average			4,002,651.20		4,000,000.00	4,000,140.00	4,002,605.78			0.710	920	
Certificates of Deposit - Bank												
2050003183-6	2283	California Bank & Trust		01/22/2014	81,784.76	81,784.76	81,784.76	0.030		0.030	600	01/22/2016
Subtotal and Average			81,784.76		81,784.76	81,784.76	81,784.76			0.030	600	
Local Agency Investment Fund (LAIF)												
LAIF	9001	STATE OF CALIFORNIA		07/01/2004	12,964,668.30	12,968,779.63	12,964,668.30	0.228		0.225	1	
LAIF BABS 2010	9012	STATE OF CALIFORNIA		04/21/2010	0.00	0.00	0.00	0.228		0.225	1	
Subtotal and Average			15,503,377.98		12,964,668.30	12,968,779.63	12,964,668.30			0.225	1	

OTAY
Portfolio Management
Portfolio Details - Investments
May 31, 2014

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 360	Days to Maturity	Maturity Date
San Diego County Pool												
SD COUNTY POOL	9007	San Diego County		07/01/2004	21,250,908.83	21,140,000.00	21,250,908.83	0.424		0.418	1	
Subtotal and Average			21,250,908.83		21,250,908.83	21,140,000.00	21,250,908.83			0.418	1	
Total and Average			81,872,303.89		80,032,361.89	79,934,719.89	80,037,388.40			0.535	487	

OTAY
Portfolio Management
Portfolio Details - Cash
May 31, 2014

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 360	Days to Maturity
Union Bank											
UNION MONEY	9002	STATE OF CALIFORNIA		07/01/2004	10,008.46	10,008.46	10,008.46	0.010		0.010	1
PETTY CASH	9003	STATE OF CALIFORNIA		07/01/2004	2,950.00	2,950.00	2,950.00			0.000	1
UNION OPERATING	9004	STATE OF CALIFORNIA		07/01/2004	874,261.06	874,261.06	874,261.06	0.250		0.247	1
PAYROLL	9005	STATE OF CALIFORNIA		07/01/2004	27,891.35	27,891.35	27,891.35			0.000	1
RESERVE-10 COPS	9010	STATE OF CALIFORNIA		04/20/2010	31,984.43	31,984.43	31,984.43	0.010		0.010	1
RESERVE-10 BABS	9011	STATE OF CALIFORNIA		04/20/2010	84,607.40	84,607.40	84,607.40	0.010		0.010	1
UBNA-2010 BOND	9013	STATE OF CALIFORNIA		04/20/2010	51.89	51.89	51.89			0.000	1
UBNA-FLEX ACCT	9014	STATE OF CALIFORNIA		01/01/2011	12,038.37	12,038.37	12,038.37			0.000	1
		Average Balance	0.00								1
Total Cash and Investments			81,872,303.89		81,076,134.85	80,978,492.85	81,081,161.36			0.535	487

OTAY
Portfolio Management
Interest Earnings Summary
May 31, 2014

	May 31 Month Ending	Fiscal Year To Date
CD/Coupon/Discount Investments:		
Interest Collected	28,024.30	165,155.02
Plus Accrued Interest at End of Period	48,404.01	48,338.99
Less Accrued Interest at Beginning of Period	(53,820.85)	(29,749.47)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
Interest Earned during Period	22,607.46	183,744.54
Adjusted by Premiums and Discounts	-172.50	-2,270.48
Adjusted by Capital Gains or Losses	333.33	-467.49
Earnings during Periods	22,768.29	181,006.57
Pass Through Securities:		
Interest Collected	0.00	0.00
Plus Accrued Interest at End of Period	0.00	0.00
Less Accrued Interest at Beginning of Period	(0.00)	(0.00)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
Interest Earned during Period	0.00	0.00
Adjusted by Premiums and Discounts	0.00	0.00
Adjusted by Capital Gains or Losses	0.00	0.00
Earnings during Periods	0.00	0.00
Cash/Checking Accounts:		
Interest Collected	357.52	108,355.93
Plus Accrued Interest at End of Period	20,224.36	20,224.36
Less Accrued Interest at Beginning of Period	(9,756.42)	(23,860.55)
Interest Earned during Period	10,825.46	104,719.74
Total Interest Earned during Period	33,432.92	288,464.28
Total Adjustments from Premiums and Discounts	-172.50	-2,270.48
Total Capital Gains or Losses	333.33	-467.49
Total Earnings during Period	33,593.75	285,726.31

OTAY
Interest Earnings
Sorted by Fund - Fund
May 1, 2014 - May 31, 2014
Period Yield on Beginning Book Value

CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Ending Book Value	Maturity Date	Current Rate	Yield This Period	Adjusted Interest Earnings		
										Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings
Fund: Treasury Fund												
LAIF	9001	99	LA1	12,964,668.30	15,064,668.30	12,964,668.30		0.228	0.020	3,002.13	0.00	3,002.13
UNION MONEY	9002	99	PA1	10,008.46	10,003.96	10,008.46		0.010	0.084	8.37	0.00	8.37
UNION OPERATING	9004	99	PA1	874,261.06	686,233.12	874,261.06		0.250	0.021	146.99	0.00	146.99
SD COUNTY POOL	9007	99	LA3	21,250,908.83	21,250,908.83	21,250,908.83		0.424	0.036	7,652.66	0.00	7,652.66
RESERVE-10 COPS	9010	99	PA1	31,964.43	1,061,961.61	31,964.43		0.010		4.22	0.00	4.22
RESERVE-10 BABS	9011	99	PA1	84,607.40	2,789,600.14	84,607.40		0.010		11.09	0.00	11.09
3133EC6F6	2258	99	MC1	3,000,000.00	3,000,000.00	3,000,000.00	06/01/2015	0.350	0.029	875.00	0.00	875.00
3133EC7H1	2260	99	MC1	3,000,000.00	3,000,000.00	3,000,000.00	08/17/2015	0.340	0.028	850.00	0.00	850.00
3133ECA81	2261	99	MC1	0.00	2,999,660.83	0.00	06/18/2015	0.320	0.028	166.66	5.84	192.50
313382YY3	2268	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	02/22/2016	0.350	0.029	563.33	0.00	563.33
3135GOXR9	2269	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	09/06/2016	0.550	0.046	916.66	0.00	916.66
313383EE7	2270	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	09/19/2016	0.500	0.042	833.33	0.00	833.33
3136G1WT2	2273	99	MC1	0.00	2,000,000.00	0.00	11/21/2016	0.800	0.069	888.89	0.00	888.89
3136G1XZ7	2274	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	12/19/2016	0.870	0.056	1,116.67	0.00	1,116.67
3135G0YW7	2276	99	MC1	2,000,000.00	2,002,501.96	2,002,420.73	11/25/2016	0.750	0.058	1,250.00	-81.23	1,168.77
3134G4PX0	2277	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	06/27/2016	0.500	0.042	833.34	0.00	833.34
3133EDD41	2278	99	MC1	0.00	2,000,000.00	0.00	07/07/2016	0.625	0.054	763.89	0.00	763.89
3130A0QF0	2279	99	MC1	0.00	1,550,000.00	0.00	02/14/2017	1.050	0.090	587.71	0.00	587.71
3130A0VG2	2281	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	11/25/2016	0.700	0.058	1,166.66	0.00	1,166.66
3130A0YG9	2282	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	12/12/2016	0.750	0.063	1,250.00	0.00	1,250.00
2050003183-6	2283	99	BCD	81,784.76	81,784.76	81,784.76	01/22/2016	0.030	0.003	2.11	0.00	2.11
3134G4WJ3	2284	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	09/19/2016	0.625	0.052	1,041.67	0.00	1,041.67
3134G4WH7	2285	99	FAC	2,000,000.00	2,000,000.00	2,000,000.00	03/20/2017	0.900	0.075	1,500.00	0.00	1,500.00
3135G0YE7	2286	99	FAC	2,000,000.00	2,002,702.89	2,002,605.78	08/26/2016	0.625	0.047	1,041.66	-97.11	944.55
3130A1HX9	2287	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	01/23/2017	1.000	0.083	1,666.67	0.00	1,666.67
3130A1SE9	2288	99	MC1	2,000,000.00	0.00	2,000,000.00	05/19/2017	1.000	0.079	666.67	0.00	666.67
3130A1RB6	2289	99	MC1	1,030,000.00	0.00	1,030,000.00	05/15/2017	1.020	0.083	466.93	0.00	466.93
3130A1RB6	2290	99	MC1	2,705,000.00	0.00	2,705,000.00	05/15/2017	1.020	0.083	1,226.27	0.00	1,226.27
3133EDKF8	2291	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	07/29/2016	0.550	0.046	916.67	0.00	916.67

OTAY
Interest Earnings
May 1, 2014 - May 31, 2014

CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Ending Book Value	Maturity Date	Current Rate	Yield This Period	Adjusted Interest Earnings		
										Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings
Fund: Treasury Fund												
3130A1Q84	2292	99	MC1	2,000,000.00	0.00	2,000,000.00	05/08/2017	1.010	0.083	1,290.56	0.00	1,290.56
3134G54N2	2293	99	MC1	2,000,000.00	0.00	2,000,000.00	11/28/2016	0.750	0.048	125.00	0.00	125.00
3130A1XA1	2294	99	MC1	2,000,000.00	0.00	2,000,000.00	08/26/2016	0.650	0.028	36.11	0.00	36.11
3130A1ZX9	2296	99	MC1	2,000,000.00	0.00	2,000,000.00	08/22/2017	1.050	0.081	525.00	0.00	525.00
			Subtotal	81,033,203.24	81,500,026.40	81,038,229.75			0.040	33,432.92	-172.50	33,260.42
			Total	81,033,203.24	81,500,026.40	81,038,229.75			0.040	33,432.92	-172.50	33,260.42

OTAY
Activity Report
Sorted By Issuer
May 1, 2014 - May 31, 2014

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value Beginning Balance	Current Rate	Transaction Date	Purchases or Deposits	Par Value Redemptions or Withdrawals	Ending Balance
Issuer: STATE OF CALIFORNIA									
Union Bank									
UNION MONEY	9002	STATE OF CALIFORNIA			0.010		13,020,226.72	13,020,222.22	
UNION OPERATING	9004	STATE OF CALIFORNIA			0.250		1,342,444.49	1,154,416.55	
PAYROLL	9005	STATE OF CALIFORNIA					298.75	0.00	
RESERVE-10 COPS	9010	STATE OF CALIFORNIA			0.010		2.82	1,030,000.00	
RESERVE-10 BABS	9011	STATE OF CALIFORNIA			0.010		7.26	2,705,000.00	
UBNA-FLEX ACCT	9014	STATE OF CALIFORNIA					0.00	6,564.84	
		Subtotal and Balance		4,596,996.53			14,362,980.04	17,916,203.61	1,043,772.96
Local Agency Investment Fund (LAIF)									
LAIF	9001	STATE OF CALIFORNIA			0.228		6,600,000.00	8,700,000.00	
		Subtotal and Balance		15,064,668.30			6,600,000.00	8,700,000.00	12,964,668.30
		Issuer Subtotal	17.278%	19,661,664.83			20,962,980.04	26,616,203.61	14,008,441.26
Issuer: California Bank & Trust									
Certificates of Deposit - Bank									
		Subtotal and Balance		81,784.76					81,784.76
		Issuer Subtotal	0.101%	81,784.76			0.00	0.00	81,784.76
Issuer: Fannie Mae									
Federal Agency Issues- Callable									
		Subtotal and Balance		2,000,000.00					2,000,000.00
		Issuer Subtotal	2.467%	2,000,000.00			0.00	0.00	2,000,000.00
Issuer: Federal Farm Credit Bank									
Federal Agency Issues- Callable									
3133ECA61	2261	Federal Farm Credit Bank			0.320	05/08/2014	0.00	3,000,000.00	

OTAY
Activity Report
May 1, 2014 - May 31, 2014

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value Beginning Balance	Current Rate	Transaction Date	Purchases or Deposits	Par Value Redemptions or Withdrawals	Ending Balance
Issuer: Federal Farm Credit Bank									
Federal Agency Issues- Callable									
3133EDD41	2278	Federal Farm Credit Bank			0.625	05/23/2014	0.00	2,000,000.00	
Subtotal and Balance				13,000,000.00			0.00	5,000,000.00	8,000,000.00
Issuer Subtotal			9.867%	13,000,000.00			0.00	5,000,000.00	8,000,000.00
Issuer: Federal Home Loan Bank									
Federal Agency Issues- Callable									
3130A0QF0	2279	Federal Home Loan Bank			1.050	05/14/2014	0.00	1,550,000.00	
3130A1SE9	2288	Federal Home Loan Bank			1.000	05/19/2014	2,000,000.00	0.00	
3130A1RB6	2289	Federal Home Loan Bank			1.020	05/15/2014	1,030,000.00	0.00	
3130A1RB6	2290	Federal Home Loan Bank			1.020	05/15/2014	2,705,000.00	0.00	
3130A1Q84	2292	Federal Home Loan Bank			1.010	05/08/2014	2,000,000.00	0.00	
3130A1XA1	2294	Federal Home Loan Bank			0.650	05/30/2014	2,000,000.00	0.00	
3130A1ZX9	2296	Federal Home Loan Bank			1.050	05/22/2014	2,000,000.00	0.00	
Subtotal and Balance				11,550,000.00			11,735,000.00	1,550,000.00	21,735,000.00
Issuer Subtotal			26.808%	11,550,000.00			11,735,000.00	1,550,000.00	21,735,000.00
Issuer: Federal Home Loan Mortgage									
Federal Agency Issues- Callable									
3134G54N2	2293	Federal Home Loan Mortgage			0.750	05/28/2014	2,000,000.00	0.00	
Subtotal and Balance				4,000,000.00			2,000,000.00	0.00	6,000,000.00
Federal Agency Issues - Coupon									
Subtotal and Balance				2,000,000.00					2,000,000.00
Issuer Subtotal			9.867%	6,000,000.00			2,000,000.00	0.00	8,000,000.00
Issuer: Federal National Mortgage Assoc									
Federal Agency Issues- Callable									
3136G1WT2	2273	Federal National Mortgage Assoc			0.800	05/21/2014	0.00	2,000,000.00	
Subtotal and Balance				6,000,000.00			0.00	2,000,000.00	4,000,000.00

OTAY
Activity Report
May 1, 2014 - May 31, 2014

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value Beginning Balance	Current Rate	Transaction Date	Purchases or Deposits	Par Value Redemptions or Withdrawals	Ending Balance
Issuer: Federal National Mortgage Assoc									
Federal Agency Issues - Coupon									
				2,000,000.00					2,000,000.00
			Subtotal and Balance						
			Issuer Subtotal	7.400%	8,000,000.00		0.00	2,000,000.00	6,000,000.00
Issuer: San Diego County									
San Diego County Pool									
				21,250,908.83					21,250,908.83
			Subtotal and Balance						
			Issuer Subtotal	26.211%	21,250,908.83		0.00	0.00	21,250,908.83
			Total	100.000%	81,544,358.42		34,697,980.04	35,166,203.61	81,076,134.85

OTAY
GASB 31 Compliance Detail
Sorted by Fund - Fund
May 1, 2014 - May 31, 2014

CUSIP	Investment #	Fund	Investment Class	Maturity Date	Beginning Invested Value	Purchase of Principal	Addition to Principal	Redemption of Principal	Adjustment in Value		Ending Invested Value
									Amortization Adjustment	Change in Market Value	
Fund: Treasury Fund											
LAIF	9001	99	Fair Value		15,069,445.58	0.00	6,600,000.00	8,700,000.00	0.00	-665.95	12,968,779.63
UNION MONEY	9002	99	Amortized		10,003.96	0.00	13,020,226.72	13,020,222.22	0.00	0.00	10,008.46
PETTY CASH	9003	99	Amortized		2,950.00	0.00	0.00	0.00	0.00	0.00	2,950.00
UNION OPERATING	9004	99	Amortized		686,233.12	0.00	1,342,444.49	1,154,416.55	0.00	0.00	874,261.06
PAYROLL	9005	99	Amortized		27,592.60	0.00	298.75	0.00	0.00	0.00	27,891.35
SD COUNTY POOL	9007	99	Fair Value		21,216,000.00	0.00	0.00	0.00	0.00	-76,000.00	21,140,000.00
RESERVE-10 COPS	9010	99	Amortized		1,061,961.61	0.00	2.82	1,030,000.00	0.00	0.00	31,964.43
RESERVE-10 BABS	9011	99	Amortized		2,789,600.14	0.00	7.26	2,705,000.00	0.00	0.00	84,607.40
LAIF BABS 2010	9012	99	Fair Value		0.00	0.00	0.00	0.00	0.00	0.00	0.00
UBNA-2010 BOND	9013	99	Amortized		51.89	0.00	0.00	0.00	0.00	0.00	51.89
UBNA-FLEX ACCT	9014	99	Amortized		18,603.21	0.00	0.00	6,564.84	0.00	0.00	12,038.37
3133EC6F6	2258	99	Fair Value	06/01/2015	3,003,450.00	0.00	0.00	0.00	0.00	3,600.00	3,007,050.00
3133EC7H1	2260	99	Fair Value	08/17/2015	3,001,620.00	0.00	0.00	0.00	0.00	4,290.00	3,005,910.00
3133ECA61	2261	99	Fair Value	06/18/2015	3,000,030.00	0.00	0.00	3,000,000.00	0.00	-30.00	0.00
313382YY3	2268	99	Fair Value	02/22/2016	1,998,720.00	0.00	0.00	0.00	0.00	-1,400.00	1,997,320.00
3135GOXR9	2269	99	Fair Value	09/06/2016	1,996,700.00	0.00	0.00	0.00	0.00	1,760.00	1,998,460.00
313383EE7	2270	99	Fair Value	09/19/2016	1,997,320.00	0.00	0.00	0.00	0.00	-180.00	1,997,140.00
3136G1WT2	2273	99	Fair Value	11/21/2016	2,000,760.00	0.00	0.00	2,000,000.00	0.00	-760.00	0.00
3136G1XZ7	2274	99	Fair Value	12/19/2016	1,994,380.00	0.00	0.00	0.00	0.00	480.00	1,994,860.00
3135G0YW7	2276	99	Fair Value	11/25/2016	1,996,400.00	0.00	0.00	0.00	0.00	300.00	1,996,700.00
3134G4PX0	2277	99	Fair Value	06/27/2016	1,998,780.00	0.00	0.00	0.00	0.00	1,820.00	2,000,600.00
3133EDD41	2278	99	Fair Value	07/07/2016	1,998,120.00	0.00	0.00	2,000,000.00	0.00	1,880.00	0.00
3130A0QF0	2279	99	Fair Value	02/14/2017	1,550,542.50	0.00	0.00	1,550,000.00	0.00	-542.50	0.00
3130A0VG2	2281	99	Fair Value	11/25/2016	1,998,920.00	0.00	0.00	0.00	0.00	4,380.00	2,003,300.00
3130A0YG9	2282	99	Fair Value	12/12/2016	1,997,820.00	0.00	0.00	0.00	0.00	2,520.00	2,000,340.00
2050003183-6	2283	99	Amortized	01/22/2016	81,784.76	0.00	0.00	0.00	0.00	0.00	81,784.76
3134G4WJ3	2284	99	Fair Value	09/19/2016	1,999,080.00	0.00	0.00	0.00	0.00	1,420.00	2,000,500.00
3134G4WH7	2285	99	Fair Value	03/20/2017	1,993,800.00	0.00	0.00	0.00	0.00	840.00	1,994,640.00
3135G0YE7	2286	99	Fair Value	08/26/2016	1,998,760.00	0.00	0.00	0.00	0.00	6,740.00	2,005,500.00
3130A1HX9	2287	99	Fair Value	01/23/2017	2,002,960.00	0.00	0.00	0.00	0.00	-740.00	2,002,220.00
3130A1SE9	2288	99	Fair Value	05/19/2017	0.00	2,000,000.00	0.00	0.00	0.00	2,380.00	2,002,380.00

Portfolio OTAY
AP

OTAY
GASB 31 Compliance Detail
Sorted by Fund - Fund

CUSIP	Investment #	Fund	Investment Class	Maturity Date	Beginning Invested Value	Purchase of Principal	Addition to Principal	Redemption of Principal	Adjustment in Value		Ending Invested Value
									Amortization Adjustment	Change in Market Value	
Fund: Treasury Fund											
3130A1RB6	2289	99	Fair Value	05/15/2017	0.00	1,030,000.00	0.00	0.00	0.00	1,339.00	1,031,339.00
3130A1RB6	2290	99	Fair Value	05/15/2017	0.00	2,705,000.00	0.00	0.00	0.00	3,516.50	2,708,516.50
3133EDKF8	2291	99	Fair Value	07/29/2016	1,998,560.00	0.00	0.00	0.00	0.00	1,080.00	1,999,640.00
3130A1Q84	2292	99	Fair Value	05/08/2017	0.00	2,000,000.00	0.00	0.00	0.00	2,000.00	2,002,000.00
3134G54N2	2293	99	Fair Value	11/28/2016	0.00	2,000,000.00	0.00	0.00	0.00	1,800.00	2,001,800.00
3130A1XA1	2294	99	Fair Value	08/26/2016	0.00	2,000,000.00	0.00	0.00	0.00	-3,140.00	1,996,860.00
3130A1ZX9	2296	99	Fair Value	08/22/2017	0.00	2,000,000.00	0.00	0.00	0.00	-2,920.00	1,997,080.00
Subtotal					81,490,949.37	13,735,000.00	20,962,980.04	35,166,203.61	0.00	-44,232.95	80,978,492.85
Total					81,490,949.37	13,735,000.00	20,962,980.04	35,166,203.61	0.00	-44,232.95	80,978,492.85

OTAY
Duration Report
Sorted by Investment Type - Investment Type
Through 05/31/2014

Security ID	Investment #	Fund	Issuer	Investment Class	Book Value	Par Value	Market Value	Current Rate	YTM 360	Current Yield	Maturity/Call Date	Modified Duration
3134G54N2	2293	99	Federal Home Loan Mortgage	Fair	2,000,000.00	2,000,000.00	2,001,800.00	.7500000	0.740	0.713	11/28/2016	2.464
3134G4WJ3	2284	99	Federal Home Loan Mortgage	Fair	2,000,000.00	2,000,000.00	2,000,500.00	.6250000	0.616	0.614	09/19/2016	2.277
3134G4PX0	2277	99	Federal Home Loan Mortgage	Fair	2,000,000.00	2,000,000.00	2,000,600.00	.5000000	0.493	0.485	06/27/2016	2.054
3136G1XZ7	2274	99	Federal National Mortgage Assoc	Fair	2,000,000.00	2,000,000.00	1,994,860.00	.6700000	0.661	0.772	12/19/2016	2.515
3135G0YW7	2276	99	Federal National Mortgage Assoc	Fair	2,002,420.73	2,000,000.00	1,996,700.00	.7500000	0.685	1.082	11/25/2016	2.451
3130A1SE9	2288	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,002,380.00	1.000000	0.986	0.959	05/19/2017	2.915
313382YY3	2268	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	1,997,320.00	.3500000	0.345	0.428	02/22/2016	1.715
3130A0VG2	2281	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,003,300.00	.7000000	0.690	0.633	11/25/2016	2.453
3130A1Q84	2292	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,002,000.00	1.010000	0.996	0.975	05/08/2017	2.884
3130A1RB6	2289	99	Federal Home Loan Bank	Fair	1,030,000.00	1,030,000.00	1,031,339.00	1.020000	1.006	0.975	05/15/2017	2.903
3130A1ZX9	2296	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	1,997,080.00	1.050000	1.036	1.096	08/22/2017	3.161
3130A1HX9	2287	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,002,220.00	1.000000	0.986	0.957	01/23/2017	2.601
3130A1RB6	2290	99	Federal Home Loan Bank	Fair	2,705,000.00	2,705,000.00	2,708,516.50	1.020000	1.006	0.975	05/15/2017	2.903
313383EE7	2270	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	1,997,140.00	.5000000	0.493	0.563	09/19/2016	2.278
3130A0YG9	2282	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,000,340.00	.7500000	0.740	0.743	12/12/2016	2.498
3130A1XA1	2294	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	1,996,860.00	.6500000	0.641	0.721	08/26/2016	2.215
3133EC7H1	2260	99	Federal Farm Credit Bank	Fair	3,000,000.00	3,000,000.00	3,005,910.00	.3400000	0.335	-0.054	08/17/2015	1.208
3133EC6F6	2258	99	Federal Farm Credit Bank	Fair	3,000,000.00	3,000,000.00	3,007,050.00	.3500000	0.345	0.230	06/01/2015	0.998
3133EDKF8	2291	99	Federal Farm Credit Bank	Fair	2,000,000.00	2,000,000.00	1,999,640.00	.5500000	0.542	0.558	07/29/2016	2.144
3135GOXR9	2269	99	Fannie Mae	Fair	2,000,000.00	2,000,000.00	1,998,460.00	.5500000	0.542	0.705	09/06/2016	2.242
3134G4WH7	2285	99	Federal Home Loan Mortgage	Fair	2,000,000.00	2,000,000.00	1,994,640.00	.9000000	0.888	0.997	03/20/2017	2.755
3135G0YE7	2286	99	Federal National Mortgage Assoc	Fair	2,002,605.78	2,000,000.00	2,005,500.00	.6250000	0.533	0.501	08/26/2016	2.215
2050003183-6	2283	99	California Bank & Trust	Amort	81,784.76	81,784.76	81,784.76	.0300000	0.030	0.030	01/22/2016	1.640

OTAY
Duration Report
Sorted by Investment Type - Investment Type
Through 05/31/2014

Security ID	Investment #	Fund	Issuer	Investment Class	Book Value	Par Value	Market Value	Current Rate	YTM 360	Current Yield	Maturity/ Call Date	Modified Duration
LAIF	9001	99	STATE OF CALIFORNIA	Fair	12,964,668.30	12,964,668.30	12,968,779.63	.2280000	0.225	0.228		0.000
LAIF COPS07	9009	99	STATE OF CALIFORNIA	Fair	0.00	0.00	0.00	.0000001	0.000	0.000		0.000
LAIF BABS 2010	9012	99	STATE OF CALIFORNIA	Fair	0.00	0.00	0.00	.2280000	0.225	0.228		0.000
SD COUNTY	9007	99	San Diego County	Fair	21,250,908.83	21,250,908.83	21,140,000.00	.4240000	0.418	0.424		0.000
Report Total					80,037,388.40	80,032,361.89	79,934,719.89			0.539		1.317



STAFF REPORT

TYPE MEETING: Regular Board	MEETING DATE: July 2, 2014
SUBMITTED BY: Kevin Koeppen, Finance Manager, Treasury & Acct	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 5/22/2014 - 6/18/2014	NET DEMANDS
CHECKS (2040320 - 2040550)	\$ 1,778,843.51
VOID CHECKS (5)	(\$ 2,143.83)
TOTAL CHECKS	\$ 1,776,699.68
WIRE TO:	
CALPERS - OTHER POST EMPLOYMENT BENEFITS (MONTHLY)	\$ 171,250.00
CITY OF CHULA VISTA - BI-MONTHLY SEWER CHARGES (MAR-APR 2014)	\$ 2,881,119.94
CITY TREASURER - METROPOLITAN SEWERAGE SYSTEM (QUARTERLY)	\$ 255,431.00
CITY TREASURER - RECLAIMED WATER PURCHASE (MAR 2014)	\$ 43,726.62
DELTA DENTAL OF CALIFORNIA - DENTAL & COBRA CLAIMS (MAY 2014)	\$ 25,578.20
OTAY WATER DISTRICT - BI-WEEKLY PAYROLL DEDUCTION	\$ 679.00
OTAY WATER DISTRICT - BI-WEEKLY PAYROLL DEDUCTION	\$ 679.00
SAN DIEGO COUNTY WATER AUTH - WATER DELIVERIES & CHARGES (APR 2014)	\$ 3,719,114.45
STATE DISBURSEMENT UNIT - BI-WEEKLY PAYROLL DEDUCTION	\$ 237.69
STATE DISBURSEMENT UNIT - BI-WEEKLY PAYROLL DEDUCTION	\$ 831.23
STATE DISBURSEMENT UNIT - BI-WEEKLY PAYROLL DEDUCTION	\$ 208.72
STATE DISBURSEMENT UNIT - BI-WEEKLY PAYROLL DEDUCTION	\$ 237.69
STATE DISBURSEMENT UNIT - BI-WEEKLY PAYROLL DEDUCTION	\$ 831.23
STATE DISBURSEMENT UNIT - BI-WEEKLY PAYROLL DEDUCTION	\$ 215.46
UNION BANK - BI-WEEKLY PAYROLL TAXES	\$ 142,184.97
UNION BANK - BI-WEEKLY PAYROLL TAXES	\$ 142,852.38
UNION BANK NA - COPS 1996 (MONTHLY)	\$ 922.66
TOTAL CASH DISBURSEMENTS	\$ 9,162,799.92

RECOMMENDED ACTION:

That the Board received the attached list of demands.

Jb/Attachment

CHECK REGISTER

Otay Water District

Date Range: 5/22/2014 - 6/18/2014

<u>Check #</u>	<u>Date</u>	<u>Vendor</u>	<u>Vendor Name</u>	<u>Invoice</u>	<u>Inv. Date</u>	<u>Description</u>	<u>Amount</u>	<u>Check Total</u>
2040431	06/11/14	15416	24 HOUR ELEVATOR INC	11999	05/23/14	ELEVATOR LOAD TEST	800.00	800.00
2040432	06/11/14	15285	A & D FIRE SPRINKLERS INC	305419	05/19/14	LOCKER MAINTENANCE	285.00	285.00
2040433	06/11/14	08488	ABLEFORCE INC	4270	05/15/14	PROGRAMMING SERVICES (4/28/14-5/13/14)	937.50	937.50
2040320	05/28/14	13901	ADVANCED INDUSTRIAL SVCS INC	3B	04/25/14	RESERVOIR UPGRADE PROJECT (ENDING 4/30/14)	270,973.99	270,973.99
2040321	05/28/14	11462	AEGIS ENGINEERING MGMT INC	1309	05/12/14	DEVELOPER PROJECTS (3/29/14-05/2/14)	19,921.80	19,921.80
2040322	05/28/14	11803	AEROTEK ENVIRONMENTAL	OE01035882	05/15/14	TEMPORARY EMPLOYMENT (4/28/14-5/2/14)	1,526.25	
				OE01037966	05/22/14	TEMPORARY EMPLOYMENT (5/6/14-5/9/14)	1,320.00	2,846.25
2040434	06/11/14	11803	AEROTEK ENVIRONMENTAL	OE01039994	05/29/14	TEMPORARY EMPLOYMENT (5/12/14-5/16/14)	1,650.00	
				OE01042032	06/05/14	TEMPORARY EMPLOYMENT (5/19/14-5/23/14)	1,546.88	3,196.88
2040323	05/28/14	07732	AIRGAS SPECIALTY PRODUCTS INC	131334167	05/07/14	AQUA AMMONIA	2,693.40	
				131334166	05/07/14	AQUA AMMONIA	2,391.60	5,085.00
2040324	05/28/14	13753	AIRGAS USA LLC	9918184232	04/30/14	BREATHING AIR	41.75	41.75
2040435	06/11/14	15024	AIRX UTILITY SURVEYORS INC	7	05/23/14	AS-NEEDED LAND SURVEYING (4/1/14-4/30/14)	1,977.50	1,977.50
2040325	05/28/14	14811	ALARMS UNLIMITED INC	162158	05/22/14	CARD READER	10,530.45	10,530.45
2040390	06/04/14	06261	ALCANTARA, CYNTHIA	051914052214	05/28/14	TRAVEL EXPENSE REIMB (5/19/14-5/22/14)	926.42	926.42
2040326	05/28/14	01463	ALLIED ELECTRONICS INC	9003020898	04/30/14	PROTOCOL CONVERTER	988.10	988.10
2040436	06/11/14	01463	ALLIED ELECTRONICS INC	9003111504	05/23/14	INSTRUMENT CABLE	159.42	159.42
2040437	06/11/14	02362	ALLIED WASTE SERVICES # 509	0509005622891	05/25/14	TRASH SERVICES (MAY & JUNE 2014)	1,409.52	1,409.52
2040495	06/18/14	02362	ALLIED WASTE SERVICES # 509	0509005624488	05/25/14	TRASH SERVICES (JUNE 2014)	22.15	22.15
2040496	06/18/14	11590	AMERICAN DIGITAL CARTOGRAPHY	19567	05/29/14	LICENSE RENEWAL (5/30/14-5/29/15)	12,600.00	12,600.00
2040438	06/11/14	06166	AMERICAN MESSAGING	L11095700F	06/01/14	PAGER SERVICES (MAY 2014)	230.46	230.46
2040391	06/04/14	15623	ANN FULCHIRON	Ref002434279	06/03/14	UB Refund Cst #0000028733	74.62	74.62
2040392	06/04/14	00002	ANSWER INC	9980	05/22/14	ANSWERING SERVICES (MONTHLY)	1,100.00	1,100.00
2040439	06/11/14	08967	ANTHEM BLUE CROSS EAP	41224	05/23/14	EMPLOYEE ASSISTANCE PROGRAM (JUNE 2014)	318.89	318.89
2040393	06/04/14	15540	APPLIED DIVING SERVICES INC	14056	05/09/14	DIVE INSPECTIONS	6,250.00	6,250.00
2040327	05/28/14	13171	ARCADIS US INC	0591426	05/07/14	CONSTRUCTABILITY REVIEW (4/1/13-3/30/14)	4,900.00	4,900.00

CHECK REGISTER

Otay Water District

Date Range: 5/22/2014 - 6/18/2014

<u>Check #</u>	<u>Date</u>	<u>Vendor</u>	<u>Vendor Name</u>	<u>Invoice</u>	<u>Inv. Date</u>	<u>Description</u>	<u>Amount</u>	<u>Check Total</u>
2040394	06/04/14	15625	ARMANDO CASTRO	Ref002434282	06/03/14	UB Refund Cst #0000092773	93.53	93.53
2040497	06/18/14	15658	ASTRYD LUGO	Ref002434506	06/16/14	UB Refund Cst #0000184520	34.68	34.68
2040440	06/11/14	07785	AT&T	000005444504	06/01/14	CALNET 2 PHONE SVCS (MAY 2014)	1,229.08	1,229.08
2040498	06/18/14	07785	AT&T	000005445525	06/02/14	CALNET 2 PHONE SVCS (5/2/14-6/1/14)	4,918.24	4,918.24
2040441	06/11/14	12810	ATKINS	1194623	04/23/14	2015 WFMP UPDATE (2/10/14-3/30/14)	11,667.89	11,667.89
2040442	06/11/14	12810	ATKINS	1194423	05/20/14	DESIGN SERVICES (12/2/13-4/27/14)	4,068.00	4,068.00
2040499	06/18/14	15667	AUTUMN CLARK	Ref002434516	06/16/14	UB Refund Cst #0000205583	27.01	27.01
2040500	06/18/14	15618	BETTGER PROPERTIES INC	UB625453726	05/22/14	CUSTOMER REFUND	148.68	148.68
2040328	05/28/14	15618	BETTGER PROPERTIES INC	UB625453726	05/22/14	CUSTOMER REFUND	148.68	148.68
2040501	06/18/14	15654	BRANDON MIZUHARA	Ref002434502	06/16/14	UB Refund Cst #0000144938	250.23	250.23
2040502	06/18/14	15661	BRANDON MONTGOMERY	Ref002434509	06/16/14	UB Refund Cst #0000189022	44.92	44.92
2040443	06/11/14	10970	BRENNTAG PACIFIC INC	BPI416955	05/16/14	SODIUM HYPOCHLORITE	3,098.07	
				BPI418932	05/23/14	SODIUM HYPOCHLORITE	2,450.15	
				BPI416585	05/15/14	SODIUM HYPOCHLORITE	1,552.57	
				BPI417451	05/19/14	SODIUM HYPOCHLORITE	1,516.19	
				BPI418658	05/22/14	SODIUM HYPOCHLORITE	1,066.38	
				BPI417450	05/19/14	SODIUM HYPOCHLORITE	974.40	
				BPI418931	05/23/14	SODIUM HYPOCHLORITE	838.96	
				BPI416586	05/15/14	SODIUM HYPOCHLORITE	697.45	12,194.17
2040329	05/28/14	10970	BRENNTAG PACIFIC INC	BPI412919	05/02/14	SODIUM HYPOCHLORITE	1,647.59	
				BPI414844	05/09/14	SODIUM HYPOCHLORITE	1,485.86	
				BPI413623	05/06/14	SODIUM HYPOCHLORITE	1,449.47	
				BPI412036	04/30/14	SODIUM HYPOCHLORITE	1,433.30	
				BPI412037	04/30/14	SODIUM HYPOCHLORITE	1,265.51	
				BPI415302	05/12/14	SODIUM HYPOCHLORITE	1,164.43	
				BPI414410	05/08/14	SODIUM HYPOCHLORITE	948.12	9,394.28
2040444	06/11/14	02977	BROWN, VINCENT	O0000000098	06/05/14	SAFETY BOOT REIMBURSEMENT	150.00	150.00
2040503	06/18/14	15665	CANDICE BLACKWELL	Ref002434514	06/16/14	UB Refund Cst #0000203222	13.03	13.03
2040504	06/18/14	04071	CAPITOL WEBWORKS LLC	CWW26278	04/30/14	LOBBYING DISCLOSURE	45.00	45.00

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2040330	05/28/14	02758	CARMEL BUSINESS SYSTEMS INC	7776	04/29/14	ENGINEERING DRAWINGS	61.56	
				7780	05/02/14	ENGINEERING DRAWINGS	34.56	96.12
2040395	06/04/14	15639	CARRILLO PROPERTY INVS LLC	Ref002434296	06/03/14	UB Refund Cst #0000207181	76.71	76.71
2040445	06/11/14	03232	CDW GOVERNMENT INC	LZ29624	05/21/14	SUPPORT RENEWAL	1,050.00	1,050.00
2040505	06/18/14	15671	CENTURY 21 1ST CHOICE	Ref002434520	06/16/14	UB Refund Cst #0000206853	55.98	55.98
2040506	06/18/14	15663	CHARMAINE DE LA CRUZ	Ref002434512	06/16/14	UB Refund Cst #0000194529	44.33	44.33
2040396	06/04/14	02026	CHULA VISTA ELEM SCHOOL DIST	AR043311	05/21/14	GARDEN TOUR (5/6/14)	270.00	
				AR043312	05/21/14	GARDEN TOUR (5/8/14)	270.00	
				AR043362	05/29/14	GARDEN TOUR (4/22/14)	270.00	810.00
2040507	06/18/14	15659	CHULA VISTA R-14 LLC	Ref002434507	06/16/14	UB Refund Cst #0000185769	3,040.25	3,040.25
2040508	06/18/14	15256	CIGNA GROUP INSURANCE / LINA	09520492670614	06/18/14	AD&D & SUPP LIFE INS (JUNE 2014)	4,492.80	4,492.80
2040331	05/28/14	08895	CITY OF LA MESA	16427	04/29/14	FINGERPRINTING SERVICES	100.00	100.00
2040446	06/11/14	08160	COMPLETE OFFICE	16094820	05/20/14	OFFICE SUPPLIES	328.99	
				16081860	05/14/14	OFFICE SUPPLIES	103.63	432.62
2040332	05/28/14	08160	COMPLETE OFFICE	16031990	04/29/14	COPY PAPER	1,071.01	1,071.01
2040509	06/18/14	11056	CONCHAS, FREDERICK	O0000000100	06/12/14	SEMINAR REIMBURSEMENT	60.00	60.00
2040447	06/11/14	02643	CORE-ROSION PRODUCTS	C2014158	05/06/14	TEFLON EXPANSION JOINTS	1,395.83	1,395.83
2040510	06/18/14	00099	COUNTY OF SAN DIEGO	DPWAROTAYMW	05/20/14	EXCAVATION PERMITS (APR 2014)	1,054.50	1,054.50
2040333	05/28/14	00184	COUNTY OF SAN DIEGO	DEH2009HUPFP2	05/12/14	UPFP PERMIT RENEWAL (6/30/14-6/30/15)	292.00	
				DEH2009HUPFP2	05/12/14	UPFP PERMIT RENEWAL (6/30/14-6/30/15)	292.00	
				DEH2009HUPFP2	05/12/14	UPFP PERMIT RENEWAL (6/30/14-6/30/15)	292.00	
				DEH2009HUPFP2	05/12/14	UPFP PERMIT RENEWAL (6/30/14-6/30/15)	292.00	
				DEH2010HUPFP2	05/12/14	UPFP PERMIT RENEWAL (6/30/14-6/30/15)	292.00	
				DEH2004HUPFP2	05/12/14	UPFP PERMIT RENEWAL (6/30/14-6/30/15)	292.00	1,752.00
2040448	06/11/14	08479	COUNTY OF SAN DIEGO	CA719620514	05/21/14	O & M CAPITAL REPLACEMENT (FY 2012-2013)	154,956.00	154,956.00
2040449	06/11/14	02756	COX COMMUNICATIONS SAN DIEGO	27170514	05/30/14	INTERNET SERVICES (5/29/14-6/28/14)	1,500.00	
				28810514	05/30/14	INTERNET SERVICES (5/29/14-6/28/14)	1,500.00	3,000.00
2040511	06/18/14	00693	CSDA, SAN DIEGO CHAPTER	CSDA2014	06/01/14	MEMBERSHIP RENEWAL	150.00	150.00

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2040512	06/18/14	11150	DARNELL & ASSOCIATES INC	140152	04/30/14	TRAFFIC ENGINEER SERVICES (12/11/13-3/20/14)	7,200.00	7,200.00
2040513	06/18/14	15669	DEBORAH NELL	Ref002434518	06/16/14	UB Refund Cst #0000206244	37.22	37.22
2040397	06/04/14	00319	DEPARTMENT OF PUBLIC HEALTH	O0000000097	05/30/14	CERTIFICATION RENEWAL	80.00	80.00
2040398	06/04/14	15631	DIEGO RUBIO	Ref002434288	06/03/14	UB Refund Cst #0000204363	10.94	10.94
2040399	06/04/14	03417	DIRECTV	23177618698	05/19/14	SATELLITE TV (5/18/14-6/17/14)	6.00	6.00
2040514	06/18/14	03417	DIRECTV	23295686445	06/05/14	SATELLITE TV (6/4/14-7/3/14)	18.00	18.00
2040400	06/04/14	02447	EDCO DISPOSAL CORPORATION	1554580514	05/31/14	RECYCLING SERVICES (MAY 2014)	95.00	95.00
2040450	06/11/14	08023	EMPLOYEE BENEFIT SPECIALISTS	0064757IN	04/30/14	EMPLOYEE BENEFITS (APR 2014)	695.00	695.00
2040515	06/18/14	03765	ENGINEERING PARTNERS INC, THE	1114016	01/31/14	RECORD DRAWINGS (11/1/13-1/31/14)	2,000.00	2,000.00
2040451	06/11/14	03227	ENVIROMATRIX ANALYTICAL INC	4050658	05/19/14	RECYCLED WATER ANALYSIS (5/1/14-5/8/14)	490.00	490.00
2040334	05/28/14	03227	ENVIROMATRIX ANALYTICAL INC	4050346	05/05/14	RECYCLED WATER ANALYSIS (4/18/14-4/24/14)	445.00	
				4050509	05/12/14	RECYCLED WATER ANALYSIS (4/25/14-4/30/14)	400.00	845.00
2040516	06/18/14	15662	ERIC TOBIN	Ref002434511	06/16/14	UB Refund Cst #0000194141	79.55	79.55
2040452	06/11/14	02939	ESCARCEGA, LUIS	8752	06/09/14	SEMINAR REIMBURSEMENT	60.00	60.00
2040453	06/11/14	14320	EUROFINS EATON ANALYTICAL INC	L0168121	05/23/14	OUTSIDE LAB SERVICES (5/6/14)	255.00	255.00
2040335	05/28/14	14320	EUROFINS EATON ANALYTICAL INC	L0165712	05/06/14	OUTSIDE LAB SERVICES (4/22/14)	255.00	255.00
2040336	05/28/14	00645	FEDEX	265636473	05/16/14	MAIL SERVICES (5/7/14)	6.24	6.24
2040454	06/11/14	03546	FERGUSON WATERWORKS # 1083	0473824	05/13/14	36" BUTTERFLY VALVE	5,538.27	
				0475033	05/21/14	VALVE CAN	864.00	6,402.27
2040337	05/28/14	03546	FERGUSON WATERWORKS # 1083	0471494	04/30/14	INVENTORY	6,114.79	
				04691691	05/06/14	INVENTORY	2,458.79	
				0472796	04/29/14	PVC / BRASS	127.62	8,701.20
2040338	05/28/14	12187	FIRST AMERICAN DATA TREE LLC	9003400414	04/30/14	ONLINE DOCUMENTS (MONTHLY)	99.00	99.00
2040339	05/28/14	04066	FIRST CHOICE SERVICES - SD	019935	05/12/14	COFFEE SUPPLIES	270.10	270.10
2040340	05/28/14	00035	FISHER SCIENTIFIC	6176190	04/30/14	LABORATORY SUPPLIES	56.15	
				6228217	05/01/14	LABORATORY SUPPLIES	21.77	77.92
2040517	06/18/14	14478	FISHER WIRELESS SERVICES INC	221027	02/21/14	RADIO REPAIR	922.80	922.80

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2040341	05/28/14	11962	FLEETWASH INC	x271045	05/02/14	FLEET VEHICLE WASHING	151.11	151.11
2040455	06/11/14	11962	FLEETWASH INC	x277118	05/16/14	FLEET VEHICLE WASHING	131.40	
				x280814	05/23/14	FLEET VEHICLE WASHING	85.41	216.81
2040401	06/04/14	01612	FRANCHISE TAX BOARD	Ben2434351	06/05/14	BI-WEEKLY PAYROLL DEDUCTION	50.00	50.00
2040518	06/18/14	01612	FRANCHISE TAX BOARD	Ben2434538	06/19/14	BI-WEEKLY PAYROLL DEDUCTION	50.00	50.00
2040519	06/18/14	02344	FRANCHISE TAX BOARD	Ben2434540	06/19/14	BI-WEEKLY PAYROLL DEDUCTION	81.00	81.00
2040402	06/04/14	02344	FRANCHISE TAX BOARD	Ben2434353	06/05/14	BI-WEEKLY PAYROLL DEDUCTION	81.00	81.00
2040342	05/28/14	07224	FRAZEE INDUSTRIES INC	22744	05/01/14	PAINT	686.32	
				25648	05/09/14	PAINT	106.01	792.33
2040343	05/28/14	13563	FRIENDS OF THE WATER	196	05/03/14	GARDEN TOURS (4/22/14-4/25/14)	2,480.00	2,480.00
2040456	06/11/14	13563	FRIENDS OF THE WATER	199	05/23/14	GARDEN TOURS (MAY 2014)	4,340.00	4,340.00
2040520	06/18/14	15673	GARYS CONSTRUCTION INC	Ref002434522	06/16/14	UB Refund Cst #0000208489	1,349.56	1,349.56
2040457	06/11/14	10817	GEXPRO	S107763405001	05/16/14	RX3I PLC	2,751.90	
				S107763405002	05/16/14	RX3I PLC	398.40	3,150.30
2040521	06/18/14	15650	GORDON DAY	Ref002434498	06/16/14	UB Refund Cst #0000022648	154.29	154.29
2040344	05/28/14	14948	GPS INSIGHT LLC	87516	11/01/13	QUARTERLY SERVICE FOR GPS MODEM	8,548.69	
				87517	02/01/14	QUARTERLY SERVICE FOR GPS MODEM	7,667.28	
				918356	05/01/14	MONTHLY PER VEHICLE MONITORING FEE	7,176.60	
				87515	08/01/13	QUARTERLY SERVICE FOR GPS MODEM	1,830.06	
				85910	01/20/14	GPS HARDWARE	306.21	25,528.84
2040403	06/04/14	00101	GRAINGER INC	9405733586	04/02/14	TOOLS - INSPECTION	210.39	
				9432347301	05/05/14	ELECTRICAL HARDWARE	195.02	
				94062018556	04/03/14	TOOLS - INSPECTION	120.29	
				9426558830	04/28/14	ELECTRICAL HARDWARE	92.00	
				9426558848	04/28/14	ELECTRICAL HARDWARE	33.35	
				9426861135	04/28/14	ELECTRICAL HARDWARE	7.83	658.88
2040458	06/11/14	00101	GRAINGER INC	9445970016	05/20/14	TOOLS	141.33	
				9448129602	05/22/14	PVC WRAP TAPE	56.64	
				9445970024	05/20/14	TOOLS	15.85	213.82

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2040345	05/28/14	12907	GREENRIDGE LANDSCAPE INC	11952	04/29/14	LANDSCAPING SERVICES (APR 2014)	8,909.50	
				11953	04/30/14	STUMP REMOVAL	250.00	9,159.50
2040346	05/28/14	00174	HACH COMPANY	8828989	05/12/14	SAMPLER REPAIR	951.79	951.79
2040347	05/28/14	15370	HALAX2 INC	102	05/01/14	SOFTWARE PROGRAMMING (4/3/14-4/24/14)	1,782.50	1,782.50
2040348	05/28/14	02350	HARPER & ASSOCIATES	ENG4919	05/02/14	COATING INSPECTION (4/1/14-4/30/14)	23,192.00	23,192.00
2040349	05/28/14	10973	HDR ENGINEERING INC	3	05/02/14	CORROSION SERVICES (2/23/14-3/29/14)	56,473.50	56,473.50
2040459	06/11/14	10973	HDR ENGINEERING INC	4	05/20/14	CORROSION SERVICES (3/30/14-5/3/14)	21,259.00	21,259.00
2040404	06/04/14	15349	HDR INC	153922B	05/22/14	CONSULTING SERVICES (APR 2014)	7,962.00	7,962.00
2040460	06/11/14	04472	HECTOR I MARES-COSSIO	110	06/01/14	BI-NATIONAL CONSULTANT SERVICES (APR 2014)	3,600.00	3,600.00
2040522	06/18/14	02096	HELIX WATER DISTRICT	HWD060414-otay-	06/04/14	OTAY LANDSCAPE CONTEST WINNER	29.46	29.46
2040350	05/28/14	12335	HP ENTERPRISE SERVICES LLC	U3175637	05/12/14	IVR PAYMENT SERVICES (APR 2014)	34.20	34.20
2040351	05/28/14	08969	INFOSEND INC	79672	04/30/14	BILL PRINTING SERVICES (APR 2014)	12,366.07	
				79671	04/30/14	BILL PRINTING SERVICES (APR 2014)	5,102.30	
				79813	05/02/14	BILL PRINTING SERVICES (APR 2014)	1,865.93	19,334.30
2040405	06/04/14	03380	INSIGHT PUBLIC SECTOR INC	1100365813	04/30/14	SCADA SERVER	39,002.84	
				1100366068	05/01/14	SCADA SERVER	5,158.88	
				1100366198	05/02/14	SCADA SERVER	3,373.43	47,535.15
2040352	05/28/14	15368	INTEGRITY MUNICIPAL SYSTEMS	3917	04/15/14	SCRUBBER GAUGE	234.80	234.80
2040461	06/11/14	13899	INTERMEDIA.NET INC	1406001244	06/01/14	EMAIL SERVICES (5/2/14-6/2/14)	3,626.55	3,626.55
2040406	06/04/14	15523	JANET HERRING	Ref002434281	06/03/14	UB Refund Cst #0000053856	51.26	51.26
2040353	05/28/14	03077	JANI-KING OF CALIFORNIA INC	SDO04140143	04/01/14	JANITORIAL SERVICES (APR 2014)	1,135.50	1,135.50
2040407	06/04/14	15630	JAVIER MARISCAL	Ref002434287	06/03/14	UB Refund Cst #0000194840	56.28	56.28
2040462	06/11/14	10563	JCI JONES CHEMICALS INC	618235		CREDIT MEMO	-3,000.00	
				618227	05/15/14	CHLORINE	4,684.65	1,684.65
2040354	05/28/14	10563	JCI JONES CHEMICALS INC	616348		CREDIT MEMO	-3,000.00	
				616305	04/29/14	CHLORINE	4,684.65	1,684.65
2040408	06/04/14	15628	JOHN KIRSCHKE	Ref002434285	06/03/14	UB Refund Cst #0000176495	112.71	112.71

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2040523	06/18/14	15652	JONATHAN HUME	Ref002434500	06/16/14	UB Refund Cst #0000067898	67.72	67.72
2040463	06/11/14	03172	JONES & STOKES ASSOCIATES INC	0100758	05/13/14	ENVIRONMENTAL CONSULTING (4/1/14-4/25/14)	420.00	
				0100757	05/13/14	ENVIRONMENTAL CONSULTING (4/1/14-4/25/14)	280.00	700.00
2040524	06/18/14	15655	JOSE D CALLEROS	Ref002434503	06/16/14	UB Refund Cst #0000145742	95.86	95.86
2040409	06/04/14	15626	KAREN KOPMANN	Ref002434283	06/03/14	UB Refund Cst #0000128279	101.94	101.94
2040355	05/28/14	05840	KIRK PAVING INC	5563	05/09/14	AS NEEDED PAVING SERVICES FY14	9,414.90	9,414.90
2040464	06/11/14	14036	KRATOS / HBE	SM46960	05/01/14	ALARM MONITORING (FEB & MAR 2014)	80.00	80.00
2040465	06/11/14	14952	KYNE CONSTRUCTION INC	004367	06/21/13	W/O REFUND D0891-090142	1,602.25	1,602.25
2040356	05/28/14	02063	LA MESA - SPRING VALLEY	3667	05/06/14	GARDEN TOURS	1,121.00	1,121.00
2040410	06/04/14	15629	LANES END LLC	Ref002434286	06/03/14	UB Refund Cst #0000185370	2,046.00	2,046.00
2040466	06/11/14	09511	LAYFIELD ENVIRONMENTAL SYSTEMS	4A	04/30/14	927-1 COVER / LINER REPL (ENDING 4/30/14)	60,957.51	60,957.51
2040357	05/28/14	06273	LIEBERT CASSIDY WHITMORE	180164	04/30/14	ATTORNEY SERVICES (THRU 4/30/14)	6,408.00	6,408.00
2040467	06/11/14	03019	LOPEZ, JOSE	050114053114	06/04/14	MILEAGE REIMBURSEMENT (MAY 2014)	12.32	12.32
2040411	06/04/14	15632	LYNN COLE	Ref002434289	06/03/14	UB Refund Cst #0000204477	72.32	72.32
2040525	06/18/14	15660	MARIBEL LARIOS	Ref002434508	06/16/14	UB Refund Cst #0000186796	34.23	34.23
2040526	06/18/14	15666	MARK PETERSEN	Ref002434515	06/16/14	UB Refund Cst #0000203783	187.00	187.00
2040358	05/28/14	02882	MAYER REPROGRAPHICS INC	0086480IN	05/12/14	REPROGRAPHICS SERVICES	59.40	59.40
2040468	06/11/14	01183	MCMASTER-CARR SUPPLY CO	86470506	05/22/14	PARTS & MATERIALS	737.40	737.40
2040359	05/28/14	01183	MCMASTER-CARR SUPPLY CO	84128996	05/06/14	CLARIFIER BAFFLE MATERIALS	168.18	
				84501625	05/08/14	CLARIFIER BAFFLE MATERIALS	148.49	316.67
2040469	06/11/14	11876	MICHAEL D KEAGY REAL ESTATE	1119	05/26/14	APPRAISAL SERVICES (12/1/13-5/26/14)	15,000.00	15,000.00
2040360	05/28/14	11876	MICHAEL D KEAGY REAL ESTATE	1118	04/29/14	APPRAISAL SERVICES (12/1/13-4/19/14)	11,000.00	11,000.00
2040361	05/28/14	15619	MICHELE BRIGGS	UB050013200	05/22/14	CUSTOMER REFUND	426.88	426.88
2040362	05/28/14	15136	MISSION UNIFORM SERVICE	340283639	05/06/14	UNIFORM SERVICES	394.95	
				340283640	05/06/14	UNIFORM SERVICES	68.25	463.20
2040470	06/11/14	15136	MISSION UNIFORM SERVICE	340285766	05/20/14	UNIFORM SERVICES	405.42	

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				340284680	05/13/14	UNIFORM SERVICES	405.36	
				340284679	05/13/14	UNIFORM SERVICES	114.17	
				340285765	05/20/14	UNIFORM SERVICES	114.17	
				340285761	05/20/14	UNIFORM SERVICES	91.41	
				S340284864	05/20/14	UNIFORM SERVICES	55.00	1,185.53
2040363	05/28/14	15620	MY LITTLE PONY RIDES	62125	05/23/14	EMPLOYEE PROGRAM	450.00	450.00
2040527	06/18/14	15664	NANCY MAURICIO	Ref002434513	06/16/14	UB Refund Cst #0000198992	16.08	16.08
2040528	06/18/14	03523	NATIONAL DEFERRED COMPENSATION	Ben2434532	06/19/14	BI-WEEKLY DEFERRED COMP PLAN	8,438.27	8,438.27
2040412	06/04/14	03523	NATIONAL DEFERRED COMPENSATION	Ben2434345	06/05/14	BI-WEEKLY DEFERRED COMP PLAN	8,438.27	8,438.27
2040364	05/28/14	00459	NATIONAL NOTARY ASSOCIATION	A53221	05/22/14	MEMBERSHIP RENEWAL	139.00	139.00
2040471	06/11/14	00745	NEWARK	25182097	05/21/14	OFF DELAY TIMERS	290.95	290.95
2040365	05/28/14	08531	NEWEST CONSTRUCTION	201402	05/05/14	HIDDEN MTN ENCLOSURE INSTALL	9,104.40	9,104.40
2040472	06/11/14	14856	NEXUS IS INC	JC641400	05/22/14	NETWORK EQUIPMENT	20,503.08	20,503.08
2040529	06/18/14	14856	NEXUS IS INC	JC641016	05/05/14	TECHNOLOGY HARDWARE	3,829.36	3,829.36
2040366	05/28/14	00510	OFFICE DEPOT INC	708582810001	05/08/14	OFFICE SUPPLIES	263.64	
				708139610001	05/07/14	MONITOR FILTER	108.30	
				708583021001	05/08/14	OFFICE SUPPLIES	54.55	426.49
2040530	06/18/14	15609	OTAY RANCH TOWN CENTER	Ref002434510	06/16/14	UB Refund Cst #0000193693	28.49	28.49
2040531	06/18/14	01002	PACIFIC PIPELINE SUPPLY	167086	06/09/14	INVENTORY	4,416.77	4,416.77
2040473	06/11/14	14183	PACIFIC SAFETY CENTER	70581	05/22/14	CPR/FIRST AID/AED TRAINING (5/14/14 & 5/28/14)	1,495.00	1,495.00
2040367	05/28/14	05497	PAYPAL INC	31672786	04/30/14	PHONE PAYMENT SVCS (APR 2014)	54.10	54.10
2040474	06/11/14	15598	PDF ELECTRIC & SUPPLY CO INC	130141	05/20/14	PLC ETHERNET MODULES	4,700.00	4,700.00
2040532	06/18/14	15643	PEARTREE CONSTRUCTION &	8202	05/22/14	TERMITE TREATMENT	800.00	800.00
2040533	06/18/14	15672	PGI INVESTMENTS	Ref002434521	06/16/14	UB Refund Cst #0000207320	168.63	168.63
2040534	06/18/14	15670	PGI INVESTMENTS LLC	Ref002434519	06/16/14	UB Refund Cst #0000206810	116.64	116.64
2040535	06/18/14	15668	PIA MCNEIL	Ref002434517	06/16/14	UB Refund Cst #0000205951	43.45	43.45
2040368	05/28/14	15081	PINOMAKI DESIGN	4478	05/01/14	GRAPHIC DESIGN	85.00	85.00

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2040475	06/11/14	10929	PORTABLE POWER SYSTEMS INC	170393	05/23/14	UPS BATTERIES	302.77	302.77
2040413	06/04/14	03351	POSADA, ROD	052114052314	05/27/14	TRAVEL EXPENSE REIMB (5/21/14-5/23/14)	1,279.29	1,279.29
2040536	06/18/14	00079	POSTMASTER	POSTMASTER614	06/03/14	POSTAGE	7,676.00	7,676.00
2040369	05/28/14	13059	PRIORITY BUILDING SERVICES	39151	04/01/14	JANITORIAL SERVICES (APR 2014)	3,664.00	3,664.00
2040370	05/28/14	00078	PUBLIC EMPLOYEES RET SYSTEM	Ben2434157	05/22/14	BI-WEEKLY PERS CONTRIBUTION	158,478.38	158,478.38
2040476	06/11/14	00078	PUBLIC EMPLOYEES RET SYSTEM	Ben2434341	06/05/14	BI-WEEKLY PERS CONTRIBUTION	158,370.73	158,370.73
2040371	05/28/14	01342	R J SAFETY SUPPLY CO INC	32472801	05/06/14	SAFETY SUPPLIES	474.77	
				32472800	04/30/14	SAFETY SUPPLIES	382.43	
				32445000	05/08/14	FACE MASK RECERTIFICATION	194.73	
				32472802	05/07/14	SAFETY SUPPLIES	145.80	1,197.73
2040477	06/11/14	01342	R J SAFETY SUPPLY CO INC	32472803	05/21/14	SAFETY SUPPLIES	145.80	145.80
2040414	06/04/14	15635	RAfid PUTROS	Ref002434292	06/03/14	UB Refund Cst #0000205440	10.24	10.24
2040415	06/04/14	15640	REDSTONE CAPITAL OF CALIFORNIA	Ref002434297	06/03/14	UB Refund Cst #0000207444	50.34	50.34
2040478	06/11/14	15600	RICHARD J THORMAN	051914	05/19/14	CONSULTING SERVICES	1,360.00	1,360.00
2040537	06/18/14	15653	RICHARD METCALFE	Ref002434501	06/16/14	UB Refund Cst #0000075246	87.93	87.93
2040538	06/18/14	15651	RODOLFO TAMAYO	Ref002434499	06/16/14	UB Refund Cst #0000049468	44.07	44.07
2040539	06/18/14	15657	RONALD SAMONTE	Ref002434505	06/16/14	UB Refund Cst #0000184084	74.37	74.37
2040416	06/04/14	15627	RONI GRINSHFAN	Ref002434284	06/03/14	UB Refund Cst #0000175118	170.35	170.35
2040479	06/11/14	02620	ROTORK CONTROLS INC	CI08223	05/13/14	FILTER INF ACTUATOR	1,293.00	1,293.00
2040372	05/28/14	02620	ROTORK CONTROLS INC	05053114		CREDIT MEMO	-93.00	
				RSI47970	05/09/14	BUSHING FOR MAIN AIR SCOUR MANIFOLD	636.00	543.00
2040540	06/18/14	15649	RUDY MERCADO	Ref002434497	06/16/14	UB Refund Cst #0000021697	184.20	184.20
2040373	05/28/14	02586	SAN DIEGO COUNTY ASSESSOR	2013235	05/05/14	ASSESSOR DATA (MONTHLY)	125.00	125.00
2040374	05/28/14	06828	SAN DIEGO COUNTY OFFICE OF	SL13046	05/05/14	SPLASH LAB (05/05/14)	655.00	655.00
2040480	06/11/14	00247	SAN DIEGO DAILY TRANSCRIPT	440847	05/19/14	ADVERTISEMENT	82.50	82.50
2040481	06/11/14	00121	SAN DIEGO GAS & ELECTRIC	060214	06/02/14	UTILITY EXPENSES (MONTHLY)	30,368.59	
				060414	06/04/14	UTILITY EXPENSES (MONTHLY)	26,896.42	57,265.01

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2040375	05/28/14	00121	SAN DIEGO GAS & ELECTRIC	051614	05/16/14	UTILITY EXPENSES (MONTHLY)	806.89	806.89
2040417	06/04/14	00121	SAN DIEGO GAS & ELECTRIC	052714	05/27/14	UTILITY EXPENSES (MONTHLY)	84,079.79	
				052314	05/23/14	UTILITY EXPENSES (MONTHLY)	64,524.93	
				051914	05/19/14	UTILITY EXPENSES (MONTHLY)	50,174.91	
				052214	05/22/14	UTILITY EXPENSES (MONTHLY)	879.96	199,659.59
2040541	06/18/14	12080	SAN DIEGO UNION-TRIBUNE, THE	0000357588	04/11/14	LEGAL AD	477.20	477.20
2040418	06/04/14	15638	SAND SHADE PROPERTIES LLC	Ref002434295	06/03/14	UB Refund Cst #0000206408	199.41	199.41
2040542	06/18/14	15086	SAVAGE, DEANDRE	O0000000099	06/12/14	SAFETY BOOT REIMBURSEMENT	127.41	127.41
2040482	06/11/14	12333	SCHINDLER ELEVATOR CORPORATION	7100259287	02/13/14	REPAIR ELEVATOR	3,027.98	3,027.98
2040483	06/11/14	07442	SCHULTZ, ALEXANDER	051914052214	06/09/14	TRAVEL EXPENSE REIMB (5/19/14-5/22/14)	960.42	960.42
2040376	05/28/14	15000	SEGURA, ADOLFO	051914052114	05/22/14	TRAVEL EXPENSE REIMB (5/19/14-5/21/14)	113.00	113.00
2040419	06/04/14	15641	SERGIO GONZALEZ JR	UB250653408	06/03/14	CUSTOMER REFUND	207.67	207.67
2040543	06/18/14	15656	SHIRLEY VIDOT	Ref002434504	06/16/14	UB Refund Cst #0000175098	22.36	22.36
2040484	06/11/14	15307	SIERRA ANALYTICAL LABS INC	4F05036	06/05/14	LABORATORY SERVICES (5/28/14)	220.00	220.00
2040544	06/18/14	15307	SIERRA ANALYTICAL LABS INC	4F13030	06/13/14	LABORATORY SERVICES (6/4/14)	220.00	220.00
2040420	06/04/14	15307	SIERRA ANALYTICAL LABS INC	4E29011	05/29/14	LABORATORY SERVICES (5/21/14)	220.00	
				4E27030	05/27/14	LABORATORY SERVICES (5/15/14)	220.00	440.00
2040421	06/04/14	15624	SILVIA SARIN	Ref002434280	06/03/14	UB Refund Cst #0000030388	47.15	47.15
2040377	05/28/14	11618	SOUTH COAST COPY SYSTEMS	AR150570	04/30/14	COPIER MAINTENANCE (MAY 2014)	1,682.59	1,682.59
2040485	06/11/14	02963	SOUTH COUNTY ECONOMIC	1117-14	06/01/14	2014-2015 MEMBERSHIP RENEWAL	750.00	750.00
2040378	05/28/14	03103	SOUTHCOAST HEATING &	C53397	04/15/14	IT AC MAINTENANCE (APR 2014)	205.00	205.00
2040486	06/11/14	15176	SOUTHCOAST HEATING &	C53592	05/15/14	AC MAINTENANCE - OPS (MONTHLY)	1,068.00	
				C53609	05/15/14	AC MAINTENANCE - MULTIPLE LOCATIONS (MONTHLY)	480.00	
				C53601	05/15/14	AC MAINTENANCE - MAIN OFFICE (MONTHLY)	205.00	1,753.00
2040487	06/11/14	02594	SOUTHWESTERN COMMUNITY COLLEGE	OWD042314	06/09/14	SDCO SPONSORSHIP	7,000.00	7,000.00
2040379	05/28/14	10975	SPRING VALLEY COMMUNITY CENTER	CSD0514	05/22/14	PUBLIC RECOGNITION	250.00	250.00
2040380	05/28/14	02354	STANDARD ELECTRONICS	20098	05/06/14	MONITORING	870.00	870.00

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2040488	06/11/14	07448	STANLEY STEEMER	1248377	05/16/14	CARPET CLEANING	1,713.00	1,713.00
2040545	06/18/14	12809	STUTZ ARTIANO SHINOFF	95188	06/18/14	LEGAL SERVICES (APR 2014)	24,241.43	24,241.43
2040422	06/04/14	15636	SUKUT CONTRUCTION INC	Ref002434293	06/03/14	UB Refund Cst #0000206001	1,360.56	1,360.56
2040489	06/11/14	10339	SUPREME OIL COMPANY	397879	05/14/14	RED DYED DIESEL FUEL	8,296.64	8,296.64
2040423	06/04/14	07362	SUSAN MARCUS	A000093	04/30/14	YOGA SESSIONS	600.00	600.00
2040381	05/28/14	14576	SWIATKOWSKI, KEITH	A000092	05/15/14	TUITION REIMBURSEMENT	160.00	160.00
2040490	06/11/14	01905	SYMPRO INC	07998	05/16/14	SYMPRO SOFTWARE SUPPORT (7/1/14-6/30/15)	7,743.00	7,743.00
2040382	05/28/14	15593	SYSTEMS INTEGRATORS LLC	12753	05/06/14	TROUBLESHOOTING OF CM800	220.30	220.30
2040491	06/11/14	02376	TECHKNOWSION INC	2513	05/21/14	SCADA PROGRAMMING	5,600.00	5,600.00
2040424	06/04/14	15634	TERESA VELASCO	Ref002434291	06/03/14	UB Refund Cst #0000205087	92.88	92.88
2040425	06/04/14	14177	THOMPSON, MITCHELL	050114053114	05/31/14	MILEAGE REIMBURSEMENT (MAY 2014)	25.76	25.76
2040492	06/11/14	15398	TIMMONS GROUP INC	160324	05/13/14	CONSULTANT SERVICES (THRU 4/30/14)	43,421.24	43,421.24
2040383	05/28/14	00427	UNDERGROUND SERVICE ALERT OF	420140486	05/01/14	UNDERGROUND ALERTS (MONTHLY)	355.50	355.50
2040384	05/28/14	00350	UNITED STATES POSTAL SERVICE	104339510514	05/22/14	PREPAID POSTAGE MACHINE	6,000.00	6,000.00
2040493	06/11/14	07674	US BANK	E000075	05/22/14	CAL CARD EXPENSES (MONTHLY)	250.00	
				E000074	05/22/14	CAL CARD EXPENSES (MONTHLY)	243.15	493.15
2040385	05/28/14	07674	US BANK	SC42014	04/23/14	CAL CARD EXPENSES (MONTHLY)	565.62	565.62
2040546	06/18/14	07674	US BANK	SC0514	05/22/14	CAL CARD EXPENSES (MONTHLY)	1,175.56	1,175.56
2040547	06/18/14	06829	US SECURITY ASSOCIATES INC	617140	05/31/14	ALARM RESPONSE (MAY 2014)	417.30	417.30
2040386	05/28/14	06829	US SECURITY ASSOCIATES INC	581087	04/30/14	ALARM RESPONSE (APR 2014)	702.65	702.65
2040426	06/04/14	15637	VALDEZ FAMILY SURVIVORS TRUST	Ref002434294	06/03/14	UB Refund Cst #0000206134	179.81	179.81
2040548	06/18/14	01095	VANTAGEPOINT TRANSFER AGENTS	Ben2434534	06/19/14	BI-WEEKLY DEFERRED COMP PLAN	12,441.63	12,441.63
2040427	06/04/14	01095	VANTAGEPOINT TRANSFER AGENTS	Ben2434347	06/05/14	BI-WEEKLY DEFERRED COMP PLAN	12,435.99	12,435.99
2040428	06/04/14	06414	VANTAGEPOINT TRANSFER AGENTS	Ben2434349	06/05/14	BI-WEEKLY 401A PLAN	2,615.85	2,615.85
2040549	06/18/14	06414	VANTAGEPOINT TRANSFER AGENTS	Ben2434536	06/19/14	BI-WEEKLY 401A PLAN	2,165.85	2,165.85

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2040429	06/04/14	12686	VANTAGEPOINT TRANSFER AGENTS	Ben2434355	06/05/14	401A TERMINAL PAY	913.65	913.65
2040550	06/18/14	03781	WATTON, MARK	050114053114	06/09/14	TRAVEL EXP / MILEAGE REIMB (MAY 2014)	151.96	151.96
2040387	05/28/14	03781	WATTON, MARK	040114043014	05/22/14	MILEAGE REIMBURSEMENT (APR 2014)	182.00	182.00
2040494	06/11/14	01343	WE GOT YA PEST CONTROL	89359	05/16/14	BEE REMOVAL SERVICES	115.00	115.00
2040388	05/28/14	01343	WE GOT YA PEST CONTROL	88881	04/29/14	PEST CONTROL	200.00	200.00
2040430	06/04/14	15633	YUKO SELVERA	Ref002434290	06/03/14	UB Refund Cst #0000204926	79.44	79.44
2040389	05/28/14	15567	ZETTA INC	INV00011741	04/30/14	CLOUD SERVICES	24,999.00	24,999.00
Amount Pd Total:							<hr/>	1,778,843.51
Check Grand Total:							<hr/>	1,778,843.51