

OTAY WATER DISTRICT

BOARD OF DIRECTORS MEETING  
DISTRICT BOARDROOM

2554 SWEETWATER SPRINGS BOULEVARD  
SPRING VALLEY, CALIFORNIA

**THURSDAY**

**November 13, 2008**

**3:30 P.M.**

**AGENDA**

1. ROLL CALL
2. PLEDGE OF ALLEGIANCE
3. APPROVAL OF AGENDA
4. 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
5. APPROVAL OF THE MINUTES OF THE REGULAR MEETINGS OF JUNE 10 AND AUGUST 6, 2008

**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) APPROVE AMENDMENTS TO TWO (2) SEPARATE UTILITY AGREEMENTS (NOs. 31759 AND 31921) WITH THE CALIFORNIA DEPARTMENT OF TRANSPORTATION
  - b) APPROVE CHANGE ORDER NO. 1 TO THE EXISTING CONTRACT WITH ARB, INC. FOR THE CONSTRUCTION OF THE 20-INCH LANE AVENUE CONVERSION PROJECT IN AN AMOUNT NOT-TO-EXCEED \$78,938
  - c) APPROVE AN INCREASE TO THE FISCAL YEAR 2009 BUDGET OF \$80,000 FOR THE RALPH W. CHAPMAN WASTEWATER RECYCLING FACILITY – REVERSE OSMOSIS BUILDING AND METER SHOP RE-MODEL PROJECT REVISING THE PROJECT BUDGET FROM \$495,000 TO \$575,000

- d) ADOPT RESOLUTION NO. 4131 OF THE BOARD OF DIRECTORS OF THE OTAY WATER DISTRICT APPROVING THE ANNEXATION TO OTAY WATER DISTRICT IMPROVEMENT DISTRICT NO. 18 OF THOSE LANDS DESCRIBED AS "ROBINSON SEWER ANNEXATION" [FILE NO. 0210-20.306]
- e) APPROVE AND RATIFY THE DISTRICT'S PARTICIPATION IN THE STATE OF CALIFORNIA PURCHASE CARD PROGRAM MASTER SERVICE AGREEMENT (MSA); RATIFY THE GENERAL MANAGER'S APPROVAL OF ADDENDUM TWO (2) TO MSA 5-06-99-01 ADDING THE OTAY WATER DISTRICT AS A PARTICIPATING AGENCY; AND, AUTHORIZE THE GENERAL MANAGER TO EXECUTE FUTURE AGREEMENTS AND OTHER REQUIRED DOCUMENTATION, INCLUDING ADDENDUMS TO MSA 5-06-99-01, AS REQUIRED TO CONTINUE THE DISTRICT'S PARTICIPATION IN THE STATE OF CALIFORNIA PURCHASE CARD PROGRAM
- f) AUTHORIZE NEGOTIATIONS WITH RANCHO SAN DIEGO INDUSTRIAL CENTER, LLC FOR THE PURCHASE OF VACANT LAND IDENTIFIED AS APN NO. 505-230-52-00 AND APPROVE AN AMENDMENT TO THE FISCAL YEAR 2009 CIP BUDGET TO ADD \$600,000 TO FUND CIP P2479, OPERATIONS YARD PROPERTY ACQUISITION, TO PROVIDE FUNDING FOR THE PURCHASE AND IMPROVEMENT OF THE SUBJECT PROPERTY

ACTION ITEMS

7. ENGINEERING AND WATER OPERATIONS

- a) APPROVE THE WATER SUPPLY ASSESSMENT REPORT DATED OCTOBER 2008 FOR THE PARAGON MANAGEMENT COMPANY OTAY BUSINESS PARK DEVELOPMENT PROPOSAL AS REQUIRED BY SENATE BILL 610 (PEASLEY)

8. ADMINISTRATIVE SERVICES, FINANCE AND INFORMATION TECHNOLOGY

- a) ACCEPT THE DISTRICT'S AUDITED FINANCIAL STATEMENTS, INCLUDING THE INDEPENDENT AUDITORS' UNQUALIFIED OPINION, FOR THE FISCAL YEAR ENDING JUNE 30, 2008 (CUDLIP)
- b) PROHIBIT THE PURCHASE OF BOTTLED WATER WITH DISTRICT RESOURCES

9. BOARD

- a) DISCUSSION OF 2008 AND 2009 BOARD MEETING CALENDARS

## INFORMATIONAL ITEMS

10. THESE ITEMS ARE PROVIDED TO THE BOARD FOR INFORMATIONAL PURPOSES ONLY. NO ACTION IS REQUIRED ON THE FOLLOWING AGENDA ITEMS.
  - a) INFORMATIONAL REPORT ON THE REQUEST FROM SYCUAN BAND OF THE KUMEYAAAY NATION FOR ANNEXATION TO THE OTAY WATER DISTRICT, SAN DIEGO COUNTY WATER AUTHORITY, METROPOLITAN WATER DISTRICT, AND LOCAL AGENCY FORMATION COMMISSION FOR WATER (SPECIFIED PARCELS ONLY) AND SEWER (CHARLES)

## REPORTS

11. GENERAL MANAGER'S REPORT
  - a) SAN DIEGO COUNTY WATER AUTHORITY UPDATE
12. DIRECTORS' REPORTS/REQUESTS
13. PRESIDENT'S REPORT

## RECESS TO CLOSED SESSION

14. CLOSED SESSION
  - a) CONFERENCE WITH LEGAL COUNSEL – PENDING LITIGATION [GOVERNMENT CODE §54956.9(a)]
    - (I) INFRASTRUCTURE ENGINEERING CORP. v. OTAY WATER DISTRICT, COUNTY OF SAN DIEGO, SUPERIOR COURT, CASE NO. 37-2008-00093876-CU-BC-CTL
    - (II) CITY OF BANNING v. JAMES JONES CO., COUNTY OF LOS ANGELES, SUPERIOR COURT, CASE NO. BC 321513
  - b) CONFERENCE WITH LEGAL COUNSEL – POTENTIAL LITIGATION [GOVERNMENT CODE §54956.9(b)]
    - 1 CASE

## RETURN TO OPEN SESSION

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

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

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

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

#### Certification of Posting

I certify that on November 7, 2008, I posted a copy of the foregoing agenda near the regular meeting place of the Board of Directors of Otay Water District, said time being at least 72 hours in advance of the regular meeting of the Board of Directors (Government Code Section §54954.2).

Executed at Spring Valley, California on November 7, 2008.

  
\_\_\_\_\_  
Susan Cruz, District Secretary

**MINUTES OF THE  
BOARD OF DIRECTORS MEETING OF THE  
OTAY WATER DISTRICT  
June 10, 2008**

1. The meeting was called to order by Vice President Lopez at 3:31 p.m.

2. ROLL CALL

Directors Present: Bonilla, Breifelder, Lopez and Robak

Directors Absent: Croucher (due to illness)

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

3. PLEDGE OF ALLEGIANCE

4. APPROVAL OF AGENDA

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

Ayes: Directors Bonilla, Breifelder, Lopez and Robak  
Noes: None  
Abstain: None  
Absent: Director Croucher

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

Students (Daniel Wagner, Ben Wagner, Matthew Gale and Lucas Vanwinkle [Lucas was unable to attend today's meeting]) from Oak Grove Middle School and the Steele Canyon High School attended today's meeting to present their presentation on "Water Wars" which won the State-wide National History Day competition. The students will be one of California's representatives at the national competition to be held at the University of Maryland this coming weekend.

Water Wars depicts the dispute for water between the City of Los Angeles and the Owens Valley. The student's had interviewed the District's General Manager, Mark Watton, to get a basic understanding of the conflicts and compromises over water. They also interviewed a rancher, a farmer, Ms. Catherine Mulholland and visited the Owens Valley. Ms. Mulholland is the granddaughter of William Mulholland (who was head of the Los Angeles Dept. of Water and Power during the time of California's water conflict). She is an accomplished educator and author of her and her grandfather's work in the subject of water rights.

The student's presented their video which portrayed the conflict in the early 1900's between Los Angeles and the Owens Valley and how the conflict shaped California water policy.

The student's thanked the board for allowing them to present their project. They indicated that they had been working on the project since the beginning of the school year and had found during their research that water is much more complex than they had expected. Director Robak congratulated the students on their success at the state level and wished them good luck at the national competition. He stated that their project was very timely with today's water circumstances. Director Lopez asked that they let the District know how they did at the national competition and also wished them good luck.

6. APPROVAL OF MINUTES OF THE REGULAR BOARD MEETING OF FEBRUARY 6, 2008 AND MARCH 5, 2008

District Secretary Susan Cruz indicated that there is an amendment to the February 6, 2008 meeting minutes on page 13, the first paragraph under item 11, Directors' Reports / Requests. She noted that the first sentence of the paragraph which reads, "Director Breitfelder reported that at the *County Water Authority...*," and stated that "*County Water Authority*" should be changed to "*Council of Water Utilities.*"

Dir Breitfelder: One additional clarification sir. At the top of page 6 on February 6, I would just like to clarify that to the extent that it could be interpreted that Dir Robak surrendered jurisdiction of the OPEB Trust from the Finance Committee. To the extent that it could be interpreted, I want it clear that he was speaking from/of his own opinion as opposed from the committee itself.

Dir Robak: I'm sorry, could you restate that? I'm sorry I didn't...

Dir Lopez: On top of number...am I looking at page 6?

Dir Breitfelder: Page 6, second paragraph.

Dir Lopez: Reading the paragraph..."The motion was withdrawn as the committee chair, Director Robak, indicated that he was comfortable with the information he had received during discussions at the Finance, Administration and he did not feel it required further discussion from the committee."...Is that the one you're...

Dir Breitfelder: Yes, yes. I just wanted it noted that that was a personal opinion as opposed to the opinion of the committee as a whole.

Dir Lopez: I can't see where that would be misconstrued. Are you ok with that statement? We'll move on then?

Dir Robak: Yes, he was the only other one there, so....

Dir Lopez: So do we have a motion to approve the minutes for February 6 and March 5? Do I have a motion?

~~Director Breitfelder indicated that he would also like to clarify in the February 6, 2008 minutes, Director Robak's statement on page 6, second paragraph, with regard to the committee's discussion on the funding of the OPEB liability. He indicated that he wished it noted that Director Robak's statement indicating that the committee was comfortable with the information it had received during discussions at the Finance, Administration and Communications Committee was his personal opinion and not that of the committee as a whole. Director Robak indicated that he was comfortable with an amendment to the minutes that reflects this change.~~

A motion was made by Director Breitfelder, seconded by Director Bonilla and carried with the following vote:

Ayes:	Directors Bonilla, Breitfelder, Lopez and Robak
Noes:	None
Abstain:	None
Absent:	Director Croucher

to approve the minutes of the regular board meeting of February 6, 2008, with the noted amendments, and March 5, 2008.

## CONSENT CALENDAR

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

Director Breitfelder requested that item 6e, ADOPT ORDINANCE NO. 516 AMENDING SECTION 39, DROUGHT RESPONSE CONSERVATION

PROGRAM, FORMERLY KNOWN AS "CONSERVATION AND WATER SHORTAGE RESPONSE PROGRAM," OF THE DISTRICT'S CODE OF ORDINANCES, be pulled for discussion.

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

Ayes:	Directors Bonilla, Breitfelder, Lopez and Robak
Noes:	None
Abstain:	None
Absent:	Director Croucher

to approve the following consent calendar items:

- a) APPROVE CHANGE ORDER NO. 6 TO THE EXISTING CONTRACT WITH ZONDIROS CORPORATION FOR THE CONSTRUCTION OF THE CACTUS ROAD UTILITY RELOCATION PROJECT IN AN AMOUNT NOT TO EXCEED \$54,872
- b) ADOPT ORDINANCE NO. 517 TO AMEND CODE OF ORDINANCE SECTION 2.01-E, AUTHORITY OF THE GENERAL MANAGER, OF THE DISTRICT'S CODE OF ORDINANCE
- c) APPROVE THE ISSUANCE OF EIGHT (8) PURCHASE ORDERS TO VARIOUS VENDORS FOR A SOFTWARE MAINTENANCE AGREEMENT TO INCLUDE ANNUAL SUPPORT AND CONSULTING SERVICES; GIS SOFTWARE LICENSES AND SOFTWARE INTEGRATION SERVICES; GBA SOFTWARE LICENSES AND INTEGRATION CONSULTING WORK; TELEPHONE AND INTERNET SERVICES; CELL PHONE AND WIRELESS AIR TIME; 7x24 REMOTE NETWORK MONITORING SERVICES; THE MICROSOFT ENTERPRISE AGREEMENT FOR ALL MICROSOFT LICENSES AND AN ADDITIONAL LICENSE FOR THE GIS SERVERS; AND IMPLEMENTATION SERVICES TO DESIGN, IMPLEMENT AND INSTALL A WIRELESS BROADBAND CONNECTION TO THE TREATMENT PLANT; TOTALING \$813,000 OF WHICH \$648,000 WILL BE FUNDED THROUGH THE PROPOSED FISCAL YEAR 2009 OPERATIONS BUDGET AND \$165,000 FROM THE PROPOSED CAPITAL BUDGET
- d) APPROVE A CONTRACT WITH INFOSEND TO PROVIDE MONTHLY BILL PRINTING, BILL INSERTION, AND MAILING SERVICES FOR THE DISTRICT'S WATER AND SEWER BILLS

General Manager Watton noted with regard to item 6e that the Finance, Administration and Communications Committee had originally recommended that it be presented to the full board as an action item. He apologized that it was mistakenly placed on the consent calendar.

Director Lopez indicated that due to the time that the board wishes to devote to the budget, he would like to move the discussion of item 6e (note below) to follow the budget workshop. The board concurred.

- e) ADOPT ORDINANCE NO. 516 AMENDING SECTION 39, DROUGHT RESPONSE CONSERVATION PROGRAM, FORMERLY KNOWN AS "CONSERVATION AND WATER SHORTAGE RESPONSE PROGRAM," OF THE DISTRICT'S CODE OF ORDINANCES

### WORKSHOP

- 8. ADOPT RESOLUTION NO. 4124, APPROVING THE FISCAL YEAR 2008-2009 OPERATING AND CAPITAL BUDGETS; APPROVE FUND TRANSFERS FOR POTABLE, RECYCLED, AND SEWER; AND DIRECT STAFF TO PROCEED WITH THE RATE STUDY AND PROPOSITION 218 HEARING AND NOTICES

Chief Financial Officer Joe Beachem indicated that the adoption of the budget is the next step following the adoption of the Strategic Plan. He stated that the budget supports the direction of the District that is outlined in the Strategic Plan. He reviewed the agenda for the budget workshop:

- Review the Rate Model
- Implementation of the Rate Changes for Potable, Recycled and Sewer
- Review the CIP Budget
- Review the Operating Budget
- Summarize Recommendations

Chief Financial Officer Beachem indicated that the District is facing some serious budget challenges which includes:

- CWA and MWD Rate Increase Projections are substantially higher than last year
  - The projected rate increased last year for 2009 was 6.4%, however, the increase is expected to be 10.3%
  - CWA indicates that they are projecting the rate increase for 2010 as 3.4%. Staff feels, however, that it would be more prudent to plan on a 7.9% increase.
- Economic and Housing Slowdown
  - Meter Sales are dropping and are expected to be 29% of sales from 3 years ago
    - This is a significant reduction in annexation revenues which fund the District's operating budget and a significant reduction of capacity fees which fund the District's expansion projects
    - Growth will stay relatively flat until 2012 when it is projected that the housing market will begin to picking-up

- Interest Rate Cuts (from 5.3% to 3%)
  - Due to cuts, the District will have loss of interest revenue
- Reduced Water Sales
  - A 5.5% increase is built into the rate model due to decreased water sales. In addition, staff is building in up to a 15% reduction in water sales due to conservation and possible water drought scenarios.

Chief Financial Officer Beachem stated that without these challenges, the District would be looking at a rate increase of 5.4% which is what staff had projected in the previous year. Director Bonilla inquired if it was fair to include the conservation effect as a cause of the rate increase as the District will not buy as much water due to conservation. Chief Financial Officer Beachem explained that it is the net change when evaluating the cost reduction, revenue reduction and power reduction (net impact after subtracting the reduced expense). He noted that water sales is a vast majority of the District's revenues and water purchases are only half of expenses (for each dollar of less revenue, the District loses \$.50 of each dollar of expense).

He indicated that staff must look at ways to mitigate the impact of these challenges to rates. He stated that staff recognized early on the effect that the slowdown in growth was having on the District. He stated in 2008, staff began re-evaluating and reducing the level of CIP expenditures and as a result, the 2008 CIP expenditures to 75% of the budgeted expenditures. He indicated for 2009, staff again re-evaluated the CIP and was able to reduce the CIP budget by \$7.5 million. He stated that these reductions have had a significant effect in reducing the impact of the above challenges. Staff also re-evaluated and reduced the operating budget expenses, bringing down the Fulltime Equivalent's (FTE) by 4 positions (from 173 to 169). Further, program and discretionary spending were cut by nearly \$1 million, legal expenditures are projected to come down by \$750,000, and water purchase will be reduced (corresponding with lower water sales).

Chief Financial Officer Beachem indicated that staff also uses fund transfers and debt to minimize rates. He stated that as long as there are funds available and the transfers are in compliance with the District's reserve policy, staff has recommended approval of transfers. He indicated that by doing so it lessens the need for debt and rate increases. He lastly noted that staff is proposing that the District utilize temporary available sewer funds for CIP's on the potable side. He stated that the sewer funds will be replenished in years 4, 5 and 6 per the rate model. He indicated by doing this, the District will be able to hold off the issuance of debt by eight months, giving time for the rate increases to strengthen some of the financial ratios that will be affected by the four budget challenges and allowing the District to smooth out the projected rate increases. Chief Financial Officer Beachem noted that even with these actions, the District will have significant rate increases.

He presented a slide showing the District's historical rate increases of 3.9% in 2005 to 5.4 in 2007. He stated even with the efforts that management has made to reduce expenses, a rate increase of 15.4% will be required to balance the budget, maintain financial ratios and reserves. Staff, however, does not feel that a rate spike of 15.4% is responsible to the board or ratepayers and has determined ways to smooth the rate increase over three years with a 9.7% increase in 2009 and 2010, and a 9.1% increase in 2011. He stated the reserve levels would still be held at or above target, however, the lower revenues collected under the smoothing scenario in the first year will cause the debt coverage ratio to drop a little. In discussions with the District's Financial Advisor, she indicated that because the District demonstrates strength in other areas, the drop in the first year of the rate smoothing scenario will not affect the District's credit rating.

Director Breitfelder inquired with regard to the pie chart (see attached presentation, slide no. 5), it seems to indicate that 0% of the rate increase can be attributed to internal cost and that the increase is mainly due to external factors. Chief Financial Officer Beachem indicated that it may seem that way, but what staff has reflected in the chart is the impact of the four increases (four challenges) to the rate model as they are new. If the challenges are not included, the District would be back to the 5.4% increase staff had projected last fiscal year.

He noted that the financial ratios are just one aspect of the District's overall credit rating and financial strength. He presented a slide showing a list of items that are also attributed to the District's AA- credit rating (see attached presentation, slide no. 10). He also noted that by using the sewer reserves, the District is able to push out the debt issuance to 2010 and by that time, the financial ratios would have been rebuilt and the District will be in a very strong position as it returns to the bond markets.

He reviewed the debt coverage ratio and its levels over the next six years (see presentation, slide no. 11). He noted that the operational debt coverage ratio, under the smoothing scenario, climbs from 96% in 2009 (below target of 125%), to the target level in 2012 at 151%, and continues to climb to 177% in 2014. He noted that the presented operational ratio is based on "no growth," that is, it ignores all capacity and annexation fees.

Director Bonilla inquired what is it that the District is trying to achieve. He indicated that he felt that the District should do whatever is needed to assure that it meets its financial obligations and maintains its financial strength. If it takes a 20% increase in rates, then that is what should be done. It was discussed that the District can certainly implement the rate increase in one year or, alternatively, use the rate smoothing model as it has in the past. It was indicated that the District has a strong financial position and would not impact its financial strength if the rate smoothing model was utilized (spreading rate increases over a period

of time). He noted that the District, this year, is still the eighth lowest in cost among the member agencies.

Director Bonilla indicated that he would like staff to present the best case scenario. He indicated that he needed to know where the District stands before he can make his decision. If the District needs to implement a 15% increase to maintain its financial strength and credit rating, then that is what the board should do.

Director Breitfelder inquired if the District increased rates by 15% what is the financial impact. Chief Financial Officer Beachem indicated that it puts the District at a slightly stronger position; the "no growth" debt coverage ratio would be at 125% (at target). However, if the District utilized the rate smoothing model (9.7% increases) with the debt coverage ratio dropping a little, the District's credit rating still would not be impacted.

Chief Financial Officer Beachem further indicated that with the proposed budget, staff is able to successfully level the rates, maintain the financial strength of the District, support the Strategic Plan objectives, provide a high level of service to customers and maintain reserves at target levels per the approved Reserve Policy. He stated that today is not about requesting approval of the rate increases, but rather the budget itself and the reserve transfers. He indicated that while it is very important to understand the rates that support the budget, the district does need to go through the Proposition 218 hearing process and a process to determine the rates for each customer type. Staff is looking at drought stage pricing, rate simplification and how they will be implemented.

He stated that the sewer rate increase will be greater than expected at 4.6%. He indicated that the increase is not due to a change in revenues or expenses, but because of a philosophical change. He stated that the sewer rate was set at 1.7% last year to draw down a portion of the sewer general fund surplus. At this time, staff feels that the surplus should be held until after the Sewer System Management Plan Study is completed. At that time, staff will know what other sewer facilities will be required and where the reserves may be needed. In order to maintain the reserves, a moderate increase of 4.6% is being proposed to keep revenues on par with expenses.

Chief Financial Officer Beachem also reviewed the reserves and noted that they totaled \$85.9 million at the beginning of the six year rate model and will hold fairly steady at \$87.2 million by the end of the six years. He noted that the target levels also hold fairly consistent from \$62 to \$64 million over the six year period. He explained that the funds that are over target will be drawn down as construction of facilities uses these funds up. He stated the surplus is primarily due to the temporary sewer fund surplus and once the sewer system plan is complete, staff will be in a better position to recommend what to do with the sewer reserves. He noted that debt will be utilized to fund expansion and replacement projects and \$28 million would be issued in 2010, \$25.4 million in

2012, and \$21.6 million in 2014. He stated that in addition to debt financing of projects, the District's Reserve Policy outlines the use of reserves to support construction and maintain the reserves at or above target. He stated that the presented slide summarizes the transfers that staff is requesting (slide no. 17).

He summarized that staff is recommending a rate increase of 9.7% for both potable and recycled and a 4.6% increase for sewer. He indicated that additionally, the District has future uncertainties with the following issues which will also have impact to the budget:

- SD17, the connection with the City of San Diego—it is not known at this time how the connection will affect the District
- Asset Management Plan—Indicates how future facilities might change in the District's CIP
- City of San Diego's Reclaimed Water Rate—it is not known what the city will do with the rate
- Power and Fuel Cost
- Sewer System Management Plan

Director Bonilla inquired that it was his understanding that the board was not voting on the rate increases. Chief Financial Officer Beachem indicated that that was correct, staff is requesting that the board approve the budget and the reserve transfers. General Manager Watton indicated that if the board approves the proposed spending plan for FY 2008-2009, then staff would prepare for presentation to the board the rate increases that would be required to support the approved spending plan. At this time, the proposed rate increase is expected to be 9.7% for potable and recycled; and 4.6% for sewer. However, if the board indicated that they would prefer increases of 15.4% in FY 2008-2009, 8% the following year, and 5.2% the year after, then staff would need to modify some of the fund transfers and would return to the board in November with the proposed Proposition 218 notices.

Director Breitfelder indicated that he did not feel that the board had enough time over the weekend to review the budget materials. He indicated that he, thus far, likes what he has seen, but just has not had enough time to review the details of the budget.

Director Bonilla indicated that he was uncomfortable with regard to the rate scenarios and would like more information about the rates. Chief Financial Officer Beachem indicated that all factors have been built into the District's rate model and he felt that staff was being very prudent. The proposed increase of 9.7% is staffs' best estimate.

District Secretary Cruz indicated that a tentative meeting has been calendared for June 23, 2008 should the budget not be adopted at today's meeting and a follow-up meeting was required. She stated that all directors have indicated that they would be available on June 23 for a follow-up meeting.

Director Bonilla indicated that at the June 23 meeting he would like a chart showing how the District's rate compares to other local member agencies. He indicated that he would also like information on the District's cash and credit position with the various rate increase scenarios. He indicated that he would also like staff to rework the pie chart (presented on slide no. 5) showing percentage wise, the causes of the proposed rate increases.

Chief Financial Officer Beachem presented a slide showing (slide no. 20) where the District's rate would rank among the local member agencies for an average customer who used 15 units monthly. Such a customer would be billed approximately \$52.80 which would place the district about eighth lowest cost among the local agencies. He stated a conserving customer who utilized 10 units would be billed monthly approximately \$36.85 which would place the District fourth lowest (two places lower than last year) in cost among the local agencies. It was noted that staff had estimated some of the agencies' rate increases (those indicated in blue on slide no.s 20 and 21) as they had not responded to staff's request for their proposed increases.

Director Bonilla requested that staff include the agencies' proposed percentage increases on the charts as well.

He also presented the sewer cost. He indicated last year the District was somewhere in the middle and this year the District dropped to approximately the one third point on the chart (slide no. 22). He stated the reason is the District had implemented winter based average rate structure. He indicated that the District's prior sewer structure was fixed, now it is based on the customer's water consumption during the winter months. He noted that last year the average customer was using approximately 20 units per month and today they are using 15 units per month as a result of conservation.

Accounting Manager Rita Bell indicated that in May, staff presented to the board an informational staff report introducing the subject of developing a rate structure, for customers other than residential classes (such a structure is already in place for residential customers), that simplified the District's current rate structure and promoted conservation through a "drought" rate structure. She stated that staff will be working with a rate consultant and will bring back information from the rate study during the time of the Proposition 218 hearings. Director Bonilla inquired when staff would bring back the rate information. Accounting Manager Bell indicated that staff expects preliminary information in August and based on the information, would bring back the Proposition 218 notices and likely have the rate hearing in November. She stated that the notices must be sent to the District's customers 45 days prior to the hearing date. Staff expects to present the drafts for the board input before the notices are forwarded.

Accounting Manager Bell reviewed the various rate structures that staff will be evaluating with the consultant (slide no. 24) and determining the best way to

implement the tiers to encourage conservation. She indicated that the proposed rate increases (9.7% and 4.6%) is what will be required to balance the budget (revenues and expenses).

Chief of Engineering Posada reviewed the Capital Improvement Budget (CIP). He stated staff utilizes various growth projections to develop the CIP. He stated as the board is aware, the District has experienced a significant slowdown in growth over the last few years. He indicated that the housing market in the City of Chula Vista is expected to remain slow for at least the next couple of years with a modest upturn in three years. Staff projects that meter sales in EDU's for FY08 will be 620, 520 in FY09, and 670 in FY10.

He indicated in developing the six-year CIP, staff ties together information from several master planning tools; Water Resources Master Plan, Urban Water Management Plan and the Sub-Area Master Plan (development document provided by the developers). Staff also considered the following assumptions when developing the budget to support the six-year CIP:

- Growth will remain slow with an increase of less than 1%
- Projects for Expansion, Betterment and Replacement were included in the CIP
- The expenditure plan for the six-year CIP will be as level as possible
- The ENR Construction Cost Index will be utilized to project cost increases

Chief of Engineering Posada presented a slide showing the price increase of concrete and steel graphically (slide no. 30).

He noted that last year, staff projected the CIP budget expenditure for FY09 at \$38.4 million. This year, because of the slowdown in growth and other conditions, staff reduced the projected CIP budget expenditures for FY09 to \$30.9 million. Last year, the CIP budget expenditure during the six year window from FY08 to FY13 was projected to be \$191.5 million, this year the six-year window from FY09 to FY14 is expected to be \$170.4 million. He noted that the expenditures breakdown into the following categories:

Capital Backbone	\$ 23 million
Developer Reimbursement	\$ 0.5 million
Replacement & Renewal	\$ 5.8 million
Capital Purchases	<u>\$ 1.6 million</u>
Total:	\$30.9 million

Director Brietfelder inquired which projects accounted for much of the rate increase related to Replacement & Renewal. Chief of Engineering Posada indicated that he did not have the information readily available, but while he continues his presentation, staff will find the information.

He presented a slide listing the major capital backbone projects (slide no. 33)

Staff located the information related to Director Breitfelder's inquiry. Accounting Manager Bell indicated that a large portion of the monies support the AMR program (\$1.2 million) and the Air-Vac Replacement program (\$1 million). She noted that on page 114 of the budget, under the category Replacement and Renewal, it lists all the projects. A few of the other Replacement and Renewal projects are the SR 125 and 905 utility relocation projects, the District's annual payment to the Spring Valley Sanitation District and the Calavo Sewer Lift Station, etc.

Chief of Information Technology Geoff Stevens indicated that his division is moving more toward targeted smaller projects as the IT Division has made its significant investments over the last several years with the implementation of GIS, IMS and the IG systems. He indicated that his department is now in the process of assessing its entire asset base and noted the projects that they will be working on in FY09 (slide no. 34).

Accounting Manager Bell reviewed the budget process and noted that the big challenge for FY09 is finding ways to reduce the Operating and CIP budgets to minimize the rate increases. She indicated that staff utilizes the Rate Model to determine where the District's targets need to be set, examine growth and cost changes, and review all operating and CIP budget requests. The draft is then reviewed by the senior management team in several meetings and necessary adjustments are made to balance the budget. She indicated that the proposed budget does include the effects of the economy and the anticipated drought stages.

She further indicated that the FY08 growth projection was 2.1%, but with the slowdown in the economy the actual growth rate is anticipated to be .7%. A modest growth rate of .06% is anticipated for FY09 for potable accounts and a slightly higher growth rate of 2.7% for recycled accounts. These estimates are based on actual developer projects. She stated that anticipated sales are expected to pick back up in FY12.

Accounting Manager Bell indicated that the FY09 budget revenues are only 0.4% higher than last years budgeted revenues overall. She stated that this budget year reflects the slowdown in water sales and other areas of the budget. Staff anticipates that water sales will be 5.5% less than what was projected in FY08. The decrease is a result of lower than anticipated growth, expectation of another drought year, and impacts due to the request to conserve in response to the drought. Staff expects a 2.4% increase in revenue's after a rate increase of 9.7%. She indicated that depending on which of the rate increase scenarios is utilized, revenues from water sales, energy fees and penalties will change (variable revenues). She stated that staff is trying to keep the revenue breakdown to 30% fixed and 70% variable to stay in compliance with BMP 11 to encourage water conservation.

She indicated that the recycled revenue increase of 4.9% is a little higher as the reclaimed growth rate is a little higher. The 4.9% revenue increase includes revenues after the 9.7% rate increase. She stated that CWA also increased the District's recycled credit rate from \$147 to \$200 per acre foot.

She noted that sewer revenues will decrease 19.9% (\$533,800) after the 4.6% rate increase due to the decrease in winter-based average consumption of 25% as there was more rainfall than anticipated this past winter. She stated that this is something that staff will need to monitor and adjust each year as expenditures and revenues must be balanced over the full budget. This trend is not expected to continue each year, but it is good as conservation is something the District wishes to encourage.

She reviewed the status of other revenue categories (see slide no. 46) which includes meter fees (decrease of 67.4% or \$214,700), capacity fee reimbursement (decrease of 8% or \$112,600), betterment fees for maintenance (decrease of \$20,000), non-operating income (decrease of 2.8% or \$47,100) and tax revenues (increase of 3.3% or \$133,500).

Accounting Manager Bell then reviewed the expenditures expected in FY09. She indicated that there was a small increase of 0.4% between FY08 to FY09. She stated that she felt that the District has done a good job in mitigating cost increases where it can. She noted that water purchases for FY09 dropped 5.5% due to the slow down in the economy and anticipated water conservation.

She noted the sources of potable water purchases for the upcoming year will all come from CWA. Raw water treatment from the City of San Diego through the Lower Otay Pump Station will no longer be purchased as the cost to treat the water through the city has increased. If the District also includes the cost of diesel fuel to pump the water, it is no longer a cost effective source of water. She stated that recycled water will be purchased from the City of San Diego's South Bay Water Recycling Plant to augment the water produced by the District's Chapman Water Treatment Plant.

She indicated that the variable cost for potable water increased 3.7% or \$896,200. This cost includes the volume purchase decrease of 5.5% due to slowed growth, rainfall, and conservation along with a water rate increase of 10.3% from CWA. She reviewed the variable cost increase of 0.7% or \$9,900 for recycled water which also includes a volume purchase decrease of 8.8% due to slowed growth, rainfall and conservation along with a rate increase of 10.3% or \$133,400 from the City of San Diego. She noted that staff utilized CWA inflators for the cost increase for recycled as it was felt it was a reasonable increase to use as an estimate.

She stated that it is estimated that the fixed cost of water will increase 12.9% or \$601,100 in FY09 (breakdown of increase is noted on slide no. 52). She noted that staff has included a new fee for fixed cost, Recycled Meter Fee, which staff

was not aware of when the budget was built last year. Director Bonilla inquired if the fee was within the contract. Chief Financial Officer indicated that staff was aware of the fee, however, it was not included in the budget process.

Accounting Manager Bell indicated that the water purchase volume decrease of 5.5% also affects power cost. Power cost is expected to decrease .9% despite the 2% rate increases on January 8, 2008 from SDG&E and the expected 2.8% increase effective July 1, 2008.

Director Bonilla inquired if staff also incorporated savings due to conservation when they adjusted power use. Accounting Manager Bell indicated that staff did include conservation in the adjustment.

Chief of Administrative Services indicated that the Human Resources Department has worked with the senior staff of each department and General Manager to identify staffing needs during the year and during the budget process. Each Department assesses its needs in filling vacancies and forecasting future needs related to workload and anticipated vacancies (retirement, terminations and extended absences). When a position becomes vacant, it is determined whether it should be filled or if another vacancy within the department or outside of the department should be filled. He stated that the proposed budget reflects the exact headcount assigned to each department. Overall, the headcount was reduced by four positions for FY 2009, from 173 to 169.

Director Bonilla indicated that it is his understanding that the District is not planning to reduce positions except through attrition. He inquired how the Employee Association felt about not replacing some of the union positions. Chief of Administration Sarno indicated that the positions identified are those that are not required based on workload and assignments. There is no direct communication with the Employee Association with regard to such positions. The Association contract does not require a "meet and confer" on this particular issue. It was discussed that positions may have been reduced in engineering due to workload and possibly one in operations, however, the Association understands how the District is handling staffing and it has not come up as an issue. If there were layoffs or a reduction in workforce, it would be a much different scenario. Director Bonilla indicated that he would like to see staff plan when implementing automation to allow staff to move to different positions. It was indicated that staff does currently plan and provide such movement for existing staff. For clarification it was noted that there is no layoff or reduction in workforce planned in the proposed FY09 budget nor has it been discussed.

Accounting Manager Bell indicated that despite the reduction in headcount, there was some cost increases that is consistent with the District's five-year labor agreement and funding plan. Salary and fringe benefits cost increased 10.3% or \$1,601,000 (see slide no. 57). She indicated that less of employee labor is charged to CIP and more to the operating budget. This is not really a cost

increase, but instead a shifting of labor cost from CIP to the operating budget. Also, there is a benefits cost increase of \$493,000. This cost increase is mainly due to an increase in medical costs.

She indicated that Administrative Expenses dropped 15% or \$1,047,200 (see slide no. 58). The decrease is due to four main categories:

- Departmental Budget Cuts (travel, etc) of \$145,600
- Completion of Contracts (contracts no longer required such as employee negotiations contract) of \$84,000
- Conservation Grants Removed (incentive payments complete) of \$120,000
- Legal Expense Reduction of \$741,500

Materials and maintenance costs have also been reduced 13% or \$580,000. The decreases consisted of:

- Fuel & Oil cost decreased \$214,500
  - She indicated that this is mainly due to the District no longer requiring the purchase of diesel of fuel to run the pump station for the Lower Otay Reservoir as the District will no longer be purchasing treated water from the City as it is not cost effective.
  - Staff did anticipate a fuel cost increase in the budget and expects an average cost of \$4.80/gallon in FY09.
- Increase of Metro Sewer and SVSD O&M cost of \$65,100
- Decrease in Janitorial and Landscaping cost of \$82,600
- Decrease in the number of meters to be purchase of \$165,900 for new meter sets
- Decrease in Chemical and Lab Supplies cost of \$182,200

Chief of Operations Pedro Porras indicated the additions to the materials and maintenance cost savings, the Operations Department anticipates a \$145,000 savings to its FY09 budget due to the following:

- SCADA Support Contract was discontinued for a savings of \$30,000 as the new employee has become proficient with the District's SCADA system.
- DHS requirements to renew the discharge permit for the Treatment Plant has been completed which will provide a saving cost of \$20,000 in FY09
- The maintenance on the pressure reducing valve on the 624-3 Reservoir has been deferred for a couple years for a cost savings of \$35,000. Staff is comfortable that the maintenance can be deferred without impacting the District's operations.
- A savings of \$25,000 will be incurred by simply changing the purchase of sodium hypochlorite from the solid form to the liquid form.

- The required 5 year maintenance on the treatment plant Scrubber (neutralizes chlorine gasses should a spill occur) is complete for a cost savings of \$35,000

Accounting Manager Bell indicated that the last portion of the Operating Budget is the transfers which Chief Financial Officer Beachem discussed earlier. The Operating Budget funds the Reserves to keep them at target. Last year, the District funded the Replacement, Expansion and Betterment Reserves. This Fiscal Year, the District proposes that the Replacement and Expansion Reserves receive funding (more in the Expansion Reserve) [slide no. 61]. She presented a slide showing the total expected revenues and expenditures for FY09 of \$66,443,000.

Chief Financial Officer Beachem indicated that staff will be coming back to the board at the June 23, 2008 meeting and present some of the information that has been requested during today's meeting and a request will be made at that time that the board approve the FY09 budget.

Director Breitfelder requested that staff include in their presentation how the District's budget would be affected if the State once again borrowed the District's tax revenues.

The board recessed at 5:39 p.m. and reconvened at 5:53 p.m.

Director Bonilla left at 5:40 p.m.

#### CONSENT ITEM PULLED FOR DISCUSSION

- 6e) ADOPT ORDINANCE NO. 516 AMENDING SECTION 39, DROUGHT RESPONSE CONSERVATION PROGRAM, FORMERLY KNOWN AS "CONSERVATION AND WATER SHORTAGE RESPONSE PROGRAM," OF THE DISTRICT'S CODE OF ORDINANCES

Conservation Manager Granger presented the four levels of drought response developed by the District based on CWA's suggested levels. He stated that the levels are in sync with CWA with a couple minor changes. This item was presented to the Finance, Administration and Communications Committee. He indicated that if the board approved the revisions to Section 39 of the District's Code of Ordinances, the General Manager would declare a Level I Drought Watch. Any subsequent declarations would be made by the board. Level I is essentially a voluntary 10% water use cutback. Level II begins the mandatory cutbacks and the drought rate pricing which will be brought to the board in the fall for consideration along with monitoring and enforcement procedures. He stated that staff fully expects that by this time next year, that District will be at a Level II drought alert and facing a reduction of up to 20%.

He reviewed the different levels in detail and noted that the District made a couple changes from CWA's suggested program at Level I and included a suggestion that customers not water more than three days a week (this is not mandatory, but a suggestion to customers). The District's Level I also requires that leaks be repaired within 48 hours (CWA suggested 5 days) and this requirement continues through Level III. Level II requires a mandatory cutback of up to 20%. Also, because the District's service area is more inland, the limit on lawn and landscape irrigation in Level II has been set at 15 minutes per water station per day for the more traditional sprinklers that 90% of the District's customers own. At Level III, CWA is banning water features. Otay's Drought Response Conservation Program does not ban water features for residential customers. Staff also added language with regard to larger vehicles such as RV's, horse trailers, etc. which cannot be taken to local car washes. The District will allow such vehicles to be washed at home using a bucket and a mobile pressure device. Annexations will also be halted and no new potable water services will be provided by the District (no new meters will be sold). He stated that at Level IV, Section 350 of the State Water Code is enforced. A formal public hearing is required to declare a Level IV Drought Response. All water-use restrictions for Level IV follows CWA's program suggestions.

Director Robak indicated that the Finance, Administration and Communications Committee reviewed this item and felt that this was very important information for the board to hear and suggested that it be presented as an action item. He stated that he felt that the District has done a thorough job to address the water supply situation and would like to think this is work in progress which can be amended as needed. He stated that he felt it was appropriate to follow CWA as the District is dependent on imported water.

Director Breitfelder indicated that he felt it was very important that staff and the public understand where the board stands on the water supply issue. He stated that the District must stick to the Drought Response Levels, even when Levels III and IV are enforced and it is unpopular in the community. He indicated that the public will be better off if the District took the necessary actions to protect the water supplies long-term, even if the actions are unpopular.

General Manager Watton indicated that CWA is doing everything it can to mitigate the need to enforce the Drought Response Levels. He stated that this is, however, a way to get prepared. Staff will also be presenting to the board fines and operations that will be put in place to support the enforcement of the levels at a future meeting.

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

Ayes:	Directors Breitfelder, Lopez and Robak
Noes:	None
Abstain:	None

Absent: Director Bonilla and Croucher

to approve staffs' recommendations.

Director Robak inquired how many Districts have declared a Level I alert. General Manager Watton indicated that at the moment there are a couple of agencies. About 20 of the 24 agencies will have this item on their agenda about this time next month and by the end of August it is expected that 100% would declare a Level I alert.

## ACTION ITEMS

### 9. BOARD

- a) CONSIDERATION TO NOMINATE REPRESENTATIVES TO SAN DIEGO LOCAL AGENCY FORMATION COMMISSION (LAFCO)

General Manager Watton indicated that this item was presented to the Finance, Administration and Communications Committee and the committee did not have any recommendations for a nomination. Hi indicated if the board did wish to forward a nomination, it would require board action. The board did not wish to make a nomination.

- b) DISCUSSION OF 2008 BOARD MEETING CALENDAR

It was noted that a follow-up board workshop on the budget was scheduled on June 23, 2008. No changes were made to the board calendar.

## INFORMATIONAL ITEMS

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

- a) REPORT ON BOARD OF DIRECTORS FISCAL YEAR 2008 3<sup>RD</sup> QUARTER EXPENSES (PRENDERGAST)
- b) 3<sup>rd</sup> QUARTER CIP UPDATE (RIPPERGER)
- c) INFORMATIONAL REPORT ON THE REQUEST FROM SYCUAN BAND OF THE KUMEYAAY NATION ANNEXATION TO OTAY WATER DISTRICT FOR WATER SERVICE (SPECIFIED PARCELS ONLY) AND SEWER SERVICE (WATTON/CHARLES)

Director Robak indicated with regard to item "c" above, he had discussed with Public Services Manager, David Charles, parcel C which appears on the map that is attached to staffs' report. He understood that this parcel was within the District's sphere of

influence, but it is not within an Improvement District (ID) and must be annexed into an ID. The annexation would be an Otay process for this parcel. It was discussed that parcel A, where the reservation resides, is not within the District's sphere of influence and must be annexed into the District's sphere of influence. The sewer line closest to the reservation is located on Dehesa Road and Vista Matama Place. Sycuan is requesting that the sewer be extended to all parcels (A, B and C). It was explained that parcel C requires only action from Otay to annex it into an ID. Parcel A (sewer and water service) will require action by Otay, CWA, MWD and LAFCO for water; and action by Otay and LAFCO for sewer. Parcel B (sewer only) resides in Padre Dam's sphere of influence and will require action by Otay, Padre and LAFCO. Staff expects to present a board resolution with the intent to annex in the near future. The process through LAFCO may take three years to complete.

Director Robak requested that the staff report should accurately indicate that the division affected is Division 5. He also requested that he be apprised of the status of the annexation as information occurs.

Director Breitfelder inquired what are the current facilities for the parcels. General Manager Watton indicated that parcel A has housing, support services and buildings for the tribal use which may be expanded. Parcels C & B are new purchases that are off the reservation, but may be included in the reservation sometime in the future. The tribe is looking to secure its utility needs for the future.

Director Breitfelder inquired if the sewage from the reservation would increase the economies of scale of the District's sewer service. General Manager Watton indicated that the District has charted the ultimate growth within the District's service area and has looked at the parcels that could possibly annex in that would have an immediate use of the sewer system. These parcels would be charged appropriately with the knowledge that the District may need to get additional capacity in 30 to 40 years. The District must decide if it will use some of the capacity now or hold it in reserve forever and never utilize it. He indicated that it may make sense to use some of that capacity now and this is what the District is exploring with parcel A. He indicated that there is quite a bit of slack in the system now and, at the moment, Sycuan annexing into Otay's sewer system is looking positive, but it requires additional studies.

Director Breitfelder inquired if water from Padre Dam is likely and what is the prospect of Otay providing the water services. General Manager Watton indicated that the Sycuan Tribe had originally discussed water services with Padre Dam. Padre Dam and Otay had discussions with the Sycuan Tribe and during the discussions, Otay staff had indicated that the process and fees that are outlined in the District's website is the process that will be followed for their annexation into the District. There would be no special process/deal developed for the Tribe. Following discussions, the Sycuan Tribe made a business decision and has approached Otay for annexation.

## REPORTS

### 11. SAN DIEGO COUNTY WATER AUTHORITY UPDATE

General Manager Watton indicated that he had distributed a copy of CWA's official statement for their last bond issue. He noted that the most relevant pages to review are 14 to 31 as they outline all operational issues and disclosures. He indicated that it is very good reading as it provides a good picture of CWA affairs.

## 12. GENERAL MANAGER'S REPORT

He noted that staff is still working with IEC to resolve concerns and will be discussing the issue further with the board in the future.

He indicated that there has been a lot of interest in the artificial turfgrass rebate program. It seems to be a popular program and staff is discussing additional conservation programs. He noted that Conservation Manager William Granger has a new staff member, Richard Namba, who will also be focused on water conservation programs.

He shared that the board has approved the Strategic Plan (FY09-11) and staff is continuing to work on project plans.

He indicated that staff has been focused on budget preparations, which was presented to the board during today's meeting. He stated that the finance department carries the heaviest burden to put together the figures and facts to generate the budget documents and it is hoped that, again, the District will have an award winning budget document.

He noted that the District will be retaining a rate consultant to help staff develop rates and drought rate structures.

General Manager Watton indicated that staff is still exploring solar opportunities for the District and it is something that they are actively considering.

CESPT visited the District to view the District's GPS system and a group from Tijuana and CDM visited to discuss seawater desalination. A nice relationship has been developed with the agencies to the south which provides opportunities for sharing technologies and what our agencies have learned in using these new technologies.

He indicated that the District received a grant check from United States Bureau of Reclamation in the amount of \$1 million for the District's recycled water program. With this payment, the District has received approximately \$4 million of the \$12 million Title XVI grant.

The District had requested that Mexico make payment on the amount due on their contract to deliver water to their country through the District's system. The District has received \$740,713 which leaves about \$80,000 still outstanding. It is expected that Mexico will make final payment on the contract by the termination

date in October. Mexico is interested in continuing the wheeling contract and the District anticipates that the new contract will be submitted for board approval in October from the IBWC and CILA.

13. DIRECTORS' REPORTS/REQUESTS

Director Breitfelder indicated that he attended CSDA's Special Districts Legislative Day in Sacramento and the central topic of discussion was the State possibly borrowing local agencies tax revenues once again. He stated, from the discussion, that it is very possible that it could occur again. He suggested that if it should transpire, that as part of the District's required disclosure to the public under Proposition 218, that an explanation be provided in plain language and cite which of the local representatives voted for and against the issue.

Director Lopez indicated that he appreciated the presentation by the Oak Grove Middle School and the Steele Canyon High School students and it was a pleasure to see young students excited about water.

14. ADJOURNMENT

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

---

President

ATTEST:

---

District Secretary

# AGENDA ITEM 5

## MINUTES OF THE BOARD OF DIRECTORS MEETING OF THE OTAY WATER DISTRICT AND August 6, 2008

1. The meeting was called to order by President Croucher at 3:32 p.m.

2. ROLL CALL

Directors Present: Bonilla, Breitfelder, Croucher, Lopez and Robak

Staff Present: General Manager Mark Watton, Asst. GM Administration and Finance German Alvarez, Asst. GM Engineering and Water Operations Manny Magana, General Counsels Yuri Calderon and Marie Mendoza, Chief of Information Technology Geoff Stevens, Chief Financial Officer Joe Beachem, Chief of Engineering Rod Posada, Chief of Operations Pedro Porras, Chief of Administration Rom Sarno, District Secretary Susan Cruz and others per attached list.

3. PLEDGE OF ALLEGIANCE

4. APPROVAL OF AGENDA

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

Ayes:	Directors Bonilla, Breitfelder, Croucher, Lopez and Robak
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.

6. APPROVAL OF MINUTES OF THE REGULAR BOARD MEETING OF MAY 7, 2008 AND SPECIAL MEETING OF JUNE 23, 2008:

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

Ayes: Directors Bonilla, Breitfelder, Croucher, Lopez and Robak  
Noes: None  
Abstain: None  
Absent: None

to approve the minutes of the regular board meeting of May 7, 2008 and special meeting of June 23, 2008.

### CONSENT CALENDAR

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

- a) AWARD A FIVE YEAR CONTRACT (TWO YEARS WITH THREE OPTION YEARS) TO WILLIS RISK AND INSURANCE SERVICES FOR CONSULTING SERVICES FOR BENEFITS AND AS THE DISTRICT'S BROKER OF RECORD IN THE AMOUNT OF \$35,000 PER YEAR FOR THE FIRST TWO YEARS AND UP TO THREE ADDITIONAL TERMS WITH COSTS INCREASES LIMITED TO A MAXIMUM OF 3% PER YEAR
- b) AWARD A CONSTRUCTION CONTRACT TO FOX CONSTRUCTION FOR THE REGULATORY SITE STORAGE BINS AND EQUIPMENT COVER RELOCATION PROJECT IN AN AMOUNT NOT TO EXCEED \$225,000

Director Robak requested that the following agenda items be pulled for discussion:

- c) ADOPT THE MITIGATED NEGATIVE DECLARATION FOR THE 1296-3 RESERVOIR CONSTRUCTION PROJECT

Director Breitfelder requested that the following agenda items be pulled for discussion:

- d) ADOPT THE 2008 LEGISLATIVE PROGRAM
- e) ADOPT A "SUPPORT" POSITION ON SENATE BILL 1XX – PERATA RELATED TO FUNDING FOR WATER QUALITY, FLOOD CONTROL, WATER STORAGE AND WILDLIFE PRESERVATION PROJECTS

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

Ayes: Directors Bonilla, Breitfelder, Croucher, Lopez and Robak  
Noes: None  
Abstain: None  
Absent: None

to approve items "a" and "b" on the consent calendar.

c) ADOPT THE MITIGATED NEGATIVE DECLARATION FOR 1296-3 RESERVOIR CONSTRUCTION PROJECT

Director Robak inquired with regard to the Engineering and Water Operations Committee discussion on this item, the notes indicate that the Jamul-Dulzura Planning Group had no comments or concerns. Environmental Compliance Specialist Lisa Coburn-Boyd indicated that there were no comments or concerns regarding the environmental portion (Mitigated Negative Declaration), but they did express concerns with the building of the reservoir. Staff is requesting that the board adopt the Mitigated Negative Declaration for the project.

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

Ayes: Directors Bonilla, Breitfelder, Croucher, Lopez and Robak  
Noes: None  
Abstain: None  
Absent: None

to adopt the Mitigated Negative Declaration for the 1296-3 Reservoir Construction Project.

d) ADOPT THE 2008 LEGISLATIVE PROGRAM

Pres Croucher: Moving on to item 6d we have the adoption of the 2008 Legislative Program. Director Breitfelder you had some questions?

Dir Breitfelder: Yes, obviously this policy is to give direction to staff in terms of addressing legislation as a standard operating procedure and it was heard in Finance. We thought the rubber had hit the road in terms of the board being unclear to staff in terms of its position on groundwater recharge. Referring to item "d" on page 2 and I didn't see in the notes from the other committee meeting where that was addressed.

Pres Croucher: I think from our committee, Jose correct me if I am wrong, we decided that if it was an issue that was controversial...

GM Watton: I think Jaime was on that.

Pres Croucher: Jaime? Jaime was on it.

Dir Lopez: Yes.

Pres Croucher: I believe that we said that if it is a controversial issue that we would bring it back to the board for further direction and staff should not move without getting board direction.

Dir Bonilla: Absolutely.

Dir Breitfelder: I don't see...given the spectrum of opinion on this issue, I don't see how there is virtually any facet to it that is not controversial.

Dir Croucher: So then, therefore, it would come back to the board as a whole.

Dir Breitfelder: Well, therefore, it is not really appropriate for standard operating procedure where we are directing staff as a matter of standard operating procedure to oppose efforts to restrict the use of recycled water for groundwater recharge. I think it is finally time where we actually have to make the decision what we think about this.

Dir Croucher: On page 2, which one?

Dir Breitfelder: Page 2, "d" like David.

Dir Croucher: So we would...were not making an effort to restrict the use of water, but we would oppose restricting the use of water...If we need to make board direction, if we need to get a consensus of the board as far as our direction on this particular item, I don't see a problem with that. I can tell you right now that my belief is we should oppose efforts to restrict the use of recycled water for groundwater recharge. Oppose efforts to restrict it. That is my personal. If we need to get a consensus of the board so we can go from there...

Dir Breitfelder: Actually, this vote will serve that purpose as long as we have a meeting of the minds. Then voting "yes" for this, we are supporting groundwater recharge.

Dir Croucher: Correct.

Dir Lopez: Okay.

Dir Croucher: Do we have any Directors, as far as individually, that want to speak up on it so the staff knows the overall consensus of where we stand? Director Robak?

Dir Robak: We did hear this at the Finance Committee and there is definitely a difference of opinion between Larry and I, no question about it. I think I have made myself pretty clear on what my position is, which is, I think the science is solidly behind it. What Orange County is doing right now is a testament to that. I have seen it with my own eyes so I don't know what else I have say about it. I mean if...I think if we have a project in San Diego that is for real, it is going to come to us and Gary I think you are right on the money. If something comes to fruition to San Diego, we are going to have to weigh in, but I am not aware we have a viable project on the table right now. So I'm concurring with the committee's recommendation, if it does come, it will come back to us directly. So I don't know what else to say really.

Dir Croucher: Director Lopez?

Dir Lopez: When you interject Orange County and some pockets that are in place, unless it comes to us then that is when we are going to take action. As far as I'm concerned we are not restricting anything from us reviewing at this point. I understand where you are coming from, but I'm totally behind our efforts here as described on the committee comments.

Dir Croucher: Director Bonilla?

Dir Bonilla: Absolutely, I stand behind the committee recommendation. I agree with Director Robak and yourself.

Dir Croucher: Would it be appropriate to vote? I think the only question is our item, Oppose efforts to item "d".

Dir Breitfelder: It is perfectly appropriate. I accept that we don't have to agree, we just have to be clear.

Dir Croucher: I concur. So all we would need to do would be to vote on item, Oppose efforts to "d," because that seems to be the only one that we have disagreement on.

Dir Bonilla: Someone make the motion and I will second it.

Dir Robak: Is there a motion on the table right now?

Dir Croucher: As of right now, there is no motion on the table.

Dir Robak: I would move that we support the committee's recommendation. That would be my motion.

Dir Croucher: Okay, there is a motion.

Dir Bonilla: I will second it.

Dir Croucher: Second. Please vote.

~~Director Breitfelder indicated that the Legislative Program guidelines provide direction to staff with regard to addressing legislation. He indicated that the Finance, Administrative and Communications Committee had discussed that the board was unclear with regard to its position on groundwater recharge (item "d" on page 2 of the Legislative Program guidelines). He indicated that it did not seem from the notes that the Legal and Legislative Committee addressed this fact. President Croucher indicated that the committee had discussed the issue and determined that if the item was a controversial issue it would be brought back to the board for further direction. Director Breitfelder felt that the board should take action for a formal position on whether to oppose or support efforts to "Restrict the use of recycled water for groundwater recharge." Director Robak indicated that currently there was no viable project in San Diego for groundwater recharge and he would support the committee recommendation that should a project be presented, then the item would be brought back by staff for direction from the board. Director Lopez and Bonilla indicated their concurrence with Director Robak.~~

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

Ayes:	Directors Bonilla, Croucher, Lopez and Robak
Noes:	Director Breitfelder
Abstain:	None
Absent:	None

to support the committee recommendation.

- e) ADOPT A "SUPPORT" POSITION ON SENATE BILL 1XX – PERATA RELATED TO FUNDING FOR WATER QUALITY, FLOOD CONTROL, WATER STORAGE AND WILDLIFE PRESERVATION PROJECTS

Director Breitfelder indicated that he wished to get a little assurance on this item. He understands that there is approximately \$13 billion accrued State-wide for various water uses and Perata's bill is about 5% of that total. He stated he wished to get reassurance that this is a situation unlike other water bonds – where there is not much water projects in the bond – and that the bond is actually good use of the money proportionate to the amount expended.

General Manager Watton indicated that Senator Perata bill's goal is to get some money from those prior bonds moved into building projects. There is about \$800 million within *Senate Bill 1XX – Perata* for water projects. He stated that the bill would provide for immediate Delta improvements and would bring approximately 130,000 to 190,000 AF of water to Southern California. The MWD and California Urban Water Agencies support the bill and MWD indicates that they have crews that can be dispatched in a couple of weeks if the bill is approved.

It was noted that it is unclear if the bill will pass as it may get held back in the budget discussions. He stated that there are republicans that oppose the bill because of the dam issue. It was discussed that the District's committee supports staff's recommendation to take formal action to support the bill in hopes to get immediate improvements to the Delta moving forward.

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

Ayes:	Directors Bonilla, Breitfelder, Croucher, Lopez and Robak
Noes:	None
Abstain:	None
Absent:	None

to support staff recommendation.

## ACTION ITEMS

### 8. ENGINEERING AND WATER OPERATIONS

- a) ADOPT RESOLUTION NO. 4128 OF THE BOARD OF DIRECTORS OF THE OTAY WATER DISTRICT REQUESTING FORMAL TERMS AND CONDITIONS FROM THE SAN DIEGO COUNTY WATER AUTHORITY AND METROPOLITAN WATER DISTRICT FOR THE CONCURRENT ANNEXATION OF TERRITORY DESCRIBED AS "SYCUAN RESERVATION" TO THE OTAY WATER DISTRICT

Engineering Public Services Manager David Charles indicated that staff received a written request and petition from Chairman Daniel Tucker of the Sycuan Band

of the Kumeyaay Nation (Sycuan) to commence annexation proceedings for water and sewer services. Staff is presenting a resolution to request formal terms and conditions from CWA and MWD for the annexation of Sycuan's reservation land. Sycuan is requesting annexation to reduce their dependency on wells and to attain a stable water resource for their reservation. The reservation land is approximately 634 acres and water services will be provided by ID 20 and sewer services will be served by ID 18. He noted that Sycuan will consider annexation for sewer services at a later date.

As the reservation land is outside the District's sphere of influence, the annexation will also require processing through LAFCO. Sycuan has hired engineering consultant Dexter Wilson Engineering, Inc. to handle all documentation required for the annexation.

Staff noted that Sycuan has also requested the annexation of parcels identified as group B on the map attached to staffs' report for sewer service only. These parcels are currently within Padre Dam MWD's service area and will require deannexation from Padre Dam MWD and annexation to Otay WD. Since these parcels will not require annexation to CWA or MWD and Sycuan is not ready to proceed with the sewer annexation, the District has agreed to process the annexation of these parcels at a later date.

Engineering Public Services Manager Charles indicated that the projected need of 392 AF per year for Sycuan's Original Reservation was incorporated into the CWA 2005 Urban Water Management Plan. Sycuan has indicated their commitment to a goal by working toward projects that will offset the projected 400 AF per year subject to the approval by the District and the Sycuan Tribal Council. The 400 AF required by this annexation will be offset and will not require an increase of imported water delivered to Otay.

He stated that the notes from committee discussion are attached to staffs' report. He noted that a revised Resolution has been provided the board as the original presented resolution had a transposed APN number (the correct APN number is 516-040-01).

Chairman Tucker thanked the board for taking the time to work with them and they looked forward to the partnership with Otay. He indicated that this issue is very important to their tribe and community.

General Manger Watton noted that the resolution will request terms and conditions from CWA and MWD and is the launching point for the annexation process. He stated that there will be many months of processing through LAFCO (possibly a year or two) prior to coming back to the board for a formal request for annexation. Today's board action would support moving the annexation forward through the process. He stated that staff has had a discussion with Sycuan and they feel they will be successful with offsets which will bring success for

annexation with CWA and MWD. He noted that Otay has been planning for the tribe's annexation to the District for some time. He stated that there is capacity in the District's sewer system as some developments that were planned will not come to fruition and have become open space. He noted that Sycuan has purchased the Singing Hills Resort and other large properties within the District's service area. He indicated that Sycuan is already a large customer of the District's and they are a good customer.

Director Bonilla indicated that the District had discussed a problem with well water used for irrigation at one of the golf courses within the District's service area. He inquired if that golf course was the Singing Hills Resort. It was indicated that that golf course was the Steele Canyon Golf Course. It was noted that the Singing Hills Golf Resort is utilizing well water, but there are no issues with their use of well water. He also inquired what the total area of land is that the District will be servicing. Engineering Public Services Manager Charles indicated that parcels A and B (see map attached to staffs' report) will be annexed for sewer service and parcel A (the original reservation land) will be annexed for water as well. The total water demand will be approximately 392 AF. General Manager Watton clarified that the resolution presented for adoption today is just for water service to parcel A. At a future date, staff will be presenting parcels A, B & C for sewer service. Director Bonilla inquired what was LAFCO's position on this annexation. It is expected that the District will go through LAFCO's process and the District will need to press them to move this process forward. It is felt the annexation process will take about two to three years.

This item was reviewed by the District's committee and Director Robak indicated that any time an annexation is being considered, it is a concern as water issues will be controversial. He indicated, however, it is good to hear that there is support in the community as the community wishes to protect their wells. The situation, at this time, appears to be win/win, especially when their water use can be offset with additional supplies.

Director Breitfelder thanked the Sycuan representatives for attending today's meeting. He indicated that he did not believe that the District has ever had a situation where water use would be 100% offset. He stated if Sycuan is able to meet this goal, they certainly deserve the District's support.

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

Ayes:	Directors Bonilla, Breitfelder, Croucher, Lopez and Robak
Noes:	None
Abstain:	None
Absent:	None

to adopt Resolution No. 4128 requesting terms and conditions from CWA and MWD for the annexation of the Sycuan Reservation (APN No. 516-040-01) for water service.

b) ADOPT THE MITIGATED NEGATIVE DECLARATION FOR THE JAMACHA ROAD 36-INCH POTABLE WATER PIPELINE AND 12-INCH POTABLE WATER PIPELINE REPLACEMENT PROJECT

Environmental Compliance Specialist Lisa Coburn-Boyd indicated that there are two projects included in the MND:

- 36-inch pipeline project which begins at the Otay 14 FCF in El Cajon and ends at the Regulatory Site
- Pipeline replacement project along Jamacha Road replacing concrete cylinder pipe with PVC pipe.

She noted that the pipeline replacement project already has a Notice of Exemption (NOE) in place, but is included in the MND as it is a component of the overall 36-inch pipeline project.

She indicated that the environmental impacts requiring mitigation includes air quality, biological resources, hazards and hazardous materials, noise and transportation/traffic mitigation. She presented a map showing the location of the projects (please see attached copy of the presentation to staffs' report) and indicated that the draft MND was sent to the State Clearinghouse in October 2007 and was distributed to 13 agencies. The District received one comment letter from the Native American Heritage Commission.

She stated that during the design phase, issues arose concerning the 36-inch pipeline alignment through the City of El Cajon and several alternative alignments were proposed through the area. Due to the alternative alignments, staff amended the original MND analyzing the alternative alignments and no new significant environmental impacts were identified and, thus, no additional mitigation was required. The amended MND was forwarded to the State Clearinghouse on October 2007 and distributed to 13 agencies and a notice of the availability of the amended MND was published in the *Union-Tribune*. The District received one comment from the Native American Heritage Commission. Environmental Compliance Specialist Coburn-Boyd indicated that a segment of a possible alternative alignment, identified as Alt. 2a (see copy of presentation), was not identified in the amended MND. The new segment/alignment was reviewed by the District's consultant and it was decided that it substantially conforms to the other alternative alignments and no additional recirculation of the MND was required. The District did send notices to the homeowners who would be affected by this project to make them aware of the project and that the MND was available for their review and comment. No comments were received. She stated that staff is requesting that the board adopt the MND and within five days

of the adoption, the "Notice of Determination" will be filed. She explained that 30 days after filing, the statute of limitations for legal challenges from those agencies or individuals that commented on the MND concludes.

Director Bonilla inquired what were the Native American Heritage Commission's comments. Environmental Compliance Specialist Coburn-Boyd indicated that they really did not have comments. They had forwarded a form letter, which they send to every MND filed for public review, indicating that the District needs to be aware that when it digs for this project, there is a possibility that it could come upon tribal remains as the area was inhabited by tribes in the past. They asked that we contact the commission should we come upon tribal remains. It was noted that the project could be shutdown if remains are found until the remains can be excavated. Environmental Compliance Specialist Coburn-Boyd, however, indicated that this corridor has been dug up in the past, so it is unlikely that remains will be uncovered.

Director Robak inquired if all alignment alternatives were covered in the MND. Environmental Compliance Specialist Coburn-Boyd indicated that they were and noted that the alternate alignment noted in red (in staffs' presentation) is the preferred alignment. It was clarified that the adoption of the MND is an approval of all alternatives.

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

Ayes:	Directors Bonilla, Breitfelder, Croucher, Lopez and Robak
Noes:	None
Abstain:	None
Absent:	None

to approve staffs' recommendation.

- c) ADOPT RESOLUTION NO. 4129 OF THE BOARD OF DIRECTORS OF THE OTAY WATER DISTRICT WAIVING BOARD POLICY NO. 21 AND AWARDING A PROFESSIONAL ENGINEERING DESIGN SERVICES CONTRACT TO LEE & RO, INC. FOR THE COMPLETION OF THE DESIGN OF THE 36-INCH PIPELINE, SDCWA OTAY FCF NO. 14 TO THE REGULATORY SITE PROJECT TO LEE & RO, INC. IN AN AMOUNT NOT TO EXCEED \$769,000

Engineering Manager Ron Ripperger stated that the City of El Cajon indicated that they would not permit the current pipeline design through the corridor of Jamacha Road and Washington Avenue. He indicated that staff then gathered a focus group in March 2008 comprised of experts in pipeline design, trenchless technology and construction to review the current alignment and recommend alternative alignments to avoid the Jamacha Road and Washington corridor. The

alternative alignments were discussed with IEC and the discussion to design an alternate alignment avoiding the busy corridor had reached an impasse. The District then terminated IEC's professional services contract and subsequent to terminating IEC's contract, the District negotiated with Lee & Ro to complete all remaining work which includes finalizing the project and preparing the contract documents to advertise for bids for the construction of the pipeline project.

He noted that Lee & Ro had tied for second in the original consultant selection process for this project. He stated that Lee & Ro recently successfully completed the design of the District's 30-inch Recycled Water Pipeline in the cities of San Diego and Chula Vista. They are also currently a member of the program management for Flow Control Facility No. 14 with CWA.

He indicated with regard to fiscal impact, Lee and Ro's fee for their scope of services range from \$535,000 to \$769,000 depending upon the completeness of the work product by IEC. Staff estimates based on the review of the material submitted by IEC that Lee and Ro's actual costs will most likely be close to the lower end of the range.

Director Breitfelder indicated that he felt that staff has handled this unusual situation very well. He inquired with regard to the Caltrans permit if it was expected to go through until late October. Engineering Manager Ripperger indicated that that was correct. He indicated that the permits were part of the whole process in the awarded contract. Director Brietfelder inquired if there are any legal ramifications in waiving Policy 21. General Counsel Yuri Calderon indicated that this is an unusual circumstance as the project has already been started. The District, during a competitive bid process, had two contractors who tied for second and basically the District is moving to the next responsive bidder to negotiate. For all practical purposes, the District has substantially complied with the law as it was a competitive bid process.

General Manager Watton indicated that though the District is a little behind schedule, Lee and Ro and staff will work hard to complete the project by March 2010 as was originally proposed.

Director Robak indicated that he wished to clarify that the District will not be spending more on this project than originally budgeted. It was indicated that that was staffs' intent. Director Robak inquired about the chart within staffs' report noting the cost differential between IEC and Lee & Ro and it seems that the cost for the project will be less with Lee & Ro than IEC (the chart is showing <\$55,503> for Scenario 1 and <\$89,175> for Scenario 2). General Manager Watton indicated that staff estimated that the new alignment would cost approximately \$200,000 and the cost would actually be more by approximately \$55,503 for Scenario 1 or \$89,175 for Scenario 2. He indicated that the budget has a contingency built in and staff anticipates spending some of the contingency money for the additional design work needed while still staying within the budget.

Director Robak further inquired why the "District Provided Services" and "Total Payments" to IEC in Scenario 1 and Scenario 2 were not the same. It was indicated that it is dependent on whether the District provides the services or Lee & Ro provides the services. With regard to IEC, the payment is based on assumptions from the documents received from IEC. At the time the staff report was prepared and circulated, staff was uncertain what would be received from IEC. IEC, has since, turned over electronic and other documents that staff is still reviewing. Staff wished to show best and worst case scenarios. Staff, however, is optimistic that the District will be able to use the material that they have developed for the project. Director Robak inquired what the cost per day would be should the project be delayed. General Manager Watton indicated that staff has done some preliminary calculations and the cost would be approximately \$300,000 to CWA for a six month delay. However, staff believes that the project will be completed on time.

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

Ayes:	Directors Bonilla, Breitfelder, Croucher, Lopez and Robak
Noes:	None
Abstain:	None
Absent:	None

to approve staffs' recommendation.

## 9. GENERAL MANAGER

- a) ADOPT AN "OPPOSE UNLESS AMENDED" POSITION ON AB 2986 (LENO) RELATING TO WASTE DISCHARGE REQUIREMENTS (BUELNA)

Communications Officer Armando Buelna indicated that staff is requesting that the board take an *oppose unless amended* position on AB 2986. He indicated that AB 2986 is sponsored by Assemblyman Mark Leno of Mill Valley to address aging sewer systems. He stated that it would require that the State or the Regional Water Quality Control Board (RWQCB) issue an annual report card with a grade of "A" through "F" for every collection, sewer system and treatment plant in the State of California based on different methodologies that would be developed by the State or RWQCB. He stated that the grading system's purpose would be to inform the public about failing or failed water systems in the State so that problems can be clearly identified and addressed by the public. He indicated that it is felt that the public's awareness of failing or failed systems, would make them more supportive of rate increases or other measures to address the failing facilities. The bill is sponsored by the Friends of the Earth and the San Francisco Bay Keeper and was motivated by a sewer spill that occurred in Richardson Bay, Marin County, in January 2008.

The bill is opposed by ACWA, the League of California Cities and a number of other California public organizations. Feedback has been provided to Assemblymember Leno which also included the elimination of the report card approach. It was felt that the report card approach may have the opposite effect and discourage investment in aging or failing systems. They also questioned how the bonding/rating agencies would view a "bad grade" issued to a failing system and that the cost of the new program would be placed on the public agencies through the creation of new fees and additional staff at a cost of approximately \$3 million annually. They felt that the State should identify issues and challenges that exist within the State sewer systems and develop programs to provide money and recommendations to address the issues.

Communications Officer Buelna indicated that AB 2986 was recently amended, however, it stills contains the report card approach. The bill has gone through the Assembly and is currently being reviewed by the Senate Appropriations Committee. At this time, no hearing has been requested by the author. He indicated that while Otay would probably receive a very good grade on its sewer system as the system is in very good working order, the bill still does raise a number of issues such as the report card approach, the unknown rating methodology that would be utilized and the cost of implementation.

Director Breitfelder indicated that he felt the program would benefit those who do not take good care of their infrastructure, but would burden those who do, with additional costs.

General Manager Watton indicated that the concern with the bill is the simplistic rating approach and that this entails another layer of record keeping that would be redundant.

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

Ayes:	Directors Bonilla, Croucher, Lopez and Robak
Noes:	Director Breitfelder
Abstain:	None
Absent:	None

to approve staffs' recommendation.

## 10. BOARD

### a) DISCUSSION OF 2008 BOARD MEETING CALENDAR

General Manager Watton noted that the November 2008 board meeting was moved to mid-month (November 13). He inquired if the board would consider

moving the December board meeting a week out which would provide staff additional time for the Proposition 218 noticing and would put the November and December meeting about a month apart. It was requested that District Secretary Susan Cruz check with all Board members to find a day in December that will accommodate their schedules.

## INFORMATIONAL ITEMS

11. THIS ITEM IS PROVIDED TO THE BOARD FOR INFORMATIONAL PURPOSES ONLY. NO ACTION IS REQUIRED ON THE FOLLOWING AGENDA ITEM.
  - a) UPDATE ON DROUGHT RESPONSE CONSERVATION PROGRAM (SARNO)

The board received and filed staffs' informational report.

## REPORTS

### 12. GENERAL MANAGER'S REPORT

General Manager Watton introduced new staff members Bob Kennedy who joined the Engineering Department approximately three months ago and Ted Cudal, the District's new Safety Officer, who has been working at the District for a few days now. Chief of Engineering Posada also introduced Erik Berliner, Engineering Intern, who has been with the District for approximately six months.

General Manager Watton indicated that attached to his GM Report are copies of some of the mailings to customers (*Pipeline Newsletter* and the *Consumer Confidence Report*) from the District. He indicated that they are full color as a result of committee recommendations. It is hoped that the publications bright colors will capture customers' attention and the District will increase the readership of its publications.

He also shared that included with his report is a copy of a powerpoint presentation regarding the *20 Gallon Challenge* survey results. He indicated that there is some interesting information in the presentation for those who are keeping abreast of the effectiveness of the challenge.

He indicated that the board is aware that an employee survey was performed in May. He stated that the consultant is preparing the final report and in discussions with President Croucher, the report will be presented at the September 3, 2008 board meeting.

He noted that the artificial turf grass rebate program has been reinstated as the Consumer Product Safety Commission concluded that the newer artificial turf

does not contain high amounts of lead. CWA has sent out press releases and the program will be retroactive to the date of suspension (June 26, 2008).

He indicated that the District began participating in the MWD rebate programs (July 1, 2008) and is fully engaged with the programs (smart controller, rotating sprinkler nozzle, high efficiency clothes washer and high efficiency toilet rebate programs).

General Manager Watton also indicated that the District has engaged PBS&J, Ms. Karen Keese, to review the District's rates and provide recommendations on various customer rates. He indicated that Ms. Keese is very experienced and is performing rate studies for other Districts within the county. Her work with other agencies will provide the District information about what other District's are doing and different approaches.

He noted on pages five through seven of his report lists the many projects that Engineering is accomplishing. He indicated that he would not review each item, but he wished to highlight that operations and engineering are very busy.

He indicated that eight meters were sold in June. He noted that this is down from the monthly highs of 200. However, this is a positive as meters are still being sold though the economy has slowed.

He stated that deliveries to Mexico has ceased as agreed. He indicated that the District did receive the back payments from Mexico and anticipates a full recovery through the additional water deliveries and the payments. The District is currently working with CWA and the IBWC on extending the agreement for the emergency water deliveries. He noted that the water delivered is Mexico water from the Colorado River. The new agreement will be similar to the old agreement with the exception of the capital cost recovery component as it has already been paid for.

Director Bonilla inquired if Mexico has expressed their need for more water. General Manager Watton indicated that they have and they were very concerned with keeping the contract in place and promptly made the back payments on the capital recovery costs. It was discussed that Mexico is connected to the District's system, but they are not taking water at this time based on the agreement for the summer months. Per the contract, the District will deliver whatever Mexico requires as long as it does not impact the District's customers. The water deliveries is a very flexible arrangement.

a) **SAN DIEGO COUNTY WATER AUTHORITY UPDATE**

President Croucher indicated that CWA is monitoring very closely the effectiveness of the \$1.8 million conservation ad program. He also shared that

Vallecitos WD and Fallbrook PUD have donated \$5,000 each to the Water Conservation Garden.

He stated that CWA is continuing to track water supplies and the Bay Delta issues. He indicated that the State Governor will be holding a press conference today at 2:45 p.m. to announce that, due to state legislators' inability to agree on the state budget, he will not be signing any bills until a budget is agreed upon. The consequence of unsigned bills is that they are automatically rejected after 14 days.

General Manager Watton indicated that a dispute between Olivenhain MWD, City of San Diego and CWA has developed over the water quality in Lake Hodges. Discussions will be taking place in the next 60 to 90 days to see if the dispute can be resolved. CWA will be also be discussing the issue in closed session.

### 13. DIRECTORS' REPORTS / REQUESTS

Director Robak indicated that there was an article in the paper evaluating the *20 Gallon Challenge* and how effective each agency has been with the challenge. He inquired where the District rated in the evaluation. It was indicated that the District was at 6.8% savings. It was noted that many of the districts were fairly low and the program has not seen the success that was hoped for. Director Robak indicated that he was happy to see that CWA has reinstated the artificial turf rebate program. He indicated that he felt that they were a bit premature in their action to cease the program and he was happy to see it quickly reverse course. He also stated that he wished to discuss with the General Manager and Water Conservation Manager that if the District provides a list artificial turf grass vendors, that we assure they are approved by the Better Business Bureau. Director Robak indicated he will be doing his part and plans to remove the grass from his yard as well.

Director Lopez indicated that he attended the GIS presentation provided by Chief Information Officer Geoff Stevens and GIS Manager Ming Zhao at the ESRI conference. He stated that the presentation is very worthwhile and he recommended that a copy of the presentation be provided to the board members. It was noted at the conference that Otay is recognized as one of the top ten users of GIS systems in the County and ESRI had thanked the District for the many tours they have provided to various agencies and organizations interested in implementing GIS systems. He stated that Chief of Engineering Rod Posada made presentations to the Chula Vista Interagency Water Task Force regarding the drought issues and the lessons the District learned from the Fenton Business Center misconnection. He indicated that he felt the misconnection presentation should be viewed by not only the county of San Diego, but nationally as well, so it can be shared what the District has learned and the processes that it has put into place to assure that the issue does not occur again.

Director Bonilla indicated that he concurred with Director Lopez on the presentations and, in a discussion with General Manager Watton, had commended Chief of Engineering Rod Posada on the presentations he had proved the Task Force.

Director Bonilla also inquired about the difference between a *Level II* and *Level III* drought alert. General Manager Watton indicated that the largest difference is at *Level III* the District would start restricting meter sets, essentially cutting growth. He inquired if that should not be noted in the customer *Pipeline Newsletter* to better clarify the difference in the levels as they seem to be the same as printed in the *Drought Watch* declaration chart in the newsletter. It was indicated that the verbiage will be updated to note that growth will be affected at Level III.

Director Breitfelder indicated that he just wished to make an observation and thank Chief Financial Officer Beachem for achieving better returns on the District's investments than what LAIF has earned for the last several months.

#### 14. PRESIDENT'S REPORT

President Croucher indicated that the board would like to move forward with the General Manager's review and requested that an Ad Hoc Committee be scheduled for the General Manager's review. He indicated that the Ad Hoc Committee members will include Director Bonilla as chair and himself. He indicated that the committee would like to follow CWA's process and an evaluation form will be developed and sent out through District Secretary Susan Cruz to all Directors. He also stated that the customer *Pipeline Newsletter* was looking very good and noted that Communications Officer Buelna is also the editor of the CSDA County newsletter.

#### RECESS TO CLOSED SESSION

#### 15. CLOSED SESSION

The board recessed to closed session at 4:50 p.m. to discuss the following matters:

- a) CONFERENCE WITH LEGAL COUNSEL – POTENTIAL LITIGATION  
[GOV-ERNMENT CODE §54956.9(b)]  
  
1 CASE
- b) CONFERENCE WITH LEGAL COUNSEL – PENDING LITIGATION  
[GOVERNMENT CODE §54956.9(a)]
  - l) MULTIPLE CASES RELATED TO THE FENTON BUSINESS CENTER AND FILED WITH THE SUPERIOR COURT OF THE COUNTY OF SAN DIEGO RECENTLY CONSOLIDATED UNDER

CASE NO. 37-2007-00077024-CU-BC-CTL; AND TWO NON-CONSOLIDATED CASES, NOS. 37-2008-83163-CU-PO-CTL AND 37-2008-00086689-CU-PO-CTL

- II) 1 CASE - AMERICAN PROTECTION INSURANCE V. OTAY WATER DISTRICT, DISTRICT COURT SOUTHERN DISTRICT OF CALIFORNIA, #08-CV-0662-JM-POR
- III) OTAY WATER DISTRICT V. NORTHROP GRUMMAN

RETURN TO OPEN SESSION

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

The board reconvened at 5:32 p.m. General Counsel Yuri Calderon indicated that three actions were taken in closed session:

- 1) A motion was made by Director Bonilla, seconded by Director Breitfelder and carried with the following vote:

Ayes: Directors Bonilla, Breitfelder, Croucher, Lopez and Robak  
Noes: None  
Abstain: None  
Absent: None

to deny the tort claim filed by Bremco Construction.

- 2) A motion was made by Director Breitfelder, seconded by Director Bonilla and carried with the following vote:

Ayes: Directors Bonilla, Breitfelder, Croucher and Lopez  
Noes: Director Robak  
Abstain: None  
Absent: None

to retain the Hilding Law Firm in the matter of American Protection Insurance v. Otay Water District.

- 3) A motion was made by Director Bonilla, seconded by Director Breitfelder and carried with the following vote:

Ayes: Directors Bonilla, Breitfelder, Croucher, Lopez and Robak  
Noes: None

Abstain: None  
Absent: None

to accept the mediator's settlement in the Northrop Grumman matter.

General Counsel Calderon indicated that no other reportable actions were taken in closed session.

17. ADJOURNMENT

With no further business to come before the Board, President Croucher adjourned the meeting at 5:33 p.m.

---

President

ATTEST:

---

District Secretary

# AGENDA ITEM 6a



## STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	November 13, 2008
SUBMITTED BY:	H. Damon Braden <i>[Signature]</i> Senior Civil Engineer	PROJECT/ SUBPROJECTS:	P2440- DIV. 2 003000 & NO. 004000
	Ron Ripperger <i>[Signature]</i> Engineering Manager		
APPROVED BY: (Chief):	Rod Posada <i>[Signature]</i> Chief, Engineering		
APPROVED BY: (Asst. GM):	Manny Magaña <i>[Signature]</i> Assistant General Manager, Engineering and Operations		
SUBJECT:	Amendments to Utility Agreements with Caltrans related to Construction of the SR-905 Utility Relocations		

### GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board authorizes the General Manager to sign Amendments to two (2) separate Utility Agreements (Nos. 31759 and 31921) with the California Department of Transportation (Caltrans) (see Exhibit A for project location).

### COMMITTEE ACTION: \_\_\_\_\_

Please see Attachment A.

### PURPOSE:

To obtain Board authorization for the General Manager to sign Amendments to Utility Agreements with Caltrans (Nos. 31759 and 31921; see Exhibits B-1 and B-2).

### ANALYSIS:

In 2003 Caltrans notified the District of its intent to construct SR-905 from Heritage Road to SR-125 within Otay Mesa. Subsequently, the District entered into several Utility Agreements with Caltrans to establish prior rights and cost sharing for relocation of District existing and proposed utilities that were in conflict with Caltrans' design. This current action addresses Amendments to two (2) of the existing

Utility Agreements. At the October 9, 2008 Board Meeting, the Board authorized the General manager to sign Amendments to four (4) existing SR-905 Agreements (Nos. 31755, 31756, 31757, and 31758).

Caltrans requested the District to design and relocate the existing utilities at Pacific Rim Court, Cactus Road, and Gailes/Dublin Road and to prepare the design contract documents for this effort. This work has since been completed. Due to the complexity of the relocation of utilities at Britannia Boulevard and Airway Road/Harvest Road, Caltrans has requested that the District provide design plans for these locations to be incorporated into the Caltrans overall SR-905 design and construction. Caltrans is currently in the process of constructing Britannia Boulevard and Airway Road/Harvest Road as part of the overall SR-905 project.

The original cost estimates provided for the two (2) Utility Agreements were based on known conditions and understandings at the time each Agreement was executed. Due to changes in field conditions, conflicts with other utilities, other agencies planned utilities, and Caltrans' requested design changes, the actual project costs exceeded the estimated costs. Upon execution of these Amendments the District will invoice Caltrans for the additional costs.

Caltrans has assured Staff that the amounts to be reimbursed to the District in the Amendments have been set aside in the authorized funding for the SR-905 construction. Following is a summary of the potential liabilities and reimbursements for each Amended Utility Agreement.

Agreement Number	Reimbursed to Otay	Previous Agreement	Net to Otay
31759	\$1,109,838	\$475,030	\$634,808
31921	\$ 159,077	\$117,004	\$ 42,073
<b>Total</b>	<b>\$1,268,915</b>	<b>\$592,034</b>	<b>\$676,881</b>

**FISCAL IMPACT:**



The total budget for CIP P2440, as approved in the FY 2009 budget, is \$2,460,000. Expenditures to date are \$3,286,565. Total expenditures, plus outstanding commitments and forecast to date, are \$2,408,560 which includes the anticipated Caltrans reimbursement of \$1,268,915 (see Attachment B for budget details).

**STRATEGIC GOAL:**

This project supports the District's Mission Statement, "To provide safe, reliable water, recycled water, and wastewater services to our community in an innovative, cost efficient water-wise and environmentally responsible manner," as well as the General Manager's vision, "... prepared for the future..." by guaranteeing that the District will always be able to meet future water supply obligations and plan, design, and construct new facilities.

**LEGAL IMPACT:** \_\_\_\_\_

Legal counsel reviewed this Utility Agreement for consistency and content.

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

P:\WORKING\p2440\STAFF REPORTS\BD11-13-08, STAFF REPORT, AMENDMENTS TO UTILITY AGREEMENTS WITH CALTRANS FOR SR-905 UTILITY RELOCATIONS, (HDB-RR).DOC

HDB/RR/RP:jf

Attachments: Attachment A  
Attachment B  
Exhibit A  
Exhibit B-1  
Exhibit B-2



## ATTACHMENT A

<b>SUBJECT/PROJECT:</b> P2440- 003000&0040000	Amendments to Utility Agreements with Caltrans related to Construction of the SR-905 Utility Relocations
---	---

### COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a meeting held on November 3, 2008 and the following comments were made:.

- Caltrans notified the District in 2003 of its intent to construct SR-905 from Heritage Road to SR-125 within the Otay Mesa Area. The District then entered into several Utility Agreements with Caltrans establishing prior rights and cost sharing for the relocation of the District's facilities that will be in conflict with new SR-905.
- Some of the agreements specified that Otay would design and relocate existing utility lines including construction.
- Caltrans requested that the District provide design for the relocations at Britannia Boulevard and Airway Road/Harvest Road and Caltrans would do the construction
- Utility Agreement Amendments are devised to accommodate changes such as differing field conditions, conflicts with other utilities and other agencies planned utilities discovered during the construction of SR-905 and Caltrans changes to the highway design.
- Staff indicated that once the amendments to the Utility Agreements (Nos. 31759 and 31921) have been signed, the District will invoice Caltrans for the additional costs of \$676,881 for both agreement.
- It was noted that the proposed amended agreements are similar to those approved by the board at the October 9, 2008 board meeting.

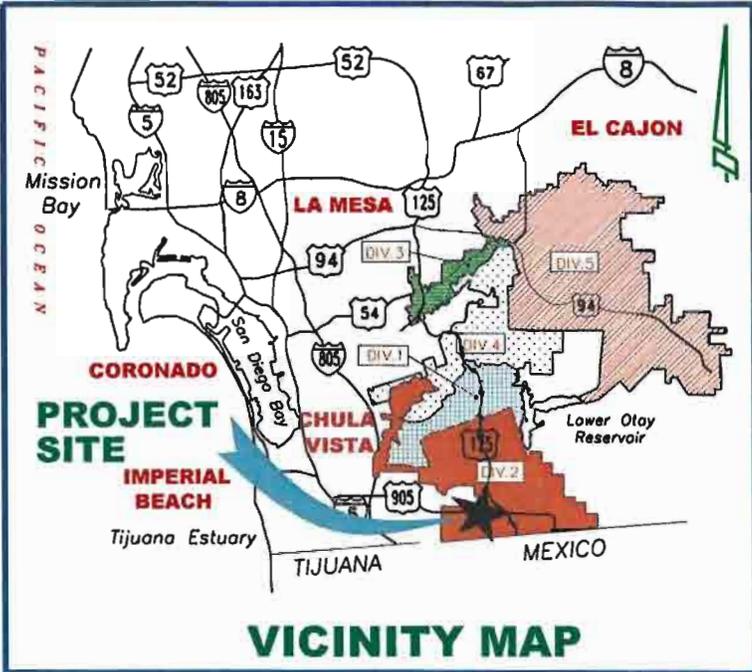
Following the discussion, the committee supported staffs' recommendation and presentation to the board on the consent calendar.

# ATTACHMENT B

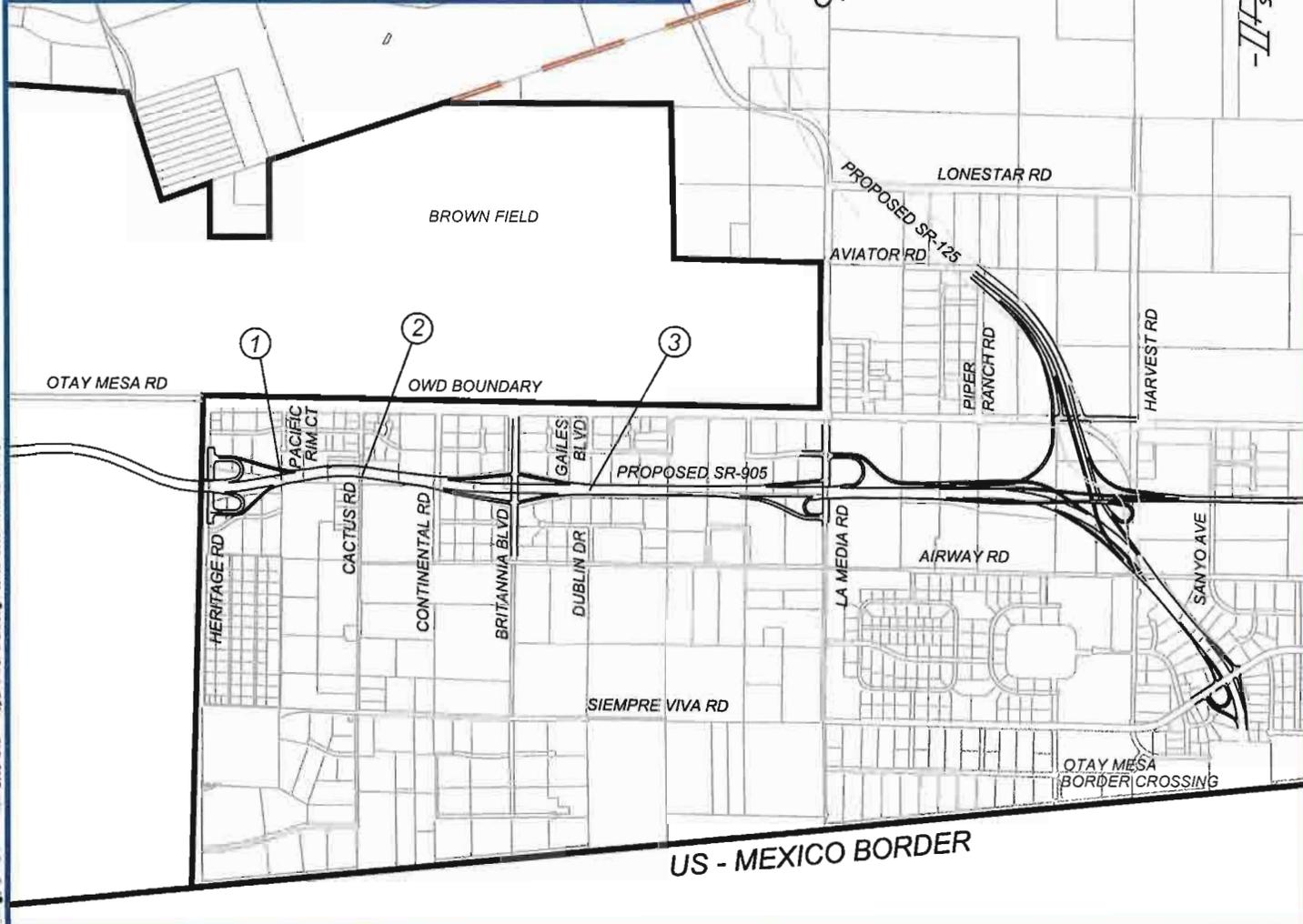
Otay Water District  
P2440- I-905 Utility Relocations

Date Updated: Oct. 08, 2008

Budget	Committed	Expenditures	Outstanding Commitment & Forecast	Projected Final Cost	Vendor / Comments
<b>\$2,460,000</b>					
<b>Planning</b>					
In House/Labor	69,810	69,810		69,810	
Professional Legal Fees	340	340	-	340	Burke, Williams, Sorensen LLP
Service Contracts	2,080	2,080	-	2,080	Garcia Calderon & Ruiz LLP
			-	-	
Infrastructure, Materials & Supplies	8	8	-	8	Ferguson Waterworks
Temporary Labor	112	112	-	112	Sedona Staffing Services
<b>Total Planning</b>	<b>\$ 72,328</b>	<b>\$ 72,328</b>	<b>\$ -</b>	<b>\$ 72,328</b>	
<b>Design</b>					
In House/Labor	113,893	113,893		113,893	
Consultant Contracts	224,799	224,799	-	224,799	HDR Inc.
	12,000	12,000	-	12,000	Bowen & Associates
	66,923	66,923	-	66,923	Hirsch & Company
	11,040	11,040	-	11,040	Swinerton Management
Service Contracts	2,190	2,190	-	2,190	OCB Reprographics
	70	70	-	70	San Diego Daily Transcripts
	190	190	-	190	Clerkson Lab & Supply Inc.
Printing	8	8	-	8	Petty Cash Custodian
			-	-	Frank & Son Paving Inc.
<b>Total Design</b>	<b>\$ 430,913</b>	<b>\$ 430,912</b>	<b>\$ -</b>	<b>\$ 430,912</b>	
<b>Construction</b>					
In House/Labor	213,859	213,859		213,859	
Advertisement/Bid	328	328	-	328	Union Tribune
Professional, Legal Fees	437	437	-	437	Garcia Calderon & Ruiz LLP
			-	-	
Consultant Contracts	37,271	37,271	-	37,271	RBF Consulting
	1,820	1,820	-	1,820	Southern California Soil
	20,640	20,640	-	20,640	Swinerton Management
Construction Contracts	1,021,223	1,012,028	9,195	1,021,223	Zondiros Corporation
	524	524	-	524	HD Supply Waterworks Ltd.
	654	654	-	654	Clarkson Lab & Supply Inc.
	909,870	909,870	-	909,870	Department of Transportation
Retention	48,015	48,015	-	48,015	Zondiros Corporation
Rents/Leases(Temp. Easement)	1,750	1,750	-	1,750	Gateway Park Owners Association
	6,825	6,825	-	6,825	Brown Field Business Park LP
	1,000	1,000	-	1,000	Dante Corp.
Settlements (Easement)	1,000	1,000	-	1,000	Vista South Melrose LP
Materials	216	216	-	216	C.W. McGrath
	163	163	-	163	United Rentals Northwest Inc
	155	155	-	155	HSS Rentx Inc
	258	258	-	258	Penhall Co.
AMR Meters	165	165	-	165	
Meter Bushings	6	6	-	6	
Sewer Fittings & Green Ball	24	24	-	24	
Adaptor ACP 914	1,709	1,709	-	1,709	
Gate Valve	2,247	2,247	-	2,247	
Pipe CLC Steel	325	325	-	325	
Flange Weld On	71	71	-	71	
Reducer Cast Iron	323	323	-	323	
Valve Ball	37	37	-	37	
Saddle Tap ACP 2 inch	93	93	-	93	
Corp	119	119	-	119	
Professional Legal Fees	500	500	-	500	First American Title
Water Loss	228	228	-	228	
			-	-	
<b>Total Construction</b>	<b>\$ 2,271,654</b>	<b>\$ 2,262,459</b>	<b>\$ 9,195</b>	<b>\$ 2,271,655</b>	
<b>Caltrans Utility Agreements</b>					
Expense / Reimbursement	(55,279)	(55,279)	-	(55,279)	Utility Agreement 31728
Expense / Reimbursement	(43,840)	(43,840)	-	(43,840)	Utility Agreement 31755
Expense / Reimbursement	617,434	617,434	-	617,434	Utility Agreement 31756
Expense / Reimbursement	(350,025)		(350,025)	(350,025)	Utility Agreement 31757
Expense / Reimbursement	237,515		237,515	237,515	Utility Agreement 31757 / 31759
Expense / Reimbursement	(443,728)		(443,728)	(443,728)	Utility Agreement 31758
Expense / Reimbursement	237,515		237,515	237,515	Utility Agreement 31758 / 31759
Expense / Reimbursement	(634,808)		(634,808)	(634,808)	Utility Agreement 31759
Expense / Reimbursement	2,350	2,350	-	2,350	Utility Agreement 31779
Expense / Reimbursement	(8,600)		(8,600)	(8,600)	Utility Agreement 31817
Expense / Reimbursement	(42,073)		(42,073)	(42,073)	Utility Agreement 31921
Expense / Reimbursement	117,004		117,004	117,004	Utility Agreement 31921 / 31759
<b>Total Caltrans</b>	<b>(366,335)</b>	<b>520,865</b>	<b>(887,200)</b>	<b>(366,335)</b>	
<b>Grand Total</b>	<b>\$ 2,408,560</b>	<b>\$ 3,286,565</b>	<b>\$ (878,005)</b>	<b>\$ 2,408,560</b>	



- ① PACIFIC RIM CT  
UTILITY AGREEMENT NO. 31759
- ② CACTUS RD  
UTILITY AGREEMENT NO. 31759
- ③ GAILES BLVD/DUBLIN DR  
UTILITY AGREEMENT NO. 31921



P:\VDR\CHNCIP P2444\Graphics\Drawings\Exhibit A - Nov 2008 Staff Report-Portals.dwg 10/13/2008 9:08:52 AM PDI



# OTAY WATER DISTRICT

## SR-905 UTILITY RELOCATIONS

### EXHIBIT A

<u>Dist</u>	<u>Co</u>	<u>Rte</u>	<u>KP (P.M.)</u>	<u>EA</u>
11	SD	905	R 9.3/R18.62 (R5.8/R11.6)	091821
Federal Aid No:		<u>A905(015)</u>		
Owner's File:		<u>CIP P2440-004000/ Work Order 30131</u>		
FEDERAL PARTICIPATION:		On the Project	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
		On the Utilities	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

**FIRST AMENDMENT TO UTILITY AGREEMENT NO. 31759**

**WHEREAS**, the State of California, acting by and through its Department of Transportation, hereinafter called STATE and OTAY WATER DISTRICT, hereinafter called OWNER, have entered into that certain Utility Agreement No. 31759, dated March 15, 2006, which Agreement sets forth the terms and conditions pursuant to which OWNER will relocate by owner's own forces through competitive bid the existing pipeline within the proposed SR 905 right of way. The pipeline will be abandoned and the appurtenances will be relocated prior to construction has now changed. The 10 inch potable water line within the proposed Route 905 right of way will be replaced with a 12 inch welded steel pipe within a 24 inch steel casing and relocated in the same area but in a deeper location to provide adequate vertical clearance from the SR-905 alignment, Project No. 091824; and,

**WHEREAS**, in the performance of said work, increased costs over and above those estimated at the time of the execution of said Agreement were incurred primarily due to a revision of the plans and,

**WHEREAS**, it has been determined that, since final costs have overrun the amount shown in said Agreement by 2745.3061%, and when the increased cost exceeds by 25% the estimated amount set forth in said Agreement, said Agreement shall be amended to show the increased cost of the work to the STATE; and,

**WHEREAS**, the estimated cost to the STATE of the work to be performed under said Agreement was \$ 41,955.00, and by reason of the increased costs referred to above, the amended estimated cost to the STATE is \$ 1,151,793.24.

**NOW, THEREFORE**, it is agreed between the parties as follows:

1. The estimated cost to the STATE of \$41,955.00 as set forth in said Agreement is hereby amended to read \$1,151,793.24.

2. **WORK TO BE DONE**

In accordance with revised Notice to Owner 31759-R dated 01/28/08 OWNER shall relocate OWNER's water facilities. All work shall be performed substantially in accordance with OWNER's Plan No. R-1 dated 01/22/08 consisting of one sheet, a copy of which is on file in the District Office of the Department of Transportation at 4050 Taylor Street, San Diego, CA 92110. Deviations from the OWNER's plan described above initiated by either the STATE or the OWNER, shall be agreed upon by both parties hereto under a Revised Notice to Owner. Such Revised Notices to Owner, approved by the STATE and acknowledged by the OWNER, will constitute an approved revision of the OWNER's plan described above and are hereby made a part hereof. No work under said

**AMENDMENT TO UTILITY AGREEMENT**

EA 091821  
FIRST AMENDMENT TO  
UTILITY AGREEMENT NO. 31759  
13-EX-24 (REV 4/2002)  
Page 2 of 3

---

deviation shall commence prior to receipt by the OWNER of the Revised Notice to Owner. Changes in the scope of the work will require an amendment to this Agreement in addition to the Revised Notice to Owner.

3. All other terms and conditions of said Agreement remain unchanged.

\*\*\*\*\*

---

**AMENDMENT TO UTILITY AGREEMENT**

EA 091821  
 FIRST AMENDMENT TO  
 UTILITY AGREEMENT NO. 31759  
 13-EX-24 (REV 4/2002)  
 Page 3 of 3

THE ESTIMATED TOTAL COST TO STATE FOR ITS SHARE OF THE ABOVE DESCRIBED WORK IS \$1,151,793.24.

CERTIFICATION OF FUNDS				
I hereby certify upon my own personal knowledge that budgeted funds are available for the period and purpose of the expenditure shown here.				
<i>Brandon Kapelle</i>				4/9/08
HQ Accounting Officer				Date
ITEM	CHAP	STAT	FY	AMOUNT
2660-801-3008-20	76	2005	07/08	1,109,838.24
2660-301-0892-20	77/172	2007	07/08	

FUND TYPE	EA	AMOUNT
Design Funds		\$
Construction Funds		\$
RW Funds	091821	\$1,109,838.24

Already encumbered \$ 41,955.00  
 Total \$1,151,793.24

IN WITNESS WHEREOF, the parties hereto have executed this **FIRST AMENDMENT** to Utility Agreement No. 31759 this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

STATE: DEPARTMENT OF TRANSPORTATION

OWNER: OTAY WATER DISTRICT

By *Amy Lamott Vargas* 4/3/08  
 District Division Chief, Right of Way  
 Delegated, AMY LAMOTT VARGAS, Chief  
 Utility Relocation Branch

By \_\_\_\_\_  
 Name/Title Date

By *Carol Vu* 4/3/08  
 Carol Vu  
 Utility Coordinator

By \_\_\_\_\_

**DO NOT WRITE BELOW - FOR ACCOUNTING PURPOSES ONLY**

PLANNING AND MANAGEMENT TO COMPLETE UNSHADED FIELDS:

PLANNING AND MANAGEMENT TO COMPLETE UNSHADED FIELDS:										UTILITY COMPLETES:		
DOC CODE	DOCUMENT NUMBER	SUB INDEX	DIST	UNIT	CHG DIST	EA	SUB JOB	SPECIAL DESIGNATION	FFY	FA	OBJ CODE	DOLLAR AMOUNT
211	091829	00	11	440	11	091829	3081P	931759	08	6	054	1,109,838.24
											054	

EA FUNDING VERIFIED:  
 Sign > *Lourdes Dungca*  
 Print > Lourdes Dungca 4/7/08  
 R/W Planning and Management Date

REVIEW/REQUEST FUNDING:  
 Sign > *R. Davies*  
 Print > For Carol Vu  
 Utility Coordinator Date

Distribution: 4 originals to R/W Accounting  
 4 originals returned to R/W Planning and Management

Dist	Co	Rte	KP (P.M.)	EA
11	SD	905	R9.3/R18.62 (R5.8/R11.6)	091821
FEDERAL AID NUMBER A905 (015)			OWNER'S FILE	
FEDERAL PARTICIPATION: On the Project <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No On the Utilities <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				

**UTILITY AGREEMENT NO. 31921 DATE \_\_\_\_\_**

The State of California acting by and through the Department of Transportation, hereinafter called "STATE" proposes to construct a new freeway (Phase 1) in San Diego County in San Diego from 1.1 km east of the Route 905/805 separation to 0.6 km west of the Mexico Border and OTAY WATER DISTRICT, hereinafter called "OWNER", owns and maintains electric facilities within the limits of STATE's project.

It is hereby mutually agreed that:

**I. WORK TO BE DONE**

In accordance with Notice to Owner 31757 dated 01/12/06 OWNER shall relocate OWNER's water facilities. All work shall be performed substantially in accordance with OWNER's drawing No. C-3 dated 03/04/08, a copy of which is on file in the District Office of the Department of Transportation at 4050 Taylor Street, San Diego, CA 92110.

Deviations from the OWNER's plan described above initiated by either the STATE or the OWNER, shall be agreed upon by both parties hereto under a Revised Notice to Owner. Such Revised Notices to Owner, approved by the STATE and acknowledged by the OWNER, will constitute an approved revision of the OWNER's plan described above and are hereby made a part hereof. No work under said deviation shall commence prior to receipt by the OWNER of the Revised Notice to Owner. Changes in the scope of the work will require an amendment to this Agreement in addition to the Revised Notice to Owner.

**II. LIABILITY FOR WORK:**

Owner completed the design for the relocation water facilities that were in conflict with construction of Route 905 on Gailles Boulevard/Dublin Drive crossing. Subsequently, Otay Water District submitted revised design drawings to the encroachment department prior to construction. The design plans changed the location of the pipeline into the City of San Diego's sewer easement. The revised plans were approved without circulating through all the departments. The error was caught after construction had started and the new location of the waterline would prevent the State from constructing mandated sewer related work. With the City of San Diego's approval it was decided the water line installed by Otay Water District would be used as a redundant sewer line. The state agreed to pay for the installed cost of the water line that will now be used as part of the redundant sewer system. The STATE is 100% liable for the wasted/useless work.

**III. PERFORMANCE OF WORK:**

Owner agrees to perform the herein-described work to be performed by a contract with the lowest qualified bidder, selected pursuant to a valid competitive building procedure, and to furnish or cause to be furnished all necessary labor, materials, tools and equipment required therefore, and to prosecute said work diligently to completion.

IV. PAYMENT FOR WORK:

The STATE shall pay its share of the actual cost of the herein-described work within 90 days after receipt of Five (5) copies of the OWNER's itemized bill in quintuplicate, signed by a responsible official of OWNER's organization and prepared on OWNER's letterhead, compiled on the basis of the actual cost and necessary cost and expense. The OWNER shall maintain records of the actual costs incurred and charged or allocated to the project in accordance with recognized accounting principles. The OWNER's billing cost to STATE is \$159,076.71.

It is understood and agreed that the STATE will not pay for any betterment or increase in capacity of OWNER's facilities in the new location and that OWNER shall give credit to the STATE for the accumulated depreciation or "used life" on the replaced facilities and for the salvage value of any material or parts salvaged and retained or sold by OWNER.

The OWNER shall submit a final bill to the STATE within 360 days after the completion of the work described in Section I. above. If the STATE has not received a final bill within 360 days after notification of completion of OWNER's work described in Section I. of this Agreement, and STATE has delivered to OWNER fully executed Director's Deeds, Consents to Common Use or Joint Use Agreements as required for OWNER's facilities, STATE will provide written notification to OWNER of its intent to close its file within 30 days and OWNER hereby acknowledges, to the extent allowed by law, that all remaining costs will be deemed to have been abandoned. If the STATE processes a final bill for payment more than 360 days after notification of completion of OWNER's work, payment of the late bill may be subject to allocation and/or approval by the California Transportation Commission.

The final billing shall be in the form of an itemized statement of the total costs charged to the project, less the credits provided for in this Agreement, and less any amounts covered by progress billings. However, the STATE shall not pay final bills which exceed the estimated cost of this Agreement without documentation of the reason for the increase of said cost from the OWNER and approval of documentation by STATE. Except, if the final bill exceeds the OWNER's estimated costs solely as the result of a revised Notice to Owner as provided for in Section I, a copy of said revised Notice to Owner shall suffice as documentation. In either case, payment of the amount over the estimated cost of this agreement may be subject to allocation and/or approval by the California Transportation Commission.

In any event if the final bill exceeds 125% of the estimated cost of this agreement, an Amended Agreement shall be executed by the parties to this Agreement prior to the payment of the OWNER's final bill. Any and all increases in costs that are the direct result of deviations from the work described in Section I of this Agreement shall have the prior concurrence of STATE.

Detailed records from which the billing is compiled shall be retained by the OWNER for a period of three years from the date of the final bill and will be available for audit by State and/or Federal auditors. Owner agrees to comply with Contract Cost Principles and Procedures as set forth in 48 CFR, Chapter 1, Part 31, et seq., 23 CFR, Chapter 1, Part 645 and/or 18 CFR, Chapter 1, Parts 101, 210, et al If a subsequent State and/or Federal audit determines payments to be unallowable, OWNER agrees to reimburse STATE upon receipt of STATE billing.

V. GENERAL CONDITIONS:

All costs accrued by OWNER as a result of STATE's request of June 16, 2004 to review, study and/or prepare relocation plans and estimates for the project associated with this Agreement may be billed pursuant to the terms and conditions of this Agreement.

V. GENERAL CONDITIONS: (Continued)

If STATE's project which precipitated this Agreement is canceled or modified so as to eliminate the necessity of work by OWNER, STATE will notify OWNER in writing and STATE reserves the right to terminate this Agreement by Amendment. The Amendment shall provide mutually acceptable terms and conditions for terminating the Agreement.

All obligations of STATE under the terms of the Agreement are subject to the passage of the annual Budget Act by the State Legislature and the allocation of those funds by the California Transportation Commission.

OWNER shall submit a Notice of Completion to the STATE within 30 days of the completion of the work described herein.

It is understood that said highway is a Federal aid highway and accordingly 23 CFR 645 is hereby incorporated into this Agreement.

\* \* \* \*

UTILITY AGREEMENT NO. 31921

THE ESTIMATED COST TO STATE FOR ITS SHARE OF THE ABOVE DESCRIBED WORK IS \$ 159,076.71.

CERTIFICATION OF FUNDS				
I hereby certify upon my own personal knowledge that budgeted funds are available for the period and purpose of the expenditure shown here.				
HQ Accounting Officer				Date
ITEM	CHAP	STAT	FY	AMOUNT

FUND TYPE	EA	AMOUNT
Design Funds		\$
Construction Funds		\$
RW Funds	091829	\$ 159,076.71

IN WITNESS WHEREOF, the above parties have executed this Agreement the day and year above written.

STATE:

OWNER: OTAY WATER DISTRICT

By *[Signature]* 5/6/08  
 District Division Chief, Right of Way Date  
 Delegated, AMY LAMOTT VARGAS, Chief  
 Utility Relocation Branch

By \_\_\_\_\_ Date \_\_\_\_\_  
 Name Title **Sign & I**

By *Carol Vu* 5/6/08  
 Carol Vu Date  
 Utility Coordinator

DO NOT WRITE BELOW - FOR ACCOUNTING PURPOSES ONLY

PLANNING AND MANAGEMENT COMPLETES EXCEPT SHADED FIELDS :

UTILITY COMPLETES:

DOCUMENT NUMBER	SUB JOB	SPECIAL DESIGNATION	FFY	OBJ CODE	DOLLAR AMOUNT
UA				054	
UA				054	

EA FUNDING VERIFIED:
Sign:>
Print:>
R/W Planning and Management Date

REVIEW / REQUEST FUNDING:
Sign:>
Print:>
Carol Vu Date Utility Coordinator

Distribution: 3 originals to R/W Accounting  
 3 originals returned to R/W Planning & Management

# AGENDA ITEM 6b



## STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	November 13, 2008
SUBMITTED BY:	H. Damon Braden <i>HDB</i> Senior Civil Engineer	PROJECT / SUBPROJECT:	R2081- DIV. 5 001103 NO.
	Ron Ripperger <i>m</i> Engineering Manager		
APPROVED BY: (Chief):	Rod Posada <i>R Posada</i> Chief, Engineering		
APPROVED BY: (Asst. GM):	Manny Magaña <i>m Magaña</i> Assistant General Manager, Engineering and Operations		
SUBJECT:	Change Order No. 1 to the Contract with ARB, Inc. for the 20-Inch Lane Avenue Conversion Project		

### GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board approve Change Order No. 1 to the existing contract with ARB, Inc. (ARB), for construction of the 20-Inch Lane Avenue Conversion Project in an amount not to exceed \$78,938 (see Exhibit A for project location).

### COMMITTEE ACTION:

Please see Attachment A.

### PURPOSE:

To obtain Board authorization for the General Manager to execute Change Order No. 1 (see Exhibit B) in an amount not to exceed \$78,938 to the contract with ARB.

### ANALYSIS:

At the January 14, 2008 Board Meeting, ARB was awarded the construction contract for the 20-Inch Lane Avenue Conversion Project. The project construction began in February 2008. Overall, construction is 90% complete.

Change Order No. 1 provides for reimbursement to the Contractor in an amount not to exceed \$78,938 for issues concerning the referenced project. A summary of each issue follows.

The first issue is the cost of videotaping the pipe to identify and confirm undocumented connections. This item was requested in the Engineering, Operations, and Water Resources Committee meeting by Director Croucher. In retrospect, it was a wise decision because four undocumented connections were found. These connections had previously been abandoned. However, eliminating them removed the possibility, albeit remote, that there could be an erroneous future connection. The actual total cost of the TV related work is \$42,000.

The second issue relates to which brand and type of flow meter is to be used on the project. During the submittal process and related communications, confusion arose regarding which meter to supply. Ultimately, Staff directed ARB to install the McCrometer meters called for in the Contract Documents. It was agreed that, because of the miscommunication regarding which meters to use, the District would split the re-stocking fee with ARB for the meters initially ordered by ARB.

The third issue concerns providing spools at the valve locations. ARB installed valves without spools. A detail for one connection on the plans shows this arrangement. However, the Water Agency Standards (WAS) call for spools at valves. In subsequent discussions concerning plan precedence versus WAS it was agreed that the District would pay for the spools because the detail was unclear and arguably in conflict with the WAS.

The fourth issue is related to the ability of butterfly valves to open without conflicting with the pipe lining. Because ARB installed valves without spools on the 20-Inch pipe the valve would not open completely because the pipe lining interferes with the valve's disc. In order to have the valve's disc clear the pipe lining, ARB ordered and installed 22-Inch pipe which results in an undesirable condition where the 20-Inch pipe lining is entirely exposed within adjacent 22-Inch pipe. Staff and ARB determined an acceptable resolution to the undesirable condition pipe size condition.

The fifth issue relates to finding unknown conditions requiring additional work. An electrical conduit bank was found in direct conflict with the pipeline elevation. In addition, at that same location, a gas line was found. To go around these obstacles required additional parts and labor.

The sixth item is a plan clarification. The plans call for fence enclosures at the 927-1 and 944-1 metering stations for personnel protection from golf balls and for general security steel mesh covers were specified. The fence enclosures as detailed did not have adequate structural integrity to support the steel mesh covers. There were additional structural fence elements that were required. Staff and RBF analyzed the use of fabric mesh for the covers and it was determined that the physical protection and security needs would not be met.

Staff hired RBF Consulting (RBF), due to their expertise with construction claims and their experience, in particular, with pipeline work, to analyze and negotiate ARB's claim. RBF's analysis, supported by Staff's information, found that the agreed upon amounts, as summarized below, are reasonable. An important point in the final resolution of the issues will be that ARB relinquish their right to any further claims for compensation, with respect to the project.

Item	Issue	Amount
1	CCTV of the pipe	\$42,000
2	Meter Re-stocking (50% Share)	\$10,138
3	Spools	\$ 6,000
4	Valve Opening	\$ 5,000
5	Unknown Conditions	\$ 9,500
6	Structure for Steel Netting	\$ 6,300
	<b>Total</b>	<b>\$78,938</b>

**FISCAL IMPACT:**



The approved total budget for CIP R2081, as approved in the FY 2009 budget, is \$1,090,000. Expenditures to date are \$845,165. Total commitments to date, including this Change Order, are approximately \$1,063,097. (See Attachment B for budget detail.)

The Project Manager anticipates that based on the attached financial analysis that the budget will be sufficient to support this project. Finance had determined that 100% of the funding for this project is available from the Replacement Fund.

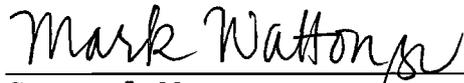
**STRATEGIC GOAL:**

This project supports the District's Mission statement, "To provide the best quality of water and wastewater services to the customers of Otay Water District, in a professional, effective, efficient, and sensitive manner..." This project fulfills the District's Strategic Goals No. 1 - Community and Governance, and

No. 5 - Potable Water, by maintaining proactive and productive relationships with the project stakeholders and by guaranteeing that the District will provide for current and future water needs.

**LEGAL IMPACT:**

None.

  
\_\_\_\_\_

**General Manager**

P:\WORKING\R2081\STAFF REPORTS\BOD 11-13-08, Staff Report, ARB C.O. #1 for Lane Ave, (HDB-RR).doc

RR/RP:jf

Attachments:    Attachment A  
                  Attachment B  
                  Exhibit A  
                  Exhibit B



## ATTACHMENT A

<b>SUBJECT/PROJECT:</b> R2081-001103	Change Order No. 1 to the Contract with ARB, Inc. for the 20-Inch Lane Avenue Conversion Project
---	--

### COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a meeting held on November 3, 2008 and the following comments were made:.

- The board awarded ARB the construction contract for the 20-Inch Lane Avenue Conversion project on January 14, 2008. Staff is requesting that the board approve Change Order No. 1 to the existing contract with ARB in an amount not to exceed \$78,938.
- The construction of the project began in February 2008 and the project is approximately 90% complete.
- Additional cost was incurred to videotape the pipeline to identify and confirm any undocumented connections at the request of the committee. Four undocumented connections were found. These connections have been previously abandoned and their discovery allows the District to document them to prevent erroneous future connections.
- There were other issues related to the type of flow meter to be used on the project, because of confusion on this issue it was agreed to share the restocking fee, the installation of spools at valve locations, the ability of butterfly valves to open without conflicting with the pipe lining, unknown conditions and additional structural fence elements that were required. Staff reviewed the breakdown of the costs, which is noted on page 3 of staffs' report, for each issue.
- RBF Consulting was hired to review and analyze ARB's construction claim and agreed that \$78,938 was reasonable reimbursement for the identified issues.

- It was indicated that the project would still be under budget even with the inclusion of this change order.

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



## ATTACHMENT B

<b>SUBJECT/PROJECT:</b> R2081-001103	Change Order No. 1 to the Contract with ARB, Inc. for the 20-Inch Lane Avenue Conversion Project
---	--

Otay Water District  
R2081- RecPL - 20-Inch, 944 Zone, Lane Avenue -

Date Updated: October 07, 2008

<i>Budget</i>	<i>Committed</i>	<i>Expenditures</i>	<i>Outstanding Commitment &amp; Forecast</i>	<i>Projected Final Cost</i>	<i>Vendor / Comments</i>
<b>\$1,090,000</b>					
<b>Planning</b>					
Labor	30,828	30,828		30,828	
Professional & Legal Fees	124	124	-	124	GARCIA CALDERON RUIZ LLP
Consultant Contracts	2,530	2,530	-	2,530	RBF CONSULTING
Outside Services			-	-	
Service Contracts			-	-	
Other Agency Fees			-	-	
<b>Total Planning</b>	<b>\$ 33,482</b>	<b>\$ 33,482</b>	<b>\$ -</b>	<b>\$ 33,482</b>	
<b>Design</b>					
In House/Labor	113,288	113,288		113,288	
In House/Labor (future)				-	
Consultant Contracts	41,127	41,127	-	41,127	RBF CONSULTING
	5,000	5,000	-	5,000	INFRASTRUCTURE ENGINEERING
Mileage	15	15	-	15	PETTY CASH CUSTODIAN
Materials	393	393	-	393	CW MACGRATH
Contracted Services	12,719	12,719	-	12,719	KIRK PAVING INC
Permits	300	300	-	300	CITY OF CHULA VISTA
Service Contracts			-	-	
Advertising/Bid			-	-	
Settlement/Easement			-	-	
<b>Total Design</b>	<b>\$ 172,842</b>	<b>\$ 172,842</b>	<b>\$ -</b>	<b>\$ 172,842</b>	
<b>Construction</b>					
In House/Labor	112,204	112,204		112,204	
Other Agency Fee	50	50	-	50	PETTY CASH CUSTODIAN
Construction Contracts	594,230	460,899	133,332	594,230	ARB INC.
Retention	66,026	60,365	5,661	66,026	ARB INC.
	78,938			78,938	ARB INC. CO #1
Contracted Services	1,910	1,910	-	1,910	RICK POST WELDING
	236	236	-	236	CLARKSON LAB & SUPPLY INC
Service Contracts	2,443	2,443	-	2,443	OCB REPROGRAPHICS
	69	69	-	69	SAN DIEGO DAILY TRANSCRIPTS
	258	258	-	258	SPANKY'S PORTABLE SERVICES INC
Advertisement/Bid	332	332	-	332	UNION TRIBUNE PUBLISHING CO
Meter Boxes	76	76	-	76	
Water Loss			-	-	
Acpt/close-out			-	-	
<b>Total Construction</b>	<b>\$ 856,773</b>	<b>\$ 638,842</b>	<b>\$ 138,993</b>	<b>\$ 856,773</b>	
<b>Grand Total</b>	<b>\$ 1,083,097</b>	<b>\$ 845,165</b>	<b>\$ 138,993</b>	<b>\$ 1,083,097</b>	



980-1 RESERVOIR

980-2 RESERVOIR

POND NO. 1

POND 4

EX. 20" ACP RECYCLED WATER PIPELINE

EX. 20" ACP POTABLE WATER PIPELINE

711-3 RESERVOIR

NORTH TRAIL CT

LOS ALTOS DR

HUNTE PKWY

OLD TRAIL DR

PROCTOR VALLEY RD

LANE AVE

LEGEND

-  AREAS OF WORK
-  EX. RECYCLED WATER MAIN
-  EX POTABLE WATER MAIN
-  PROPERTY LINE

P:\WORKING\CIP R2081\Graphics\Exhibits-Figures\Exhibit A



# OTAY WATER DISTRICT

REC-PL 20-INCH, 944 ZONE,  
LANE AVE - PROCTOR VALLEY/POND NO. 1

CIP R2081

## EXHIBIT A

**OTAY WATER DISTRICT**

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

**CONTRACT/P.O. CHANGE ORDER No. 01**

**PROJECT/ITEM:** 20-inch Lane Avenue Conversion Project

**CONTRACTOR/VENDOR:** ARB, Inc.

**REF.CIP No.:** R2081

**APPROVED BY:** Board

**REF. P.O. No:** 708029

**DATE:** 28-Oct-08

**DESCRIPTION:**

Reimbursement to the Contractor for various items: 1. CCTV of the pipe. 2. Meter restocking. 3. Spools. 4. Valve / pipe transitions. 5. Utility conflicts. 6. Structure for fencing.

See attached MOU dated 24 October 2008.

**REASON:**

1. CCTV was a Director request to assure existing undocumented connections were seen. 2. Miscommunication resulted in the wrong meter being ordered. 3. Plan discrepancy resolution. 4. The Contractor needed to perform special work for valve clearance. 5. Unforeseen conflicts with gas and electric. 6. The plans did not show sufficient structural supports.

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

Revise contract to add \$78,938 for a total contract amount of \$739,194.  
Add 60 days to the completion date from 30 January 2009 to 1 April 2009.

<b>ORIGINAL CONTRACT/P.O. AMOUNT:</b>	\$	660,256.00
<b>ADJUSTED AMOUNT FROM PREVIOUS CHANGE:</b>	\$	0.00
<b>TOTAL COST OF THIS CHANGE ORDER:</b>	\$	78,938.00
<b>NEW CONTRACT/P.O. AMOUNT IS:</b>	\$	739,194.00
<b>ORIGINAL CONTRACT COMPLETION DATE:</b>		1/30/2009
<b>CONTRACT/P.O. TIME AFFECTED BY THIS CHANGE:</b>		Yes
<b>REVISED CONTRACT COMPLETION DATE:</b>		4/1/2009

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

**CONTRACTOR/VENDOR:**

**STAFF APPROVALS:**

SIGNATURE: \_\_\_\_\_ PROJ. MGR : \_\_\_\_\_ Sr Eng (Int) \_\_\_\_\_ DATE: \_\_\_\_\_

NAME : \_\_\_\_\_ DIV. MGR : \_\_\_\_\_ DATE: \_\_\_\_\_

TITLE: \_\_\_\_\_ DATE : \_\_\_\_\_ CHIEF: \_\_\_\_\_ DATE: \_\_\_\_\_

ADDRESS: \_\_\_\_\_ ASST. GM : \_\_\_\_\_ DATE: \_\_\_\_\_

**DISTRICT APPROVAL:**

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

COPIES:  FILE (Orig.),  CONTRACTOR/VENDOR,  CHIEF-ENGINEERING,  CHIEF-FINANCE,  ENGR. MGR.  
 ACCTS PAYABLE,  INSPECTION,  PROJ. MGR.,  ENGR. SECRETARY,  PURCHASING,  PROJECT BINDER

## CHANGE ORDER LOG

20" Pipeline Conversion

R2081-001103

		APPROVED			
C.O.	AMOUNT	BY	DATE	DESCRIPTION	TYPE C.O.
1	\$78,938.00	Board	11/13/2008	Reimbursement to the Contractor for various items: 1. CCTV of the pipe. 2. Meter restocking. 3. Spools. 4. Valve / pipe transitions. 5. Utility conflicts. 6. Structure for fencing.	Owner & Contractor Items
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					

Total C.O.'s To Date:	\$78,938.00	12.0%
Original Contract Amount:	\$660,256.00	
Current Contract Amount:	\$739,194.00	

Change Order Breakdown for the Month:

Month	Net C.O.\$	Limit	Authorization	Absolute C.O.\$	Absolute C.O. %
10/08	\$0.00	\$5,000/5%	PM/Supervisor	\$0.00	0.0%
		\$10,000/10%	Manager	\$0.00	0.0%
		\$15,000/20%	Chief	\$0.00	0.0%
		\$50,000/30%	GM	\$0.00	0.0%

**AGENDA ITEM 6c**



**STAFF REPORT**

TYPE MEETING:	Regular Board	MEETING DATE:	November 13, 2008
SUBMITTED BY:	H. Damon Braden <i>HDB</i>	PROJECT/	R2053- DIV. 4
	Senior Civil Engineer	SUBPROJECTS:	002103/ NO.
	Ron Ripperger <i>RR</i>		003103
	Engineering Manager		
APPROVED BY: (Chief)	Rod Posada <i>RP</i>		
	Chief, Engineering		
APPROVED BY: (Asst. GM):	Manny Magaña <i>M. Magaña</i>		
	Assistant General Manager, Engineering and Operations		
SUBJECT:	Increase the Project Budget for the Ralph W. Chapman Wastewater Recycling Facility (RWCWRF) - Reverse Osmosis Building and Meter Shop Remodel Project		

**GENERAL MANAGER'S RECOMMENDATION:**

That the Otay Water District's (District) Board revise the FY 2009 budget for the Ralph W. Chapman Wastewater Recycling Facility (RWCWRF) - Reverse Osmosis (R.O.) Building and Meter Shop Remodel Project from \$495,000 to \$575,000 (see Exhibit A for project location).

**COMMITTEE ACTION:** \_\_\_\_\_

Please see Attachment A.

**PURPOSE:**

To obtain Board authorization to increase the project budget by an amount not to exceed \$80,000 to cover additional expenses due to unforeseen conditions encountered by the Contractor and additional Operations and Engineering staff support.

**ANALYSIS:**

The Board awarded a contract to Telliard Construction on May 7, 2008 in the amount of \$275,800. At that time, total expenditures, plus outstanding commitments and forecast, were \$487,854. The FY 2009 budget is \$495,000. Completing the project within budget was only possible if no changes were made

and no unforeseen conditions were found. However, this is a complicated project, consisting of the remodel of a portion of the warehouse building from a meter shop into office space and, separately, the placement of a modular building at the RWCWRF. The RWCWRF has more than thirty years of history and has had numerous process changes resulting in a myriad of underground facility changes. Because of the history of the existing building and site, unforeseen conditions existed at the Meter Shop that were uncovered during the remodeling and at the RWCWRF that were revealed as the preparation was commencing for the installation of the new modular office building. Telliard's projected additional costs are as follows:

No.	Item	Amount
1.	Install a split-system HVAC unit which prevents hot air from entering the meter shop. (C.O. #1)	\$5,400.00
2.	Revise the modular office layout. (C.O. #2)	\$3,850.00
3.	Change water heater at Water Operator's offices to tankless. (C.O. #2)	\$1,366.69
4	Plumbing in doorway - unforeseen condition.	\$1,438.31
5	Added curb under wall.	\$1,058.15
6	Sewer location - Contractor encountered unforeseen utilities.	\$1,227.75
7	Electrical outlet relocations - Contractor performed.	\$3,019.00
8	Asphalt patch.	\$1,600.00
9	Wetwell coating.	\$5,592.81
10	Credit re: Sewer	(\$3,090.12)
	<b>Total:</b>	<b>\$21,462.59</b>

In addition to the above projected tasks from the Contractor, District staff has additional various efforts listed below that will be required before completion of the project can be obtained:

1. The addition of a sewer ejector system for the modular building at the RWCWRF instead of a simple gravity line.
2. Operations Staff assistance with installation of the sewer system at the RWCWRF.
3. Operations Staff installation of the electrical service at the RWCWRF.
4. Operations staff support of the Contractor in identifying and uncovering miscellaneous utilities at the RWCWRF.
5. Engineering staff support from the Architect and Engineering consultants for code interpretations.
6. A separate voice/data contractor for the modular building.

The sum of Telliard's additional projected costs, staff support, and the voice/data contractor results in the need to increase the budget by \$80,000 to complete the project.

**FISCAL IMPACT:**



The total budget for CIP R2053, as approved in the FY 2009 budget, is \$495,000. Expenditures to date are \$402,514. Total expenditures, plus outstanding commitments and forecast to date, are \$575,000, which includes anticipated additional expenditures by the Contractor and related staff expenditures. (See Attachment B for budget details). The Project Manager has determined that with a budget increase of \$80,000, the project could be completed with the new budget amount of \$575,000.

Finance has determined that 100% of the funding is available from the Betterment Fund. However, the reserve fund may be brought below the target level until either the 2010 budget is approved with transfers to make the fund whole, or until the 2010 debt issuance would replenish the fund.

**STRATEGIC GOAL:**

This project supports the District's Mission Statement, "To provide safe reliable water, recycled water, and wastewater services to our community in an innovative, cost efficient water-wise, and environmentally responsible manner," as well as the General Manager's vision, "... prepared for the future..." by guaranteeing that the District will always be able to meet future water supply obligations and plan, design, and construct new facilities.

**LEGAL IMPACT:**

\_\_\_\_\_

None.

  
General Manager

P:\WORKING\R2053\Staff Report\BD 11-13-08, Staff Report, Increase to FY 2009 RWCWRF Project Budget, (HDB-RR).doc

HDB/RR/RP:jf

Attachments: Attachment A  
Attachment B  
Exhibit A



## ATTACHMENT A

<b>SUBJECT/PROJECT:</b> R2053- 002103/ 003103	Increase the Project Budget for the Ralph W. Chapman Wastewater Recycling Facility (RWCWRF) - R.O. Building and Meter Shop Remodel Project
--	--

### COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a meeting held on November 3, 2008 and the following comments were made:.

- Staff is requesting that the board increase the project budget for the Ralph W. Chapman Wastewater Recycling Facility and Meter Shop Remodel Project in an amount not-to-exceed \$80,000.
- The project would provide permanent office space at the treatment plant and office space within the meter shop.
- The project required permits from the County because individuals would be working in the office spaces. The permit has been received but took much longer involving much more Staff time than was anticipated.
- When the project was awarded to Telliard Construction on May 7, 2008, the total amount remaining in the project budget was about \$7,000. The project could only be completed within budget if no changes were made and no unforeseen conditions were found.
- Due to the history of the existing site, unforeseen conditions were uncovered during the installation of the modular office building.
  - A sewer line was discovered that is in direct conflict with the sewer line for the modular office. A small pump must be installed to go over the existing line.
  - Data cabling must be installed.
  - Other items were identified as listed on page 2 of staffs' report.
- The project will require an additional \$80,000 to complete. It was indicated that the monies have not been spent, however they have been committed.

- The District received a free upgrade on the modular office as they were currently producing the upgraded modular office, and the manufacturer did not wish to interrupt the production line to produce the modular office ordered by the District.

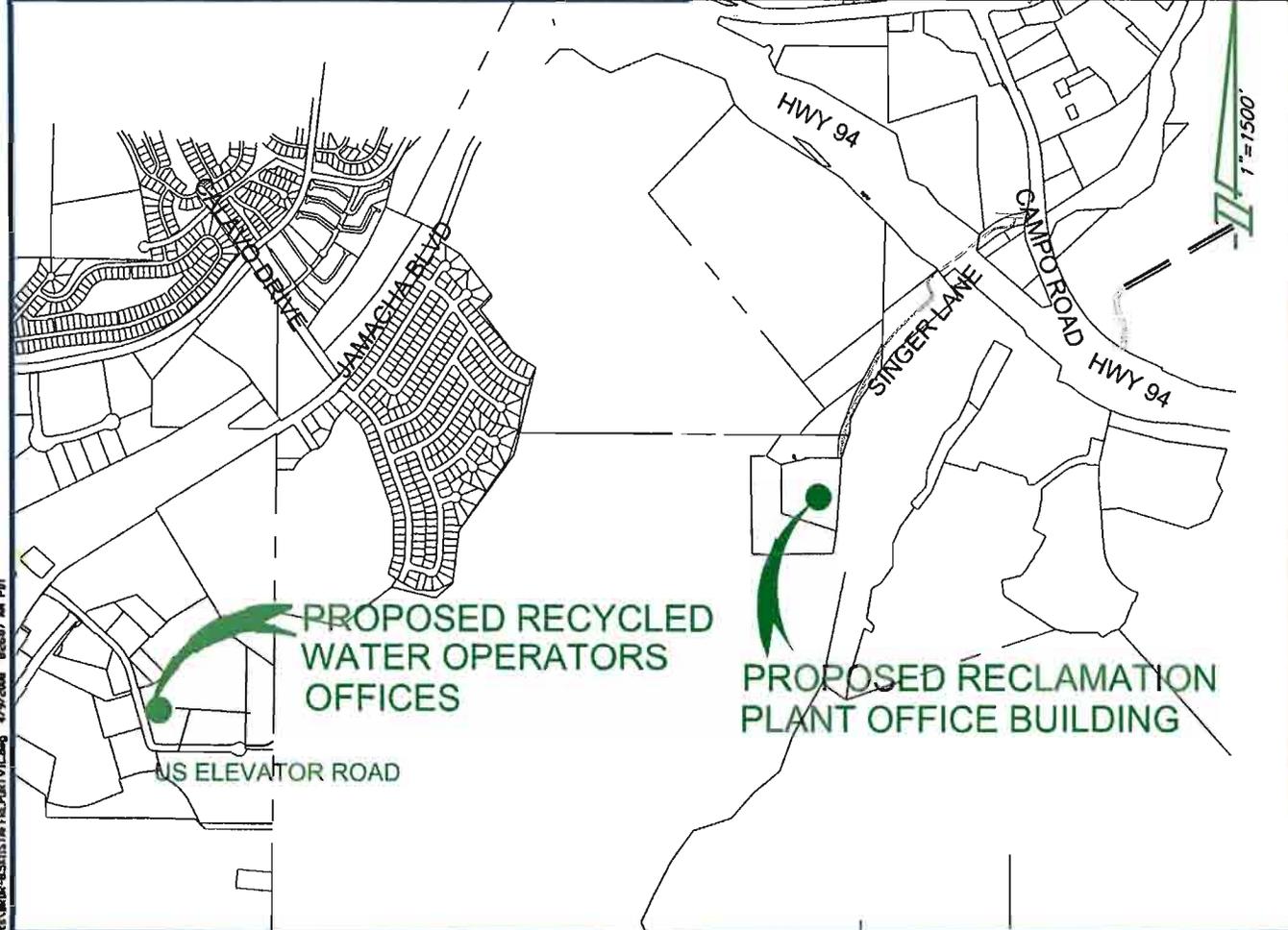
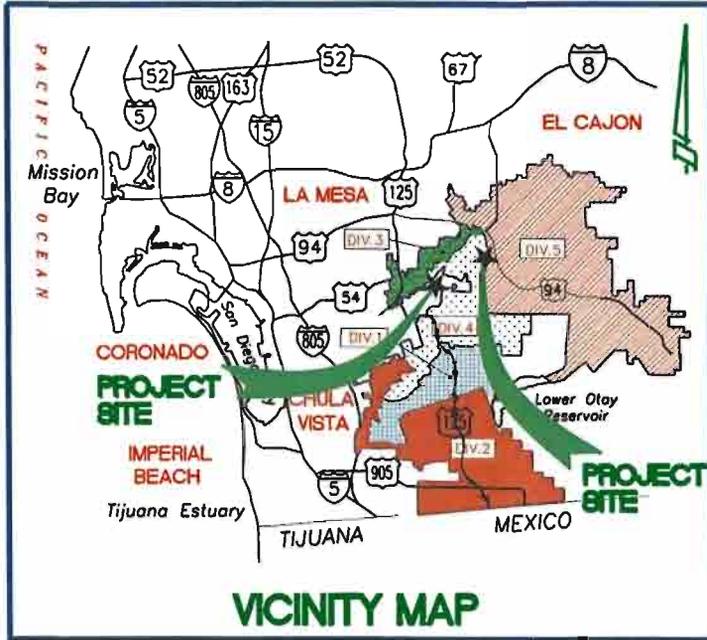
Following the discussion, the committee supported staffs' recommendation and presentation to the board on the consent calendar.

## ATTACHMENT B

Otay Water District  
R2053- RWCWRF - R.O. Building Remodel

Date Updated: October 24, 2008

Budget \$495,000	Committed	Expenditures	Outstanding Commitment & Forecast	Projected Final Cost	Vendor / Comments
<b>Planning</b>					
In House/Labor (includes OH, Fringe & Equipment)		20,695		20,695	
Consultant Contracts	200	200	0	200	WILLIAMS SCOTSMAN INC
Office Supplies	6	6	0	6	PETTY CASH CUSTODIAN
Regulatory Agency Fees	50	50	0	50	SAN DIEGO COUNTY
Temporary Labor	15	15	0	15	TEMPRO INC., /SEDONA
	59	59	0	59	PRIMARY FUNDING CORP.
<b>Total Planning</b>	<b>\$330</b>	<b>\$21,025</b>	<b>\$0</b>	<b>\$21,025</b>	
<b>Design</b>					
In House/Labor (includes OH, Fringe & Equipment)		95,734		95,734	
Consultant Contracts	1,000	1,000	-	1,000	HARPER & ASSOCIATES
	375	375	-	375	WILLIAMS SCOTSMAN INC
Other Agency Fee	45	45	-	45	PETTY CASH CUSTODIAN
Professional Legal Fees	265	265	-	265	BURKE, WILLIAMS & SORENSEN LLP
	1,795	1,795	-	1,795	GARCIA CALDERON & RUIZ LLP
Regulatory Agency Fees	287	287	-	287	COUNTY OF SAN DIEGO
Service Contracts	395	395	-	395	COUNTY OF SAN DIEGO
	234	234	-	234	AWBREY COOK MCGILL ARCHITECTS
	3,493	3,493	-	3,493	BOYLE ENGINEERING CORPORATION
	670	670	-	670	COUNTY OF SAN DIEGO
	75	75	-	75	HELIX ENVIRONMENTAL PLANNING,
	2,000	2,000	-	2,000	MAYER REPROGRAPHICS INC
	14,975	14,975	-	14,975	MCGRAW/BALDWIN ARCHITECTS
	105	105	-	105	SAN DIEGO DAILY TRANSCRIPT
	531	531	-	531	UNION TRIBUNE PUBLISHING CO
	4,125	4,125	-	4,125	WILLIAMS SCOTSMAN INC
<b>Total Design</b>	<b>\$ 30,369</b>	<b>\$ 126,104</b>	<b>\$ -</b>	<b>\$ 126,104</b>	
<b>Construction</b>					
In House/Labor (includes OH, Fringe & Equipment)		90,551	-	90,551	
	10,000		10,000	10,000	
Construction Contracts	275,800	125,110	150,690	275,800	TELLIARD CONSTRUCTION
	10,617		10,617	10,617	TELLIARD CONSTRUCTION - CO #1 & CO #2
		18,898			TELLIARD CONSTRUCTION - Retention
	15,000		15,000	15,000	TELLIARD - Final Change Order
	2,349	2,349	-	2,349	US CONCRETE PRECAST GROUP
	4,950	4,950	-	4,950	ENHANCED COMMUNICATIONS
Equipment Rental	830	830	-	830	PENHALL COMPANY
For Ops Only - Contracted Services	698	698	-	698	PENHALL COMPANY
Infrastructure Equipment & Materials	3,396	3,396	-	3,396	WALTERS WHOLESALE ELECTRIC CO
	810	810	-	810	GRAINGER INC
	1,269	1,269	-	1,269	BARRETT ENGINEERED PUMPS
	388	388	-	388	C W MCCRATH INC
	188	188	-	188	WESTBURNE SUPPLY INC.
	6	6	-	6	DIXIELINE LUMBER COMPANY
	480	480	-	480	HANSON AGGREGATES PACIFIC
	275	275	-	275	DIAMOND CONCRETE SUPPLY, INC.
	33	33	-	33	
Meter Boxes	78	78	-	78	Dept Billing: 0201
Outside Services	40	40	-	40	SYCAMORE LANDFILL, INC
Printing	3,719	3,719	-	3,719	OCB REPROGRAPHICS
Professional Legal Fees	520	520	-	520	GARCIA CALDERON & RUIZ LLP
Service Contracts	783	783	-	783	SAN DIEGO DAILY TRANSCRIPT
	15	15	-	15	OTAY LANDFILL, INC.
<b>Total Construction</b>	<b>\$ 332,244</b>	<b>\$ 255,386</b>	<b>\$ 186,307</b>	<b>\$ 422,795</b>	
<b>Grand Total</b>	<b>\$ 362,943</b>	<b>\$ 402,514</b>	<b>\$ 186,307</b>	<b>\$ 569,924</b>	



P:\WORKING\CIP R2053\Staff Report\GIS\MAPS\R2053\GIS\PROJECT\VICMAP.dwg 4/19/2006 09:07 AM PBT



**OTAY WATER DISTRICT**  
 RALPH W. CHAPMAN WASTEWATER RECYCLING FACILITY  
 R.O. BUILDING & METER SHOP REMODEL PROJECT  
 LOCATION MAP CIP R2053

**EXHIBIT A**



# AGENDA ITEM 6d

## STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	November 13, 2008
SUBMITTED BY:	David Charles, Public Services <i>DMC</i> Manager	FILE NO:	0210- DIV. NO. 5 20.306
APPROVED BY: (Chief)	Rod Posada, Chief, Engineering <i>R Posada</i>		
APPROVED BY: (Asst. GM):	<i>Manny Magana</i> Manny Magana, Asst. GM Engineering & Operations		
SUBJECT:	Robinson Sewer Annexation to ID 18		

### GENERAL MANAGER'S RECOMMENDATION:

Adopt Resolution No. 4131, the annexation of the property owned by Rena Robinson to Improvement District No. 18.

### COMMITTEE ACTION:

Please see Attachment A.

### PURPOSE:

The purpose of the proposed annexation is to provide sewer service to a parcel located at 1574 Shadow Knolls Drive, El Cajon, California. (APN 498-340-34-00).

### ANALYSIS:

A written request and Petition signed by Rena Robinson, has been received for annexation of APN 498-340-34-00 into Improvement District No. 18 for sewer service. The total acreage to be annexed is 0.63 acres. The property is within the sphere of Otay Water District and will be part of Improvement District 18 after the Board of Directors approves this request. The property is located at 1574 Shadow Knolls Drive, in the City of El Cajon and County of San Diego.

**FISCAL IMPACT:**



The property owners will be charged \$10 per year for availability fees.

**STRATEGIC GOAL:**

Provide sewer service to meet increasing customer needs.

**LEGAL IMPACT:**

\_\_\_\_\_

No legal impact.



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



**ATTACHMENT A**

<b>SUBJECT/PROJE CT:</b>	Robinson Sewer Annexation to ID 18
------------------------------	------------------------------------

**COMMITTEE ACTION:**

The Engineering, Operations, and Water Resources Committee reviewed this item at a meeting held on November 3, 2008 and the following comments were made:.

- Staff is requesting that the board approve the annexation of the property identified by APN No. 498-340-34-00 into Otay's Improvement District 18 for sewer service.
- The property is owned by Rena Robinson and the total acreage to be annexed is 0.63 acres. Ms. Robinson will pay all necessary fees to hook to the District's sewer system following approval of her request.
- It was discussed that many of the septic systems in the area where Ms. Robinson resides is failing due to age. The cost to repair septic systems is approximately \$20,000. The cost to annex into the District's sewer system is approximately \$15,000 and the owner no longer incurs the monthly cost for the maintenance of their septic system.
- As it is more cost effective to annex to the District's sewer system, many owners are opting for annexation.

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

RESOLUTION NO. 4131

A RESOLUTION OF THE BOARD OF DIRECTORS OF OTAY WATER DISTRICT APPROVING THE ANNEXATION TO OTAY WATER DISTRICT IMPROVEMENT DISTRICT NO. 18 OF THOSE LANDS DESCRIBED AS "ROBINSON SEWER ANNEXATION" (FILE NO. 0210-20.306/DIV. 5)

WHEREAS, a letter has been submitted by Rena Robinson, the owner and party that has an interest in the land described in Exhibit "A," attached hereto, for annexation of said land to Otay Water District Improvement District No. 18 pursuant to California Water Code Section 72670 et seq.; and

WHEREAS, pursuant to Section 72680.1 of said Water Code, the Board of Directors may proceed and act thereon without notice and hearing.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE OTAY WATER DISTRICT FINDS, RESOLVES, ORDERS AND DETERMINES as follows:

1. A depiction of the area proposed to be annexed, and the boundaries of ID 18 following the annexation, is set forth on a map filed with the Secretary of the District, which map shall govern for all details as to the area proposed to be annexed.

2. The purpose of the proposed annexation is to make sewer service available to the area to be annexed, which availability constitutes a benefit to said area.

3. The Board finds and determines that the area proposed to be annexed to ID 18 will be benefited by such annexation and that the property currently within ID 18 will also be benefited and not injured by such annexation because after the annexation a larger tax base will be available to finance the sewer facilities and improvements of ID 18.

4. The Board of Directors hereby declares that the annexation of said property is subject to the owners complying with the following terms and conditions:

(a) The petitioners for said annexation shall pay to Otay Water District the following:

- (1) Standard processing fee in the amount of \$707.00;
- (2) State Board of Equalization filing fees in the amount of \$300;
- (3) A sewer annexation fee of \$5,236 per EDU to be collected at the time of connection to the Otay Water District sewer system;
- (4) Yearly assessment fees will be collected through the County Tax Assessor's office in the amount of \$10 for APN 498-340-34-00;
- (5) In the event that water service is to be provided, Petitioners shall pay the then applicable annexation fees per EDU at the time the meter is purchased; and
- (6) Payment by the owners of APN 498-340-34-00 of all other applicable local or state agency fees or charges.

(b) The property to be annexed shall be subject to taxation after annexation thereof for the purposes of the improvement district, including the payment of principal and interest on bonds and other obligations of the improvement district, authorized and outstanding at the time of annexation,

the same as if the annexed property had always been a part of the improvement district.

5. The Board hereby declares the property described in Exhibit "A" shall be considered annexed to ID 18 upon passage of this resolution.

6. The Board of Directors further finds and determines that there are no exchanges of property tax revenues to be made pursuant to California Revenue and Taxation Code Section 95 et seq., as a result of such annexation.

7. The annexation of APN 498-340-34-00 to the District is hereby designated as the "ROBINSON SEWER ANNEXATION."

8. Pursuant to Section 572029(c) of the Government Code, the effective date of the ROBINSON SEWER ANNEXATION shall be the date this Resolution is adopted by the Board of Directors of the Otay Water District.

9. The General Manager of the District and the Secretary of the District, or their respective designees, are hereby ordered to take all actions required to complete this annexation.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Otay Water District at a regular meeting held this 13<sup>th</sup> day of November, 2008.

---

President

ATTEST:

---

District Secretary

G:\UserData\DistSec\WINWORD\ANNEX\Robinson Sewer Annexation\Resolution No.4131 - Robinson Sewer Annex.doc

**EXHIBIT "A"**  
**LEGAL DESCRIPTION**  
**APN: 498-340-34**

**ANNEXATION PARCEL**  
**Otay Water District**

ALL OF LOT 17 OF SHADOW KNOLLS IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 6033, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, JANUARY 24, 1968, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID LOT 17; THENCE ALONG THE WESTERLY LINE THEREOF, NORTH 16°25'18" EAST, 190.01 FEET TO THE NORTHWEST CORNER THEREOF, SAID POINT BEING IN THE ARC OF A 175.00 FOOT RADIUS CURVE CONCAVE NORTHERLY, A RADIAL TO SAID POINT BEING SOUTH 16°25'18" WEST; THENCE EASTERLY ALONG SAID CURVE, BEING ALSO THE NORTH LINE OF SAID LOT 17, THROUGH A CENTRAL ANGLE OF 11°06'04", AN ARC DISTANCE OF 33.91 FEET TO THE BEGINNING OF A REVERSE 100.00 FOOT RADIUS CURVE, CONCAVE SOUTHERLY; THENCE CONTINUING EASTERLY ALONG THE REVERSE CURVE, THROUGH A CENTRAL ANGLE OF 22°49'10", AN ARC DISTANCE OF 39.83 FEET TO THE BEGINNING OF A REVERSE 48.00 FOOT RADIUS CURVE, CONCAVE NORTHERLY; THENCE CONTINUING EASTERLY ALONG THE REVERSE CURVE, THROUGH A CENTRAL ANGLE OF 46°12'36", AN ARC DISTANCE OF 38.71 FEET TO THE NORTHEAST CORNER OF SAID LOT 17; THENCE ALONG THE EASTERLY LINE THEREOF, SOUTH 18°04'12" EAST, 169.64 FEET TO THE SOUTHEAST CORNER THEREOF; THENCE ALONG THE SOUTHERLY LINE OF SAID LOT 17, NORTH 89°58'31" WEST, A DISTANCE OF 215.00 FEET TO SAID POINT OF BEGINNING.

  
G. HOWARD DYE, LS4068  
DATED: October 14, 2008



JOB NO.: R-229

# EXHIBIT "A"

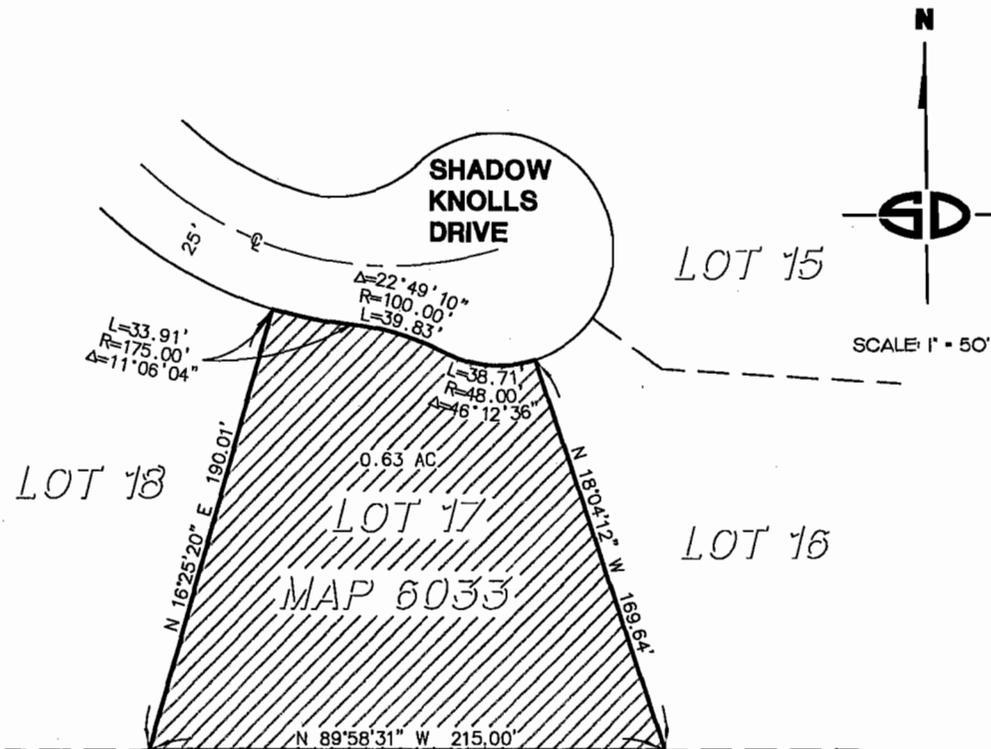
## LEGEND



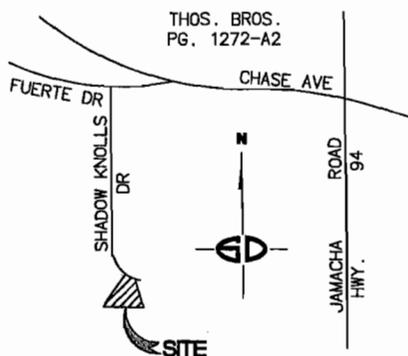
INDICATES ANNEXATION AREA

A. P. N. 498-340-34

ANX-08-005



LOT 31  
MAP 11392



VICINITY MAP  
NO SCALE

**Snipes-Dye associates**  
civil engineers and land surveyors  
8348 CENTER DRIVE, STE. G, LA MESA, CA 91942  
TELEPHONE (619) 697-9234 FAX (619) 460-2033



*G. Howard Dye*  
G. HOWARD DYE L.S. 4068 DATE 10/16/08

## OTAY WATER DISTRICT

LOT 17 OF SHADOW KNOLLS PER MAP NO. 6033  
IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA

REV.	DATE	DESCRIPTION	RECORDERS F/P	RECORDING DATE	OTAY W. D. DEED NO.	IMP. DIST. NO.	COORDINATES
							MAP NO.: 6033
							SCALE: 1" = 50'
							DATE: 10/06/08
							DRAWN BY: AF
							W.O. NO.:

# Robinson Residence

Address:  
1574 Shadow Knolls Dr  
El Cajon, CA 92020  
APN: 498-340-34-00

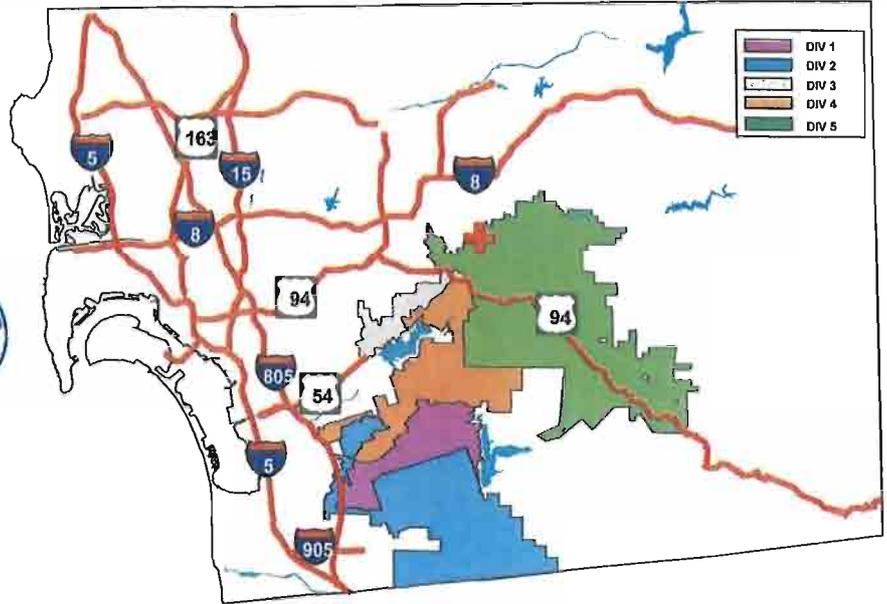
File No: 0210-20.306

Sewer I.D.: 18

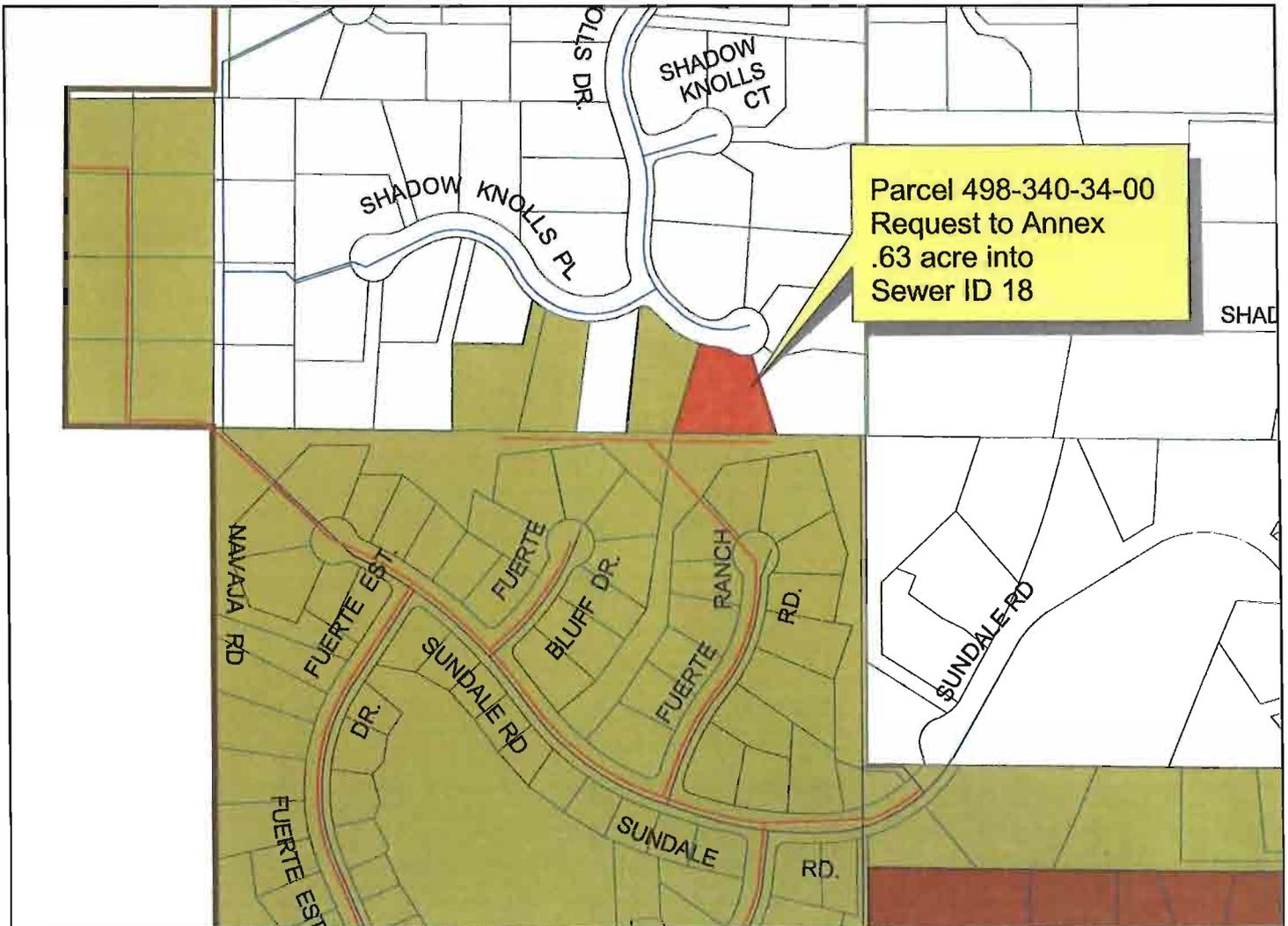
DIR.DIV.: Division 5



## LOCATION MAP



## VICINITY MAP



APN: 498-340-34-00



Sewer ID: 18



# AGENDA ITEM 6e

## STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	November 13, 2008
SUBMITTED BY:	Stephen Dobra, Purchasing and Facilities Manager <i>[Signature]</i>	W.O./G.F. NO:	DIV. NO. All
APPROVED BY: (Chief)	Rom Sarno, Chief, Administrative Services		
APPROVED BY: (Asst. GM):	German Alvarez, <i>[Signature]</i> Assistant General Manager, Finance and Administration		
SUBJECT:	RATIFICATION OF ADOPTION OF STATE OF CALIFORNIA MASTER SERVICE AGREEMENT NO. 5-06-99-01 CAL-CARD PROGRAM.		

### GENERAL MANAGER'S RECOMMENDATION:

That the Board:

1. Approve and Ratify the District's participation in the State of California Master Service Agreement (MSA) 5-06-99-01 Purchase Card Program (Attachment B),
2. Ratify the General Manager's approval of Addendum 2 to MSA 5-06-99-01, adding the Otay Water District as a Participating Agency, and
3. Authorize the General Manager to execute future agreements and other required documentation including addendums to MSA 5-06-99-01 as required to continue the District's participation in the State of California Purchase Card Program.

### COMMITTEE ACTION: \_\_\_\_\_

Please see Attachment A.

### PURPOSE:

To obtain approval to utilize the State of California MSA 5-06-99-01 CAL-Card Program (Contract attached), ratify the General Manager's approval of the Addendum to the contract identifying the District as a Participating Agency, and authorize the General Manager to execute future documents including any addendum to the existing contract as may be required to continue the District's participation in the State's Purchase Card Program.

**ANALYSIS:**

On April 2, 2008, the Board adopted Resolution 515, amending Policy 15, Use of District Credit Cards, Petty Cash, and Expenditures involving District Credit, authorizing the General Manager to issue credit cards to District employees in accordance with the District's Purchasing Manual and applicable laws. Concurrently, the Board amended the District Purchasing Manual Section 13 - Credit Cards, establishing that where feasible, the issuing of credit cards shall be through the State of California's CAL-Card Program.

On October 13, 2008, the District received notification from US Bank, the current CAL-Card service provider, that the District is required to submit an Addendum to the State of California Purchase Card Program (CAL-Card Program) Master Services Agreement (DGS MSA 5-06-99-01), adding Otay Water District as a Participating Agency and that failure to provide the executed addendum by November 1, 2008 would result in the suspension of issued credit cards. On October 17, 2008 the General Manager executed the required addendum. To be effective, the addendum must be ratified by the Board.

It is expected that as the State adopts changes to the existing CAL-Card Program MSA or executes new CAL-Card MSAs, the District will be required to execute additional addendums and related documentation. To accommodate this, it is recommended that the Board authorize the General Manager to execute future agreements and applicable addendums as necessary to allow the District to continue use of the State of California Purchase Card (CAL-Card) Program.

In addition to providing for expedient purchasing during emergencies, continuing the use of the CAL-Card program will allow the District to continue to take advantage of the efficiencies and operating cost reductions provided by the program through the:

- Ability to make time sensitive field purchases,
- Consolidation of payments for small value purchase, and
- Reduction of petty cash disbursements.

Purchases made via the use of credit cards are required to conform to the District's Purchasing requirements and standards identified within the Code of Ordinance and Purchasing Manual.

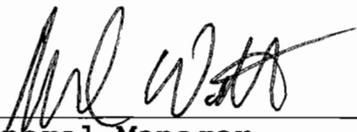
**FISCAL IMPACT:**

None.



**STRATEGIC GOAL:**

The recommended actions support the District's goal of improving the efficiency of business processes.



---

**General Manager**

Attachment A - Committee Action

Attachment B - State of California Purchase Card MSA 5-06-99-01  
and Addendum



## ATTACHMENT A

<b>SUBJECT/PROJECT:</b>	RATIFICATION OF ADOPTION OF STATE OF CALIFORNIA MASTER SERVICE AGREEMENT NO. 5-06-99-01 CAL-CARD PROGRAM.
-------------------------	---

### COMMITTEE ACTION:

The Finance, Administration and Communications Committee discussed this item at a meeting held on October 28, 2008 and the following comments were made:

- It was indicated that the District has been participating in the State of California's Procurement Card Program (CAL-Card) for a number of years. Prior to the CAL-Card program, the District had authorized credit cards for several members of the staff with Union Bank of California.
- CAL-Cards are issued to various employees including line personnel. Each card has an identified per-transaction and per-month expenditure limit (most have per-transaction limits of \$1000 or less and monthly limits of \$5,000 or less) and all cards have controls that define the types of purchases that can be made. There are five cards with \$50,000 limits for emergency purchases.
- The cards provide operating efficiencies by saving time and reducing operating costs. An examples is the ability for field staff to make time sensitive field purchases at the time of need rather than submitting a check requisition or acquiring petty cash. Also, small value purchases are consolidated and paid by one check, as opposed to one check for every individual purchase. Purchases are approved once monthly and a check is issued to one vendor.
- Purchases made with CAL-Cards are required to conform to the District's Purchasing requirements and standards identified within the District's Code of Ordinances and Purchasing Manual.
- Staff indicated that the District has had good experience with the CAL-Card program and wishes to continue in the program. To continue in the program, the District was required to submit an Addendum (Addendum No. 2) to the State of California Purchase Card Program adding the

District as a Participating Agency by November 1, 2008 or the District's issued CAL-Cards will be suspended.

- Because U.S. Bank, the current CAL-Card service provider, provided the District short notice of the requirement to submit the Addendum, the General Manager has signed Addendum No. 2 and staff is requesting that the board ratify the MSA 5-06-99-01 and Addendum No. 2.

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

# ATTACHMENT B

## PURCHASE CARD SERVICES

STATE OF CALIFORNIA  
**STANDARD AGREEMENT**  
 STD 215 (Rev. 06/03)

AGREEMENT NUMBER <b>5-06-99-01</b>	AGENCY BILLING CODE
REGISTRATION NUMBER	

1. This Agreement is entered into between the State Agency and the Contractor named below:

STATE AGENCY'S NAME  
 Department of General Services

CONTRACTOR'S NAME  
 U.S. Bank National Association N.D. (U.S. Bank)

2. The term of this Agreement is: \_\_\_\_\_ through \_\_\_\_\_

3. The maximum amount of this Agreement is: \$0.

4. The parties agree to comply with the terms and conditions of the following which are by this reference made a part of the Agreement:

- Exhibit A, Statement of Work, 13 Pages
- Exhibit B, Contract Certification Clauses CCC 1005
- Exhibit C, General Terms and Conditions (GTC) 306
- Exhibit D, Additional Provisions
- Exhibit E, Glossary of Terms
- Exhibit F, Cost/Rebates

REP DGS 55046 and the Contractor's response are incorporated and made a part of this agreement by reference.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto:

<b>CONTRACTOR</b>		California Department of General Services Use Only
CONTRACTOR'S NAME (if other than an individual, state whether a corporation, partnership, etc.) <b>U.S. Bank National Association N.D. (U.S. Bank)</b>		
BY (Authorized Signature)	DATE SIGNED (Do not type)	
PRINTED NAME AND TITLE OF PERSON SIGNING		
ADDRESS		
<b>STATE OF CALIFORNIA</b>		
AGENCY NAME <b>Department of General Services</b>		<input type="checkbox"/> Exempt
BY (Authorized Signature)	DATE SIGNED (Do not type)	
PRINTED NAME AND TITLE OF PERSON SIGNING <b>Rita Hamilton, Deputy Director</b>		
ADDRESS <b>707 Third Street, 2<sup>nd</sup> Floor          West Sacramento, CA 95605-2811</b>		
ADDRESS		

**A. OVERVIEW**

This is the Statement of Work (SOW) for the contract for purchase card services. This SOW along with the Contractor's response to the purchase card services requirements (administrative and technical) contains the Contractor's responsibilities.

**B. STATEMENT OF WORK****1. Purpose**

This Statement of Work (SOW) gives an overview of the purchasing card services and technologies under this Master Services Agreement (MSA) to be provided to the State of California, Department of General Services (DGS) CAL-Card Program and the participating agencies.

**2. Period of Performance**

The period of performance for this MSA contract shall be for five (5) years, beginning with the Effective Date of this Agreement, with, at the State's option, one (1) two (2) year extension. During the initial term, neither DGS nor the Contractor may terminate this Agreement, in whole or in part, except by mutual consent or as otherwise provided under Exhibit C to this document, General Terms and Conditions.

**3. CAL-Card Program**

In May 1990, the California Department of General Services (DGS) published a report titled "Using a Bank Card for Small State Purchases." The report recommended that the State conduct a pilot project to test the advantages and disadvantages of employing purchase cards for small dollar purchases of commodities.

In 1992 the DGS awarded an 18 month competitively bid pilot contract that called for six state agencies to run a pilot program. Because the pilot program was so successful, the contract was renewed and made available for all state and local governmental agencies. Since that time two sequential contracts have been competitively bid and awarded for continued purchase card services. The first contract term was three years fixed with two one-year options for extension and the second was a two year fixed with four one-year options for extension.

The CAL-Card Program allows State and Local Governmental Agencies to utilize the Master Services Agreement through a contract addendum process. The CAL-Card Program has been extremely successful in providing California state and Local Government Agencies with purchase card services and continues to experience year-over-year growth in individual program usage and new participating agencies.

Finally, On July 24, 1996, The State of California officially named its purchase card program "CAL-Card" and registered the name under a certified service mark.

#### 4. Western State Contract Alliance (WSCA)

The State of California has been designated as the lead state for this project and will work in a collaborative manner with its contractor and partners in the Western States Contract Alliance (WSCA) to make the State of California contract available to any WSCA state wishing to participate. WSCA states that choose to participate may have standardized terms and conditions that differ slightly from the State of California's. The Contractor and the WSCA state will work together to incorporate these differences and develop a mutually acceptable agreement between the WSCA state and Contractor.

#### 5. Agency Enrollment and Implementation

The implementation schedule shall include a time line for the various steps required as well as the timeframes to ensure implementation stays on schedule. The Contractor will provide detailed information on the new agency enrollment and implementation plan to DGS and will work with DGS to meet all required elements of the agreed to plan.

##### a. Card Design and Embossing

The Contractor shall be responsible for the embossing and printing of the purchasing cards to the State's specifications. The State will furnish the necessary artwork (digital file) in order to provide a distinctive card design and color that will identify the card as a State of California CAL-Card purchasing card. The State will use this one basic design as the standard card stock to be used by all CAL-Card participants. The State reserves the right to change the card design during the contract period at no charge to the State and if doing so, will provide the Contractor with the artwork needed to make.

State and Local Governmental Agencies shall have the ability to customize the standard card stock. This will require customization options to the front side of the card for all agencies participating in the program. The customization options will include verbiage and/or logo or graphic embossing as described below.

##### (1) State Government Agencies

- Name, STATE OF CALIFORNIA, top, left side of card (required)
- Program, CAL-Card, top, right side of card (required)
- Phrase, FOR OFFICIAL USE ONLY, top, right side of card under CAL-Card (required)
- Name, AGENCY or DEPARTMENT, (required)
- Name, CARDHOLDER NAME, (required)
- Picture, LOGO / EMBLEM, (optional)

##### (2) Local Government Agencies

- Name, AGENCY NAME (county, city, etc. name), top, left side of card (required)
- Program, CAL-Card, top, right side of card (required)
- Phrase, FOR OFFICIAL USE ONLY, top, right side of card under CAL-Card (required)
- Name, CARDHOLDER NAME, (required)

- Picture, LOGO / EMBLEM, (optional)

Color copier reproduction sample of the artwork/design of the purchase card is available. A digital proof of the card artwork/design is available upon request to the Contract Administrator.

## 6. Organizational Support/Staffing

The Contractor will provide highly skilled personnel and have an adequate number of personnel needed to support a large purchase card program. The State understands that personnel availability is subject to change; substitutions of personnel will include replacements with similar qualifications. The CAL-Card Contract Manager shall be notified in writing five (5) business days before these changes or substitutions take place.

DGS, Procurement Division reserves the right to request additional personnel and/or replacement of current personnel at any time. Contractor will be notified in writing five (5) business days before these additional personnel and/or replacement personnel are needed in order to ensure the tasks and deliverables of the contract are adhered to. The Contractor has the ability for expansion of staffing and will support the CAL-Card Program throughout the term of this Agreement.

## 7. Marketing and Training Plan

The Contractor with support of DGS, Procurement Division's CAL-Card Program will aggressively strive to market the CAL-Card Program to potential State and Local Governmental Agency customers according to a plan that will be developed with the State. This marketing venture may include CAL-Card Program Overview Presentations, User Group Meetings, California government association conferences, mass mailing of program information, and the CAL-Card Program Internet site, the details of which will be developed with the State. The Contractor will cover costs and provide materials for such marketing initiatives and the Contractor understands that marketing at specific locations is required.

### a. Conference Participation

The Contractor will work with DGS to promote the CAL-Card Program at various conferences throughout California according to an agreed upon schedule. It is anticipated that conferences may include, but not be limited to:

- League of California Cities
- California Special Districts Association
- California Association of Public Purchasing Officers (CAPPO)
- California Association of School Business Officials (CASBO)
- Government Technology Conference (GTC)

### b. Classroom Training

Contractor will develop in conjunction with Procurement a State approved training program, training materials and the classroom and/or Webcast presentations that fully describe the roles and responsibilities of the Cardholder, the Approving Official, the Billing Office and the Program Coordinator per the terms of the contract. The training

## PURCHASE CARD SERVICES

materials shall include, but not be limited to video media, printed workbooks and PowerPoint presentations.

The length, scheduling, location, content and materials in connection with the trainings will be developed by DGS and the Contractor. The Contractor understands that DGS has target areas and dates and will work with DGS to develop a plan that will meet the requirements of DGS.

### c. User Group Meetings

Following a scheduled training, the Contractor will work with DGS to develop User Group Meetings that include scheduling, content, materials, location and securing meeting rooms.

## 8. Purchase Card Acceptance

The Contractor is required to have a mechanism in place to enroll new merchants as acceptors of purchase cards. They shall provide supplier brochures to help disseminate information concerning participation in card acceptance. The Contractor shall also assist in promoting the benefits of accepting the card and recruiting merchants that do not currently accept the card.

## 9. Customer Services/Support System

Customer service and support are key components in the successful operation of the CAL-Card Program. The Contractor's personnel and support system will be versed in the CAL-Card contract services and will furnish customer agencies with complete, accurate, timely information, and the resolution of issues or problems. The Contractor will provide a high level of services and organizational support available with a dedication to serve the customer with the utmost professional conduct.

The Contractor will provide a secured, authorized support system(s) that would be available at all of the various hierarchical levels of the Program. The Contractor's system of support, provides dedicated customer service personnel that are accessible in the United States via toll-free telephone numbers, accept collect calls, and toll-free international telephone numbers. The Contractor should also provide direct e-mail and dedicated facsimile access to support staff within their organization. In addition, the Contractor shall provide an out of country toll free phone number to access 24 hours a day, every day of the year for cardholder services.

Cardholder services will be available 24 hours a day, on every day of the year. Cardholder services are defined at minimum of covering the reporting of lost or stolen cards, transaction authorization and verification, account inquiries, account maintenance, and cardholder customer assistance. Accounting, billing and other forms of customer/support services must be available via the Contractor's support system from 8:00 a.m. to 5:00 p.m., Central Standard Time, excluding weekends.

The Contractor provides a competitive program that ensures that it is providing quality products and services. Moreover, the Contractor can provide methods for evaluating its program and make improvements to remain at the forefront of providing such services. The Contractor will work with DGS to develop an agreed to plan to solicit and respond to

feedback of participating entities. This plan will include a means for the Contractor to resolve product or systems errors through to resolution, and keep the CAL-Card Contract Manager informed of the resolution status. The Contractor will implement practices or system corrections to ensure like errors do not reoccur.

#### 10. Statewide Transition and Implementation Plan

Upon contract award, the Contractor will work with DGS to transition Participating Agency accounts to the new contract. It is anticipated that this transition can be accomplished over a six-month time span. This will require a collaborative effort between DGS, Participating Agencies, and the Contractor.

#### 11. General Capabilities

The Contractor has the capability to perform the following functions during the term of the contract.

##### a. Rebate Programs

The Contractor will offer an Average Per Transaction Rebate, Volume Sales Rebate, and Prompt Payment Rebate to all participating agencies, in accordance with Exhibit F - Costs/Rebate.

##### b. Administrative Fee

The Department of General Services (DGS), Procurement Division will be reimbursed an administrative fee in accordance with Exhibit F - Costs/Rebate.

##### c. Card Limits and Restrictions

The State desires a purchase card with extremely flexible card limits and widest possible merchant category code restrictions available.

Contractor must have the capability to apply limits and restrictions on its purchase card program and the means and time frames for changing those limits and restrictions. The Contract Manager and each Participating Agency will have the flexibility to have the Contractor apply limits and restrictions.

(1) The Contractor will provide detailed information on the proposed cardholder, approving official, unit, division, agency and/or department or other forms of hierarchical levels for purchase dollar limits (including the dollar increments of change) for:

- Single purchase dollar limits
- Daily purchase dollar limits
- Weekly purchase dollar limits
- Monthly purchase dollars limits
- Quarterly purchase dollar limits
- Annual purchase dollar limits

(2) The Contractor will provide detailed information on the proposed cardholder, cardholder approving official, unit, division, agency and/or department or other forms of hierarchical levels for the number of card transaction limits for:

- Daily number of transaction limits
- Weekly number of transaction limits
- Monthly (or cycle) number of transaction limits
- Quarterly number of transaction limits
- Annual number of transaction limits

(3) The Contractor will provide detailed information on the proposed cardholder, approving official, unit, division, department, agency, and statewide or other forms of hierarchical levels for merchant category code exclusion and/or locking. The State may also be restricting certain category codes program wide.

#### **d. Card Issuance**

Card issuance, re-issuance, and activation of cards are of the utmost importance to the State. With the anticipation of continual growth in the CAL-Card Program, the Contractor's issuance system will be able to accommodate the ever-increasing number of cards.

Each Participating Agency will administer their procurement function, determine to whom the cards shall be issued, and the purchasing authority of each employee within the limits of this contract. The CAL-Card Program shall be available for use by individual government employees. Issuance of a card to any employee must be done with prior written or an alternative secured method of approval by the Participating Agency's Program Coordinator.

The Contractor will mail all cards issued within five business days or sooner after the Contractor receives cardholder account set-up information. Cards will only be mailed to the agencies designated point of contact, which may include the individual cardholders. The Contractor will provide detailed information on the proposed card processes.

#### **e. Account Maintenance**

The Contractor understands that data regarding cardholders for a particular agency will change from time to time. Authorized members of Participating Agencies will have the ability to make changes to cardholder accounts, program structure, and possibly other elements in their programs through U.S. Bank Access<sup>®</sup> Online, the online reporting system provided by Contractor. These changes may be performed online and may include changes to names, addresses, zip codes, telephone numbers, e-mail addresses, purchase limits, transaction limits, merchant category codes, approving official, temporarily suspend cardholder activity and termination of a cardholder's account and other changes.

The Contractor also provides information and features in connection with account maintenance processes including:

- Means of requesting changes including: written, phone, fax, e-mail, and/or online

## PURCHASE CARD SERVICES

- Restricting changes to agency program coordinator (or alternate) except lost/stolen/fraud account closures
- Security controls in place to ensure only authorized changes
- Time frames from request to enactment
- Internet solution for online, real time, account maintenance, and transaction administration

### f. Disputed Transactions

The Contractor has in place a resolution procedure for dealing with disputed transactions resulting from unauthorized charges, errors in cardholder billings, or problems with charges for merchandise or services that are not resolved between the cardholder and supplier. Participating Agencies intend to pay according to the contract payment terms; however, in instances of dispute the charges may be placed in suspense until there is resolution. The Contractor will propose a timely dispute procedure to ensure that the payment network charge back rights do not expire. If upon resolution of a dispute it is found that the transaction was actually an authorized charge, the Participating Agency will be liable for the payment within the payment terms as described in Section 11, Service Capabilities, b. Payment Term and Late Payment Penalties.

- The Contractor shall provide detailed information on the proposed disputed transaction resolution procedures.

### g. Liability

Participating Agencies shall only be liable for the use of their purchase cards on acquisitions that are authorized transactions. Authorized transactions are defined as acquisitions which meet the following requirements:

- Where the Participating Agency authorized the employee as a purchase card user
- Within cardholder setup limits and restrictions specified by each Participating Agency
- Where transactions are authorized by the merchant in accordance with established payment card association rules and regulations
- The Participating Agency receives the product, commodity, service, etc.
- A transaction involving fraudulent or wrongful use of a CAL-Card or account by an authorized employee of a Participating Agency or any other person with an authorized employee's actual, implied, or apparent authority shall constitute an authorized transaction, and the Participating Agency would be liable for the charges, unless the Participating Agency terminates the employee in question and applies for the Visa Liability Waiver Program to protect it from liability of charges resulting in products or services that do not benefit the Participating Agency directly or indirectly.

The use of the purchase card outside of this definition is defined as an unauthorized transaction and is outside the scope of State or Participating Agency liability.

The State and the Contractor through mutual agreement shall establish procedures for reporting lost or stolen cards and stolen cardholder account numbers. The State and all

## PURCHASE CARD SERVICES

Participating Agencies shall have no liability for lost or stolen cards or fraudulent use of any purchase card. The Contractor shall report to the Cardholder and the Participating Agency Program Coordinator reported fraud transactions and the resulting credit issuance or payment due determinations within monthly management information reporting.

Upon termination of an account, the Participating Agency and/or the Cardholder will cancel the billing of all reoccurring transactions to the Account.

### 12. Program and Transaction Data

The Contractor will provide DGS with its technology tool, U.S. Bank Access® Online, for flexible and robust account management, functionality and report writing. The Contractor will work with DGS to leverage the features of U.S. Bank Access® Online and management of security levels, report writing, online approvals, and other features of this tool. Moreover, the Contractor will work with DGS to respond to State and Government reporting requirements.

a. The Contractor will work in a collaborative effort with the Office of Small Business and Disabled Veteran Business Enterprise Services (OSDS) to strive to attain a number of objectives over the term of the contract.

Among these objectives are: the provision of electronic data to a California State purchases database. The Office of Small Business and Disabled Veteran Business Enterprise Services (OSDS) program within Procurement Division of the DGS certifies small businesses (SB), micro businesses (MB), disabled veteran business enterprises (DVBE), non-profit veteran services agencies (NVSA), and non-profit (NP) firms doing business with the State. The Contractor understands that these requirements are to support mandatory, statutory reporting requirements of contracting activity and the Contractor understands that there are specific reporting requirements that must be met in this report development effort.

#### b. Payment Term and Late Payment Penalties

The Contractor will be responsible for operating a payment system that interfaces with the Participating Agencies' accounting/billing systems. It will be a versatile system and have sufficient flexibility to interface with the Participating Agencies' automated accounting and billing systems. Each Participating Agency will be financially responsible to the awarded Contractor for their respective authorized Cardholder purchases. The Contractor will be responsible for sending an itemized official invoice to each Participating Agency as designed for each of the billing accounts established for the Participating Agency. These invoices will be sent promptly after the end of each billing cycle. It is anticipated that some participants will have multiple billing cycles per month.

The CAL-Card Program has the following minimum payment terms:

The full amount of each Participating Agency's monthly balance or billing cycle balance, except for disputed or reported fraud items, will be due within forty-five (45) days from the billing cycle date of the Contractor invoice. If the Contractor's Cardholder Statement, Approving Official Summary, or the Invoice is not postmarked within three business days after the billing cycle, the pay term can be extended the equal number of days between

## PURCHASE CARD SERVICES

the third day after the billing cycle and the actual latest postmark date of the Cardholder Statement, Approving Official Summary, or the Invoice.

Payment will be made to the Contractor via check, warrant, bank wire, automated clearing house, and/or electronic funds transfer at the Participating Agency's option. Payment sent via mail is considered paid on check or electronic issue date as long as postmarked by the third day after check issue date. If the check is not postmarked by the third day after the check issue date, the check posting date will be extended the equal number of days between the third day after check issue date and the actual postmark date of the payment envelope.

Late payment penalties for undisputed payments not received by the Contractor within the specified period will be determined under California State Law. Each Participating Agency will be required to pay such penalties based on the California Prompt Payment Act (Government Code, Section, 927) or its successor. The penalty on any undisputed late payment shall be calculated in accordance with the penalty interest factor per day formula provided in the State of California Budget Letter 05-15, Late Payment Penalty Interest Rates (or its successor letter).

The Contractor must provide a detailed delinquent account suspension notice report, which shall be sent to the Participating Agency Director or Chief Officer, the State Department of Finance, Fiscal Systems Consulting Unit, and the CAL-Card Statewide Program Administrator, for the Participating Agencies with delinquencies greater than thirty (30) days with subsequent suspension at sixty (60) days after the date of the first billing to that Participating Agency.

The contractor must provide detailed information and electronic copies to fit 8 1/2 x 11 format on the proposed payment system, including:

- Forms of accepted payment
- Ability to cross-reference Cardholder Statement, Approving Official Summary, and monthly invoice number
- Paper hard copy invoices/payment
- Electronic invoices/payment including necessary hardware/software
- Invoice adjustments
- Late payment collection and suspension policies
- Invoice forms and reports
- Collection on delinquent accounts

U.S. Bank maintains a department in our Service Center responsible for reconciling open invoices and tracking delinquent open invoices. This department has staff dedicated to working specifically with the CAL-Card program to assist Agencies with clearing up open invoices.

If a Participating Agency does not pay their invoices in full, less disputed transactions, within fifty-five (55) days of the invoice date, the Agency will be contacted by U.S. Bank's collections staff regarding the unpaid balances. As well, at day fifty-five (55) after invoice date, the collection unit will report to the Department of General Services CAL-Card program management, the State Department of Finance contact named by

## PURCHASE CARD SERVICES

the State, and any other Control Agency named by the State, all Participating Agencies that have undisputed past due balances.

Reports to the State will include a spreadsheet Delinquency Report that lists Participating Agencies with past due balances sub-totaled by aging buckets. Reports also will include an Agency-specific delinquency spreadsheet with detailed information about specific past due invoices within the Agency.

If a Participating Agency has not paid its invoice(s) in full, less disputed items, by day sixty (60) after the invoice date, U.S. Bank may, at its discretion, suspend charging privileges for the Agency as a whole, or at the sub-division level of the Agency that is delinquent. The suspension will remain in effect until such time as the Agency or sub-division has remitted to U.S. Bank the unpaid balance and any associated accrued late payment penalty. Any Participating Agency facing suspension will be given written notification in the form of the Notice of Delinquency.

### 13. Technical Capabilities

The contractor has the technical capabilities to perform a wide variety of services, among them:

- Interfacing with Financial Systems
- Data Transmission
- Report Capabilities
- Disaster Recovery

### 14. Billing

The Contractor has a diversified system of delivering accounting/billing information. Participating Agencies have numerous different types of accounting/billing systems. The Contractor has the flexibility to accommodate Participating Agencies with a variety of accounting and billing systems. The State will have a need for both a paper hard copy process and an electronic access system for data exchange.

The program and transaction data will be available through the Contractor's electronic access system. The system shall be able to provide electronic review and manipulation of all captured transaction information, including the ability to sort data by any field. The system shall also have the ability to filter out unnecessary information, edit account allocation manually, and split transaction amounts into sub-units for multi-account allocation. This includes summary roll-up, review and manipulation at different hierarchical levels.

The Contractor shall also be able to provide automatic, default cost allocations for each transaction to include the ability to assign multiple account codes to each transaction as determined by the Participating Agency. In addition, the Contractor shall provide the ability to assign a code based on the vendor category, cardholder or any combination of these fields. The account code must be sufficiently long to accommodate the accounting string of any Participating Agency (minimum 64 digits); and the ability of the Participating Agency to override the default code.

The Contractor shall also provide the ability to download data from the system and the automatic creation of batch upload files containing accounting data to a Participating

## PURCHASE CARD SERVICES

Agency's internal accounting systems to include, at a minimum, a custom interface file to any internal system(s) designated by the Participating Agency. This custom interface file shall be created in such a manner that it can be imported into the Participating Agency's system with no interaction or special programming or manual entry of transaction data. See Exhibit F, "Additional Services - Cost Items- Custom Extract Files" for costs related to the bank's development of participant specific custom output interface files.

The Contractor can provide detailed information on the accounting/billing system and including:

- Billing statement format and displayed information
- Distribution of billing statements, timelines for receipt of statement, and available options
- Hierarchical level of billing statement distribution to customers
- Billing cycles and available options (i.e. multiple cycles)
- Number and dates of available billing cycles per month
- Billing and accounting reconciliation software/technology proposed including desirable Internet solution
- Program and transactional data security
- Accounting/ billing back-up system

### 15. Pilot and Demonstration

The Contractor has the capabilities to plan, initiate, conduct, support and manage, and complete a successful demonstration period and/or pilot program, if requested by Participating Agencies, as part of the implementation of the CAL-Card program purchasing card services and technologies.

The State may require the Contractor to conduct demonstrations and pilot programs prior to implementation of purchase card technologies. This will require that the Contractor work in a collaborative effort with the PD, State Controllers, Department of Finance, and Participating Agencies.

### 16. Contract Management

Contract management will be a responsibility of the CAL-Card Contract Manager (Helen Gonzales), Contractor, U.S. Bank, and DGS and Participating Agencies.

The contract management plan shall address, at a minimum, the following:

- Strategic Plan for Contract Management
- Tactical Plan for Contract Management
- Periodic meetings with DGS Executive Office
- Quarterly meetings with PD
- Periodic meetings with CAL-Card Contract Manager
- Periodic meetings with Participating Agencies
- Problem identification and resolution
- Meeting agendas and presentations
- Program updates and discussions
- CAL-Card Program Growth

## PURCHASE CARD SERVICES

- PD includes the following: PD Management, CAL-Card Contract Manager, Marketing and Outreach Unit, CAL-Card Audits, Public Records Coordinator, and Office of Small Business and DVBE Certification Coordinator.

### 17. Other Services

The Contractor is encouraged to offer other purchase card services and technologies that have not already been addressed in the previous sections of this Statement of Work. Any costs to the State for additional services and technologies will be presented to the CAL-Card Contract Manager for approval prior to any implementation of such services or technologies.

### 18. MSA User Guide

The MSA User Guide (Ordering Instructions) may be modified periodically as determined by the Department of General Services. The MSA User Guide (Ordering Instructions) will be posted on the website and available for download at:  
<http://www.pd.dgs.ca.gov/calcard/default.htm>.

#### a. User Instructions

The State Agencies shall conform to the policies and procedures set forth in Management Memo 03-10 (or its most current revision) and the State Contracting Manual, including Purchasing Authority Manual.

User Instructions will be prepared, issued and overseen by a Contract Administrator assigned to this MSA from DGS/Procurement Division.

#### b. Orders (Participating Addendums)

State Agencies will be issued a standard agreement (STD: 213) form and Local Governmental Agencies will utilize an addendum (Participation Addendum) that is provided by the Contractor.

### 19. Ordering Agency Responsibilities

- a. All Participating Agencies shall comply with all applicable laws including the Public Contracting Code (PCC) and the Government Code (GC).
- b. User Instructions will be prepared and overseen by the DGS PD Contract Administrator assigned to this MSA. Ordering agencies shall follow the User Instructions.
- c. All State Agencies using this MSA shall conform to the policies and procedures set forth in Management Memo 03-10 (or its most current revision), the State Contract Manual (SCM) and the Purchasing Authority Manual (PAM).
- d. All Participating Agencies shall prepare the necessary forms to participate in the CAL-Card Program.
- e. All Participating Agencies shall report occurrences of either outstanding performance or failure of performance to the DGS Procurement Division Contract Administrator. The

## PURCHASE CARD SERVICES

Contractor shall have the option of reviewing any such submitted performance reports and evaluations.

f. If a Participating Agency or State Agency is found to be in violation of the MSA ordering procedures, PAM, or any other applicable policy or procedure, the Participating Agency or State Agency, as the case may be, will be subject to termination of their participation in the CAL-Card program.

Exhibit B

**Contractor Certification Clauses (CCC) 1005  
CERTIFICATION**

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that I am duly authorized to legally bind the prospective Contractor to the clause(s) listed below. This certification is made under the laws of the State of California.

Contractor/Bidder Firm Name (Printed)		Federal ID Number
By (Authorized Signature)		
Printed Name and Title of Person Signing		
Date Executed	Executed in the County of	

**CONTRACTOR CERTIFICATION CLAUSES**

1. **STATEMENT OF COMPLIANCE:** Contractor has, unless exempted, complied with the nondiscrimination program requirements. (Gov. Code §12990 (a-f) and CCR, Title 2, Section 8103) (Not applicable to public entities.)

2. **DRUG-FREE WORKPLACE REQUIREMENTS:** Contractor will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:

a. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.

b. Establish a Drug-Free Awareness Program to inform employees about:

- 1) the dangers of drug abuse in the workplace;
- 2) the person's or organization's policy of maintaining a drug-free workplace;
- 3) any available counseling, rehabilitation and employee assistance programs; and,
- 4) penalties that may be imposed upon employees for drug abuse violations.

c. Every employee who works on the proposed Agreement will:

- 1) receive a copy of the company's drug-free workplace policy statement; and,
- 2) agree to abide by the terms of the company's statement as a condition of employment on the Agreement.

Failure to comply with these requirements may result in suspension of payments under the Agreement or termination of the Agreement or both and Contractor may be ineligible for award.

PURCHASE CARD SERVICES

of any future State agreements if the department determines that any of the following has occurred: the Contractor has made false certification, or violated the certification by failing to carry out the requirements as noted above. (Gov. Code §8350 et seq.)

3. NATIONAL LABOR RELATIONS BOARD CERTIFICATION: Contractor certifies that no more than one (1) final unappealable finding of contempt of court by a Federal court has been issued against Contractor within the immediately preceding two-year period because of Contractor's failure to comply with an order of a Federal court, which orders Contractor to comply with an order of the National Labor Relations Board. (Pub. Contract Code §10296) (Not applicable to public entities.)

4. CONTRACTS FOR LEGAL SERVICES \$50,000 OR MORE- PRO BONO REQUIREMENT: Contractor hereby certifies that contractor will comply with the requirements of Section 6072 of the Business and Professions Code, effective January 1, 2003.

Contractor agrees to make a good faith effort to provide a minimum number of hours of pro bono legal services during each year of the contract equal to the lesser of 30 multiplied by the number of full time attorneys in the firm's offices in the State, with the number of hours prorated on an actual day basis for any contract period of less than a full year or 10% of its contract with the State.

Failure to make a good faith effort may be cause for non-renewal of a state contract for legal services, and may be taken into account when determining the award of future contracts with the State for legal services.

5. EXPATRIATE CORPORATIONS: Contractor hereby declares that it is not an expatriate corporation or subsidiary of an expatriate corporation within the meaning of Public Contract Code Section 10286 and 10286.1, and is eligible to contract with the State of California.

6. SWEATFREE CODE OF CONDUCT:

a. All Contractors contracting for the procurement or laundering of apparel, garments or corresponding accessories, or the procurement of equipment, materials, or supplies, other than procurement related to a public works contract, declare under penalty of perjury that no apparel, garments or corresponding accessories, equipment, materials, or supplies furnished to the state pursuant to the contract have been laundered or produced in whole or in part by sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor, or with the benefit of sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor. The contractor further declares under penalty of perjury that they adhere to the Sweatfree Code of Conduct as set forth on the California Department of Industrial Relations website located at [www.dir.ca.gov](http://www.dir.ca.gov), and Public Contract Code Section 6108.

b. The contractor agrees to cooperate fully in providing reasonable access to the contractor's records, documents, agents or employees, or premises if reasonably required by authorized officials of the contracting agency, the Department of Industrial Relations, or the Department of Justice to determine the contractor's compliance with the requirements under paragraph (a).

PURCHASE CARD SERVICES

7. DOMESTIC PARTNERS: For contracts executed or amended after July 1, 2004, the Contractor may elect to offer domestic partner benefits to the Contractor's employees in accordance with Public Contract Code section 10295.3. However, the Contractor cannot require an employee to cover the costs of providing any benefits which have otherwise been provided to all employees regardless of marital or domestic partner status.

**DOING BUSINESS WITH THE STATE OF CALIFORNIA**

The following laws apply to persons or entities doing business with the State of California.

1. CONFLICT OF INTEREST: Contractor needs to be aware of the following provisions regarding current or former state employees. If Contractor has any questions on the status of any person rendering services or involved with the Agreement, the awarding agency must be contacted immediately for clarification.

Current State Employees (Pub. Contract Code §10410):

1). No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any Participating Agency or State Agency, unless the employment, activity or enterprise is required as a condition of regular state employment.

2). No officer or employee shall contract on his or her own behalf as an independent contractor with any Participating Agency or State Agency to provide goods or services.

Former State Employees (Pub. Contract Code §10411):

1). For the two-year period from the date he or she left the State of California employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any Participating Agency or State Agency.

2). For the twelve-month period from the date he or she left the State of California employment, no former state officer or employee may enter into a contract with any Participating Agency or State Agency if he or she was employed by that Participating Agency or State Agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving State of California service.

If Contractor violates any provisions of above paragraphs, such action by Contractor shall render this Agreement void. (Pub. Contract Code §10420)

Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (Pub. Contract Code §10430 (e))

2. LABOR CODE/WORKERS' COMPENSATION: Contractor needs to be aware of the provisions which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions, and Contractor affirms to comply with such provisions before commencing the performance of the work of this Agreement. (Labor Code Section 3700)

PURCHASE CARD SERVICES

3. AMERICANS WITH DISABILITIES ACT: Contractor assures the State that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)

4. CONTRACTOR NAME CHANGE: An amendment is required to change the Contractor's name as listed on this Agreement. Upon receipt of legal documentation of the name change the State will process the amendment. Payment of invoices presented with a new name cannot be paid prior to approval of said amendment.

5. CORPORATE QUALIFICATIONS TO DO BUSINESS IN CALIFORNIA:

a. When agreements are to be performed in the State of California by corporations, the contracting agencies will be verifying that the Contractor is currently qualified to do business in California in order to ensure that all obligations due to the State of California are fulfilled.

b. "Doing business" is defined in R&TC Section 23101 as actively engaging in any transaction for the purpose of financial or pecuniary gain or profit. Although there are some statutory exceptions to taxation, rarely will a corporate contractor performing within the state not be subject to the franchise tax.

c. Both domestic and foreign corporations (those incorporated outside of California) must be in good standing in order to be qualified to do business in California. Agencies will determine whether a corporation is in good standing by calling the Office of the Secretary of State.

6. RESOLUTION: A county, city, district, or other local public body must provide the State with a copy of a resolution, order, motion, or ordinance of the local governing body which by law has authority to enter into an agreement, authorizing execution of the agreement.

7. AIR OR WATER POLLUTION VIOLATION: Under the State of California laws, the Contractor shall not be: (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) subject to cease and desist order not subject to review issued pursuant to Section 13301 of the Water Code for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution.

8. PAYEE DATA RECORD FORM STD. 204: This form must be completed by all contractors that are not another state agency or other governmental entity.

**GENERAL TERMS AND CONDITIONS**

1. **APPROVAL:** This Agreement is of no force or effect until signed by both parties and approved by the Department of General Services, if required. Contractor may not commence performance until such approval has been obtained.
2. **AMENDMENT:** No amendment or variation of the terms of this Agreement shall be valid unless made in writing, signed by the parties and approved as required. No oral understanding or agreement not incorporated in this Agreement is binding on any of the parties.
3. **ASSIGNMENT:** This Agreement is not assignable by the Contractor, either in whole or in part, without the consent of the State in the form of a formal written amendment.
4. **AUDIT:** Contractor agrees that the awarding department, the Department of General Services, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Agreement. Contractor agrees to maintain such records for possible audit for a minimum of three (3) years after final payment, unless a longer period of records retention is stipulated. Contractor agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Contractor agrees to include a similar right of the State to audit records and interview staff in any subcontract related to performance of this Agreement. (Gov. Code §8546.7, Pub. Contract Code §10115 et seq., CCR Title 2, Section 1896).
5. **INDEMNIFICATION:** Contractor agrees to indemnify, defend and save harmless the State, its officers, agents and employees from any and all claims and losses accruing or resulting to any and all contractors, subcontractors, suppliers, laborers, and any other person, firm or corporation furnishing or supplying work services, materials, or supplies in connection with the performance of this Agreement, and from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by Contractor in the performance of this Agreement.
6. **DISPUTES:** Contractor shall continue with the responsibilities under this Agreement during any dispute.
7. **TERMINATION FOR CAUSE:** The State may terminate this Agreement and be relieved of any payments should the Contractor fail to perform the requirements of this Agreement at the time and in the manner herein provided. In the event of such termination the State may proceed with the work in any manner deemed proper by the State. All costs to the State shall be deducted from any sum due the Contractor under this Agreement and the balance, if any, shall be paid to the Contractor upon demand.
8. **INDEPENDENT CONTRACTOR:** Contractor, and the agents and employees of Contractor, in the performance of this Agreement, shall act in an independent capacity and not as officers or employees or agents of the State.
9. **RECYCLING CERTIFICATION:** The Contractor shall certify in writing under penalty of perjury, the minimum, if not exact, percentage of post consumer material as defined in the Public Contract Code Section 12200, in products, materials, goods, or supplies offered or sold

PURCHASE CARD SERVICES

to the State regardless of whether the product meets the requirements of Public Contract Code Section 12209. With respect to printer or duplication cartridges that comply with the requirements of Section 12156(e), the certification required by this subdivision shall specify that the cartridges so comply (Pub. Contract Code §12205).

**10. NON-DISCRIMINATION CLAUSE:** During the performance of this Agreement, Contractor and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, and denial of family care leave. Contractor and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Contractor and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. Contractor and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other Agreement.

Contractor shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Agreement.

**11. CERTIFICATION CLAUSES:** The CONTRACTOR CERTIFICATION CLAUSES contained in the document CGC 1005 are hereby incorporated by reference and made a part of this Agreement by this reference as if attached hereto.

**12. TIMELINESS:** Time is of the essence in this Agreement.

**13. COMPENSATION:** The consideration to be paid Contractor, as provided herein, shall be in compensation for all of Contractor's expenses incurred in the performance hereof, including travel, per diem, and taxes, unless otherwise expressly provided.

**14. GOVERNING LAW:** This contract is governed by and shall be interpreted in accordance with the laws of the State of California.

**15. ANTITRUST CLAIMS:** The Contractor, by signing this Agreement, hereby certifies that if these services or goods are obtained by means of a competitive bid, the Contractor shall comply with the requirements of the Government Codes Sections set out below.

a. The Government Code Chapter on Antitrust claims contains the following definitions:

1). "Public purchase" means a purchase by means of competitive bids of goods, services, or materials by the State or any of its political subdivisions or public agencies on whose behalf the Attorney General may bring an action pursuant to subdivision (c) of Section 16750 of the Business and Professions Code.

2). "Public purchasing body" means the State or the subdivision or agency making a public purchase. Government Code Section 4550.

## PURCHASE CARD SERVICES

b. In submitting a bid to a public purchasing body, the bidder offers and agrees that if the bid is accepted, it will assign to the purchasing body all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the Cartwright Act (Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, materials, or services by the bidder for sale to the purchasing body pursuant to the bid. Such assignment shall be made and become effective at the time the purchasing body tenders final payment to the bidder. Government Code Section 4552.

c. If an awarding body or public purchasing body receives, either through judgment or settlement, a monetary recovery for a cause of action assigned under this chapter, the assignor shall be entitled to receive reimbursement for actual legal costs incurred and may, upon demand, recover from the public body any portion of the recovery, including treble damages, attributable to overcharges that were paid by the assignor but were not paid by the public body as part of the bid price, less the expenses incurred in obtaining that portion of the recovery. Government Code Section 4553.

d. Upon demand in writing by the assignor, the assignee shall, within one year from such demand, reassign the cause of action assigned under this part if the assignor has been or may have been injured by the violation of law for which the cause of action arose and (a) the assignee has not been injured thereby, or (b) the assignee declines to file a court action for the cause of action. See Government Code Section 4554.

**16. CHILD SUPPORT COMPLIANCE ACT:** "For any Agreement in excess of \$100,000, the contractor acknowledges in accordance with Public Contract Code 7110, that:

a) The Contractor recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with section 5200) of Part 5 of Division 9 of the Family Code; and

b) The Contractor, to the best of its knowledge, is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department."

**17. UNENFORCEABLE PROVISION:** In the event that any provision of this Agreement is unenforceable or held to be unenforceable, then the parties agree that all other provisions of this Agreement have force and effect and shall not be affected thereby.

**18. PRIORITY HIRING CONSIDERATIONS:** If this Contract includes services in excess of \$200,000, the Contractor shall give priority consideration in filling vacancies in positions funded by the Contract to qualified recipients of aid under Welfare and Institutions Code Section 11200 in accordance with Pub. Contract Code §10353.

**ADDITIONAL PROVISIONS****1. Licenses and Permits**

The Contractor shall be an individual or firm licensed to do business in California and shall obtain at his/her expense all license(s) and permit(s) required by law for accomplishing any work required in connection with this Agreement.

**2. Subcontractors**

Nothing contained in this Agreement or otherwise shall create any contractual relation between the State and any subcontractors, and no subcontractors shall relieve the Contractor of its responsibilities and obligations hereunder. The Contractor agrees to be fully responsible to the State for the acts and omissions of its subcontractors and or persons either directly or indirectly employed by any of them as it is for the acts and omissions of persons directly employed by the Contractor. The Contractor's obligation to pay its subcontractors is an independent obligation from the State's obligation to make payments to the Contractor. As a result, the State shall have no obligation to pay or to enforce the payment of any moneys to any subcontractor.

**3. Insurance Requirements**

Contractor shall furnish to the State a certificate of insurance stating that there is commercial general liability and workers' compensation insurance presently in effect for the Contractor of not less than \$1,000,000 per occurrence for bodily injury and property damage liability combined.

The certificate of insurance must include the following provisions:

- a. The insurer will not cancel the insured's coverage without 30 days prior written notice to the State; and
- b. The State of California, its officers, agents, employees, and servants are hereby named as additional insured but only with respect to work performed for the State of California.

Contractor agrees that the liability insurance herein provided for shall be in effect at all times during the term of this Contract (including all MSA release orders). In the event said insurance coverage expires at any time during the term of this Contract, Contractor agrees to provide at least 30 days prior to said expiration date, a new certificate of insurance evidencing insurance coverage as provided for herein for not less than the remainder of the term of the Contract, or for a period of not less than one year. New certificates of insurance are subject to the approval of the Department of General Services, and Contractor agrees that no work shall be performed prior to approval. In the event the Contractor fails to keep in effect at all times insurance coverage as herein provided, the State may, in addition to any other remedies, terminate this contract.

**4. Contracts Funded by the Federal Government**

It is mutually understood between the parties that this contract may have been written before ascertaining the availability of congressional appropriation of funds, for the mutual benefit of both parties, in order to avoid program and fiscal delays which would occur if the contract were executed after that determination was made.

## PURCHASE CARD SERVICES

This contract is valid and enforceable only if sufficient funds are made available to the State by the United States Government for the current and/or subsequent years covered by this Contract for the purposes of this program. In addition, this contract is subject to any additional restrictions, limitations, or conditions enacted by the Congress or any statute enacted by the congress, which may affect the provisions, terms, or funding of this Contract in any manner.

It is mutually agreed that if the Congress does not appropriate sufficient funds for the program, this contract shall be amended to reflect any reduction in funds.

The DGS has the option to void the contract under the 30-day cancellation clause or amend the contract to reflect any reduction of funds.

### 5. Federal Debarment

The Federal Department of Labor requires that State agencies which are expending Federal funds of \$25,000 or more to have in the contract file, a certification by the Contractor that they have not been debarred or suspended from doing business with the Federal Government. Each Contractor must provide this documentation upon request.

### 6. DGS Termination of Contract

Unless General Provisions and Conditions, Item 7. Termination for Cause is applicable the DGS, Procurement Division and U.S. Bank may mutually agree to terminate this contract at any time upon 30 days prior written notice. Upon termination or other expiration of this contract, each party will assist the other party in orderly termination of the contract and the transfer of all assets, tangible and intangible, as may facilitate the orderly, nondisrupted business continuation of each party. This provision shall not relieve the contractor of the obligation to perform under any purchase order or other similar ordering document executed prior to the termination becoming effective. If applicable, Participating Agencies shall pay all outstanding invoices for services rendered on or before the termination date.

### 7. Negotiation

At the State's sole option, the Department of General Services (DGS) reserves the right to invoke negotiations pursuant to Public Contract Code Section 6611, in accordance with existing guidelines and procedures adopted by the Department of General Services.

### 8. Conflict of Interest

See Public Contract Code §10410 - §10412 for Current and Former State Employees.

### 9. Federal Air or Water Pollution Violations

See Government Code §4477.

### 10. Disputes

If Contractor believes that there is a dispute or grievance between Contractor and the State arising out of or relating to this Contract, Contractor shall first discuss and attempt to resolve the issue informally with the agency contract manager. If the issue cannot be resolved at this level, Contractor shall follow the following procedures:

- A. If the issue cannot be resolved informally with the Contract Manager, Contractor shall submit, in writing, a grievance report together with any evidence to the Contract Manager's Supervisor. The grievance report must state the issues in the dispute, the legal authority, or other basis for the Contractor's position and the remedy sought.

## PURCHASE CARD SERVICES

Within ten (10) working days of receipt of the written grievance report from the Contractor, the Supervisor shall make a determination on the problem, and shall respond in writing to the Contractor indicating the decision and reasons therefor. Should the Contractor disagree with the Supervisor's decision, Contractor may appeal to the next level, following the procedure in "Disputes", paragraph B, listed below.

- B. Contractor must submit a letter of appeal to the Agency Director explaining why the Supervisor's decision is unacceptable. The letter must include, as an attachment, copies of the Contractor's original grievance report, evidence originally submitted, and response from Supervisor. Contractor's letter of appeal must be submitted within ten (10) working days of the receipt of the Supervisor's written decision. The Director or designee shall, within twenty (20) working days of receipt of Contractor's letter of appeal, review the issues raised and shall render a written decision to the Contractor. The decision of the Director or designee shall be final.

### 11. Termination for Non-Appropriation of (State) Funds

If the term of this Contract extends into fiscal years subsequent to that in which it is approved, such continuation of the Contract is contingent on the appropriation of funds for such purpose by the Legislature. If funds to effect such continued payment are not appropriated, Contractor agrees to take back any affected deliverables furnished under this Contract, terminate any services supplied to the State under this Contract, and relieve the State of any further obligation therefore.

### 12. Credit Provisions

- A. **Financial Information.** Since the establishment of a Purchasing Card Program is an extension of credit, the State shall provide sufficient information to enable Contractor to perform, at a minimum, annual credit reviews.

DGS shall provide future audited financial statements, prepared by DGS' independent certified public accountant, upon request by Contractor, as soon as available and in any event not later than ninety-one (91) days after the end of each fiscal year of DGS. To the extent required by Contractor to verify the credit worthiness of DGS, Contractor is authorized by DGS to obtain credit or financial information with respect to DGS that may be held by third party sources. DGS agrees to provide to Contractor, from time to time, such other information regarding the business, operations, affairs, and financial condition of DGS as Contractor may reasonably request.

- B. **Credit Limits and Credit Line.** Based on the available financial information, Contractor shall establish a Credit Limit for each Account and an aggregate Credit Line for all Accounts established pursuant to this Agreement.

1. **Revising the Credit Line.** Contractor shall have the right to revise the aggregate Credit Line for all Accounts. Contractor shall provide contemporaneous notice to DGS of any decrease in the Credit Line.

PURCHASE CARD SERVICES

2. **Revising Credit Limits.** Contractor shall have the right to revise Credit Limits on individual Accounts.
  - a. **Customer Accounts.** Contractor shall provide contemporaneous notice to DGS of any decrease in a Credit Limit.
  - b. **Cardholder Accounts.** Contractor has the right to revise Credit Limits and/or limit spending activity on any Cardholder Accounts.
  - c. **Fraudulent Activity.** Contractor may temporarily revise Credit Limits and/or limit spending activity on any Account for which fraudulent activity is suspected.
- C. **Affiliate Participation.** Agencies of the State of California may participate under this Agreement upon execution of a Participation Addendum, which must be executed by Contractor and the Participating Agency, or by execution of a Standard 213, which must be executed by Contractor and the State Agency.
- D. **Intellectual Property.** DGS and Contractor each recognizes that it has no right, title or interest, proprietary or otherwise, in or to the name or any logo, or Intellectual Property owned or licensed by the other. DGS and Contractor each agree that, without prior written consent of the other, it shall not use the name, any logo, or Intellectual Property owned or licensed by the other.
- E. **Card Limits and Restrictions.** The State desires a purchase card with extremely flexible card limits and widest possible merchant category code restrictions available. Upon request by DGS, the Contractor may either prevent or restrict usage of its Card Products to selected merchants based on Merchant Category Code. To the extent this is requested, the following disclaimers apply:
  1. **Restrictions.** Contractor can only enforce Merchant Category Code restrictions to the extent it receives accurate Merchant Category Code data with the Transaction authorization request.
  2. **Incorrect Merchant Category Codes.** To the extent DGS believes a merchant has not been assigned an accurate Merchant Category Code, Contractor will advise the Association of the inaccuracy. Whether or not the Merchant Category Code is changed is dependent upon applicable Association regulations.
- F. **Security and Confidentiality.**
  1. **Security.** Participating Agencies shall safeguard information regarding Cards, Account numbers, passwords, personal identification numbers, and other sensitive information provided by Contractor in a manner that is no less stringent than those applicable to Participating Agency's own proprietary information. Each Party will utilize commercially reasonable efforts to maintain an appropriate information security program to prevent the unauthorized disclosure, misuse, alteration, or destruction of Confidential Information.
  2. **Confidentiality.** The Parties agree to the following provisions regarding the use and disclosure of Confidential Information:

## PURCHASE CARD SERVICES

a) **Confidential Information.** For purposes of this Contract, "**Confidential Information**" means information supplied by one Party ("**Disclosing Party**") to the other Party ("**Recipient**") that is expressly or implicitly protected from unrestricted use by persons not associated with Disclosing Party.

i. **U.S. Bank Confidential Information.** U.S. Bank and Participating Agencies agree that the Commercial Card Program and/or Global Commercial Card Program are a unique service involving the exchange of proprietary and/or Confidential Information between the Parties. Participating Agencies agree that Commercial Card Program and/or Global Commercial Card Program reports, manuals, documentation, and related materials shall be circulated by it only to the extent necessary for Participating Agencies to manage the Commercial Card Program and/or Global Commercial Card Program and/or use such information in connection with business.

ii. **Customer Confidential Information.** Contractor and Participating Agencies agree that any non-public financial information of Participating Agencies and any non-public data regarding Participating Agencies Accounts, Transactions, charges, spending volume or repayment terms is Confidential Information of the Participating Agency and such information shall be circulated by Contractor only to the extent necessary for Contractor to offer the Commercial Card Program and/or Global Commercial Card Program.

iii. **Third Parties.** DGS acknowledges that portions of its Account and Transaction data are captured by third parties, including, but not limited to the Associations, third-party service providers, merchants, and merchant processors, during the course of normal business operations and that the confidentiality provisions of this Agreement do not extend to any third party.

### 13. Government Claims Program

If the Contractor believes a State Agency caused him or her to suffer monetary loss he or she can file a claim. The contractor shall complete and submit an Information and Claim Form (VCGCB-GC-002 (Rev. 8/04)) to the California Victim Compensation and Government Claims Board at P.O. Box 3035, Sacramento, CA 95812-3035. The form can be downloaded from the following website: [www.governmentclaims.ca.gov](http://www.governmentclaims.ca.gov).

**GLOSSARY OF TERMS**

**Account:** A government purchasing card account number assigned to an Agency.

**Addendum:** Supplement to the Master Services Agreement Contract, by qualified agencies, agreeing to all terms and conditions.

**Agency Program Coordinator:** An individual, designated by the agency, responsible for the CAL-Card Program management and oversight. This includes contract terms, timely payment of invoices, the development and enforcement of agency policy, procedures and training program. A Purchasing Officer or equivalent normally holds this position.

**Approving Official:** An individual that is designated by the agency and the Agency Program Coordinator to, in a timely manner, monitor, review and approve the purchases of assigned cardholders. This position is normally held by a budget manager for which the funds are to be expended by the assigned cardholders.

**Billing Cycle:** The time period from one invoice cutoff date to the next cutoff date.

**Billing Office Contact:** An individual identified as the billing office contact person responsible for processing timely payments for specified cardholder's accounts.

**Billing Officer:** A designated individual that is responsible for the timely management and oversight of the CAL-Card Program invoice reconciliation and payment process. An Accounting Officer or equivalent normally holds this position.

**Business Day:** A day, not a Saturday or Sunday, on which commercial banks generally are open for business.

**CAL-Card:** The official registered service mark name for the State of California's purchasing card program.

**CAL-Card Purchases:** Purchases made using the CAL-Card as the payment mechanism.

**Card:** A purchase card that is issued by a financial institution.

**Cardholder:** An individual that is designated by an Agency Program Coordinator and Approving Official to be a CAL-Card card recipient and make official government purchases.

**Cardholder Account:** An account number assigned to the Cardholder

**Customer:** Customer of the contractor.

**Contractor or U.S. Bank:** U.S. Bank National Association ND.

## PURCHASE CARD SERVICES

**Local Government Agency:** A credit qualified city, county, local governmental body, or local public agency (including but not limited to boards, bureaus, commissions, and superintendent of schools) empowered to expend public funds for the acquisition of goods and services.

**Merchant Category Classification (MCC):** MCC represents a code scheme that defines a merchant industry type based on the Standard Industrial Category (SIC) code. The MCC/SIC code is included in the authorized transmission. If the Cardholder is not authorized for a particular MCC/SIC code, the transaction will decline.

**Participating Agency:** A State or Local Governmental Agency that has executed an Addendum/Subscription to the Master Services Agreement for the CAL-Card Program.

**State Agency:** A State government office, agency, department, division, bureau, board, commission, public agency or other governmental body empowered to expend public funds.

**Transaction:** Any activity that results in a debit or credit to an account.

## A. INTRODUCTION

The cost/rebate tables shall be enforce for the term of this contract.

## B. INCENTIVE PROGRAMS

The Contractor is providing an Average Transaction Incentive, Volume Sales Incentive, and a Prompt Payment Incentive to all participating agencies and will comply with the Administrative Fee in Section C below. All incentives and fees will be a paid via a check to each participating agency, unless the participating agency requests another form of payment (i.e., electronic payment, reduction in outstanding invoices, etc.).

### 1. Average Transaction Incentive

An Average Transaction Incentive that will be given to each participating agency (see Table D.1 – Average Transaction Incentive). The Average Transaction Incentive table is designed to provide an incentive to each participating agency. This incentive is based solely on the average per transaction dollar amount for the quarterly (3 calendar months) total sales for each participating agency.

The Contractor will pay the determined dollar incentive amount by the 50<sup>th</sup> calendar day after the end of each quarter (3 calendar months).

### 2. Volume Sales Incentive

A Volume Sales Incentive that will be given to each participating agency (see Table D.2 – Volume Sales Incentive). The Volume Sales Incentive table is designed to provide an incentive to each participating agency. The incentive is based solely on the quarterly (3 calendar months) total sales for each participating agency.

The Contractor will pay the determined dollar incentive amount by the 50<sup>th</sup> calendar day after the end of each quarter (3 calendar months).

### 3. Prompt Payment Incentive

A Prompt Payment Incentive that will be given to each participating agency (See Table D.3 – Prompt Payment Incentive). The Prompt Payment Incentive table is designed to provide an incentive to each participating agency. The incentive is based solely on each participating agency's prompt payment on invoices issued by the purchasing card contractor.

The Contractor will pay the determined dollar incentive amount by the 50<sup>th</sup> calendar day after the invoice(s) is paid.

**Note:** If the accrued rebate amounts (average transaction rebate, volumes sales rebate, and prompt payment rebate) are less than \$75 on a quarterly basis, these rebates will be carried over to the next quarter.

**C. ADMINISTRATIVE FEE**

The Contractor will reimburse the Department of General Services (DGS), Procurement Division an Administrative Fee. The Administrative Fee is a flat rate of .004 (4/10 of 1%) on the total sales for all participating agencies.

The Contractor will pay the determined dollar incentive amount by the 50<sup>th</sup> calendar day after the end of each quarter (3 calendar months).

**D. TABLES****1. Average Transaction Incentive**

The following formula will be used to determine the Average Transaction Incentive for each participating agency:

$$\frac{\text{Total Sales (Quarterly)}}{\text{\# of Transactions (Quarterly)}} \times 0.75 = \text{Average Transaction Incentive}$$

**2. Volume Sales Incentive**

The following formula will be used to determine the Volume Sale Incentive for each participating agency:

$$\text{Total Sales (Quarterly for each participating agency)} \times .00393 = \text{Volume Sales Incentive}$$

**3. Prompt Payment Incentive**

The following formula will be used to determine the Prompt Payment Incentive for each participating agency:

$$\frac{45 \text{ Days} - \# \text{ of Days (payment on invoice)}}{45 \text{ Days (maximum \# of days)}} \times \text{invoice amount} = \text{Prompt Payment Incentive}$$

**4. Administrative Fee**

The following formula will be used to determine the Administrative Fee:

$$\text{Total Sales for all participating agencies} \times .004 = \text{Administrative Fee}$$

**E. COMMERCIALLY AVAILABLE PRICE LIST**

Contractor is allowed to include a commercially available price list.

The scope for additional purchasing card services and/or technologies to be included with the cost/incentive tables. Contractor is required to provide a government discount for each additional service and/or technology. Each discount will be applied to either the service or

## PURCHASE CARD SERVICES

technology to determine the participating agency's price. The price list may be updated on an annual basis and the discount(s) will be fixed for the term of the contract.

Note: Contractor is required to provide the CAL-Card program with a verifiable commercially available price list, i.e., pricing that is comparable to the pricing provided to customers (commercial or government) with the same or similar annual volume sales. The state reserves the right to verify the pricing information by contacting customers and/or visiting websites. The contractor shall cooperate with the procurement official by providing the necessary information to conduct this verification. If pricing can not be verified, contractor will not be allowed to offer additional purchasing card services and technologies.

### F. Additional Services (Cost Items)

1. Customer Extract Files — The Bank will offer (5) custom extract files to the contract at no cost. Any requested mappers beyond five will be at a cost of \$5,000 per mapper.
2. Cash Advance Fees — 2% with a \$2.00 minimum
3. Convenience Fees — 1.7% of the convenience check dollar amount
4. Foreign Currency Conversion Fees — 2.5% per transaction

**ADDENDUM TO STATE OF CALIFORNIA PURCHASE CARD PROGRAM  
MASTER SERVICES AGREEMENT (DGS MSA 5-06-99-01)**

This Addendum ("Addendum") to the State of California Purchase Card Program Master Services Agreement (DGS MSA 5-06-99-01) (the "Agreement") between the Department of General Services ("DGS") on behalf of the State of California, and U.S. Bank National Association ND ("U.S. Bank"), is made this \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_\_\_ by the \_\_\_\_\_ ("Participating Agency") for the purpose of becoming a "Participating Agency" as that term is defined in the Agreement. The Master Services Agreement DGS MSA 5-06-99-01 and its amendments are incorporated by reference and made a part of this Addendum.

**RECITALS:**

- A. DGS has entered into the Agreement for the purpose of making available for Participating Agency's use a purchase card program as described in the Agreement; and
- B. The Agreement contemplates the inclusion of Participating Agencies by a process of voluntary execution of an addendum; and
- C. The Participating Agency has received a copy of the Agreement and after thorough review of the Agreement desires to become Participating Agency as that term is defined in the Agreement.

**AGREEMENT:**

NOW THEREFORE, in consideration of the foregoing Recitals, which are incorporated herein by reference, the mutual promises and covenants set forth in the Agreement, which is incorporated herein by reference, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Participating Agency, and U.S. Bank agree as follows:

1. The Participating Agency agrees to accept and perform all duties, responsibilities and obligations required of Participating Agency as set forth in the Agreement. CAL-Cards shall be issued to employees of the Participating Agency upon execution of this Addendum by the Participating Agency and U.S. Bank. U.S. Bank shall submit invoice(s) to the Participating Agency at the address indicated herein.
2. U.S. Bank is authorized to place the seal or logo of the Participating Agency on the CAL-Cards issued to employees of the Participating Agency for the sole purpose of identifying the card for official use only. Such seal or logo shall be subject to use limitations as apply to the State seal on Page 3 of the Agreement.
3. The Participating Agency shall make monthly payments as provided in the Agreement to U.S. Bank of the full amount of the official monthly invoice by causing a check or checks or a warrant or warrants to be issued payable to the order of U.S. Bank on demand or by use of an Automated Clearing House or Electronic Data Interchange to make such payment to U.S. Bank.
4. The Participating Agency shall provide U.S. Bank with a copy of its audited financial statements within sixty (60) days of completion and, upon request of U.S. Bank, such other financial information as may be reasonably requested.
5. Either party may terminate this Addendum at any time by giving a thirty (30) days written notice to the other party, whether or not such other party is in default.
6. The Participating Agency declares that CAL-Cards shall be used for official Participating Agency purchases only, and shall not be used for individual or consumer purchases nor to incur consumer debt. The Participating Agency warrants that it possesses the financial capacity to perform all of its obligations under the Agreement and this Addendum and the Participating Agency will not allow purchases to be made with CAL-Cards or incur any other financial obligation hereunder or under the Agreement prior to determining that existing appropriations available therefore are sufficient in amount to pay for such purchases or such other financial obligations.

7. The contact notice address for the Participant is:

Program Manager Name	Stephen Dobrawa
Participating Agency Name	Olay Water District
Mailing Address	2554 Sweetwater Springs Blvd
City, State, Zip	Spring Valley, CA 91978
Email Address	sdobrawa@olaywater.gov

8. The agreements of the Participating Agency set forth in this Addendum and the Agreement constitute valid, binding and enforceable agreements of the Participating Agency and all extensions of credit made pursuant to this Addendum and the Agreement to the Participating Agency will be valid and enforceable obligations of the Participating Agency in accordance with the terms of the Agreement and this Addendum. The execution of this Addendum and the performance of the obligations hereunder and under the Agreement are within the powers of the Participating Agency, have been authorized by all necessary action and do not constitute a breach of any agreement to which the Participating Agency is a party or is bound. The signer of this Addendum further represents and warrants that he or she is duly authorized by an applicable constitution, charter, code, law resolution or other governmental authority to enter into transactions of this nature. Participating Agency represents and warrants that this transaction is within the scope of the normal course of business and does not require further authorization for Participating Agency to be duly bound by this Addendum. This Addendum requires approval as to form by the Attorney for the Participating Agency. If this Addendum is not approved as to form by the Attorney for Participating Agency, the completion of the attached Certificate of Authority is required and must accompany this Addendum.

Olay Water District

Legal Name of Participating Agency

  
(Signature of Authorized Individual)

Mark Watton

(Printed Name of Authorized Individual)

General Manager

(Printed Title of Authorized Individual)

U.S. Bank National Association ND

  
(Signature of Authorized Individual)

Robert T. Abele

(Printed Name of Authorized Individual)

Executive Vice President

(Printed Title of Authorized Individual)

Approved as to form:

  
(Signature of Attorney for Participating Agency)

Aerobel Banuelos

(Printed Name of Attorney)

**AGENDA ITEM 6f**



**STAFF REPORT**

TYPE MEETING:	Regular Board	MEETING DATE:	November 13, 2008
SUBMITTED BY:	Stephen Dobra, Purchasing and Facilities Manager <i>[Signature]</i>	W.O./G.F. NO:	DIV. NO. All
APPROVED BY: (Chief)	Rom Sarno, Chief, Administrative Services		
APPROVED BY: (Asst. GM):	German Alvarez, Assistant General Manager, Finance and Administration		
SUBJECT:	AUTHORIZATION TO NEGOTIATE FOR THE PURCHASE OF .993 ACRES OF VACANT LAND (APN NO: 505-230-52-00) ADJOINING THE DISTRICT'S PROPERTY AT 2553 SWEETWATER SPRINGS BLVD, SPRING VALLEY AND AMEND THE FY-2009 CIP BUDGET BY \$600,000.		

**GENERAL MANAGER'S RECOMMENDATION:**

That the Board authorize the General Manager to:

1. Enter into good faith negotiations with Rancho San Diego Industrial Center, LLC for the purchase of the vacant land identified as APN: 505-230-52-00 (purchase contingent on Board approval).
2. Amend the FY 2009 CIP Budget by adding \$600,000 to fund CIP P2479, Operations Yard Property Acquisition, to provide funding for the purchase and improvement of the subject property.

**COMMITTEE ACTION:** \_\_\_\_\_

Please see Attachment A.

**PURPOSE:**

To request that the Board authorize the General Manager to enter into good faith negotiations with Rancho San Diego Industrial Center, LLC for the purchase of the vacant land identified as APN: 505-230-52-00, located adjacent to the District's operations facility at 2553 Sweetwater Springs Boulevard and amend the FY-2009 CIP budget by \$600,000 to provide funding for the purchase and improvement of the property.

**ANALYSIS:**

The vacant 0.993 acre property identified as APN: 505-230-52-00 and adjoining the District's operations facility located at 2553 Sweetwater Springs Boulevard is available for sale (reference Attachment B).

Acquiring the subject property will provide the District with additional space required to:

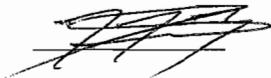
1. Increase operational flexibility,
2. Accommodate for future expansion of facilities at current locations, and
3. Centrally locate equipment and materials currently stored off site.

Immediate use of the property will be to provide additional parking and storage of vehicles, equipment, and materials, including critical emergency equipment currently stored off-site.

On June 30, 2008, the District commissioned Pacific Alliance Appraisals to perform an appraisal of the subject property. It is the opinion of the appraiser that given the fact that the property is landlocked and given the length of time the property has been on the market, the value of the property is between \$380,000 and \$456,000 and has stated the appraised value is \$425,000.

Based on the appraisal, the District would like to enter into negotiations with the current owner, Rancho San Diego Industrial Center, LLC, for the purchase of the property, contingent on an environmental evaluation of the property and Board approval of the purchase.

**FISCAL IMPACT:**



This purchase is not currently in the CIP Budget. The proposed budget for CIP P2479 is \$600,000. If approved, it is estimated that the amended CIP budget will be sufficient to support this project.

Finance has determined that 100% of the funding is available from the Betterment Fund. However, the reserve would be brought below the target level until either the 2010 budget is approved with transfers to make the fund whole, or until the 2010 debt issuance would replenish the fund.

**STRATEGIC GOAL:**

This project supports the District's Mission Statement, "To provide safe, reliable water, recycled water, and wastewater services to our community in an innovative, cost efficient water wise and environmentally responsible manner," as well as the General Manager's vision of, "...planning for the future..." by supporting the District in its effort to meet future water supply obligations and plan, design, and construct new facilities.

**LEGAL IMPACT:** \_\_\_\_\_

None.



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

Attachment A - Committee Action

Attachment B - Aerial Map APN: 505-230-52-00



## ATTACHMENT A

<b>SUBJECT/PROJECT:</b>	AUTHORIZATION TO NEGOTIATE FOR THE PURCHASE OF .993 ACRES OF VACANT LAND (APN NO: 505-230-52-00) ADJOINING THE DISTRICT'S PROPERTY AT 2553 SWEETWATER SPRINGS BLVD, SPRING VALLEY AND AMEND THE FY-2009 CIP BUDGET BY \$600,000.
-------------------------	--

### COMMITTEE ACTION:

The Finance, Administration and Communications Committee discussed this item at a meeting held on October 28, 2008 and the following comments were made:.

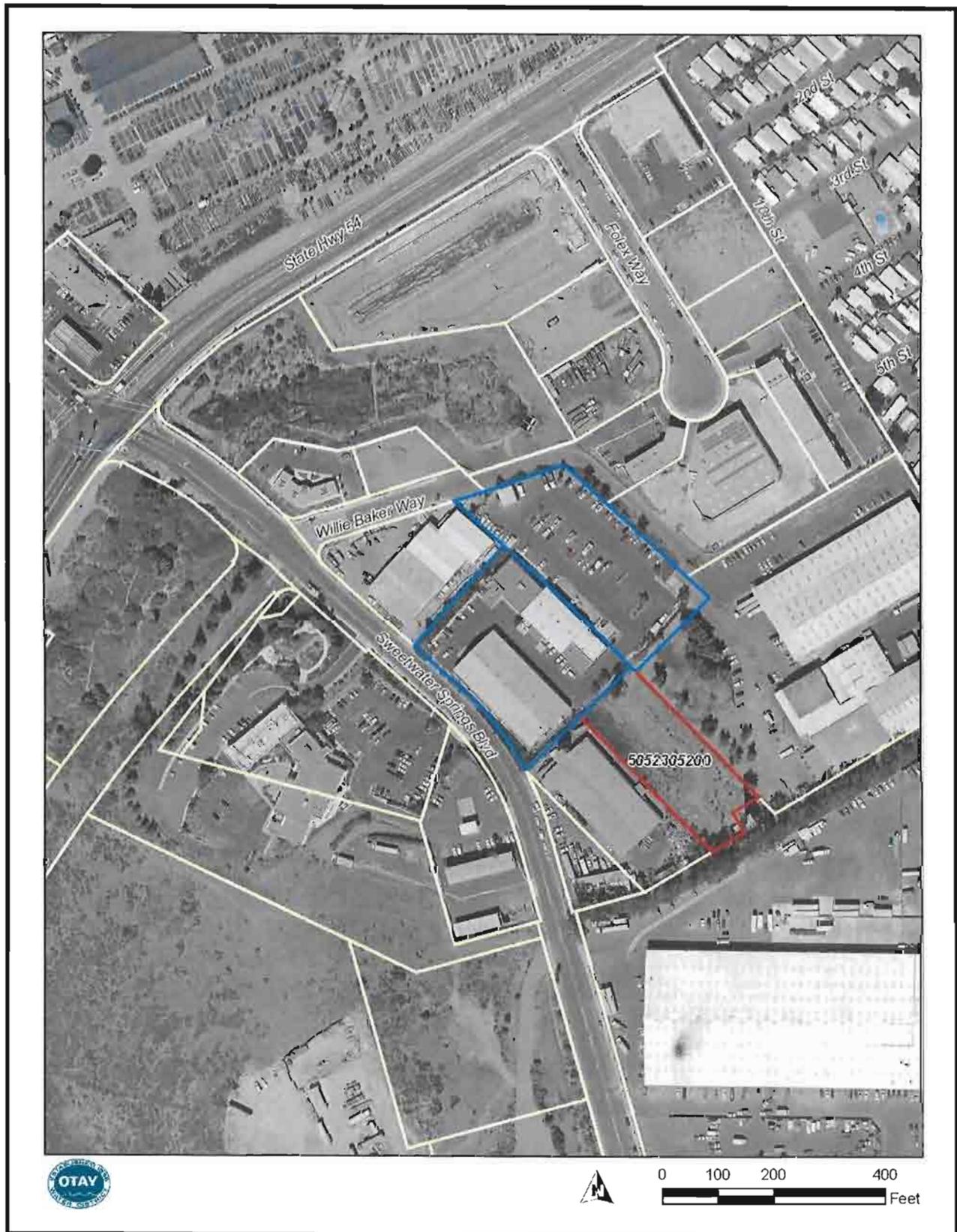
- Staff is requesting that the board authorize the General Manager to enter into good faith negotiations with Rancho San Diego Industrial Center, LLC (U.S. Elevator) for the purchase of the vacant land adjacent to the District's operations facility and identified as APN No. 505-230-52-00.
- Rancho San Diego Industrial Center, LLC purchased the land several years ago and because it is landlocked (surrounded by Otay WD, the Box Co. and U.S. Elevator, and it has no road access), U.S. Elevator, has not made use of the land.
- Rancho San Diego Industrial Center, LLC has offered the land to the District. The property is adjacent to the District's operations facility and has very few restrictions with regard to what can and cannot be done to/on the parcel.
- Acquiring the land will provide the District with additional space for storage for equipment that is currently stored off-site, provide for future expansion of facilities at the District's current location and would provide flexibility for future planning for the District.

- Staff is suggesting that CIP P2479 be amended to include an additional \$600,000 for the acquisition of the property. A portion of the additional funding would be utilized to assure that the District would not be prohibited from building on the property due to environmental reasons and the remaining funding would be used to grade and lay asphalt on the property.
- It was discussed that funding was available from the Betterment Fund and in the next budget cycle, the monies utilized from the Betterment Fund would be addressed through recommended reserve transfers.
- Staff feels that the acquisition is a legitimate need and if the land can be acquired for a good price it would be a good purchase.
- The parcel was appraised by Pacific Alliance Appraisals and it was valued at \$425,000. The market value of the parcel would have been \$750,000, but because of the access issue, it has been discounted. There is a small amount of slope on the parcel, but not much of the usable space of the .993 acres is lost due to the slopes.

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

# Attachment B

Aerial Map APN: 505-230-52-00



--- Otay Operations Facility ---      --- Subject Property ---

# AGENDA ITEM 7a



## STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	November 13, 2008
SUBMITTED BY:	Jim Peasley <i>JP</i> Engineering Manager	PROJECT NO.:	D0687- DIV. NO.: 2 090031
REVIEWED BY:	Rod Posada <i>m magaña for R. Posada</i> (Chief) Chief, Engineering		
APPROVED BY:	Manny Magaña <i>manny magaña</i> (Asst. GM): Assistant General Manager Engineering and Operations		
SUBJECT:	Approval of Water Supply Assessment Report (October 2008) for the Paragon Management Company Otay Business Park Project		

### GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board approve the Water Supply Assessment Report (WSA Report) dated October 2008 for the Paragon Management Company Otay Business Park (Business Park) development proposal, as required by Senate Bill 610 (SB 610).

### COMMITTEE ACTION:

Please see Attachment A.

### PURPOSE:

To obtain Board approval of the October 2008 WSA Report for the Business Park project, as required by SB 610.

### ANALYSIS:

SB 610 requires that a City or County considering a proposed development that meets certain criteria, discussed below, to request the public water purveyor (the District in this case) that may serve the development to prepare a WSA Report to, among other things, analyze whether water supplies are planned for and are intended to be sufficient to supply the development for 20 years. SB 610 also requires that the approved WSA Report be included in the California Environmental Quality Act (CEQA) environmental documentation and approval process of such proposed projects.

The District has received a request from the County of San Diego (County) to prepare a SB 610 WSA Report for the Business Park. The requirements of SB 610 are fully addressed by the WSA Report for the Business Park project. Prior to transmittal to the County, the WSA Report must be approved by the Board of Directors. An additional explanation of the intent of SB 610 is provided in Attachment B and the Business Park project WSA Report is provided as Attachment C.

For the Business Park project, the County is the responsible land use agency. The request for a WSA Report in compliance with SB 610 requirements was made by the County because the County has determined that the Business Park project meets or exceeds one or both of the following SB 610 criteria:

- A proposed industrial, manufacturing, or processing plant, or industrial park planned to house more than 1,000 persons, occupying more than 40-acres of land, or having more than 650,000 square feet of floor area.
- A project that would demand an amount of water equivalent to, or greater than, the amount of water required by a 500 dwelling unit project.

The District is not being asked to provide a report in compliance with the requirements of Senate Bill 221 (SB 221) because the project is an industrial subdivision. SB 221 requires affirmative written verification from the water purveyor of the public water system that sufficient water supplies are planned to be available for certain residential subdivisions of property prior to approval of a tentative map.

The Business Park project is currently located within the jurisdictions of the District, the San Diego County Water Authority (Water Authority) and the Metropolitan Water District of Southern California (MWD). To obtain permanent imported water supply service, land areas are required to be within the jurisdictions of the District, Water Authority, and MWD to utilize imported water supply.

The WSA Report identified that the water demand projects for the proposed Business Park project are included in the water demand and supply forecasts within the Urban Water Management Plans and other water resources planning documents of the District, the Water Authority, and MWD. Water supplies necessary to serve the demands of the proposed Business Park project, along with existing and other projected future users, as well as the actions necessary to develop these supplies, have been identified in the water supply planning documents of the District, the Water Authority, and MWD.

The WSA Report demonstrates and documents that sufficient water supplies are planned for and are intended to be made available over a 20-year planning horizon under normal supply conditions and in single- and multiple-dry years to meet the projected demand of the proposed Business Park project and the existing and other planned development projects within the District. As allowed under SB 610, the WSA Report for the Business Park project incorporates by reference the current Urban Water Management Plans and other water resources planning documents of the District, the Water Authority, and MWD.

MWD's Integrated Resources Plan (IRP) identifies a mix of resources (imported and local) that, when implemented, will provide 100 percent reliability for full-service demands through the attainment of regional targets set for conservation, local supplies, State Water Project supplies, Colorado River supplies, groundwater banking, and water transfers. MWD's 2004 update to the IRP (2004 IRP Update) includes a planning buffer supply to mitigate against the risks associated with implementation of local and imported supply programs. The planning buffer identifies an additional increment of water that could potentially be developed if other supplies are not implemented as planned. As part of implementation of the planning buffer, MWD periodically evaluates supply development to ensure that the region is not under- or over-developing supplies. Managed properly, the planning buffer, along with other alternative supplies, will help ensure that the southern California region, including San Diego County, will have adequate supplies to meet future demands.

The County Water Authority Act, Section 5 Subdivision 11, states that the Water Authority "as far as practicable, shall provide each of its member agencies with adequate supplies of water to meet their expanding and increasing needs."

The intent of the SB 610 legislation is that the land use agencies and the water agencies are coordinating their efforts in planning for new development and thus planning for sufficient water supplies to meet the needs.

As per the requirements of SB 610, if the water supply assessment finds that the supply is sufficient, then the governing body of the water supplier (District) must approve the WSA Report and deliver it to the lead agency (County) within 120 days (i.e., 90 days, plus the 30-day County granted time extension). In the case of the Business Park project, the deadline for the District to provide the WSA Report to the County is November 20, 2008.

As per the requirements of SB 610, if the water supply assessment finds overall supplies are insufficient - the water supplier shall provide to the lead agency "its plans for acquiring additional water supplies, setting forth measures that are being undertaken to acquire and develop those water supplies," and the water supplier governing body must approve the WSA Report and deliver it to the lead agency within the 120 days. If the water supplier does conclude that additional water supplies are required, the water supplier should indicate the status or stage of development of the actions identified in the plans it provides. Identification of a potential future action in such plans does not by itself indicate that a decision to approve or to proceed with the action has been made.

Once either of the two actions listed above are accomplished the District's SB 610 water supply assessment responsibilities are complete. SB 610 provides that if the SB 610 WSA Report is not received by the lead agency from the water supplier within the prescribed 90-day period, and any requested time extension (the County granted the District a 30-day extension), the lead agency may seek legal relief, such as a writ of mandamus.

Water supply agencies throughout California continue to face climatological, environmental, legal, and other challenges that impact water source supply conditions, such as the court ruling regarding the Sacramento-San Joaquin Delta issues. Challenges such as these essentially always will be present. The regional water supply agencies, the Water Authority and MWD, along with the District, nevertheless fully intend to have sufficient, reliable supplies to serve the Business Park project.

An October 22, 2007 letter from MWD to their member agencies, including the Water Authority, provided notice of a 30 percent reduction in Interim Agricultural Water Program (IAWP) deliveries effective January 1, 2008. A 30 percent water use reduction of the sixteen IAWP District water accounts represents 26.0 acre feet (ac ft) based on fiscal year (FY) 2007 or 0.09 percent of the total District's 28,353 ac ft annual purchase from the Water Authority in FY 2007.

The District Board approved a drought response conservation program that includes drought response levels and water use restrictions. The Water Authority is responsible for notifying its member agencies of the drought response level. Currently, the District, along with the other member agencies, are in Level 1 - Drought Watch, meaning that there is a voluntary conservation target of up to 10 percent. With Level 2 - Drought Alert there is a mandatory conservation target of up to 20 percent. At Level 3 - Drought Critical there is a mandatory conservation target of up to 40 percent and no new potable water

meters shall be provided except under limited conditions, such as water demand for a project will be offset with new supply and/or with demand management to the satisfaction of the District.

Under the Water Authority water supply allocation plan in response to their Drought Management Plan, the Business Park project will not impact the District's water supply allocation. The water supply allocation plan allows for new demand resulting from growth when the land uses are included in the water demand and supply forecasts within the water resources planning documents of the District, the Water Authority, and MWD.

With the initiation of the South Bay Water Reclamation Plant (SBWRP) recycled water supply on May 18, 2007, the District has reduced the annual take of potable water from the Water Authority, once used to supplement the recycled water supply shortfall, in excess of 3,000 ac ft per year. The Business Park project demand for potable water is estimated to be 162 ac ft per year and the recycled water demand is estimated to be 20 ac ft per year. The total Business Park project demand is about 6 percent of the 3,000 ac ft of potable water saved with the SBWRP supply start up. To provide some perspective, the Business Park project estimate potable water demand is equivalent to about 289 typical single family homes.

Staff recommends that the Board of Directors approve the October 2008 WSA Report for the Business Park project, as required by and consistent with SB 610.

**FISCAL IMPACT:**



The District has been reimbursed \$2,524 for all costs associated with the preparation of the Business Park project WSA Report. The reimbursement was accomplished via a \$3,000 deposit the project proponents placed with the District.

**STRATEGIC GOAL:** \_\_\_\_\_

The preparation and approval of the Business Park project WSA Report supports the District Mission Statement, "To provide the best quality of water and wastewater service to the customers of the Otay Water District, in a professional, effective, efficient, and sensitive manner, in all aspects of operation, so that public health, environment, and quality of life are enhanced" and the District's Strategic Goal, in planning for infrastructure and supply to meet current and future potable water demands.

**LEGAL IMPACT:** \_\_\_\_\_

Adoption of a water supply assessment in form and content satisfactory to the Board of Directors on or prior to November 20, 2008 would allow the District to comply with the requirements of SB 610.

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

P:\ENGRSEC\Jim Peasley\BD 11-13-08, Staff Report, SB 610 Otay Business Park Approval, (JP-RR).doc

JP/RP:jf

Attachments: Attachment A  
Attachment B  
Attachment C



## ATTACHMENT A

<b>SUBJECT/PROJECT:</b> D0687-090031	Approval of Water Supply Assessment Report (October 2008) for the Paragon Management Company Otay Business Park Project
---	---

### COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a meeting held on November 3, 2008 and the following comments were made:.

- Staff is requesting that the Board approve the Water Supply Assesment Report (WSA) for the Paragon Management Company Otay Business Park (Business Park) development proposal as required by Senate Bill 610 (SB 610). Staff indicated that this request is similar to the WSA approval request presented to the Board in December 2007 for the Otay Crossings Commerce Park (Commerce Park).
- The Business Park is located adjacent to and west of the Commerce Park. The development will encompass approximately 161 acres with 59 lots. It is expected to utilize nearly 162 acre feet of water annually of which 11% will be recycled water (approximately 20 acre feet).
- The proposed development only requires SB 610 compliance as it is purely an industrial development (SB 221 is required for residential developments).
- An approved WSA must be included in the County of San Diego's California Environmental Quality Act environmental documentation (will be incorporated into the development's EIR) as part of the approval process for this proposed development.
- The Business Park's water demand was previously planned for within the District's Urban Water Management Plans and other water resources planning documents of the District, the CWA and the MWD.

- It was noted that the water situation has worsened and MWD has started their process of modifying their IRP to reflect current water supply issues.
- Since this project has been planned for in the District, CWA and MWD, the District's CWA water supply allocation will not be impacted.
- The project is expected to be completed in approximately five (5) years and its completion is intended to be integrated with construction of State Highway 11.
- Since the development is within the District's plans and we are in Level I - Voluntary Conservation, the District will still issue letters. The developer is aware that the District may not set new meters if a Drought Stage Level III is called for by CWA except under certain conditions.
- There was discussion that should the District not approve the WSA, what its affect would be to the District's CWA allocation. It was indicated that allocations are established by CWA and are based upon a certain time frame and the allocation plan allows for growth. If the development is not built, the allocation from CWA to the District would be unaffected.
- The committee also discussed the consequences for the developer should the District not approve the WSA. The developer would have two (2) options:
  - Present their request to the County of Supervisors for their approval; or
  - Take legal action (Writ of Mandamus) to force the District to approve the WSA

It was indicated that the County of Supervisors would possibly have no interest and that it is not likely that the developer would take legal action against the District.

- The developer wishes to get the entitlements in place to be prepared to move forward with the development when the economy turns for the better.
- Staff indicated that they would prepare a powerpoint for presentation to the full board at the November 13, 2008 board meeting.

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

## **ATTACHMENT B**

### **Background Information**

The Otay Water District (District) prepared the Water Supply Assessment Report (WSA Report) for the Otay Business Park (Business Park) development proposal at the request of the County of San Diego (County). The District received the County's written request on July 24, 2008 and also received on September 23, 2008 a 30-day extension of time to complete and obtain the District Board of Directors approval of the Business Park WSA Report. The Paragon Management Company submitted an entitlement application to the County for the development of the Business Park project.

The Business Park project is within the unincorporated area of the County of San Diego, California and is located generally south of Otay Mesa Road and southeast of the corner of Alta Road and future extension of Airway Road on Otay Mesa. The southern boundary of the Business Park project abuts the United States/Mexico international border. The Business Park project is located within the jurisdictions of the District, San Diego County Water Authority (Water Authority), and Metropolitan Water District of Southern California (MWD).

The WSA Report for the Business Park project has been prepared by the District in consultation with Kimley-Horn and Associates, the Water Authority, and the County, pursuant to Public Resources Code Section 21151.9 and California Water Code Sections 10631, 10656, 10657, 10910, 10911, 10912, and 10915 referred to as Senate Bill (SB) 610. SB 610 amended state law, effective January 1, 2002, to improve the link between information on water supply availability and certain land use decisions made by cities and counties. SB 610 requires that, if a city or county makes certain determination in the planning and approval process of a new development, the city or county must request the water purveyor of the public water system that will serve the development to prepare a water supply assessment to be included in the California Environmental Quality Act (CEQA) environmental documentation and approval process of certain proposed projects. The requirements of SB 610 are addressed within the Business Park WSA Report prepared by the District at the request of the County.

The Business Park project proposed land uses are substantially consistent with the zoning and densities contained in the East Otay Mesa Specific Plan Area. The San Diego County Board of Supervisors adopted the East Otay Mesa Specific Plan Area on July 27, 1994. The East Otay Mesa Specific Plan Area land use are intended primarily for accommodating wholesale storage and distribution, research, and general industrial uses. The East Otay Mesa Specific Plan Area classifies the land use of the Business Park site as mixed industrial.

The Paragon Management Company proposed development concept for the approximately 161.6 acre Business Park project is planned as industrial and business park land uses. The Business Park project consists of 59 industrial and business park lots, circulation elements, 2 storm water detention lots, and some open space.

The District depends on the Water Authority and the MWD for all of its potable water supplies and regional water resource planning.

The District's Urban Water Management Plan (UWMP) relies heavily on the UWMP's and Integrated Resources Plans (IRPs) of the Water Authority and MWD for documentation of supplies available to meet projected demands. These plans are developed to manage the uncertainties and variability of multiple supply sources and demands over the long-term through preferred water resources strategy adoption and resource development target approvals for implementation.

New uncertainties that could significantly affect California's water resources have come to light over the past few years.

- A Federal Court ruling that sets operational limits on Sacramento-San Joaquin Delta pumping from December to June to protect the Delta smelt. Based on initial estimates, MWD could see as much as a 22% reduction in State Water Project supplies in 2008 and beyond. Actual supply curtailments for MWD are contingent upon fish distribution, behavioral patterns, weather, Delta flow conditions, and how water supply reductions are divided between state and federal projects.
- Climate changes due to global warming (extended drought conditions).

These uncertainties have rightly caused concern among Southern California water supply agencies regarding the validity of the current water supply documentation.

MWD's October 9, 2007 IRP Implementation Report acknowledges that significant challenges in some resource areas will likely require changes in strategies and implementation approaches in order to reach long-term IRP water supply targets. Significant progress in program implementation is being realized in most resource areas. However, a further examination of the uncertainty of State Water Project supplies, among other uncertainties, will be required to assess the ability in achieving the long-term IRP targets.

MWD is currently involved in several proceedings concerning Delta operations to evaluate and address environmental concerns. In addition, at the State level, the Delta Vision and Bay-Delta Conservation Plan processes are defining long-term solutions for the Delta. MWD is actively engaged in these processes and will initiate the next update of their IRP. An approved implementation strategy update may not be forthcoming for a year or more.

The State Water Project (SWP) represents approximately 9% of MWD's 2025 Dry Resources Mix with the supply buffer included. A 22% cutback in SWP supply represents an overall 2% (22% of 9% is 2%) cutback in MWD supplies in 2025.

In Fiscal Year 2005, the Water Authority purchased 518,625 acre feet of water from MWD, or approximately 25% of MWD's water sales. Using the 2% cutback of 25% represents a net 0.5% impact on Water Authority supplies in Fiscal Year 2005. Neither the Water Authority nor MWD have stated that there is insufficient water for future planning in Southern California. Each agency is in the process of reassessing and reallocating their water resources.

Under preferential rights, MWD can allocate water without regard to historic water purchases or dependence on MWD. Therefore, the Water Authority and its member agencies are taking measures to reduce dependence on MWD through development of additional supplies and a water supply portfolio that would not be jeopardized by a preferential rights allocation.

For Fiscal Year 2006 the Water Authority's preferential right was 16.46% of MWD's supply. So MWD could, theoretically, take an 8.5% cut out of the Water Authority's supply and theoretically, the Water Authority should have alternative water supply sources to make up for the difference.

In the Water Authority's 2005 UWMP, they had already planned to reduce reliance on MWD supplies to 372,922 acre feet per year by 2030, which is a 28% reduction from the Fiscal Year 2005 Water Authority purchase from MWD. This reduction is planned to be achieved through diversification of their water supply portfolio. This reduction would more than compensate for the MWD predicted 22% reduction in water supply available from the State Water Project, which could be an overall 2% cutback in MWD total supplies in 2025.

The Water Authority's Drought Management Plan (May 2006) provides the Water Authority and its member agencies with a series of potential actions to engage when faced with a shortage of imported water supplies due to prolonged drought conditions. Such actions help avoid or minimize impacts of shortages and ensure an equitable allocation of supplies throughout the San Diego County region.

The District Board of Directors should acknowledge the ever-present challenge of balancing water supply with demand and the inherent need to possess a flexible and adaptable water supply implementation strategy that can be relied upon during normal and dry weather conditions. The responsible regional water supply agencies have and will continue to adapt their resource plans and strategies to meet climatological, environmental, and legal challenges so that they may continue to provide water supplies to their service areas. The regional water suppliers (i.e., the Water Authority and MWD), along with the District, fully intend to maintain sufficient reliable supplies through the 20-year planning horizon under normal, single- and multiple-dry years, conditions to meet projected demand of the Business Park project, along with existing and other planned development projects within the District's service area.

If the regional water suppliers determine additional water supplies will be required or in this case, that water supply portfolios need to be reassessed and redistributed with the intent to serve the existing and future water needs throughout Southern California, the agencies must indicate the status or stage of development of actions identified in the plans they provide. MWD's plans to update its IRP which will then cause the Water Authority to update its IRP and UWMP, that will then provide the District with the necessary water supply documentation. Identification of a potential future action in such plans does not by itself indicate that a decision to approve or to proceed with the action has been made. The District's Board approval of the Business Park WSA Report does not in any way guarantee water supply to the Business Park project.

Alternatively, if the WSA Report is written to state that water supply is or will be unavailable, the District must include in the assessment a plan to acquire additional water supplies. At this time, the District should not state there is insufficient water supply.

The best the District can do right now is to state the current water supply situation clearly, indicating intent to provide supply through reassessment and reallocation by the regional as well as the local water suppliers. In doing so, it is believed that the Board has met the intent of the SB 610 statute, that the land use agencies and the water agencies are coordinating their efforts in planning water supplies for new development.

With District Board approval of the Business Park project WSA, the project proponents can proceed with the draft EIR CEQA review process and water supply issues will be addressed in the EIR, consistent with the WSA Report.

The District as well as others can comment on the draft EIR with recommendations that water conservation measures and actions be employed on the Business Park project.

The WSA Report identifies that the water demand projections for the proposed Business Park project are included in the water demand and supply forecasts within the Urban Water Management Plans and other water resources planning documents of the District, the Water Authority, and MWD. Water supplies necessary to serve the demands of the proposed Business Park project, along with existing and other projected future users, as well as the actions necessary to develop these supplies, have been identified in the water supply planning documents of the District, the Water Authority, and MWD.

The WSA Report includes, among other information, an identification of existing water supply entitlements, water rights, water service contracts, or agreements relevant to the identified water supply needs for the proposed Business Park project. The WSA Report demonstrates and documents that sufficient water supplies are planned and are intended to be available over a 20-year planning horizon, under

normal conditions, and in single- and multiple-dry years, to meet the projected demand of the proposed Business Park project and the existing and other planned development projects within the District.

Accordingly, after approval of a WSA Report for the Business Park project by the District's Board of Directors, the WSA Report may be used to comply with the requirements of the legislation enacted by SB 610 as follows:

Senate Bill (SB) 610 Water Supply Assessment: The District's Board of Directors approved WSA Report may be incorporated into the California Environmental Quality Act (CEQA) Environmental Impact Report (EIR) compliance process for the Business Park project as a WSA Report consistent with the requirements of the legislation enacted by SB 610. The County as lead agency under the CEQA for the Business Park project EIR may cite the approved WSA Report as evidence that a sufficient water supply is planned and intended to be available to serve the Business Park project.

**ATTACHMENT C**



**OTAY WATER DISTRICT**  
**WATER SUPPLY ASSESSMENT REPORT**

**Otay Business Park**

**Prepared by:**

**James F. Peasley, P.E.**  
**Engineering Manager**  
**Otay Water District**  
**in consultation with**  
**Kimley-Horn and Associates**  
**and**  
**San Diego County Water Authority**

**October 2008**  
**Otay Water District**

# Water Supply Assessment Report

## October 2008

### Otay Business Park

#### Table of Contents

---

Executive Summary: .....	1
Section 1: Purpose .....	4
Section 2: Findings .....	5
Section 3: Project Description .....	6
Section 4: Otay Water District.....	8
4.1 Urban Water Management Plan.....	9
Section 5: Historical and Projected Water Demands.....	10
5.1 Demand Management (Water Conservation) .....	14
Section 6: Existing and Projected Supplies .....	16
6.1 Metropolitan Water District of Southern California 2005 Regional Urban Water Management Plan .....	17
6.1.1 Availability of Sufficient Supplies and Plans for Acquiring Additional Supplies.....	17
6.1.2 Metropolitan Capital Investment Plan.....	19
6.2 San Diego County Water Authority Regional Water Supplies.....	19
6.2.1 Availability of Sufficient Supplies and Plans for Acquiring Additional Supplies.....	20
6.2.2 Water Authority Capital Improvement Program and Financial Information .....	30
6.3 Otay Water District.....	31
6.3.1 Availability of Sufficient Supplies and Plans for Acquiring Additional Supplies.....	31
6.3.2 Otay WD Capital Improvement Program.....	36
Section 7: Conclusion - Availability of Sufficient Supplies.....	37
Source Documents.....	41
Appendices.....	
Appendix A: Otay Business Park Project Regional Location Map	
Appendix B: Otay Business Park Project Concept Plan	

**Otay Water District  
Water Supply Assessment Report  
October 2008  
  
Otay Business Park**

**Executive Summary**

---

The Otay Water District (WD) prepared this Water Supply Assessment Report (WSA Report) at the request of the County of San Diego (County) for the Otay Business Park (Business Park) project. The Paragon Management Company has submitted an entitlement application to the County for the development of the Business Park project.

The Business Park project is currently located within the jurisdictions of the Otay WD, the San Diego County Water Authority (Water Authority), and the Metropolitan Water District of Southern California (Metropolitan). To obtain permanent imported water supply service, land areas are required to be within the jurisdictions of the Otay WD, Water Authority, and Metropolitan to utilize imported water supply.

The Business Park project proposed land uses are substantially consistent with the zoning and densities contained in the East Otay Mesa Specific Plan Area. The San Diego County Board of Supervisors adopted the East Otay Mesa Specific Plan Area on July 27, 1994. The East Otay Mesa Specific Plan Area land use are intended primarily for accommodating wholesale storage and distribution, research, and general industrial uses. The East Otay Mesa Specific Plan Area classifies the land use of the Business Park site as mixed industrial.

The Paragon Management Company proposed development concept for the approximately 161.6 acre Business Park project is planned as industrial and business park land uses. The Business Park project consists of 59 industrial and business park lots, circulation elements, 2 storm water detention lots, and some open space.

Using the land use demand projection criteria as established in the Otay WD 2002 Water Resources Master Plan (WRMP), the projected potable water demand for the proposed Business Park project totals 0.144 million gallons per day (mgd) or about 162 acre feet per year (ac-ft/yr). The projected recycled water demand for the proposed Business Park project is 0.017 mgd or about 19.5 ac-ft/yr, representing about 11% of total Business Park project demand.

The Business Park project development proponents are required to use recycled water for irrigation. The primary benefit of using recycled water is that it will offset the potable water

demands by an estimated 19.5 ac-ft/yr. The Otay WD 2002 WRMP and 2005 Urban Water Management Plan (UWMP) anticipated that the Business Park project would use both potable and recycled water.

The Water Authority and Metropolitan have an established process that ensures supplies are being planned to meet future growth. Any annexations and revisions to established land use plans are captured in San Diego Association of Governments (SANDAG) updated forecasts for land use planning, demographics, and economic projections. SANDAG serves as the regional, intergovernmental planning agency that develops and provides forecast information. The Water Authority and Metropolitan update their demand forecasts and supply needs based on the most recent SANDAG forecast approximately every five years to coincide with preparation of their urban water management plans. Prior to the next forecast update, local jurisdictions may require water supply assessment and/or verification reports for proposed land developments that are not within the Water Authority nor Metropolitan jurisdictions (i.e. pending or proposed annexations) or that have revised land use plans than reflected in the existing growth forecasts. Proposed land areas with pending annexations or revised land use plans typically result in creating higher demand and supply requirements than anticipated. The Otay WD, Water Authority, and Metropolitan next demand forecast and supply requirements and associated planning documents would then capture any increase or decrease in demands caused by annexations or revised land use planning decisions.

Metropolitan's Integrated Resources Plan (IRP) identifies a mix of resources (imported and local) that, when implemented, will provide 100 percent reliability for full-service demands through the attainment of regional targets set for conservation, local supplies, State Water Project supplies, Colorado River supplies, groundwater banking, and water transfers. The 2004 update to the IRP (2004 IRP Update) includes a planning buffer supply to mitigate against the risks associated with implementation of local and imported supply programs. The planning buffer identifies an additional increment of water that could potentially be developed if other supplies are not implemented as planned. As part of implementation of the planning buffer, Metropolitan periodically evaluates supply development to ensure that the region is not under or over developing supplies. Managed properly, the planning buffer will help ensure that the southern California region, including San Diego County, will have adequate supplies to meet future demands.

Water supply agencies throughout California continue to face climatological, environmental, legal, and other challenges that impact water source supply conditions, such as the relatively recent court ruling regarding the Sacramento-San Joaquin Delta issues. Challenges such as these essentially always will be present. The regional water supply agencies, the Water Authority and Metropolitan, along with Otay WD nevertheless fully intend to have sufficient, reliable supplies to serve demands.

In Section II.4 of their 2005 Regional Urban Water Management Plan (RUWMP), Metropolitan states that through effective management of its water supply, they fully expect to be 100 percent reliable in meeting all non-discounted non-interruptible demands throughout

the next twenty-five years. Metropolitan's 2005 RUWMP identifies potential reserve supplies in the supply capability analysis (Tables II-7, II-8, and II-9), which could be available to meet the unanticipated demands. Also, in evaluating the availability of supply, a Water Authority member agency could determine if "offset" supplies are available as a result of other land use decisions, which lowered water use within their service area.

The County Water Authority Act, Section 5 subdivision 11, states that the Water Authority "as far as practicable, shall provide each of its member agencies with adequate supplies of water to meet their expanding and increasing needs."

As part of preparation of a written assessment report, an agency's shortage contingency analysis should be considered in determining sufficiency of supply. Section 9 of the Water Authority's 2005 Updated UWMP contains a detailed shortage contingency analysis that addresses a regional catastrophic shortage situation and drought management. The analysis demonstrates that the Water Authority and its member agencies, through the Emergency Response Plan, Emergency Storage Project, and Drought Management Plan (DMP) are taking actions to prepare for and appropriately handle an interruption of water supplies. The DMP, completed in May 2006, provides the Water Authority and its member agencies with a series of potential actions to take when faced with a shortage of imported water supplies from Metropolitan due to prolonged drought or other supply shortfall conditions. The actions will help the region avoid or minimize the impacts of shortages and ensure an equitable allocation of supplies.

This WSA Report identifies that the water demand projections for the proposed Business Park project are included in the water demand and supply forecasts within the water resources planning documents of the Otay WD, the Water Authority, and Metropolitan. Water supplies necessary to serve the demands of the proposed Business Park project, along with existing and other projected future users, as well as the actions necessary to develop these supplies, are and will be identified in the water supply planning documents of the Otay WD, the Water Authority, and Metropolitan.

This WSA Report includes, among other information, an identification of existing water supply entitlements, water rights, water service contracts, or agreements relevant to the identified water supply needs for the proposed Business Park project. This WSA Report demonstrates that sufficient water supplies are planned for and are intended to be made available over a 20-year planning horizon in normal years and in single and multiple dry years to meet the projected demand of the proposed Business Park project and the existing and other planned development projects within the Otay WD.

Accordingly, after approval of a WSA Report for the Business Park project by the Otay WD Board of Directors (Board), the WSA Report may be used to comply with the requirements of the legislation enacted by Senate Bill 610 as follows:

Senate Bill (SB) 610 Water Supply Assessment: The Otay WD Board approved WSA Report may be incorporated into the California Environmental Quality Act (CEQA) Environmental Impact Report (EIR) compliance process for the Business Park project as a water supply assessment report consistent with the requirements of the legislation enacted by SB 610. The County as lead agency under CEQA for the Business Park project EIR may cite the approved WSA Report as evidence that a sufficient water supply is planned to be made available to serve the Business Park project.

## **Section 1 - Purpose**

---

The Paragon Management Company submitted an entitlement application to the County of San Diego (County) for the development of the Otay Business Park (Business Park) project. The County requested that Otay Water District (WD) prepare a Water Supply Assessment Report (WSA Report) for the Business Park project. The Business Park project description is provided in Section 3 of this WSA Report.

This WSA Report for the Business Park project has been prepared by the Otay WD in consultation with Kimley-Horn and Associates, the San Diego County Water Authority (Water Authority), and the County pursuant to Public Resources Code Section 21151.9 and California Water Code Sections 10631, 10656, 10657, 10910, 10911, 10912, and 10915 referred to as Senate Bill (SB) 610. SB 610 amended state law, effective January 1, 2002, to improve the link between information on water supply availability and certain land use decisions made by cities and counties. SB 610 requires that the water purveyor of the public water system prepare a water supply assessment to be included in the California Environmental Quality Act (CEQA) environmental documentation and approval process of certain proposed projects. The County requested that Otay WD prepare a water supply assessment as per the requirements of SB 610. The requirements of SB 610 are being addressed by this WSA Report.

This WSA Report evaluates water supplies that are and planned to be available during normal, single dry year, and multiple dry water years during a 20-year planning horizon to meet existing demands, expected demands of the Business Park project, and reasonably foreseeable planned future water demands served by Otay WD. The Otay WD Board of Directors approved WSA Report is planned to be used by the County in its evaluation of the Business Park project under the CEQA and Tentative Map approval processes.

## **Section 2 - Findings**

---

The Otay WD prepared this WSA Report at the request of the County for the Business Park project. The Paragon Management Company submitted an entitlement application to the County for the development of the Business Park project.

The Business Park project is currently located within the jurisdictions of the Otay WD, the Water Authority, and the Metropolitan Water District of Southern California (Metropolitan). To obtain permanent imported water supply service, land areas are required to be within the jurisdictions of the Otay WD, Water Authority, and Metropolitan to utilize imported water supply.

The Water Authority and Metropolitan have an established process that ensures supplies are being planned to meet future growth. Existing land use plans, any revisions to these land use plans, and annexations are captured in San Diego Association of Governments (SANDAG) updated forecasts for land use planning, demographics, and economic projections. SANDAG serves as the regional, intergovernmental planning agency that develops and provides forecast information. The Water Authority and Metropolitan update their demand forecasts and supply needs based on the most recent SANDAG forecast approximately every five years to coincide with preparation of their urban water management plans. Prior to the next forecast update, local jurisdictions may require water supply assessment and/or verification reports for proposed land use developments that are not within the Water Authority nor Metropolitan jurisdictions or that have revised land uses than reflected in the existing growth forecasts. Proposed land areas to be annexed or revised land use plans typically result in creating higher demand and supply requirements than anticipated. The Water Authority and Metropolitan next demand and supply forecasts would then capture any increase or decrease in demands and resulting supplies as a result of revised land use plans and annexations. Therefore the most current water demand and supply planning information will be a permanent part of and incorporated within the Water Authority and Metropolitan updated water resources planning processes and documents.

This process is utilized by the Water Authority and Metropolitan to document the water supplies necessary to serve the demands of any proposed development project, along with existing and other projected future users, as well as the actions necessary to develop these supplies. Through this process the necessary demand and supply information is thus assured to be identified and incorporated within the water supply planning documents of the Water Authority and Metropolitan.

Water supplies necessary to serve the demands of the proposed Business Park project, along with existing and other reasonably foreseeable projected future users, as well as the actions necessary to develop these supplies, are identified and included within the water supply planning documents of the Otay WD, Water Authority, and Metropolitan. This WSA Report demonstrates and documents that with development of the resources currently identified and

those that may be additional acquired, that there is intended to be sufficient water supplies for the Business Park project and that sufficient water supplies is planned for by the Otay WD, Water Authority, and Metropolitan for over the next 20-year planning horizon to meet the projected demand of the proposed Business Park project and the existing and other reasonably foreseeable planned development projects within the Otay WD.

This WSA Report includes, among other information, an identification of existing water supply entitlements, water rights, water service contracts, or agreements relevant to the identified water supply needs for the proposed Business Park project. This WSA Report incorporates by reference the current Urban Water Management Plans and other water resources planning documents of the Otay WD, the Water Authority, and Metropolitan. The Otay WD prepared this WSA to document that sufficient water supplies are planned for to meet projected water demands of the Business Park project and the existing and other reasonably foreseeable planned development projects within the Otay WD for a 20-year planning horizon, in normal supply years and in single dry and multiple dry years.

Based on a normal water supply year, the five-year increments for a 20-year projection indicate projected water supply is planned for to meet the estimated water demand of the Otay WD (38,774 acre-feet (ac-ft) in 2005 to 72,853 ac-ft in 2025) per the Otay WD 2005 Urban Water Management Plan. Based on dry year forecasts, the estimated water supply is also planned for to meet the projected water demand, during single dry and multiple dry year scenarios. On average, the dry year demands are about 7% higher than the normal demands. Using this model, the projected single dry year necessary supply requirement for 2010 is 53,299 ac-ft and for multiple dry years beginning in 2007 46,212 ac-ft, 48,574 ac-ft, and 50,936 ac-ft, respectively, is necessary to meet demand. The Otay WD recycled water supply is assumed to be drought-proof and not subject to reduction during dry periods.

Together, these findings demonstrate that sufficient water supplies are planned for as well as the actions necessary to develop these supplies are documented, to serve the proposed Business Park project and the existing and other reasonably foreseeable planned projects within the Otay WD in both normal and single and multiple dry year forecasts over a 20-year planning horizon.

### **Section 3 - Project Description**

---

The Otay Business Park project is within the unincorporated area of the County of San Diego, California and is located generally south of Otay Mesa Road and southeast of the corner of Alta Road and future extension of Airway Road on Otay Mesa. The southern boundary of the Business Park project abuts the United States/Mexico international border. Refer to Appendix A for the regional location map of the proposed Business Park project. The Business Park project is currently within the jurisdictions of the Otay WD, the Water Authority, and Metropolitan.

The Business Park project proposed land uses are substantially consistent with the zoning and densities contained in the East Otay Mesa Specific Plan Area. The San Diego County Board of Supervisors adopted the East Otay Mesa Specific Plan Area on July 27, 1994. The East Otay Mesa Specific Plan Area classifies land use for the Business Park project site as mixed industrial.

The East Otay Mesa Specific Plan Area is bordered on the west by the City of San Diego, on the south by the international border with Mexico, and on the east by the San Ysidro Mountains. To the immediate north are the existing 773.5 acre site of the Richard J. Donovan State Correctional Facility and the 519.0 acre site of the County's George F. Bailey and East Mesa Detention Facilities.

The East Otay Mesa Specific Plan Area encompasses approximately 3,300 gross acres and designates approximately 2,372 acres as mixed industrial land use. The planned mixed industrial land uses are intended primarily for accommodating wholesale storage and distribution, warehousing, research services, and general industrial uses. The land use plan includes very low-density rural residential development in the hillside areas, state route right-of-way and a transit station, a fire station, a sheriff station, and commercial purposes.

The Paragon Management Company proposed development concept for the approximately 161.6 acre Business Park project is planned as mixed industrial and business park land uses as shown in Table 1.

**Table 1  
 Otay Business Park Proposed Land Uses<sup>1</sup>**

Location	Land Use Description	Area	Dwelling Units
Otay Business Park	Mixed Industrial and Business Park	161.6 acres	0
<b>Totals</b>		<b>161.6 acres</b>	<b>0 units</b>

<sup>1</sup>Source: Kimley-Horn and Associates Concept Plan for the Otay Business Park.

The approximately 161.6 acre Business Park project development plan is also intended to accommodate future construction of State Route 11 (SR-11). Once of the proposed alignments of SR-11 would traverse the northeastern portion of the site to provide accessibility to the planned future third border crossing facility. Refer to Appendix B for the Business Park project proposed concept plan.

The County of San Diego has identified discretionary actions and/or permit approval requirements for the Business Park project. The projected potable and recycled water demands associated with the Business Park project have considered the discretionary actions and/or permit approvals and are incorporated into and used in this WSA Report. The water

demands for the proposed Business Park project are provided in Section 5 – Historical and Projected Water Demands.

## **Section 4 – Otay Water District**

---

The Otay WD is a municipal water district formed in 1956 pursuant to the Municipal Water District Act of 1911 (Water Code §§ 71000 et seq.). The Otay WD joined the Water Authority as a member agency in 1956 to acquire the right to purchase and distribute imported water throughout its service area. The Water Authority is an agency responsible for the wholesale supply of water to its 24 public agency members in San Diego County.

The Otay WD relies on the Water Authority for 100 percent of its domestic water supply. The Water Authority is the agency responsible for the supply of imported water into San Diego County through its membership in Metropolitan. The Water Authority currently obtains the vast majority of its imported supply from Metropolitan, but is in the process of diversifying its available supplies.

The Otay WD provides water service to residential, commercial, industrial, and agricultural customers, and for environmental and fire protection uses. In addition to providing water throughout its service area, Otay WD also provides sewage collection and treatment services to a portion of its service area known as the Jamacha Basin. The Otay WD also owns and operates the Ralph W. Chapman Water Recycling Facility (RWCWRF) which has an effective treatment capacity of 1.2 million gallons per day (mgd) or about 1,300 acre feet per year (ac-ft/yr) to produce recycled water. On May 18, 2007 an additional source of recycled water supply, at least 6 mgd or about 6,720 ac-ft/yr, became available to Otay WD from the City of San Diego's South Bay Water Reclamation Plant (SBWRP).

The Otay WD jurisdictional area is generally located within the south central portion of San Diego County and includes approximately 125 square miles. The Otay WD serves portions of the unincorporated communities of southern El Cajon, La Mesa, Rancho San Diego, Jamul, Spring Valley, Bonita, and Otay Mesa, the eastern portion of the City of Chula Vista and a portion of the City of San Diego on Otay Mesa. The Otay WD jurisdiction boundaries are roughly bounded on the north by the Padre Dam Municipal Water District, on the northwest by the Helix Water District, and on the west by the South Bay Irrigation District (Sweetwater Authority) and the City of San Diego. The southern boundary of Otay WD is the international border with Mexico.

The planning area addressed in the Otay WD 2002 Water Resources Master Plan (WRMP) and the 2005 Urban Water Management Plan (UWMP) includes the land within the jurisdictional boundary of the Otay WD and those areas outside of the present Otay WD boundaries considered to be in the Area of Influence of the Otay WD. Figure 3-1 contained within the 2002 WRMP shows the jurisdictional boundary of the Otay WD and the Area of

Influence. The planning area is approximately 143 square miles, of which approximately 125 square miles are within the Otay WD current boundaries and approximately 18 square miles are in the Area of Influence. The area east of Otay WD is rural and currently not within any water purveyor jurisdiction and potentially could be served by the Otay WD in the future if the need for imported water becomes necessary, as is the case for the Area of Influence.

The City of Chula Vista, the City of San Diego, and the County of San Diego are the three land use planning agencies within the Otay WD jurisdiction. Data on forecasts for land use planning, demographics, economic projections, population, and the future rate of growth within Otay WD were obtained from the San Diego Association of Governments (SANDAG). SANDAG serves as the regional, intergovernmental planning agency that develops and provides forecast information through the year 2030. Population growth within the Otay WD service area is expected to increase from the 2005 figure of approximately 179,000 to an estimated 268,000 by 2025, and is estimated to be 277,000 at ultimate build out. Land use information used to develop water demand projections are based upon Specific or Sectional Planning Areas, the Otay Ranch General Development Plan/Sub-regional Plan (Otay Ranch GDP), East Otay Mesa Specific Plan Area, San Diego County Community Plans, and City of San Diego, City of Chula Vista, and County of San Diego General Plans.

The Otay WD long-term historic growth rate has been approximately 3% per year. In recent past years, growth has occurred at a faster rate due to accelerated residential development in the eastern portion of the City of Chula Vista. The SANDAG forecast had predicted this accelerated growth to continue for another five to ten years. The growth rate has slowed and it is expected to slow as the inventory of developable land is diminished.

Climatic conditions within the Otay WD service area are characteristically Mediterranean near the coast, with mild temperatures year round. Inland areas are both hotter in summer and cooler in winter, with summer temperatures often exceeding 90 degrees and winter temperatures occasionally dipping to below freezing. Most of the region's rainfall occurs during the months of December through March. Average annual rainfall is approximately 9.4 inches per year.

Historic climate data were obtained from the Western Regional Climate Center for Station 042706 (El Cajon). This station was selected because its annual temperature variation is representative of most of the Otay WD service area. While there is a station in the City of Chula Vista, the temperature variation at the City of Chula Vista station is more typical of a coastal environment than the conditions in most of the Otay WD service area.

#### **4.1 Urban Water Management Plan**

In accordance with the California Urban Water Management Planning Act, the Otay WD Board of Directors adopted an Urban Water Management Plan in December 2005 and it was subsequently submitted to the California Department of Water Resources (DWR). DWR required Otay WD to make revisions to the submitted plan. The Otay WD Board of Directors

adopted the revised 2005 UWMP in July 2007. As required by law, the Otay WD revised 2005 UWMP includes projected water supplies required to meet future demands through 2030. In accordance with Water Code Section 10910 (c)(2) and Government Code Section 66473.7 (c)(3), information from the Otay WD revised 2005 UWMP along with supplemental information from the Otay WD 2002 WRMP have been utilized to prepare this WSA Report and are incorporated herein by reference.

## **Section 5 – Historical and Projected Water Demands**

---

The projected demands for Otay WD are based on Specific or Sectional Planning Areas, the Otay Ranch General Development Plan/Sub-regional Plan, the East Otay Mesa Specific Plan Area, San Diego County Community Plans, and City of San Diego, City of Chula Vista, and County of San Diego General Plans. This land use information is also used by SANDAG as the basis for its most recent forecast data. This land use information is utilized in the preparation of the Otay WD 2002 WRMP and revised 2005 UWMP to develop the forecasted demands and supply requirements.

In 1994, the Water Authority selected the Institute for Water Resources-Municipal and Industrial Needs (MAIN) computer model to forecast municipal and industrial water use for the San Diego region. The MAIN model uses demographic and economic data to project sector-level water demands (i.e. residential and non-residential demands). This econometric model has over a quarter of a century of practical application and is used by many cities and water agencies throughout the United States. The Water Authority's version of the MAIN model was modified to reflect the San Diego region's unique parameters and is known as CWA-MAIN.

The foundation of the water demand forecast is the underlying demographic and economic projections. This was a primary reason, why, in 1992 the Water Authority and SANDAG entered into a Memorandum of Agreement (MOA), in which the Water Authority agreed to use the SANDAG current regional growth forecast for water supply planning purposes. In addition, the MOA recognizes that water supply reliability must be a component of San Diego County's regional growth management strategy required by Proposition C, as passed by the San Diego County voters in 1988. The MOA ensures a strong linkage between local general plan land use forecasts and water demand projections and resulting supply needs for the San Diego region.

Consistent with the previous CWA-MAIN modeling efforts, the 2005 water demand forecast update utilized the latest official SANDAG demographic projections. The new SANDAG 2030 Forecast, released in December 2003, extended the projection horizon an additional ten years to 2030. Member agency-level demographic and economic projections were compiled from this SANDAG forecast and incorporated into the CWA-MAIN model.

The municipal and industrial forecast also included an updated accounting of projected conservation savings based on projected regional implementation of the California Urban Water Conservation Council (CUWCC) Best Management Practices and SANDAG demographic information for the period 2005 through 2030. These savings estimates were then factored into the baseline municipal and industrial demand forecast.

A separate agricultural model, also used in prior modeling efforts, was used to forecast agricultural water demands within the Water Authority service area. This model estimates agricultural demand to be met by the Water Authority's member agencies based on agricultural acreage projections provided by SANDAG, crop distribution data derived from the Department of Water Resources and the California Avocado Commission, and average crop-type watering requirements based on California Irrigation Management Information System data.

The Water Authority and Metropolitan update their water demand and supply projections within their jurisdictions utilizing the SANDAG most recent growth forecast to project future water demands. This provides for the important strong link between demand and supply projections to the land use plans of the cities and the county. This provides for consistency between the retail and wholesale agencies water demand projections, thereby ensuring that adequate supplies are and will be planned for the Otay WD existing and future water users. Existing land use plans, any revisions to land use plans, and annexations are captured in the SANDAG updated forecasts. The Water Authority and Metropolitan will update their demand forecasts based on the SANDAG most recent forecast approximately every five years to coincide with preparation of their urban water management plans. Prior to the next forecast update, local jurisdictions may require water supply assessment and/or verification reports consistent with Senate Bills 610 and 221 for proposed land use developments that either have pending annexations into the Otay WD, Water Authority, and Metropolitan or have revised land use plans than originally anticipated.

The state of California Business and Professions Code Section 11010 and Government Code Sections 65867.5, 66455.3, and 66473.7, are referred to as SB 221, requires affirmative written verification from the water purveyor of the public water system that sufficient water supplies are to be available for certain residential subdivisions of property prior to approval of a tentative map. SB 221 compliance does not apply to the Business Park project as it is an industrial subdivision.

In evaluating the availability of supply, the Water Authority member agency can determine if "offset" supplies are available as a result of other land use decisions, which lowered water use within their service area. In addition, Metropolitan's 2005 Regional Urban Water Management Plan identified potential reserve supplies in the supply capability analysis (Tables II-7, II-8, and II-9), which could be available to meet the unanticipated demands. The Water Authority and Metropolitan next forecast and supply planning documents would then capture any increase or decrease in demands caused by annexations or revised land use plans.

To fully quantify probable demands served by the Water Authority, lands with impending applications for annexation to the Otay WD, Water Authority, and Metropolitan service areas are identified in the Water Authority 2005 Updated UWMP. Working with its member agencies, the Water Authority identified potential near-term annexations as being parcels that may be annexed to the Otay WD, Water Authority, and Metropolitan within the next five years. Estimated water demands for those parcels, were provided to the Water Authority by the member agency or project proponent and then added to the Water Authority forecast. The Water Authority included the potential near-term annexations land areas projected potable water demands within their 2005 Updated UWMP to provide for more comprehensive supply planning and assist member agencies such as Otay WD in complying with SB 610 and/or SB 221. Tables 2-2 and 2-9 within the Water Authority 2005 Updated UWMP provides projected demand information for the anticipated pending annexations.

The historical and projected potable water demands for Otay WD are shown in Table 2.

**Table 2**  
**Historical and Projected Potable Water Fiscal Year Demands (acre-feet)**  
**Incorporating Water Conservation BMP Efforts<sup>1</sup>**

Water Use Sectors	1995	2000	2005	2010	2015	2020	2025	2030
Single Family Residential	10,604	15,331	19,850	25,442	29,130	33,316	37,211	42,089
Multi-Family Residential	1,880	1,986	2,893	3,708	4,245	4,855	5,423	6,134
Commercial & Industrial	1,650	3,043	1,549	1,986	2,274	2,600	2,904	3,285
Institutional & Governmental	1,680	2,089	2,115	2,711	3,104	3,550	3,965	4,485
Landscape	3,983	6,256	8,512	10,910	12,491	14,286	15,956	18,048
Agricultural	487	171	2,268	2,907	3,328	3,806	4,251	4,809
Known Losses	*	*	511	655	749	857	957	1,083
System Losses	*	1,733	1,076	1,494	1,711	1,957	2,186	2,472
<b>Totals</b>	<b>20,284</b>	<b>30,609</b>	<b>38,774</b>	<b>49,813</b>	<b>57,032</b>	<b>65,227</b>	<b>72,853</b>	<b>82,405</b>

<sup>1</sup> Source: The Otay WD 2005 UWMP.

\* Known losses (i.e. unaccounted for water in UWMP) and system losses unavailable.

The historical and projected recycled water demands for Otay WD are shown in Table 3.

**Table 3**  
**Historical and Projected Recycled Water Fiscal Year Demands (acre-feet)**  
**Incorporating Water Conservation BMP Efforts<sup>1</sup>**

Water Use Sector	1995	2000	2005	2010	2015	2020	2025	2030
Landscape	614	1,274	1,155	4,040	4,684	5,430	6,294	7,297
<b>Totals</b>	<b>614</b>	<b>1,274</b>	<b>1,155</b>	<b>4,040</b>	<b>4,684</b>	<b>5,430</b>	<b>6,294</b>	<b>7,297</b>

<sup>1</sup> Source: The Otay WD 2005 UWMP.

The Otay WD water demand projection methodology utilizes a component land use approach. This is done by applying representative values of water use to the acreage of each land use type and then aggregating these individual land use demand projections into an overall total demand for the Otay WD. This is called the water duty method, and the water duty is the amount of water used in acre-feet per acre per year. This approach is used for all the land use types except residential development where a demand per dwelling unit was applied. In addition, commercial and industrial water use categories are further subdivided by type including separate categories for golf courses, schools, jails, prisons, hospitals, etc. where specific water demands are allocated.

To determine water duties for the various types of land use, the entire water meter database of the Otay WD is utilized and sorted by the appropriate land use types. The metered consumption records are then examined for each of the land uses, and water duties are determined for the various types of residential, commercial, industrial, and institutional land uses. For example the water duty factors for commercial and industrial land uses are estimated using 1,785 and 893 gallons per day per acre respectively. Residential water demand is established based on the same data but computed on a per-dwelling unit basis. The focus is to ensure that for each of the residential land use categories (very low, low, medium, and high densities), the demand criteria used is adequately represented based upon actual data. This method is used because residential land uses constitute a substantial percentage of the total developable planning area of the Otay WD.

By applying the established water duties to the proposed land uses, the projected water demand for the entire Otay WD planning area at ultimate development is determined. Projected water demands for the intervening years were determined using growth rate projections consistent with data obtained from SANDAG and the experience of the Otay WD.

Using the land use demand projection criteria as established in the Otay WD 2002 WRMP, the projected potable water demand for the proposed Business Park project is shown in Table 4, which totals 0.144 mgd or about 162 ac-ft/yr. The projected recycled water demand for the proposed Business Park project is provided in Table 5, which totals 0.017 mgd or about 19.5 ac-ft/yr, representing about 11% of total Business Park project demand.

**Table 4  
 Otay Business Park Projected Potable  
 Water Annual Average Demands**

Location	Land Use Description	Net Acreage	Demand (gpd)
Otay Business Park	Mixed Industrial and Business Park	161.6 acres	144,309
<b>Totals</b>		<b>161.6 acres</b>	<b>144,309</b>

**Table 5  
 Otay Business Park Projected Recycled  
 Water Annual Average Demands**

Location	Land Use Description	Irrigated Area	Demand (gpd)
Otay Business Park	Mixed Industrial and Business Park	8.1 acres	17,383
<b>Totals</b>		<b>8.1 acres</b>	<b>17,383</b>

The Business Park project proponents are required to use recycled water for irrigation. The primary benefit of using recycled water is that it will offset the potable water demands by an estimated 19.5 ac-ft/yr. The Otay WD 2002 WRMP and 2005 UWMP anticipated that the Business Park project would use both potable and recycled water.

### **5.1 Demand Management (Water Conservation)**

Demand management, or water conservation is a critical part of the Otay WD 2005 UWMP and its long term strategy for meeting water supply needs of the Otay WD customers. Water conservation, is frequently the lowest-cost resource available to any water agency. The goals of the Otay WD water conservation programs are to:

- Reduce the demand for more expensive, imported water
- Demonstrate continued commitment to the Best Management Practices (BMP)
- Ensure a reliable water supply

The Otay WD is signatory to the Memorandum of Understanding (MOU) Regarding Urban Water Conservation in California, which created the California Urban Water Conservation Council in 1991 in an effort to reduce California's long-term water demands. Water conservation programs are developed and implemented on the premise that water conservation increases the water supply by reducing the demand on available supply, which is vital to the optimal utilization of a region's water supply resources. The Otay WD participates in many water conservation programs designed and typically operated on a

shared-cost participation program basis among the Water Authority, Metropolitan, and their member agencies. The demands shown in Tables 2, 3, 4, and 5 take into account implementation of water conservation measures within Otay WD.

As one of the first signatories to the MOU Regarding Urban Water Conservation in California, the Otay WD has made BMP implementation for water conservation the cornerstone of its conservation programs and a key element in its water resource management strategy. As a member of the Water Authority, Otay WD also benefits from regional programs performed on behalf of its member agencies. The BMP programs implemented by Otay WD and regional BMP programs implemented by the Water Authority that benefit all their member agencies are addressed in the Otay WD revised 2005 UWMP. In partnership with the Water Authority, the County of San Diego, City of San Diego, City of Chula Vista, and developers, the Otay WD water conservation efforts are expected to grow and expand. The resulting savings directly relate to additional available water in the San Diego County region for beneficial use within the Water Authority service area, including the Otay WD.

Additional conservation or water use efficiency measures or programs practiced by the Otay WD include the following:

- Supervisory Control and Data Acquisition System

The Otay WD implemented and has operated for many years a Supervisor Control and Data Acquisition (SCADA) system to control, monitor, and collect data regarding the operation of the water system. The major facilities that have SCADA capabilities are the water flow control supply sources, transmission network, pumping stations, and water storage reservoirs. The SCADA system allows for many and varied useful functions. Some of these functions provide for operating personnel to monitor the water supply source flow rates, reservoir levels, turn on or off pumping units, etc. The SCADA system aids in the prevention of water reservoir overflow events and increases energy efficiency.

- Water Conservation Ordinance

California Water Code Sections 375 et seq. permit public entities which supply water at retail to adopt and enforce a water conservation program to reduce the quantity of water used by the people therein for the purpose of conserving water supplies of such public entity. The Otay WD Board of Directors established a comprehensive water conservation program pursuant to California Water Code Sections 375 et seq., based upon the need to conserve water supplies and to avoid or minimize the effects of any future shortage. A water shortage could exist based upon the occurrence of one or more of the following conditions:

1. A general water supply shortage due to increased demand or limited supplies.
2. Distribution or storage facilities of the Water Authority or other agencies become inadequate.

3. A major failure of the supply, storage, and distribution facilities of Metropolitan, Water Authority, and/or Otay WD.

The Otay WD water conservation ordinance finds and determines that the conditions prevailing in the San Diego County area require that the available water resources be put to maximum beneficial use to the extent to which they are capable, and that the waste or unreasonable use, or unreasonable method of use, of water be prevented and that the conservation of such water be encouraged with a view to the maximum reasonable and beneficial use thereof in the interests of the people of the Otay WD and for the public welfare.

As a signatory to the MOU Regarding Urban Water Conservation in California, the Otay WD is required to submit biannual reports that detail the implementation of current water conservation practices. The Otay WD voluntarily agreed to implement the fourteen water conservation Best Management Practices beginning in 1992. The Otay WD submits its report to the CUWCC every two years. The Otay WD BMP Reports for 2001 to 2004, as well as the BMP Coverage Report for 2003-04, are included in the revised 2005 UWMP.

The Business Park project will implement the CUWCC Best Management Practices for water conservation such as installation of ultra low flow toilets, development of a water conversation plan, and beneficial use of recycled water, all of which are typical requirements of development projects within the County of San Diego.

## **Section 6 - Existing and Projected Supplies**

---

The Otay WD currently does not have an independent raw or potable water supply source. The Otay WD is a member public agency of the Water Authority. The Water Authority is a member public agency of Metropolitan. The statutory relationships between the Water Authority and its member agencies, and Metropolitan and its member agencies, respectively, establish the scope of the Otay WD entitlement to water from these two agencies.

The Water Authority through two delivery pipelines, referred to as Pipeline No. 4 and the La Mesa Sweetwater Extension Pipeline, currently supply the Otay WD with 100 percent of its potable water. The Water Authority in turn, currently purchases the majority of its water from Metropolitan. Due to the Otay WD reliance on these two agencies, this WSA Report includes referenced documents that contain information on the existing and projected supplies, supply programs, and related projects of the Water Authority and Metropolitan. The Water Authority and Metropolitan are actively pursuing programs and projects to diversify their water supply resources.

The description of local recycled water supplies available to the Otay WD is also discussed below.

## **6.1 Metropolitan Water District of Southern California 2005 Regional Urban Water Management Plan**

In November 2005, Metropolitan adopted its 2005 Regional Urban Water Management Plan (RUWMP). The 2005 RUWMP provides Metropolitan's member agencies, retail water utilities, cities, and counties within its service area with, among other things, a detailed evaluation of the supplies necessary to meet future demands, and an evaluation of reasonable and practical efficient water uses, recycling, and conservation activities. During the preparation of the 2005 RUWMP, Metropolitan also utilized the current SANDAG regional growth forecast in calculating regional water demands for the Water Authority service area.

### **6.1.1 Availability of Sufficient Supplies and Plans for Acquiring Additional Supplies**

Metropolitan is a wholesale supplier of water to its member public agencies and obtains its supplies from two primary sources: the Colorado River, via the Colorado River Aqueduct (CRA), which it owns and operates, and Northern California, via the State Water Project (SWP). The 2005 RUWMP documents the availability of these existing supplies and additional supplies necessary to meet future demands.

#### **6.1.1.1 Metropolitan Supplies**

Metropolitan's Integrated Resources Plan (IRP) identifies a mix of resources (imported and local) that, when implemented, will provide 100 percent reliability for full-service demands through the attainment of regional targets set for conservation, local supplies, State Water Project supplies, Colorado River supplies, groundwater banking, and water transfers. The 2004 update to the IRP (2004 IRP Update) includes a planning buffer supply to mitigate against the risks associated with implementation of local and imported supply programs. The planning buffer identifies an additional increment of water that could potentially be developed if other supplies are not implemented as planned. As part of implementation of the planning buffer, Metropolitan periodically evaluates supply development to ensure that the region is not under or over-developing supplies. Managed properly, the planning buffer will help ensure that the southern California region, including San Diego County, will have adequate supplies to meet future demands.

In November 2005, Metropolitan adopted its 2005 RUWMP in accordance with state law. The resource targets included in the 2004 IRP Update serve as the foundation for the planning assumptions used in the 2005 RUWMP. Metropolitan's 2005 RUWMP contains a water supply reliability assessment that includes a detailed evaluation of the supplies necessary to meet demands over a 25-year period in average, single dry year and multiple dry year periods. As part of this process, Metropolitan also uses the current SANDAG regional growth forecast in calculating regional water demands for the Water Authority's service area.

As stated in Metropolitan's 2005 RUWMP, that plan may be used as a source document for meeting the requirements of SB 610 and SB 221 until the next scheduled update is completed in 2010. The 2005 RUWMP includes a "Justifications for Supply Projections" in Appendix A.3, that provides detailed documentation of the planning, legal, financial, and regulatory basis for including each source of supply in the plan. A copy of Metropolitan's 2005 RUWMP can be found on the World Wide Web at the following address:  
[www.mwdh2o.com/mwdh2o/pages/yourwater/RUWMP/RUWMP\\_2005.pdf](http://www.mwdh2o.com/mwdh2o/pages/yourwater/RUWMP/RUWMP_2005.pdf).

Water supply agencies throughout California continue to face climatological, environmental, legal, and other challenges that impact water source supply conditions, such as the relatively recent court ruling regarding the Sacramento-San Joaquin Delta issues. Challenges such as these essentially always will be present. The regional water supply agencies, the Water Authority and Metropolitan, along with the Otay WD nevertheless fully intend to have sufficient, reliable supplies to serve water demands.

#### **6.1.1.2 Pipeline 6**

Metropolitan completed its System Overview Study (SOS) in fall 2005. The SOS determines if Metropolitan's current system is capable of delivering the supplies to meet the demands shown in its 2004 IRP Update.

Pipeline 6 is included in the SOS as an untreated water pipeline to deliver additional Metropolitan supplies to the San Diego region. The addition of Pipeline 6 would allow the Water Authority and Metropolitan to convert one of the existing untreated water pipelines to a treated water pipeline. With the conversion, the capacity to import both treated and untreated water would increase significantly, thereby enabling Metropolitan to increase both treated and untreated imported water delivery capacity to the San Diego region.

Based on current planning assumptions of the Water Authority and Metropolitan, new imported supplies delivered through Pipeline 6 would be required no earlier than 2018, absent development of new supplies from seawater desalination or some combination of new local supplies, totaling 56,000 ac-ft/yr (see Section 6.2.1 below). With development of 56,000 ac-ft/yr, Pipeline 6 would not be needed until 2023. Based on a nine-year lead time requested by Metropolitan, a decision to proceed with Pipeline 6 would need to be communicated to Metropolitan during 2009. Activities associated with implementation of Pipeline 6 include the following:

- Coordination between Metropolitan and the Water Authority regarding planning and design of the pipeline is ongoing.
- An alignment for the entire approximately 30-mile pipeline was identified in the original 1993 Environmental Impact Report. Metropolitan is conducting a feasibility study to re-visit the 1993 alignment and evaluate alternative alignments north of the San Luis Rey River in light of changed conditions since 1993. The Water Authority

plans to conduct a similar feasibility study of Pipeline 6 alignments south of the San Luis Rey River. Based on these updated feasibility studies, an updated environmental analysis for the project is also planned.

### **6.1.2 Metropolitan Capital Investment Plan**

As part of Metropolitan's annual budget approval process, a Capital Investment Plan is prepared. The cost, purpose, justification, status, progress, etc. of Metropolitan's infrastructure projects to deliver existing and future supplies are documented in the Capital Investment Plan. The financing of these projects is addressed as part of the annual budget approval process.

Metropolitan's Capital Investment Plan includes a series of projects identified from Metropolitan studies of projected water needs, which, when considered along with operational demands on aging facilities and new water quality regulations, identify the capital projects needed to maintain infrastructure reliability and water quality standards, improve efficiency, and provide future cost savings. All projects within the Capital Investment Plan are evaluated against an objective set of criteria to ensure they are aligned with the Metropolitan's goals of supply reliability and quality.

## **6.2 San Diego County Water Authority Regional Water Supplies**

The Water Authority has adopted plans and is taking specific actions to develop adequate water supplies to help meet existing and future water demands within the San Diego region. This section contains details on the supplies being developed by the Water Authority. A summary of recent actions pertaining to development of these supplies includes:

- In accordance with the Urban Water Management Planning Act, the Water Authority adopted an Urban Water Management Plan (UWMP) in November 2005 and updated the 2005 UWMP in April 2007 that identifies a diverse mix of local and imported water supplies to meet future demands. A copy of the Water Authority's 2005 Updated UWMP can be found on the World Wide Web at [www.sdcwa.org](http://www.sdcwa.org).
- Deliveries of conserved agricultural water from the Imperial Irrigation District (IID) to San Diego County have increased annually since 2003, with 35,000 ac-ft of deliveries in FY 2006.
- As part of the October 2003 Quantification Settlement Agreement (QSA), the Water Authority was assigned Metropolitan's rights to 77,700 ac-ft/yr of conserved water from the All-American Canal (AAC) and Coachella Canal (CC) lining projects. The Water Authority has begun implementation of these projects, with the CC project now complete and deliveries being made to the San Diego region.

Through implementation of the Water Authority and member agency planned supply projects, along with reliable imported water supplies from Metropolitan, the region anticipates having adequate supplies to meet existing and future water demands.

To ensure sufficient supplies to meet projected growth in the San Diego region, the Water Authority uses the SANDAG most recent regional growth forecast in calculating regional water demands. The SANDAG regional growth forecast is based on the plans and policies of the land-use jurisdictions with San Diego County. The existing and future demands of the member agencies are included in the Water Authority's projections.

### **6.2.1 Availability of Sufficient Supplies and Plans for Acquiring Additional Supplies**

The Water Authority currently obtains imported supplies from Metropolitan, conserved water from the CC lining project, and an increasing amount of conserved agricultural water from IID. Of the twenty-seven member agencies that purchase water supplies from Metropolitan, the Water Authority is Metropolitan's largest customer. In FY 2006, the Water Authority purchased 577,944 ac-ft from Metropolitan, an increase of approximately 4,000 ac-ft over the FY 2005 amount.

Section 135 of Metropolitan's Act defines the preferential right to water for each of its member agencies. As calculated by Metropolitan, the Water Authority's FY 2006 preferential right is 16.46% of Metropolitan's supply, while the Water Authority accounted for approximately 25% of Metropolitan's water sales. Under preferential rights, Metropolitan could allocate water without regard to historic water purchases or dependence on Metropolitan. The Water Authority and its member agencies are taking measures to reduce dependence on Metropolitan through development of additional supplies and a water supply portfolio that would not be jeopardized by a preferential rights allocation. Metropolitan has stated, consistent with Section 4202 of its Administrative Code that it is prepared to provide the Water Authority's service area with adequate supplies of water to meet expanding and increasing needs in the years ahead. When and as additional water resources are required to meet increasing needs, Metropolitan stated it will be prepared to deliver such supplies. In Section II.4 of their 2005 RUWMP, Metropolitan states that through effective management of its water supply, they fully expect to be 100 percent reliable in meeting all non-discounted non-interruptible demands throughout the next twenty-five years.

The Water Authority has made large investments in Metropolitan's facilities and will continue to include imported supplies from Metropolitan in the future resource mix. As discussed in the Water Authority's 2005 Updated UWMP, the Water Authority and its member agencies are planning to diversify the San Diego regions supply portfolio and reduce purchases from Metropolitan.

As part of the Water Authority's diversification efforts, the Water Authority is now taking delivery of conserved agricultural water from IID and water saved from the CC lining project. The Water Authority is currently implementing the AAC lining projects. Table 6 summarizes

the planned yields from these supply projects, with detailed information included in the sections to follow. Deliveries from Metropolitan are also included in Table 6, which is further discussed in Section 6.1 above. The Water Authority's member agencies provided the verifiable local supply targets for groundwater, groundwater recovery, recycled water, and surface water, which are discussed in more detail in Section 5 of the Water Authority's 2005 Updated UWMP.

**Table 6**  
**Projected Verifiable Water Supplies – Water Authority Service Area**  
**Normal Year (acre feet)**

<b>Water Supply Sources</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
<b>Water Authority Supplies</b>					
Metropolitan Supplies	445,858	399,855	331,374	342,870	372,922
Water Authority/IID Transfer	70,000	100,000	190,000	200,000	200,000
AAC and CC Lining Projects	77,700	77,700	77,700	77,700	77,700
<b>Member Agency Supplies</b>					
Local Surface Water	59,649	59,649	59,649	59,649	59,649
Recycled Water	33,668	40,662	45,548	46,492	47,584
Seawater Desalination	0	34,689	36,064	37,754	40,000
Groundwater	17,175	18,945	19,775	19,775	19,775
Groundwater Recovery	11,400	11,400	11,400	11,400	11,400
<b>Total Projected Supplies</b>	<b>715,450</b>	<b>742,900</b>	<b>771,510</b>	<b>795,640</b>	<b>829,030</b>

Source: The Water Authority 2005 Updated Urban Water Management Plan.

Section 5 of the Water Authority's 2005 Updated UWMP also includes a discussion on the local supply target for seawater desalination. Seawater desalination supplies represent a significant future local resource in the Water Authority's service area. Poseidon Resources is pursuing the development of a local, privately-owned desalination project located adjacent to the Encina Power Station. As of June 2007, Poseidon has contracted with the Carlsbad Municipal Water District (MWD) (up to 28,000 ac-ft/yr depending on demands), Valley Center MWD (7,500 ac-ft/yr), Rincon Del Diablo MWD (4,000 ac-ft/yr), and Sweetwater Authority (2,400 ac-ft/yr) to supply up to 41,900 ac-ft/yr of desalinated seawater. The verifiable seawater desalination figure is based on the contract amounts and projected seawater desalination deliveries to Carlsbad MWD. As shown in Table 6, the verifiable projected local seawater desalination supplies vary each year based on the Carlsbad MWD demands (which are less than their desalinated seawater contract amount of 28,000 ac-ft/yr). There are several contingencies related to Poseidon's agreements with these member agencies that must be satisfied before implementation of the project and its ultimate yield can be determined. These contingencies include obtaining legal entitlements for construction of the project, determination of a mutually acceptable delivery interconnection points and delivery charge, and engagement of a third party exchange agency partner where physical delivery to the contracting agency is not practical.

No large-scale seawater desalination facility has ever been permitted and constructed in California. Perhaps the most significant issue for this desalination project as well as others proposed along the California coastline is the ability to permit the facilities, including obtaining a Coastal Development Permit from the California Coastal Commission. This project must also secure arrangements for the delivery of product water from the facility to the local water agencies. These arrangements are currently in the planning stage.

The Water Authority's existing and planned supplies from the IID transfer and canal lining projects are considered "drought-proof" supplies and should be available at the yields shown in Table 6 in normal, single dry, and multi dry year scenarios. For dry year yields from Metropolitan supplies, refer to Metropolitan's 2005 RUWMP, and are discussed in Section 6.1 above.

As part of preparation of a written water supply assessment, an agency's shortage contingency analysis should be considered in determining sufficiency of supply. Section 9 of the Water Authority's 2005 Updated UWMP contains a detailed shortage contingency analysis that addresses a regional catastrophic shortage situation and drought management. The analysis demonstrates that the Water Authority and its member agencies, through the Emergency Response Plan, Emergency Storage Project, and Drought Management Plan (DMP) are taking actions to prepare for and appropriately handle an interruption of water supplies. The DMP, completed in May 2006, provides the Water Authority and its member agencies with a series of potential actions to take when faced with a shortage of imported water supplies from Metropolitan due to prolonged drought or other supply shortfall conditions. The actions will help the region avoid or minimize the impacts of shortages and ensure an equitable allocation of supplies.

#### **6.2.1.1 Water Authority-Imperial Irrigation District Water Conservation and Transfer Agreement**

The QSA was signed in October 2003, and resolves long-standing disputes regarding priority and use of Colorado River water and creates a baseline for implementing water transfers. With approval of the QSA, the Water Authority and IID were able to implement their Water Conservation and Transfer Agreement. This agreement not only provides reliability for the San Diego region, but also assists California in reducing its use of Colorado River water to its legal allocation.

On April 29, 1998, the Water Authority signed a historic agreement with IID for the long-term transfer of conserved Colorado River water to San Diego County. The Water Authority-IID Water Conservation and Transfer Agreement (Transfer Agreement) is the largest agriculture-to-urban water transfer in United States history. Colorado River water will be conserved by Imperial Valley farmers who voluntarily participate in the program and then transferred to the Water Authority for use in San Diego County.

### *Implementation Status*

On October 10, 2003, the Water Authority and IID executed an amendment to the original 1998 Transfer Agreement. This amendment modified certain aspects of the 1998 Agreement to be consistent with the terms and conditions of the QSA and related agreements. It also modified other aspects of the agreement to lessen the environmental impacts of the transfer of conserved water. The amendment was expressly contingent on the approval and implementation of the QSA, which was also executed on October 10, 2003.

On November 5, 2003, IID filed a complaint in Imperial County Superior Court seeking validation of 13 contracts associated with the Transfer Agreement and the QSA. Imperial County and various private parties filed additional suits in Superior Court, alleging violations of the California Environmental Quality Act (CEQA), the California Water Code, and other laws related to the approval of the QSA, the water transfer, and related agreements. The lawsuits have been coordinated for trial. The IID, Coachella Valley Water District, Metropolitan, the Water Authority, and the State are defending these suits and coordinating to seek validation of the contracts. Implementation of the transfer provisions is proceeding during litigation. For further information regarding the litigation, contact the Water Authority's General Counsel.

### *Expected Supply*

Deliveries into San Diego County from the transfer began in 2003 with an initial transfer of 10,000 ac-ft. The Water Authority received 20,000 ac-ft in 2004, 30,000 in 2005, and 40,000 in 2006. The quantities will increase annually to 200,000 ac-ft by 2021 then remain fixed for the duration of the Transfer Agreement. The initial term of the Transfer Agreement is 45 years, with a provision that either agency may extend the agreement for an additional 30-year term.

During dry years, when water availability is low, the conserved water will be transferred under the IID Colorado River rights, which are among the most senior in the Lower Colorado River Basin. Without the protection of these rights, the Water Authority could suffer delivery cutbacks. In recognition for the value of such reliability, the 1998 contract required the Water Authority to pay a premium on transfer water under defined regional shortage circumstances. The shortage premium period duration is the period of consecutive days during which any of the following exist: 1) a Water Authority shortage; 2) a shortage condition for the Lower Colorado River as declared by the Secretary; and 3) a Critical Year. Under terms of the October 2003 amendment, the shortage premium will not be included in the cost formula until Agreement Year 16.

### *Transportation*

The Water Authority entered into a water exchange agreement with Metropolitan on October 10, 2003, to transport the Water Authority-IID transfer water from the Colorado River to San Diego County. Under the exchange agreement, Metropolitan will take delivery of the transfer water through its Colorado River Aqueduct. In exchange, Metropolitan will deliver to the Water

Authority a like quantity and quality of water. The Water Authority will pay Metropolitan's applicable wheeling rate for each acre-foot of exchange water delivered. According to the water exchange agreement, Metropolitan will make delivery of the transfer water for 35 years, unless the Water Authority elects to extend the agreement another 10 years for a total of 45 years.

#### *Cost/Financing*

The costs associated with the transfer are proposed to be financed through the Water Authority's rates and charges. In the agreement between the Water Authority and IID, the price for the transfer water started at \$258 per acre-foot and increases by a set amount for the first five years. The 2005 price for transfer water is \$276 per acre-foot. Procedures are in place to evaluate and determine market-based rates following the first five-year period.

In accordance with the October 2003 amended exchange agreement between Metropolitan and the Water Authority, the initial cost to transport the conserved water was \$253 per acre-foot. Thereafter, the price would be equal to the charge or charges set by Metropolitan's Board of Directors pursuant to applicable laws and regulation, and generally applicable to the conveyance of water by Metropolitan on behalf of its member agencies. The transportation charge in 2005 is \$258 per acre-foot.

The Water Authority is providing \$10 million to help offset potential socioeconomic impacts associated with temporary land fallowing. IID will credit the Water Authority for these funds during years 16 through 45. At the end of the fifth year of the transfer agreement (2007), the Water Authority will prepay IID an additional \$10 million for future deliveries of water. IID will credit the Water Authority for this up-front payment during years 16 through 30.

As part of implementation of the QSA and water transfer, the Water Authority also entered into an environmental cost sharing agreement. The agreement specifies that the Water Authority will contribute \$64 million for the purpose of funding environmental mitigation costs and contributing to the Salton Sea Restoration Fund.

#### *Written Contracts or Other Proof*

The supply and costs associated with the transfer are based primarily on the following documents:

Agreement for Transfer of Conserved Water by and between IID and the Water Authority (April 29, 1998). This Agreement provides for a market-based transaction in which the Water Authority would pay IID a unit price for agricultural water conserved by IID and transferred to the Water Authority.

Revised Fourth Amendment to Agreement between IID and the Water Authority for Transfer of Conserved Water (October 10, 2003). Consistent with the executed Quantification Settlement Agreement (QSA) and related agreements, the amendments restructure the agreement and

modify it to minimize the environmental impacts of the transfer of conserved water to the Water Authority.

Amended and Restated Agreement between Metropolitan and Water Authority for the Exchange of Water (October 10, 2003). This agreement was executed pursuant to the QSA and provides for delivery of the transfer water to the Water Authority.

Environmental Cost Sharing, Funding, and Habitat Conservation Plan Development Agreement among IID, Coachella Valley Water District (CVWD), and Water Authority (October 10, 2003). This Agreement provides for the specified allocation of QSA-related environmental review, mitigation, and litigation costs for the term of the QSA, and for development of a Habitat Conservation Plan.

Quantification Settlement Agreement Joint Powers Authority Creation and Funding Agreement (October 10, 2003). The purpose of this agreement is to create and fund the QSA Joint Powers Authority and to establish the limits of the funding obligation of CVWD, IID, and Water Authority for environmental mitigation and Salton Sea restoration pursuant to SB 654 (Machado).

#### *Federal, State, and Local Permits/Approvals*

Federal Endangered Species Act Permit. The U.S. Fish and Wildlife Service (USFWS) issued a Biological Opinion on January 12, 2001, that provides incidental take authorization and certain measures required to offset species impacts on the Colorado River regarding such actions.

State Water Resources Control Board (SWRCB) Petition. SWRCB adopted Water Rights Order 2002-0016 concerning IID and Water Authority's amended joint petition for approval of a long-term transfer of conserved water from IID to the Water Authority and to change the point of diversion, place of use, and purpose of use under Permit 7643.

Environmental Impact Report (EIR) for Conservation and Transfer Agreement. As lead agency, IID certified the Final EIR for the Conservation and Transfer Agreement on June 28, 2002.

U. S. Fish and Wildlife Service Draft Biological Opinion and Incidental Take Statement on the Bureau of Reclamation's Voluntary Fish and Wildlife Conservation Measures and Associated Conservation Agreements with the California Water Agencies (12/18/02). The U. S. Fish and Wildlife Service issued the biological opinion/incidental take statement for water transfer activities involving the Bureau of Reclamation and associated with IID/other California water agencies' actions on listed species in the Imperial Valley and Salton Sea (per the June 28, 2002 EIR).

Addendum to EIR for Conservation and Transfer Agreement. IID as lead agency and Water Authority as responsible agency approved addendum to EIR in October 2003.

Environmental Impact Statement (EIS) for Conservation and Transfer Agreement. Bureau of Reclamation issued a Record of Decision on the EIS in October 2003.

CA Department of Fish and Game California Endangered Species Act Incidental Take Permit #2081-2003-024-006. The California Department of Fish and Game issued this permit (10/22/04) for potential take effects on state-listed/fully protected species associated with IID/other California water agencies' actions on listed species in the Imperial Valley and Salton Sea (per the June 28, 2002 EIR).

California Endangered Species Act (CESA) Permit. A CESA permit was issued by California Department of Fish and Game (CDFG) on April 4, 2005, providing incidental take authorization for potential species impacts on the Colorado River.

#### **6.2.1.2 All-American Canal and Coachella Canal Lining Projects**

As part of the QSA and related contracts, the Water Authority was assigned Metropolitan's rights to 77,700 ac-ft/yr of conserved water from projects that will line the All-American Canal (AAC) and Coachella Canal (CC). The projects will reduce the loss of water that currently occurs through seepage, and the conserved water will be delivered to the Water Authority. This conserved water will provide the San Diego region with an additional 8.5 million acre-feet over the 110-year life of the agreement.

##### *Implementation Status*

Earthwork for the Coachella Canal lining project began in November 2004 and involved approximately 37 miles of canal. National Environmental Policy Act (NEPA) and CEQA documentation is complete, including an amended Record of Decision by the U.S. Bureau of Reclamation (USBR). The amendment was required after revising the project design: instead of lining the canal in place, the project entailed the construction of a parallel canal. The project was completed in 2006, and deliveries of conserved water started in 2007.

Preliminary design-related activities have begun on the AAC lining project, including ground and aerial surveying, mapping cultural resources, and geotechnical investigations. The lining project consists of constructing a concrete-lined canal parallel to 24 miles of the existing AAC from Pilot Knob to Drop 3. NEPA and CEQA documentation is complete, environmental mitigation measures have been identified, and Endangered Species Act consultations are pending. Construction of the project has begun and construction is expected to be complete in 2010.

In July 2005, a lawsuit (*CDEM v United States*, Case No. CV-S-05-0870-KJD-PAL) was filed in the U. S. District Court for the District of Nevada on behalf of U.S. and Mexican groups challenging the lining of the AAC. The lawsuit, which names the Secretary of the Interior as a defendant, claims that seepage water from the canal belongs to water users in Mexico. California water agencies note that the seepage water is actually part of California's Colorado

River allocation and not part of Mexico's allocation. The plaintiffs also allege a failure by the United States to comply with environmental laws. Federal officials have stated that they intend to vigorously defend the case.

#### *Expected Supply*

The AAC lining project will yield 67,700 acre-feet per year of Colorado River water for allocation upon completion of construction. The CC lining project will yield 26,000 acre-feet of Colorado River water each year available for allocation upon completion of construction. The October 10, 2003, Allocation Agreement states that 16,000 acre-feet per year of conserved canal lining water will be allocated to the San Luis Rey Indian Water Rights Settlement Parties. The remaining amount, 77,700 acre-feet per year, will be available to the Water Authority. According to the Allocation Agreement, IID has call rights to a portion (5,000 acre-feet per year) of the conserved water upon termination of the QSA for the remainder of the 110 years of the Allocation Agreement and upon satisfying certain conditions. The term of the QSA is for up to 75 years.

#### *Transportation*

The October 10, 2003, Exchange Agreement between the Water Authority and Metropolitan also provides for the delivery of the conserved water from the canal lining projects. The Water Authority will pay Metropolitan's applicable wheeling rate for each acre-foot of exchange water delivered. In the Agreement, Metropolitan will deliver the canal lining water for the term of the Allocation Agreement (110 years).

#### *Cost/Financing*

Under California Water Code Section 12560 et seq., the Water Authority will receive \$200 million in state funds for construction of the projects. In addition, under California Water Code Section 79567, \$20 million from Proposition 50 is also available for the lining projects. Additionally, the Water Authority will receive \$35 million for groundwater conjunctive use projects as part of the agreement. The Water Authority would be responsible for additional expenses above the funds provided by the state.

The rate to be paid to transport the canal lining water will be equal to the charge or charges set by Metropolitan's Board of Directors pursuant to applicable law and regulation and generally applicable to the conveyance of water by Metropolitan on behalf of its member agencies.

In accordance with the Allocation Agreement, the Water Authority will also be responsible for a portion of the net additional Operation, Maintenance, and Repair (OM&R) costs for the lined canals. Any costs associated with the lining projects as proposed, are to be financed through the Water Authority's rates and charges.

*Written Contracts or Other Proof*

The expected supply and costs associated with the lining projects are based primarily on the following documents:

U.S. Public Law 100-675 (1988). Authorized the Department of the Interior to reduce seepage from the existing earthen AAC and CC. The law provides that conserved water will be made available to specified California contracting water agencies according to established priorities.

California Department of Water Resources - Metropolitan Funding Agreement (2001). Reimburse Metropolitan for project work necessary to construct the lining of the CC in an amount not to exceed \$74 million. Modified by First Amendment (2004) to replace Metropolitan with the Authority. Modified by Second Amendment (2004) to increase funding amount to \$83.65 million, with addition of funds from Proposition 50.

California Department of Water Resources - IID Funding Agreement (2001). Reimburse IID for project work necessary to construct a lined AAC in an amount not to exceed \$126 million.

Metropolitan - CVWD Assignment and Delegation of Design Obligations Agreement (2002). Assigns design of the CC lining project to CVWD.

Metropolitan - CVWD Financial Arrangements Agreement for Design Obligations (2002). Obligates Metropolitan to advance funds to CVWD to cover costs for CC lining project design and CVWD to invoice Metropolitan to permit the Department of Water Resources to be billed for work completed.

Allocation Agreement among the United States of America, The Metropolitan Water District of Southern California, Coachella Valley Water District, Imperial Irrigation District, San Diego County Water Authority, the La Jolla, Pala, Pauma, Rincon, and San Pasqual Bands of Mission Indians, the San Luis Rey River Indian Water Authority, the City of Escondido, and Vista Irrigation District (October 10, 2003). This agreement includes assignment of Metropolitan's rights and interest in delivery of 77,700 acre-feet of Colorado River water previously intended to be delivered to Metropolitan to the Water Authority. Allocates water from the AAC and CC lining projects for at least 110 years to the Water Authority, the San Luis Rey Indian Water Rights Settlement Parties, and IID, if it exercises its call rights.

Amended and Restated Agreement between Metropolitan and Water Authority for the Exchange of Water (October 10, 2003). This agreement was executed pursuant to the QSA and provides for delivery of the conserved canal lining water to the Water Authority.

Agreement between Metropolitan and Water Authority regarding Assignment of Agreements related to the AAC and CC Lining Projects. This agreement was executed in April 2004 and assigns Metropolitan's rights to the Water Authority for agreements that had been executed to facilitate funding and construction of the AAC and CC lining projects:

Assignment and Delegation of Construction Obligations for the Coachella Canal Lining Project under the Department of Water Resources Funding Agreement No. 4600001474 from the San Diego County Water Authority to the Coachella Valley Water District, dated September 8, 2004.

Agreement Regarding the Financial Arrangements between the San Diego County Water Authority and Coachella Valley Water District for the Construction Obligations for the Coachella Canal Lining Project, dated September 8, 2004.

Agreement No. 04-XX-30-W0429 Among the United States Bureau of Reclamation, the Coachella Valley Water District, and the San Diego County Water Authority for the Construction of the Coachella Canal Lining Project Pursuant to Title II of Public Law 100-675, dated October 19, 2004.

California Water Code Section 12560 et seq. This Water Code Section provides for \$200 million to be appropriated to the Department of Water Resources to help fund the canal lining projects in furtherance of implementing California's Colorado River Water Use Plan.

California Water Code Section 79567. This Water Code Section identifies \$20 million as available for appropriation by the California Legislature from the Water Security, Clean Drinking Water, Coastal, and Beach Protection Fund of 2002 (Proposition 50) to DWR for grants for canal lining and related projects necessary to reduce Colorado River water use. According to the Allocation Agreement, it is the intention of the agencies that those funds will be available for use by the Water Authority, IID, or CVWD for the AAC and CC lining projects.

California Public Resources Code Section 75050(b)(1). This section identifies up to \$36 million as available for water conservation projects that implement the Allocation Agreement as defined in the Quantification Settlement Agreement.

#### *Federal, State, and Local Permits/Approvals*

AAC Lining Project Final EIS/EIR (March 1994). A final EIR/EIS analyzing the potential impacts of lining the AAC was completed by the Bureau of Reclamation (Reclamation) in March 1994. A Record of Decision was signed by Reclamation in July 1994, implementing the preferred alternative for lining the AAC. A re-examination and analysis of these environmental compliance documents by Reclamation in November 1999 determined that these documents continued to meet the requirements of the NEPA and the CEQA and would be valid in the future.

CC Lining Project Final EIS/EIR (April 2001). The final EIR/EIS for the CC lining project was completed in 2001. Reclamation signed the Record of Decision in April 2002. An amended Record of Decision has also been signed to take into account revisions to the project description.

Mitigation, Monitoring, and Reporting Program for Coachella Canal Lining Project, SCH #1990020408; prepared by Coachella Valley Water District, May 16, 2001.

Environmental Commitment Plan for the Coachella Canal Lining Project, approved by the US Bureau of Reclamation (Boulder City, NV) on March 4, 2003.

Environmental Commitment Plan and Addendum to the All-American Canal Lining Project EIS/EIR California State Clearinghouse Number SCH 90010472 (June 2004, prepared by IID).

Addendum to Final EIS/EIR and Amendment to Environmental Commitment Plan for the All-American Canal Lining Project (approved June 27, 2006, by IID Board of Directors).

### **6.2.2 Water Authority Capital Improvement Program and Financial Information**

The Water Authority's capital improvement program (CIP) budget document includes a description of each of the projects and programs being implemented to ensure existing and future facilities are adequate to deliver water supplies throughout the region. The project costs, along with information on the activities that need to be completed, are included in the CIP document. The Water Authority's Master Plan identifies future facilities and other improvements to the Water Authority's system that are necessary to maintain reliability throughout the region. A programmatic environmental impact report was certified by the Water Authority Board of Directors for the Master Plan in November 2003. Projects identified in the Master Plan will be included in the CIP based on Water Authority Board of Directors' approval. Information on the Water Authority's most recent CIP can be found on the World Wide Web at [www.sdcwa.org/infra/cip.phtml](http://www.sdcwa.org/infra/cip.phtml).

One of the highest priority projects identified in the Master Plan is the development of additional treatment capacity within the region. During recent summers, the Water Authority experienced peak-demand conditions that have exceeded the region's rated treatment capacity. The Master Plan recommended development of an additional 50 mgd of treatment capacity immediately and another 50 mgd capacity by 2010. In response to this recommendation, the Water Authority Board of Directors in September 2005, approved construction of a 100 mgd water treatment plant. The water treatment plant was completed and placed into operation in 2008. For the near-term, the Water Authority and its member agencies implemented short-term conservation programs and operational procedures to ensure adequate supplies during peak summer periods.

The Master Plan also identified carryover storage as a way to improve water supply reliability for the region. The Water Authority identified the three main benefits of carryover storage as: 1) enhance water supply reliability by providing a reliable and readily available source of water during periods of potential shortage, such as during dry years; 2) increase system efficiency by providing operational flexibility to serve above normal demands, such as those occurring in dry years, from storage rather than by the over-sizing of the Water Authority's imported water transmission facilities; and 3) better management of water supplies to allow the Water Authority to accept additional imported deliveries during periods of availability,

such as during wet years, to ensure water availability during dry years. The Water Authority is currently preparing an EIR/EIS for a carryover storage project, with the preferred alternative being an expansion of the San Vicente Reservoir.

The Water Authority Board of Directors is provided a semi-annual and annual report on the status of development of the CIP projects. As described in the Water Authority's biennial budget, a combination of long- and short-term debt and cash (pay-as-you-go) will provide funding for capital improvements. Additional information is included in the Water Authority's biennial budget, which also contains selected financial information and summarizes the Water Authority's investment policy.

### **6.3 Otay Water District**

The Otay WD 2002 Water Resources Master Plan and revised 2005 Urban Water Management Plan contain comparisons of projected supply and demands through the year 2030. Projected potable water resources to meet planned demands are currently planned to be supplied entirely with imported water received from the Water Authority. Recycled water resources to meet projected demands are planned to be supplied from local wastewater treatment plants. The Otay WD currently has no local supply of raw water, potable water, or groundwater resources. The development of potential groundwater supplies is a possibility for consideration in the future to allow for less reliance upon imported water. The supply forecasts contained within this WSA Report do not consider local groundwater development by the Otay WD as a supply resource.

#### **6.3.1 Availability of Sufficient Supplies and Plans for Acquiring Additional Supplies**

The availability of sufficient potable water supplies and plans for acquiring additional potable water supplies to serve existing and future demands of the Otay WD is based on the preceding discussions regarding Metropolitan's and the Water Authority's water supply resources. Historic imported water deliveries from the Water Authority to Otay WD and recycled water deliveries from the Otay WD Ralph W. Chapman Water Recycling Facility (RWCWRF) are shown in Table 7. Since the year 2000 through mid May 2007, recycled water demand has exceeded the supply capability typically in the summer months. The RWCWRF is limited to a maximum production of about 1,300 ac-ft/yr. This recycled water supply shortfall has been met by supplementing with potable water into the recycled water storage system as needed by adding potable water supplied by the Water Authority. On May 18, 2007 an additional source of recycled water supply from the City of San Diego's South Bay Water Reclamation Plant (SBWRP) became available. The supply of recycled water from the SBWRP is a result of essentially completing construction and commencement of operations of the transmission, storage, and pump station systems necessary to link the SBWRP recycled water supply source to the existing Otay WD recycled water system.

**Table 7**  
**Historic Imported and Local Water Supplies**  
**Otay Water District**

<b>Calendar Year</b>	<b>Imported Water (acre-feet)</b>	<b>Recycled Water (acre-feet)</b>	<b>Total (acre-feet)</b>
1980	12,558	0	12,558
1985	14,529	0	14,529
1990	23,200	0	23,200
1995	20,922	614	21,536
2000	30,936	948	31,884
2005	40,322	1,227	41,549

Source: Otay WD operational records.

### 6.3.1.1 Imported and Regional Supplies

The availability of sufficient imported and regional potable water supplies to serve existing and planned uses within Otay WD is demonstrated in the above discussion on Metropolitan and the Water Authority’s water supply reliability. The County Water Authority Act, Section 5 subdivision 11, states that the Water Authority “as far as practicable, shall provide each of its member agencies with adequate supplies of water to meet their expanding and increasing needs.” The Water Authority provides between 75 to 95 percent of the total supplies used by its 24 member agencies, depending on local weather and supply conditions. In calendar year 2006 the Otay WD received delivery of about 41,700 ac-ft of supply from the Water Authority, which includes the potable water supplement for the recycled water system supply needs. The demand for potable water within the Otay WD is expected to increase to about 72,900 ac-ft by 2025 as per the Otay WD revised 2005 UWMP. These figures take into account the amount of local supply (i.e. conservation and recycling) that is expected to meet demands within Otay WD service area.

#### *Potable Water System Facilities*

The Otay WD continues to pursue diversification of its water supply resources to increase reliability and flexibility. The Otay WD also continues to plan, design, and construct potable water system facilities to obtain these supplies and to distribute potable water to meet customer demands. The Otay WD has successfully negotiated two water supply diversification agreements that enhance reliability and flexibility, which are briefly described as follows.

- The Otay WD entered into an agreement with the City of San Diego, known as the Otay Water Treatment Plant (WTP) Agreement. The Otay WTP Agreement provides for raw water purchase from the Water Authority and treatment by the City of San Diego at their Otay WTP for delivery to Otay WD. The supply system link to implement the Otay WTP Agreement to access the regions raw water supply system and the local water

treatment plant became fully operational in August 2005. This supply link consists of the typical storage, transmission, pumping, flow measurement, and appurtenances to receive and transport the treated water to the Otay WD system. The City of San Diego obligation to supply 10 mgd of treated water under the Otay WTP Agreement is contingent upon there being available 10 mgd of surplus treated water in the Otay WTP until such time as Otay WD pays the City of San Diego to expand the Otay WTP to meet the Otay WD future needs. In the event that the City of San Diego's surplus is projected to be less than 10 mgd the City of San Diego will consider and not unreasonably refuse the expansion of the Otay WTP to meet the Otay WD future needs. The Otay WTP existing rated capacity is 40 mgd with an actual effective capacity of approximately 34 mgd. The City of San Diego's typical demand for treated water from the Otay WTP is approximately 20 mgd. It is at the City of San Diego's discretion to utilize either imported raw water delivered by the Water Authority Pipeline No. 3 or local water stored in Lower Otay Reservoir for treatment to supply the Otay WD demand.

- The Otay WD entered into an agreement with the Water Authority, known as the East County Regional Treated Water Improvement Program (ECRTWIP Agreement). The ECRTWIP Agreement provides for transmission of raw water to the Helix WD R. M. Levy WTP for treatment and delivery to Otay WD. The supply system link to implement the ECRTWIP Agreement is currently under development to access the regions raw water supply system and the local water treatment plant. This supply link consists of the typical transmission, pumping, storage, flow control, and appurtenances to receive and transport the potable water from the R. M. Levy WTP to Otay WD. The necessary supply link facilities are in various stages of development from design to facilities that are currently under construction. The required supply link facilities are scheduled to be fully operational by March 2010. The planned operational testing and startup of the supply link is planned to occur in December 2009. The Otay WD is required to take a minimum of 10,000 ac-ft/yr of treated water from the R.M. Levy WTP supplied from the regions raw water system.

### *Cost and Financing*

The capital improvement costs associated with water supply and delivery are financed through the Otay WD water meter capacity fee and user rate structures. The Otay WD potable water sales revenue are used to pay for the wholesale cost of the treated water supply and the operating and maintenance expenses of the potable water system facilities.

### *Written Agreements, Contracts, or Other Proof*

The supply and cost associated with deliveries of treated water from the Otay WTP and the R.M. Levy WTP is based on the following documents.

Agreement for the Purchase of Treated Water from the Otay Water Treatment Plant between the City of San Diego and the Otay Water District. The Otay WD entered into an agreement dated

January 11, 1999 with the City of San Diego that provides for 10 mgd of surplus treated water to the Otay WD from the existing Otay WTP capacity. The agreement allows for the purchase of treated water on an as available basis from the Otay WTP. The Otay WD pays the Water Authority at the prevailing raw water rate for raw water and pays the City of San Diego at a rate equal to the actual cost of treatment to potable water standards.

Agreement between the San Diego County Authority and Otay Water District Regarding Implementation of the East County Regional Treated Water Improvement Program. The ECRTWIP Agreement requires the purchase of at least 10,000 ac-ft per year of potable water from the Helix WD R.M. Levy WTP at the prevailing Water Authority treated water rate. The ECRTWIP Agreement is dated April 27, 2006.

Agreement between the San Diego County Water Authority and Otay Water District for Design, Construction, Operation, and Maintenance of the Otay 14 Flow Control Facility Modification. The Otay WD entered into the Otay 14 Flow Control Facility Modification Agreement dated January 24, 2007 with the Water Authority to increase the Otay 14 Flow Control Facility physical capacity. The Water Authority and Otay WD to 50% share the capital cost to expand its capacity from 8 mgd to 16 mgd.

#### *Federal, State, and Local Permits/Approvals*

The Otay WD has acquired all the permits for the construction of the pipeline and pump station associated with the Otay WTP supply source and for the 640-1 and 640-2 water storage reservoirs project associated with the ECRTWIP Agreement through the typical planning, environmental approval, design, and construction processes.

Design-related activities have begun on the transmission main and Otay 14 Flow Control Facility associated with the ECRTWIP Agreement, including ground and aerial surveying, mapping cultural resources, and other environmental documentation investigations. The transmission main project consists of constructing about 26,000 feet of a 36-inch diameter steel pipeline from the Otay 14 Flow Control Facility to the 640-1 and 640-2 Reservoirs project. The Otay 14 Flow Control Facility modification consists of increasing the capacity of the existing systems from 8 mgd to 16 mgd. CEQA documentation is complete for both projects. Construction of both of these projects is expected to be complete prior to January 2010.

The City of San Diego and the Helix Water District are required to meet all applicable federal, state, and local health and water quality requirements for the potable water produced at the Otay WTP and the R.M. Levy WTP respectively.

#### **6.3.1.2 Recycled Water Supplies**

Wastewater collection, treatment, and disposal services provided by the Otay WD is limited to a relatively small area within what is known as the Jamacha Basin, located within the Middle

Sweetwater River watershed upstream of the Sweetwater Reservoir and downstream of Loveland Reservoir. Water recycling is defined as the treatment and disinfection of municipal wastewater to provide a water supply suitable for non-potable reuse. The Otay WD owns and operates the Ralph W. Chapman Water Recycling Facility, which produces recycled water treated to a tertiary level for landscape irrigation purposes. The recycled water market area of the Otay WD is located primarily within the eastern area of the City of Chula Vista and on the Otay Mesa. The Otay WD distributes recycled water to a substantial market area that includes but is not limited to the U.S. Olympic Training Center, the EastLake Golf Course, and other development projects.

The Otay WD projects that annual average demands for recycled water will increase to about 6,294 ac-ft/yr by 2025 and are estimated to approach 10,000 ac-ft/yr at ultimate build out. About 1,300 ac-ft/yr is generated by the RWCWRF, with the remainder planned to be supplied to Otay WD by the City of San Diego's SBWRP.

#### *Recycled Water System Facilities*

The Otay WD has and continues to construct recycled water storage, pumping, transmission, and distribution facilities to meet projected recycled water market demands. For nearly 20 years, millions of dollars of capital improvements have been constructed. The supply link consisting of a transmission main, storage reservoir, and a pump station to receive and transport the recycled water from the City of San Diego's SBWRP are complete and recycled water deliveries began on May 18, 2007.

#### *Cost and Financing*

The capital improvement costs associated with the recycled water supply and distribution systems are financed through the Otay WD water meter capacity fee and user rate structures. The Otay WD recycled water sales revenue, along with Metropolitan and the Water Authority's recycled water sales incentive programs are used to help offset the costs for the wholesale purchase and production of the recycled water supply, the operating and maintenance expenses, and the capital costs of the recycled water system facilities.

#### *Written Agreements, Contracts, or Other Proof*

The supply and cost associated with deliveries of recycled water from the SBWRP is based on the following document.

Agreement between the Otay Water District and the City of San Diego for Purchase of Reclaimed Water from the South Bay Water Reclamation Plant. The agreement provides for the purchase of at least 6,721 ac-ft per year of recycled water from the SBWRP at an initial price of \$350 per acre-foot. The Otay WD Board of Directors approved the final agreement on June 4, 2003 and the San Diego City Council approved the final agreement on October 20, 2003.

### *Federal, State, and Local Permits/Approvals*

The Otay WD has in place an agreement with Metropolitan for their recycled water sales incentive program for supplies from the RWCWRF and the SBWRP. Also, the Otay WD has in place an agreement with the Water Authority for their recycled water sales incentive program for supplies from the RWCWRF and the SBWRP. The Water Authority sales incentive agreement was approved by Water Authority on July 26, 2007 and by Otay WD on August 1, 2007. All permits for the construction of the recycled water facilities to receive, store, and pump the SBWRP supply have been acquired through the typical planning, environmental approval, design, and construction processes.

The California Regional Water Quality Control Board San Diego Region (RWQCB) “Master Reclamation Permit for Otay Water District Ralph W. Chapman Reclamation Facility” was adopted on May 9, 2007 (Order No. R9-2007-0038). This order establishes master reclamation requirements for the production, distribution, and use of recycled water in the Otay WD service area. The order includes the use of tertiary treated water produced and received from the City of San Diego’s SBWRP. Recycled water received from and produced by the SBWRP is regulated by Regional Board Order No. 2000-203 and addenda. The City of San Diego is required to meet all applicable federal, state, and local health and water quality requirements for the recycled water produced at the SBWRP and delivered to Otay WD in conformance with Order No. 2000-203.

#### **6.3.1.3 Potential Groundwater Supplies**

The Otay WD revised 2005 UWMP contains a brief description of the development of potential groundwater supplies. Over the past several years, Otay WD has studied numerous potential groundwater supply options that have shown, through groundwater monitoring well activities, poor quality water and/or insufficient yield from the basins. The Otay WD has a few capital improvement program projects to continue the quest to develop potential groundwater resources. These groundwater supply efforts are not currently considered as a viable water supply resource to meet projected demands.

#### **6.3.2 Otay WD Capital Improvement Program**

The Otay WD plans, designs, constructs, and operates water system facilities to acquire sufficient supplies and to meet projected ultimate demands placed upon the potable and recycled water systems. In addition, the Otay WD forecasts needs and plans for water supply requirements to meet projected demands at ultimate build out. The necessary water facilities are constructed when development activities proceed and require service to achieve adequate cost effective water service.

New water facilities that are required to accommodate the forecasted growth within the entire Otay WD service area are defined and described within the Otay WD 2002 WRMP. These facilities are incorporated into the annual Otay WD Six Year Capital Improvement Program

(CIP) for implementation when required to support development activities. As major development plans are formulated and proceed through the land use jurisdictional agency approval processes, Otay WD prepares water system requirements specifically for the proposed development project consistent with the 2002 WRMP. These requirements document, define, and describe all the potable water and recycled water system facilities to be constructed to provide an acceptable and adequate level of service to the proposed land uses, as well as the financial responsibility of the facilities required for service. The Otay WD funds the facilities identified as CIP projects. Established water meter capacity fees and user rates are collected to fund the CIP project facilities. The developer funds all other required water system facilities to provide water service to their project.

## **Section 7 – Conclusion: Availability of Sufficient Supplies**

---

The Business Park project is currently located within the jurisdictions of the Otay WD, the Water Authority, and Metropolitan. To obtain permanent imported water supply service, land areas are required to be within the jurisdictions of the Otay WD, Water Authority, and Metropolitan to utilize imported water supply.

The Water Authority and Metropolitan have an established process that ensures supplies are being planned for and documented to meet future growth. Any revisions to land use plans and annexations are captured in updated SANDAG forecasts for land use planning, demographics, and economic projections. The Water Authority and Metropolitan will update their demand forecasts and supply needs based on the most recent SANDAG forecast approximately every five years to coincide with preparation of their urban water management plans. Prior to the next forecast update, local jurisdictions may require water supply assessment and/or verification reports for proposed land use developments that are not within the Water Authority nor Metropolitan jurisdictions or that have revised land use plans than reflected in the existing growth forecast. Proposed land areas to be annexed or revised land uses typically result in creating higher demand and supply requirements than originally anticipated. The Water Authority and Metropolitan next demand and supply forecast would then capture the revised demands and resulting supplies which will become a permanent part of and incorporated within the Water Authority and Metropolitan water resources planning documents.

Metropolitan's Integrated Resources Plan (IRP) identifies a mix of resources (imported and local) that, when implemented, will provide 100 percent reliability for full-service demands through the attainment of regional targets set for conservation, local supplies, State Water Project supplies, Colorado River supplies, groundwater banking, and water transfers. The 2004 update to the IRP (2004 IRP Update) includes a planning buffer supply to mitigate against the risks associated with implementation of local and imported supply programs. The planning buffer identifies an additional increment of water that could potentially be developed if other supplies are not implemented as planned. As part of implementation of the planning

buffer, Metropolitan periodically evaluates supply development to ensure that the region is not under or over developing supplies. Managed properly, the planning buffer will help ensure that the southern California region, including San Diego County, will have adequate supplies to meet future demands.

In Section II.4 of their 2005 Regional Urban Water Management Plan (2005 RUWMP), Metropolitan states that through effective management of its water supply, they fully expect to be 100 percent reliable in meeting all non-discounted non-interruptible demands throughout the next twenty-five years. Metropolitan's 2005 RUWMP identifies potential reserve supplies in the supply capability analysis (Tables II-7, II-8, and II-9), which could be available to meet the unanticipated demands.

The County Water Authority Act, Section 5 subdivision 11, states that the Water Authority "as far as practicable, shall provide each of its member agencies with adequate supplies of water to meet their expanding and increasing needs."

As part of preparation of a written water supply assessment report, an agency's shortage contingency analysis should be considered in determining sufficiency of supply. Section 9 of the Water Authority's 2005 Updated UWMP contains a detailed shortage contingency analysis that addresses a regional catastrophic shortage situation and drought management. The analysis demonstrates that the Water Authority and its member agencies, through the Emergency Response Plan, Emergency Storage Project, and Drought Management Plan (DMP) are taking actions to prepare for and appropriately handle an interruption of water supplies. The DMP, completed in May 2006, provides the Water Authority and its member agencies with a series of potential actions to take when faced with a shortage of imported water supplies from Metropolitan due to prolonged drought or other supply shortfall conditions. The actions will help the region avoid or minimize the impacts of shortages and ensure an equitable allocation of supplies.

This WSA Report identifies that the water demand projections for the proposed Business Park project are included in the water demand and supply forecasts within the water resources planning documents of the Otay WD, the Water Authority, and Metropolitan. Water supplies necessary to serve the demands of the proposed Business Park project, along with existing and other projected future users, as well as the actions necessary to develop these supplies, are also identified in the water supply planning documents of the Otay WD, the Water Authority, and Metropolitan. The potable water demand projections and supply requirements for the proposed Business Park project are currently within the water resources planning documents of the Otay WD, Water Authority, and Metropolitan.

This WSA Report includes, among other information, an identification of existing water supply entitlements, water rights, water service contracts, or agreements relevant to the identified water supply needs for the proposed Business Park project. This WSA Report demonstrates and documents that sufficient water supplies are and will be planned for and are planned to be made available over a 20-year planning horizon for normal and in single dry

and multiple dry years to meet the projected demand of the proposed Business Park project and the existing and other planned development projects within the Otay WD.

Table 8 presents the forecasted balance of water demands and required supplies for the Otay WD service area under average or normal year conditions. Table 9 presents the forecasted balance of water demands and supplies for the Otay WD service area under single dry year conditions. Table 10 presents the forecasted balance of water demands and supplies for the Otay WD service area under multiple dry year conditions for the five year period ending in 2015. Multiple dry year conditions for periods ending 2020, 2025, and 2030 are provided in the Otay WD revised 2005 UWMP. The projected potable demand and supply requirements shown the Tables 8, 9, and 10 are from the Otay WD revised 2005 UWMP and include those of the Business Park project. Hot, dry weather may generate urban water demands that are about 7 percent greater than normal. This percentage was utilized to generate the dry year demands shown in Tables 9 and 10. The recycled water supplies are assumed to experience no reduction in a dry year.

**Table 8  
 Projected Balance of Water Supplies and Demands  
 Normal Year Conditions (acre feet)**

Description	FY 2010	FY 2015	FY 2020	FY 2025	FY 2030
Water Authority Supply	45,772	52,349	59,799	66,560	75,108
Recycled Water Supply	4,040	4,684	5,430	6,294	7,297
Groundwater Supply	0	0	0	0	0
<b>Total Required Supply</b>	<b>49,812</b>	<b>57,033</b>	<b>65,229</b>	<b>72,854</b>	<b>82,405</b>
<b>Total Projected Demand</b>	<b>49,812</b>	<b>57,033</b>	<b>65,229</b>	<b>72,854</b>	<b>82,405</b>
<b>Supply Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table 9  
 Projected Balance of Water Supplies and Demands  
 Single Dry Year Conditions (acre feet)**

Description	FY 2010	FY 2015	FY 2020	FY 2025	FY 2030
Water Authority Supply	49,259	56,341	64,365	71,660	80,876
Recycled Water Supply	4,040	4,684	5,430	6,294	7,297
Groundwater Supply	0	0	0	0	0
<b>Total Required Supply</b>	<b>53,299</b>	<b>61,025</b>	<b>69,795</b>	<b>77,954</b>	<b>88,173</b>
<b>Total Projected Demand</b>	<b>53,299</b>	<b>61,025</b>	<b>69,795</b>	<b>77,954</b>	<b>88,173</b>
<b>Supply Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Dry year demands assumed to generate a 7% increase in demand over normal conditions for each year in addition to new demand growth.

**Table 10**  
**Projected Balance of Water Supplies and Demands**  
**Multiple Dry Year Conditions (acre feet)**

<b>Description</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
Water Authority Supply	50,675	52,091	53,509	54,925	56,341
Recycled Water Supply	4,169	4,298	4,426	4,555	4,684
Groundwater Supply	0	0	0	0	0
<b>Total Required Supply</b>	<b>54,844</b>	<b>56,389</b>	<b>57,935</b>	<b>59,480</b>	<b>61,025</b>
<b>Total Projected Demand</b>	<b>54,844</b>	<b>56,389</b>	<b>57,935</b>	<b>59,480</b>	<b>61,025</b>
<b>Supply Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Dry year demands assumed to generate a 7% increase in demand over normal conditions for each year in addition to new demand growth.

This WSA Report demonstrates that sufficient water supplies are planned for as well as the actions necessary to develop these supplies are documented to meet projected water demands of the Business Park project and the existing and other reasonably foreseeable planned development projects within the Otay WD for a 20-year planning horizon, in normal and in single and multiple dry years.

## **Source Documents**

---

County of San Diego, July 23, 2008, Otay Business Park SB 610 and SB 221 Compliance request letter received July 24, 2008.

County of San Diego, September 18, 2008, Otay Business Park SB 610 Compliance request letter received September 22, 2008.

County of San Diego, September 23, 2008, Otay Business Park SB 610 Compliance time extension letter received September 25, 2008.

County of San Diego, "East Otay Mesa Specific Plan Area," adopted July 27, 1994.

Otay Water District, "2002 Water Resources Master Plan," August 2002.

MWH Americas, Inc. and Otay Water District, "Otay Water District 2005 Urban Water Management Plan," December 2005 amended July 2007.

San Diego County Water Authority, "Urban Water Management Plan 2005 Update," November 2005 amended May 2007.

Metropolitan Water District of Southern California, "Regional Urban Water Management Plan," November 2005.

Agreement for the Purchase of Treated Water from the Otay Water Treatment Plant between the City of San Diego and the Otay Water District.

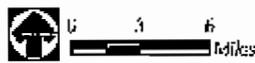
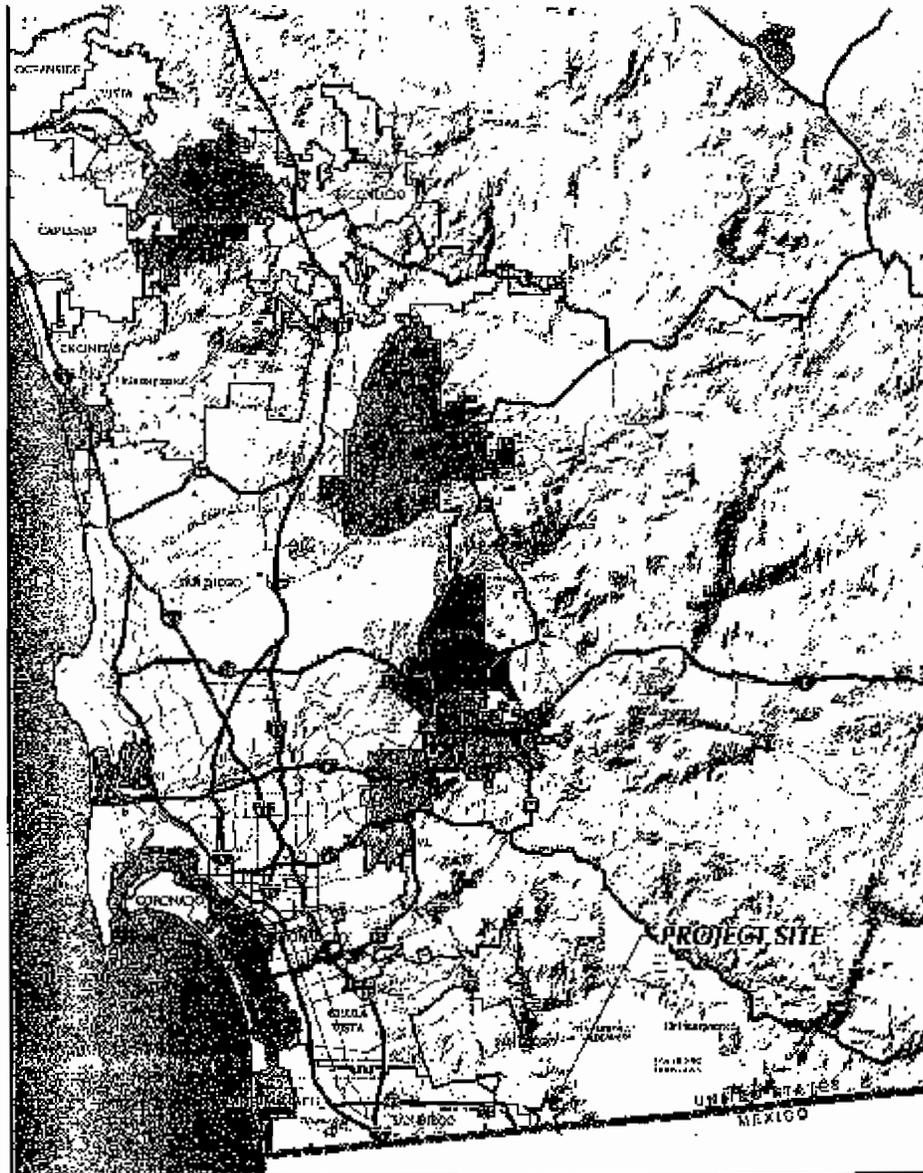
Agreement between the San Diego County Water Authority and Otay Water District regarding Implementation of the East County Regional Treated Water Improvement Program.

Agreement between the San Diego County Water Authority and Otay Water District for Design, Construction, Operation, and Maintenance of the Otay 14 Flow Control Facility Modification.

Agreement between the Otay Water District and the City of San Diego for Purchase of Reclaimed Water from the South Bay Water Reclamation Plant.

## **Appendix A**

### **Otay Business Park Project Regional Location Map**



NOTICE OF PREPARATION

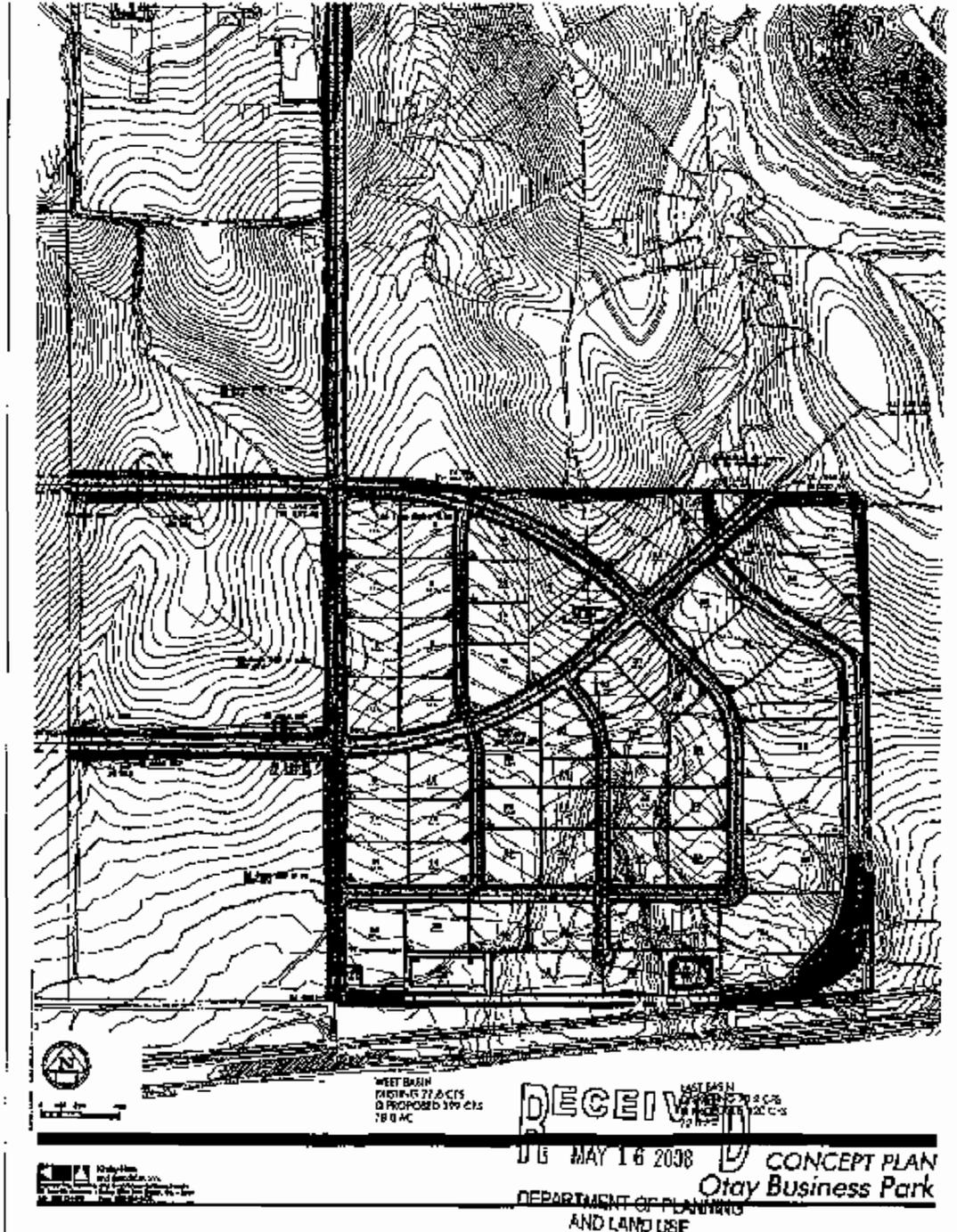
RECEIVED  
MAY 10 2000

Regional Location Map

DEPARTMENT OF PLANNING  
AND LAND USE

## **Appendix B**

### **Otay Business Park Project Concept Plan**



Otay Water District  
Staff Report Attachment – Powerpoint Presentation  
for the following agenda item:

**ITEM 7a**

Approve the Water Supply Assessment Report dated  
October 2008 for the Paragon Management Company Otay  
Business Park Development Proposal as Required by  
Senate Bill 610

Please reference Attachment 1 posted to  
Otay Water District website.



# AGENDA ITEM 8a

## STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	November 13, 2008
SUBMITTED BY:	James Cudlip, <i>JCC</i> Finance Manager	W.O./G.F. NO:	DIV. NO. All
APPROVED BY:	Joseph R. Beachem, <i>JRB</i> Chief Financial Officer (Chief)		
APPROVED BY:	German Alvarez, Assistant General Manager (Asst. GM):		
SUBJECT:	Approve the District's Audited Financial Statements for the Fiscal Year Ended June 30, 2008		

### GENERAL MANAGER'S RECOMMENDATION:

That the Board accepts the District's Audited Financial Statements (Attachment B), including the Independent Auditors' unqualified opinion, for the Fiscal Year ended June 30, 2008.

### COMMITTEE ACTION: \_\_\_\_\_

See Attachment A.

### PURPOSE:

To inform the Board of the significant financial events which occurred during the Fiscal Year ended June 30, 2008 as reflected in the audited financial statements.

### ANALYSIS:

Teaman, Ramirez and Smith, Inc., performed the audit and found that, in all material respects, the financial statements correctly represent the financial position of the District. They found no material errors or weaknesses; therefore, there are no findings to present in their "Management Letter." See Attachment C.

### ***Total Assets:***

Total assets increased by \$6.7 million or 1.23% during Fiscal Year 2008. The vast majority of this increase can be attributed to an increase in capital assets of \$22.4 million, net of related accumulated depreciation.

**Total Liabilities & Net Assets:**

Total liabilities decreased by approximately \$3.1 million or 3.12% from the previous fiscal year. Underlying this change were the following:

- A decrease in accounts payable and related liabilities of approximately \$1.4 million. Fluctuations of this magnitude are expected given the nature of accounts payable, and result from the timing of large payments to vendors and other third parties.
- A reduction in long-term debt outstanding of \$2.5 million as a result of scheduled debt payments.

The increase in total assets, along with the decrease in total liabilities, yielded an increase in net assets (equity) of approximately \$9.8 million or 2.19%.

**Capital Contributions:**

Capital contributions totaled \$14.9 million during Fiscal Year 2008, a decrease of \$11.6 million or 43.75% over Fiscal Year 2007 contributions. This decrease is mainly due to the overall slowdown/reduction of development projects, and the resulting delays in completion and acceptance of projects because of the current financial crisis in the housing sector.

**Results of Operations:**

Operating revenues increased \$2.5 million or 4.63%, mainly as a result of an increase in water sales of \$2.2 million from the prior fiscal year, due to the reduced rainfall during the current year as well as an additional 220 new water meter sales.

Operating expenses increased by approximately \$6.8 million or 10.55% due to the increase in water purchases, higher depreciation expense from an aggressive review of long-term fixed assets that were obsolete and/or no longer serviceable, as well as increases in salaries, outside services, pension, and health & life insurance costs.

**Non-Operating Revenues & Expenses:**

Non-operating revenues increased approximately \$2.5 million due to increases in investment income, taxes & assessments, and

healthcare reimbursements from CalPERS for other post employment benefits (OPEB).

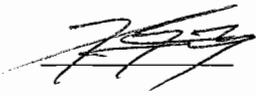
Non-operating expenses increased approximately \$1.6 million due primarily to an increase in interest expense from the COPS-2007.

***Additional Audit Correspondence:***

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

- Management Letter: No matters were noted involving the internal controls and their operations that were considered to be internal weaknesses. See Attachment C.
- Finance Committee Report: There were no noted transactions entered into by the District during the year that were both significant and unusual, or transactions for which there was a lack of authoritative guidance or consensus. No audit adjustments were proposed to correct the financial statements. There were no disagreements with management concerning financial accounting, reporting, or auditing matters, and there were no significant difficulties in dealing with management in performing the audit. See Attachment D.
- Report on Internal Control Over Financial Reporting: Results of audit tests disclosed no instances of non-compliance that are required to be reported under *Government Auditing Standards*. See Attachment E.
- Single Audit Report on Federal Award Programs: Results of audit tests disclosed no instances of non-compliance that are required to be reported under *Government Auditing Standards*. See Attachment F.
- Report on Applying Agreed-Upon Procedures: A review of the District's investment portfolio at year end, and a sample of specific investment transactions completed throughout the fiscal year, disclosed no exceptions to compliance with the District's Investment Policy. See Attachment G.

**FISCAL IMPACT:**



None.

**STRATEGIC OUTLOOK:**

The District is responsible for providing a diverse range of high quality public utility services to a customer base that continues to expand, although at a slower rate than in prior years. The District ensures its continued financial health through long-term financial planning, formalized financial policies, enhanced budget controls, fair pricing, debt planning, and improved financial reporting.

**LEGAL IMPACT:**

\_\_\_\_\_

None.



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

Attachments:

- A) Committee Action Form
- B) Audited Annual Financial Statements
- C) Management Letter
- D) Finance Committee Report
- E) Report on Internal Control Over Financial Reporting
- F) Single Audit Report on Federal Award Programs
- G) Report on Applying Agreed-Upon Procedures



## ATTACHMENT A

<b>SUBJECT/PROJECT:</b>	Approve the District's Audited Financial Statements for the Fiscal Year Ended June 30, 2008
-------------------------	---

### COMMITTEE ACTION:

The Finance, Administration and Communications Committee discussed this item at a meeting held on October 28, 2008 and the following comments were made:.

- The audit of the District's FY 08 financials was performed by Teaman, Ramirez and Smith, Inc. and the firm has found no material errors or weaknesses and no findings to present in their "Management Letter."
- This is the 5<sup>th</sup> year that Teaman, Ramirez and Smith, Inc. have performed the audit on the District's financials. It was noted that it has been a beneficial relationship evidenced by the awards the District has received and staff wished to acknowledge their firm.
- It was discussed that the District has received an unqualified opinion, which is the highest opinion that can be provided. It was indicated that the verbiage within the financial statements and the footnotes did not change much from last year's audit. There was some changes which include:
  - The new requirement for the reporting of OPEB (GASB 45) is now being enforced (GASB 45 requires annual reporting of the OPEB cost and the unfunded actuarial accrued liabilities for past service costs). Footnote 9 was rewritten to fully comply with GASB 45. There were no findings to report.
  - The statement on Net Assets now includes a more descriptive designation for certain restricted monies. "Restricted for Construction" is now used instead of just "Restricted".
  - A new investment, "Coporate Medium-Term Notes" was added in Footnote 2 which was acquired in FY 08.

- Added a line in Footnote 6 to show the pre-paid OPEB obligation.
- As part of completing the audit, the audit firm provides letters summarizing their observations and conclusions concerning the District's overall financial processes.
  - Single Audit Report: This is the second year that this report is provided. It is required when Federal Grant Expenditures are greater than \$5 million in the fiscal year. The results of the audit found no instances of non-compliance.
  - Report on Applying Agreed-Upon Procedures: Required to test for compliance with the District's Finance Policies. The audit found no exceptions to report.
  - Finance Committee Report: Discusses conduct of the audit, such as disagreements with management on suggestions from the audit or problems during the audit. There were no findings to report.
  - Management Letter: Findings of material problems with internal controls or significant problems with reporting. There were no matters to report. The audit findings were clean.
- The committee inquired if there were any discussions during the audit wherein a debate ensued. Staff indicated that there was discussion on how the legal reimbursement in the Northrop Grumman matter should be recorded as it came in so late (should it be recorded in FY 08 or FY 09). It was decided that because it was negotiated in FY 08 that it should be recorded in FY 08. There was also a discussion on how OPEB should be recorded.
- The committee inquired if any issues surfaced with regard to non-compliance. It was discussed that this was a very clean year and there were no issues identified.
- It was inquired if the \$1.44 million noted in Footnote 2, Cash and Investments, was the CD investment held by the Neighborhood Bank. It was indicated that the monies are part of the District's Union Bank deposits. It was noted that bank deposits over \$100,000 from government/public entities must be collateralized (secured by pledging government securities as collateral) per California

Government Code. It was indicated that the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the government/public agency. This allows government/public agencies to have amounts over \$100,000 in the bank without worrying about the bank institution failing.

- The committee inquired about the Restricted Net Asset growth between 2007 and 2008. It was indicated that the numbers reflect the monies received in the debt issued last fiscal year. The totals will slowly drop as the District utilizes the monies for capital projects.
- The committee also inquired if the auditor can clarify the paragraph titled "Compliance and Other Matters" of attachment E. Teaman, Ramirez and Smith, Inc. indicated that the paragraph states that they are not allowed to issue an opinion on non-compliance. Their focus is not to test "non-compliance" but to test if there are material mis-statements in the financials.
- It was noted that a more formal presentation of the Audited Financial Statements will be presented at the board meeting.

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

Otay Water District  
Staff Report Attachment – Audited Financial Statements  
for the following agenda item:

**ITEM 8a**

Accept the District's Audited Financial Statements,  
Including the Independent Auditors' Unqualified Opinion,  
for the fiscal Year Ending June 30, 2008

Please reference Attachment 2 posted to  
Otay Water District website.



# AGENDA ITEM 8b

## STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	November 13, 2008
SUBMITTED BY:	Mark Watton, General Manager	W.O./G.F. NO:	DIV. NO.
APPROVED BY:			
(Chief)			
APPROVED BY:			
(Asst. GM):			
SUBJECT:	Prohibit the Purchase of Bottled Water with District Resources		

**GENERAL MANAGER'S RECOMMENDATION:**

N/A

**COMMITTEE ACTION:** \_\_\_\_\_

Please see attachment A

**PURPOSE:**

Present for the board's consideration prohibiting the purchase of bottled water with District resources.

**ANALYSIS:**

This item was proposed by Director Mark Robak, Chair of the Finance, Administration and Communications Committee. Director Robak has had an interest in promoting actions that are friendly to the environment and has been a proponent of eliminating bottled water for some time. He noted in the attached article published by *The Press-Enterprise* on October 21, 2008, "Tap Water Making Comeback as Bottled Water Sparks Economic, Environmental Concerns," that more than 30 U.S. cities, including Los Angeles and San Francisco, now prohibit spending public money on bottled water. He would like to propose that Otay Water District do the same and requested that an item be agendized requesting that the board consider prohibiting the purchase of bottled water with District resources.

**FISCAL IMPACT:** 

Would save monies expended for the purchase of bottled water.

**LEGAL IMPACT:** \_\_\_\_\_

None.

A handwritten signature in black ink, appearing to read "M. J. West", is written over a horizontal line.

**General Manager**



## ATTACHMENT A

<b>SUBJECT/PROJECT:</b>	Prohibit the Purchase of Bottled Water with District Resources
-------------------------	--

### COMMITTEE ACTION:

The Finance, Administration and Communications Committee discussed this item at a meeting held on October 28, 2008 and the following comments were made:.

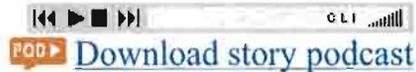
- The committee indicated that the District's business is to provide water and having the District utilize bottled water for on-site meetings is counter to the District's main business objective. By prohibiting the purchase of bottled water with District resources, it was felt, it would send the right message.
- It was indicated that the District does store bottled water for the Emergency Operations Center for disaster preparedness/emergencies. The prohibition would exclude such bottled water purchases for emergency preparedness.
- It was noted that there are cities that have passed resolutions to ban bottled water purchased with city resources (Los Angeles, San Francisco, etc.). It was also discussed that Chicago taxes bottled water purchases.

After further discussion on prohibiting the purchase of bottled water with District resources, the committee was of two conflicting opinions: 1) to continue current practice; and 2) to recommend the prohibition of the purchase of bottle water with District resources. It was suggested that the request be presented to the Board President and he can decide whether to agendize for the full board's consideration.



[Comments](#) | [Recommended](#)

## Tap water making comeback as bottled water sparks economic, environmental concerns



10:00 PM PDT on Tuesday, October 21, 2008

By JANET ZIMMERMAN  
The Press-Enterprise

One of the more popular stops at the University of Redlands food court these days is the dispenser for filtered tap water -- free for customers with a reusable cup or bottle.

Those who forget their container can borrow one from the cafeteria, or buy a Nalgene sports bottle there for a discount.

"It's important that there's an option that maybe steers more people away from the bottled water," said Brett Martin, who runs the college's food service program.

[Story continues below](#)



**Kurt Miller / The Press-Enterprise**  
Molly Olerich, 18, a freshman at the University of Redlands, fills up a reusable bottle with filtered tap water for free at the school food court. The campus's food-service provider is trying to reduce its carbon footprint by steering people away from bottled water.

His company, Bon Appetit Management Co., is among a growing number of restaurants, schools and cities promoting tap water over bottled, or eliminating it altogether, because of economic and environmental concerns.

More than 30 U.S. cities, including Los Angeles and San Francisco, now prohibit spending public money on bottled water, as does the Berkeley school district. And eco-minded groups have launched Internet-based campaigns dubbed Think Outside the Bottle and Tappening.

Despite such efforts, bottled water still sells, said Tom Lauria, vice president of the International Bottled Water Association, which sets quality standards for 280 bottlers. Consumers concerned about health and convenience drive the demand, he said.

Americans consumed 8.8 billion gallons of bottled water last year -- 29 gallons per person, or the equivalent of about 185 20-ounce bottles -- more than double the amount from a decade before, according to the Beverage Marketing Corp.

### **Environmental Concerns**

Increasingly, the tap water trend is spilling into the Inland area, driven largely by worries about the greenhouse gas emissions from the production of plastic bottles and shipping.

The Pacific Institute, an environmental group based in Oakland, estimates that producing bottled water for Americans used the equivalent of more than 17 million barrels of oil and produced more than 2.5 million tons of carbon dioxide in 2006.

Bon Appetit's move is part of a campaign to lower the carbon footprint at the 400 private colleges and businesses it serves nationwide. That includes buying 25 percent less meat and cheese over the next year because those items are among the foods with the highest impact on climate change, company officials said.

At catered events at the University of Redlands, Bon Appetit stopped putting out water bottles and now almost solely serves iced tap water in glasses.

While the company hasn't stopped selling bottled water, it is trying to be more conscientious about what it offers, Martin said. Earlier this year, Redlands switched from imported Perrier and San Pellegrino to beverages bottled in North America, to cut the number of transportation miles and the oil it requires.

"There are some problems with bottled water, but those problems are really exacerbated when you fly it halfway around the world to get it," Martin said.

### **Changing Habits**

A little research changed Greg Butterfield's mind about what water to serve at his upscale Palm Springs eatery.

He liked that the Ty Nant water he served came in a blue bottle that matched the color scheme at Copley's, his restaurant. But the environmental price of importing the trendy drink from Wales was too high, Butterfield decided.

Searching for something closer to home, he settled on another blue bottle, Saratoga from New York.

"I looked for local water with a blue bottle but couldn't find one," Butterfield said. "We're always thinking about the environment, any way you can save any little bit."

Alma Jill Dizon, a Riverside real estate agent who began recycling in 1990, gave up bottled water after she read a magazine article a couple of years ago about its environmental effects.

When friends offer her bottled water, she refuses, and uses the opportunity to try to change their minds.

"I say 'Do you know what that's costing us?' " Dizon said. "It's a moral issue, to take care of the only Earth we have."

*Reach Janet Zimmerman at 951-368-9586 or [jzimmerman@PE.com](mailto:jzimmerman@PE.com)*

---



STAFF REPORT

TYPE MEETING:	Regular Board Meeting	MEETING DATE:	November 13, 2008
SUBMITTED BY:	Mark Watton, General Manager	W.O./G.F. NO:	DIV. NO.
SUBJECT:	Board of Directors 2008 and 2009 Calendar of Meetings		

**GENERAL MANAGER'S RECOMMENDATION:**

At the request of the Board, the attached Board of Director's meeting calendar for 2008 and 2009 is being presented for discussion.

**PURPOSE:**

This staff report is being presented to provide the Board the opportunity to review the 2008 and 2009 Board of Director's meeting calendars and amend the schedules as needed.

**COMMITTEE ACTION:**

N/A

**ANALYSIS:**

The Board requested that this item be presented at each meeting so they may have an opportunity to review the Board meeting calendar schedule and amend it as needed. Please note that the December 2008 meeting has been moved from December 3 to Monday, December 15, 2008.

**STRATEGIC GOAL:**

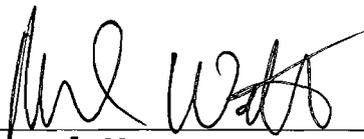
N/A

**FISCAL IMPACT:**

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

**LEGAL IMPACT:**

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

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

Attachments: Calendar of Meetings for 2008 and 2009

**Board of Directors, Workshops  
and Committee Meetings  
2008**

**Regular Board Meetings:**

January 14, 2008  
February 6, 2008  
March 5, 2008  
April 2, 2008  
May 7, 2008  
June 10, 2008  
July 2, 2008  
August 6, 2008  
September 3, 2008  
October 9, 2008  
November 13, 2008  
**December 15, 2008**

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

January 22, 2008  
February 20, 2008  
March 19, 2008  
April 16, 2008  
May 21, 2008  
June 18, 2008  
July 16, 2008  
August 20, 2008  
September 17, 2008  
October 15, 2008  
November 19, 2008  
**December 17, 2008**

**Board Workshops:**

Budget Workshop, June 10 and 23, 2008  
Board Retreat Workshop, TBD

**Board of Directors, Workshops  
and Committee Meetings  
2009**

**Regular Board Meetings:**

January 7, 2009  
February 4, 2009  
March 4, 2009  
April 1, 2009  
May 6, 2009  
June 3, 2009  
July 1, 2009  
August 5, 2009  
September 2, 2009  
October 7, 2009  
November 4, 2009  
December 2, 2009

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

January 21, 2009  
February 18, 2009  
March 18, 2009  
April 22, 2009  
May 20, 2009  
June 17, 2009  
July 22, 2009  
August 19, 2009  
September 23, 2009  
October 21, 2009  
November 18, 2009  
December 16, 2009

**Board Workshops:**

Budget Workshop, TBD  
Board Retreat Workshop, TBD

# AGENDA ITEM 10a



## STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	November 13, 2008
SUBMITTED BY:	David Charles Public Services Manager	PROJECT NO.:	d0526- DIV. NO. 5 010287
	Jim Peasley <i>J.P.</i> Engineering Manager		
	Bob Kennedy <i>B.K.</i> Associate Civil Engineer		
	Lisa Coburn-Boyd <i>LCB</i> Environmental Specialist		
APPROVED BY: (Chief)	Rod Posada <i>R. Posada</i> Chief Engineering		
APPROVED BY: (Asst. GM):	Manny Magaña <i>M. Magaña</i> Assistant General Manager, Engineering & Operations		
SUBJECT:	Informational Item on Request from Sycuan Band of the Kumeyaay Nation for Annexation to the Otay Water District, San Diego County Water Authority, Metropolitan Water District, and Local Agency Formation Commission for Water (specified parcels only) and Sewer		

### GENERAL MANAGER'S RECOMMENDATION:

This is an informational item and no action by the Otay Water District Board is required at this time.

### COMMITTEE ACTION:

Please see Attachment A.

### PURPOSE:

To provide an update on the status of the annexation process required in connection with Sycuan's petition for annexation and request for water and sewer to be made available to certain real property (refer to Attachment B for a map of the proposed

annexation areas), as follows:

- a) Original reservation land, not currently within the boundaries of any water or sewer district, and consisting of approximately 640 acres (Reservation Parcels). The Reservation Parcels would be annexed to the District, to Improvement District No. 18 for sewer service availability and to Improvement District No. 20 for water service availability.
- b) Eighteen parcels located within Padre Dam Municipal Water District (Padre Dam) consisting of approximately 575 acres (Group B Parcels). The Padre Dam Parcels would be de-annexed from Padre Dam, with Padre Dam's consent, and annexed to the District and to Improvement District No. 18 for sewer service only.
- c) Twenty-one parcels currently located within the boundaries of the District consisting of approximately 1,270 acres (Group C Parcels). Sycuan is requesting that these parcels be annexed to Improvement District No. 18 for sewer service availability.

**ANALYSIS:**

The Otay Water District (District) received a petition, dated April 11, 2008 (Petition), from the Sycuan Band of the Kumeyaay Nation (Sycuan) to annex the Reservation Parcels to the District and to assist with the concurrent annexation of such parcels to the San Diego County Water Authority (SDCWA) and the Metropolitan Water District (MWD). In addition, the District is assisting Sycuan with the Local Agency Formation Commission (LAFCO) process for the reorganization of the Group B Parcels, which Sycuan desires to de-annex from Padre Dam and concurrently annex to the District in connection with sewer service availability only.

On August 6, 2008, following the District's initial review of the Petition, the Board of Directors of the District adopted Resolution No. 4128 requesting terms and conditions from the SDCWA and MWD for the proposed annexation of the Reservation Parcels. Subsequently, District staff forwarded copies of Sycuan's draft Sub-Area Master Plan (SAMP) and LAFCO Submittal Package to the SDCWA. The SDCWA, in turn, forwarded said documents to MWD for review and comment.

Sycuan retained Dudek, an environmental firm, to be responsible for drafting the California Environmental Quality Act (CEQA) documents for the annexation. The District, as the lead agency for CEQA purposes, is responsible for reviewing and ultimately approving the CEQA documents. The SDCWA and MWD, as affected agencies, must also be satisfied with the form of environmental document prepared and the content of the document.

In early October 2008, after meeting with staff of the SDCWA and receiving initial comments and direction from the SDCWA, the District staff forwarded comments to Sycuan's consultants. On October 16, District staff participated in a follow-up meeting requested by Sycuan's consultants to discuss the environmental documents, the SAMP, and the comments provided by the SDCWA and the District.

On October 22, 2008, taking advantage of the presence of MWD staff at the SDCWA, an introductory meeting among the staff of the District, the SDCWA, the MWD, and Sycuan's consultants was held. The discussion focused on the current requirements of the SDCWA and MWD in connection with annexations. The group also extensively discussed the reasons for the annexation request, the status of the SAMP and environmental documents, the existing and projected water demands within the Reservation Area, local supplies, future development plans, conservation measures on-site and the proposed demand offset. The meeting was positive and Sycuan agreed to meet most of the CWA/MWD requirements for the annexation. A lingering issue is how to address the water offsets. Staff is evaluating pertinent projects to meet the obligations.

Both the SDCWA and MWD requested that copies of the draft environmental documents be circulated to their staff in their current draft form. This is not the form in which the environmental documents are typically circulated to other agencies by the lead agency for comment. The District believes the reason for this request is the uniqueness of the proposed annexation. MWD indicates that it has previously received requests for annexation from other Native American tribes, but has never processed an annexation of this magnitude for a Native American tribe.

It is anticipated that updated draft environmental documents, an updated SAMP, and updated schedules will be circulated within the next few days by Sycuan's consultants.

**FISCAL IMPACT:**

None at this time.

**STRATEGIC GOAL:**

Provide water service to meet increasing customer needs.

**LEGAL IMPACT:**

None at this time.

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

P:\Public-S\Staff Reports\2008\BD 11-13-08, Staff Report, Information Item - Sycuan Annexation, (DC-RP).doc

DC/JP/BK/LC-B:jff

Attachments:

- Attachment A - Committee Action
- Attachment B - District Map showing proposed annexation area



## ATTACHMENT A

<b>SUBJECT/PROJECT:</b> R2092-001103	Informational Item on Request from Sycuan Band of the Kumeyaay Nation for Annexation to the Otay Water District, San Diego County Water Authority, Metropolitan Water District, and Local Agency Formation Commission for Water (specified parcels only)
---	--

### COMMITTEE ACTION:

The Legal and Legislative Committee reviewed this item in detail at a meeting held on October 28, 2008. The following comments were made:

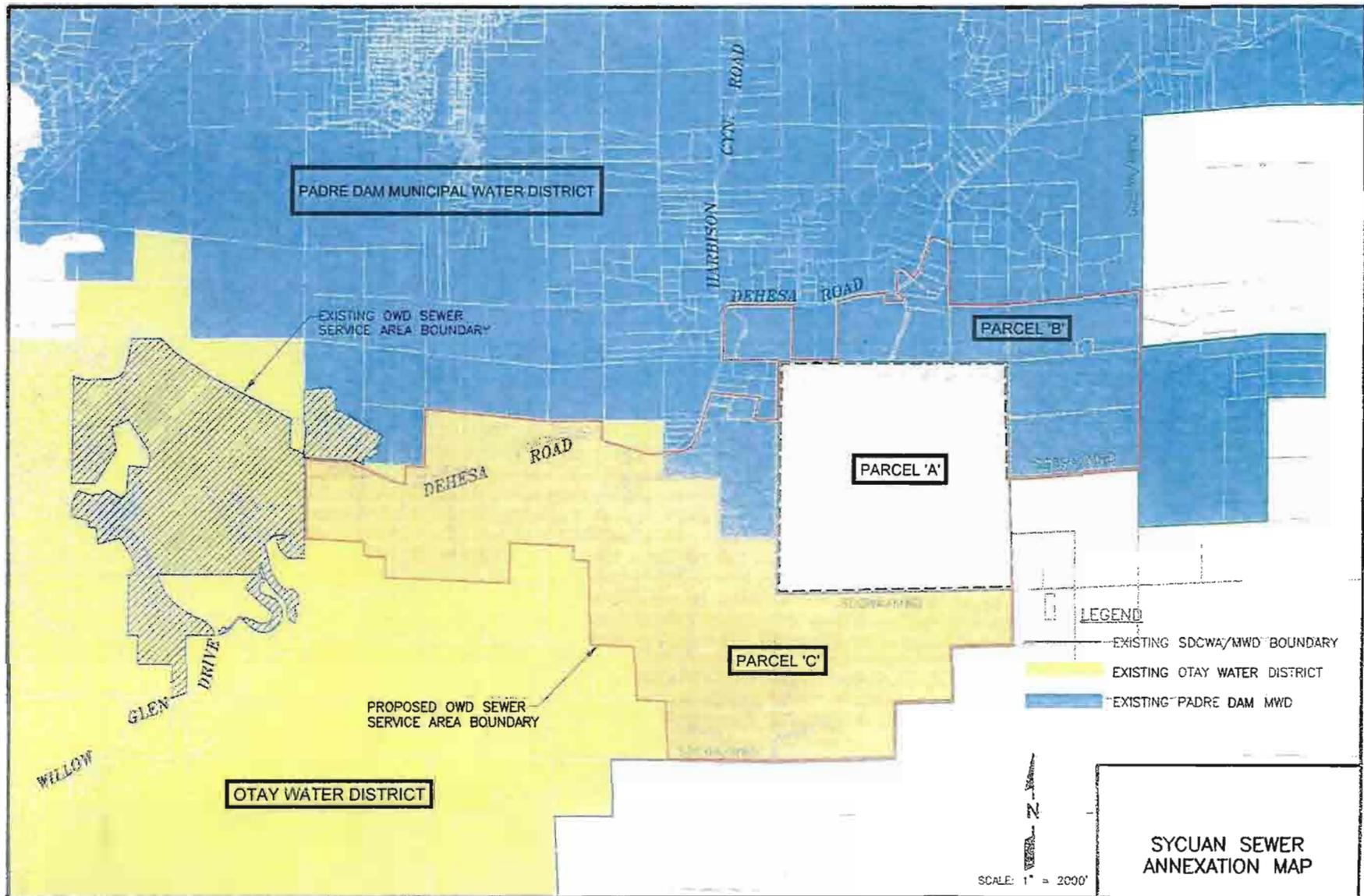
- This is an informational update on the status of the Sycuan Annexation.
- Staff noted that the board adopted a Resolution requesting terms and conditions from CWA and MWD for the proposed annexation of Sycuan's Reservation Parcels on August 6, 2008.
- Sycuan has retained a consultant to assist them in producing the Sub-Area Master Plan (SAMP) and the Environmental Impact Report required in compliance with the California Environmental Quality Act (CEQA).
- Staff met with CWA in early October 2008 to discuss the Reservation Annexation and compiled comments from that meeting for Sycuan. Staff shared the comments from that meeting with Sycuan and their consultants and also met with them on October 16, 2008 to discuss the environmental documents, the SAMP and the comments provided by CWA.
- On October 22, 2008 the staff's of Otay, CWA and MWD met with Sycuan's consultant's to review the annexation request application. The meeting was very productive and additional comments were provided to Sycuan concerning environmental issues. There was concern by CWA that a Negative Declaration (ND) may

not be sufficient for CEQA and that a Mitigated Negative Declaration (MND) may be required.

- Staff indicated that a MND would address mitigating impacts to the community outside of the reservation, such as traffic, noise, the environment, etc.
- Sycuan has made a business decision to move forward with a ND as it requires less time and is less expensive and they feel that it will be sufficient. However, an annexation of sovereign land has not been done before and staff has advised Sycuan that an ND may not be sufficient and the annexation could be turned back during the process, adding additional time to the annexation process. Sycuan has indicated that they will forward a letter to Otay acknowledging their understanding of this possibility.
- Sycuan has expressed some frustration with Otay and CWA with regard to the processing time of their annexation request. They feel that our agencies are not moving the annexation along fast enough and feel that the annexation process can be completed in one year. The District and CWA has put their annexation on the "fast track," however, it is likely to take two years to complete the process with all agencies. Sycuan has been made aware of this fact.
- Sycuan's annexation request is for both water and sewer services. Staff will be initiating a meeting with LAFCO to discuss the annexation as well.
- It was discussed that Sycuan has \$70,000 on deposit with the District to cover the cost of staff time to process their annexation request. Twenty-two thousand of the \$70,000 has been expended to date.
- It was also discussed that because the Reservation is not a development that a City must approve, it does not require a formal Water Supply Assessment Report (SB610). However, it is felt that LAFCO may require the SB610. The SB610 establishes how the District plans to provide sufficient water supply for the reservation/development.
- It was discussed that an MOU was being drafted between the District and Sycuan. The MOU will include the total AF of water (400AF) that has been allocated for

Sycuan's Reservation land to formally document the allowed allocation.

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



\\PACIFIC\DWG\B21004\LAFCO\FIGURE2.DWG 04-10-08 10:09:21 LAYOUT.PPT

ATTACHMENT B

# AGENDA ITEM 11



## STAFF REPORT

TYPE	Regular Board Meeting	MEETING	November 13, 2008		
MEETING:		DATE:			
SUBMITTED BY:	Mark Watton, General Manager	W.O./G.F. NO:	N/A	DIV. NO.	N/A
SUBJECT:	General Manager's Report				

### GENERAL MANAGER:

#### FLAGSHIP PROJECTS:

Update on the design of the **36-Inch Potable Water Pipeline from FCF #14 to Regulatory Site** (CIP P2009) for the month of September 2008:

- Lee & Ro submitted the 60% design plans for the alternative alignment on September 23, 2008.
- Staff is working on an agreement with the San Diego County Water Authority to allow the District to make a temporary reconnection from Flow Control Facility #14 (FCF) to the La Mesa Sweetwater Extension (LMSE) to maintain service until the 36-inch pipeline is connected.
- Project design is scheduled to finish December 2008 and the project will be advertised for bid. Project award is expected in March 2009.

Update on the **640-1 and 640-2 Reservoirs Project** (CIP P2185) for the month of September 2008:

- Asphalt paving of entire site is complete.
- The de-silting basin is 95% complete.
- Project schedule is 95% complete and projected to finish December 2008. Project is on schedule and on budget.

## **ADMINISTRATIVE SERVICES, INFORMATION TECHNOLOGY AND FINANCE:**

### ***Administrative Services:***

#### *Human Resources:*

- New Hires - There was one employee hired in the month of October: a Customer Service Supervisor.
- Open Enrollment - The Open Enrollment period began on October 27<sup>th</sup> and ended on November 7<sup>th</sup>. During this period, employees had an opportunity to make changes to their benefit options for the 2009 plan year. Open Enrollment meetings were held on October 29<sup>th</sup> and a Health & Benefits Fair was held on November 6<sup>th</sup> to allow employees the opportunity to learn about the various benefits offered.

#### *Purchasing:*

- There were 151 purchase orders processed in October 2008 for a total amount of \$576,208.38.

#### *Safety & Security:*

- A claim received from Mr. J. Parkeson Miller, 1521 Shadow Knolls Lane, El Cajon, CA 92020, was accepted and paid. The claim dated August 25, 2008, for \$494.44 and an unspecified amount for water loss, claimed that the District was responsible for the repair of a leak at the ball valve on the line supplying water to his property and the water loss caused by the leak. After a review of the claim by Water Operations Staff, it was determined Mr. Miller should be reimbursed for repair costs and the estimated water loss caused by the leak. Mr. Miller has signed a settlement agreement and general release related to his claim. Mr. Miller will be sent a check for \$494.44 for the cost of repairs and his account will be credited \$163.96 for water loss.
- Traffic Control Training - Completed the training of 48 employees on Traffic Control and the District's procedures.
- Forklift Certification and Training - Training was scheduled for November 4<sup>th</sup> and 6<sup>th</sup> for 26 District employees.

- Statewide Emergency Preparedness Exercise Golden Guardian - Coordinating with San Diego County Office of Emergency Services (OES) and other agencies to participate in this exercise on November 13, 2008.

Water Conservation:

- Rotating Sprinkler Nozzle Class - Over 55 people attended the rotating nozzle seminar for homeowners on October 11<sup>th</sup> at the District offices. Staff received very positive feedback regarding the class and is planning another class in late February 2009.
- School Education Program - Five school garden tours were conducted by the Garden in October. Tiffany and Avocado Elementary schools had two tours each and Vista Grande Elementary School walked to the Garden. A total of 174 students and 22 adults attended these tours. To date, 17 Garden tours have been scheduled through the end of the school year.
- California Friendly Gardening Festival - The District helped organize and staff two water agency booths at the event held on Saturday, October 25<sup>th</sup>. The District helped publicize the event by sending out a bill insert for the first four weeks of October specifically promoting the Festival. Staff was also interviewed during a podcast with Cyber-Rain, a vendor invited to highlight their smart controller and activities at the Festival. Over 1,770 people attended the Festival despite the heat.

Phase Out of the Metropolitan Water District's Interim Agricultural Water Program (IAWP) by 2013 - On October 14<sup>th</sup>, the MET Board voted to phase out the IAWP over five years. The District has notified its three IAWP customers that they can opt out of the program if they notify us before January 1, 2009. CWA is working on a possible discounted rate for agricultural customers, if these customers are using water efficiently. Details on this future program are expected to be worked on at the October CWA Board meeting.

***Information Technology and Strategic Planning:***

- IT Award - For the second year in a row, Otay Water District's IT and Strategic Planning Department won the highest award granted by the Municipal Information

Systems Association of California (MISAC). Otay is one of 18 city and municipal government IT departments in California and the only San Diego agency to receive the "Excellence in IT Practices Award" for 2007-08.

- Strategic Plan FY 09-FY 11 - The first quarter Strategic Plan results are due at the end of October 2008. Consisting of 76 objectives and 44 performance measures, this will give us our first checkpoint on progress on the new plan.
- "Red Flag" Certification - IT is drafting a statement to comply with the recent "Red Flag" certification for identity theft required by the FTC. The deadline for compliance is November 1<sup>st</sup> but no penalties for non-compliance will be assessed until May 1, 2009.
- AWWA Conference - Geoff Stevens and Rita Bell made a presentation at the recent AWWA Conference in Reno. Feedback was quite positive and Otay demonstrated "live", the considerable progress we have made in financial and management reporting.
- Records Management - Staff is reviewing the records retention schedule with all of the Chiefs to ensure that all senior team members are comfortable with and understand how records in their areas will be categorized. We are finalizing the purchasing agreements for the software and hardware, and continuing with the scanning of the existing records in the Records room. A detailed review at the Department level will be conducted to ensure the new record process is comprehensive.
- GIS Update - IT has released the results of a study identifying improvements necessary to achieve our field mobile objectives. The study concludes that we need to update and replace old hardware, change some architecture issues to allow faster and more reliable connectivity, modify software to allow work to continue even when the unit is not directly connected to our network, add more internal and external truck-mounts for hardware, and add phone cameras to the equipment we issue at the supervisory level. We have also upgraded our existing software to a new release.

Wireless Infrastructure - IT has finalized agreements to begin implementing wireless connectivity to the Treatment Plant. This project will allow us to provide better

security to the plant and upgrade network capabilities. In addition, we are exploring economical options for Cox Communications to provide bandwidth to remote District facilities.

***Finance:***

**The financial reporting for September 30, 2008 is as follows:**

- For the three months ended September 30, 2008, there are total revenues of \$18,157,139 and total expenses of \$17,032,916. The revenues exceeded expenses by \$1,124,223.

**The financial reporting for investments for September 30, 2008 is as follows:**

- The market value shown in the Portfolio Summary and in the Investment Portfolio Details as of September 30, 2008 total \$79,673,795.82 with an average yield to maturity of 3.298%. The total earnings year-to-date are \$717,394.49.

**ENGINEERING AND WATER OPERATIONS:**

***Engineering:***

- **850-4 Reservoir** - RSH worked on installation of underground water and storm drain piping. They will start construction of the ring wall in December 2008. The reservoir will provide for increased capacity in the 850 Pressure Zone, as required by the 2002 Water Resource Master Plan. This project is expected to be completed in May 2009. Project is on schedule and on budget. (P2191)
- **12-Inch Pipeline (Three Amigas) Projects** - This project consists of upgrading and replacing existing 12-inch pipelines in the Rancho San Diego area because of the size, age, and the need for increased fire flows. These areas include Chase Ave./Fuerte Ave., Hidden Mesa Rd., Jamul Dr., and Steele Canyon Rd. Arrieta Construction completed pipeline construction on all of the aforementioned streets. The paving is complete on Jamul Dr. and Hidden Mesa Rd. This project is expected to be completed in January 2009. This project is on schedule and on budget. (P2038)

- **20-Inch Recycled Pipeline Conversion** - ARB, Inc. (ARB) continues with the conversion of a 20-inch potable pipeline to a recycled pipeline in Chula Vista within the District's use area. Staff has been negotiating with ARB concerning costs of changes to the contract. ARB performed no work while waiting for a different meter. Project is 90% complete. This project is expected to be completed in February 2009. This project is on schedule and on budget. (R2081)
- **Calavo Sewer Lift Station** - NEWest Construction continues with the replacement of the Calavo Sewer Lift Station. Staff received and reviewed the proposal from SDG&E for the design of the electric service to the lift station. This project is expected to be completed by December 31, 2008. This project is on schedule and on budget. (S2015)
- **Water Resources Master Plan (WRMP)** - PBS&J is continuing to test the models for the potable and recycled water systems in an effort to discover and correct any anomalies. They are continuing to compile the list of projects for the future CIP and are working on the Program Environmental Impact Report (PEIR) for the Plan. This project is expected to be completed by June 30, 2009. (P1210)
- **Utility Agreement Reimbursements** - Staff is coordinating with Caltrans on utility agreement reimbursements to the District for the SR-905 and SR-125 highways. The reimbursements for the construction of SR-905 are at seven separate crossings. The construction work for which the District is responsible is complete. Caltrans construction is in progress. The District will potentially receive reimbursements of up to approximately \$850,000 during FY2009. The reimbursements for SR-125 are for the utility relocations along SR-125 at eight separate locations. Construction is complete and the District anticipates receiving reimbursements of up to \$450,000 during FY 09. Staff is processing six utility amendments for utility agreements and submit for Board approval in October and November 2008. (P2440/P2416)
- **North District Recycled Water Concept Study** - PBS&J is working on the draft final report which will be submitted to staff for review in early October 2008. A meeting to discuss the Study results was held with Regional Water Quality Control Board (RWQCB) staff on September 25,

2008. RWQCB staff is particularly interested in what the impacts might be to the groundwater by the use of recycled water in this area and they are concerned about the nitrogen levels in the recycled water. Operations staff is working on optimization of the treatment process to reduce the nitrogen levels in the effluent.

- **San Miguel Habitat Management Area (HMA) Update** - The remainder of the fire-damaged eucalyptus trees were removed during the month of September 2008 from the HMA. This removal was delayed because of the nesting birds in the trees in the Spring. It was necessary to wait until the end of the migratory bird nesting season to remove the remainder of the trees. This tree removal is being partially reimbursed through FEMA. Staff is working with our HMA management and maintenance contractor, IFC Jones & Stokes, and the Salt Creek Golf Course staff to remove invasive plant species that are growing within the golf course and threaten to spread into the HMA. A Request for Proposal (RFP) will be going out in October for the HMA management and maintenance contract with contract award scheduled for January 2009.
- The United States Department of Interior, Bureau of Reclamation, informed District Staff that they will provide a Title XVI Cooperative Agreement grant payment of \$1,195,000 for recycled water facilities, for their fiscal year ending September 30, 2008. The money was unanticipated by the District and not a part of the budget. The funds are hence unexpected additional income.
- For the month of September 2008, the District sold 17 meters (86 EDUs) generating \$397,712 in revenue. Accumulated revenue through September 30, 2008 was \$599,846 for 122.5 EDUs and 25 meters. Projection for this period was 84 meters (129.9 EDUs) with a budgeted revenue of \$710,510. Projected revenue from July 1, 2008 through June 30, 2009 is \$2,840,600.
- Approximately 2,432 linear feet of both CIP and developer project pipeline was installed in September 2008. The Construction Division performed quality control for these pipelines.
- The following table summarizes Engineering's Project purchases and change orders issued during the period of September 1, 2008 thru September 30, 2008 that were within Staff signatory authority:

Date	Action	Amount	Contractor/ Consultant	Project
9/3/08	Check Request	\$6,505.00	SDG&E	Calavo Sewer Pump Station Relocation of underground electric service (S2015)
9/3/08	P.O. 707606	\$4,995.34	Lee & Ro	As-Needed Engineering Design Svcs
9/17/08	Check Request	\$2,500.00	Swinerton	Consultant Svcs for 36-Inch Pipeline SDCWA Otay FCF #14 to Regulatory Site (P2009)
9/17/08	P.O. 708786	\$1,192.91	Mayer Reprographics	Interagency Water Meter Connections (P2422)
9/19/08	C.O. #2	\$5,216.69	Telliard Construction	Reclamation Plant Office Bldg & Recycled Water Operators Offices (R2053)
9/24/08	P.O.	\$3,095.17	Mayer Reprographics	1485-1 Pump Station (P2172)

***Water Operations:***

- Per a request from Mexico, on October 15, 2008 District staff increased the deliveries to 11.6 MGD to assist CESPT on a major pipeline repair. This increased flow lasted until October 18, 2008 and resulted in meeting the requested total volume for the month to be met earlier. Consequently, the connection was shut down on Monday, October 27, 2008.
- Potable water purchased for the third month of FY 09, September, 2008, was 4311.2 acre-feet. To date for FY 09 there has been 12448.9 acre-feet of water purchased. This is a -2.42 percent decrease from the same period last year.
- In the month of September 2008 there were 10 new Automated Meter Reading (AMR) meters installed and 131 meters were retrofitted to AMR meters.
- As of October 1, 2008 there was a total of 18,490 3-G Master Meter radio read units installed. The figure of 18,490 is not correlating with the previous figures reported in last month's report. Operations staff, in conjunction with IT staff, identified three items within Inforum Gold that should correct the problem in the future.

Total number of potable water accounts is 47,904; this is a decrease of three accounts from last month, August 2008.

- Recycled water consumption for the month of September 2008 is as follows:

Total flow was 609.8 acre-feet or 198,641,124 gallons and the average daily flow was 6,621,371 gallons per day.

Total number of recycled water accounts is 623; this is an increase of one from last month, August 2008.

Total recycled water consumption to date for FY 09 is 1829.8 acre-feet.

- Wastewater flows for the month of September 2008 were as follows:

- Total basin flow, gallons per day: 2,036,000.
- Spring Valley Sanitation District Flow to Metro, gallons per day: 676,000.
- Total Otay flow, gallons per day: 1,361,000.
- Flow Processed at the Ralph W. Chapman Water Recycling Facility, gallons per day: 1,106,000.
- Flow to Metro from Otay Water District, gallons per day: 254,000.

There were no new wastewater connections for the month of September 2008. The total stands at 6,069 EDU's.

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

# AGENDA ITEM 11

Exhibit A

OTAY WATER DISTRICT  
**COMPARATIVE BUDGET SUMMARY**  
 FOR THREE MONTHS ENDED SEPTEMBER 30, 2008

	Annual Budget	YTD Actual	YTD Budget	YTD Variance	Var %
<b>REVENUE:</b>					
Water Sales	\$ 32,836,500	\$ 9,962,560	\$ 10,078,600	\$ (116,040)	(1.2%)
Energy Charges	2,047,100	609,179	625,200	(16,021)	(2.6%)
System Charges	10,619,400	2,551,724	2,522,300	29,424	1.2%
Penalties	906,900	196,707	252,900	(56,193)	(22.2%)
MWD & CWA Fixed Charges	2,819,500	669,705	663,100	6,605	1.0%
Total Water Sales	49,229,400	13,989,876	14,142,100	(152,224)	(1.1%)
Reclamation Sales	6,344,500	2,279,895	2,126,200	153,695	7.2%
Sewer Charges	2,145,300	548,420	535,500	12,920	2.4%
Meter Fees	103,800	25,436	25,950	(514)	(2.0%)
Capacity Fee Revenues	1,301,900	350,109	325,500	24,609	7.6%
Betterment Fees for Maintenance	895,900	184,500	224,000	(39,500)	(17.6%)
Annexation Fees	483,600	41,773	120,900	(79,127)	(65.4%)
Non-Operating Revenues	1,633,100	482,716	359,450	123,266	34.3%
Tax Revenues	4,137,300	114,546	113,400	1,146	1.0%
Interest	667,800	109,868	105,000	4,868	4.6%
General Fund Draw Down	120,100	30,000	30,000	-	0.0%
Total Revenue	\$ 67,062,700	\$ 18,157,139	\$ 18,108,000	\$ 49,139	0.3%
<b>EXPENSES:</b>					
Potable Water Purchases	\$ 25,183,600	\$ 7,232,981	\$ 7,374,200	\$ 141,219	1.9%
Recycled Water Purchases	1,490,800	527,849	575,800	47,951	8.3%
CWA-Infrastructure Access Charge	1,227,500	287,334	287,400	66	0.0%
CWA-Customer Service Charge	1,049,800	254,550	254,700	150	0.1%
CWA-Emergency Storage Charge	1,774,700	434,124	434,100	(24)	(0.0%)
MWD-Capacity Res Charge	602,800	148,932	148,800	(132)	(0.1%)
MWD-Readiness to Serve Charge	665,100	166,272	166,200	(72)	(0.0%)
Subtotal Water Purchases	31,994,300	9,052,042	9,241,200	189,158	2.0%
Power Charges	2,780,500	847,426	858,700	11,274	1.3%
Payroll & Related Costs	17,185,400	3,795,871	4,028,910	233,039	5.8%
Material & Maintenance	3,872,800	810,351	913,200	102,849	11.3%
Administrative Expenses	5,467,600	1,072,682	1,193,700	121,019	10.1%
Legal Fees	467,500	130,843	116,875	(13,968)	(12.0%)
Expansion Reserve	5,016,700	1,254,200	1,254,200	-	0.0%
Replacement Reserve	277,900	69,500	69,500	-	0.0%
Total Expenses	\$ 67,062,700	\$ 17,032,916	\$ 17,676,285	\$ 643,369	3.6%
<b>Excess Revenue (Expense)</b>	<b>\$ -</b>	<b>\$ 1,124,223</b>	<b>\$ 431,715</b>	<b>\$ 692,508</b>	

**OTAY WATER DISTRICT  
INVESTMENT PORTFOLIO REVIEW  
SEPTEMBER 30, 2008**

**INVESTMENT OVERVIEW & MARKET STATUS:**

On October 8th, the Federal Reserve Board's federal funds rate was once again lowered from 2.00% to 1.50%. The change was implemented as a result of an unscheduled, emergency meeting of the Reserve Board in response to the nation's ongoing financial crisis, as well as banking industry pressure to ease credit and stimulate the economy. This was the seventh reduction in a row since September 18, 2007, when the rate was 5.25%. The next Reserve Board meeting is scheduled for October 29<sup>th</sup>, and there is currently a strong expectation that the rate will be lowered another 0.25% – 0.50% at that time. Despite the large drop in available interest rates, the District's overall effective rate of return on at September 30th was 3.36%. At the same time the LAIF return on deposits has also dropped over the last several months, reaching an average effective yield of 2.77% for the month of September. Based on our success at maintaining a competitive rate of return on our portfolio during this extended period of interest rate declines, no changes in investment strategy are being considered at this time.

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

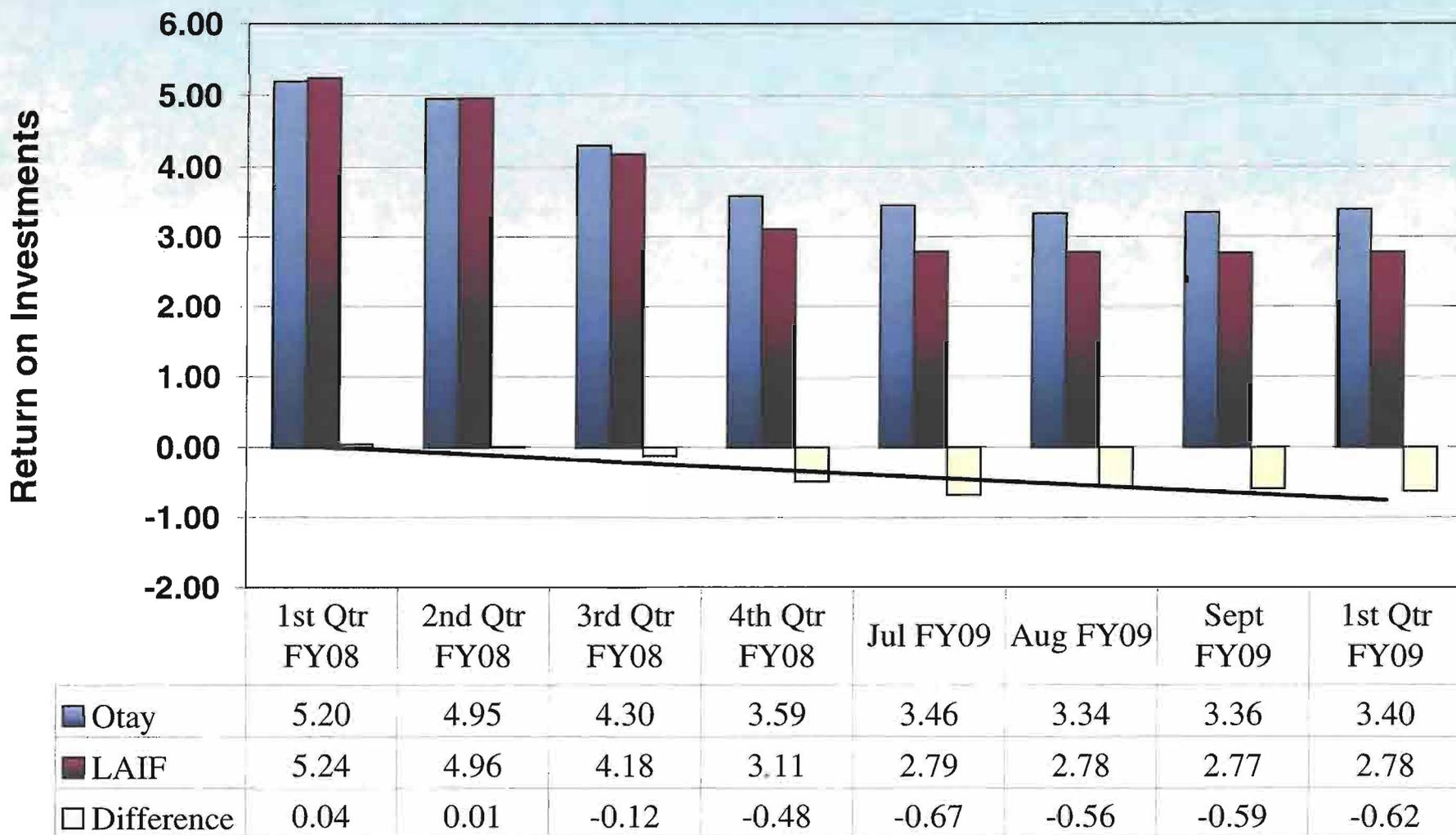
**PORTFOLIO COMPLIANCE: September 30, 2008**

	<u>Investment</u>	<u>State Limit</u>	<u>Otay Limit</u>	<u>Otay Actual</u>
8.01:	Treasury Securities	100%	100%	0
8.02:	Local Agency Investment Fund (Operations)	\$40 Million	\$40 Million	\$11.42 Million
8.02:	Local Agency Investment Fund (Bonds)	100%	100%	1.82%
8.03:	Federal Agency Issues	100%	100%	59.87%
8.04:	Certificates of Deposit	30%	15%	1.35%
8.05:	Short-Term Commercial Notes	25%	15%	0
8.06:	Medium-Term Commercial Debt	30%	15%	2.51%
8.07:	Money Market Mutual Funds	20%	15%	0
8.08:	San Diego County Pool	100%	100%	15.38%
12.0:	Maximum Single Financial Institution	100%	50%	4.75%

# Performance Measure F-12

## Return on Investment

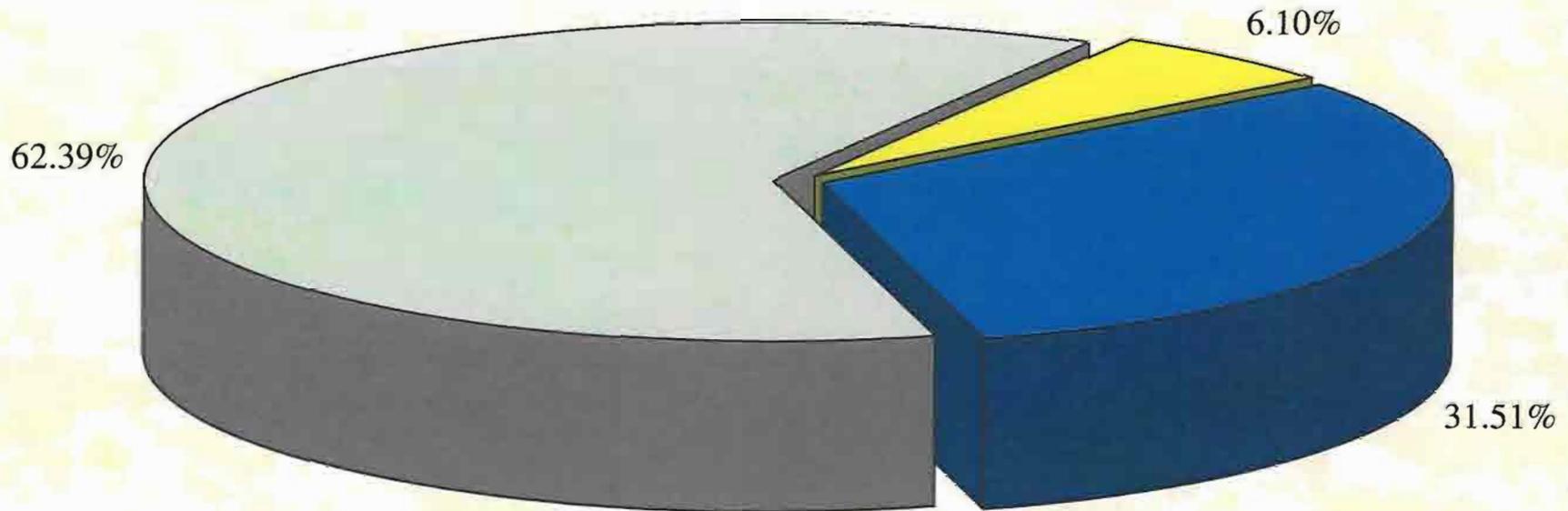
Target: Meet or Exceed 100% of LAIF



Month

■ Otay 
 ■ LAIF 
 ■ Difference 
 — Linear (Difference)

## Otay Water District Investment Portfolio: 09/30/08



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

**OTAY  
Portfolio Management  
Portfolio Summary  
September 30, 2008**

<b>Investments</b>	<b>Par Value</b>	<b>Market Value</b>	<b>Book Value</b>	<b>% of Portfolio</b>	<b>Term</b>	<b>Days to Maturity</b>	<b>YTM 360 Equiv.</b>	<b>YTM 365 Equiv.</b>
Corporate Notes	2,000,000.00	1,932,067.87	2,024,033.97	2.66	1,111	791	4.340	4.401
Federal Agency Issues- Callable	47,799,100.00	47,688,913.18	47,798,292.44	62.84	927	749	3.403	3.450
Certificates of Deposit - Bank	1,079,108.00	1,079,108.00	1,079,108.00	1.42	393	103	4.728	4.793
Local Agency Investment Fund (LAIF)	12,882,037.08	12,870,928.85	12,882,037.08	16.94	1	1	2.736	2.774
San Diego County Pool	12,282,129.87	12,312,552.05	12,282,129.87	16.15	1	1	3.181	3.225
	<b>76,042,374.95</b>	<b>75,883,569.95</b>	<b>76,065,601.36</b>	<b>100.00%</b>	<b>618</b>	<b>493</b>	<b>3.298</b>	<b>3.344</b>
<b>Investments</b>								
<b>Cash</b>								
Passbook/Checking (not included in yield calculations)	3,790,225.87	3,790,225.87	3,790,225.87		1	1	0.876	0.888
<b>Total Cash and Investments</b>	<b>79,832,600.82</b>	<b>79,673,795.82</b>	<b>79,855,827.23</b>		<b>618</b>	<b>493</b>	<b>3.298</b>	<b>3.344</b>

<b>Total Earnings</b>	<b>September 30 Month Ending</b>	<b>Fiscal Year To Date</b>
Current Year	223,684.81	717,394.49
<b>Average Daily Balance</b>	<b>80,896,125.69</b>	<b>83,655,225.98</b>
<b>Effective Rate of Return</b>	<b>3.36%</b>	<b>3.40%</b>

I hereby certify that the investments contained in this report are made in accordance with the District Investment Policy Number 27 adopted by the Board of Directors on January 19, 2000. 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.

  
 \_\_\_\_\_ *10-7-08*  
 Joseph Beachem, Chief Financial Officer

**OTAY**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**September 30, 2008**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 360	Days to Maturity	Maturity Date
<b>Corporate Notes</b>												
36962G2S2	2044	General Electric Capital		11/16/2007	2,000,000.00	1,932,067.87	2,024,033.97	5.000	Aaa	4.340	791	12/01/2010
<b>Subtotal and Average</b>			<b>2,024,480.76</b>		<b>2,000,000.00</b>	<b>1,932,067.87</b>	<b>2,024,033.97</b>			<b>4.340</b>	<b>791</b>	
<b>Federal Agency Issues- Callable</b>												
31398AMX7	2064	FANNIE MAE		02/22/2008	2,000,000.00	1,990,625.00	2,000,000.00	3.000		2.959	506	02/19/2010
31331YB74	2073	Federal Farm Credit Bank		04/07/2008	2,000,000.00	1,981,250.00	2,000,000.00	3.180		3.136	918	04/07/2011
3133XNS42	2058	Federal Home Loan Bank		12/18/2007	2,000,000.00	2,005,625.00	2,000,000.00	4.250		4.192	625	06/18/2010
3133XNPR4	2059	Federal Home Loan Bank		12/24/2007	1,800,000.00	1,805,625.00	1,800,000.00	4.350		4.290	814	12/24/2010
3133XPDR2	2062	Federal Home Loan Bank		01/30/2008	2,000,000.00	1,994,375.00	2,000,000.00	3.060		3.018	485	01/29/2010
3133XPDS0	2063	Federal Home Loan Bank		01/30/2008	2,000,000.00	1,995,625.00	2,000,000.00	3.250		3.205	667	07/30/2010
3133XPWL4	2065	Federal Home Loan Bank		02/26/2008	2,000,000.00	1,991,250.00	2,000,000.00	3.000		2.959	513	02/26/2010
3133XPX90	2067	Federal Home Loan Bank		03/05/2008	2,000,000.00	1,991,875.00	2,000,000.00	3.020		2.979	520	03/05/2010
3133XQC91	2070	Federal Home Loan Bank		03/17/2008	2,000,000.00	1,988,125.00	2,000,000.00	3.125		3.081	807	12/17/2010
3133XQF23	2071	Federal Home Loan Bank		03/25/2008	2,000,000.00	1,983,125.00	2,000,000.00	3.250		3.205	905	03/25/2011
3133XQJ78	2072	Federal Home Loan Bank		04/14/2008	2,000,000.00	1,982,500.00	2,000,000.00	3.150		3.107	925	04/14/2011
3133XQMC3	2074	Federal Home Loan Bank		04/14/2008	2,000,000.00	1,982,500.00	2,000,000.00	2.900		2.860	743	10/14/2010
3133XQUX8	2075	Federal Home Loan Bank		04/29/2008	2,000,000.00	1,989,375.00	2,000,000.00	3.100		3.058	758	10/29/2010
3133XRNM8	2083	Federal Home Loan Bank		06/30/2008	2,000,000.00	2,005,000.00	2,000,000.00	3.650		3.598	545	03/30/2010
3133XRK74	2084	Federal Home Loan Bank		06/30/2008	2,000,000.00	2,002,500.00	2,000,000.00	3.500		3.452	455	12/30/2009
3128X7TT1	2079	Federal Home Loan Mortgage		06/02/2008	2,000,000.00	2,000,288.09	2,000,000.00	3.625		3.575	974	06/02/2011
3128X7YG3	2082	Federal Home Loan Mortgage		06/26/2008	2,000,000.00	2,007,645.87	2,000,000.00	4.750		4.685	1,729	06/26/2013
31398AKS0	2060	Federal National Mortgage Assoc		01/07/2008	2,000,000.00	2,007,500.00	2,000,000.00	4.500		4.438	828	01/07/2011
31398ANH1	2069	Federal National Mortgage Assoc		03/10/2008	2,000,000.00	1,988,750.00	2,000,000.00	3.250		3.205	877	02/25/2011
3136F9LP6	2076	Federal National Mortgage Assoc		04/28/2008	1,999,100.00	1,989,729.22	1,999,100.00	3.000		2.959	574	04/28/2010
3136F9NB5	2077	Federal National Mortgage Assoc		05/12/2008	2,000,000.00	1,990,000.00	2,000,000.00	3.100		3.058	588	05/12/2010
31398ARD6	2078	Federal National Mortgage Assoc		05/19/2008	2,000,000.00	2,001,250.00	1,999,192.44	3.600		3.570	960	05/19/2011
3136F9SA2	2080	Federal National Mortgage Assoc		06/10/2008	2,000,000.00	1,999,375.00	2,000,000.00	3.265		3.220	617	06/10/2010
3136F9WV1	2085	Federal National Mortgage Assoc		07/02/2008	2,000,000.00	2,015,000.00	2,000,000.00	4.000		3.945	639	07/02/2010
<b>Subtotal and Average</b>			<b>50,591,946.76</b>		<b>47,799,100.00</b>	<b>47,688,913.18</b>	<b>47,798,292.44</b>			<b>3.403</b>	<b>749</b>	
<b>Certificates of Deposit - Bank</b>												
205003183	2066	California Bank & Trust		01/22/2008	79,108.00	79,108.00	79,108.00	3.180		3.180	478	01/22/2010
1002812475	2061	Neighborhood National Bank		12/13/2007	1,000,000.00	1,000,000.00	1,000,000.00	4.850		4.850	73	12/13/2008
<b>Subtotal and Average</b>			<b>1,079,108.00</b>		<b>1,079,108.00</b>	<b>1,079,108.00</b>	<b>1,079,108.00</b>			<b>4.728</b>	<b>103</b>	

Portfolio OTAY

AP

PM (PRF\_PM2) SymRept 6.41.200

**OTAY**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**September 30, 2008**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 360	Days to Maturity	Maturity Date
<b>Local Agency Investment Fund (LAIF)</b>												
LAIF	9001	STATE OF CALIFORNIA		07/01/2004	11,431,285.51	11,421,428.27	11,431,285.51	2.774		2.736	1	
LAIF COPS07	9009	STATE OF CALIFORNIA		03/07/2007	1,450,751.57	1,449,500.58	1,450,751.57	2.774		2.736	1	
<b>Subtotal and Average</b>			<b>13,258,703.75</b>		<b>12,882,037.08</b>	<b>12,870,928.85</b>	<b>12,882,037.08</b>			<b>2.736</b>	<b>1</b>	
<b>San Diego County Pool</b>												
SD COUNTY POOL	9007	San Diego County		07/01/2004	12,282,129.87	12,312,552.05	12,282,129.87	3.225		3.181	1	
<b>Subtotal and Average</b>			<b>12,282,129.87</b>		<b>12,282,129.87</b>	<b>12,312,552.05</b>	<b>12,282,129.87</b>			<b>3.181</b>	<b>1</b>	
<b>Total and Average</b>			<b>80,896,125.69</b>		<b>76,042,374.95</b>	<b>75,883,569.95</b>	<b>76,065,601.36</b>			<b>3.298</b>	<b>493</b>	

**OTAY**  
**Portfolio Management**  
**Portfolio Details - Cash**  
**September 30, 2008**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 360	Days to Maturity
<b>Union Bank</b>											
UNION MONEY	9002	STATE OF CALIFORNIA		07/01/2004	2,028,263.94	2,028,263.94	2,028,263.94	0.200		0.197	1
PETTY CASH	9003	STATE OF CALIFORNIA		07/01/2004	2,800.00	2,800.00	2,800.00			0.000	1
UNION OPERATING	9004	STATE OF CALIFORNIA		07/01/2004	1,734,484.67	1,734,484.67	1,734,484.67	1.706		1.683	1
PAYROLL	9005	STATE OF CALIFORNIA		07/01/2004	24,677.26	24,677.26	24,677.26			0.000	1
UNION IOC	9008	STATE OF CALIFORNIA		05/01/2006	0.00	0.00	0.00	4.500		4.438	1
		<b>Average Balance</b>	<b>0.00</b>								<b>1</b>
<b>Total Cash and Investmentss</b>			<b>80,896,125.69</b>		<b>79,832,600.82</b>	<b>79,673,795.82</b>	<b>79,855,827.23</b>			<b>3.298</b>	<b>493</b>

**OTAY**  
**Activity Report**  
**Sorted By Issuer**  
**July 1, 2008 - September 30, 2008**

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value		Transaction Date	Par Value		Ending Balance
				Beginning Balance	Current Rate		Purchases or Deposits	Redemptions or Withdrawals	
<b>Issuer: STATE OF CALIFORNIA</b>									
<b>Union Bank</b>									
UNION MONEY	9002	STATE OF CALIFORNIA			0.200		20,385,946.03	18,367,699.02	
UNION OPERATING	9004	STATE OF CALIFORNIA			1.706		1,110,897.07	918,820.43	
PAYROLL	9005	STATE OF CALIFORNIA					300.00	0.00	
<b>Subtotal and Balance</b>				<b>1,579,602.22</b>			<b>21,497,143.10</b>	<b>19,286,519.45</b>	<b>3,790,225.87</b>
<b>Local Agency Investment Fund (LAIF)</b>									
LAIF	9001	STATE OF CALIFORNIA			2.774		17,142,803.72	16,500,000.00	
LAIF COPS07	9009	STATE OF CALIFORNIA			2.774		11,096.79	0.00	
<b>Subtotal and Balance</b>				<b>12,228,136.57</b>			<b>17,153,900.51</b>	<b>16,500,000.00</b>	<b>12,882,037.08</b>
<b>Issuer Subtotal</b>				<b>20.884%</b>	<b>13,807,738.79</b>		<b>38,651,043.61</b>	<b>35,786,519.45</b>	<b>16,672,262.95</b>
<b>Issuer: California Bank &amp; Trust</b>									
<b>Certificates of Deposit - Bank</b>									
<b>Subtotal and Balance</b>				<b>79,108.00</b>					<b>79,108.00</b>
<b>Issuer Subtotal</b>				<b>0.099%</b>	<b>79,108.00</b>		<b>0.00</b>	<b>0.00</b>	<b>79,108.00</b>
<b>Issuer: FANNIE MAE</b>									
<b>Federal Agency Issues- Callable</b>									
<b>Subtotal and Balance</b>				<b>2,000,000.00</b>					<b>2,000,000.00</b>
<b>Issuer Subtotal</b>				<b>2.505%</b>	<b>2,000,000.00</b>		<b>0.00</b>	<b>0.00</b>	<b>2,000,000.00</b>
<b>Issuer: Federal Farm Credit Bank</b>									
<b>Federal Agency Issues- Callable</b>									
<b>Subtotal and Balance</b>				<b>2,000,000.00</b>					<b>2,000,000.00</b>

OTAY  
Activity Report  
July 1, 2008 - September 30, 2008

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value		Transaction Date	Purchases or Deposits	Par Value	
				Beginning Balance	Current Rate			Redemptions or Withdrawals	Ending Balance
<b>Issuer Subtotal</b>			<b>2.505%</b>	<b>2,000,000.00</b>			<b>0.00</b>	<b>0.00</b>	<b>2,000,000.00</b>
<b>Issuer: Federal Home Loan Bank</b>									
<b>Federal Agency Issues- Callable</b>									
3133XLT7	2037	Federal Home Loan Bank			5.550	07/30/2008	0.00	3,000,000.00	
3133XM71	2042	Federal Home Loan Bank			4.500	08/14/2008	0.00	2,000,000.00	
3133XN6X2	2045	Federal Home Loan Bank			4.500	08/20/2008	0.00	2,000,000.00	
3133XNP52	2057	Federal Home Loan Bank			4.375	09/17/2008	0.00	2,000,000.00	
3133XPZN7	2068	Federal Home Loan Bank			3.350	09/03/2008	0.00	1,905,000.00	
<b>Subtotal and Balance</b>				<b>36,705,000.00</b>			<b>0.00</b>	<b>10,905,000.00</b>	<b>25,800,000.00</b>
<b>Issuer Subtotal</b>			<b>32.318%</b>	<b>36,705,000.00</b>			<b>0.00</b>	<b>10,905,000.00</b>	<b>25,800,000.00</b>
<b>Issuer: Federal Home Loan Mortgage</b>									
<b>Federal Agency Issues- Callable</b>									
<b>Subtotal and Balance</b>				<b>4,000,000.00</b>					<b>4,000,000.00</b>
<b>Issuer Subtotal</b>			<b>5.010%</b>	<b>4,000,000.00</b>			<b>0.00</b>	<b>0.00</b>	<b>4,000,000.00</b>
<b>Issuer: Federal National Mortgage Assoc</b>									
<b>Federal Agency Issues- Callable</b>									
3136F9TS2	2081	Federal National Mortgage Assoc			3.500	09/25/2008	0.00	2,000,000.00	
3136F9WV1	2085	Federal National Mortgage Assoc			4.000	07/02/2008	2,000,000.00	0.00	
<b>Subtotal and Balance</b>				<b>13,999,100.00</b>			<b>2,000,000.00</b>	<b>2,000,000.00</b>	<b>13,999,100.00</b>
<b>Issuer Subtotal</b>			<b>17.536%</b>	<b>13,999,100.00</b>			<b>2,000,000.00</b>	<b>2,000,000.00</b>	<b>13,999,100.00</b>
<b>Issuer: General Electric Capital</b>									
<b>Corporate Notes</b>									
<b>Subtotal and Balance</b>				<b>2,000,000.00</b>					<b>2,000,000.00</b>
<b>Issuer Subtotal</b>			<b>2.505%</b>	<b>2,000,000.00</b>			<b>0.00</b>	<b>0.00</b>	<b>2,000,000.00</b>
<b>Issuer: Neighborhood National Bank</b>									

OTAY  
Activity Report  
July 1, 2008 - September 30, 2008

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value		Transaction Date	Par Value		Ending Balance
				Beginning Balance	Current Rate		Purchases or Deposits	Redemptions or Withdrawals	
<b>Issuer: Neighborhood National Bank</b>									
<b>Certificates of Deposit - Bank</b>									
				Subtotal and Balance					1,000,000.00
				Issuer Subtotal	1.253%		0.00	0.00	1,000,000.00
<b>Issuer: San Diego County</b>									
<b>San Diego County Pool</b>									
SD COUNTY POOL	9007	San Diego County			3.225		105,030.38	0.00	
				Subtotal and Balance			105,030.38	0.00	12,282,129.87
				Issuer Subtotal	15.385%		105,030.38	0.00	12,282,129.87
			Total	100.000%			40,756,073.99	48,691,519.45	79,832,600.82

**OTAY**  
**GASB 31 Compliance Detail**  
**Sorted by Fund - Investment Class**  
**July 1, 2008 - September 30, 2008**

CUSIP	Investment #	Fund	Investment Class	Maturity Date	Beginning Invested Value	Purchase of Principal	Addition to Principal	Redemption of Principal	Adjustment in Value		Ending Invested Value
									Amortization Adjustment	Change in Market Value	
<b>Fund: Treasury Fund</b>											
LAIF	9001	99	Fair Value		10,787,944.73	0.00	142,803.72	142,803.72	0.00	-9,320.18	11,421,428.27
LAIF COPS07	9009	99	Fair Value		1,439,583.11	0.00	11,096.79	0.00	0.00	-1,179.32	1,449,500.58
UNION MONEY	9002	99	Amortized		10,016.93	0.00	32.28	32.28	0.00	0.00	2,028,263.94
PETTY CASH	9003	99	Amortized		2,800.00	0.00	0.00	0.00	0.00	0.00	2,800.00
UNION OPERATING	9004	99	Amortized		1,542,408.03	0.00	5,311.00	5,311.00	0.00	0.00	1,734,484.67
PAYROLL	9005	99	Amortized		24,377.26	0.00	0.00	0.00	0.00	0.00	24,677.26
UNION IOC	9008	99	Amortized		0.00	0.00	0.00	0.00	0.00	0.00	0.00
1002812475	2061	99	Amortized	12/13/2008	1,000,000.00	0.00	0.00	0.00	0.00	0.00	1,000,000.00
205003183	2066	99	Amortized	01/22/2010	79,108.00	0.00	0.00	0.00	0.00	0.00	79,108.00
SD COUNTY POOL	9007	99	Fair Value		12,219,100.73	0.00	105,030.38	0.00	0.00	-11,579.06	12,312,552.05
3133XLT7	2037	99	Fair Value	07/30/2010	3,006,562.50	0.00	0.00	3,000,000.00	0.00	-6,562.50	0.00
3133XMX71	2042	99	Fair Value	08/14/2009	2,004,375.00	0.00	0.00	2,000,000.00	0.00	-4,375.00	0.00
36962G2S2	2044	99	Fair Value	12/01/2010	2,051,704.10	0.00	0.00	0.00	0.00	-119,636.23	1,932,067.87
3133XN6X2	2045	99	Fair Value	08/20/2010	2,004,375.00	0.00	0.00	2,000,000.00	0.00	-4,375.00	0.00
3133XNP52	2057	99	Fair Value	09/17/2010	2,006,250.00	0.00	0.00	2,000,000.00	0.00	-6,250.00	0.00
3133XNS42	2058	99	Fair Value	06/18/2010	2,011,250.00	0.00	0.00	0.00	0.00	-5,625.00	2,005,625.00
3133XNPR4	2059	99	Fair Value	12/24/2010	1,810,687.50	0.00	0.00	0.00	0.00	-5,062.50	1,805,625.00
31398AKS0	2060	99	Fair Value	01/07/2011	2,012,500.00	0.00	0.00	0.00	0.00	-5,000.00	2,007,500.00
3133XPDR2	2062	99	Fair Value	01/29/2010	2,000,000.00	0.00	0.00	0.00	0.00	-5,625.00	1,994,375.00
3133XPDS0	2063	99	Fair Value	07/30/2010	1,997,500.00	0.00	0.00	0.00	0.00	-1,875.00	1,995,625.00
31398AMX7	2064	99	Fair Value	02/19/2010	1,998,125.00	0.00	0.00	0.00	0.00	-7,500.00	1,990,625.00
3133XPWL4	2065	99	Fair Value	02/26/2010	1,996,875.00	0.00	0.00	0.00	0.00	-5,625.00	1,991,250.00
3133XPX90	2067	99	Fair Value	03/05/2010	1,997,500.00	0.00	0.00	0.00	0.00	-5,625.00	1,991,875.00
3133XPZN7	2068	99	Fair Value	09/03/2010	1,905,000.00	0.00	0.00	1,905,000.00	0.00	0.00	0.00
31398ANH1	2069	99	Fair Value	02/25/2011	1,988,125.00	0.00	0.00	0.00	0.00	625.00	1,988,750.00
3133XQC91	2070	99	Fair Value	12/17/2010	1,985,625.00	0.00	0.00	0.00	0.00	2,500.00	1,988,125.00
3133XQF23	2071	99	Fair Value	03/25/2011	1,983,125.00	0.00	0.00	0.00	0.00	0.00	1,983,125.00
3133XQJ78	2072	99	Fair Value	04/14/2011	1,965,625.00	0.00	0.00	0.00	0.00	16,875.00	1,982,500.00
31331YB74	2073	99	Fair Value	04/07/2011	1,979,375.00	0.00	0.00	0.00	0.00	1,875.00	1,981,250.00
3133XQMC3	2074	99	Fair Value	10/14/2010	1,980,000.00	0.00	0.00	0.00	0.00	2,500.00	1,982,500.00

Portfolio OTAY  
AP

OTAY  
**GASB 31 Compliance Detail**  
 Sorted by Fund - Investment Class

CUSIP	Investment #	Fund	Investment Class	Maturity Date	Beginning Invested Value	Purchase of Principal	Addition to Principal	Redemption of Principal	Adjustment in Value		Ending Invested Value
									Amortization Adjustment	Change in Market Value	
<b>Fund: Treasury Fund</b>											
3133XQUX8	2075	99	Fair Value	10/29/2010	1,987,500.00	0.00	0.00	0.00	0.00	1,875.00	1,989,375.00
3136F9LP6	2076	99	Fair Value	04/28/2010	1,993,477.53	0.00	0.00	0.00	0.00	-3,748.31	1,989,729.22
3136F9NB5	2077	99	Fair Value	05/12/2010	1,991,875.00	0.00	0.00	0.00	0.00	-1,875.00	1,990,000.00
31398ARD6	2078	99	Fair Value	05/19/2011	1,997,500.00	0.00	0.00	0.00	0.00	3,750.00	2,001,250.00
3128X7TT1	2079	99	Fair Value	06/02/2011	1,997,510.07	0.00	0.00	0.00	0.00	2,778.02	2,000,288.09
3136F9SA2	2080	99	Fair Value	06/10/2010	2,000,625.00	0.00	0.00	0.00	0.00	-1,250.00	1,999,375.00
3136F9TS2	2081	99	Fair Value	06/25/2010	2,003,125.00	0.00	0.00	2,000,000.00	0.00	-3,125.00	0.00
3128X7YG3	2082	99	Fair Value	06/26/2013	2,006,940.00	0.00	0.00	0.00	0.00	705.87	2,007,645.87
3133XRNM8	2083	99	Fair Value	03/30/2010	2,011,250.00	0.00	0.00	0.00	0.00	-6,250.00	2,005,000.00
3133XRK74	2084	99	Fair Value	12/30/2009	2,008,125.00	0.00	0.00	0.00	0.00	-5,625.00	2,002,500.00
3136F9WV1	2085	99	Fair Value	07/02/2010	0.00	2,000,000.00	0.00	0.00	0.00	15,000.00	2,015,000.00
<b>Subtotal</b>					<b>87,787,845.49</b>	<b>2,000,000.00</b>	<b>264,274.17</b>	<b>13,053,147.00</b>	<b>0.00</b>	<b>-178,604.21</b>	<b>79,673,795.82</b>
<b>Total</b>					<b>87,787,845.49</b>	<b>2,000,000.00</b>	<b>264,274.17</b>	<b>13,053,147.00</b>	<b>0.00</b>	<b>-178,604.21</b>	<b>79,673,795.82</b>

**OTAY**  
**Duration Report**  
**Sorted by Investment Type - Investment Type**  
**Through 09/30/2008**

Security ID	Investment #	Fund	Issuer	Investment Class	Book Value	Par Value	Market Value	Current Rate	YTM 365	Current Yield	Maturity/ Call Date	Effective Duration
36962G2S2	2044	99	General Electric Capital	Fair	2,024,033.97	2,000,000.00	1,932,067.87	5.000	4.401	6.715	12/01/2010	1.978
3133XNS42	2058	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,005,625.00	4.250	4.250	3.677c	12/18/2008	0.213
3133XNPR4	2059	99	Federal Home Loan Bank	Fair	1,800,000.00	1,800,000.00	1,805,625.00	4.350	4.350	3.713c	12/24/2008	0.230
3133XPDR2	2062	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	1,994,375.00	3.060	3.060	3.633c	01/29/2009	0.328
3133XQJ78	2072	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	1,982,500.00	3.150	3.150	4.825c	04/14/2009	0.516
3133XPDS0	2063	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	1,995,625.00	3.250	3.250	3.696c	01/30/2009	0.331
3133XQC91	2070	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	1,988,125.00	3.125	3.124	4.338c	12/17/2008	0.210
31331YB74	2073	99	Federal Farm Credit Bank	Fair	2,000,000.00	2,000,000.00	1,981,250.00	3.180	3.180	5.042c	04/07/2009	0.496
31398AMX7	2064	99	FANNIE MAE	Fair	2,000,000.00	2,000,000.00	1,990,625.00	3.000	3.000	3.956c	02/19/2009	0.386
3133XPX90	2067	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	1,991,875.00	3.020	3.020	3.848c	03/05/2009	0.424
3133XPWL4	2065	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	1,991,250.00	3.000	3.000	3.892c	02/26/2009	0.405
3128X7TT1	2079	99	Federal Home Loan Mortgage	Fair	2,000,000.00	2,000,000.00	2,000,288.09	3.625	3.625	3.608c	06/02/2009	0.648
3133XQF23	2071	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	1,983,125.00	3.250	3.250	4.980c	03/25/2009	0.479
3136F9LP6	2076	99	Federal National Mortgage Assoc	Fair	1,999,100.00	1,999,100.00	1,989,729.22	3.000	3.000	3.835c	04/28/2009	0.556
3136F9NB5	2077	99	Federal National Mortgage Assoc	Fair	2,000,000.00	2,000,000.00	1,990,000.00	3.100	3.100	3.937c	05/12/2009	0.594
31398ARD6	2078	99	Federal National Mortgage Assoc	Fair	1,999,192.44	2,000,000.00	2,001,250.00	3.600	3.619	3.504c	05/19/2009	0.613
31398ANH1	2069	99	Federal National Mortgage Assoc	Fair	2,000,000.00	2,000,000.00	1,988,750.00	3.250	3.250	4.400c	02/25/2009	0.402
3128X7YG3	2082	99	Federal Home Loan Mortgage	Fair	2,000,000.00	2,000,000.00	2,007,645.87	4.750	4.750	3.970c	12/26/2008	0.235
3136F9SA2	2080	99	Federal National Mortgage Assoc	Fair	2,000,000.00	2,000,000.00	1,999,375.00	3.265	3.265	3.316c	06/10/2009	0.672
3133XQMC3	2074	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	1,982,500.00	2.900	2.900	4.573c	04/14/2009	0.516
3136F9WV1	2085	99	Federal National Mortgage Assoc	Fair	2,000,000.00	2,000,000.00	2,015,000.00	4.000	4.000	2.990c	07/02/2009	0.732
3133XRNM8	2083	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,005,000.00	3.650	3.648	3.142c	03/30/2009	0.000
3133XRK74	2084	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,002,500.00	3.500	3.500	3.246c	12/30/2008	0.246
31398AKS0	2060	99	Federal National Mortgage Assoc	Fair	2,000,000.00	2,000,000.00	2,007,500.00	4.500	4.500	3.736c	01/07/2009	0.268
3133XQUX8	2075	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	1,989,375.00	3.100	3.100	4.043c	04/29/2009	0.559

Portfolio OTAY

AP

DU (PRF\_DU) SymRept 6.41.200  
 Report Ver. 5.00

OTAY  
Duration Report  
Sorted by Investment Type - Investment Type  
Through 09/30/2008

Security ID	Investment #	Fund	Issuer	Investment Class	Book Value	Par Value	Market Value	Current Rate	YTM 365	Current Yield	Maturity/ Call Date	Effective Duration
205003183	2066	99	California Bank & Trust	Amort	79,108.00	79,108.00	79,108.00	3.180	3.224	3.180	01/22/2010	1.279 †
1002812475	2061	99	Neighborhood National Bank	Amort	1,000,000.00	1,000,000.00	1,000,000.00	4.850	4.917	4.850	12/13/2008	0.199 †
<b>Report Total</b>					<b>50,901,434.41</b>	<b>50,878,208.00</b>	<b>50,700,089.05</b>			<b>4.035</b>		<b>0.476 †</b>

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

# AGENDA ITEM 11



## STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	November 13, 2008
SUBMITTED BY:	<i>JOC</i> Sean Prendergast, Finance Supervisor, Payroll & AP	W.O./G.F. NO:	DIV. NO.
APPROVED BY: (Chief)	Joseph Beachem, Chief Financial Officer		
APPROVED BY: (Asst. GM):	German Alvarez, Assistant General Manager		
SUBJECT:	Accounts Payable Demand List		

**PURPOSE:**

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

**FISCAL IMPACT:**

<u>SUMMARY</u>	<u>NET DEMANDS</u>
CHECKS (2014076-2014657)	\$3,367,593.00
WIRE TO:	
CITY OF CHULA VISTA - BI-MONTHLY SEWER CHARGES	\$2,729,612.14
CITY TREASURER - RECLAIMED WATER PURCHASE AUG 08	\$196,890.12
DELTA HEALTH SYSTEMS - DENTAL & COBRA CLAIMS	\$15,175.28
LANDESBANK - CERTIFICATES OF PARTICIPATION	\$51,345.37
PLAN HANDLERS - MEDICAL CLAIMS	\$21,483.98
SAN DIEGO COUNTY WATER AUTHORITY - WATER DELIVERIES	\$2,690,351.40
SPECIAL DIST RISK MGMT AUTH - INS PREMIUM NOV 08	\$181,011.85
UNION BANK - PAYROLL TAXES	\$299,609.32
<b>TOTAL CASH DISBURSEMENTS</b>	<b>\$9,553,072.46</b>

**RECOMMENDED ACTION:**

That the Board receive the attached list of demands.

Jb/Attachment

OTAY WATER DISTRICT  
CHECK REGISTER  
FOR CHECKS 2014076 THROUGH 2014657  
RUN DATES 10/1/2008 TO 10/29/2008

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2014142	10/01/08	01910	ABCANA INDUSTRIES	8350538	09/11/08	BULK SODIUM HYPOCHLORITE	1,373.27	3,941.45
				830291	09/08/08	BULK SODIUM HYPOCHLORITE	1,162.72	
				830292	09/08/08	BULK SODIUM HYPOCHLORITE	815.38	
				830460	09/10/08	BULK SODIUM HYPOCHLORITE	590.08	
2014227	10/08/08	01910	ABCANA INDUSTRIES	830896	09/18/08	BULK SODIUM HYPOCHLORITE	1,709.88	3,760.39
				830726	09/15/08	BULK SODIUM HYPOCHLORITE	1,389.36	
				830727	09/15/08	BULK SODIUM HYPOCHLORITE	661.15	
2014315	10/15/08	01910	ABCANA INDUSTRIES	831293	09/24/08	BULK HYPOCHLORITE SOLUTION	1,475.20	7,099.71
				831170	09/23/08	BULK HYPOCHLORITE SOLUTION	1,397.41	
				831046	09/19/08	BULK HYPOCHLORITE SOLUTION	1,374.61	
				831369	09/25/08	BULK HYPOCHLORITE SOLUTION	1,138.58	
				831172	09/23/08	BULK HYPOCHLORITE SOLUTION	1,043.36	
				831171	09/23/08	BULK HYPOCHLORITE SOLUTION	670.55	
2014495	10/22/08	01910	ABCANA INDUSTRIES	831584	09/29/08	BULK SODIUM HYPOCHLORITE	1,697.81	3,858.30
				831900	10/02/08	BULK SODIUM HYPOCHLORITE	1,168.08	
				831585	09/29/08	BULK SODIUM HYPOCHLORITE	992.41	
2014579	10/29/08	01910	ABCANA INDUSTRIES	832087	10/06/08	BULK SODIUM HYPOCHLORITE	1,573.10	5,351.60
				832089	10/06/08	BULK SODIUM HYPOCHLORITE	1,421.55	
				832269	10/09/08	BULK SODIUM HYPOCHLORITE	1,139.92	
				832088	10/06/08	BULK SODIUM HYPOCHLORITE	854.27	
				832270	10/09/08	BULK SODIUM HYPOCHLORITE	362.76	
2014228	10/08/08	08488	ABLEFORCE INC	1430	10/07/08	CONSULTING SERVICES-IS DEPT	3,400.00	7,225.00
				1420	09/30/08	CONSULTING SERVICES-IS DEPT	2,550.00	
				1403	09/16/08	SHAREPOINT PROGRAMMING SERVICES	1,275.00	
2014316	10/15/08	08488	ABLEFORCE INC	1437	10/14/08	CONSULTING SERVICES - IS DEPT	4,250.00	4,250.00
2014392	10/22/08	09295	ACCD REVOCABLE TRUST	Ref002389867	10/20/08	UB Refund Cst #0000127301	6.42	6.42
2014143	10/01/08	07732	AIRGAS SPECIALTY PRODUCTS INC	131098530	09/09/08	BULK AQUA AMMONIA	1,702.80	3,096.00
				131098531	09/09/08	BULK AQUA AMMONIA	1,393.20	
2014496	10/22/08	07732	AIRGAS SPECIALTY PRODUCTS INC	131101691	09/30/08	BULK AQUA AMMONIA	2,275.56	3,982.23
				131101163	09/29/08	BULK AQUA AMMONIA	948.15	
				131101692	09/30/08	BULK AQUA AMMONIA	758.52	
2014497	10/22/08	00132	AIRGAS WEST	103194312	09/30/08	BREATHING AIR - TREATMENT PLANT	25.73	25.73
2014076	10/01/08	09200	ALB GROUP	Ref002389294	09/30/08	UB Refund Cst #0000127987	25.32	25.32
2014077	10/01/08	09164	ALFREDO PAREJA	Ref002389256	09/30/08	UB Refund Cst #0000092622	64.41	64.41

OTAY WATER DISTRICT  
CHECK REGISTER  
FOR CHECKS 2014076 THROUGH 2014657  
RUN DATES 10/1/2008 TO 10/29/2008

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2014144	10/01/08	02934	ALLEN INSTRUMENTS & SUPPLIES	0088468IN	09/05/08	ELECTRICAL CORD FOR SURVEY EQUIPMENT	71.65	71.65
2014229	10/08/08	02934	ALLEN INSTRUMENTS & SUPPLIES	0088653IN	09/11/08	TRIPOD BRACKET	81.20	81.20
2014230	10/08/08	01463	ALLIED ELECTRONICS INC	75610700	09/17/08	MISC ELECTRICAL RELAYS & TIMERS	1,281.49	1,281.49
2014231	10/08/08	03787	ALLIED TRENCH SHORING SERVICE	878778	09/17/08	STEEL PLATE RENTALS	370.88	370.88
2014317	10/15/08	02362	ALLIED WASTE SERVICES #509	0509003310326 0509003311752 0509003312625	09/25/08 09/25/08 09/25/08	TRASH REMOVAL SERVICES ASBESTOS DISPOSAL CONTAINER RENTAL TRASH REMOVAL SVCS TRMNT PLANT	751.34 206.69 130.01	1,088.04
2014078	10/01/08	09179	AMANDA ESTEVEZ	Ref002389272	09/30/08	UB Refund Cst #0000125251	14.77	14.77
2014079	10/01/08	09191	AMERICAN EAGLE REAL ESTATE	Ref002389285	09/30/08	UB Refund Cst #0000126866	27.75	27.75
2014232	10/08/08	06166	AMERICAN MESSAGING	L11095701J	10/01/08	PAGER SERVICES	502.30	502.30
2014318	10/15/08	00315	AMERICAN SOCIETY OF CIVIL	000679	10/08/08	MEMBERSHIP RENEWAL	120.00	120.00
2014498	10/22/08	09225	AMERICAN SOCIETY OF SAFETY	00679	10/08/08	MEMBERSHIP RENEWAL	120.00	120.00
2014393	10/22/08	09260	ANA SCHMIDT	Ref002389832	10/20/08	UB Refund Cst #0000121890	30.74	30.74
2014499	10/22/08	03088	ANDERSON, LINCOLN	000706	10/21/08	SAFETY BOOTS REIMBURSEMENT	108.24	108.24
2014080	10/01/08	09211	ANDREW LYON	Ref002389305	09/30/08	UB Refund Cst #0000139950	28.12	28.12
2014580	10/29/08	00002	ANSWER INC	000710	10/22/08	TELEPHONE ANSWERING SERVICES	1,000.00	1,000.00
2014319	10/15/08	02829	APPLIED TECHNOLOGY GROUP INC	187557	09/24/08	SCADA RADIO ANTENNA CONNECTORS	493.25	493.25
2014500	10/22/08	01509	ARC ERGONOMICS	23847	10/10/08	SAFETY EQUIPMENT	754.09	754.09
2014145	10/01/08	05753	ARRIETA CONSTRUCTION INC	05	09/09/08	P2038/P2345/P2387 - PL-12 INCH UPSIZE	151,972.30	151,972.30
2014233	10/08/08	05753	ARRIETA CONSTRUCTION INC	2008522	09/18/08	MANHOLE REHABILITATION	3,756.00	3,756.00
2014581	10/29/08	05753	ARRIETA CONSTRUCTION INC	06	10/03/08	P2038/P2345/P2387 - PL-12 INCH UPSIZE	339,026.90	339,026.90
2014146	10/01/08	08880	ASHLON INC	000650 000649 000651	09/26/08 09/26/08 09/26/08	RE-ISSUE UB REFUND RE-ISSUE UB REFUND RE-ISSUE UB REFUND	51.61 27.68 12.57	91.86
2014394	10/22/08	09248	ASUSANA RAMOS SANTOS	Ref002389819	10/20/08	UB Refund Cst #0000080060	59.93	59.93

OTAY WATER DISTRICT  
CHECK REGISTER  
FOR CHECKS 2014076 THROUGH 2014657  
RUN DATES 10/1/2008 TO 10/29/2008

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2014234	10/08/08	05758	AT&T	082164572809250	09/25/08	OPT-E-MAN INTERNET BANDWIDTH	2,272.56	2,272.56
2014501	10/22/08	05758	AT&T	000699	10/07/08	PHONE SERVICES	32.37	32.37
2014502	10/22/08	07785	AT&T	000000280320	10/02/08	PHONE SERVICES	5,784.00	5,784.00
2014235	10/08/08	08024	BACKGROUND PROFILES INC	5980001002081	10/02/08	BACKGROUND CHECKS	102.15	102.15
2014081	10/01/08	09175	BANK OF NEW YORK	Ref002389267	09/30/08	UB Refund Cst #0000124441	83.54	83.54
2014320	10/15/08	09222	BANK OF NEW YORK	000690	10/09/08	REISSUE CK IN BANK'S NAME	27.09	27.09
2014395	10/22/08	09261	BANK OF NEW YORK	Ref002389833	10/20/08	UB Refund Cst #0000121948	164.89	164.89
2014082	10/01/08	09210	BARBARA CHANDLER	Ref002389304	09/30/08	UB Refund Cst #0000139720	39.84	39.84
2014503	10/22/08	00145	BARRETT ENGINEERED PUMPS	063186	09/26/08	WWTP TRAILER NEW CONSTRUCTION	1,269.30	1,269.30
2014083	10/01/08	09168	BELEN RESPICIO	Ref002389260	09/30/08	UB Refund Cst #0000120187	37.12	37.12
2014321	10/15/08	03509	BELL, RITA	000689	10/13/08	REIMBURSE CONF TRAVEL EXPENSES	189.00	189.00
2014582	10/29/08	03509	BELL, RITA	16031008	10/22/08	TRAVEL EXPENSE REIMBURSEMENTS	162.72	162.72
2014396	10/22/08	09247	BERTA VELASQUEZ	Ref002389818	10/20/08	UB Refund Cst #0000074307	89.14	89.14
2014084	10/01/08	09197	BERTHA RODRIGUEZ	Ref002389291	09/30/08	UB Refund Cst #0000127594	20.37	20.37
2014397	10/22/08	09240	BETINA POETER	Ref002389811	10/20/08	UB Refund Cst #0000065992	7.99	7.99
2014398	10/22/08	09319	BILL TREPANIER	Ref002389891	10/20/08	UB Refund Cst #0000135619	61.00	61.00
2014399	10/22/08	09246	BLANCA VEGA	Ref002389817	10/20/08	UB Refund Cst #0000073882	49.96	49.96
2014147	10/01/08	00559	BOYLE ENGINEERING CORPORATION	059034	09/01/08	P1438-AS NEEDED PLAN CHECK SERVICES	2,631.27	2,631.27
2014236	10/08/08	00559	BOYLE ENGINEERING CORPORATION	059560	09/17/08	P1438 - PLAN CHECKS & INSPECTION SERVICE	14,195.15	14,195.15
2014400	10/22/08	09254	BRAD DONNELLY	Ref002389826	10/20/08	UB Refund Cst #0000092233	108.21	108.21
2014148	10/01/08	01232	BRODING'S BATTERY WAREHOUSE	63835	09/11/08	AUTOMOTIVE BATTERIES	89.38	89.38
2014322	10/15/08	01232	BRODING'S BATTERY WAREHOUSE	63847		CREDIT MEMO	(219.19)	
				64277	09/25/08	STARTER	172.15	
				63856	09/12/08	REBUILT PART	53.82	6.78

OTAY WATER DISTRICT  
CHECK REGISTER  
FOR CHECKS 2014076 THROUGH 2014657  
RUN DATES 10/1/2008 TO 10/29/2008

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2014237	10/08/08	08156	BROWNSTEIN HYATT FARBER	423924	09/29/08	LEGISLATIVE ADVOCACY SERVICES	2,522.50	2,522.50
2014504	10/22/08	08542	BUCK PETROLEUM CO	9091196	10/01/08	DIESEL FUEL	15,581.00	15,581.00
2014238	10/08/08	03721	BULLET LOGISTICS INC	09150803350	09/15/08	COURIER SERVICES FOR TREATMENT PLANT	455.40	455.40
2014505	10/22/08	09216	C & S SALES	94249	09/26/08	BIKER WATER BOTTLES	417.06	417.06
2014149	10/01/08	00223	C W MCGRATH INC	30873	09/10/08	CRUSHED ROCK	248.30	248.30
2014239	10/08/08	00223	C W MCGRATH INC	30918	09/16/08	CRUSHED ROCK	187.58	
				30948	09/18/08	CRUSHED ROCK	42.24	229.82
2014323	10/15/08	00223	C W MCGRATH INC	31014	09/25/08	CRUSHED ROCK	355.83	
				30970	09/22/08	CRUSHED ROCK	294.36	
				30984	09/23/08	CRUSHED ROCK	143.45	
				31065	10/02/08	CRUSHED ROCK	52.42	846.06
2014583	10/29/08	00223	C W MCGRATH INC	31134	10/09/08	CRUSHED ROCK	251.76	
				31081	10/03/08	CRUSHED ROCK	52.65	304.41
2014584	10/29/08	08490	CALIFORNIA BANK & TRUST	06	10/03/08	RETENTION/ARRIETA CONSTRUCTION	17,843.52	17,843.52
2014506	10/22/08	02920	CALIFORNIA COMMERCIAL	79967	09/29/08	ASPHALT	1,389.46	1,389.46
2014324	10/15/08	08538	CALIFORNIA HIGHWAY PATROL	08090257	09/25/08	TRAFFIC COLLISION REPORT	10.00	10.00
2014240	10/08/08	01060	CALIFORNIA SOCIETY OF	000665	10/06/08	CAP BUDGET AWARD APPLICATION FEE	200.00	200.00
2014241	10/08/08	01060	CALIFORNIA SOCIETY OF	000664	10/06/08	OPERATING BUDGET AWARD APPLICATION FEE	200.00	200.00
2014150	10/01/08	00192	CALIFORNIA WATER ENVIRONMENT	000630	09/25/08	CERTIFICATE RENEWAL	71.00	71.00
2014325	10/15/08	00192	CALIFORNIA WATER ENVIRONMENT	935508	10/13/08	MEMBERSHIP RENEWAL	132.00	132.00
2014242	10/08/08	01004	CALOLYMPIC SAFETY	044600	09/12/08	HAZARDOUS RISK APPAREL	1,149.73	1,149.73
2014585	10/29/08	01004	CALOLYMPIC SAFETY	046265	10/06/08	SAFETY EQUIPMENT	190.61	
				046259	10/06/08	SAFETY EQUIPMENT	108.67	299.28
2014151	10/01/08	03503	CAMERON, KEVIN	000636	09/26/08	TUITION REIMBURSEMENT	2,294.66	2,294.66
2014243	10/08/08	04215	CAMP DRESSER & MCKEE INC	802954588	09/16/08	P2451 - BI-NATIONAL OCEAN DESALINATION	6,298.40	6,298.40
2014507	10/22/08	08009	CANON BUSINESS SOLUTIONS INC	4001304295	10/01/08	COPIER MAINTENANCE	815.34	

OTAY WATER DISTRICT  
CHECK REGISTER  
FOR CHECKS 2014076 THROUGH 2014657  
RUN DATES 10/1/2008 TO 10/29/2008

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
				4001315802	10/01/08	COPIER MAINTENANCE	691.41	
				4001314622	10/01/08	COPIER MAINTENANCE	555.28	
				4001318432	10/01/08	COPIER MAINTENANCE	140.96	2,202.99
2014152	10/01/08	03527	CARDIAC SCIENCE	1072628	09/10/08	SAFETY EQUIPMENT	439.85	439.85
2014153	10/01/08	03572	CARLTON DISANTE &	48968	09/24/08	LEGAL SERVICES AUG 2008	171.00	171.00
2014401	10/22/08	09232	CARMAC INDUSTRIES INC	Ref002389803	10/20/08	UB Refund Cst #0000021349	128.11	128.11
2014244	10/08/08	02758	CARMEL BUSINESS SYSTEMS INC	6850	10/01/08	TEMPORARY SERVICES-RECORDS	1,477.50	1,477.50
2014508	10/22/08	02758	CARMEL BUSINESS SYSTEMS INC	6849	10/01/08	RECORDS STORAGE & SUPPORT	990.76	990.76
2014586	10/29/08	03491	CASA DE ORO CAR WASH	401	10/03/08	VEHICLE WASHING	764.96	764.96
2014154	10/01/08	03232	CDW GOVERNMENT INC	LRG9191	09/10/08	COMPUTER UPS POWER SUPPLIES	1,139.52	1,139.52
2014245	10/08/08	03232	CDW GOVERNMENT INC	LRT2234	09/12/08	COMPUTER UPS POWER SUPPLIES	933.22	
				LSQ2030	09/17/08	SERVER UPS POWER SUPPLY	315.97	
				LTG5129	09/18/08	SCADA COMPUTER EQUIPMENT	245.77	1,494.96
2014326	10/15/08	03232	CDW GOVERNMENT INC	LTN6508	09/19/08	SCADA COMPUTER SUPPLIES	285.13	
				LVN7564	09/24/08	SCADA COMPUTER SUPPLIES	285.09	
				LVG0004	09/23/08	SCADA COMPUTER SUPPLIES	278.79	
				LTW3287	09/22/08	SCADA COMPUTER SUPPLIES	119.21	968.22
2014587	10/29/08	03232	CDW GOVERNMENT INC	LZZ4888	10/09/08	DATA CENTER EQUIPMENT	2,451.32	2,451.32
2014402	10/22/08	09326	CECELIA MORALES	Ref002389898	10/20/08	UB Refund Cst #0000140009	20.76	20.76
2014403	10/22/08	09235	CECILIA ESPIRITU	Ref002389806	10/20/08	UB Refund Cst #0000045194	53.35	53.35
2014085	10/01/08	09193	CENTURY 21 AWARD	Ref002389287	09/30/08	UB Refund Cst #0000126940	52.96	52.96
2014404	10/22/08	09270	CHET FRITH	Ref002389842	10/20/08	UB Refund Cst #0000124315	43.95	43.95
2014405	10/22/08	09325	CHRIS MUCKLEY	Ref002389897	10/20/08	UB Refund Cst #0000140007	118.02	118.02
2014406	10/22/08	09257	CINDY GONZALEZ	Ref002389829	10/20/08	UB Refund Cst #0000120455	83.20	83.20
2014588	10/29/08	00446	CITY OF CHULA VISTA	APN59338240004	10/15/08	SECURED PROPERTY TAXES	53.56	
				APN59338240002	10/15/08	SECURED PROPERTY TAXES	30.98	
				APN59338240001	10/15/08	SECURED PROPERTY TAXES	19.22	
				APN59338240003	10/15/08	SECURED PROPERTY TAXES	1.56	105.32

OTAY WATER DISTRICT  
CHECK REGISTER  
FOR CHECKS 2014076 THROUGH 2014657  
RUN DATES 10/1/2008 TO 10/29/2008

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2014155	10/01/08	04119	CLARKSON LAB & SUPPLY INC	41444 41316	08/31/08 08/31/08	BACTERIOLOGICAL TESTING & LAB SERVICES BACTERIOLOGICAL TESTING & LAB SERVICES	190.00 95.00	285.00
2014509	10/22/08	08397	CLOVERLEAF TOOL COMPANY	18650	10/01/08	TIGER TAILS AND LEADER HOSE	366.89	366.89
2014407	10/22/08	09287	COLDWELL BANKER	Ref002389859	10/20/08	UB Refund Cst #0000126514	60.79	60.79
2014156	10/01/08	04398	CONSTRUCTION MANAGEMENT	000640 000643	09/30/08 09/30/08	MEETING REGISTRATION MEETING REGISTRATION	85.00 55.00	140.00
2014327	10/15/08	04398	CONSTRUCTION MANAGEMENT	000678	10/02/08	REGISTRATION FEES	250.00	250.00
2014510	10/22/08	03774	CONSTRUCTION RESIDUE RECYCLING	2245	09/30/08	DUMPING SERVICES	120.00	120.00
2014157	10/01/08	03706	CONSUMERS PIPE & SUPPLY CO	S1078711001	09/11/08	WAREHOUSE SUPPLIES	1,227.95	1,227.95
2014246	10/08/08	02060	COSS, GREGORY D	000672	10/07/08	EXAM FEE REIMBURSEMENT	120.00	120.00
2014511	10/22/08	02612	COUNCIL OF WATER UTILITIES	000700	10/13/08	MONTHLY MEETING	25.00	25.00
2014328	10/15/08	00206	COUNTY OF SAN DIEGO	1724	10/01/08	NOV 08 DIV 5 ELECTION COSTS	5,124.00	5,124.00
2014589	10/29/08	00134	COUNTY OF SAN DIEGO	2008100	10/07/08	COUNTY ASSESSOR DATA	125.00	125.00
2014590	10/29/08	00184	COUNTY OF SAN DIEGO	DEH090088D11	10/13/08	RECLAIMED WATER SHUT DOWN TEST	238.00	238.00
2014247	10/08/08	08387	COUNTY OF SD-LANDFILL MGMNT	200807	09/03/08	MICROTURBINEPOWER GENERATION	5,498.75	5,498.75
2014512	10/22/08	07601	CREATIVE BENEFITS INC	67173	10/01/08	FLEXIBLE SPENDING ACCT ADMINISTRATION	540.00	540.00
2014248	10/08/08	06415	CUMMINS CAL PACIFIC LLC	00463555	09/17/08	APCD EMISSIONS RETROFIT	13,003.38	13,003.38
2014513	10/22/08	06415	CUMMINS CAL PACIFIC LLC	82374	10/02/08	APCD RETROFIT	664.14	664.14
2014591	10/29/08	06415	CUMMINS CAL PACIFIC LLC	00464297	10/06/08	APCD EMISSIONS RETROFIT	13,003.38	13,003.38
2014158	10/01/08	00422	D & D TOOL & SUPPLY	S1725237001	09/08/08	KNEE PADS	155.77	155.77
2014408	10/22/08	09228	DALE NEWELL	Ref002389799	10/20/08	UB Refund Cst #0000003057	95.00	95.00
2014409	10/22/08	09230	DANIEL MOLINA	Ref002389801	10/20/08	UB Refund Cst #0000018378	14.69	14.69
2014159	10/01/08	08780	DATAPROSE	51616	09/09/08	BILLING PRINT SERVICES	13,851.60	13,851.60
2014086	10/01/08	09172	DAVID ARCHER	Ref002389264	09/30/08	UB Refund Cst #0000123361	52.05	52.05

OTAY WATER DISTRICT  
CHECK REGISTER  
FOR CHECKS 2014076 THROUGH 2014657  
RUN DATES 10/1/2008 TO 10/29/2008

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2014410	10/22/08	09312	DAVID KATSANES	Ref002389884	10/20/08	UB Refund Cst #0000133811	52.94	52.94
2014087	10/01/08	09212	DAWNETTA MESHACK	Ref002389306	09/30/08	UB Refund Cst #0000001149	7.61	7.61
2014411	10/22/08	09317	DELFINA MONTANO	Ref002389889	10/20/08	UB Refund Cst #0000134949	75.00	75.00
2014329	10/15/08	07680	DELTA HEALTH SYSTEMS	P081008	10/08/08	EMPLOYEE HEALTH ADMINISTRATION SERVICE	1,389.54	1,389.54
2014514	10/22/08	07680	DELTA HEALTH SYSTEMS	IVC02400	09/30/08	EMPLOYEE HEALTH ADMIN SERVICES	68.00	68.00
2014088	10/01/08	09208	DENNIS DESOUZA	Ref002389302	09/30/08	UB Refund Cst #0000133943	39.84	39.84
2014412	10/22/08	09328	DENNIS DESOUZA	Ref002389900	10/20/08	UB Refund Cst #0000140366	113.57	113.57
2014515	10/22/08	03744	DEPARTMENT OF JUSTICE	698856	09/05/08	FINGERPRINT ANALYSIS SERVICES	204.00	204.00
2014592	10/29/08	03744	DEPARTMENT OF JUSTICE	703700	10/07/08	FINGERPRINT ANALYSIS SERVICES	204.00	204.00
2014160	10/01/08	00319	DEPARTMENT OF PUBLIC HEALTH	000631	09/25/08	CERTIFICATION RENEWAL	130.00	130.00
2014249	10/08/08	00319	DEPARTMENT OF PUBLIC HEALTH	0860515	09/30/08	#3710034 WATER SYSTEM FEES	5,539.40	5,539.40
2014250	10/08/08	00319	DEPARTMENT OF PUBLIC HEALTH	000670	10/07/08	CERTIFICATION RENEWAL	80.00	80.00
2014161	10/01/08	09145	DERRICK PERRY	045007330	09/25/08	REFUND OVERPAYMENT	133.49	133.49
2014330	10/15/08	03417	DIRECTV	871144893	10/05/08	SATELLITE TV SERVICE	9.98	9.98
2014593	10/29/08	03417	DIRECTV	880129529	10/19/08	SATELLITE TV SERVICE	4.99	4.99
2014594	10/29/08	09335	DONNA MILLER	000722	10/27/08	CREDIT REFUND CST #28172	359.48	359.48
2014413	10/22/08	09263	DORLA MCALLISTER	Ref002389835	10/20/08	UB Refund Cst #0000122782	52.95	52.95
2014414	10/22/08	09313	DOWNEY SAVINGS AND LOAN	Ref002389885	10/20/08	UB Refund Cst #0000133855	98.15	98.15
2014251	10/08/08	03152	DRIES, ROSEMARY F	000659	10/01/08	EDUCATION/TUITION REIMBURSEMENT	300.00	300.00
2014415	10/22/08	09275	EBONY JONES	Ref002389847	10/20/08	UB Refund Cst #0000125276	11.05	11.05
2014595	10/29/08	02367	ED HANSON'S MUFFLER SERVICE	82374	10/02/08	APCD RETROFIT	664.14	664.14
2014252	10/08/08	02447	EDCO DISPOSAL CORPORATION	000655	09/30/08	RECYCLING SERVICES	89.25	89.25
2014516	10/22/08	00230	EDP PRODUCTS INC	505760	09/29/08	CARTRIDGE STORAGE/RETRIEVAL	212.40	212.40

OTAY WATER DISTRICT  
CHECK REGISTER  
FOR CHECKS 2014076 THROUGH 2014657  
RUN DATES 10/1/2008 TO 10/29/2008

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2014089	10/01/08	09153	EILEEN BANGALAN	Ref002389243	09/30/08	UB Refund Cst #0000024134	197.26	197.26
2014253	10/08/08	06525	ELECTRIC MOTOR SPECIALISTS INC	2540	09/12/08	REBUILT PUMP	1,238.26	1,238.26
2014596	10/29/08	06525	ELECTRIC MOTOR SPECIALISTS INC	2593	10/09/08	SPARE PUMP	1,026.78	1,026.78
2014416	10/22/08	09249	ELIZABETH SANCHEZ	Ref002389821	10/20/08	UB Refund Cst #0000081149	71.32	71.32
2014162	10/01/08	08023	EMPLOYEE BENEFIT SPECIALISTS	0044344IN 0044347IN 0044346IN 0044345IN	09/09/08 09/09/08 09/09/08 09/09/08	ADMINISTRATION FEES FOR COBRA ADMINISTRATION FEES FOR COBRA ADMINISTRATION FEES FOR COBRA ADMINISTRATION FEES FOR COBRA	532.50 532.50 532.50 532.50	2,130.00
2014163	10/01/08	06813	EMPLOYMENT TRAINING	000653	09/29/08	REGISTRATION FEES	130.00	130.00
2014597	10/29/08	03765	ENGINEERING PARTNERS INC, THE	088309 078307	10/03/08 10/03/08	AS-NEEDED ELECTRICAL ENG. SERVICES AS-NEEDED ELECTRICAL ENG. SERVICES	17,540.00 2,955.00	20,495.00
2014164	10/01/08	02259	ENVIRONMENTAL RESOURCE	519369 519289	09/08/08 09/08/08	LABORATORY CERTIFICATION STUDIES PROFICIENCY TESTING	531.09 527.66	1,058.75
2014331	10/15/08	02259	ENVIRONMENTAL RESOURCE	520813	09/22/08	LABORATORY CERTIFICATION STUDIES	107.88	107.88
2014332	10/15/08	03725	ENVIRONMENTAL SYSTEMS RESEARCH	91838593	08/29/08	SYSTEM ARCHITECTURE CONSULTANT	3,626.00	3,626.00
2014090	10/01/08	09167	ERIC KOLODZIEJ	Ref002389259	09/30/08	UB Refund Cst #0000119155	25.09	25.09
2014091	10/01/08	09201	ERIC YOST	Ref002389295	09/30/08	UB Refund Cst #0000128138	10.36	10.36
2014417	10/22/08	09258	ERIK LINDEBAK	Ref002389830	10/20/08	UB Refund Cst #0000120501	53.35	53.35
2014092	10/01/08	09174	ERIKA CRUZ	Ref002389266	09/30/08	UB Refund Cst #0000124371	11.11	11.11
2014093	10/01/08	09180	ERRECAS INC	Ref002389273	09/30/08	UB Refund Cst #0000125296	786.16	786.16
2014418	10/22/08	09234	ERWIN CAOILE	Ref002389805	10/20/08	UB Refund Cst #0000038119	65.76	65.76
2014419	10/22/08	09290	EXCEL PROPERTIES	Ref002389862	10/20/08	UB Refund Cst #0000126961	63.91	63.91
2014420	10/22/08	09307	EXCEL PROPERTIES	Ref002389879	10/20/08	UB Refund Cst #0000127976	48.72	48.72
2014165	10/01/08	09214	FAUSTINA HAYES	000648	09/30/08	RE-ISSUE UB REFUND	52.92	52.92
2014166	10/01/08	00645	FEDEX	293222473	09/26/08	OVERNIGHT PICK-UP & DELIVERY MAIL SVCS	16.67	16.67
2014167	10/01/08	03546	FERGUSON WATERWORKS	0285529	09/05/08	INVENTORY	9,103.42	

OTAY WATER DISTRICT  
CHECK REGISTER  
FOR CHECKS 2014076 THROUGH 2014657  
RUN DATES 10/1/2008 TO 10/29/2008

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
				0286135	09/11/08	HYDRANT REPAIR PARTS	1,595.77	
				0283709	09/08/08	TAPPING SLEEVE	1,069.90	
				0285526	09/05/08	RING GASKETS	469.25	12,238.34
2014254	10/08/08	03546	FERGUSON WATERWORKS	02855291	09/12/08	INVENTORY	674.52	674.52
2014598	10/29/08	03546	FERGUSON WATERWORKS	CM023426		CREDIT MEMO	(3,501.88)	
				0290204	10/08/08	INVENTORY	5,215.10	
				0289525	10/06/08	OPERATING PENT NUT & STEM	666.59	
				0286148	09/22/08	803-1 RELEIF VALVE	558.55	
				0289716	10/07/08	METER WRENCH	420.23	
				02895251	10/08/08	JONES OPERATING NUT	192.23	
				0288675	09/29/08	BRASS 1 1/2" FEMALE FH X 3/4" MALE HOSE	64.07	3,614.89
2014421	10/22/08	09303	FIELD ASSET SERVICES	Ref002389875	10/20/08	UB Refund Cst #0000127884	42.06	42.06
2014422	10/22/08	09294	FIELD ASSET SERVICES INC	Ref002389866	10/20/08	UB Refund Cst #0000127276	81.85	81.85
2014168	10/01/08	09146	FIGUEROA, JIANYNE	000638	09/26/08	EDUCATION/TUITION REIMBURSEMENT	1,365.00	1,365.00
2014255	10/08/08	09146	FIGUEROA, JIANYNE	000675	10/07/08	TUITION REIMBURSEMENT	1,365.00	1,365.00
2014517	10/22/08	08893	FIRST AMERICAN DATA TREE	90034098	09/30/08	ONLINE MAP PURCHASING SERVICE	118.65	118.65
2014169	10/01/08	04066	FIRST CHOICE SERVICES - SD	301784	09/09/08	COFFEE SUPPLIES	359.90	359.90
2014333	10/15/08	04066	FIRST CHOICE SERVICES - SD	302341	09/23/08	COFFEE SUPPLIES	223.50	223.50
2014599	10/29/08	04066	FIRST CHOICE SERVICES - SD	303065	10/07/08	COFFEE SUPPLIES	247.20	247.20
2014256	10/08/08	00035	FISHER SCIENTIFIC	0930227	09/17/08	LABORATORY SUPPLIES	483.93	
				0964638	09/18/08	LABORATORY SUPPLIES	156.50	640.43
2014334	10/15/08	00035	FISHER SCIENTIFIC	1000810	09/19/08	LABORATORY SUPPLIES	616.61	
				1000811	09/19/08	LABORATORY SUPPLIES	377.48	
				1072336	09/23/08	LABORATORY SUPPLIES	104.65	
				1035703	09/22/08	LABORATORY SUPPLIES	51.17	
				1072335	09/23/08	LABORATORY SUPPLIES	48.77	1,198.68
2014518	10/22/08	02591	FITNESS TECH INC	5230	10/01/08	MAINTENANCE FOR FITNESS EQUIPMENT	125.00	125.00
2014257	10/08/08	03720	FLAG CRAFTERS	31926	09/15/08	CUSTOM TABLECLOTHS	1,355.15	1,355.15
2014600	10/29/08	09049	FOX CONSTRUCTION	1	10/03/08	P2465/P2466 MATERIAL STORAGE BINS/COVER	42,930.00	42,930.00
2014094	10/01/08	08907	FREDERICK BEALL	Ref002389247	09/30/08	UB Refund Cst #0000065164	60.00	60.00

OTAY WATER DISTRICT  
CHECK REGISTER  
FOR CHECKS 2014076 THROUGH 2014657  
RUN DATES 10/1/2008 TO 10/29/2008

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2014335	10/15/08	03094	FULLCOURT PRESS	18489	09/25/08	BROCHURES	452.55	452.55
2014170	10/01/08	09150	FUN TO BE FIT INC	17	09/29/08	EMPLOYEE PROGRAMS	90.00	90.00
2014258	10/08/08	06291	GARCIA CALDERON & RUIZ LLP	1995	09/25/08	LEGAL SERVICES AUG 2008	32,409.77	32,409.77
2014095	10/01/08	09207	GARY KENT AND ASSOCIATES	Ref002389301	09/30/08	UB Refund Cst #0000133935	37.99	37.99
2014096	10/01/08	09205	GARY MOEN	Ref002389299	09/30/08	UB Refund Cst #0000133850	19.05	19.05
2014423	10/22/08	09276	GARY SOPATA	Ref002389848	10/20/08	UB Refund Cst #0000125390	22.89	22.89
2014336	10/15/08	01008	GCS SERVICE INC	90712779	09/23/08	LABORATORY SERVICES	165.75	165.75
2014519	10/22/08	01008	GCS SERVICE INC	90720942	09/29/08	REPAIR OF LABORATORY EQUIPMENT	255.80	255.80
2014520	10/22/08	02562	GEORGE T HALL CO INC	S1091415001	09/26/08	CHART RECORDER INPUT BOARD	1,302.57	1,302.57
2014171	10/01/08	03537	GHA TECHNOLOGIES INC	510868	09/09/08	DIGITAL CAMERA	180.21	180.21
2014337	10/15/08	03537	GHA TECHNOLOGIES INC	511427 511416 511430	09/22/08 09/22/08 09/23/08	TONER CARTRIDGES CARTRIDGE AND DRUM KIT TONER	161.63 116.14 31.38	309.15
2014521	10/22/08	03537	GHA TECHNOLOGIES INC	512833 511911	09/30/08 09/26/08	TONERS FLASH DRIVES	1,137.84 225.20	1,363.04
2014259	10/08/08	06276	GIFFORD ENGINEERING INC	3799	09/18/08	REPAIR PARTS	442.20	442.20
2014260	10/08/08	00131	GOVERNMENT FINANCE OFFICERS	00131	10/06/08	BUDGET AWARD APPLICATION FEE	405.00	405.00
2014338	10/15/08	00131	GOVERNMENT FINANCE OFFICERS	0052001 0016854S	09/17/08 09/17/08	ANNUAL MEMBERSHIP RENEWAL ANNUAL MEMBERSHIP RENEWAL	575.00 235.00	810.00
2014424	10/22/08	09256	GRACIELA CAB	Ref002389828	10/20/08	UB Refund Cst #0000119216	57.77	57.77
2014172	10/01/08	00101	GRAINGER INC	9721414416 9729993155	08/28/08 09/10/08	AIR COMPRESSOR PARTS 640 PROJECT - NEW MV PLC ENCLOSURE	127.77 116.18	243.95
2014261	10/08/08	00101	GRAINGER INC	9741325733 9734794200 9732274239 9732039269	 09/16/08 09/12/08 09/12/08	CREDIT MEMO PUMP CONTROLLER PRESSURE SWITCHES MANUAL 2-POLE SWITCH	(110.85) 810.23 420.87 124.52	1,244.77
2014339	10/15/08	00101	GRAINGER INC	9741924972	09/25/08	WAREHOUSE SUPPLY/PAINT	609.24	

OTAY WATER DISTRICT  
CHECK REGISTER  
FOR CHECKS 2014076 THROUGH 2014657  
RUN DATES 10/1/2008 TO 10/29/2008

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
				9737931619	09/19/08	FACILITIES MAINTENANCE SUPPLIES	466.06	
				9741924956	09/25/08	30MM 2 POSITION BUTTON	360.97	
				9741924964	09/25/08	ELECTRICAL SUPPLIES	254.20	
				9741885330	09/25/08	WAREHOUSE SUPPLY/PAINT	61.16	
				9737510181	09/19/08	FACILITIES MAINTENANCE SUPPLIES	32.58	1,784.21
2014522	10/22/08	00101	GRAINGER INC	9747127745	10/02/08	STANLEY TAPE MEASURE	86.16	86.16
2014601	10/29/08	00101	GRAINGER INC	9751660599	10/08/08	MISC ELECTRICAL SUPPLIES	785.09	
				9751660607	10/08/08	METER READING SUPPLIES	99.50	884.59
2014340	10/15/08	03289	GRANGER, WILLIAM E	15711008	10/10/08	TRAVEL EXPENSE REIMBURSEMENT	812.90	812.90
2014523	10/22/08	01576	GRAYBAR ELECTRIC CO INC	937024535	09/29/08	ANTENNA ROOF ENTRANCE HEAD	49.83	49.83
2014602	10/29/08	02187	GREENSCAPE	000658	10/01/08	LANDSCAPING SERVICES	6,090.00	
				2019	10/06/08	LANDSCAPE REMOVAL	840.00	6,930.00
2014097	10/01/08	09206	GREG SEALE	Ref002389300	09/30/08	UB Refund Cst #0000133857	75.00	75.00
2014425	10/22/08	09324	GREG SEALE	Ref002389896	10/20/08	UB Refund Cst #0000140005	38.45	38.45
2014426	10/22/08	09323	GREGG PHILLIPSON	Ref002389895	10/20/08	UB Refund Cst #0000138902	97.97	97.97
2014098	10/01/08	09203	GREYHOUND GENERAL INC	Ref002389297	09/30/08	UB Refund Cst #0000128239	75.00	75.00
2014173	10/01/08	03773	GTC SYSTEMS INC	28169	09/10/08	SOFTWARE LICENSES	6,137.02	6,137.02
2014524	10/22/08	03773	GTC SYSTEMS INC	28257	09/30/08	TECHNICAL SUPPORT FOR CITRIX	2,040.39	2,040.39
2014341	10/15/08	02630	HAAKER EQUIPMENT COMPANY	C63810	09/25/08	REPAIR PART	1,205.89	1,205.89
2014427	10/22/08	09233	HABID ABRAHIM	Ref002389804	10/20/08	UB Refund Cst #0000032709	35.43	35.43
2014262	10/08/08	00174	HACH COMPANY	5903524	09/15/08	LABORATORY SUPPLIES	1,704.91	
				5905554	09/16/08	LABORATORY SUPPLIES	899.71	
				5907718	09/17/08	LABORATORY SUPPLIES	560.30	
				5907719	09/17/08	LABORATORY SUPPLIES	235.86	
				5916933	09/23/08	LABORATORY SUPPLIES FOR AUTOCAT	141.54	3,542.32
2014342	10/15/08	00174	HACH COMPANY	5916932	09/23/08	EFFLUENT SAMPLER CONTROLLER PUMP	228.87	228.87
2014603	10/29/08	00174	HACH COMPANY	5923838	09/26/08	LABORATORY SUPPLIES	770.73	
				5886490	09/03/08	METER EQUIPMENT REPAIR	271.52	1,042.25
2014525	10/22/08	02629	HANSON AGGREGATES INC	575721	09/30/08	CRUSHED AGGREGATES & ROCK	863.99	863.99

OTAY WATER DISTRICT  
CHECK REGISTER  
FOR CHECKS 2014076 THROUGH 2014657  
RUN DATES 10/1/2008 TO 10/29/2008

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2014174	10/01/08	06640	HD SUPPLY WATERWORKS LTD	7808060	09/08/08	INVENTORY	4,601.61	
				7808053	09/08/08	INVENTORY	745.42	5,347.03
2014263	10/08/08	06640	HD SUPPLY WATERWORKS LTD	7979289		CREDIT MEMO	(1,383.58)	
				7902894	09/18/08	INVENTORY	6,564.56	
				7880399	09/18/08	INVENTORY	1,651.16	
				7808052	09/12/08	10" DEVELOPER PROJECT	1,383.58	8,215.72
2014343	10/15/08	06640	HD SUPPLY WATERWORKS LTD	7942783	09/23/08	INVENTORY	14,378.16	14,378.16
2014526	10/22/08	06640	HD SUPPLY WATERWORKS LTD	7979337	09/26/08	INVENTORY	1,383.58	
				7964836	09/26/08	INVENTORY	738.95	2,122.53
2014527	10/22/08	04472	HECTOR I MARES-COSSIO	42	09/30/08	BI-NATIONAL CONSULTANT SERVICES	3,600.00	3,600.00
2014099	10/01/08	09157	HECTOR LOPEZ	Ref002389248	09/30/08	UB Refund Cst #0000068112	120.00	120.00
2014528	10/22/08	00062	HELIX WATER DISTRICT	174639861008	10/07/08	WATER BILL - RUSSELL SQ	38.20	
				178540011008	10/07/08	WATER BILL - AVOCADO BLVD	34.80	73.00
2014529	10/22/08	03066	HENRY PRATT COMPANY	1693576	09/30/08	REPAIR DISCHARGE VALVE	989.45	989.45
2014428	10/22/08	09262	HERIBERTO GAMINO	Ref002389834	10/20/08	UB Refund Cst #0000121979	38.46	38.46
2014604	10/29/08	00713	HEWLETT-PACKARD COMPANY	44999182	10/04/08	DATA CENTER EQUIPMENT	1,702.91	1,702.91
2014530	10/22/08	06843	HI-TECH AIR CONDITIONING	4762	09/30/08	A/C REPAIR & PARTS	2,549.01	2,549.01
2014264	10/08/08	01109	HOME DEPOT CREDIT SERVICES	7192056	09/30/08	PLUMBING SUPPLIES	447.09	447.09
2014605	10/29/08	01109	HOME DEPOT CREDIT SERVICES	7190178	10/20/08	SHOVELS	129.11	129.11
2014429	10/22/08	09266	HSBC	Ref002389838	10/20/08	UB Refund Cst #0000123279	10.22	10.22
2014531	10/22/08	06301	HVAC ENGINEERING INC	5419	09/29/08	PUMP STATION REPLACEMENT	1,697.00	1,697.00
2014430	10/22/08	09229	IMELDA GODINEZ	Ref002389800	10/20/08	UB Refund Cst #0000011861	124.32	124.32
2014100	10/01/08	08908	INGRID ARREAGA	Ref002389250	09/30/08	UB Refund Cst #0000073534	207.25	207.25
2014101	10/01/08	09209	INSTACLOSE REAL ESTATE	Ref002389303	09/30/08	UB Refund Cst #0000134020	75.00	75.00
2014431	10/22/08	09297	INTEGRITY FIRST REAL ESATE	Ref002389869	10/20/08	UB Refund Cst #0000127452	40.34	40.34
2014532	10/22/08	02028	INTERACTIVE DATA PRICING AND	05675098	09/30/08	DIAL-UP SERVICE FOR INVESTMENTS	85.00	85.00

OTAY WATER DISTRICT  
CHECK REGISTER  
FOR CHECKS 2014076 THROUGH 2014657  
RUN DATES 10/1/2008 TO 10/29/2008

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2014432	10/22/08	09280	INTERGRATED ASSET SERVICE	Ref002389852	10/20/08	UB Refund Cst #0000125812	55.98	55.98
2014533	10/22/08	02372	INTERIOR PLANT SERVICE INC	28959	09/30/08	PLANT SERVICE	169.00	169.00
2014175	10/01/08	03368	INVENSYS SYSTEMS INC	92262012	09/11/08	LEVEL TRANSMITTERS	2,434.05	2,434.05
2014606	10/29/08	06630	J C HEDEN AND ASSOCIATES INC	OWD022	10/07/08	AS NEEDED ENGINEERING DRAFTING SERVICE	5,300.00	5,300.00
2014176	10/01/08	09215	J PARKESON MILLER	000654	10/01/08	SETTLEMENT CLAIM	494.44	494.44
2014265	10/08/08	09217	JAMES CIOLLI	09217	10/02/08	CASH IN YOUR PLANTS REIMBURSEMENT	2,200.00	2,200.00
2014102	10/01/08	09183	JAN DAVIS	Ref002389276	09/30/08	UB Refund Cst #0000126173	21.18	21.18
2014607	10/29/08	03077	JANI KING OF CA INC - SDO	SDO10080312	10/01/08	OFF-SITE JANITORIAL SERVICES	1,042.00	1,042.00
2014103	10/01/08	09204	JEFF MERRITT	Ref002389298	09/30/08	UB Refund Cst #0000128306	44.65	44.65
2014104	10/01/08	09159	JEFF STONE	Ref002389251	09/30/08	UB Refund Cst #0000073698	80.00	80.00
2014344	10/15/08	09224	JEFF WAGNER	000697	10/13/08	UB REFUND #250-1082-26	153.60	153.60
2014433	10/22/08	09318	JEFF WAGNER	Ref002389890	10/20/08	UB Refund Cst #0000135106	274.83	274.83
2014266	10/08/08	03345	JENKINS, WILLIAM L	000676 000677	10/08/08 10/08/08	CONFERENCE TRAVEL EXPENSES REIMB DUES & AWARD APPLICATION FEES	773.29 340.00	1,113.29
2014105	10/01/08	09196	JEREMY H KATZ	Ref002389290	09/30/08	UB Refund Cst #0000127534	27.57	27.57
2014434	10/22/08	09288	JERREL MCKISSICK	Ref002389860	10/20/08	UB Refund Cst #0000126622	12.26	12.26
2014435	10/22/08	09239	JOBARDINE IOSEFA	Ref002389810	10/20/08	UB Refund Cst #0000054728	13.07	13.07
2014106	10/01/08	09156	JOHN NEUMAN	Ref002389246	09/30/08	UB Refund Cst #0000053009	50.34	50.34
2014534	10/22/08	02533	JOHNSON, ERIC J	000703	10/20/08	SAFETY BOOTS REIMBURSEMENT	136.37	136.37
2014267	10/08/08	03172	JONES & STOKES ASSOCIATES	0056049 0056042 0056043 0056045 0056044	09/13/08 09/13/08 09/13/08 09/13/08 09/13/08	HABITAT MANAGEMENT ENVIRON. SERVICES ON-CALL ENVIRONMENTAL SVCS ON-CALL ENVIRONMENTAL SVCS ON-CALL ENVIRONMENTAL SVCS ON-CALL ENVIRONMENTAL SVCS	15,242.95 6,854.44 3,506.25 2,913.75 2,231.73	30,749.12
2014107	10/01/08	09160	JORGE CASTRO	Ref002389252	09/30/08	UB Refund Cst #0000080827	51.68	51.68

OTAY WATER DISTRICT  
CHECK REGISTER  
FOR CHECKS 2014076 THROUGH 2014657  
RUN DATES 10/1/2008 TO 10/29/2008

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2014436	10/22/08	09160	JORGE CASTRO	Ref002389820	10/20/08	UB Refund Cst #0000080827	12.30	12.30
2014108	10/01/08	09158	JOSE PERILLO	Ref002389249	09/30/08	UB Refund Cst #0000070050	68.45	68.45
2014109	10/01/08	08873	JOSEPH RAMOS	Ref002389269	09/30/08	UB Refund Cst #0000124515	122.46	122.46
2014110	10/01/08	09155	JOSEPH TORRES	Ref002389245	09/30/08	UB Refund Cst #0000044881	71.27	71.27
2014111	10/01/08	09166	JOY COCHRANE	Ref002389258	09/30/08	UB Refund Cst #0000092841	62.99	62.99
2014437	10/22/08	09255	JUAN CHAVEZ	Ref002389827	10/20/08	UB Refund Cst #0000095641	9.94	9.94
2014112	10/01/08	09162	JUAN LOPEZ	Ref002389254	09/30/08	UB Refund Cst #0000091301	15.94	15.94
2014113	10/01/08	09169	KAITLINE DANIELS	Ref002389261	09/30/08	UB Refund Cst #0000121452	69.62	69.62
2014114	10/01/08	09185	KATHLEEN FORNAL	Ref002389278	09/30/08	UB Refund Cst #0000126278	48.05	48.05
2014438	10/22/08	09274	KATHLEEN FORNAL	Ref002389846	10/20/08	UB Refund Cst #0000125021	58.31	58.31
2014439	10/22/08	09322	KAYVON AND ASSOCIATES INC	Ref002389894	10/20/08	UB Refund Cst #0000138890	38.70	38.70
2014115	10/01/08	09202	KIM THOMAS	Ref002389296	09/30/08	UB Refund Cst #0000128223	28.91	28.91
2014177	10/01/08	05840	KIRK PAVING INC	4099 4100	09/09/08 09/10/08	PAVING SERVICES ANNUAL AS NEEDED PAVING SERVICES	6,341.20 5,893.75	12,234.95
2014535	10/22/08	05840	KIRK PAVING INC	4122	09/30/08	ANNUAL AS NEEDED PAVING SERVICES	11,707.45	11,707.45
2014440	10/22/08	09277	KIRKLEY CORP	Ref002389849	10/20/08	UB Refund Cst #0000125434	625.27	625.27
2014178	10/01/08	04996	KNOX ATTORNEY SERVICE INC	421893 422045	09/09/08 09/09/08	DELIVERY OF BOARD & COMMITTEE PACKETS DELIVERY OF BOARD & COMMITTEE PACKETS	28.50 28.50	57.00
2014268	10/08/08	04996	KNOX ATTORNEY SERVICE INC	423984 423983 423982 423952	09/17/08 09/17/08 09/17/08 09/17/08	DELIVERY OF BOARD & COMMITTEE PACKETS DELIVERY OF BOARD & COMMITTEE PACKETS DELIVERY OF BOARD & COMMITTEE PACKETS DELIVERY OF BOARD & COMMITTEE PACKETS	28.50 28.50 28.50 28.50	114.00
2014345	10/15/08	04996	KNOX ATTORNEY SERVICE INC	425078 425075 425077	09/22/08 09/22/08 09/22/08	DELIVERY OF BOARD & COMMITTEE PACKETS DELIVERY OF BOARD & COMMITTEE PACKETS DELIVERY OF BOARD & COMMITTEE PACKETS	28.50 28.50 28.50	85.50
2014608	10/29/08	04996	KNOX ATTORNEY SERVICE INC	429186	10/09/08	DELIVERY OF BOARD & COMMITTEE PACKETS	28.50	28.50
2014116	10/01/08	09171	KWAN PANG	Ref002389263	09/30/08	UB Refund Cst #0000123209	46.56	46.56

OTAY WATER DISTRICT  
CHECK REGISTER  
FOR CHECKS 2014076 THROUGH 2014657  
RUN DATES 10/1/2008 TO 10/29/2008

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2014269	10/08/08	06497	LAKESIDE LAND COMPANY	76688946001 216633	09/17/08 09/17/08	ASPHALT ASPHALT	139.00 40.00	179.00
2014346	10/15/08	06497	LAKESIDE LAND COMPANY	216633 216938	09/17/08 09/24/08	ASPHALT ASPHALT	40.00 40.00	80.00
2014536	10/22/08	06497	LAKESIDE LAND COMPANY	217173	09/30/08	ASPHALT	40.00	40.00
2014441	10/22/08	09309	LANI SILVAS	Ref002389881	10/20/08	UB Refund Cst #0000128025	107.64	107.64
2014270	10/08/08	05632	LARSON, BRAD	000660	10/01/08	EDUCATION/TUITION REIMBURSEMENT	233.00	233.00
2014442	10/22/08	09284	LDJ ENTERPRISES	Ref002389856	10/20/08	UB Refund Cst #0000126048	52.52	52.52
2014179	10/01/08	03607	LEE & RO INC	83506	09/08/08	AS NEEDED ENGINEERING DESIGN SERVICES	23,493.12	23,493.12
2014271	10/08/08	03607	LEE & RO INC	83409	09/08/08	AS NEEDED ENGINEERING DESIGN SVCS	251.03	251.03
2014609	10/29/08	03607	LEE & RO INC	83507	10/08/08	AS NEEDED ENGINEERING DESIGN SERVICES	6,778.19	6,778.19
2014117	10/01/08	09173	LENNAR HOMES OF CA INC	Ref002389265	09/30/08	UB Refund Cst #0000124276	103.90	103.90
2014443	10/22/08	09283	LEVI ORTIZ	Ref002389855	10/20/08	UB Refund Cst #0000125979	9.48	9.48
2014610	10/29/08	07784	LICON, HECTOR	000720	10/23/08	SAFETY SHOES REIMBURSEMENT	150.00	150.00
2014444	10/22/08	09236	LIFA FAATILIGA	Ref002389807	10/20/08	UB Refund Cst #0000045597	17.59	17.59
2014180	10/01/08	00491	LIGHTHOUSE INC	2140230	09/10/08	APCD RETRO FIT LED LIGHTING	215.50	215.50
2014272	10/08/08	00491	LIGHTHOUSE INC	2142424	09/16/08	APCD RETRO FIT LED LIGHTING	1,329.20	1,329.20
2014611	10/29/08	07794	LOGGERHEAD NAVIGATION INC	08059A25	08/19/08	TECH SUPPORT	390.00	390.00
2014537	10/22/08	05220	LOGICALIS INTEGRATION SOLUTION	S820426 S820424	09/30/08 09/30/08	WIRELESS DESIGN NETWORK INFRASTRUCTURE CONSULTING	4,500.00 1,507.80	6,007.80
2014445	10/22/08	09269	LORELEI ENCARNACION	Ref002389841	10/20/08	UB Refund Cst #0000124023	25.00	25.00
2014118	10/01/08	09176	LORNA PHAN	Ref002389268	09/30/08	UB Refund Cst #0000124445	80.45	80.45
2014446	10/22/08	09305	LYNN MULHALL	Ref002389877	10/20/08	UB Refund Cst #0000127956	47.78	47.78
2014273	10/08/08	01054	LYNN'S LOCKSMITH SERVICE	258937	09/16/08	LOCKSMITH SERVICES	117.34	117.34

OTAY WATER DISTRICT  
CHECK REGISTER  
FOR CHECKS 2014076 THROUGH 2014657  
RUN DATES 10/1/2008 TO 10/29/2008

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2014538	10/22/08	07591	MA, DONGXING	17470708 17470808	08/01/08 08/31/08	TRAVEL EXPENSE REIMBURSEMENT TRAVEL EXPENSE REIMBURSEMENT	584.26 201.74	786.00
2014347	10/15/08	00628	MANHATTAN NAT'L LIFE INS CO	000694	10/15/08	VOLUNTARY LIFE INSURANCE	320.14	320.14
2014119	10/01/08	09190	MARC CARPENTER & ASSOC	Ref002389283	09/30/08	UB Refund Cst #0000126666	66.82	66.82
2014447	10/22/08	09272	MARC CARPENTER & ASSOC	Ref002389844	10/20/08	UB Refund Cst #0000124495	34.52	34.52
2014120	10/01/08	09189	MARC CARPENTER & ASSOCIATES	Ref002389282	09/30/08	UB Refund Cst #0000126580	53.58	53.58
2014448	10/22/08	09320	MARC CARPENTER & ASSOCIATES	Ref002389892	10/20/08	UB Refund Cst #0000135914	39.08	39.08
2014449	10/22/08	09296	MARC CARPENTER AND ASSOCIATES	Ref002389868	10/20/08	UB Refund Cst #0000127326	32.50	32.50
2014450	10/22/08	09242	MARIA CASILLAS	Ref002389813	10/20/08	UB Refund Cst #0000069329	22.24	22.24
2014121	10/01/08	09152	MARIA RUBIO	Ref002389242	09/30/08	UB Refund Cst #0000023141	18.03	18.03
2014348	10/15/08	02902	MARSTON+MARSTON INC	200810	10/01/08	PUBLIC RELATIONS SERVICES	4,090.00	4,090.00
2014122	10/01/08	09170	MARTINA BRAZELTON	Ref002389262	09/30/08	UB Refund Cst #0000121937	112.96	112.96
2014123	10/01/08	09177	MARYANN AUGUSTINE	Ref002389270	09/30/08	UB Refund Cst #0000124730	50.77	50.77
2014612	10/29/08	07914	MASTER DEVELOPMENT CORP	000716	10/22/08	WORK ORDER REFUND D0219-XX6406	4,706.87	4,706.87
2014613	10/29/08	07914	MASTER DEVELOPMENT CORP	000715 000714	10/22/08 10/22/08	WORK ORDER REFUND D0287-010185 WORK ORDER REFUND D0287-XX6422	2,726.13 1,949.17	4,675.30
2014451	10/22/08	09241	MAURICIO SANTISTEBAN	Ref002389812	10/20/08	UB Refund Cst #0000068799	30.00	30.00
2014539	10/22/08	02882	MAYER REPROGRAPHICS INC	0037560IN 00347561IN	09/30/08 09/30/08	REPROGRAPHICS SERVICES REPROGRAPHICS SERVICES	1,528.41 61.96	1,590.37
2014274	10/08/08	01183	MCMaster-CARR SUPPLY CO	10003655 99373896 10177696 10156727	09/17/08 09/12/08 09/18/08 09/18/08	MV PANEL HOLE PUNCH SET REPAIR PARTS MV PANEL HOLE PUNCH SET WAREHOUSE SUPPLIES	2,419.17 1,070.77 863.34 105.73	4,459.01
2014349	10/15/08	01183	MCMaster-CARR SUPPLY CO	10335470	09/19/08	WAREHOUSE SUPPLIES	125.67	125.67
2014540	10/22/08	01183	MCMaster-CARR SUPPLY CO	11589090 11944106	09/30/08 10/02/08	DRILL REPAIR PARTS	245.07 110.42	355.49
2014614	10/29/08	01183	MCMaster-CARR SUPPLY CO	12212420	10/06/08	STAINLESS STEEL COUPLINGS	117.97	117.97

OTAY WATER DISTRICT  
CHECK REGISTER  
FOR CHECKS 2014076 THROUGH 2014657  
RUN DATES 10/1/2008 TO 10/29/2008

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2014452	10/22/08	09285	MELISSA HERNANDEZ	Ref002389857	10/20/08	UB Refund Cst #0000126412	24.15	24.15
2014615	10/29/08	03169	MENDEZ-SCHOMER, ALICIA	15531008	10/25/08	TRAVEL EXPENSE REIMBURSEMENTS	658.27	658.27
2014453	10/22/08	09281	MICHAEL CASTILLO	Ref002389853	10/20/08	UB Refund Cst #0000125908	31.31	31.31
2014454	10/22/08	09243	MICHELLE LAMTECSON	Ref002389814	10/20/08	UB Refund Cst #0000072416	68.14	68.14
2014455	10/22/08	09329	MICHELLE MACAWILI	Ref002389901	10/20/08	UB Refund Cst #0000140676	14.29	14.29
2014456	10/22/08	09271	MIGUEL ULLOA	Ref002389843	10/20/08	UB Refund Cst #0000124333	20.69	20.69
2014181	10/01/08	01577	MINARIK CORPORATION	I10605690DD I0605669DD I0605905DD	09/09/08	CREDIT MEMO CREDIT MEMO REMOTE PLC ANALOG MONDULES	(998.04) (665.36) 1,678.30	14.90
2014275	10/08/08	00887	MIRAMAR TRUCK CENTER-SAN DIEGO	237284	09/15/08	REPAIR PART	292.34	292.34
2014182	10/01/08	03393	MOBILE MINI LLC - CA	904151146	09/08/08	RENTAL 40' METER STORAGE CONTAINERS	170.88	170.88
2014541	10/22/08	03393	MOBILE MINI LLC - CA	904156354	09/28/08	RENTAL 40' METER STORAGE CONTAINERS	173.28	173.28
2014616	10/29/08	03393	MOBILE MINI LLC - CA	904158656	10/06/08	RENTAL 40' METER STORAGE CONTAINERS	179.27	179.27
2014350	10/15/08	02371	MOODY'S INVESTORS SERVICE	C1675253000	09/23/08	1996 CERTIFICATES OF PARTICIPATION	5,500.00	5,500.00
2014617	10/29/08	03623	MWH AMERICAS INC	1216881	10/06/08	PROFESSIONAL SERVICES RENDERED	517.00	517.00
2014183	10/01/08	02037	MWH LABORATORIES	250871LI 250698LI	09/04/08 09/02/08	LABORATORY ANALYSES LABORATORY ANALYSES	2,300.00 363.00	2,663.00
2014276	10/08/08	02037	MWH LABORATORIES	250930LI	09/16/08	LABORATORY SERVICES	4,240.00	4,240.00
2014618	10/29/08	02037	MWH LABORATORIES	252855LI	10/03/08	LABORATORY SERVICES	375.00	375.00
2014277	10/08/08	02764	MYRON L COMPANY	297957	09/17/08	LABORATORY SUPPLIES	1,076.34	1,076.34
2014184	10/01/08	04676	NAPA AUTO PARTS	124061 125322 125597 124068 125323 124069 119374 125306	07/11/08 09/11/08	CREDIT MEMO CREDIT MEMO CREDIT MEMO CREDIT MEMO CREDIT MEMO REPAIR PARTS REPAIR PARTS	(142.23) (124.82) (56.03) (50.64) (21.54) (13.86) 200.34 157.79	

OTAY WATER DISTRICT  
CHECK REGISTER  
FOR CHECKS 2014076 THROUGH 2014657  
RUN DATES 10/1/2008 TO 10/29/2008

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
				125162	09/10/08	REPAIR PARTS	135.36	
				124635	09/05/08	REPAIR PARTS	124.82	
				124281	09/02/08	REPAIR PARTS	74.44	
				124929	09/09/08	REPAIR PARTS	55.75	
				125596	09/15/08	REPAIR PARTS	50.64	
				124692	09/05/08	REPAIR PARTS	42.09	
				124955	09/09/08	REPAIR PARTS	31.72	
				125213	09/11/08	REPAIR PARTS	27.47	
				124416	09/03/08	REPAIR PARTS	21.54	
				124958	09/09/08	REPAIR PARTS	20.02	
				125092	09/10/08	REPAIR PARTS	16.58	
				123874	08/27/08	REPAIR PARTS	14.44	
				124817	09/08/08	REPAIR PARTS	14.43	
				125211	09/11/08	REPAIR PARTS	11.20	
				125125	09/10/08	REPAIR PARTS	9.12	
				124825	09/08/08	REPAIR PARTS	6.63	605.26
2014278	10/08/08	04676	NAPA AUTO PARTS	125806	09/17/08	REPAIR PARTS	99.50	
				125854	09/18/08	REPAIR PARTS	76.47	
				125633	09/16/08	REPAIR PARTS	65.04	
				125811	09/17/08	REPAIR PARTS	64.91	
				125585	09/15/08	REPAIR PARTS	64.77	
				125732	09/17/08	REPAIR PARTS	63.36	
				125338	09/12/08	REPAIR PARTS	49.06	
				125742	09/17/08	REPAIR PARTS	37.98	
				125857	09/18/08	REPAIR PARTS	15.49	
				125676	09/16/08	REPAIR PARTS	6.87	
				125709	09/16/08	REPAIR PARTS	6.08	549.53
2014185	10/01/08	03523	NATIONAL DEFERRED COMPENSATION	Ben2389325	10/02/08	DEFERRED COMP PLAN	10,523.80	10,523.80
2014351	10/15/08	03523	NATIONAL DEFERRED COMPENSATION	Ben2389662	10/16/08	DEFERRED COMP PLAN	10,502.96	10,502.96
2014619	10/29/08	03523	NATIONAL DEFERRED COMPENSATION	Ben2390031	10/30/08	DEFERRED COMP PLAN	9,377.97	9,377.97
2014279	10/08/08	03605	NATIONAL FIRE PROTECTION ASSOC	000656	09/29/08	MEMBERSHIP RENEWAL	390.00	390.00
2014457	10/22/08	09268	NATIONSTAR	Ref002389840	10/20/08	UB Refund Cst #0000123694	53.58	53.58
2014280	10/08/08	03733	NEC UNIFIED SOLUTIONS INC	VAG10261423	09/15/08	MAINTENANCE FOR PHONE/VOICE MAIL SYSTEI	36,399.40	36,399.40
2014542	10/22/08	03733	NEC UNIFIED SOLUTIONS INC	VSH10262343	09/29/08	LABOR FOR PHONES SVCS	2,804.00	2,804.00
2014458	10/22/08	09314	NEUMAN & NEUMAN	Ref002389886	10/20/08	UB Refund Cst #0000133970	64.72	64.72
2014281	10/08/08	00745	NEWARK	79861156		CREDIT MEMO	(952.51)	

OTAY WATER DISTRICT  
CHECK REGISTER  
FOR CHECKS 2014076 THROUGH 2014657  
RUN DATES 10/1/2008 TO 10/29/2008

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
				16411852	09/10/08	REMOTE PLC CABLE	2,329.59	
				16347075	08/25/08	REMOTE PLC CABLE	72.25	1,449.33
2014543	10/22/08	00745	NEWARK	16489769	09/26/08	LED DISPLAYS	1,772.45	1,772.45
2014544	10/22/08	05494	NEXTEL OF CALIFORNIA	901500243025	10/12/08	GIS (AIR-TRAK) CELLULAR SERVICE	3,434.72	3,434.72
2014282	10/08/08	03571	NEXTLEVEL INTERNET INC	16622	09/14/08	INTERNET WEB HOSTING	416.00	416.00
2014352	10/15/08	03571	NEXTLEVEL INTERNET INC	16865	10/14/08	INTERNET WEB HOSTING	416.00	416.00
2014124	10/01/08	09213	NOEL MEDINA	Ref002389307	09/30/08	UB Refund Cst #0000005143	81.79	81.79
2014283	10/08/08	02669	NORTHERN TOOL & EQUIPMENT CO	18740838	09/18/08	REPAIR PARTS	217.96	217.96
2014459	10/22/08	09311	OAK TREE REALTY	Ref002389883	10/20/08	UB Refund Cst #0000131445	26.77	26.77
2014460	10/22/08	09321	OAK TREE REALTY	Ref002389893	10/20/08	UB Refund Cst #0000136163	75.00	75.00
2014186	10/01/08	00510	OFFICE DEPOT INC	442884490001	09/10/08	OFFICE SUPPLIES	120.03	
				443619100001	09/10/08	OFFICE SUPPLIES	99.85	
				442884789001	09/10/08	OFFICE SUPPLIES	17.42	237.30
2014353	10/15/08	00510	OFFICE DEPOT INC	446072914001		CREDIT MEMO	(28.11)	
				445202593001	09/24/08	OFFICE SUPPLIES	1,290.56	1,262.45
2014545	10/22/08	00510	OFFICE DEPOT INC	445597878001	10/01/08	OFFICE SUPPLIES	310.29	
				445494048001	10/01/08	OFFICE SUPPLIES	157.80	
				446101492001	10/01/08	OFFICE SUPPLIES	134.38	
				445801026001	10/01/08	OFFICE SUPPLIES	56.22	
				446072915001	10/01/08	OFFICE SUPPLIES	37.81	
				44610206100	10/01/08	OFFICE SUPPLIES	13.57	710.07
2014620	10/29/08	00510	OFFICE DEPOT INC	446244352001	10/08/08	OFFICE SUPPLIES	185.32	185.32
2014284	10/08/08	07945	OLIN CORP - CHLOR ALKALI	1071753	09/17/08	CHLORINE	2,187.55	2,187.55
2014621	10/29/08	07945	OLIN CORP - CHLOR ALKALI	1079623	10/08/08	CHLORINE	2,187.55	2,187.55
2014461	10/22/08	09301	OLYMPIC PROPERTIES	Ref002389873	10/20/08	UB Refund Cst #0000127803	62.08	62.08
2014462	10/22/08	09304	OLYMPIC PROPERTIES	Ref002389876	10/20/08	UB Refund Cst #0000127948	38.05	38.05
2014354	10/15/08	09048	OMEGA ENGINEERING INC	707921	09/23/08	ELECTRONIC PRESSURE TRANSMITER	1,301.00	1,301.00
2014187	10/01/08	00496	ONESOURCE DISTRIBUTORS LLC	S2975981001	09/05/08	MV PLC PANEL HARDWARE	4,170.22	4,170.22

OTAY WATER DISTRICT  
CHECK REGISTER  
FOR CHECKS 2014076 THROUGH 2014657  
RUN DATES 10/1/2008 TO 10/29/2008

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2014546	10/22/08	02334	OTAY LANDFILL	007151	09/30/08	WASTE DISPOSAL SERVICES	547.72	547.72
2014622	10/29/08	04229	OTAY PROJECT LP	000712	10/22/08	WORK ORDER REFUND D0590-010238	4,191.78	4,191.78
2014188	10/01/08	03101	OTAY WATER DISTRICT	Ben2389327	10/02/08	PAYROLL DEDUCTION - ASSN DUES	812.00	812.00
2014355	10/15/08	03101	OTAY WATER DISTRICT	Ben2389664	10/16/08	PAYROLL DEDUCTION - ASSN DUES	798.00	798.00
2014623	10/29/08	03101	OTAY WATER DISTRICT	Ben2390033	10/30/08	PAYROLL DEDUCTION - ASSN DUES	805.00	805.00
2014547	10/22/08	03780	OWEN, DOUGLAS WESTLEY	16330809	10/17/08	MEMBERSHIP FEE	149.00	149.00
2014624	10/29/08	03780	OWEN, DOUGLAS WESTLEY	16331008	10/31/08	CPA LICENSE RENEWAL	200.00	200.00
2014625	10/29/08	07499	PACIFIC BUILDING MAINTENANCE	15810	10/01/08	JANITORIAL SERVICES	2,795.00	2,795.00
2014189	10/01/08	06646	PACIFIC HYDROTECH CORPORATION	20	08/31/08	CONSTRUCTION SERVICES	441,118.25	441,118.25
2014548	10/22/08	06646	PACIFIC HYDROTECH CORPORATION	4648REV	09/30/08	CONSTRUCTION SERVICES	406,799.50	406,799.50
2014190	10/01/08	01002	PACIFIC PIPELINE SUPPLY	127482	09/11/08	METER ADAPTER	2,831.13	2,831.13
2014356	10/15/08	03017	PACIFIC SAFETY COUNCIL	65351	09/19/08	SAFETY TRAINING	5,555.00	5,555.00
2014191	10/01/08	09147	PALOP, GENE	17480908	09/26/08	REIMBURSE TRVL CONF EXPENSES	90.82	90.82
2014125	10/01/08	09161	PAUL HOM	Ref002389253	09/30/08	UB Refund Cst #0000082513	65.43	65.43
2014549	10/22/08	05497	PAYPAL INC	2601910	09/30/08	ON-LINE PAYMENT SERVICES	420.80	420.80
2014192	10/01/08	03649	PECK S HEAVY FRICTION INC	187445	09/11/08	BRAKE PADS	42.67	42.67
2014357	10/15/08	00227	PELL MELL SUPPLY	45383800	09/25/08	STAINLESS STEEL NUTS & BOLTS	1,430.38	1,430.38
2014193	10/01/08	03790	PENHALL COMPANY	19815	09/10/08	FLAT SAW CUTTING SERVICES	175.00	175.00
2014285	10/08/08	03790	PENHALL COMPANY	19838	09/12/08	FLAT SAW CUTTING SERVICES	257.50	257.50
2014358	10/15/08	03790	PENHALL COMPANY	19925	09/25/08	FLAT SAW CUTTING SERVICES	372.50	372.50
2014550	10/22/08	03790	PENHALL COMPANY	19957	09/26/08	FLAT SAW CUTTING SERVICES	325.00	325.00
2014359	10/15/08	00593	PEPPER OIL COMPANY INC	608490	10/01/08	UNLEADED FUEL	17,322.35	17,322.35
2014360	10/15/08	03180	PERFORMANCE METER INC	0015080IN	09/19/08	TEMP CONST METERS AND LOCKS	8,142.67	8,142.67

OTAY WATER DISTRICT  
CHECK REGISTER  
FOR CHECKS 2014076 THROUGH 2014657  
RUN DATES 10/1/2008 TO 10/29/2008

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2014463	10/22/08	09237	PETE SHOWALTER	Ref002389808	10/20/08	UB Refund Cst #0000046126	70.02	70.02
2014194	10/01/08	00137	PETTY CASH CUSTODIAN	000647	09/30/08	PETTY CASH REIMBURSEMENT	493.77	493.77
2014361	10/15/08	00137	PETTY CASH CUSTODIAN	000692	10/14/08	PETTY CASH REIMBURSEMENT	1,838.40	1,838.40
2014626	10/29/08	00137	PETTY CASH CUSTODIAN	000724	10/28/08	PETTY CASH REIMBURSEMENT	1,052.68	1,052.68
2014551	10/22/08	06419	PLANT SOUP INC	512	09/12/08	CUSTOMER PIPELINE NEWSLETTER	747.00	747.00
2014627	10/29/08	03351	POSADA, ROD	000721	10/27/08	SENTRY PASS REIMBURSEMENT	143.00	143.00
2014552	10/22/08	02976	PRE-PAID LEGAL SERVICES INC	000708	10/21/08	LEGAL SERVICES	57.80	57.80
2014195	10/01/08	01733	PRICE TRONCONE &	11890	08/04/08	DISTRICT RADIO REPEATER SITE RENTAL	3,567.00	3,567.00
2014196	10/01/08	06641	PRUDENTIAL OVERALL SUPPLY	8619953	09/11/08	UNIFORMS	293.68	
				8619952	09/11/08	MATS, TOWELS & SUPPLIES	116.78	
				8619954	09/11/08	MATS, TOWELS & SUPPLIES	95.84	
				8614966	09/10/08	MATS, TOWELS & SUPPLIES	89.00	
				8619955	09/11/08	UNIFORMS	53.45	
				8614965	09/10/08	UNIFORMS	48.23	696.98
2014286	10/08/08	06641	PRUDENTIAL OVERALL SUPPLY	8644527	09/18/08	UNIFORMS	289.68	
				8644526	09/18/08	MATS, TOWELS & SUPPLIES	116.78	
				8644528	09/18/08	MATS, TOWELS & SUPPLIES	95.84	
				8639565	09/17/08	MATS, TOWELS & SUPPLIES	89.00	
				8644529	09/18/08	UNIFORMS	53.45	
				8639564	09/17/08	UNIFORMS	48.23	692.98
2014362	10/15/08	06641	PRUDENTIAL OVERALL SUPPLY	8667574	09/25/08	UNIFORMS	316.90	
				8667573	09/25/08	MATS, TOWELS & SUPPLIES	116.78	
				8667575	09/25/08	MATS, TOWELS & SUPPLIES	95.84	
				8663001	09/24/08	MATS, TOWELS & SUPPLIES	89.00	
				8667576	09/25/08	UNIFORMS	53.45	
				8663000	09/24/08	UNIFORMS	48.23	720.20
2014553	10/22/08	06641	PRUDENTIAL OVERALL SUPPLY	8690242	10/02/08	UNIFORMS	294.69	
				8690241	10/02/08	MATS, TOWELS & SUPPLIES	116.78	
				8690243	10/02/08	MATS, TOWELS & SUPPLIES	95.84	
				8685667	10/01/08	MATS, TOWELS & SUPPLIES	89.00	
				8690244	10/02/08	UNIFORMS	53.45	
				8685666	10/01/08	UNIFORMS	48.23	697.99
2014628	10/29/08	06641	PRUDENTIAL OVERALL SUPPLY	8712897	10/09/08	UNIFORMS	293.68	

OTAY WATER DISTRICT  
CHECK REGISTER  
FOR CHECKS 2014076 THROUGH 2014657  
RUN DATES 10/1/2008 TO 10/29/2008

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
				8712896	10/09/08	MATS, TOWELS & SUPPLIES	116.78	
				8712898	10/09/08	MATS, TOWELS & SUPPLIES	95.84	
				8708313	10/08/08	MATS, TOWELS & SUPPLIES	89.00	
				8712899	10/09/08	UNIFORMS	53.45	
				8708312	10/08/08	UNIFORMS	48.23	696.98
2014197	10/01/08	02917	PTO SALES CORPORATION	9282490018	09/05/08	REPAIR PART	2,638.48	2,638.48
2014287	10/08/08	00078	PUBLIC EMPLOYEES RETIREMENT	Ben2389321	10/02/08	PERS CONTRIBUTION	127,764.45	127,764.45
2014578	10/22/08	00078	PUBLIC EMPLOYEES RETIREMENT	Ben2389658	10/16/08	PERS CONTRIBUTION	126,931.24	126,931.24
2014288	10/08/08	01409	PUMP CHECK	3149	09/16/08	PUMP EFFICIENCY TESTING	595.00	595.00
2014554	10/22/08	01342	R J SAFETY SUPPLY CO INC	25490400	09/30/08	SAFETY FIRST AID KITS	2,027.35	
				25490200	09/30/08	SAFETY APPAREL	710.83	2,738.18
2014629	10/29/08	01342	R J SAFETY SUPPLY CO INC	25490401	10/08/08	FIRST AID KITS SUPPLIES	56.03	56.03
2014555	10/22/08	08331	RABO BANK NA	280204R	10/02/08	RETENTION FOR SPIESS CONSTRUCTION	17,912.25	17,912.25
2014630	10/29/08	09333	RANCHO BUENA VISTA LP	000713	10/22/08	WORK ORDER REFUND D0047-XX9633	1,754.30	1,754.30
2014198	10/01/08	08029	RANCHO SAN DIEGO-JAMUL	000641	09/25/08	MEMBERSHIP RENEWAL	1,170.00	1,170.00
2014199	10/01/08	00766	RANROY PRINTING COMPANY	094960	09/05/08	BUSINESS CARDS	48.49	48.49
2014289	10/08/08	00766	RANROY PRINTING COMPANY	095096	09/15/08	BUSINESS CARDS	48.49	48.49
2014631	10/29/08	00766	RANROY PRINTING COMPANY	095359	10/03/08	BUSINESS CARDS	90.51	90.51
2014464	10/22/08	09273	RAUL PULIDO	Ref002389845	10/20/08	UB Refund Cst #0000124929	24.99	24.99
2014126	10/01/08	09154	RAYMOND PACELLO	Ref002389244	09/30/08	UB Refund Cst #0000026784	114.54	114.54
2014200	10/01/08	02041	RBF CONSULTING	8080038	09/05/08	CIP P2185-CONST MGMT SVCS	53,655.00	
				8080039	09/05/08	CIP P2009 - 36 INCH PIPELINE	9,570.00	63,225.00
2014632	10/29/08	02041	RBF CONSULTING	8090132	10/08/08	CIP P2185-CONST MGMT SVCS	45,775.00	
				8090133	10/08/08	CIP P2009 - 36 INCH PIPELINE	16,960.00	62,735.00
2014633	10/29/08	06645	RELIABLE ELEVATOR INC	14393	10/01/08	ELEVATOR SERVICE & MAINTENANCE	416.01	416.01
2014465	10/22/08	09231	RICARDO NIEVES	Ref002389802	10/20/08	UB Refund Cst #0000021049	36.60	36.60
2014290	10/08/08	08776	RICARDO REYES	000663	10/02/08	CASH IN YOUR PLANTS REIMBURSEMENT	1,400.00	1,400.00

OTAY WATER DISTRICT  
CHECK REGISTER  
FOR CHECKS 2014076 THROUGH 2014657  
RUN DATES 10/1/2008 TO 10/29/2008

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2014634	10/29/08	00521	RICK POST WELDING	8213	09/26/08	WELDING SERVICES	720.00	720.00
2014201	10/01/08	04542	ROBAK, MARK	70140808	08/31/08	MILEAGE REIMBURSEMENT	9.36	9.36
2014466	10/22/08	09327	ROBERT SCHMIDT	Ref002389899	10/20/08	UB Refund Cst #0000140316	50.60	50.60
2014467	10/22/08	09310	ROBERT WEICHELT	Ref002389882	10/20/08	UB Refund Cst #0000128040	8.18	8.18
2014127	10/01/08	09194	ROCHELLE ASBELL	Ref002389288	09/30/08	UB Refund Cst #0000127041	48.92	48.92
2014468	10/22/08	09253	ROCHELLE STEWART	Ref002389825	10/20/08	UB Refund Cst #0000091604	60.40	60.40
2014128	10/01/08	09165	ROSA HERNANDEZ	Ref002389257	09/30/08	UB Refund Cst #0000092805	20.29	20.29
2014202	10/01/08	03279	ROTH STAFFING COMPANIES LP	12233177 12235728	09/19/08 09/30/08	TEMPORARY SERVICES - HR DEPT TEMPORARY SERVICES - HR DEPT	1,315.20 263.04	1,578.24
2014291	10/08/08	03279	ROTH STAFFING COMPANIES LP	12238218	10/03/08	TEMPORARY SERVICES-ADM DEPT	1,183.68	1,183.68
2014556	10/22/08	03279	ROTH STAFFING COMPANIES LP	12243149 12241490	10/17/08 10/10/08	TEMPORARY SERVICES-ADM TEMPORARY SERVICES-ADM	1,315.20 1,315.20	2,630.40
2014635	10/29/08	03279	ROTH STAFFING COMPANIES LP	12245599	10/24/08	TEMPORARY SERVICES - HR DEPT	1,315.20	1,315.20
2014129	10/01/08	08708	RUTH REYES	Ref002389284	09/30/08	UB Refund Cst #0000126825	38.18	38.18
2014469	10/22/08	09282	RUTH REYES	Ref002389854	10/20/08	UB Refund Cst #0000125930	49.99	49.99
2014203	10/01/08	00217	RW LITTLE CO INC	89462	09/10/08	SANDBLAST & POWDERCOAT SERVICES	290.00	290.00
2014557	10/22/08	00362	RYAN HERCO PRODUCTS CORP	6458905	09/29/08	6" PVC CAPS	423.00	423.00
2014363	10/15/08	09223	SAN DIEGO CO SYMPOSIUM FUND	000693	10/14/08	REGISTRATION FEE	50.00	50.00
2014364	10/15/08	02680	SAN DIEGO COUNTY TREASURER	58516020000809	09/29/08	VOTER APPROVED BONDS TAXES	145.56	145.56
2014292	10/08/08	00247	SAN DIEGO DAILY TRANSCRIPT	111876	09/12/08	WATER CONSERVATION AD	1,500.00	1,500.00
2014558	10/22/08	00247	SAN DIEGO DAILY TRANSCRIPT	114318	10/01/08	BID ADVERTISEMENT	57.05	57.05
2014470	10/22/08	09245	SAN DIEGO EXPRESSWAY LP	Ref002389816	10/20/08	UB Refund Cst #0000073661	7.10	7.10
2014204	10/01/08	00121	SAN DIEGO GAS & ELECTRIC	000639 000633 000635	09/25/08 09/23/08 09/25/08	UTILITY EXPENSES UTILITY EXPENSES UTILITY EXPENSES	69,242.51 32,289.39 1,177.29	102,709.19

OTAY WATER DISTRICT  
CHECK REGISTER  
FOR CHECKS 2014076 THROUGH 2014657  
RUN DATES 10/1/2008 TO 10/29/2008

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2014293	10/08/08	00121	SAN DIEGO GAS & ELECTRIC	000666	10/02/08	UTILITY EXPENSES	56,483.76	
				000657	09/26/08	UTILITY EXPENSES	16,051.34	
				000669	10/01/08	UTILITY EXPENSES	2,552.48	75,087.58
2014365	10/15/08	00121	SAN DIEGO GAS & ELECTRIC	000686	10/03/08	UTILITY EXPENSES	58,467.15	58,467.15
2014559	10/22/08	00121	SAN DIEGO GAS & ELECTRIC	000705	10/16/08	UTILITY EXPENSES	95.84	95.84
2014636	10/29/08	00121	SAN DIEGO GAS & ELECTRIC	000718	10/23/08	UTILITY EXPENSES	110,526.93	
				000723	10/24/08	UTILITY EXPENSES	10,915.83	121,442.76
2014366	10/15/08	00285	SAN DIEGO LAFCO	000696	10/14/08	REFERENCE BOOKS	100.00	100.00
2014637	10/29/08	00285	SAN DIEGO LAFCO	000719	10/21/08	COUNTY PUBLICATION	25.00	25.00
2014294	10/08/08	09220	SAN DIEGO REAL ESTATE OWNED	000674	10/07/08	REFUND TO ORIGINAL PAYEE	109.61	109.61
2014130	10/01/08	09182	SAN DIEGO REALTY	Ref002389275	09/30/08	UB Refund Cst #0000125465	6.20	6.20
2014131	10/01/08	09187	SAN DIEGO REALTY	Ref002389280	09/30/08	UB Refund Cst #0000126410	13.48	13.48
2014132	10/01/08	09195	SAN DIEGO REALTY	Ref002389289	09/30/08	UB Refund Cst #0000127445	5.10	5.10
2014471	10/22/08	09278	SAN DIEGO REALTY	Ref002389850	10/20/08	UB Refund Cst #0000125597	75.00	75.00
2014472	10/22/08	09291	SAN DIEGO REALTY	Ref002389863	10/20/08	UB Refund Cst #0000126980	37.98	37.98
2014473	10/22/08	09292	SAN DIEGO REALTY	Ref002389864	10/20/08	UB Refund Cst #0000127204	58.67	58.67
2014474	10/22/08	09299	SAN DIEGO REALTY	Ref002389871	10/20/08	UB Refund Cst #0000127753	47.94	47.94
2014475	10/22/08	09302	SAN DIEGO REALTY	Ref002389874	10/20/08	UB Refund Cst #0000127816	15.67	15.67
2014476	10/22/08	09308	SAN DIEGO REALTY	Ref002389880	10/20/08	UB Refund Cst #0000128012	141.32	141.32
2014477	10/22/08	09315	SAN DIEGO REALTY	Ref002389887	10/20/08	UB Refund Cst #0000134058	14.55	14.55
2014133	10/01/08	09199	SAN DIEGO REALTY INC	Ref002389293	09/30/08	UB Refund Cst #0000127673	30.67	30.67
2014134	10/01/08	09184	SANDY MILLER	Ref002389277	09/30/08	UB Refund Cst #0000126196	55.32	55.32
2014478	10/22/08	09289	SANDY MILLER	Ref002389861	10/20/08	UB Refund Cst #0000126808	8.18	8.18
2014638	10/29/08	05321	SCHIFF ASSOCIATES	02237		CREDIT MEMO	(62.67)	
				02488	07/31/08	CIP P1043-CATHODIC PROTECTION PROGRAM	21,568.89	21,506.22

OTAY WATER DISTRICT  
CHECK REGISTER  
FOR CHECKS 2014076 THROUGH 2014657  
RUN DATES 10/1/2008 TO 10/29/2008

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2014135	10/01/08	09198	SCOTT VINSON	Ref002389292	09/30/08	UB Refund Cst #0000127641	34.89	34.89
2014479	10/22/08	09306	SEASIDE REALTY	Ref002389878	10/20/08	UB Refund Cst #0000127963	34.35	34.35
2014480	10/22/08	09252	SERGIO SANCHEZ	Ref002389824	10/20/08	UB Refund Cst #0000091246	14.34	14.34
2014295	10/08/08	00419	SHAPE PRODUCTS	136686	09/17/08	LABORATORY SUPPLIES	638.41	638.41
2014205	10/01/08	07405	SHARP BUSINESS SYSTEMS	9LC27A	09/11/08	FAX TONER CARTRIDGE	258.60	258.60
2014206	10/01/08	01651	SHARP REES-STEALY MEDICAL CTRS	204	09/20/08	PRE-PLACEMENT PHYSICALS	399.00	399.00
2014481	10/22/08	09298	SHERI WILSON	Ref002389870	10/20/08	UB Refund Cst #0000127566	62.51	62.51
2014296	10/08/08	05983	SIEMENS WATER	2564527	09/15/08	COLUMN EXCHANGES	224.60	224.60
2014207	10/01/08	05627	SIGNA DIGITAL SOLUTIONS INC	ARS19408	09/08/08	COPIER MAINTENANCE	200.00	200.00
2014560	10/22/08	05627	SIGNA DIGITAL SOLUTIONS INC	ARS20215	10/01/08	COPIER MAINTENANCE	144.00	178.20
				ARS20248	10/01/08	COPIER MAINTENANCE	34.20	
2014639	10/29/08	05627	SIGNA DIGITAL SOLUTIONS INC	ARS20393	10/07/08	COPIER MAINTENANCE	200.00	600.00
				ARS20394	10/07/08	COPIER MAINTENANCE	200.00	
				ARS20326	10/06/08	COPIER MAINTENANCE	200.00	
2014297	10/08/08	06493	SIGNIFICANT DIGITS INC	08H176426	09/10/08	BATTERIES FOR HANDHELDS	441.60	441.60
2014367	10/15/08	03612	SIMON WONG ENGINEERING	10695	08/31/08	1485-1 PUMP STATION DESIGN	7,727.25	7,727.25
2014561	10/22/08	03612	SIMON WONG ENGINEERING	10809	09/30/08	SOIL REPORT RECOMMENDATIONS	800.00	800.00
2014562	10/22/08	00258	SLOAN ELECTRIC CO	0054569	09/30/08	MOTOR REPAIR	2,951.27	2,951.27
2014640	10/29/08	00258	SLOAN ELECTRIC CO	0054602	10/07/08	MACHINE PVC CAPS	1,700.00	1,700.00
2014208	10/01/08	03103	SOUTHCOAST HEATING &	C38025	09/10/08	AIR CONDITIONING MAINTENANCE	908.00	908.00
2014641	10/29/08	09334	SOUTHWESTERN COMMUNITY	000711	10/22/08	WORK ORDER REFUND D0243-010216	1,167.24	1,167.24
2014209	10/01/08	03760	SPANKY'S PORTABLE SERVICES INC	751713	09/10/08	PORTABLE TOILET RENTAL	79.96	79.96
2014298	10/08/08	03760	SPANKY'S PORTABLE SERVICES INC	752549	09/18/08	PORTABLE TOILET RENTAL	98.15	98.15
2014563	10/22/08	03760	SPANKY'S PORTABLE SERVICES INC	782784	09/29/08	PORTABLE TOILET RENTAL	79.96	79.96
				782561	09/26/08	PORTABLE TOILET RENTAL	79.96	

OTAY WATER DISTRICT  
CHECK REGISTER  
FOR CHECKS 2014076 THROUGH 2014657  
RUN DATES 10/1/2008 TO 10/29/2008

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
				782560	09/26/08	PORTABLE TOILET RENTAL	79.96	
				782559	09/26/08	PORTABLE TOILET RENTAL	79.96	
				782558	09/26/08	PORTABLE TOILET RENTAL	79.96	399.80
2014642	10/29/08	03760	SPANKY'S PORTABLE SERVICES INC	784372	10/08/08	PORTABLE TOILET RENTAL	79.96	79.96
2014210	10/01/08	03516	SPECIAL DISTRICT RISK	0026428IN	09/12/08	WORKERS' COMPENSATION PROGRAM	61,630.00	61,630.00
2014564	10/22/08	03516	SPECIAL DISTRICT RISK	0026799IN	10/02/08	WORKERS' COMPENSATION PROGRAM	40,547.28	40,547.28
2014565	10/22/08	03184	SPIESS CONSTRUCTION CO INC	280204	10/02/08	P2191 - 850-4 RESERVOIR (CONSTRUCTION)	161,210.25	161,210.25
2014566	10/22/08	03600	SPRINT	000698	10/13/08	WIRELESS CARDS SERVICE - INTERNET	59.99	59.99
2014482	10/22/08	09250	STACEY MATHIS	Ref002389822	10/20/08	UB Refund Cst #0000089205	35.51	35.51
2014211	10/01/08	02354	STANDARD ELECTRONICS	11457	09/08/08	FIRE & SECURITY MONITORING	1,410.00	
				11479	09/08/08	SECURITY SERVICE & REPAIRS	159.83	
				11473	09/08/08	SECURITY SERVICE & REPAIRS	85.00	1,654.83
2014643	10/29/08	02354	STANDARD ELECTRONICS	11618	10/09/08	FIRE & SECURITY MONITORING	14,100.00	
				11570	10/07/08	SECURITY SERVICE & REPAIRS	127.50	14,227.50
2014299	10/08/08	00480	STATE BOARD OF EQUALIZATION	000673	09/30/08	SALES USE TAX - 3RD QTR PMT	765.59	765.59
2014567	10/22/08	00097	STATE BOARD OF EQUALIZATION	000709	10/22/08	STORAGE TANK MAINTENANCE FEE	121.52	121.52
2014212	10/01/08	06299	STATE DISBURSEMENT UNIT	Ben2389331	10/02/08	PAYROLL DEDUCTION	237.69	237.69
2014213	10/01/08	06303	STATE DISBURSEMENT UNIT	Ben2389335	10/02/08	PAYROLL DEDUCTION	836.30	836.30
2014214	10/01/08	08533	STATE DISBURSEMENT UNIT	Ben2389333	10/02/08	PAYROLL DEDUCTION	841.01	841.01
2014368	10/15/08	06299	STATE DISBURSEMENT UNIT	Ben2389668	10/16/08	PAYROLL DEDUCTION	237.69	237.69
2014369	10/15/08	06303	STATE DISBURSEMENT UNIT	Ben2389672	10/16/08	PAYROLL DEDUCTION	836.30	836.30
2014370	10/15/08	08533	STATE DISBURSEMENT UNIT	Ben2389670	10/16/08	PAYROLL DEDUCTION	841.01	841.01
2014644	10/29/08	06299	STATE DISBURSEMENT UNIT	Ben2390037	10/30/08	PAYROLL DEDUCTION	237.69	237.69
2014645	10/29/08	06303	STATE DISBURSEMENT UNIT	Ben2390041	10/30/08	PAYROLL DEDUCTION	836.30	836.30
2014646	10/29/08	08533	STATE DISBURSEMENT UNIT	Ben2390039	10/30/08	PAYROLL DEDUCTION	841.01	841.01
2014215	10/01/08	02261	STATE STREET BANK & TRUST CO	Ben2389323	10/02/08	DEFERRED COMP PLAN	7,224.05	7,224.05

OTAY WATER DISTRICT  
CHECK REGISTER  
FOR CHECKS 2014076 THROUGH 2014657  
RUN DATES 10/1/2008 TO 10/29/2008

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2014371	10/15/08	02261	STATE STREET BANK & TRUST CO	Ben2389660	10/16/08	DEFERRED COMP PLAN	5,760.05	5,760.05
2014647	10/29/08	02261	STATE STREET BANK & TRUST CO	Ben2390029	10/30/08	DEFERRED COMP PLAN	5,729.72	5,729.72
2014483	10/22/08	09238	STELLA POPOWSKI	Ref002389809	10/20/08	UB Refund Cst #0000047508	28.29	28.29
2014300	10/08/08	08486	STELLAR BUILDERS	103	09/17/08	MODIFCATION TO ADMIN OFFICE	790.00	790.00
2014484	10/22/08	09316	STEPHANIE DUNBAR	Ref002389888	10/20/08	UB Refund Cst #0000134703	17.33	17.33
2014485	10/22/08	09293	STEVE FRIESEN	Ref002389865	10/20/08	UB Refund Cst #0000127239	75.00	75.00
2014301	10/08/08	03738	STEVEN ENTERPRISES INC	0225222IN	09/12/08	TONER	279.11	279.11
2014136	10/01/08	09178	SUSAN MEYERS-PYKE	Ref002389271	09/30/08	UB Refund Cst #0000124884	69.31	69.31
2014648	10/29/08	02987	T M PEMBERTON	26490	10/08/08	CEMENT	609.93	609.93
2014372	10/15/08	09221	TACKETT, ZACHARY	000688	10/13/08	SAFETY BOOTS REIMBURSEMENT	116.89	116.89
2014302	10/08/08	02799	TARULLI TIRE INC - SAN DIEGO	20035528 20035543 20035527 20035571 20035520	09/15/08 09/16/08 09/15/08 09/18/08 09/12/08	TIRE REPAIR TIRE REPAIR TIRE REPAIR TIRE SERVICES TIRE REPAIR	341.92 104.24 104.24 40.32 20.47	611.19
2014373	10/15/08	02799	TARULLI TIRE INC - SAN DIEGO	20035622 20035638 20035635	09/23/08 09/24/08 09/24/08	TIRE SERVICES TIRE SERVICES TIRE SERVICES	242.92 44.00 10.00	296.92
2014137	10/01/08	09188	TEAM TOWNSON INC	Ref002389281	09/30/08	UB Refund Cst #0000126478	80.29	80.29
2014486	10/22/08	09279	TEAM TOWNSON INC	Ref002389851	10/20/08	UB Refund Cst #0000125699	19.01	19.01
2014487	10/22/08	09300	TEAM WERK REALTY	Ref002389872	10/20/08	UB Refund Cst #0000127793	46.53	46.53
2014138	10/01/08	09186	TEAMWERK REALTY	Ref002389279	09/30/08	UB Refund Cst #0000126309	25.64	25.64
2014374	10/15/08	02376	TECHKNOWSION INC	2091	09/24/08	TREATMENT PLANT BACKUP SCADA COMPUTEI	30,290.00	30,290.00
2014375	10/15/08	06847	THIRD AVENUE VILLAGE ASSN	000691	10/09/08	STARLIGHT YULE PARADE ENTRY FEE	35.00	35.00
2014488	10/22/08	09264	THOMAS GALLUCCI	Ref002389836	10/20/08	UB Refund Cst #0000122800	38.54	38.54
2014649	10/29/08	09332	THOMAS KENNY	000717	10/22/08	WORK ORDER REFUND D0594-010246	743.96	743.96

OTAY WATER DISTRICT  
CHECK REGISTER  
FOR CHECKS 2014076 THROUGH 2014657  
RUN DATES 10/1/2008 TO 10/29/2008

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2014568	10/22/08	04977	T-MOBILE	000701	10/05/08	CELL PHONE & BLACKBERRY SERVICES	1,381.01	1,381.01
2014303	10/08/08	02736	TOYOTALIFT INC	115004587	09/18/08	REPAIR PARTS	146.58	146.58
2014216	10/01/08	07936	TRACER ENVIRONMENTAL SCIENCES	219402	09/05/08	AQUEOUS AMMONIA SAFETY REVIEW	3,255.00	3,255.00
2014376	10/15/08	00870	TRANSCAT INC	276228	09/25/08	ANNUAL CERTIFICATION OF CALIBRATOR	182.81	182.81
2014139	10/01/08	09192	TRIAD PROPERTIES	Ref002389286	09/30/08	UB Refund Cst #0000126927	25.15	25.15
2014489	10/22/08	09267	TRIAD PROPERTIES	Ref002389839	10/20/08	UB Refund Cst #0000123367	31.19	31.19
2014304	10/08/08	07781	TRITES, BRUCE	000661	09/30/08	SCADA PART REIMBURSEMENT	80.80	80.80
2014377	10/15/08	02273	TRUCKIN STUFF	25277	09/09/08	TOOL BOXES	1,303.34	1,303.34
2014305	10/08/08	09151	TVF - BOYS LACROSSE	000642	09/29/08	SAN MIGUEL FIRE EXPO SPONSHORSHIP	400.00	400.00
2014569	10/22/08	03261	TYLER TECHNOLOGIES INC	INV0137201	09/30/08	EDEN SYSTEMS CONSULTING	1,426.61	1,426.61
2014650	10/29/08	08402	U S POSTMASTER	2095	10/28/08	POSTAGE/PROP 218 NOTICES	10,240.87	10,240.87
2014570	10/22/08	00427	UNDERGROUND SERVICE ALERT OF	920080457	10/01/08	UNDERGROUND TRENCH SERVICE ALERTS	335.50	335.50
2014306	10/08/08	00075	UNION TRIBUNE PUBLISHING CO	0010115384	09/12/08	BID ADVERTISEMENT	344.35	344.35
2014378	10/15/08	00075	UNION TRIBUNE PUBLISHING CO	0010094912	08/11/08	LEGAL NOTICE ADVERTISEMENT	166.40	166.40
2014379	10/15/08	02529	UNION TRIBUNE PUBLISHING CO	486355	10/06/08	SUBSCRIPTION RENEWAL	196.00	196.00
2014571	10/22/08	00075	UNION TRIBUNE PUBLISHING CO	0010126027	09/30/08	BID ADVERTISEMENT	236.80	236.80
2014217	10/01/08	08262	UNITED RENTALS NORTHWEST INC	76504338002		CREDIT MEMO	(20.00)	
				76504338001	09/09/08	CONCRETE	197.79	
				76563231001	09/11/08	CONCRETE	146.29	
				76177451001	08/26/08	CONCRETE	139.00	
				76245948001	08/28/08	CONCRETE	139.00	602.08
2014307	10/08/08	08262	UNITED RENTALS NORTHWEST INC	76638184001	09/15/08	CONCRETE	181.02	
				76671829001	09/16/08	CONCRETE	139.00	320.02
2014380	10/15/08	08262	UNITED RENTALS NORTHWEST INC	76907622001	09/25/08	CONCRETE	159.47	
				76688946001	09/17/08	CONCRETE	139.00	298.47
2014572	10/22/08	08262	UNITED RENTALS NORTHWEST INC	77040929001	10/01/08	CONCRETE	139.00	139.00

OTAY WATER DISTRICT  
CHECK REGISTER  
FOR CHECKS 2014076 THROUGH 2014657  
RUN DATES 10/1/2008 TO 10/29/2008

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2014218	10/01/08	05417	UNITED STATES DEPARTMENT	Ben2389337	10/02/08	PAYROLL DEDUCTION	100.00	100.00
2014381	10/15/08	05417	UNITED STATES DEPARTMENT	Ben2389674	10/16/08	PAYROLL DEDUCTION	100.00	100.00
2014651	10/29/08	05417	UNITED STATES DEPARTMENT	Ben2390043	10/30/08	PAYROLL DEDUCTION	100.00	100.00
2014382	10/15/08	00350	UNITED STATES POSTAL SERVICE	000687	10/13/08	REIMBURSE POSTAGE MACHINE	1,650.00	1,650.00
2014652	10/29/08	07662	UNITEDHEALTHCARE SPECIALTY	083030000095	10/29/08	BASIC LIFE/AD&D & SUPP LIFE INS	5,132.20	5,132.20
2014383	10/15/08	03212	UNUM LIFE INSURANCE	000695	10/15/08	SALARY CONTINUATION INSURANCE	6,573.60	6,573.60
2014140	10/01/08	09163	US ARMY CORPS ENGINEERS	Ref002389255	09/30/08	UB Refund Cst #0000092197	782.17	782.17
2014490	10/22/08	09286	US BANK	Ref002389858	10/20/08	UB Refund Cst #0000126459	41.39	41.39
2014219	10/01/08	07674	US BANK CORPORATE PAYMENT	000645 000646	09/22/08 09/22/08	DISTRICT EXPENSES DISTRICT EXPENSES	978.53 68.06	1,046.59
2014308	10/08/08	07674	US BANK CORPORATE PAYMENT	000671	09/22/08	DISTRICT EXPENSES	4,560.72	4,560.72
2014384	10/15/08	07674	US BANK CORPORATE PAYMENT	000681	09/22/08	DISTRICT EXPENSES	1,486.96	1,486.96
2014573	10/22/08	07674	US BANK CORPORATE PAYMENT	000707	09/22/08	DISTRICT EXPENSES	2,797.93	2,797.93
2014653	10/29/08	07674	US BANK CORPORATE PAYMENT	000725	10/22/08	DISTRICT EXPENSES	1,160.97	1,160.97
2014220	10/01/08	04345	US CONCRETE PRECAST GROUP	0132952IN	09/24/08	RECLAIM READER LIDS	422.92	422.92
2014309	10/08/08	04345	US CONCRETE PRECAST GROUP	0132854IN	09/18/08	MANHOLES	2,348.95	2,348.95
2014385	10/15/08	04345	US CONCRETE PRECAST GROUP	0132951IN	09/24/08	1" METER BOX LIDS	4,288.45	4,288.45
2014221	10/01/08	02674	USA BLUE BOOK	668543	09/08/08	LEVEL TRANSMITTERS	1,621.54	1,621.54
2014310	10/08/08	09218	VACO LA JOLLA LLC	BILL000000002451	09/26/08	TEMP SERVICE-CUST SERVICE	279.64	279.64
2014654	10/29/08	08028	VALLEY CONSTRUCTION MANAGEMEN	SD080201	10/06/08	AS-NEEDED CONSTRUCTION MANAGEMENT SV	5,862.50	5,862.50
2014222	10/01/08	01095	VANTAGEPOINT TRANSFER AGENTS	Ben2389329	10/02/08	DEFERRED COMP PLAN	6,710.45	6,710.45
2014223	10/01/08	06414	VANTAGEPOINT TRANSFER AGENTS	000652	10/01/08	401A PLAN	2,752.13	2,752.13
2014386	10/15/08	01095	VANTAGEPOINT TRANSFER AGENTS	Ben2389666	10/16/08	DEFERRED COMP PLAN	6,686.22	6,686.22

OTAY WATER DISTRICT  
CHECK REGISTER  
FOR CHECKS 2014076 THROUGH 2014657  
RUN DATES 10/1/2008 TO 10/29/2008

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2014387	10/15/08	06414	VANTAGEPOINT TRANSFER AGENTS	Ben2389656	10/16/08	401A PLAN	609.93	609.93
2014655	10/29/08	01095	VANTAGEPOINT TRANSFER AGENTS	Ben2390035	10/30/08	DEFERRED COMP PLAN	6,819.41	6,819.41
2014388	10/15/08	02298	VASQUEZ, TADEO	000683	10/09/08	SAFETY BOOTS REIMBURSEMENT	145.44	145.44
2014311	10/08/08	03329	VERIZON WIRELESS	0693649929	09/21/08	WIRELESS DATA SERVICES	8,883.92	8,883.92
2014491	10/22/08	09251	VINCINA MORINEAU	Ref002389823	10/20/08	UB Refund Cst #0000089894	7.48	7.48
2014492	10/22/08	09259	VOUGHT ENTERPRISES INC	Ref002389831	10/20/08	UB Refund Cst #0000121739	718.04	718.04
2014141	10/01/08	09181	WACHOVIA BANK	Ref002389274	09/30/08	UB Refund Cst #0000125351	15.38	15.38
2014574	10/22/08	07595	WALTERS WHOLESALE ELECTRIC CO	281935001	10/02/08	CIRCUIT BREAKERS	62.92	62.92
2014389	10/15/08	00262	WATER AGENCIES ASSOCIATION	000682	10/06/08	QUARTERLY MEETING	240.00	240.00
2014312	10/08/08	02700	WATER CONSERVATION GARDEN	OTAY20809	09/18/08	OPERATING COSTS FOR WATER GARDEN	19,687.50	19,687.50
2014224	10/01/08	00014	WAXIE SANITARY SUPPLY	70841054	09/05/08	JANITORIAL SUPPLIES	1,099.49	1,099.49
2014656	10/29/08	00014	WAXIE SANITARY SUPPLY	70899203 70897843 70896222	10/07/08 10/06/08 10/06/08	JANITORIAL SUPPLIES JANITORIAL SUPPLIES JANITORIAL SUPPLIES	1,584.54 147.79 73.64	1,805.97
2014575	10/22/08	01343	WE GOT YA PEST CONTROL	50869	09/26/08	PEST CONTROL - BEE REMOVAL	115.00	115.00
2014657	10/29/08	07946	WEST COAST ARBORISTS INC	55059	09/26/08	TREE REMOVAL	19,505.00	19,505.00
2014225	10/01/08	00190	WEST PAYMENT CENTER	816791385	09/20/08	LEGAL LIBRARY UPDATES	106.68	106.68
2014226	10/01/08	00125	WESTERN PUMP INC	0070229IN	09/11/08	APCD TESTING	538.00	538.00
2014576	10/22/08	03692	WESTIN ENGINEERING INC	31666	09/30/08	CIP P1210 - ASSET MANAGEMENT PLAN	6,097.50	6,097.50
2014390	10/15/08	03437	WIENHOFF DRUG TESTING INC	20926	10/01/08	HEALTH EXAMS	330.00	330.00
2014493	10/22/08	09265	WILLIAM ABBOTT	Ref002389837	10/20/08	UB Refund Cst #0000122802	28.85	28.85
2014313	10/08/08	02725	WILLIAMS SCOTSMAN INC	84756171 84900769	09/12/08 09/18/08	28' TRAILER RENTAL @ TREATMENT PLANT MOBILE OFFICE RENTAL @ TREATMENT PLANT	293.85 288.74	582.59
2014391	10/15/08	09149	WILLIS RISK AND INSURANCE	0228856	09/24/08	BENEFITS CONSULTING	5,298.00	5,298.00
2014577	10/22/08	09149	WILLIS RISK AND INSURANCE	0228926	10/01/08	BENEFITS CONSULTING	8,750.00	8,750.00

OTAY WATER DISTRICT  
CHECK REGISTER  
FOR CHECKS 2014076 THROUGH 2014657  
RUN DATES 10/1/2008 TO 10/29/2008

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2014314	10/08/08	03423	WINZER CORPORATION	3304744	09/11/08	SHOP SUPPLIES	368.00	368.00
2014494	10/22/08	09244	YOLANDA MARTINEZ	Ref002389815	10/20/08	UB Refund Cst #0000073034	109.42	109.42
<b>GRAND TOTAL</b>							<b>3,367,593.00</b>	<b>3,367,593.00</b>