OTAY WATER DISTRICT

BOARD OF DIRECTORS MEETING
DISTRICT BOARDROOM

2554 SWEETWATER SPRINGS BOULEVARD
SPRING VALLEY, CALIFORNIA

WEDNESDAY
March 6, 2013
3:30 P.M.

AGENDA

1. ROLL CALL

2. PLEDGE OF ALLEGIANCE

3. APPROVAL OF AGENDA

4. APPROVE THE MINUTES OF THE REGULAR MEETING OF FEBRUARY 6, 2013

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

CONSENT CALENDAR

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

   a) ADOPT ORDINANCE NO. 537 AMENDING SECTION 25.03 B, MONTHLY FIXED METROPOLITAN WATER DISTRICT AND COUNTY WATER AUTHORITY CHARGES AND 25.03 C, MONTHLY FIXED SYSTEM CHARGES; SECTION 28.01 B, BASIS FOR DETERMINATION OF CONNECTION FEES AND CHARGES; AND SECTION 38.03, SERVICES FOR RESIDENTIAL FIRE PROTECTION OF THE DISTRICT’S CODE OF ORDINANCES

   b) ADOPT THE 2013 OTAY WATER DISTRICT LEGISLATIVE PROGRAM GUIDELINES

c) APPROVE CHANGE ORDER NO. 1 TO THE CONTRACT WITH LAY-FIELD ENVIRONMENTAL SYSTEMS CORPORATION FOR THE 624-1 RESERVOIR PROJECT IN AN AMOUNT NOT-TO-EXCEED $183,026, AND INCREASE THE CAPITAL IMPROVEMENT PROGRAM (CIP) P2477 BUDGET IN THE AMOUNT OF $200,000

d) APPROVE CHANGE ORDER NO. 1 TO THE CONTRACT WITH SEPULVEDA CONSTRUCTION FOR THE 30-INCH POTABLE WATER PIPELINE IN HUNTE PARKWAY PROJECT IN AN AMOUNT NOT-TO-EXCEED $109,223.44, AND INCREASE THE CAPITAL IMPROVEMENT PROGRAM (CIP) BUDGET IN THE AMOUNT OF $135,000

e) APPROVE THE WATER SUPPLY ASSESSMENT REPORTS DATED JANUARY 2013 FOR THE OTAY TECH CENTRE PROJECT AND THE OTAY PLAZA PROJECT

ACTION ITEMS

7. FINANCE

a) AUTHORIZE THE GENERAL MANAGER TO CONTRACT FOR BOND COUNSEL AND DISCLOSURE COUNSEL SERVICES FOR THE REFI-NANCING OF THE 2004 CERTIFICATES OF PARTICIPATION (COPS) AND REVIEW REFINANCING BOND STRUCTURE [KOEPPEN]

8. BOARD

a) DISCUSSION OF 2013 BOARD MEETING CALENDAR

INFORMATIONAL ITEMS

9. THE FOLLOWING ITEMS ARE PROVIDED TO THE BOARD FOR INFORMA-TIONAL PURPOSES ONLY. NO ACTION IS REQUIRED ON THE FOLLOWING AGENDA ITEMS:

a) INFORMATIONAL UPDATE ON THE SECOND QUARTER FISCAL YEAR 2013 CAPITAL IMPROVEMENT PROGRAM REPORT (MARTIN)

b) REPORT ON DIRECTORS' 2ND QUARTER EXPENSES FOR FISCAL YEAR 2013 (BENHAM)

c) INFORMATIONAL REPORT ON THE ROSARITO DESALINATION FA-CILITY COMMUNICATIONS PLAN (BUELNA)

REPORTS

10. GENERAL MANAGER'S REPORT

    a) SAN DIEGO COUNTY WATER AUTHORITY UPDATE

11. DIRECTORS' REPORTS/REQUESTS

12. PRESIDENT'S REPORT/REQUESTS

13. ADJOURNMENT

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

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

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

Certification of Posting

I certify that on March 1, 2013, 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 March 1, 2013.

/s/ Susan Cruz, District Secretary

MINUTES OF THE
BOARD OF DIRECTORS MEETING OF THE
OTAY WATER DISTRICT and OTAY SERVICE CORPORATION
February 6, 2013

1. The meeting was called to order by President Lopez at 3:36 p.m.

2. ROLL CALL

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

Staff Present: General Manager Mark Watton, General Counsel Dan Shinoff, Chief Financial Officer Joe Beachem, Chief of Engineering Rod Posada, Chief of Information Technology Geoff Stevens, Chief of Administration Rom Sarno, Chief of Water Operations Pedro Porras and District Secretary Susan Cruz and others per attached list.

3. PLEDGE OF ALLEGIANCE

4. APPROVAL OF AGENDA

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

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

to approve the agenda.

5. APPROVE THE MINUTES OF THE SPECIAL BOARD MEETING OF NOVEMBER 28, 2012 AND REGULAR MEETING OF JANUARY 8, 2013

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

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

to approve the minutes of the special board meeting of November 28, 2012 and regular meeting of January 8, 2013.

6. 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.

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 Robak pulled Item 6a, APPROVE AN ENGAGEMENT LETTER WITH THE AUDITING FIRM OF DIEHL, EVANS & COMPANY, LLP TO PROVIDE AUDIT SERVICES TO THE DISTRICT FOR THE FISCAL YEAR ENDING JUNE 30, 2013, and Item 6d, APPROVE TERMINATING WORK ON THE JOINT WATER AGENCIES NATURAL COMMUNITY CONSERVATION PLAN/HABITAT CONSERVATION PLAN, be pulled for discussion.

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

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

to approve the remaining consent calendar items:

b) AWARD A CONSTRUCTION CONTRACT TO ADVANCED INDUSTRIAL SERVICES, INC. FOR THE 803-3 AND 832-2 RESERVOIRS INTERIOR/EXTERIOR COATINGS AND UPGRADES PROJECT IN AN AMOUNT NOT-TO-EXCEED $946,900

c) APPROVE AN AGREEMENT WITH HECTOR MARES COMMENCING APRIL 1, 2013 FOR TWO YEARS (ENDING MARCH 31, 2015) FOR AN ANNUAL AMOUNT NOT-TO-EXCEED $60,000 (TOTAL OF $120,000) FOR CONSULTING SERVICES ON BI-NATIONAL WATER MATTERS FOR WORK RELATED TO THE OTAY MESA CONVEYANCE AND DISINFECTION SYSTEM PROJECT

President Lopez presented Item 6a for discussion:

a) APPROVE AN ENGAGEMENT LETTER WITH THE AUDITING FIRM OF DIEHL, EVANS & COMPANY, LLP TO PROVIDE AUDIT SERVICES TO THE DISTRICT FOR THE FISCAL YEAR ENDING JUNE 30, 2013

Director Robak indicated that the audit is one of the main functions of the board and he wished to hear staffs' report. Finance Manager Kevin Koeppen, indicated that staff is recommending approval of the engagement letter with White Nelson Diehl Evans LLP (WNDE) for audit services for Fiscal Year 2013. He stated that

this is the last year of the District's five (5) year agreement with WNDE. Staffs' recommendation is based on their historical performance, knowledge of the District, assistance with the annual CAFR report, and the GFOA award for excellence in financial reporting. He indicated that the fees for this year's audit will not exceed $35,000 which is a $1,000 increase from last year. This is only the second increase over the last five years. The total increase for the duration of the contract is $2,000 or approximately 1.5% annually.

Director Robak inquired with regard to page two (2) of staffs' report that the indicated schedule for the audit was really referring to 2013 instead of 2012. Finance Manager Koeppen confirmed that that was correct. He stated the pre-audit would occur in April 2013, the audit itself in August 2013, etc.

President Lopez indicated the Finance Administration and Communications Committee reviewed this item in detail at a meeting held on January 22, 2013 and recommends that the board move forward with staffs' recommendation.

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

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

to approve staffs' recommendation.

President Lopez presented Item 6d for discussion:

d) APPROVE TERMINATING WORK ON THE JOINT WATER AGENCIES NATURAL COMMUNITY CONSERVATION PLAN/HABITAT CONSERVATION PLAN

Director Robak indicated that he wished an update on this item as he understands that all members of the Joint Water Agencies Natural Community Conservation Plan/Habitat Conservation Plan (JWA) are terminating work as well. He asked if staff could share where the District was, where it is now and why staff is recommending termination of the JWA. General Manager Watton indicated that Sweetwater Authority's board has taken action to terminate work on the JWA and the other two (2) members are in the process of doing so. Environmental Compliance Specialist Lisa Coburn-Boyd indicated that the JWA was begun more than 10 years ago by Helix WD, Padre Dam MWD and Sweetwater Authority. The District joined their effort in 2007. The JWA is a plan that allows for streamlined biological permitting for CIP projects and O&M work as the mitigation areas and ratios are preapproved by the wildlife agencies. The plan establishes a conservation area that will be set aside for mitigation. In Otay WD's case, that was the San Miguel Habitat Management Area (HMA). It also describes the conservation of animal species within the District that might be

impacted by future projects. Please reference the Committee Action notes (Attachment A) attached to staffs' report for details of staffs' presentation.

It was shared that the agency General Managers met with the resource agencies (environmental and regulating agencies) and discussed if the agency partners place all their land into the JWA, if they could have certainty for 20 to 30 years for the agency projects. The resource agencies would not agree to this and the plan would eventually lead to extraordinary maintenance cost, particularly for Helix WD and Sweetwater Authority. Staff is requesting that the board approve the District terminating work on the JWA. Staff will continue to work with RECON, the District's subarea plan consultant, to determine what options are available in using the Subarea Plan and the other JWA plan documents to streamline the District's biological permitting in the future.

Director Thompson inquired if, looking at the situation in retrospect, if the District could have done any analysis that would suggest that the HMA plan would likely not move forward. General Manager Watton indicated that some larger agencies (MET and CWA) have had earlier success with HMA plans and it was felt that by placing the three (3) agency lands (riparian habitat lands, coastal sage lands, etc.) would be very positive. What was not anticipated were the budget cuts which restricted resource agencies' ability to support such programs. Also, the US Fish and Wildlife Service was directed to put all their efforts into energy related projects.

Director Croucher noted the data collected through the preparation of the District's Subarea Plan and the JWA will be utilized in the future as the District continues to work with the Wild Life Agencies (WLA) independently.

Director Robak indicated that the District has spent close to $800,000 on the JWA project and inquired if the District has contacted the resource agencies and what their reaction was. The District did send a letter indicating the District's and the partners' disappointment with the lack of follow-thru by their agencies and that the partners would be dissolving the JPA. This was also shared during the District's meeting with the resource agency leadership. The resource agencies requested that the District hold off in terminating the JWA and they indicated that they would allocate resources, etc., but then they stopped responding. The partners felt that to continue the work and studies under the JWA did not make sense as the resource agencies were unable to respond and support the program.

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

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

to approve staffs' recommendation.

ACTION ITEMS

8. BOARD

a) DISCUSSION OF 2013 BOARD MEETING CALENDAR

President Lopez indicated that Director Gonzalez would be unable to attend the March 6 board meeting as he will be out-of-town. Director Gonzalez confirmed that that was correct. As the remaining members of the board were still available to attend the March 6, 2013 board meeting, President Lopez indicated that the District would keep the meeting date unchanged.

INFORMATIONAL ITEMS

9. 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 DISTRICT'S WATER AND SEWER COST OF SERVICE STUDY

Finance Manager Rita Bell indicated that the District does a Rate Study every three (3) to (5) years to keep in line with current economic, regulatory and environmental changes. The purpose of the study is to bring equity among the District's customer classes based on cost of service, bring financial stability to the District by balancing fixed and variable rates, and encourage conservation with tiered rate structures for water and strength/flow for sewer.

Ms. Karyn Keese, Atkins Global, the District's Rate Study consultant, provided an overview of the Rate Study Analysis and indicated that there are three (3) steps in a rate study analysis: 1) Revenue Requirement Analysis; 2) Cost of Service Analysis; and 3) Rate Design Analysis. Please reference the Committee Action notes (Attachment A) attached to staffs' report for details of staffs' presentation.

In response to an inquiry from Director Robak, Ms. Keese indicated that there are some guidelines that are used to determine cost drivers. For example the drivers for fixed costs include debt service, MWD fixed charges, etc. These costs are collected in the District's service charges. Best Management Practices (BMP) indicates that the District should not have more than 30% fixed costs recovered in its service charge. In complying with this guideline, the District first looks at its fixed costs, then the remaining costs are allocated to Commodity Costs.

Finance Manager Bell indicated with regard to allocation of costs, the District utilizes 'peaking' factors. The District uses American Water Works Association (AWWA) Standards (industry standards) when determining 'peaking' costs. AWWA Standards indicate that the customer classes *residential* and *multi-family*, have slightly different peaking factors. However, in the San Diego region, most agencies use the same 'peaking' factor for the two customer classes as San

Diego is much different from the much of the nation as it is focused on conservation. The region has limited water resources and, thus, the peaking factors are more similar for the two classes. This Rate Study will utilize the same 'peaking' factor for both classes. It is hoped going forward, with automated meter reading and new technology, that in the next Rate Study, the District will be able to gather data for 'peaking' from the District's customers' actual usage.

Ms. Keese clarified the meaning of the term 'peaking' in response to an inquiry from Director Thompson. Ms. Keese indicated that 'peaking' is the sizing of the District's infrastructure (water system) to handle the highest water use ('peak' use). Residential and Multi-family use is highest in the morning and evenings (peak in the mornings and evenings), Commercial/Government customer water use is more steady (steady peaking), and landscape use has a high peaking factor as this class' water use is highest in the summer with little use during winter months.

President Lopez indicated that he is keeping track of the type of questions asked by the members of the board and if he feels there is a need for a workshop on the Rate Study, he'd like to schedule one in March.

In response to an inquiry from Director Robak, Finance Manager Bell indicated, with regard to fire service, if the system fee should be increased for the larger meter needed to provide for fire flow requirement. Finance Manager Bell indicated that the District has approximately 780 fire services. The owners are responsible for the system, but the District must provide the water service. There is cost to serve such customers due to the flow requirements for fire service and the maintenance of the infrastructure. Staff will continue to look at this issue and what costs should be allocated to these customers. Director Robak indicated that he would like to see the figures (math) for determining the fees. Staff indicated that the calculations will be shared with the board.

Director Thompson requested that staff review the Finance Administration and Communications Committee discussion regarding Single Family Residential versus Multi-family rate structures and why their rate structure are different. Finance Manager Bell indicated that the Single Family Residential customer class has a conservation tier which the Multi-family class does not currently have. Staff is currently reviewing the statistics for Multi-family customers and if a conservation tier is created for Multi-family, because of where such customers' winter and summer usage breaks are, the conservation tier may be just one (1) unit of water. It is a small amount because compared to the tier rate structure for Single Family Residential, 14% of customers use one (1) to five (5) units of water [the conservation tier]. To get the same percentage (14%) for Multi-Family customers, these customers would have to use less than five (5) units to qualify for the discount for the first two (2) units of water used.

Forty-four percent (44%) of the District's Single Family Residential customers use six (6) to ten (10) units, and 14% of Single Family Residential customers use is at the highest tier, customers who use 23 units or more of water a month. The highest tier for Multi-family is just 10 units. The tier structures for Multi-family

would need to match the percentage breakdowns as the Single Family Residential tiers. Chief Financial Officer Beachem commented that the first tier for Single Family Residential customers, based on winter average use, is one (1) to ten (10) units of water. If this same tier is used for Multi-family, 90% of Multi-family customers would fall within the first tier which would not encourage conservation. To promote conservation, the tiers for Multi-family customers need to be more compact as their water use is much lower because they tend to be smaller dwelling units without landscape water use.

In response to an inquiry from Director Robak, General Manager Watton requested that staff present at the Board Rate Study Workshop the calculations utilized to develop the various customer class tiered rate structures. Staff indicated that they would do so via computer illustrations.

Finance Manager Bell noted at the time of the implementation of the rate structures, less customers were using one (1) to five (5) units of water a month. Due to conservation, more customers have reduced their usage and the number of customers utilizing one (1) to five (5) units of water a month has increased. Staff will be adjusting the tiers to continue to encourage conservation.

Ms. Keese indicated, in response to an inquiry from Director Gonzalez, that most public agencies review their rates every three (3) to (5) years utilizing this same process presented today. The District's process and proposed rate changes are within the industry guidelines.

Director Croucher noted from staffs' presentation that multi-residential customers will see a decrease in system fees and high strength commercial sewer customers may see an increase in their volumetric rate per HCF. He asked if staff has reviewed how Single Family Residential customers will be impacted. Chief Financial Officer Beachem indicated that the current review indicates that Single Family Residential customers' sewer rate would be increasing approximately 10% to 11%. He noted that when costs are reviewed and reallocated, if a rate for a customer class is going down, then another customer class' rate will be going up. He further stated with regard to the water rate for Single Family Residential, because they are a large customer base, it is not expected that their rate would increase by a large percentage, but it is not yet certain as it has not yet been reviewed. Staff will be presenting the rate impacts for all customer classes once the Rate Study has been completed.

Director Robak inquired with regard to customers with large yards who have installed waterwise landscapes, if there was a practical way for these customers to have two (2) meters, one for irrigation and one for indoor use, to provide them a lower water rate or some type of benefit for installing a waterwise landscape. Chief Financial Officer Beachem indicated that the customer would need to pay a capacity fee for the irrigation meter which is costly. Additionally, the irrigation rate has the highest peaking factor, so their water rate would be higher. It was further discussed that a large landscape is more of a luxury versus indoor use. Indoor use is more important.

General Counsel Daniel Shinoff left at 4:20 p.m. and Attorney Richard Romero filled the seat for General Counsel for the remainder of the meeting.

Director Thompson indicated that he had asked Counsel to provide an opinion concerning any potential conflict of interest of the members of the board when voting on rates as all members are ratepayers. Attorney Richard Romero indicated that when the members of the board's interest is affected in the same way as that of the public, there is an exemption for any potential conflict of interest. Thus, there would be no conflict of interest.

b) INFORMATIONAL REPORT ON THE DISTRICT'S REFINANCING OF THE 2004 CERTIFICATES OF PARTICIPATION (COPS)

Finance Manager Kevin Koeppen indicated that staff wished to inform the board of potential savings from refinancing the 2004 COPS which was originally issued to construct reservoirs and pumps stations. Please reference the Committee Action notes (Attachment A) attached to staffs' report for the details of staffs' presentation.

c) INFORMATIONAL REPORT ON THE DISTRICT'S COMPUTER SECURITY STATUS

Information Technology Manager Adolfo Segura updated the board on the status of the District's computer network security. Please reference the Committee Action notes (Attachment A) attached to staffs' report for the details of his presentation.

In response to an inquiry from Director Robak, Information Technology Manager Segura indicated that the District does utilize Java as it is one of the most commonly used programming languages in the world and, thus, it is difficult to avoid it. To avoid any fraud issues, staff does assure that they consistently download updates/patches. The District also employs firewall, web filtering protection and remote encryption. Remote encryption is an encrypted "handshake" from the employee's home computer to the District's system.

Information Technology Manager Segura stated in response to another inquiry from Director Robak that the District has not upgraded to the latest version of Windows as it would like to wait until all the bugs are worked out before installing it.

President Lopez indicated that he and Director Thompson had attended a presentation by the FBI at the ACWA Conference in December where they reviewed the many aspects of security. Additionally, because he and Director Croucher work in public safety services, they have a lot of interest in this subject especially following the 911 attack on the twin towers in New York City. He stated that the board wanted to assure that staff is looking at all areas of security. He indicated that he is very comfortable with staffs' report and thanked staff for their work and the presentation.

d) INFORMATIONAL UPDATE ON THE RANCHO DEL REY GROUNDWATER WELL DEVELOPMENT PROJECT

Senior Civil Engineer Jeff Marchioro provided an update on the Rancho Del Rey Groundwater Well Development Project. Please reference the Committee Action notes (Attachment A) attached to staffs' report for the details of his report.

Director Robak inquired if the well predates the Childtime childcare facility. Sr. Civil Engineer Marchioro indicated that the original well does, however, the new production well does not.

In response to an inquiry from Director Thompson, Chief of Engineering Posada indicated that should the well project be paused, if the District decided to resurrect it in the future, it would take about three (3) months to go through the bidding process and about one (1) year to construct. The well project could be online in approximately one (1) year. It was discussed that the cost per AF from the well project is approximately $300 less than the Poseidon Desalination Project's current proposed rate.

General Manager Watton noted that the Indian Tribes in the east county (Sycuan, etc.) are looking for alternative water supplies. Sycuan's Tribal Council does not wish to annex to CWA or MWD, which leave only local supplies as the alternative resource. This is what is driving interest in local water supplies.

Sr. Civil Engineer Marchioro explained in response to an inquiry from Director Thompson, that two (2) T3 Certified Operators would not be required to operate the plant simultaneously. The Health Department is requiring that the District have another T3 Certified Operator to back up the primary operator if he/she is not available to work. Initially, the well would require a fulltime operator on site, it then would only require an operator approximately two (2) to four (4) hours a day. The Health Department, however, will still require two (2) T3 Certified Operators to support the well, one (1) to serve a backup. Sweetwater Authority was considered as a third option as they operate the same type of facility and staff explored the possibility of a shared-service agreement. However, working with Sweetwater Authority was not cost-effective as they used a different SCADA System and various other factors.

Director Robak indicated that before drilling the well, the board had some frank discussions about the cost of the project and how promising it would be as an alternate water resource. He stated that he felt that the project was not very well thought out. He is displeased that the District has spent approximately $3.5 million to date and the project will be shelved. He agrees that it is not imprudent to take a risk to diversify our water supply, but this is unfortunate.

President Lopez indicated that the various local agencies must look at different options for water supply resources and there is risk involved in doing so. Like other local agencies who explore diversification options, there are some projects that are successful and others that are not. General Manager Watton further indicated that in developing the District's Water Resource Master Plan and the

Integrated Water Master Plan, certain water projects were identified in the plan. Some are no longer being considered and some are still going forward. The District selected the well project and the Rosarito Desalination Project to move forward with. There is a certain amount of risk when investing in these projects. The well project, from a water supply aspect, is a successful project. However, the cost does not match our current retail water cost. In the future, this may change and the project could become viable and possibly resurrected. Staff at this point is recommending that the project be paused until the price point is cost effective. Unfortunately, we cannot know the impact until you start to step through the project which requires studies, engineering costs, etc.

Director Thompson indicated that the project is not going away and can always be resurrected. Possibly, even to provide resources during an emergency. The work is not lost, it is just being paused. It is not certain where water rates will go, so the project could certainly be viable in the future.

Director Croucher indicated that he too voted to move forward with the project based on the information provided. He stated that he feels that both Director Thompson's and Robak's comments are valid. In everything the District and board does, we have to look at the risk benefit analysis. He stated, based on the information available at the time, the board voted to move forward with the project. He stated that he wanted to commend staff for bringing back the project and the information for the board to act on. He indicated that he felt this was a positive thing as there is open communication between staff and the board. He stated that the project will still provide a possible diverse source that the District can access in future should it be needed.

REPORTS

10. GENERAL MANAGER'S REPORT

General Manager Watton indicated that both Directors Robak and Thompson had inquired about the consultant contract which appears on today's agenda for the desalination project. The board has approved the contract with Mr. Hector Mares at today's meeting. Mr. Mares has worked at the Federal level in a former Mexican President's administration. He operates primarily in Mexico and provides the District access to Mexican Government Officials and assistance with Mexican law related to the District's interest in acquiring water from the Rosarito Desalination Project.

General Manager Watton congratulated Communications Officer Armando Buelna for his 10 years of service to the District and presented him with a certificate in recognition of that service.

He presented his report which included the District's receipt from SDRMA a Longevity Distribution check totaling $22,915, the acquisition by Sea World of Knott's Soak City, the status of the District's Strategic Plan for Fiscal Year 2014, the District's receipt of the GFOA Distinguished Budget Presentation Award and the North District/South District Interconnection Project.

He also announced that Water Conservation Manager William Granger has accepted a position with the City of Sacramento and will be leaving the District to oversee their conservation department. He stated that Mr. Granger's mother lives in Sacramento, so he will be moving closer to his family.

Director Thompson inquired about the groundbreaking event for the Rosarito Desalination Project and if it was still to be scheduled in February 2013. General Manager Watton indicated that it will be delayed as the plant owner wishes to get the project a little further along before having the groundbreaking.

11. DIRECTORS' REPORTS/REQUESTS

Director Robak shared that Mr. Glenn Reiter, a former General Manager and Chief Engineer of the Otay WD, passed away suddenly on January 20, 2013. It was noted that Mr. Reiter was the General Manager of Otay WD from 1967 to 1981. He also indicated that, as his division now includes east Chula Vista, he now represents constituents in Chula Vista and will be attending a Chula Vista Chamber of Commerce event this month. He inquired about the contractor for the Avocado Sewer Replacement Project if it was confirmed that the contractor's construction equipment was in compliance. Chief of Engineering Posada indicated that the contractor submitted proof that all their equipment is in compliance. The contractor had just not placed the compliance stickers on their equipment. They will be placing the stickers on their equipment very soon.

Director Croucher updated the board on CWA matters and indicated that CWA's board members have received their committee assignments and the committees met last month. The committees are developing their goals and objectives for the year and the drafts should be released soon. He also shared that the MWD lawsuit is continuing and that the judge overseeing the trial has been changed. He stated, thus far, it seems that the change will not interfere much with the trial's momentum. He indicated that turnover of CWA's board members remains very high. He stated the depth and historical knowledge is being diminished at a high rate as long term board members are leaving the board. He stated that this is a concern and that it is important that the District's staff continue to be involved at CWA as the experience level is diminishing. The new members are solid, but it will take time to educate them in the business of water.

Director Gonzalez indicated that he and Director Robak attended the Council of Water Utilities meeting where they discussed recycled water. He stated that he also attended the MABPA (Mexican American Business and Professional Association) Elected Official event where new officials were introduced.

12. PRESIDENT'S REPORT

President Lopez reported on meetings he attended during the month of January 2013 (a list of meetings he attended is attached). He shared, with regard to the Metro Commission, that the City of Chula Vista Mayor, Cheryl Cox, has been voted the new Chair of the Commission. He thanked Mr. Granger for his service

to the District and stated that he will be greatly missed. He wished him the best in his new position.

13. ADJOURNMENT

With no further business to come before the Board, President Lopez adjourned the meeting at 6:16 p.m.

_____
President

ATTEST:

_____
District Secretary

President's Report
February 6, 2013 Board Meeting

A) Meetings attended during the Month of *January* 2013:

1) **January 4: Board Agenda Briefing.** Met with General Manager Watton and Attorney Jeff Morris to review items that will be presented at the January Board meeting.

2) **January 8: Attended the District's Regular Board Meeting.**

3) **January 10: Attended a Special Meeting of the Metro Commission**

   i. The Commission elected new officers and made appointments to various Commission Committees (see attached copy of agenda).

4) **January 14: Committee Agenda Briefing.** Met with General Manager Watton to review items that will be presented at the January Committee meetings.

5) **January 15: Attended Mayor Filner's State of the City Address**

6) **January 17: Attended the City of Chula Vista's Clean Business Awards & Recognition Event.** The District received recognition as a participant in the City's green business challenge. Attendees: Mark Watton and William Granger.

7) **January 18: Met with Senator Joel Anderson along with General Manager Watton.** Provided Senator Anderson an update on Otay matters.

8) **January 22: Attended the District's Finance, Administration & Communications Committee.** Reviewed, discussed, and made recommendation on items that will be presented at the February board Meeting.

9) **January 24: Attended the State of the Land Ports Address hosted by the Otay Mesa Chamber of Commerce.** Customs and Border Protection, Pete Flores, spoke at the event.

10) **January 31:**

   a) Board Agenda Briefing. Met with General Manager Watton and General Counsel Dan Shinoff to review items that will be presented at the February Board meeting.

b) Attended the Mexican American Business & Professional Association Public Officials Event.

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	March 6, 2013
		PROJECT:	DIV. NO. All
SUBMITTED BY:	Alicia Mendez-Schomer, Customer Service Manager		
APPROVED BY:	☒ Joseph R. Beachem, Chief Financial Officer ☒ German Alvarez, Assistant General Manager ☒ Mark Watton, General Manager		
SUBJECT:	Adopt Ordinance No. 537 Amending Section 25.03 B, Monthly Fixed MWD & CWA Charges and 25.03 C, Monthly Fixed System Charges; Section 28.01 B, Basis for Determination of Connection Fees and Charges; and Section 38.03, Services for Residential Fire Protection of the District's Code of Ordinances		

GENERAL MANAGER'S RECOMMENDATION:

That the Board adopt Ordinance No. 537 amending Sections 25.03 B & C, 28.01 B, and 38.03 of the District's Code of Ordinances.

COMMITTEE ACTION:

See Attachment A.

PURPOSE:

To clarify the language in Sections 25.03 B & C, 28.01 B, and 38.03 in the District's Code of Ordinances that was adopted on March 7, 2012. The changes should have specified that they were for individually metered single-family residences only.

ANALYSIS:

Background:
On March 7, 2012, the Board adopted Ordinance No. 531 which amended Sections 25, 28, and 38 to accommodate new Fire Service Building Codes approved by the California Building Standards Commission, effective January 1, 2011. This fire code change required the addition of residential fire sprinklers in all "new one and two family dwellings, and townhouse construction statewide." This required fire service protection for individually metered residential homes in excess of normal capacity requirements. Prior to the passage of this update, sprinkler systems had only been required in office buildings and multi-dwelling units.

Also on March 7, 2012, the Board approved staff's recommendation to waive the additional capacity fee for upsizing the residential meter to meet fire flow requirements. Prior to this, on March of 2008, CWA amended Ordinance No. 97-1 allowing for the capacity charge to be established without the additional size necessary for standby capacity. These two changes brought consistency between both agencies.

Section 25.03 B, Monthly Fixed MWD & CWA Charges and 25.03 C, Monthly Fixed System Charges
The proposed change would specify individually metered residential fire service to clarify the current language.

Section 28.01 B, Basis for Determination of Connection Fees and Charges
The proposed change would specify individually metered residential fire service to clarify the current language.

Section 38.03, Services for Individually Metered Residential Fire Protection
The proposed language clarifies that the District will waive additional capacity fees for upsizing of single-family residential meters to meet fire flow requirements.

FISCAL IMPACT: ☒ Joe Beachem, Chief Financial Officer

The capacity fees were set based on the required meter size without the additional standby capacity. Therefore, this has already been incorporated into the District's financial planning and will not affect the District's financial standing. Likewise, the District's rate modeling process projected system fees without additional fees for the upsized meters.

STRATEGIC GOAL:

None.

LEGAL IMPACT:

None.

Attachments:

- Attachment A – Committee Action Form
- Attachment B – Ordinance No. 537
  - Exhibit I – Strike-through Section 25
  - Exhibit II –Strike-through Section 28
  - Exhibit III –Strike-through Section 38
- Attachment C – Proposed Section 25
- Attachment D – Proposed Section 28
- Attachment E – Proposed Section 38

ATTACHMENT A

SUBJECT/PROJECT:	Adopt Ordinance No. 537 Amending Section 25.03 B, Monthly Fixed MWD & CWA Charges and 25.03 C, Monthly Fixed System Charges; Section 28.01 B, Basis for Determination of Connection Fees and Charges; and Section 38.03, Services for Residential Fire Protection of the District's Code of Ordinances

COMMITTEE ACTION:

The Finance, Administration and Communications Committee discussed this item at a meeting held on February 20, 2013 and the following comments were made:

- On March 7, 2012, the Board had adopted Ordinance No. 531 which amended Sections 25, 28, and 38 to accommodate the upsizing of meters due to new requirements by the California Building Standards Commission Fire Service Codes which became effective January 1, 2011.

- The Fire Service Code changes were specifically for residential fire services and required the upsizing of residential meters from the standard ¾" to 1" to accommodate the addition of fire sprinklers in all residential dwelling units.

- Staff is requesting that the Board adopt Ordinance No. 537 amending Sections 25.03 B & C, 28.01 B, and 38.03 of the District's Code of Ordinances to clarify the language in these sections to indicate that it only refers to individually metered residential fire services.

- The requested change is just language clean-up for clarification that additional capacity fees for upsizing residential meters to meet fire flow requirements would be waived.

Following the discussion, the Committee recommended presentation to the full board as a consent item.

Attachment B

ORDINANCE NO. 537

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE OTAY WATER DISTRICT AMENDING SECTION 25.03 B, MONTHLY FIXED MWD & CWA CHARGES AND SECTION 25.03 C, MONTHLY FIXED SYSTEM CHARGES; SECTION 28.01 B, BASIS FOR DETERMINATION OF CONNECTION FEES AND CHARGES; AND SECTION 38.03, SERVICES FOR RESIDENTIAL FIRE PROTECTION OF THE DISTRICT'S CODE OF ORDINANCES

BE IT ORDAINED by the Board of Directors of Otay Water District that the District's Code of Ordinances, Section 25.03 B, Monthly Fixed MWD & CWA Charges and Section 25.03 C, Monthly Fixed System Charges; Section 28.01 B, Basis for Determination of Connection Fees and Charges; and Section 38.03, Services for Residential Fire Protection be replaced as per Attachments C, D, and E, respectively.

NOW, THEREFORE, BE IT RESOLVED that the new proposed Sections 25.03 B & C, 28.01 B and 38.03 of the Code of Ordinances shall become effective March 6, 2013.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Otay Water District at a regular meeting duly held this 6th day of March, 2013, by the following roll call vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
President

ATTEST:

_____
District Secretary

SECTION 25 CONDITIONS FOR WATER SERVICE

25.01 SERVICE AREA

Water service shall be furnished by the District only to property within (annexed to) a water improvement district within the District's service area. Water service to property located outside an improvement district may be furnished only upon prior approval of the Board of Directors. Temporary water service to property located outside an improvement district may be furnished, in accordance with Section 25.03 E.10., upon the approval of the General Manager.

25.02 DEFINITION OF "H.C.F." AND "UNIT OF WATER"

As used in the Code the terms "H.C.F." and "unit of water" are interchangeable and each shall mean 100 cubic feet or 748 gallons of water.

25.03 DEFINITIONS OF WATER SERVICE CATAGORIES, WATER RATES, CHARGES AND FEES

Water service furnished by the District shall be under the categories of services and at the rates, charges and fees as set forth in Appendix A, Section 25.

Five-year Rate Increase Schedule - All District water rates, charges and fees are subject to a five-year schedule of rate increases beginning September 1, 2009 and periodically thereafter through June 30, 2014. The increases under this schedule shall be the amount sufficient to cover cost increases related to operations and maintenance, but not to exceed 10% per year.

Five-year Periodic Pass-through Rate Increases or Decreases from District Wholesalers – All District water rates, charges and fees are subject to periodic rate changes from the District's public agency wholesalers for a five-year period beginning September 1, 2009 through June 30, 2014.

A. Set-up Fees for Accounts. A set-up fee shall be charged for each account transferred to another customer. See Appendix A, 25.03 A. for charges. A deposit will be required of all customers who do not own the property to be served. See Appendix A, 25.04 A. for deposit amounts.

B. Monthly Fixed MWD & CWA Charges. Each potable water service customer shall pay a monthly MWD and CWA fixed charge, as set forth in Appendix A, 25.03 C. Proceeds of the charge will be used to pay for operating and maintenance costs, including the following: MWD Readiness-to-Serve Charge and Capacity Reservation Charge; CWA Infrastructure Access Charge, Customer Service Charge, and

Emergency Storage Charge. The MWD & CWA charge is based on the size of the water meter(s) in service with the exception of upsizing the meter for individually metered residential fire ~~protection~~ service, as described in Section 38.03 of the Code. The MWD & CWA charge shall start upon installation of the meter.

C. Monthly Fixed System Charges. Each water service customer shall pay a monthly fixed system charge, as set forth in Appendix A, 25.03 C. Proceeds of the charge will be used to pay for water system replacement, maintenance, and operation expenses. The system charge is based on the size of the water meter(s) in service. For individually metered residential fire service, as outlined in Section 38.03 of the Code, the size and fee would be set based on water use requirements without additional fire capacity. The system charge shall start upon installation of the meter

D. Water Conservation Drought Pricing. To promote conservation, base tiered water rates for all water services are subject to percentage increases during drought stages, as shown in the table below:

Drought Stage Pricing

	Stage 2	**Stage 3**	**Stage 4**
Tier 1*	0%	0%	0%
Tier 2	Up to 5%	Up to 10%	Up to 15%
Tier 3	Up to 30%	Up to 60%	Up to 90%

*Domestic residential water service has four tiered base rates as outlined in Appendix A, 25.03 E.1.(b). Tier 1 of the above table applies to the first two tiered base rates. Tier 2 of the above table applies to the third tiered base rate. Tier 3 of the above table applies to the fourth tiered base rate.

E. Categories of Water Service. The definitions and rates and charges for water service furnished by the District shall be as follows:

1. DOMESTIC RESIDENTIAL WATER

(a) Defined as: Water service for single residential and individually metered attached households as well as other domestic uses (other than that provided for in Paragraph 2 below).

(b) Base Rate: The tiered base rates of water furnished under this category shall be set forth in Appendix A, 25.03 E.1.(b).

The tiered base rates for this category of service are subject to the increased drought pricing outlined in Section 25.03 D.

2. MULTIPLE RESIDENTIAL WATER

(a) Defined as: Master metered water service for multiple residential households, for example, duplexes, townhomes, apartments and mobile homes.

(b) Base Rate: The tiered base rates of water furnished for each dwelling unit under each block of service in this category shall be as set forth in Appendix A, 25.03 E.2.(b).

The tiered base rates for this category of service are subject to the increased drought pricing outlined in Section 25.03 D.

3. BUSINESS AND PUBLICLY-OWNED WATER

(a) Defined as: Potable water service for commercial, industrial and publicly-owned establishments.

(b) Base Rate: The tiered base rate for water furnished under this category shall be determined by meter size and usage block as set forth in Appendix A, 25.03 E.3.(b).

The tiered base rates for this category of service are subject to the increased drought pricing outlined in Section 25.03 D.

4. IRRIGATION AND COMMERCIAL AGRICULTURAL USING POTABLE WATER

(a) Irrigation is potable water service provided solely for irrigation of landscape or landscaping, as defined in Section 0.02.

(b) Commercial agricultural engaged in the growing or raising of live stock, in conformity with recognized practices of husbandry, for the purpose of commerce, trade or industry, or for the use by public educational or correctional institutions or agricultural horticultural or floricultural products and produced,

(i) for human consumption or for the market, or

(ii) for the feeding of fowl or livestock produced for human consumption or for the market, or

(iii) for feeding fowl or livestock for the purpose of obtaining their products for human consumption or for the market, such products to be grown or raised on a parcel of land having an area of not less than one acre utilized exclusively therefore.

(c) Base Rate: The tiered base rate for water furnished under this category shall be determined by meter size and usage block as set forth in Appendix A, 25.03 E.4.(c).

The tiered base rates for this category of service are subject to the increased drought pricing outlined in Section 25.03 D.

5. RECYCLED WATER

(a) Defined as: Non-potable and recycled water service provided for irrigation of landscaping, as defined in Section 0.02 A. of the Code, and certain non-irrigation purposes, other than domestic use, in compliance with federal, state and local laws and regulations regarding use of recycled water.

(b) The provisions of this Code, relating to use of recycled water, set forth in Section 26 of the Code, including but not limited to cross-connections and backflow protective devices, shall be strictly enforced in connection with the use of recycled water.

(c) Base Rate: The tiered base rate for water furnished under this category shall be determined by meter size and usage block as set forth in Appendix A, 25.03 E.5.(c).

The tiered base rates for this category of service are subject to the increased drought pricing outlined in Section 25.03 D.

(d) Monthly system charge: The monthly system charge for recycled water service is set forth in Appendix A, 25.03 C.

6. TEMPORARY AND CONSTRUCTION WATER SERVICE

(a) Defined as: Water service provided by the District on a temporary basis, pursuant to Section 31 of this Code.

(b) If capacity fees have not been paid by the customer, the rates for water furnished under

this category is set forth in Appendix A, 25.03 E.6.(b).

(c) If the customer has paid capacity and annexation fees, the base rate for water furnished under this category shall be the base rate charged customers in the same category of service on a permanent meter basis.

(d) The tiered base rates for this category of service are subject to the increased drought pricing outlined in Section 25.03 D.

(e) The applicable monthly system and MWD & CWA charge shall be the same rates charged to customers in the same category of service on a permanent meter basis per Appendix A, 25.03 C.

7. WATER SERVICE UNDER SPECIAL AGREEMENTS

(a) Defined as: Water service provided under express agreements approved by the Board of Directors for service to golf courses and other entities, which service may be curtailed or interrupted by the District under conditions provided in such agreements.

(b) For water service under this category the base rate shall be determined on a case-by-case basis.

Unless otherwise specified in the particular agreement, the tiered base rates for this category of service are subject to the increased drought pricing outlined in Section 25.03 D.

8. TANK TRUCKS

(a) Defined as: Water service provided for the filling of tanks on motor vehicles transporting water used for other than earth grading purposes, which service shall be made only through a portable meter issued by the District to a customer specifically for use in accordance with the provisions herein for such service.

(b) The rate for metered water furnished under this category is reflected in Appendix A, 25.03 E.8.(b), plus a monthly system charge at the rate set forth in Appendix A, 25.03 C.

The tiered base rates for this category of service are subject to the increased drought pricing outlined in Section 25.03 D.

(c) Requirements for Use of Water Meter

(1) To receive such service, the customer must make a deposit for the use a water meter furnished by the District. The fee is set forth in Appendix A, 31.03 A.1.

(2) Upon termination of the service, the District will refund the amount of deposit remaining after making the following deductions:

(i) Cost of repairing or replacing the meter, fire hydrant and/or any fittings damaged or lost while in use; and

(ii) Unpaid charges for water or other applicable charges.

(3) Prior to the end of each six month period following issuance of a meter under this section, or at the request of the District, whichever is earlier, the customer shall return the meter to the District for inspection, repair, or calibration as deemed necessary by the District.

(4) Payment for water service under this category shall be made as follows:

(i) The bill shall be based on the amount of water actually used, which shall be determined by the District's reading of the meter or by a report made by the customer to the District in the manner prescribed by the District.

(ii) Where the actual amount of water used cannot be determined as provided in (i), the District will issue a bill based on a District estimate of the amount of water used, as determined by the District. Such estimates shall be reconciled with actual amounts used when the customer returns the meter to the District as provided in paragraph 3 above.

(iii) Payments shall be made as specified on the bill.

9. <u>WATER SERVICE OUTSIDE DISTRICT</u>

(a) Defined as: Water service for real property outside the service area of the District.

(b) This service will be provided only upon prior approval of the General Manager when there is a surplus of water over and above the existing needs for service in the District. This service is temporary and may be terminated upon written notice from the District. Customers for this service are sometimes referred to as "outside users."

(c) Customers applying for this category of service shall pay an application fee as set forth in Appendix A, 25.03 E.9.(c).

(d) The rate for metered water furnished under this category shall be charged the rate as described in Appendix A, 25.03 E.9.(d), plus a monthly system charge at the rate set forth in Appendix A, 25.03 C.

The tiered base rates for this category of service are subject to the increased drought pricing outlined in Section 25.03 D.

(e) Customers requesting only fire service or a fire hydrant under this category shall be charged a capacity fee based on one (1) EDU for a permanent meter in the improvement district from which the fire service derives its flow, plus a monthly system charge at the rate set forth in Appendix A, 25.03 E.11.(c).

10. WATER SERVICE OUTSIDE AN IMPROVEMENT DISTRICT

(a) Defined as: Water service for property located within the boundaries of the District, but not within a water improvement district. Customers for this service are sometimes referred to as "outside users."

(b) Customers applying for this service shall pay an application fee as set forth in Appendix A, 25.03 E.10.(b). The District will review the application to determine whether the land to be served should be annexed to an improvement district. If it is determined that annexation is not practical, the Board of Directors may authorize service as an outside user. This service will be reviewed periodically until it is determined that the property must be annexed to an improvement district or that service must be terminated.

(c) The rate for metered water furnished under this category is as set forth in Appendix A, 25.03

E.10.(c), plus a monthly system charge as set forth in Appendix A, 25.03.C.

The tiered base rates for this category of service are subject to the increased drought pricing outlined in Section 25.03 D.

(d) Upon approval of the Board of Directors, a customer, who has paid all construction costs for facilities necessary to serve the customer's property in lieu of annexation to a water improvement district, shall be exempt from the provision for this category of service.

11. SERVICE FOR FIRE PROTECTION

(a) Defined as: Water service provided by the District solely to feed fire hydrants or fire sprinkler systems from lines or laterals connected to District water mains.

(b) The District will not make a charge for the quantity of water used for fire protection purposes.

(c) The monthly system charge for this category of service is set forth in Appendix A, 25.03 E.11.(c) for each connection to a District water main made for fire protection service.

12. WATER SERVICE TO PROPERTY NOT SUBJECT TO DISTRICT TAXES

(a) Pursuant to Section 71613 of the California Water Code, the District may furnish water to property, not subject to District taxes, at special rates, terms and conditions as are determined by the Board of Directors for such service. Such rates, terms and conditions shall be uniformly applied to like classes and conditions of service in the same improvement district or geographical area.

(b) Customers in this category, such as publicly-owned establishments, shall pay an additional fee as outlined in Appendix A, 25.03 E.12.(b).

13. INTERIM WATER SERVICE IN IMPROVEMENT DISTRICT 7

(a) Definition of Interim Service. This is water Service furnished to a customer in Improvement District 7 (ID 7) for temporary use.

(b) Rates for Interim Service. Customers applying for interim service in ID 7 shall not be required

to pay the ID 7 water capacity fee and San Diego County Water Authority fee, as required under Section 2801 of this Code. The water rate is set forth in Appendix A, 25.03 E.13.(b).

(c) Conversion to Permanent Service. At such time as use expires, the customer shall be required to pay all fees in effect at the time the permanent use is implemented.

F. Energy Charges for Pumping Water

In addition to water rates and other charges provided for in this Section 25.03, customers shall be charged an energy pumping charge based on the quantity of water used and the elevation to which the water has been lifted to provide service. The energy pumping charge shall be made at the rate set forth in Appendix A, 25.03 F.

G. Additional Water Charge for Service in the North District

1. In addition to other applicable water rates and charges provided for in this Section 25.03, each customer receiving water service in the North District shall pay a charge as set forth in Appendix A, 25.03 G.1. The North District area is defined in Section 0.02 of this Code.

2. All proceeds from charges collected pursuant to this Section 25.03 G. shall be set aside by the District in a separate account and shall be used solely for payment of costs and borrowings for construction, installation and maintenance of water storage reservoirs, pump stations and water lines to provide service in the North District.

H. Additional Water Charges and Monthly System Charges for Service in the ID 9 Water Service Zone

1. In addition to other applicable water rates and charges provided for in this Section 25.03, effective May 1, 1986, each customer receiving water service in the ID 9 Water Service Zone shall pay a charge set forth in Appendix A, 25.03 H.1. The ID 9 Water Service Zone area is defined in Section 0.02 of this Code.

2. In addition to the monthly system charges provided for, effective May 1, 1986, each customer receiving water service in the ID 9 Water Service Zone shall pay a monthly meter system charge as outlined in Appendix A, 25.03 H.2. for each meter in service.

3. All proceeds from charges collected pursuant to this Section 25.03 H. shall be set aside by the District in a separate account and shall be used solely for payment of costs and borrowing for construction, installation and maintenance of water storage reservoirs, pump stations and water lines to provide service in the ID 9 Water Service Zone.

I. Additional Water Charges for Services in the ID 3, ID 10 and La Presa Water Service Zones.

1. In addition to other applicable water rates and charges provided for in this Section 25.03, effective May 17, 1993, each customer receiving water service in ID 3, ID 10 and La Presa Water Service Zones is assessed an additional charge per H.C.F. of water furnished by the District. Said surcharge is assessed as set forth in Appendix A, 25.03 I.1.(a),(b), and (c).

2. All proceeds from charges collected pursuant to this Section 25.03 I. shall be set aside by the District in a separate account and shall be used solely for payment of costs and borrowings for construction, installation and maintenance of water storage, reservoirs, pump stations and water lines to provide service in the ID 3, ID 10 and La Presa Water Service Zones, respectively.

25.04 DEPOSITS BY LESSEES OR NON-OWNERS OF PROPERTY

When an application for water service is made by a customer who does not own the land to be served, the customer shall be required to make a cash deposit to assure payment of the account. In lieu of a deposit, the customer may have payment of water service bills guaranteed in writing by the owner of the property. The amount of deposit, determined by the size of meter is outlined in Appendix A, 25.04 A.

A. AMOUNT OF DEPOSIT

The customer's deposit shall be applied to reduce or satisfy any delinquent payment or other amount due the District at the time of termination of water service to the customer. Any portion of the deposit remaining, after satisfaction of the amount due, shall be refunded to the customer that made the deposit.

The deposits listed above may be waived for a new residential applicant where the applicant demonstrates credit worthiness based upon prior utility payments or a non-delinquent water account for one year or other similar evidence of credit.

B. REFUND OF DEPOSIT

Where funds have been on deposit for twelve months in a domestic service account and there has been no more than one delinquent payment on that account during that period, the District will apply a credit to the water account in the amount of the deposit.

C. LETTER OF CREDIT

A letter of credit, in a form approved by the General Manager or Department Head of Finance, may be submitted to the District to satisfy the deposit requirements.

25.05 SERVICE TO SUBSEQUENT CUSTOMERS

After a water meter has been installed for a customer and all fees and charges have been paid, water service may be furnished to a subsequent customer through the water meter installed without payment of further charges, except for the set-up fee for transferred accounts, payment of delinquent charges for the applicant's service or other deposits that may be required by this Code.

SECTION 28 CONNECTION FEES AND CHARGES FOR POTABLE OR RECYCLED WATER SERVICE

28.01 COLLECTION OF FEES AND CHARGES

A. Fees and Charges to be paid by the Customer.

The following fees and charges shall be paid by the customer to connect to a District water system for potable water or recycled water service; these are in addition to the fees and charges in Section 9 and 25. Fees and charges shall include, but not be limited to, District fees, San Diego County Water Authority fees, applicable zone charge and charges for work performed by District personnel on behalf of the customer. These charges may include the installation by District personnel of a water service lateral, and inspections required due to the requirement of a back flow device. These charges may also include a meter fee, installation fee (where laterals exist), lateral fee, meter box fee, and excavation permit fee.

B. Basis for Determination of Connection Fees and Charges.

The fees and charges shall be determined as follows:

For permanent water meters, including potable or recycled irrigation service, the total water connection fee shall be determined on the basis of the demand to be placed on the District water system. The extent of demand will be determined on the basis of the size of the water meter, as set forth in Section 27 of the Code. For individually metered residential fire service, as outlined in Section 38.03 of the Code, the size and fee would be set based on water use requirements without additional fire capacity. The water connection fee will be determined by multiplying the demand factor for the meter size, as set forth below, by the total of the District-wide capacity fee and applicable zone charge.

Meter Size	Demand Factor
3/4"	1
1	2-1/2
1-1/2"	5
2"	8
3"	16
4"	25
6"	50
8"	80
10"	115

1. The District-wide capacity fee and the applicable zone charge shall constitute the "base rate." For fees or charges after July 1, 2010, the base rate shall be adjusted quarterly for fluctuations in construction costs, as measured by the *Engineering News Record Construction Cost Index for the Los Angeles Region*. The ENR Construction Cost Index of 9777.19(as of July 1, 2009) shall be deemed the "base index." The adjustment shall be in an amount equal to the percentage change in the ENR Construction Cost Index from the base index for the period from June 10, 2009 to the date of payment. (See Appendix A, 28.01 B.1. for fees.)

2. The District-wide new water supply fee shall constitute the "base rate." For fees or charges after July 1, 2010, the base rate shall be adjusted quarterly for fluctuations in construction costs, as measured by the *Engineering News Record Construction Cost Index for the Los Angeles Region.* The ENR Construction Cost Index of 9777.19 (as of July 1, 2009) shall be deemed the "base index." The adjustment shall be in an amount equal to the percentage change in the ENR Construction Cost Index from the base index for the period from June 10, 2009 to the date of payment. (See Appendix A, 28.01 B.2. for fees.)

28.02 INSTALLATION CHARGES FOR WATER METER AND WATER SERVICE LATERALS

The determination of the water meter or service lateral size shall be based upon the information provided by the customer as detailed in Section 27 of the Code. The meter fees and installation charges are set forth in Appendix A, 28.02.

Where a new water lateral is required, a customized, written estimate of the District's costs will be prepared.

The customer shall deposit the estimated costs with the District prior to commencement of the work. If actual costs incurred by the District are less than the amount deposited, the District shall refund the excess to the customer. If the actual costs incurred exceed the amount deposited, the customer shall reimburse the District for the additional costs.

A. The meter fees and installation charges shall be set effective September 1, 2012, and then adjusted in the same manner as capacity fees as described in Section 28.01 B.1 above (See Appendix A, 28.01 B.2. for fees).

28.03 METER FEE REFUND

A. If a water meter/service has been paid for but not installed, a customer may receive a refund of the District's capacity fee and charges. If San Diego County Water Authority capacity fees have been paid to San Diego County Water Authority, the customer shall request a refund from San Diego County Water Authority.

B. If the customer wants to change the meter/service size, they will be credited with the number of equivalent dwelling units they have previously purchased and will be refunded any balance per Section 28.03 A, above. If additional equivalent dwelling units are required, the customer will be charged based on 28.01 and 28.02.

C. If a water meter/service has been previously paid and installed, and the customer requests a different meter size, the customer shall pay for the new meter and installation fees, plus any differential in capacity and new water supply fees as described in Section 28.03 B above.

SECTION 38 SERVICE FOR FIRE PROTECTION SYSTEMS

38.01 SERVICE FOR COMMERCIAL OR INDUSTRIAL PURPOSES

The District will provide water service for fire protection systems for commercial or industrial developments within the District. Such service shall be available only in accordance with the rules and regulations provided in this Code.

38.02 RULES AND REGULATIONS FOR FIRE HYDRANT AND/OR FIRE SPRINKLER SERVICE FOR COMMERCIAL OR INDUSTRIAL PURPOSES ON PRIVATE PROPERTY

A. All fire hydrant and/or fire sprinkler service mains installed for commercial or industrial purposes on privately-owned land shall be owned and maintained by the land owner; except for fire hydrants installed for developments where the District has accepted an easement for such service mains.

B. Where service is provided for fire hydrant or fire sprinkler service on privately-owned land under Paragraph A above, the service shall be provided by the District at the property line of the land to be served. The property owner or developer shall be responsible to construct and maintain the remainder of the facilities to provide fire protection to the property. Each such facilities installation shall include a reduced pressure principle assembly backflow device installed in accordance with District specifications on the fire main on the customer side of the property line.

C. Water furnished for fire hydrant or fire sprinkler service shall be used only for fire protection purposes. Water service for domestic, business, commercial or irrigation purposes shall be furnished only after a meter or meters have been installed on laterals connected to the District main in the street pursuant to requirements of this Code.

D. Upon application for installation of one or more fire service connections to an existing District water main, the customer shall pay such charges as shall be determined on the basis of actual costs incurred by the District in performing the

work. At the time of application for the installation, the District will estimate the total costs to be incurred in performing the work. The customer shall deposit the estimated amount with the District prior to commencement of the work. The work shall be performed by the District under a District Water/Sewer Order. If actual costs incurred by the District are less than the amount deposited, the District shall refund the balance of the deposit to the customer. If the costs incurred exceed the amount deposited, the customer shall reimburse the District for the additional costs. Where the fire service connection is to be made to a water main to be constructed in a street by the owner or developer, the costs for such connection shall be covered under the standard developer's agreement with the District for installation of the water facilities for the development project.

E. Water for fire protection services shall be provided in accordance with District fees and charges set forth in Section 25.03.D of this Code.

F. The District shall have no responsibility for the proper function of the fire service system nor for the availability of water from its mains for fire protection in the event of emergency. While the District undertakes at all times to have adequate supplies available in its system for ordinary uses, it is not a guarantor of continual service in quantities adequate for all purposes however, and each customer shall specifically agree that as a condition of the fire service connection contracted for that the District shall incur no liability nor be subject to any damages resulting from a failure or malfunctioning of the fire sprinkler lateral or fire sprinkler system or from a lack of water in adequate quantity or pressure to make it fully effective.

38.03 SERVICES FOR INDIVIDUALLY METERED RESIDENTIAL FIRE PROTECTION

When a single-family residential water meter is required to provide standby capacity for a fire sprinkler system, the capacity charge may be determined according to the size of the meter necessary to meet the water use requirements for

the property. Additional capacity fees for upsizing the single-family residential meter to meet fire flow requirements will be waived. ~~This is determined according to the rules of the member agency providing the meter, without consideration of additional size necessary to provide the standby capacity.~~ Standby capacity to provide water for a fire sprinkler system is required when (1) the fire sprinkler system is required by law, including any requirement imposed as a condition of development, permit, or occupancy, and (2) the fire chief, fire marshal, or building official of the city, county, or special district responsible for fire protection service to the property has a requirement for additional meter size due to fire protection. The determination, under this section, shall be made at the time the meter is first obtained, or at the time a meter is replaced with one of greater size due to the later installation of a fire protection system.

SECTION 25 CONDITIONS FOR WATER SERVICE

25.01 SERVICE AREA

Water service shall be furnished by the District only to property within (annexed to) a water improvement district within the District's service area. Water service to property located outside an improvement district may be furnished only upon prior approval of the Board of Directors. Temporary water service to property located outside an improvement district may be furnished, in accordance with Section 25.03 E.10., upon the approval of the General Manager.

25.02 DEFINITION OF "H.C.F." AND "UNIT OF WATER"

As used in the Code the terms "H.C.F." and "unit of water" are interchangeable and each shall mean 100 cubic feet or 748 gallons of water.

25.03 DEFINITIONS OF WATER SERVICE CATAGORIES, WATER RATES, CHARGES AND FEES

Water service furnished by the District shall be under the categories of services and at the rates, charges and fees as set forth in Appendix A, Section 25.

Five-year Rate Increase Schedule - All District water rates, charges and fees are subject to a five-year schedule of rate increases beginning September 1, 2009 and periodically thereafter through June 30, 2014. The increases under this schedule shall be the amount sufficient to cover cost increases related to operations and maintenance, but not to exceed 10% per year.

Five-year Periodic Pass-through Rate Increases or Decreases from District Wholesalers – All District water rates, charges and fees are subject to periodic rate changes from the District's public agency wholesalers for a five-year period beginning September 1, 2009 through June 30, 2014.

A. Set-up Fees for Accounts. A set-up fee shall be charged for each account transferred to another customer. See Appendix A, 25.03 A. for charges. A deposit will be required of all customers who do not own the property to be served. See Appendix A, 25.04 A. for deposit amounts.

B. Monthly Fixed MWD & CWA Charges. Each potable water service customer shall pay a monthly MWD and CWA fixed charge, as set forth in Appendix A, 25.03 C. Proceeds of the charge will be used to pay for operating and maintenance costs, including the following: MWD Readiness-to-Serve Charge and Capacity Reservation Charge; CWA Infrastructure Access Charge, Customer Service Charge, and

Emergency Storage Charge. The MWD & CWA charge is based on the size of the water meter(s) in service with the exception of upsizing the meter for individually metered residential fire service, as described in Section 38.03 of the Code. The MWD & CWA charge shall start upon installation of the meter.

C. Monthly Fixed System Charges. Each water service customer shall pay a monthly fixed system charge, as set forth in Appendix A, 25.03 C. Proceeds of the charge will be used to pay for water system replacement, maintenance, and operation expenses. The system charge is based on the size of the water meter(s) in service. For individually metered residential fire service, as outlined in Section 38.03 of the Code, the size and fee would be set based on water use requirements without additional fire capacity. The system charge shall start upon installation of the meter

D. Water Conservation Drought Pricing. To promote conservation, base tiered water rates for all water services are subject to percentage increases during drought stages, as shown in the table below:

Drought Stage Pricing

	Stage 2	**Stage 3**	**Stage 4**
Tier 1*	0%	0%	0%
Tier 2	Up to 5%	Up to 10%	Up to 15%
Tier 3	Up to 30%	Up to 60%	Up to 90%

*Domestic residential water service has four tiered base rates as outlined in Appendix A, 25.03 E.1.(b). Tier 1 of the above table applies to the first two tiered base rates. Tier 2 of the above table applies to the third tiered base rate. Tier 3 of the above table applies to the fourth tiered base rate.

E. Categories of Water Service. The definitions and rates and charges for water service furnished by the District shall be as follows:

1. DOMESTIC RESIDENTIAL WATER

(a) Defined as: Water service for single residential and individually metered attached households as well as other domestic uses (other than that provided for in Paragraph 2 below).

(b) Base Rate: The tiered base rates of water furnished under this category shall be set forth in Appendix A, 25.03 E.1.(b).

The tiered base rates for this category of service are subject to the increased drought pricing outlined in Section 25.03 D.

2. MULTIPLE RESIDENTIAL WATER

(a) Defined as: Master metered water service for multiple residential households, for example, duplexes, townhomes, apartments and mobile homes.

(b) Base Rate: The tiered base rates of water furnished for each dwelling unit under each block of service in this category shall be as set forth in Appendix A, 25.03 E.2.(b).

The tiered base rates for this category of service are subject to the increased drought pricing outlined in Section 25.03 D.

3. BUSINESS AND PUBLICLY-OWNED WATER

(a) Defined as: Potable water service for commercial, industrial and publicly-owned establishments.

(b) Base Rate: The tiered base rate for water furnished under this category shall be determined by meter size and usage block as set forth in Appendix A, 25.03 E.3.(b).

The tiered base rates for this category of service are subject to the increased drought pricing outlined in Section 25.03 D.

4. IRRIGATION AND COMMERCIAL AGRICULTURAL USING POTABLE WATER

(a) Irrigation is potable water service provided solely for irrigation of landscape or landscaping, as defined in Section 0.02.

(b) Commercial agricultural engaged in the growing or raising of live stock, in conformity with recognized practices of husbandry, for the purpose of commerce, trade or industry, or for the use by public educational or correctional institutions or agricultural horticultural or floricultural products and produced,

(i) for human consumption or for the market, or

(ii) for the feeding of fowl or livestock produced for human consumption or for the market, or

(iii) for feeding fowl or livestock for the purpose of obtaining their products for human consumption or for the market, such products to be grown or raised on a parcel of land having an area of not less than one acre utilized exclusively therefore.

(c) Base Rate: The tiered base rate for water furnished under this category shall be determined by meter size and usage block as set forth in Appendix A, 25.03 E.4.(c).

The tiered base rates for this category of service are subject to the increased drought pricing outlined in Section 25.03 D.

5. RECYCLED WATER

(a) Defined as: Non-potable and recycled water service provided for irrigation of landscaping, as defined in Section 0.02 A. of the Code, and certain non-irrigation purposes, other than domestic use, in compliance with federal, state and local laws and regulations regarding use of recycled water.

(b) The provisions of this Code, relating to use of recycled water, set forth in Section 26 of the Code, including but not limited to cross-connections and backflow protective devices, shall be strictly enforced in connection with the use of recycled water.

(c) Base Rate: The tiered base rate for water furnished under this category shall be determined by meter size and usage block as set forth in Appendix A, 25.03 E.5.(c).

The tiered base rates for this category of service are subject to the increased drought pricing outlined in Section 25.03 D.

(d) Monthly system charge: The monthly system charge for recycled water service is set forth in Appendix A, 25.03 C.

6. TEMPORARY AND CONSTRUCTION WATER SERVICE

(a) Defined as: Water service provided by the District on a temporary basis, pursuant to Section 31 of this Code.

(b) If capacity fees have not been paid by the customer, the rates for water furnished under

this category is set forth in Appendix A, 25.03 E.6.(b).

(c) If the customer has paid capacity and annexation fees, the base rate for water furnished under this category shall be the base rate charged customers in the same category of service on a permanent meter basis.

(d) The tiered base rates for this category of service are subject to the increased drought pricing outlined in Section 25.03 D.

(e) The applicable monthly system and MWD & CWA charge shall be the same rates charged to customers in the same category of service on a permanent meter basis per Appendix A, 25.03 C.

7. WATER SERVICE UNDER SPECIAL AGREEMENTS

(a) Defined as: Water service provided under express agreements approved by the Board of Directors for service to golf courses and other entities, which service may be curtailed or interrupted by the District under conditions provided in such agreements.

(b) For water service under this category the base rate shall be determined on a case-by-case basis.

Unless otherwise specified in the particular agreement, the tiered base rates for this category of service are subject to the increased drought pricing outlined in Section 25.03 D.

8. TANK TRUCKS

(a) Defined as: Water service provided for the filling of tanks on motor vehicles transporting water used for other than earth grading purposes, which service shall be made only through a portable meter issued by the District to a customer specifically for use in accordance with the provisions herein for such service.

(b) The rate for metered water furnished under this category is reflected in Appendix A, 25.03 E.8.(b), plus a monthly system charge at the rate set forth in Appendix A, 25.03 C.

The tiered base rates for this category of service are subject to the increased drought pricing outlined in Section 25.03 D.

(c) Requirements for Use of Water Meter

(1) To receive such service, the customer must make a deposit for the use a water meter furnished by the District. The fee is set forth in Appendix A, 31.03 A.1.

(2) Upon termination of the service, the District will refund the amount of deposit remaining after making the following deductions:

(i) Cost of repairing or replacing the meter, fire hydrant and/or any fittings damaged or lost while in use; and

(ii) Unpaid charges for water or other applicable charges.

(3) Prior to the end of each six month period following issuance of a meter under this section, or at the request of the District, whichever is earlier, the customer shall return the meter to the District for inspection, repair, or calibration as deemed necessary by the District.

(4) Payment for water service under this category shall be made as follows:

(i) The bill shall be based on the amount of water actually used, which shall be determined by the District's reading of the meter or by a report made by the customer to the District in the manner prescribed by the District.

(ii) Where the actual amount of water used cannot be determined as provided in (i), the District will issue a bill based on a District estimate of the amount of water used, as determined by the District. Such estimates shall be reconciled with actual amounts used when the customer returns the meter to the District as provided in paragraph 3 above.

(iii) Payments shall be made as specified on the bill.

9. <u>WATER SERVICE OUTSIDE DISTRICT</u>

(a) Defined as: Water service for real property outside the service area of the District.

(b) This service will be provided only upon prior approval of the General Manager when there is a surplus of water over and above the existing needs for service in the District. This service is temporary and may be terminated upon written notice from the District. Customers for this service are sometimes referred to as "outside users."

(c) Customers applying for this category of service shall pay an application fee as set forth in Appendix A, 25.03 E.9.(c).

(d) The rate for metered water furnished under this category shall be charged the rate as described in Appendix A, 25.03 E.9.(d), plus a monthly system charge at the rate set forth in Appendix A, 25.03 C.

The tiered base rates for this category of service are subject to the increased drought pricing outlined in Section 25.03 D.

(e) Customers requesting only fire service or a fire hydrant under this category shall be charged a capacity fee based on one (1) EDU for a permanent meter in the improvement district from which the fire service derives its flow, plus a monthly system charge at the rate set forth in Appendix A, 25.03 E.11.(c).

10. WATER SERVICE OUTSIDE AN IMPROVEMENT DISTRICT

(a) Defined as: Water service for property located within the boundaries of the District, but not within a water improvement district. Customers for this service are sometimes referred to as "outside users."

(b) Customers applying for this service shall pay an application fee as set forth in Appendix A, 25.03 E.10.(b). The District will review the application to determine whether the land to be served should be annexed to an improvement district. If it is determined that annexation is not practical, the Board of Directors may authorize service as an outside user. This service will be reviewed periodically until it is determined that the property must be annexed to an improvement district or that service must be terminated.

(c) The rate for metered water furnished under this category is as set forth in Appendix A, 25.03

E.10.(c), plus a monthly system charge as set forth in Appendix A, 25.03.C.

The tiered base rates for this category of service are subject to the increased drought pricing outlined in Section 25.03 D.

(d) Upon approval of the Board of Directors, a customer, who has paid all construction costs for facilities necessary to serve the customer's property in lieu of annexation to a water improvement district, shall be exempt from the provision for this category of service.

11. SERVICE FOR FIRE PROTECTION

(a) Defined as: Water service provided by the District solely to feed fire hydrants or fire sprinkler systems from lines or laterals connected to District water mains.

(b) The District will not make a charge for the quantity of water used for fire protection purposes.

(c) The monthly system charge for this category of service is set forth in Appendix A, 25.03 E.11.(c) for each connection to a District water main made for fire protection service.

12. WATER SERVICE TO PROPERTY NOT SUBJECT TO DISTRICT TAXES

(a) Pursuant to Section 71613 of the California Water Code, the District may furnish water to property, not subject to District taxes, at special rates, terms and conditions as are determined by the Board of Directors for such service. Such rates, terms and conditions shall be uniformly applied to like classes and conditions of service in the same improvement district or geographical area.

(b) Customers in this category, such as publicly-owned establishments, shall pay an additional fee as outlined in Appendix A, 25.03 E.12.(b).

13. INTERIM WATER SERVICE IN IMPROVEMENT DISTRICT 7

(a) Definition of Interim Service. This is water Service furnished to a customer in Improvement District 7 (ID 7) for temporary use.

(b) Rates for Interim Service. Customers applying for interim service in ID 7 shall not be required

to pay the ID 7 water capacity fee and San Diego County Water Authority fee, as required under Section 2801 of this Code. The water rate is set forth in Appendix A, 25.03 E.13.(b).

(c) Conversion to Permanent Service. At such time as use expires, the customer shall be required to pay all fees in effect at the time the permanent use is implemented.

F. Energy Charges for Pumping Water

In addition to water rates and other charges provided for in this Section 25.03, customers shall be charged an energy pumping charge based on the quantity of water used and the elevation to which the water has been lifted to provide service. The energy pumping charge shall be made at the rate set forth in Appendix A, 25.03 F.

G. Additional Water Charge for Service in the North District

1. In addition to other applicable water rates and charges provided for in this Section 25.03, each customer receiving water service in the North District shall pay a charge as set forth in Appendix A, 25.03 G.1. The North District area is defined in Section 0.02 of this Code.

2. All proceeds from charges collected pursuant to this Section 25.03 G. shall be set aside by the District in a separate account and shall be used solely for payment of costs and borrowings for construction, installation and maintenance of water storage reservoirs, pump stations and water lines to provide service in the North District.

H. Additional Water Charges and Monthly System Charges for Service in the ID 9 Water Service Zone

1. In addition to other applicable water rates and charges provided for in this Section 25.03, effective May 1, 1986, each customer receiving water service in the ID 9 Water Service Zone shall pay a charge set forth in Appendix A, 25.03 H.1. The ID 9 Water Service Zone area is defined in Section 0.02 of this Code.

2. In addition to the monthly system charges provided for, effective May 1, 1986, each customer receiving water service in the ID 9 Water Service Zone shall pay a monthly meter system charge as outlined in Appendix A, 25.03 H.2. for each meter in service.

3. All proceeds from charges collected pursuant to this Section 25.03 H. shall be set aside by the District in a separate account and shall be used solely for payment of costs and borrowing for construction, installation and maintenance of water storage reservoirs, pump stations and water lines to provide service in the ID 9 Water Service Zone.

I. Additional Water Charges for Services in the ID 3, ID 10 and La Presa Water Service Zones.

1. In addition to other applicable water rates and charges provided for in this Section 25.03, effective May 17, 1993, each customer receiving water service in ID 3, ID 10 and La Presa Water Service Zones is assessed an additional charge per H.C.F. of water furnished by the District. Said surcharge is assessed as set forth in Appendix A, 25.03 I.1.(a),(b), and (c).

2. All proceeds from charges collected pursuant to this Section 25.03 I. shall be set aside by the District in a separate account and shall be used solely for payment of costs and borrowings for construction, installation and maintenance of water storage, reservoirs, pump stations and water lines to provide service in the ID 3, ID 10 and La Presa Water Service Zones, respectively.

25.04 DEPOSITS BY LESSEES OR NON-OWNERS OF PROPERTY

When an application for water service is made by a customer who does not own the land to be served, the customer shall be required to make a cash deposit to assure payment of the account. In lieu of a deposit, the customer may have payment of water service bills guaranteed in writing by the owner of the property. The amount of deposit, determined by the size of meter is outlined in Appendix A, 25.04 A.

A. AMOUNT OF DEPOSIT

The customer's deposit shall be applied to reduce or satisfy any delinquent payment or other amount due the District at the time of termination of water service to the customer. Any portion of the deposit remaining, after satisfaction of the amount due, shall be refunded to the customer that made the deposit.

The deposits listed above may be waived for a new residential applicant where the applicant demonstrates credit worthiness based upon prior utility payments or a non-delinquent water account for one year or other similar evidence of credit.

B. REFUND OF DEPOSIT

Where funds have been on deposit for twelve months in a domestic service account and there has been no more than one delinquent payment on that account during that period, the District will apply a credit to the water account in the amount of the deposit.

C. LETTER OF CREDIT

A letter of credit, in a form approved by the General Manager or Department Head of Finance, may be submitted to the District to satisfy the deposit requirements.

25.05 SERVICE TO SUBSEQUENT CUSTOMERS

After a water meter has been installed for a customer and all fees and charges have been paid, water service may be furnished to a subsequent customer through the water meter installed without payment of further charges, except for the set-up fee for transferred accounts, payment of delinquent charges for the applicant's service or other deposits that may be required by this Code.

SECTION 28 CONNECTION FEES AND CHARGES FOR POTABLE OR RECYCLED WATER SERVICE

28.01 COLLECTION OF FEES AND CHARGES

A. Fees and Charges to be paid by the Customer.

The following fees and charges shall be paid by the customer to connect to a District water system for potable water or recycled water service; these are in addition to the fees and charges in Section 9 and 25. Fees and charges shall include, but not be limited to, District fees, San Diego County Water Authority fees, applicable zone charge and charges for work performed by District personnel on behalf of the customer. These charges may include the installation by District personnel of a water service lateral, and inspections required due to the requirement of a back flow device. These charges may also include a meter fee, installation fee (where laterals exist), lateral fee, meter box fee, and excavation permit fee.

B. Basis for Determination of Connection Fees and Charges.

The fees and charges shall be determined as follows:

For permanent water meters, including potable or recycled irrigation service, the total water connection fee shall be determined on the basis of the demand to be placed on the District water system. The extent of demand will be determined on the basis of the size of the water meter, as set forth in Section 27 of the Code. For individually metered residential fire service, as outlined in Section 38.03 of the Code, the size and fee would be set based on water use requirements without additional fire capacity. The water connection fee will be determined by multiplying the demand factor for the meter size, as set forth below, by the total of the District-wide capacity fee and applicable zone charge.

Meter Size	Demand Factor
3/4"	1
1	2-1/2
1-1/2"	5
2"	8
3"	16
4"	25
6"	50
8"	80
10"	115

1. The District-wide capacity fee and the applicable zone charge shall constitute the "base rate." For fees or charges after July 1, 2010, the base rate shall be adjusted quarterly for fluctuations in construction costs, as measured by the *Engineering News Record Construction Cost Index for the Los Angeles Region*. The ENR Construction Cost Index of 9777.19(as of July 1, 2009) shall be deemed the "base index." The adjustment shall be in an amount equal to the percentage change in the ENR Construction Cost Index from the base index for the period from June 10, 2009 to the date of payment. (See Appendix A, 28.01 B.1. for fees.)

2. The District-wide new water supply fee shall constitute the "base rate." For fees or charges after July 1, 2010, the base rate shall be adjusted quarterly for fluctuations in construction costs, as measured by the *Engineering News Record Construction Cost Index for the Los Angeles Region.* The ENR Construction Cost Index of 9777.19 (as of July 1, 2009) shall be deemed the "base index." The adjustment shall be in an amount equal to the percentage change in the ENR Construction Cost Index from the base index for the period from June 10, 2009 to the date of payment. (See Appendix A, 28.01 B.2. for fees.)

28.02 INSTALLATION CHARGES FOR WATER METER AND WATER SERVICE LATERALS

The determination of the water meter or service lateral size shall be based upon the information provided by the customer as detailed in Section 27 of the Code. The meter fees and installation charges are set forth in Appendix A, 28.02.

Where a new water lateral is required, a customized, written estimate of the District's costs will be prepared.

The customer shall deposit the estimated costs with the District prior to commencement of the work. If actual costs incurred by the District are less than the amount deposited, the District shall refund the excess to the customer. If the actual costs incurred exceed the amount deposited, the customer shall reimburse the District for the additional costs.

A. The meter fees and installation charges shall be set effective September 1, 2012, and then adjusted in the same manner as capacity fees as described in Section 28.01 B.1 above (See Appendix A, 28.01 B.2. for fees).

28.03 METER FEE REFUND

A. If a water meter/service has been paid for but not installed, a customer may receive a refund of the District's capacity fee and charges. If San Diego County Water Authority capacity fees have been paid to San Diego County Water Authority, the customer shall request a refund from San Diego County Water Authority.

B. If the customer wants to change the meter/service size, they will be credited with the number of equivalent dwelling units they have previously purchased and will be refunded any balance per Section 28.03 A, above. If additional equivalent dwelling units are required, the customer will be charged based on 28.01 and 28.02.

C. If a water meter/service has been previously paid and installed, and the customer requests a different meter size, the customer shall pay for the new meter and installation fees, plus any differential in capacity and new water supply fees as described in Section 28.03 B above.

SECTION 38 SERVICE FOR FIRE PROTECTION SYSTEMS

38.01 SERVICE FOR COMMERCIAL OR INDUSTRIAL PURPOSES

The District will provide water service for fire protection systems for commercial or industrial developments within the District. Such service shall be available only in accordance with the rules and regulations provided in this Code.

38.02 RULES AND REGULATIONS FOR FIRE HYDRANT AND/OR FIRE SPRINKLER SERVICE FOR COMMERCIAL OR INDUSTRIAL PURPOSES ON PRIVATE PROPERTY

A. All fire hydrant and/or fire sprinkler service mains installed for commercial or industrial purposes on privately-owned land shall be owned and maintained by the land owner; except for fire hydrants installed for developments where the District has accepted an easement for such service mains.

B. Where service is provided for fire hydrant or fire sprinkler service on privately-owned land under Paragraph A above, the service shall be provided by the District at the property line of the land to be served. The property owner or developer shall be responsible to construct and maintain the remainder of the facilities to provide fire protection to the property. Each such facilities installation shall include a reduced pressure principle assembly backflow device installed in accordance with District specifications on the fire main on the customer side of the property line.

C. Water furnished for fire hydrant or fire sprinkler service shall be used only for fire protection purposes. Water service for domestic, business, commercial or irrigation purposes shall be furnished only after a meter or meters have been installed on laterals connected to the District main in the street pursuant to requirements of this Code.

D. Upon application for installation of one or more fire service connections to an existing District water main, the customer shall pay such charges as shall be determined on the basis of actual costs incurred by the District in performing the

work. At the time of application for the installation, the District will estimate the total costs to be incurred in performing the work. The customer shall deposit the estimated amount with the District prior to commencement of the work. The work shall be performed by the District under a District Water/Sewer Order. If actual costs incurred by the District are less than the amount deposited, the District shall refund the balance of the deposit to the customer. If the costs incurred exceed the amount deposited, the customer shall reimburse the District for the additional costs. Where the fire service connection is to be made to a water main to be constructed in a street by the owner or developer, the costs for such connection shall be covered under the standard developer's agreement with the District for installation of the water facilities for the development project.

E. Water for fire protection services shall be provided in accordance with District fees and charges set forth in Section 25.03.D of this Code.

F. The District shall have no responsibility for the proper function of the fire service system nor for the availability of water from its mains for fire protection in the event of emergency. While the District undertakes at all times to have adequate supplies available in its system for ordinary uses, it is not a guarantor of continual service in quantities adequate for all purposes however, and each customer shall specifically agree that as a condition of the fire service connection contracted for that the District shall incur no liability nor be subject to any damages resulting from a failure or malfunctioning of the fire sprinkler lateral or fire sprinkler system or from a lack of water in adequate quantity or pressure to make it fully effective.

38.03 SERVICES FOR INDIVIDUALLY METERED RESIDENTIAL FIRE PROTECTION

When a single-family residential water meter is required to provide standby capacity for a fire sprinkler system, the capacity charge may be determined according to the size of the meter necessary to meet the water use requirements for

the property. Additional capacity fees for upsizing the single-family residential meter to meet fire flow requirements will be waived. Standby capacity to provide water for a fire sprinkler system is required when (1) the fire sprinkler system is required by law, including any requirement imposed as a condition of development, permit, or occupancy, and (2) the fire chief, fire marshal, or building official of the city, county, or special district responsible for fire protection service to the property has a requirement for additional meter size due to fire protection. The determination, under this section, shall be made at the time the meter is first obtained, or at the time a meter is replaced with one of greater size due to the later installation of a fire protection system.

AGENDA ITEM 6b

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	March 6, 2013
SUBMITTED BY:	Armando Buelna, Communications Officer	W.O./G.F. NO:	DIV. NO. All
APPROVED BY:			
SUBJECT:	2013 Legislative Program Guidelines		

GENERAL MANAGER'S RECOMMENDATION:

That the Board of Directors adopt the 2013 Otay Water District Legislative Program Guidelines.

PURPOSE:

To provide direction to staff in the formulation of the District's response to legislative initiatives on issues affecting the District during the 2013 legislative session.

COMMITTEE ACTION:

See Attachment A

BACKGROUND

The Otay Water District maintains a set of legislative policy guidelines to direct staff and legislative advocates on issues important to the District. The legislative guidelines are updated annually with the proposed updates presented to the Otay Water District's Board of Directors for review and adoption. The attached draft 2013 Legislative Program represents policy positions on legislation for the Board's consideration.

Each legislative session, representatives to the California Legislature sponsor some 2,000 or more bills or significant resolutions. While many fail to make it out of their respective house of origin, many of these bills are signed by the governor, become law and can affect special districts in substantive ways. The same is true with each session of the House of Representatives and the U.S. Senate.

The draft 2013 Legislative Program establishes guidelines and policy direction that can be used by staff in monitoring legislative activity to facilitate actions that can be taken

quickly in response to proposed bills. The guidelines provide a useful framework for staff when evaluating the potential impact of state or federal legislation on the District. This is particularly helpful when a timely response is necessary to address a last minute amendment to legislation and should calls or letters of support or opposition be needed. While the Legislative Program provides useful guidelines, sensitive or controversial policy matters will nevertheless be brought to the full Board of Directors for its deliberation and direction.

FISCAL IMPACT:

None.

LEGAL IMPACT:

None.

General Manager

Attachments:

A – Committee Action Report
B – 2013 Otay Water District Legislative Program
C – 2013 Otay Water District Legislative Program Redline

ATTACHMENT A

SUBJECT/PROJECT:	2013 Legislative Program Guidelines

COMMITTEE ACTION:

The Finance, Administration and Communications Committee discussed this item at a meeting held on February 20, 2013 and the following comments were made:

- The Legislative Program Guidelines represent policy positions on potential legislation on issues that are important to the District. The Guidelines were first developed in 2003 and, has since, been updated annually.

- The Guidelines establishes policy direction that can be used by staff when monitoring legislative activity and helps facilitate quick and prompt action to proposed bills/legislation or requests for letters of support/opposition to legislation.

- Staff noted that even with the adoption of the Legislative Guidelines, controversial/sensitive matters or issues will be presented to the board for discussion and to provide direction to staff.

- It is still early in the legislative session and, thus far, there have been only a few hundred bills presented this year. Generally, there are anywhere from 2000 to 4000 proposed in the State legislature and typically several thousand in Congress and the Federal Senate.

- Typically, the District does not oppose legislation, but instead, tries to work with the legislator to amend their bill to address District or water issues.

- It was indicated that a majority of the changes to the 2013 Legislative Program Guidelines revolve around updating the Bay Delta matters. In response to an inquiry from the

committee, it was indicated that the changes are consistent with letters the District had forwarded to its representatives with regard to the proposed solutions to the Bay Delta issues.

- The committee suggested with regard to the Legislative Program Guidelines that it be categorized by issue (ie., Bay Delta, Recycled, etc.). Staff indicated that that can be done and would present two versions showing the substantive changes and the finalized Guidelines.

- In reviewing the guidelines, the committee also suggested the following changes:

  - Under the category "Water Services" and "Support efforts to":
    - Change item "l" to indicate,"Support Legislation that reduces impediments for willing sellers and buyers to engage in agreements."
    - Change item "gg" to indicate, "Identify the total cost and appropriate cost studies to estimate consumer financial impact of any Bay Delta solution before financing and funding decisions are made."

  - Under the category "Financial":
    - Add an item ("n") under "Support efforts to:" that indicates "Continue energy rate incentives for the utilization of electricity during low-peak periods."
    - Add another item ("o") under "Support efforts to:" that indicates "Provide loan and grant programs that encourage water conservation for water users who are least able to pay for capital projects."
    - Change item "i" under "Oppose efforts that:" to indicate, "Adversely affects the cost of gas/electricity or reduces an organizations flexibility to take advantage of low peak cost periods."

    - Change item "f" under "Oppose efforts that:" to indicate, "Complicates or deters conservation-based rate structures."

- Under the category “Conservation,” and “Support efforts to”:
    - Change item “g” to indicate, “Permit/Require local agencies to adopt ordinances that require/promote water wise landscapes for commercial and residential developments.”
    - Change “credits” to “incentives” in items “h” and “i.”
    - Change item “k” to indicate, “Develop incentives for developers and existing customers to install water wise landscape in existing developments or new construction.
    - Add an item (“p”) that indicates, “Encourage technological research targeted to more efficient water use.”

- The committee asked staff to explain the meaning of item “a” under the category “Opitmize District Effectiveness.” Staff indicated that SDG&E had tried to change the off-peak rates to peak rates. For example, the District’s reservoir pumping system is designed to pump water during off-peak hours (middle of the night) to take advantage of the lower electricity rates. SDG&E tried to change the rates for the off-peak hours to the higher on-peak rates. The District would like to oppose legislation efforts that support SDG&E in changing/increasing off-peak rates.

Following the discussion, the Committee recommended presentation to the full board as a consent item.

Attachment B

Otay Water District 2013 Legislative Program

Legislative Policy Guidelines
Effective Date: 03/07/2013

Legislative Policy Guidelines

The Otay Water Legislative Policy Guidelines for the 2013 Legislative Session includes the following:

Sacramento-San Joaquin Bay Delta (Bay-Delta)

Support efforts to:

a. Finalize and implement the Bay Delta Conservation Plan to address Bay-Delta environmental and water quality issues.
b. Support "Around-the-Delta", "right-sized", or other alternatives as ways to improve water quality or water transport and reduce the possibility or impacts of levee failure.
c. Finalize Bay-Delta planning work and ongoing studies of new water storage facilities, and support efforts to promote additional surface and underground water storage infrastructure that are cost effective ensure water availability and quality.
d. Resolve conflicts between urban and rural water users, water management and the environment in the Bay-Delta.
e. Provide ongoing federal and state funding for the Bay-Delta, and those which focus attention to Bay-Delta financing, affordability, commitments to pay, and the demand for Bay-Delta Water.
f. Equitably allocates costs of the Bay-Delta solution to all those benefiting from improvements in proportion to the benefits they receive.
g. Fast-track design, permits and construction for pilot projects in the Bay-Delta to create barriers to keep fish away from Bay-Delta water pumps, improve water quality and supply reliability.
h. Provide deliberative processes that are designed to ensure meaningful dialogue with all stakeholders in an open and transparent process in order to reduce future conflicts and challenges in implementing a Bay-Delta solution.
i. Provide a Bay-Delta solution that acknowledges, integrates and supports the development of water resources at the local level.
j. Improve the ability of water-users to divert water from the Bay-Delta during wet periods when impacts to fish and the ecosystem are lower and water quality is higher.
k. Improve the existing Bay-Delta water conveyance system to increase flexibility and enhance water supply, water quality, levee stability and environmental protection.
l. Evaluate long-term threats to the Bay-Delta levees and conveyance system and pursues actions to reduce risks to the state's water supply and the environment.
m. Improve coordination of the Central Valley Project and State Water Project Operations.
n. Provide a Bay-Delta solution and facilities that are cost-effective when compared with other water supply development options for meeting Southern California's water needs.

o. Identify the total cost or perform appropriate cost studies to estimate consumer financial impact of any Bay-Delta solution before financing and funding decision are made.
p. Provide the State Water Project (SWP) with more flexibility to operate their systems to maximize water deliveries while avoiding unacceptable impacts to third parties, habitat or the environment.
q. Require a firm commitment and funding stream by all parties to pay for the proportional benefits they will receive from a Bay-Delta solution through take-or-pay contracts or the legal equivalent.
r. Provide "right-sized" facilities to match firm commitments to pay for the Bay-Delta solution.
s. Provide SWP contractors and their member agencies access to all SWP facilities to facilitate water transfers.
t. Continue state ownership and operation of SWP as a public resource.
u. Improve efficiency and transparency of all SWP operations.
v. Focus on statewide priorities, including construction of an approved method of conveyance of water through or around the Delta that provides water supply reliability to the Delta water uses, promotion of greater regional and local self-sufficiency, surface storage and promotion of water use efficiency.
w. Provides for the state's share of funding for Bay-Delta conveyance projects.

Oppose efforts that:

a. Require additional reviews or approvals of Delta conveyance options beyond those provided by SBX7-1 (2009).

Recycled Water

Support efforts to:

a. Reduce restrictions on recycled water usage or promote consistent regulation of recycled water projects to reduce impediments to the increased use of recycled water.
b. Reduce restrictions on injecting recycled water into basins where there is no direct potable use.
c. Provide financial incentives for recharge of groundwater aquifers using recycled water.

Oppose efforts that:

a. Restrict use of recycled water for groundwater recharge.
b. Establish new water or recycled water fees solely to recover State costs without also providing some benefit.
c. Create regulatory schemes that alter or limit the existing authority to reuse and recycle water.

Otay Water District 2013 Legislative Program

Water Services

Support efforts to:

a. Provide for a comprehensive state water plan that balances California's competing water needs, achieves the co-equal goals of water supply reliability and environmental restoration, and results in a reliable supply of high-quality water for the San Diego region.
b. Provide financial support to projects designed to mitigate the potential negative impacts of Global Climate Change on water supply reliability.
c. Promote the coordination and integration of local, state and federal climate change policies and practices to the greatest extent feasible.
d. Support ongoing implementation of the Quantitative Settlement Agreement.
e. Provide reliable water supplies to meet California's short and long-term needs.
f. Support legislation that reduces impediments for willing sellers and buyers to engage in water transfer agreements.
g. Promote desalination pilot studies and projects.
h. Encourage feasibility studies of water resource initiatives.
i. Increase funds for infrastructure and grant programs for construction, modernization or expansion of water, wastewater treatment, reclamation facilities and sewer systems including water recycling, groundwater recovery and recharge, surface water development projects and seawater desalination.
j. Mandate uniform or similar regulations and procedures by state agencies in the processing and administering of grants and programs.
k. Streamline grant application procedures.
l. Promote or assist voluntary water transfers between willing buyers and willing sellers and move those transactions through without delay.
m. Streamline the permitting and approval process for implementing water transfers.
n. Establish reasonable statewide approaches to sewer reporting standards.

Oppose efforts that:

a. Make urban water supplies less reliable or substantially increase the cost of imported water without also improving the reliability and/or quality of the water.
b. Create unrealistic or costly water testing protocol.
c. Disproportionately apportion the cost of water.
d. Create undo hurtles for seawater desalination projects.
e. Create unreasonable or confusing sewer reporting standards.
f. Create administrative or other barriers to sales between willing buyers and willing sellers that delay water transfers.
d. Create a broad-based user fee that does not support a specific program activity; any fee must provide a clear nexus to the benefit the fee would provide.
e. Create unrealistic or costly to obtain water quality standards for potable water, recycled water or storm water runoff.

Otay Water District 2013 Legislative Program

Financial

Support efforts to:

a. Require the federal government and State of California to reimburse special districts for all mandated costs or regulatory actions.
b. Give special districts the discretion to cease performance of unfunded mandates.
c. Provide for fiscal reform to enhance the equity, reliability, and certainty of special district funding.
d. Provide incentives for local agencies to work cooperatively, share costs or resources.
e. Provide for the stable, equitable and reliable allocation of property taxes.
f. Continue to reform workers compensation.
g. Authorize financing of water quality, water security, and water supply infrastructure improvement programs.
h. Promote competition in insurance underwriting for public agencies.
i. Establish spending caps on State of California overhead when administering voter approved grant and disbursement programs.
j. Require disbursement decisions in a manner appropriate to the service in question.
k. Encourage funding infrastructure programs that are currently in place and that have been proven effective.
l. Produce tangible results, such as water supply reliability or water quality improvement.
m. Provide financial incentives for energy projects that increase reliability, diversity, and reduce green house gasses.
n. Continue energy rate incentives for the utilization of electricity during low-peak periods.
o. Provide loan or grant programs that encourage water conservation for water users who are least able to pay for capital projects.

Oppose efforts that:

a. Impose new, unfunded state mandates on local agencies and their customers.
b. Undermine Proposition 1A - Protection of Local Government Revenues – and the comprehensive reform approved by voters in 2004.
c. Reallocate special district reserves in an effort to balance the state budget.
d. Reallocate special district revenues or reserves to fund infrastructure improvements or other activities in cities or counties.
e. Usurp special district funds, reserves, or other state actions that force special districts to raise rates, fees or charges.
f. Complicate or deter conservation-based rate structures.
g. Establish funding mechanisms that put undue burdens on local agencies or make local agencies *de facto* tax collectors for the state.
h. Complicate compliance with SB 610 and SB 221.
i. Adversely affect the cost of gas and electricity or reduce an organization's flexibility to take advantage of low peak cost periods.

Otay Water District 2013 Legislative Program

Governance/Local Autonomy

Support efforts to:

a. Expand local autonomy in governing special district affairs.
b. Promote comprehensive long-range planning.
c. Assist local agencies in the logical and efficient extension of services and facilities to promote efficiency and avoid duplication of services.
d. Streamline the Municipal Service Review Process or set limits on how long services reviews can take or cost.
e. Establish clear and reasonable guidelines for appropriate community sponsorship activities.
f. Reaffirm the existing "all-in" financial structure, or protect the San Diego County Water Authority voting structure based on population.

Oppose efforts that:

a. Assume the state legislature is better able to make local decisions that affect special district governance.
b. Create one-size-fits-all approaches to special district reform.
c. Unfairly target one group of local elected officials.
d. Usurp local control from special districts regarding decisions involving local special district finance, operations or governance.
e. Limit the board of directors' ability to govern the district.
f. Create unfunded local government mandates.
g. Create costly, unnecessary or duplicative oversight roles for the state government of special district affairs.
h. Create new oversight roles or responsibility for monitoring special district affairs.
i. Change the San Diego County Water Authority Act regarding voting structure, unless it is based on population.
j. Shift the liability to the public entity and relieve private entities of reasonable due diligence in their review of plans and specifications for errors, omissions and other issues.
k. Place a significant and unreasonable burden on public agencies, resulting in increased cost for public works construction or their operation.
l. Impair the ability of water districts to acquire property or property interests required for essential capital improvement projects.
m. Increase the cost of property and right-of-way acquisition, or restricts the use of right-of-ways.

Otay Water District 2013 Legislative Program

Conservation

Support efforts to:

a. Provide funding for water conservation programs.
b. Encourage the installation of water conserving fixtures in new and existing buildings.
c. Promote the environmental benefits of water conservation.
d. Enhance efforts to promote water awareness and conservation.
e. Offer incentives for landscape water efficiency devices such as ET controllers and soil moisture sensors.
f. Develop landscape retrofit incentive programs and/or irrigation retrofit incentive programs.
g. Permit or require local agencies to adopt ordinances that require or promote water wise landscape for commercial and residential developments.
h. Create tax incentives for citizens or developers who install water wise landscapes.
i. Create tax incentives for citizens who purchase high efficiency clothes washers, dual flush and high-efficiency toilets and irrigation controllers above the state standards.
j. Expand community-based conservation and education programs.
k. Develop incentives for developers and existing customers to install water wise landscape in existing developments or new construction.
l. Encourage large state users to conserve water by implementing water efficient technologies in all facilities both new and retrofit.
m. Create higher incentives for solar power.
n. Encourage large state water users to conserve water outdoors.
o. Educate all Californians on the importance of water, and the need to conserve, manage, and plan for the future needs.
p. Encourage technological research targeted to more efficient water use.

Oppose efforts that:

a. Weaken federal or state water efficiency standards.

Safety, Security and Information Technology

Support efforts to:

a. Provide funding for information security upgrades to include integrated alarms, access/egress, and surveillance technology.
b. Provide incentives for utilities and other local agencies to work cooperatively, share costs or resources.
c. Provide funding for communication enhancements, wireless communications, GIS or other technological enhancements.
d. Encourage or promote compatible software systems.
e. Fund infrastructure and facility security improvements that include facility roadway access, remote gate access and physical security upgrades.

f. Protect state, local and regional drinking water systems from terrorist attack or deliberate acts of destruction, contamination or degradation.
g. Provide funds to support training or joint training exercises to include contingency funding for emergencies and emergency preparedness.
h. Equitably allocate security funding based on need, threats and/or population.
i. Encourage or promote compatible communication systems.
j. Encourage and promote funding of Department of Homeland Security Risk Mitigation programs.
k. Recognizes water agencies as emergency responders to damage and challenges caused by wildfires, earthquakes, and other natural disasters, as well as terrorist and other criminal activities that threaten water operations, facilities and supplies.

Oppose efforts that:

a. Create unnecessary, costly, or duplicative security mandates.

Optimize District Effectiveness

Support efforts to:

a. Give utilities the ability to avoid critical peak energy pricing or negotiate energy contracts that save ratepayers money.
b. Develop reasonable Air Pollution Control District engine permitting requirements.
c. Reimburse or reduce local government mandates.
d. Allow public agencies to continue offering defined benefit plans.
e. Result in predictable costs and benefits for employees and taxpayers.
f. Eliminate abuses.
g. Retain local control of pension systems.
h. Be constitutional, federally legal and technically possible.

Oppose efforts that:

a. Restrict the use of, or reallocate, district property tax revenues to the detriment of special districts.
b. Create unrealistic ergonomic protocol.
c. Micromanage special district operations.
d. Balance the state budget by allowing regulatory agencies to increase permitting fees.
e. Tax dependent benefits.

Otay Water District 2013 Legislative Program

Bi-National Initiatives

Support efforts to:

a. Promote and finance cross-border infrastructure development such as water pipelines, desalination plants or water treatment facilities to serve the border region.
b. Develop cooperative and collaborative solutions to cross-border issues.
c. Develop and enhance communications and understanding of the interdependence of communities on both sides of the border with the goal of improved cross-border cooperation.

Oppose efforts that:

a. Usurp local control over the financing and construction of water supply and infrastructure projects in the San Diego/Baja California region.

Water Bonds

Support efforts to:

a) Provide an equitable share of funding to San Diego County, with major funding categories being divided by county and funded on a per-capita basis to ensure bond proceeds are distributed throughout the state in proportion to taxpayers' payments on the bonds.
b) Provide fund for water infrastructure that resolves conflicts in the state's water system and provides long-term benefits to water supply, reliability, water quality and ecosystem restoration.
c) Give primary consideration to funding priorities established by local and regional entities through their IRWM planning process.
d) Ensure that the application process for funding is not unnecessarily burdensome and costly, with an emphasis on streamlining the process.
e) Fund emergency and carryover storage projects including those in San Diego County.
f) Consolidate administration of all voter-approved water-related bond funding in one place, preserves existing expertise within the state bureaucracy to manage bond funding processes, and provides consistent application and evaluation of bond funding applications.

Oppose efforts that:

a) Do not provide an equitable share of funding to San Diego County, based on the San Diego County taxpayers' proportional contribution to repayment of the bond.
b) Do not provide funding for infrastructure that resolves statewide or regional conflicts of water supplies.
c) Do not provide funding that result in net increases in real water supply and water supply reliability.

Otay Water District ~~2012~~ 2013 Legislative Program

Legislative Policy Guidelines
Effective Date: 03/07/2013

Legislative Policy Guidelines

The Otay Water Legislative Policy Guidelines for the ~~2012~~ 2013 Legislative Session includes the following:

Sacramento-San Joaquin Bay Delta (Bay-Delta)

Support efforts to:

~~a. Provides for a comprehensive state water plan that balances California's competing water needs and results in a reliable supply of high-quality water for the San Diego region.~~

~~b.~~a. Finalize and i~~I~~mplement the Bay Delta Conservation Plan to address Bay-Delta environmental and water quality issues.

~~c.~~b. Support "Around-the-Delta", "right-sized", or other alternatives as ways to improve water quality or water transport and reduce the possibility or impacts of levee failure.

~~d.~~c. Finalize Bay-~~long-term~~ Delta planning work and ongoing studies of new water storage facilities, and support efforts to promote additional surface and underground water storage infrastructure that are cost effective ~~to~~ ensure water availability and quality.

~~e. Improve the existing Sacramento-San Joaquin River Delta water conveyance system to study the impact of Global Climate Change and its potential to impact the snow pack, sea level and salinity in the Delta, the possibility of reduced precipitation or more severe storms.~~

~~f.~~d. Resolve conflicts between urban and rural water users, water management and the environment in the Bay-Delta.

~~g.~~e. Provide ongoing federal and state funding for the Bay-Delta, and those which focus attention to Bay-Delta financing, affordability, commitments to pay, and the demand for Bay-Delta Water.

~~h. Provide conveyance and storage facilities that are cost effective, improve the reliability and quality of San Diego region's water supplies as well as the Bay-Delta region.~~

~~i.~~f. Equitably allocates costs of the Bay-Delta solution to all those benefiting from improvements in proportion to the benefits they receive.~~.~~

g. Fast-track design, permits and construction for pilot projects in the Bay-Delta to create barriers to keep fish away from Bay-Delta water pumps, improve water quality and supply reliability.

h. Provide deliberative processes that are designed to ensure meaningful dialogue with all stakeholders in an open and transparent process in order to reduce future conflicts and challenges in implementing a Bay-Delta solution.

i. Provide a Bay-Delta solution that acknowledges, integrates and supports the development of water resources at the local level.

j. Improve the ability of water-users to divert water from the Bay-Delta during wet periods when impacts to fish and the ecosystem are lower and water quality is higher.
k. Improve the existing Bay-Delta water conveyance system to increase flexibility and enhance water supply, water quality, levee stability and environmental protection.
l. Evaluate long-term threats to the Bay-Delta levees and conveyance system and pursues actions to reduce risks to the state's water supply and the environment.
m. Improve coordination of the Central Valley Project and State Water Project Operations.
n. Provide a Bay-Delta solution and facilities that are cost-effective when compared with other water supply development options for meeting Southern California's water needs.
~~m.~~o. Identify the total cost or perform appropriate cost studies to estimate consumer financial impact of any Bay-Delta solution before financing and funding decision are made.
~~n.~~p. Provide the State Water Project (SWP) with more flexibility to operate their systems to maximize water deliveries while avoiding unacceptable impacts to third parties, habitat or the environment.
q. Require a firm commitment and funding stream by all parties to pay for the proportional benefits they will receive from a Bay-Delta solution through take-or-pay contracts or the legal equivalent.
r. Provide "right-sized" facilities to match firm commitments to pay for the Bay-Delta solution.
s. Provide SWP contractors and their member agencies access to all SWP facilities to facilitate water transfers.
t. Continue state ownership and operation of SWP as a public resource.
u. Improve efficiency and transparency of all SWP operations.
v. Focus on statewide priorities, including construction of an approved method of conveyance of water through or around the Delta that provides water supply reliability to the Delta water uses, promotion of greater regional and local self-sufficiency, surface storage and promotion of water use efficiency.
w. Provides for the state's share of funding for Bay-Delta conveyance projects.
~~o.~~

Oppose efforts that~~o~~:

a. Require additional reviews or approvals of Delta conveyance options beyond those provided by SBX7-1 (2009).

Recycled Water

Support efforts to:

a. Reduce restrictions on recycled water usage or promote consistent regulation of recycled water projects to reduce impediments to the increased use of recycled water.
b. Reduce restrictions on injecting recycled water into basins where there is no direct potable use.

c. Provide financial incentives for recharge of groundwater aquifers using recycled water.

Oppose efforts that~~o~~:

a. Restrict use of recycled water for groundwater recharge.
b. Establish new water or recycled water fees solely to recover State costs without also providing some benefit.
c. Create regulatory schemes that alter or limit the existing authority to reuse and recycle water.

Water Services

Support efforts to:

a. Provide for a comprehensive state water plan that balances California's competing water needs, achieves the co-equal goals of water supply reliability and environmental restoration, and results in a reliable supply of high-quality water for the San Diego region.
~~a.~~b. Provide financial support to projects designed to mitigate the potential negative impacts of Global Climate Change on water supply reliability.
~~b.~~c. Promote the coordination and integration of local, state and federal climate change policies and practices to the greatest extent feasible.
~~c.~~d. Support ongoing implementation of the Quantitative Settlement Agreement.
~~d.~~e. Provide reliable water supplies to meet California's short and long-term needs.
~~e.~~f. Support ~~agriculture to urban~~ legislation that reduces impediments for~~water transfers~~ willing sellers and buyers to engage in water transfer agreements.
~~f.~~g. Promote desalination pilot studies and projects.
~~g.~~h. Encourage feasibility studies of water resource initiatives.
~~h.~~i. ~~Increase funding~~Increase funds ~~-~~for infrastructure and grant programs for construction, modernization or expansion of water, wastewater treatment, reclamation facilities and sewer systems including water recycling, groundwater recovery and recharge, surface water development projects and seawater desalination.
~~i.~~j. Mandate uniform or similar regulations and procedures by state agencies in the processing and administering of grants and programs.
~~j.~~k. Streamline grant application procedures.
~~k.~~l. Promote or assist voluntary water transfers between willing buyers and willing sellers and move those transactions through without delay.
~~l.~~m. Streamline the permitting and approval process for implementing water transfers.
~~m.~~n. Establish reasonable statewide approaches to sewer reporting standards.

Oppose efforts that~~o~~:

a. Make urban water supplies less reliable or substantially increase the cost of imported water without also improving the reliability and/or quality of the water.

b. Create unrealistic or costly water testing protocol.
c. Disproportionately apportion the cost of water.
d. Create undo hurtles for seawater desalination projects.
e. Create unreasonable or confusing sewer reporting standards.
f. Create administrative or other barriers to sales between willing buyers and willing sellers that delay water transfers.
d. Create a broad-based user fee that does not support a specific program activity; any fee must provide a clear nexus to the benefit the fee would provide.
e. Create unrealistic or costly to obtain water quality standards for potable water, recycled water or storm water runoff.

Financial

Support efforts to:

a. Require the federal government and State of California to reimburse special districts for all mandated costs or regulatory actions.
b. Give special districts the discretion to cease performance of unfunded mandates.
c. Provide for fiscal reform to enhance the equity, reliability, and certainty of special district funding.
d. Provide incentives for local agencies to work cooperatively, share costs or resources.
e. Provide for the stable, equitable and reliable allocation of property taxes.
f. Continue to reform workers compensation.
g. Authorize financing of water quality, water security, and water supply infrastructure improvement programs.
h. Promote competition in insurance underwriting for public agencies.
i. Establish spending caps on State of California overhead when administering voter approved grant and disbursement programs.
j. Require disbursement decisions in a manner appropriate to the service in question.
k. Encourage funding infrastructure programs that are currently in place and that have been proven effective.
l. Produce tangible results, such as water supply reliability or water quality improvement.
m. Provide financial incentives for energy projects that increase reliability, diversity, and reduce green house gasses.
n. Continue energy rate incentives for the utilization of electricity during low-peak periods.
~~m.~~o. Provide loan or grant programs that encourage water conservation for water users who are least able to pay for capital projects.

Oppose efforts that:

a. Impose new, unfunded state mandates on local agencies and their customers.
b. Undermine Proposition 1A - Protection of Local Government Revenues – and the comprehensive reform approved by voters in 2004.

c. Reallocate special district reserves in an effort to balance the state budget.
d. Reallocate special district revenues or reserves to fund infrastructure improvements or other activities in cities or counties.
e. Usurp special district funds, reserves, or other state actions that force special districts to raise rates, fees or charges.
f. Complicate or deter ~~existing~~conservation-based rate structures.
g. Establish funding mechanisms that put undue burdens on local agencies or make local agencies *de facto* tax collectors for the state.
h. Complicate compliance with SB 610 and SB 221.
i. Adversely affect the cost of gas and electricity or reduce an organization's flexibility to take advantage of low peak cost periods.

Governance/Local Autonomy

Support efforts to:

a. Expand local autonomy in governing special district affairs.
b. Promote comprehensive long-range planning.
c. Assist local agencies in the logical and efficient extension of services and facilities to promote efficiency and avoid duplication of services.
d. Streamline the Municipal Service Review Process or set limits on how long services reviews can take or cost.
e. Establish clear and reasonable guidelines for appropriate community sponsorship activities.
f. Reaffirm the existing "all-in" financial structure, or protect the San Diego County Water Authority voting structure based on population.

Oppose efforts that:

a. Assume the state legislature is better able to make local decisions that affect special district governance.
b. Create one-size-fits-all approaches to special district reform.
c. Unfairly target one group of local elected officials.
d. Usurp local control from special districts regarding decisions involving local special district finance, operations or governance.
e. Limit the board of directors' ability to govern the district.
f. Create unfunded local government mandates.
g. Create costly, unnecessary or duplicative oversight roles for the state government of special district affairs.
h. Create new oversight roles or responsibility for monitoring special district affairs.
i. Change the San Diego County Water Authority Act regarding voting structure, unless it is based on population.
j. Shift the liability to the public entity and relieve private entities of reasonable due diligence in their review of plans and specifications for errors, omissions and other issues.

k. Place a significant and unreasonable burden on public agencies, resulting in increased cost for public works construction or their operation.
l. Impair~~s~~ the ability of water districts to acquire property or property interests required for essential capital improvement projects.
m. Increase~~s~~ the cost of property and right-of-way acquisition, or restricts the use of right-of-ways.

Otay Water District ~~2012~~ 2013 Legislative Program

Conservation

Support efforts to:

a. Provide funding for water conservation programs.
b. Encourage the installation of water conserving fixtures in new and existing buildings.
c. Promote the environmental benefits of water conservation.
d. Enhance efforts to promote water awareness and conservation.
e. Offer incentives for landscape water efficiency devices such as ET controllers and soil moisture sensors.
f. Develop landscape retrofit incentive programs and/or irrigation retrofit incentive programs.
g. Permit or require local agencies to adopt~~ing~~ ~~stricter~~ordinances that require~~ing~~ or promote water wise landscape~~ing~~ for commercial and residential developments.
h. Create tax incentives ~~credits~~for citizens or developers who install water wise landscapes.
i. Create tax incentives ~~credits~~for citizens who purchase high efficiency clothes washers, dual flush and high-efficiency toilets and irrigation controllers above the state standards.
j. Expand community-based conservation and education programs.
k. Develop incentives for developers and existing customers to install water wise landscape in existing developments or new construction.
l. Encourage large state users to conserve water by implementing water efficient technologies in all facilities both new and retrofit.
m. Create higher incentives for solar power.
n. Encourage large state water users to conserve water outdoors.
o. Educate all Californians on the importance of water, and the need to conserve, manage, and plan for the future needs.
~~o.~~p. Encourage technological research targeted to more efficient water use.

Oppose efforts that:

a. Weaken federal or state water efficiency standards.

Safety, Security and Information Technology

Support efforts to:

a. Provide funding for information security upgrades to include integrated alarms, access/egress, and surveillance technology.
b. Provide incentives for utilities and other local agencies to work cooperatively, share costs or resources.
c. Provide funding for communication enhancements, wireless communications, GIS or other technological enhancements.
d. Encourage or promote compatible software systems.

e. Fund infrastructure and facility security improvements that include facility roadway access, remote gate access and physical security upgrades.
f. Protect state, local and regional drinking water systems from terrorist attack or deliberate acts of destruction, contamination or degradation.
g. Provide funds to support training or joint training exercises to include contingency funding for emergencies and emergency preparedness.
h. Equitably allocate security funding based on need, threats and/or population.
i. Encourage or promote compatible communication systems.
j. Encourage and promote funding of Department of Homeland Security Risk Mitigation programs.
k. Recognizes water agencies as emergency responders to damage and challenges caused by wildfires, earthquakes, and other natural disasters, as well as terrorist and other criminal activities that threaten water operations, facilities and supplies.

Oppose efforts that:

a. Create unnecessary, costly, or duplicative security mandates.

Optimize District Effectiveness

Support efforts to:

~~a. Continue to reform Workers Compensation.~~
~~b.~~a. Give utilities the ability to avoid critical peak energy pricing or negotiate energy contracts that save ratepayers money.
~~c.~~b. Develop reasonable Air Pollution Control District engine permitting requirements.
~~d.~~c. Reimburse or reduce local government mandates.
~~e.~~d. Allow public agencies to continue offering defined benefit plans.
~~f.~~e. Result in predictable costs and benefits for employees and taxpayers.
~~g.~~f. Eliminate abuses.
~~h.~~g. Retain local control of pension systems.
~~i.~~h. Be constitutional, federally legal and technically possible.

Oppose efforts that:

a. Restrict the use of, or reallocate, district property tax revenues to the detriment of special districts.
b. Create unrealistic ergonomic protocol.
c. Micromanage special district operations.
d. Balance the state budget by allowing regulatory agencies to increase permitting fees.
e. Tax dependent benefits.

Otay Water District ~~2012~~ 2013 Legislative Program

Bi-National Initiatives

Support efforts to:

a. Promote and finance cross-border infrastructure development such as water pipelines, desalination plants or water treatment facilities to serve the border region.
b. Develop cooperative and collaborative solutions to cross-border issues.
c. Develop and enhance communications and understanding of the interdependence of communities on both sides of the border with the goal of improved cross-border cooperation.

Oppose efforts that:

a. Usurp local control over the financing and construction of water supply and infrastructure projects in the San Diego/Baja California region.

Water Bonds

Support efforts to:

a) Provide an equitable share of funding to San Diego County, with major funding categories being divided by county and funded on a per-capita basis to ensure bond proceeds are distributed throughout the state in proportion to taxpayers' payments on the bonds.
~~b) Focus on statewide priorities, including construction of an approved method of conveyance of water through or around the Delta that provides water supply reliability to the Delta water uses, promotion of greater regional and local self-sufficiency, surface storage and promotion of water use efficiency.~~
~~c) Provides for the state's share of funding for Bay-Delta conveyance projects.~~
~~d)~~b) Provide fund for water infrastructure that resolves conflicts in the state's water system and provides long-term benefits to water supply, reliability, water quality and ecosystem restoration.
~~e)~~c) Give primary consideration to funding priorities established by local and regional entities through their IRWM planning process.
d) Ensure~~s~~ that the application process for funding is not unnecessarily burdensome and costly, with an emphasis on streamlining the process.
e) Fund emergency and carryover storage projects including those in San Diego County.
f) Consolidate administration of all voter-approved water-related bond funding in one place, preserves existing expertise within the state bureaucracy to manage bond funding processes, and provides consistent application and evaluation of bond funding applications.

Otay Water District ~~2012~~ 2013 Legislative Program

Oppose efforts that:

a) Do not provide an equitable share of funding to San Diego County, based on the San Diego County taxpayers' proportional contribution to repayment of the bond.
b) Do not provide funding for infrastructure that resolves statewide or regional conflicts of water supplies.
c) Do not provide funding that result in net increases in real water supply and water supply reliability.

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	March 6, 2013
SUBMITTED BY:	Jeff Marchioro Senior Civil Engineer Ron Ripperger Engineering Manager	PROJECT:	P2477-001103 DIV. NO. 1
APPROVED BY:	☒ Rod Posada, Chief, Engineering ☒ German Alvarez, Asst. General Manager ☒ Mark Watton, General Manager		
SUBJECT:	Approve Change Order No. 1 to the Contract with Layfield Environmental Systems Corporation for the 624-1 Reservoir Project and Increase the CIP P2477 Budget in an amount of $200,000		

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) approve Change Order No. 1 to the existing contract with Layfield Environmental Systems Corporation (Layfield) in an amount not-to-exceed $183,026 for the Floating Cover Replacement at the 624-1 Reservoir Project and to increase the CIP P2477 budget in the amount of $200,000 (see Exhibit A for Project location).

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To obtain Board authorization for the General Manager to approve Change Order No. 1 (see Exhibit B) to the existing contract with Layfield in an amount not-to-exceed $183,026 for the Floating Cover Replacement at the 624-1 Reservoir Project and to increase the CIP P2477 budget in the amount of $200,000.

ANALYSIS:

At the October 9, 2012 Board Meeting, the Board awarded a construction contract in an amount of $497,050 to Layfield to replace the 624-1 Reservoir floating cover and protect, clean, and inspect the existing liner.

The reservoir was originally fitted with a chlorosulfanated polyethylene (CSPE) cover which is also known as "hypalon" in the early 1980's. The reservoir was most recently improved and fitted with a reinforced polypropylene (RPP) liner and floating cover in 1999. The RPP floating cover had been repeatedly repaired to maintain the integrity of the cover material; however, it became cost prohibitive to continue to repair the existing cover. It was reasonable to expect that the existing liner was in good condition based on manufacturer specifications, the annual dive videos, and observations made during a previous spot repair of the liner. In addition, it is reasonable to expect that the cover deteriorated more quickly compared to the liner because only the cover was exposed to sunlight. The cover protected the liner from UV degradation.

Layfield demolished and began cleaning the liner the week of January 28, 2013. During the cleaning, it was observed that the liner had small bubbles on the surface of it that were mostly concentrated around the inlet, in the northeast corner of the reservoir. While lightly brushing the surface with soft bristled brooms, Layfield noticed that a thin layer (approximately 2 mils thick) was beginning to peel from the liner surface in long strips. The bubbling and peeling issue appeared to extend up the slope about seven feet. Layfield also noticed seam failures along the butt seam at the toe of slope.

Layfield recommended total replacement of the liner based on their theory that all liner seams have failed or will continue to fail due to liner peeling; however, a leak test performed on the bottom of the reservoir did not find leaks. Leak testing at the toe of the slope and in the slopes were inconclusive. The peeling thin layer could slough off and enter the distribution system and damage mechanical systems. Layfield stated that they have never seen this type of failure before.

Staff performed a life cycled cost analysis for the replacement of the liner and cover with different material combinations (unreinforced polypropylene liner/RPP cover, RPP liner/RPP cover, RPP liner/CSPE cover, and CSPE liner/RPP cover) and concluded that RPP liner/RPP cover was the best alternative based on five (5) options quoted by Layfield. The analysis considered replacement frequencies of materials with dissimilar warranties for the various material combinations. The advantage of the RPP liner/RPP cover option was

that the liner and cover would have the same warranty duration (20-years). Also, Layfield would take the partially fabricated and delivered RPP material currently intended for the cover and install it as the liner to minimize the amount of time that the reservoir will be out of service.

Staff recommends Layfield for the liner replacement work because Layfield's quotations appeared competitive and fair based on a detailed review of Layfield's bid proposal/schedule of values and a review of cost estimates in the design consultant's (Atkin's) preliminary design report. Competitively bidding and/or contracting the liner replacement work separately is not pragmatic. A single contractor should complete installation of both the liner and cover to provide a single point of responsibility. As detailed in the October 9, 2012 staff report, there are very few contractors in the continental United States that are commonly known to install the "mechanically tensioned" style cover that is currently in use at the 624-1 Reservoir; and it is unlikely that qualified non-local contractors can compete with Layfield on this Change Order.

The liner and cover material installed in 1999 was provided with a 20-year warranty. Layfield reported that the material manufacturer (JPS Elastomerics Corp.) is no longer in business. A sample warranty provided in the 1999 membrane material construction submittal implies that the warranty covers material replacement cost based on the prorated amount of time in service only. Staff did not pursue a warranty claim for the cover because the cover previously required spot repairs and the warranty provides material replacement for only the spot repairs. The liner appears to have a complete failure which may facilitate a warranty claim for the liner. Based on the amount of time remaining in the warranty, and the approximate current liner material cost ($100,000), a possible warranty claim amount would be on the order of $25,000 for the liner only. Staff is discussing options with Legal Counsel.

FISCAL IMPACT: ☒ Joe Beachem, Chief Financial Officer

The Fiscal Year 2013 budget for CIP P2477 is $800,000. Total expenditures, plus outstanding commitments and forecast, including this contract, are $1,000,000. See Attachment B for budget detail.

Based on a review of the financial budget, the Project Manager anticipates that with a budget increase of $200,000 the Project will be completed within the new budget amount of $1,000,000.

Finance has determined that 100% of the funding is available from the Replacement Fund for CIP P2477 including the $200,000 increase in budget. It anticipated that the actual overall CIP expenditures in

Fiscal Year 2013 will be well below the overall CIP budget making sufficient reserves available to fund this budget increase. The impact to the rolling 6-year CIP budget (fiscal years 2013 through 2019 budget) would be minor.

STRATEGIC GOAL:

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

LEGAL IMPACT:

Staff is discussing options for a possible warranty claim against the defunct material manufacturer (JPS Elastomerics Corp.) and/or JPS's insurer (see discussion above).

JM/RR:jf
P:\WORKING\CIP P2477 Reservoir Cover Replacement\Staff Reports\BD 3-6-13, Staff Report, 624-1 Res Floating Cvr Repl.docx

Attachments: Attachment A – Committee Action
Attachment B – Budget Detail
Exhibit A – Location Map
Exhibit B – Change Order No. 1
Exhibit C – Presentation

ATTACHMENT A

SUBJECT/PROJECT: P2477-001103	Approve Change Order No. 1 to the Contract with Layfield Environmental Systems Corporation for the 624-1 Reservoir Project and Increase the CIP P2477 Budget in an amount of $200,000

COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee (Committee) reviewed this item at a meeting held on February 21, 2013, and the following comments were made:

- Staff requested that the Board approve Change Order No. 1 to the existing contract with Layfield Environmental Systems Corporation (Layfield) in an amount not-to-exceed $183,026 for the Floating Cover Replacement at the 624-1 Reservoir Project and increase the CIP P2477 budget in the amount of $200,000.

- Staff indicated that the Project includes a floating cover replacement at an existing 12MG earthen reservoir. It was noted that the reservoir was previously fitted with a Hypalon cover in the early 1980s, and most recently fitted with a polypropylene cover in 1999. Staff stated that replacing floating covers and liners is a normal maintenance item.

- As part of routine operations, divers inspect and video the interior of the District's reservoirs annually. A video from 2009 was provided that showed a diver tugging on a sacrificial scratch pad to provide a better understanding of liner material integrity, which both were made of the same material. It was noted that there was no indication in the video that the liner had lost its integrity; however, minor liner and sacrificial scratch pad repair work was anticipated in the Project when the cover replacement project went out for bid.

- Staff stated that after draining the Reservoir, Layfield observed a failure at the liner where a thin layer of material was easily peeling. Layfield and District staff were concerned that the entire liner and all seams were compromised and that the peeling thin layer could slough off and cause damage in the distribution system. It could result in material getting stuck at a valve, customer meter, or in a private plumbing system;

therefore, Layfield recommended total replacement of the liner. Staff noted that there was no indication in the dive video that the liner had lost its integrity.

- Staff is discussing options to pursue a warranty claim with Legal Counsel since the liner and cover material installed in 1999 was provided with a 20-year warranty. However, the material manufacturer is no longer in business and the warranty appears to cover material replacement cost based on the prorated amount of time in service only. It was noted that a possible warranty claim amount would be on the order of $25,000 for the liner only, based on the amount of time remaining in the warranty and current liner material cost. Staff did not pursue a warranty claim for the cover because the cover previously required spot repairs and the warranty provides material replacement for only the spot repairs.

- Staff provided a slide that showed Layfield's website to highlight that the company is well-established and well recognized as a leader for development of the floating covers.

- Layfield provided 5 different quotation options for different combinations material, which District staff analyzed and performed a life cycle cost analysis of the quotes. Staff determined that Layfield's quotes were competitive and fair and that a polypropylene cover and liner was the best option. It is unlikely that qualified non-local contractors can compete with Layfield on this Change Order.

- The Committee commented that the cover should be included in a warranty claim and inquired if the material manufacturer was still in business at that time when the 2009 dive video was filmed. Staff stated that they are not sure when the materials company went out of business, but did indicate that the company who installed the cover (CW Neal which was acquired by Layfield) was still in business.

- In response to an inquiry from the Committee, it was indicated that Legal Counsel is aware of the warranty issue and will consult with District staff, the material manufacturer's insurance company, and possibly Layfield to develop a better understanding of the District's options.

- The Committee commented that the photos and videos in the PowerPoint presentation were helpful to understand why liner replacement should be added to the Project.

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

ATTACHMENT B

SUBJECT/PROJECT: P2477-001103	Approve Change Order No. 1 to the Contract with Layfield Environmental Systems Corporation for the 624-1 Reservoir Project and Increase the CIP P2477 Budget in an amount of $200,000

Otay Water District — **Date Updated: - 2/4/2013**

p2477-Res - 624-1 Reservoir Cover Replacement

Budget 1,000,000	*Committed*	*Expenditures*	*Outstanding Commitment & Forecast*	*Projected Final Cost*	*Vendor/Comments*
Planning					
Regulatory Agency Fees	50	50	-	50	PETTY CASH CUSTODIAN
Service Contracts	4,000	4,000	-	4,000	FIRST AMERICAN TITLE CO
Standard Salaries	18,083	18,083	-	18,083	
Total Planning	22,133	22,133	-	22,133	
Design					
Consultant Contracts	1,810	1,810	-	1,810	ALTA LAND SURVEYING INC
	68,540	68,540	-	68,540	ATKINS
Service Contracts	84	84	-	84	SAN DIEGO DAILY TRANSCRIPT
	1,062	1,062	-	1,062	LAYFIELD ENVIRONMENTAL SYSTEMS
	1,823	1,547	276	1,823	MAYER REPROGRAPHICS INC
Standard Salaries	44,228	44,228	-	44,228	
Total Design	117,547	117,271	276	117,547	
Construction					
Professional Legal Fees	244	244	-	244	STUTZ ARTIANO SHINOFF
Service Contracts	2,000	2,000	-	2,000	DIVE/CORR INC
2009 Repair	16,104	16,104	-	16,104	LAYFIELD ENVIRONMENTAL SYSTEMS
Cover Replacement	497,050	-	497,050	497,050	LAYFIELD ENVIRONMENTAL SYSTEMS
Liner Replacement			183,026	183,026	LAYFIELD ENVIRONMENTAL SYSTEMS
Standard Salaries	20,002	20,002	90,494	110,496	
			26,400	26,400	ALYSON CONSULTING
			15,000	15,000	CONTINGENCY @ 3%
			10,000	10,000	CLOSEOUT
Total Construction	535,400	38,350	821,970	860,320	
Grand Total	**675,080**	**177,754**	**822,246**	**1,000,000**	

OTAY WATER DISTRICT

624-1 RESERVOIR FLOATING COVER REPLACEMENT
LOCATION MAP

CIP P2477

EXHIBIT A

P:\WORKING\CIP P2477 Reservoir Cover Replacement\Graphics\Exhibits-Figures\Exhibit A, Location Map.mxd

EXHIBIT B

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

CONTRACT/P.O. CHANGE ORDER No. 1

PROJECT/ITEM: Reservoir 624-1 Floating Cover Replacement Project
CONTRACTOR/VENDOR: Layfield Environmental Systems **REF.CIP No.:** P2477-001103
APPROVED BY: Board **REF. P.O. No:** 716855 **DATE:** 02/12/13

DESCRIPTION:

This Change Order provides for replacement of the existing 624-1 liner pursuant to RFP 01.

REASON:

Subsequent to reservoir draining and liner cleaning activities a differing site condition was discovered. The existing liner material is blistered resulting in an approximate 2 mil delamination within the top layer of liner material when scrubbed as part of the cleaning process. The blistering was not evident in design inspection video or analysis and may result in premature liner failure. This Change Order is necessary to resolve all costs associated with Contractor Change Order Request No. 01 and RFP 001 for liner replacement.

CHANGE P.O. TO READ:

Revise Contract to add $183,026.00 and add 28 days time for a total Contract amount of $680,076.00 with a Contract Duration of 168 Calendar Days.

ORIGINAL CONTRACT/P.O. AMOUNT:	$	497,050.00
ADJUSTED AMOUNT FROM PREVIOUS CHANGE:	$	0.00
TOTAL COST OF THIS CHANGE ORDER:	$	183,026.00
NEW CONTRACT/P.O. AMOUNT IS:	$	680,076.00
ORIGINAL CONTRACT COMPLETION DATE:		04/05/13
CONTRACT/P.O. TIME AFFECTED BY THIS CHANGE:		Yes
REVISED CONTRACT COMPLETION DATE:		05/03/13

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

CONTRACTOR/VENDOR:

SIGNATURE: _____
NAME : DAVID OTT
TITLE: PROJECT MANAGER DATE : 2/13/13
COMPANY & ADDRESS: LAYFIELD ENVIRONMENTAL SYSTEMS
2500 SWEETWATER SPRINGS BLVD
SPRING VALLEY, CA 91978

STAFF APPROVALS:

PROJ. MGR : _____ DATE: 2/13/13
DIV. MGR : _____ DATE: _____
CHIEF: _____ DATE: _____
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

Reservoir 624-1 Floating Cover Replacement **P2477-001103**

C.O.	AMOUNT	APPROVED BY	APPROVED DATE	DESCRIPTION	TYPE C.O.
1	$183,026.00	Board		Replace Existing Liner	
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
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28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					

Total C.O.'s To Date:	$183,026.00	36.8%
Original Contract Amount:	$497,050.00	
Current Contract Amount:	$680,076.00	

Change Order Breakdown for the Month:

Month	Net C.O.$	Limit	Authorization	Absolute C.O.$	Absolute C.O. %
2/13	$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%

OTAYWATERDISTRICT

EXHIBIT C

Change Order No. 1 and Budget Increase for:

Reservoir 624-1 (Patzig) Floating Cover Replacement

March 6, 2013

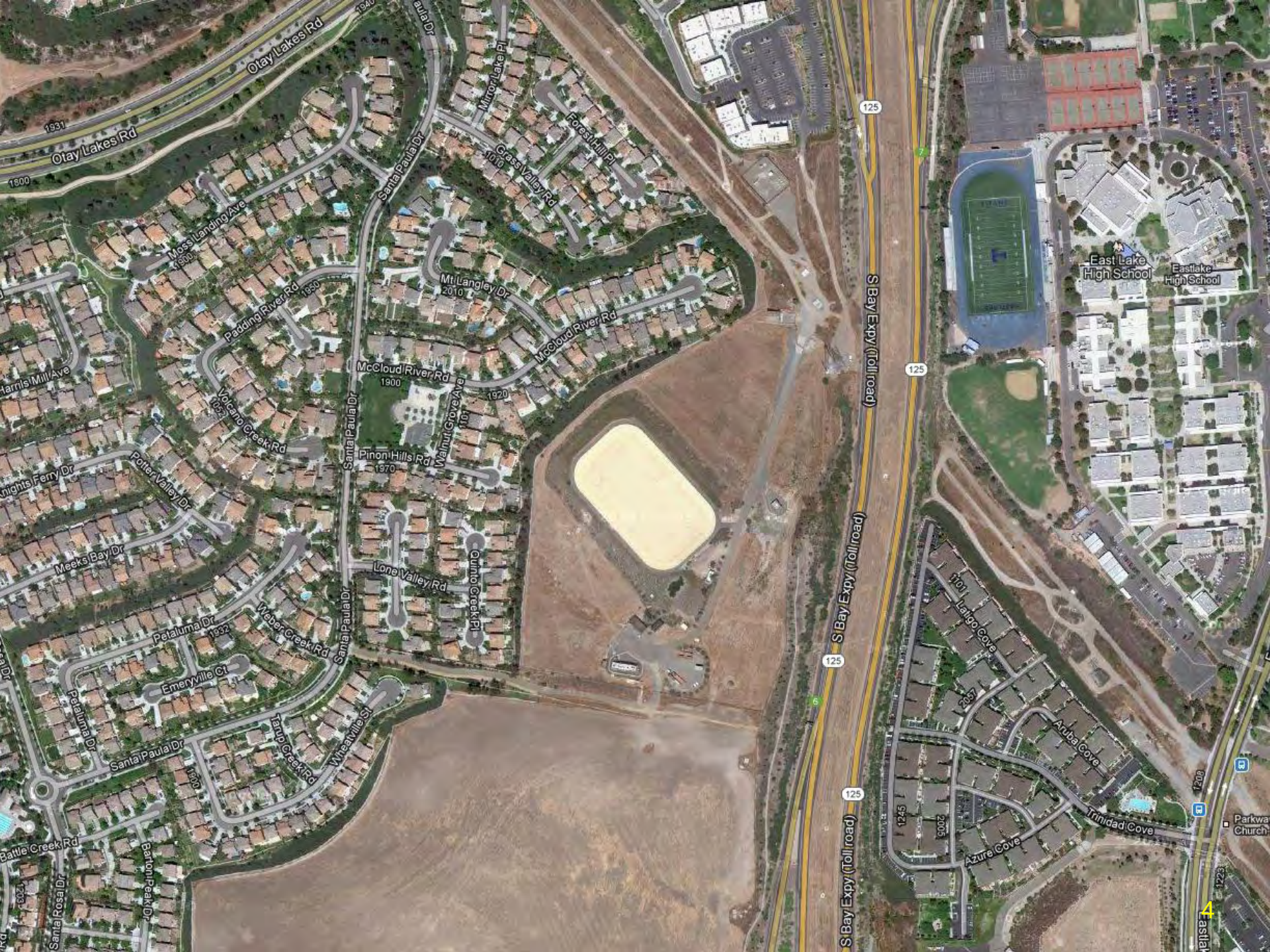
Presentation Outline

1. Project Overview
2. Existing Reservoir Description
3. Demolition
4. Change Order/Budget Increase
5. Schedule

Project Overview

Potable water reservoir cover/liner replacement

- 12.4 million gallon
- Originally used for agriculture.
- Chlorosulfanated polyethylene (CSPE) cover which is also known as “hypalon” in the early 80’s
- Reinforced polypropylene (RPP) liner and floating cover in 1999.
- Normal maintenance (15-20 year frequency)


Otay Lakes Rd
Otay Lakes Rd
Santa Paula Dr
Mirror Lake Pl
Forest Hill Pl
Grass Valley Rd
Moss Landing Ave
Padding River Rd
Mt Langley Dr
McCloud River Rd
McCloud River Rd
Harris Mill Ave
Volcano Creek Rd
Walnut Grove Ave
Pinon Hills Rd
Potter Valley Dr
Knights Ferry Dr
Meeks Bay Dr
Lone Valley Rd
Quinto Creek Pl
Weber Creek Rd
Petaluma Dr
Emeryville Ct
Tamp Creek Rd
Wheatville St
Santa Paula Dr
Battle Creek Rd
Bartoni Peak Dr
Santa Rosa Dr
S Bay Expy (Toll road)
S Bay Expy (Toll road)
S Bay Expy (Toll road)
East Lake High School
Eastlake High School
Lanigo Cove
Aruba Cove
Trinidad Cove
Azure Cove
Parkwa Church
Eastlak
4

01.22.2013 14:47

01.25.2013 11:04

01.25.2013 11:12

01.25.2013 11:13

LAYFIELD

Floating Cover Systems

With over 25 years experience, Layfield Environmental Systems Corp is recognized as a global leader in the design, fabrication and installation of floating cover systems.

Our floating covers are designed using state of the art, high performance geomembrane materials and proprietary Layfield cover technology, designed to meet a wide range of project applications.

We offer a full range of services including design, fabrication, installation, and maintenance programs for the North American market. Layfield also has extensive experience providing our cover systems in a variety of international markets. We take pride in providing our high quality products and services on a bid or design-build basis.

Our cover systems are commonly used in a variety of applications ranging from:

Drinking Water:

- Prevent Contamination
- Improve Water Quality
- Reduce Treatment Costs & Trihalomethane (THM) levels
- Eliminate Evaporation Losses
- Improve Security
- Meet Health Services Standards

Process and Wastewater:

- Odor Control
- Methane Gas Collection
- Power & Heat Generation
- Waste Reduction
- Pollution Control & Contamination Prevention
- Meets Health Services Standards
- Modular Insulated Covers

Change Order

- Life Cycle Cost analysis of five different Layfield quoted options with different combinations of materials
- Layfield's quotations appeared competitive and fair
- $183,026 Change Order
- $200,000 CIP budget increase
- 1 month time increase

Project Schedule

- Contract Award Oct 2012 (complete)
- Demolition of existing cover Jan 2013 (complete)
- Installation of new liner/cover Mar 2013
- Construction Completion April 2013

Questions?

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	March 6, 2013		
SUBMITTED BY:	Dan Martin Engineering Manager	PROJECT:	P2514-001103	DIV. NO.	5
APPROVED BY:	☒ Rod Posada, Chief, Engineering ☒ German Alvarez, Assistant General Manager ☒ Mark Watton, General Manager				
SUBJECT:	Approve Change Order No. 1 to the Contract with Sepulveda Construction for the 30-Inch Potable Water Pipeline in Hunte Parkway Project and Increase the CIP P2514 Budget in the amount of $135,000				

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) approve Change Order No. 1 to the existing contract with Sepulveda Construction in an amount not-to-exceed of $109,223.44 for the 30-Inch Potable Water Pipeline in Hunte Parkway Project and to authorize an increase in the amount of $135,000 to an overall budget of $1,685,000 (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 in an amount not-to-exceed $109,223.44 to the existing contract with Sepulveda Construction for the 30-Inch Potable Water Pipeline in Hunte Parkway Project and obtain Board approval to increase the CIP P2514 budget in the amount of $135,000.

ANALYSIS:

At the March 7, 2012 Board Meeting, the Board awarded a construction contract in an amount of $1,212,257.13 to Sepulveda Construction for the 30-Inch Potable Water Pipeline in Hunte Parkway Project.

The Project consists of the installation of approximately 2,240 linear feet of 30-inch polyurethane coated, cement mortar lined, steel cylinder potable water pipeline in Hunte Parkway from Proctor Valley Road to the entrance of the District's Use Area adjacent to the Salt Creek Golf Course in Chula Vista.

This pipeline is needed to eliminate high head losses experienced during the morning peak demand periods in the existing 980 Pressure Zone. The pipeline is being installed parallel to the existing 20-inch 980 Pipeline in Hunte Parkway and will also serve to eliminate the low pressures currently experienced in the 980 Zone.

Change Order No. 1 (Exhibit B) includes a variety of items related to multiple utility conflicts that were discovered during construction which required a redesign of the water main. These utility conflicts include existing electrical, gas, cable television, sewer, and irrigation controller conduits which in summary were either not shown or shown in a different location than included in the original contract plans. Additionally, the contractor encountered caving soils on the Project and an additional 30-inch Class 150 Butterfly Valve was required, but not reflected in the quantities of the contract's Bid Schedule. The costs associated with these items total $140,548.51.

Lastly, this Change Order provides a credit for the use of existing native material determined during construction to be suitable for the purposes of backfilling the trench zone for the water line in lieu of the decomposed granite material required by the contract. This credit also provides for the disposal of displaced native material from the pipe zone and aggregate base from the existing structural section located within the trench zone at the District's Salt Creek off-site area. The credit associated with these changes is <$31,325.07>.

The following is a table summarizing the cost items in Change Order No. 1. A more detailed description of each item is provided in Exhibit B:

Item	Description	Amount
1	New alignment due to utility conflicts and Irrigation Controller line relocations. Caving soils. Additional 30-inch Class 150 Butterfly Valve.	$140,548.51
2	Use of existing native material/disposal site	<$31,325.07>
	Total	**$109,223.44**

Change Order No. 1 also addresses contract time as a result of the items included in the Change Order. A detailed assessment of the time associated with each change is provided in Exhibit B. In total, 124 days will be added to the contract which will result in a revised total contract duration of 334 calendar days as a result of this Change Order. Additional support for inspection and contract administration will be required to support the contract through completion. A forecast for these activities, along with a contingency for the remaining work, is included in the overall budget increase request.

In summary, the net increase to the Project for Change Order No. 1 is $109,223.44 and 124 calendar days. The budget increase request associated with the changes included in Change Order No. 1, additional inspection, contract administration and contingency is $135,000 which amounts to an 8.7% increase in the Project budget.

FISCAL IMPACT: ☒ Joe Beachem, Chief Financial Officer

The total budget for CIP P2514, as approved in the FY 2013 budget, is $1,550,000. Total expenditures, plus outstanding commitments and forecast, are $1,684,837.00. See Attachment B for budget detail.

Based on a review of the financial budgets, the Project Manager anticipates that with a budget increase of $135,000 the Project will be completed within the new budget amount of $1,685,000.

Finance has determined that 100% of the funding is available from the Expansion Fund for CIP P2514.

STRATEGIC GOAL:

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

LEGAL IMPACT:

None.

DM:jf
P:\WORKING\CIP P2514 PL-30-Inch, 980 Zone, Hunte Pkwy - Proctor Valley\Staff Reports\CO 01\BD 03-06-2013, Change Order No 1 to Sepulveda Construction, (DM).docx

Attachments: Attachment A – Committee Action
Attachment B – P2514 Budget Detail
Exhibit A – Location Map
Exhibit B – Change Order No. 1

ATTACHMENT A

SUBJECT/PROJECT: P2514-001103	Approve Change Order No. 1 to the Contract with Sepulveda Construction for the 30-Inch Potable Water Pipeline in Hunte Parkway Project and increase the CIP Budget for CIP P2514 in an amount not-to-exceed $135,000

COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee (Committee) reviewed this item at a meeting held on February 21, 2013, and the following comments were made:

- Staff recommended that the Board approve Change Order No. 1 to the existing contract with Sepulveda Construction in an amount not-to-exceed of $109,223.44 for the 30-Inch Potable Water Pipeline in Hunte Parkway Project (Project) and authorize an increase in the amount of $135,000 to an overall budget of $1,685,000.

- Staff provided a background of the Project and indicated that the pipeline is needed to eliminate high head losses experienced during the morning peak demand periods in the existing 980 Pressure Zone.

- It was noted that at the March 7, 2012 Board Meeting, the Board awarded a construction contract to Sepulveda Construction in an amount of $1,212,257.13 for this project.

- Staff stated that Change Order No. 1 is for a variety of items which are listed on page 2 of the staff report. It was noted that an additional 30-inch Class 150 Butterfly Valve was required and that the contractor encountered caving soils on the project.

- Staff indicated that Change Order No. 1 also provides a credit for the use of existing native material determined during construction to be satisfactory for use as trench backfill material. Details are provided on page 2 of the staff report.

- It was noted that the Change Order results in a net increase to the project of $109,223.44 and the addition of 124 calendar days.

A budget increase request of $135,000 is also included to provide funding for the Change Order. See Exhibit B for details.

- Staff indicated that the budget increase will also provide for additional inspection, contract administration and contingency for the remaining work.

- The overall progress of the work is approximately 82% complete and the contractor is on schedule to complete the work within the contract time established by the Change Order. Staff indicated that the remaining work includes testing the new line, completion of tie-in's, curb and gutter replacement, and final paving.

- In response to a question by the Committee, staff indicated that it is possible for District staff to install the Project's 30-inch Class 150 Butterfly Valve themselves. However, it wouldn't save the District money because the District would have to consider staff time, the hiring of traffic control, no warranty on the valve installation, and potential liabilities. Staff believes it would be more beneficial to have the contractor install the 30-inch Class 150 Butterfly Valve instead of District staff.

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

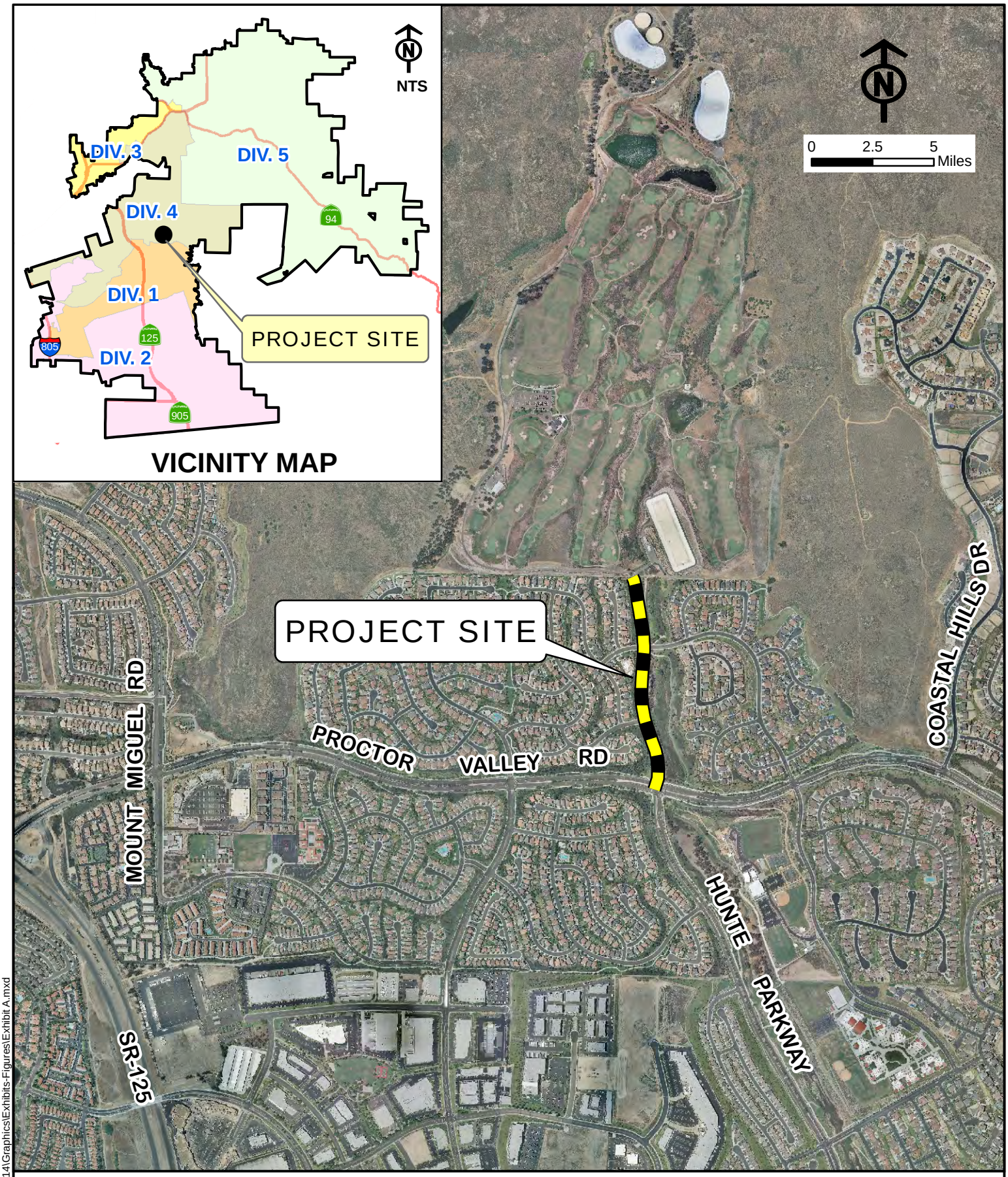
ATTACHMENT B – Budget Detail

SUBJECT/PROJECT: P2514-001103	Approve Change Order No. 1 to the Contract with Sepulveda Construction for the 30-Inch Potable Water Pipeline in Hunte Parkway Project and increase the CIP Budget for CIP P2514 in an amount not-to-exceed $135,000

Otay Water District
p2514-PL-30-Inch, 980 Zone, Hunte Pkwy - Proct

Date Updated: 1/31/2013

Budget 1,550,000	Committed	Expenditures	Outstanding Commitment & Forecast	Projected Final Cost	Vendor/Comments
Planning					
Consultant Contracts	4,000	4,000	-	4,000	JAMES NAUGHTON JR, MAI
Service Contracts	295	295	-	295	SAN DIEGO UNION-TRIBUNE LLC
Settlements	1,080	1,080	-	1,080	ROLLING HILLS RANCH COMM ASSN
Standard Salaries	974	974	-	974	
Total Planning	6,349	6,349	-	6,349	
Design					
Consultant Contracts	5,252	5,252	-	5,252	CPM PARTNERS INC
	750	750	-	750	PROGRESSIVE MAPPING
	4,919	4,919	-	4,919	V & A CONSULTING ENGINEERS
Professional Legal Fees	2,300	2,300	-	2,300	STUTZ ARTIANO SHINOFF
Service Contracts	295	295	-	295	SAN DIEGO UNION-TRIBUNE LLC
	70	70	-	70	SAN DIEGO DAILY TRANSCRIPT
	4,300	4,300	-	4,300	CITY OF CHULA VISTA
	10,600	10,600	-	10,600	UNDERGROUND SOLUTIONS INC
Standard Salaries	100,102	100,102	-	100,102	
Total Design	128,587	128,587	-	128,587	
Construction					
Construction Contracts	1,212,257	980,201	232,056	1,212,257	SEPULVEDA CONSTRUCTION INC
	109,223		109,223	109,223	Change Order No. 1
Consultant Contracts	638	638	-	638	MARSTON+MARSTON INC
	34,000	16,800	17,200	34,000	ALYSON CONSULTING
Postage	127	127	-	127	PETTY CASH CUSTODIAN
Professional Legal Fees	370	370	-	370	STUTZ ARTIANO SHINOFF
Regulatory Agency Fees	18,660	11,160	7,500	18,660	CITY OF CHULA VISTA
Service Contracts	562	562	-	562	MAIL MANAGEMENT GROUP INC
	5,746	5,746	-	5,746	MAYER REPROGRAPHICS INC
	68	68	-	68	SAN DIEGO DAILY TRANSCRIPT
Standard Salaries	141,250	125,226	16,024	141,250	
	27,000	-	27,000	27,000	10% CONTINGENCY ON REMAINING WORK
	-	-	-	-	
	-	-	-	-	
Total Construction	1,549,901	1,140,897	409,004	1,549,901	
Grand Total	1,684,837	1,275,833	409,004	1,684,837	



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OTAY WATER DISTRICT

30-INCH POTABLE WATER PIPELINE IN HUNTE PARKWAY
LOCATION MAP

CIP P2514

EXHIBIT A

EXHIBIT B

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

CONTRACT/P.O. CHANGE ORDER No. 1

PROJECT/ITEM: 30-Inch Potable Water Pipeline in Hunte Parkway
CONTRACTOR/VENDOR: Sepulveda Construction **REF.CIP No.:** P2514-001103
APPROVED BY: Assistant GM **REF. P.O. No:** 715949 **DATE:** 1/16/13

DESCRIPTION:

See attached page 2 of 3 for continuation.

REASON:

See attached page 3 of 3 for continuation.

CHANGE P.O. TO READ:

Revise Contract to add $109,223.44 and add 124 days time for a total Contract amount of $1,321,180.57 with a Contract Duration of 334 Calendar Days.

ORIGINAL CONTRACT/P.O. AMOUNT:	$	1,212,257.13
ADJUSTED AMOUNT FROM PREVIOUS CHANGE:	$	0.00
TOTAL COST OF THIS CHANGE ORDER:	$	109,223.44
NEW CONTRACT/P.O. AMOUNT IS:	$	1,321,180.57
ORIGINAL CONTRACT COMPLETION DATE:		11/14/12
CONTRACT/P.O. TIME AFFECTED BY THIS CHANGE:		Yes
REVISED CONTRACT COMPLETION DATE:		3/18/13

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

CONTRACTOR/VENDOR:

SIGNATURE: [signature]
NAME: PETER LIU
TITLE: Principal DATE: 1/17/2013
COMPANY & ADDRESS: Sepulveda Construction
233 W Cerritos Ave
Anaheim, CA 92805

STAFF APPROVALS:

PROJ. MGR: [signature] DATE: 1/17/13
DIV. MGR: DATE:
CHIEF: DATE:
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

Description of Work

Description	Increase	Decrease	Time
Item No. 1: This Change Order increases the amount allocated for Bid Item 6, 30-Inch Class 150 Butterfly Valves by $22,333.88 to a new authorized amount of $67,001.64. (Add 1 EA at $22,333.88 / EA)	$22,333.88		15
Item No. 2: This Change Order provides for time related to the use of the Unknown Utilities Allowance associated with re-survey of Drawings C-1, C-2 and C-4 Revisions 1 and 2 resulting from unknown utilities.	$0.00	$0.00	11
Item No. 3: This Change Order adds 11 calendar days due to rain impacts per Contract Specifications 00700-8.5.	$0.00	$0.00	11
Item No. 4: This Change Order provides for realignment and profile modifications of the 30-inch pipeline between Stations 11+67 and 32+50 due to multiple utility conflicts per Drawings C-1, C-2 and C-4 Revisions 1 and 2.	$31,144.00		19
Item No. 5: This Change Order provides a credit for use of native soil material in the pipe zone in lieu of required decomposed granite material and allowing the Contractor to dispose of displaced native soil material at the District's Salt Creek off-site mitigation area.		$31,325.07	0
Item No. 6: This Change Order provides for modifications of the 30-inch pipeline between Stations 10+00 and 11+67 due to an unknown and conflicting electrical ductbank per Drawing C-1 Revision 3.	$46,654.88		49
Item No. 7: This Change Order provides for added costs to relocate unknown irrigation control conduits and wires located between Stations 10+00 and 10+30.	$11,426.07		2
Item No. 8: This Change Order provides for added costs to relocate unknown irrigation control conduits and wires located between Stations 24+75 and 25+77.	$13,924.68		3
Item No. 9: This Change Order provides for added costs associated with loose and caving soils at Station 24+50 which could not reasonably have been anticipated.	$15,065.00		14
Sub Total Amount	$140,548.51	$31,325.07	124
Total Net Change Order Amount	$109,223.44		

Revisions to: BID SCHEDULE

Item #	Description	Quantity	Unit	Unit Price	Amount
6	30-Inch Class 150 Butterfly Valve	3	EA	$22,333.88	$67,001.64

Reason:

Item No. 1:

The Contract Bid Item No. 6, 30-Inch Class 150 Butterfly Valve, quantity required an increase due to field conditions.

Item No. 2:

The Contract Allowance Bid Item, Item No. 11, Unknown or Unidentified Utilities Allowance, was utilized twice to account for additional scope associated with conflicting utilities (Contractor's Change Order Request No.'s 2 and 3). Costs were accounted via the Contractual Allowance, however it was agreed that the added scope cumulatively resulted in an 11 calendar day extension to the Contract. This change is necessary to provide the time extension agreed upon to resolve all costs associated with Contractor Change Order Request No.'s 02 and 03.

Item No. 3:

Contract Documents Section 00700-8.5 provides for no cost time extensions due to weather impacts on the project progress. Weather impacted the project eleven (11) days between October 2012 and December 2012. October 11, 12, 2012, November 8, 9, 29, 30, 2012 and December 13, 14, 17, 18, 26, 2012.

Item No. 4:

Resulting from Contract required potholing of utilities; multiple utilities were discovered to be deeper than shown on utility record drawings. This discovery resulted in the need to lower portions of the pipeline profile resulting in additional pipe length and soil excavation/backfill. This Change Order is necessary to resolve all costs associated with Contractor Change Order Request No. 04 and the issuance of Drawings C-1 and C-2 Delta 2 Revisions associated with these modifications.

Item No. 5:

Resulting from construction operations it was determined that native soil materials were suitable for use in the pipe zone and the District could benefit from the proximity of the District's Salt Creek off-site mitigation area for disposal of displaced native soil. This Change Order is necessary to allow the District to realize the credit for the reduced contractual scope associated with Contractor Change Order Request No. 06 associated with these modifications.

Item No. 6:

Subsequent to potholing and during excavation for the 30-inch mainline it was discovered that an existing electrical ductbank between stations 10+00 and 11+57 was not shown on the drawings or found during potholing. This discovery resulted in the need to perform additional excavation to deepen the pipeline profile and added costs and time associated with re-fabrication of affected pipe joints to avoid conflicting with the unknown existing ductbank. This change is necessary to resolve all costs associated with Contractor Change Order Request No. 08 and the issuance of Drawing C-1 Delta 3 Revisions associated with this modification.

Item No. 7:

Subsequent to potholing and during excavation for the 30-inch mainline it was discovered that irrigation control conduits and conductors associated with the homeowner's association property between Stations ~10+00 and ~10+30 were not shown on record drawings or as part of field utility mark-out. This discovery resulted in the need to perform additional excavation and restoration work to relocate the conduits and conductors out of the 30-inch trenchline. This change is necessary to resolve all costs associated with Contractor Change Order Request No. 05.

Item No. 8:

Subsequent to potholing and during excavation for the 30-inch mainline it was discovered that irrigation control conduits and conductors associated with the homeowner's association property between Stations ~24+75 and ~25+77 were not shown on record drawings or as part of field utility mark-out. This discovery resulted in the need to perform additional excavation and restoration work to relocate the conduits and conductors out of the 30-inch trenchline. This change is necessary to resolve all costs associated with Contractor Change Order Request No. 07.

Item No. 9:

During excavation for pipeline installation between Stations ~24+50 and ~25+00 loose and caving soils were encountered that could not have been reasonably anticipated. The encountered soil conditions required changing shoring methods and resulted in time impacts to bring additional equipment to the project site to safely continue prosecution of the work. This change is necessary to resolve all costs associated with Contractor Change Order Request No. 12.

CHANGE ORDER LOG

CIP Title - 30-Inch Potable Water Pipeline in Hunte Parkway

Project: P2514

Consultant/Contractor: Sepulveda Construction

Subproject: 001103

C.O.	AMOUNT	APPROVED BY	APPROVED DATE	DESCRIPTION	TYPE C.O.
1	$109,223.44	Board		Nine Items: Includes resolution for various utility conflicts, a 30-inch butterfly valve, and compensation for impacts due to caving soils. Also adds 124 days to contract.	Owner
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Total C.O.'s To Date:	$109,223.44	9.0%
Original Contract Amount:	$1,212,257.13	
Current Contract Amount:	$1,321,480.57	

Month	Net C.O.$	Limit	Authorization	Absolute C.O.$	C.O. %
2/13	$109,223.44	$2,000	Insp		0.0%
		$5,000	PM/Sr. Engr.		0.0%
		$10,000	DivM		0.0%
		$15,000	Chief		0.0%
		$25,000	AGM		0.0%
		$50,000	GM		0.0%
		>$50000	Board	$109,223.44	9.0%

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	March 6, 2013		
SUBMITTED BY:	Bob Kennedy Senior Civil Engineer Ron Ripperger Engineering Manager	CIP./G.F. NO:	D0362-090131	DIV. NO.	2
APPROVED BY:	☒ Rod Posada, Chief, Engineering ☒ German Alvarez, Asst General Manager ☒ Mark Watton, General Manager				
SUBJECT:	Approval of Water Supply Assessment Report (January 2013) for the Otay Tech Centre Project				

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) approve the Water Supply Assessment Report (WSA Report) dated January 2013 for the Otay Tech Centre Project, as required by Senate Bill 610 (see Exhibit A for Project location).

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To obtain Board approval of the January 2013 WSA Report for the Otay Tech Centre Project, as required by Senate Bill 610 (SB 610).

ANALYSIS:

Sunroad Otay Partners, LP submitted an entitlement application to the County for the development of the 253.1 acre project (Otay Tech Centre Project). The fifty five (55) Industrial/Commercial lot tentative map is located within the East Otay Mesa Specific Plan of the County's General Plan. The Planning Commission on March 9, 2012 adopted the environmental findings and tentative map conditions for the Otay Tech Centre project including a condition to require a water supply assessment be submitted to the County of San Diego Department of

Planning and Land Use prior to the approval of any permits for the Otay Tech Centre Project.

SB 610 requires the agency conducting the environmental review to evaluate whether total water supplies will meet the projected water demand for certain "projects" that are otherwise subject to the requirement of the California Environmental Quality Act (CEQA). SB 610 provides its own definition of "project" in Water Code Section 10912. The County submitted a request for a WSA to the District and in response to such request, SB 610 requires that, upon request of the agency conducting the environmental review, a water purveyor, such as the District, prepare the water supply assessment to be included in the CEQA documentation.

The requirements of SB 610 are addressed by the WSA Report for the Otay Tech Centre Project. Prior to transmittal to the County, the WSA Report must be approved by the District Board. Additional information of the intent of SB 610 is provided in Exhibit B and the Otay Tech Centre Project WSA Report is attached as Exhibit C.

For the Otay Tech Centre Project, the County is the responsible agency that requested the SB 610 water supply assessment from the District, as the water purveyor for the proposed Otay Tech Centre Project. The request for the WSA Report, in compliance with SB 610 requirements, was made by the County because the Otay Tech Centre 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 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, as the proposed water purveyor for the Otay Tech Centre Project, does not have to comply with the requirements of Senate Bill 221 (SB 221) because the Project is an industrial development and SB 221 applies to residential subdivisions.

Pursuant to SB 610, the WSA Report incorporates by reference the current Urban Water Management Plans and other water resources planning documents of the District, the San Diego County Water Authority (Water Authority), and the Metropolitan Water District

of Southern California (MWD). The District prepared the WSA Report in consultation with Dexter Wilson Engineering, Inc. and the Water Authority which 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 Otay Tech Centre Project and other planned development projects within the District.

The expected potable water demand for the Otay Tech Centre Project is 159,510 gallons per day (gpd) or about 178.7 acre-feet per year (AFY). This is below the demands in the District's 2008 Water Resources Master Plan updated November 2010 which estimated 304.3 AFY for the same parcels, but assumed a higher commercial use for the property. The projected recycled water demand for the Otay Tech Centre Project is 20,580 gpd or 23.0 AFY, representing about 11% of the total Otay Tech Centre Project water demand.

MWD's Integrated Resource 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 2010 update to the IRP (2010 IRP Update) includes a water supply planning buffer to mitigate the risk 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 the establishment of the planning buffer, MWD periodically evaluates supply development to ensure that the region is not under- or over-developing supplies. If 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 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 coordinate their efforts in planning for new development and thus plan 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 water supply assessment and deliver it to the lead agency (County) within 90 days. The County's letter dated January 31, 2013 requested the WSA for the Otay Tech Centre Project. The deadline for the District to provide a Board approved WSA to the County is April 30, 2013. An extension can be requested to provide 30 additional days, if necessary.

Pursuant to 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 assessment and deliver it to the lead agency within 90 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.

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 are always present. The regional water supply agencies, the Water Authority, MWD, and the District nevertheless fully intend to have sufficient, reliable supplies to serve the Otay Tech Centre Project.

FISCAL IMPACT: ☒ Joe Beachem, Chief Financial Officer

The District has been reimbursed $8,000 for all costs associated with the preparation of the Otay Tech Centre Project WSA Report. The reimbursement was accomplished via a $8,000 deposit the Project proponents placed with the District on September 26, 2012.

STRATEGIC GOAL:

The preparation and approval of the Otay Tech Centre Project WSA Report supports the District's Mission statement, "To provide the best quality of water and wastewater services to the customers of the Otay Water District, in a professional, effective, and efficient manner" and the District's Strategic Goal, in planning for infrastructure and supply to meet current and future potable water demands.

LEGAL IMPACT:

Approval of a WSA Report for the Otay Tech Centre Project in form and content satisfactory to the Board of Directors would allow the District to comply with the requirements of Senate Bill 610.

BK/RR:jf
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Attachments: Attachment A – Committee Action
Exhibit A – Project Location Map
Exhibit B – Explanation of the Intent of SB 610
Exhibit C – Otay Tech Centre WSA Report
Exhibit D – Presentation

ATTACHMENT A

SUBJECT/PROJECT:	Approval of Water Supply Assessment Reports (January 2013) for the Otay Tech Centre Project and the Otay Plaza Project
D0362-090131	

COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee (Committee) reviewed this item at a meeting held on February 21, 2013, and the following comments were made:

- Staff requested that the Board approve the Water Supply Assessment Report (WSA Report) dated January 2013 for the Otay Tech Centre Project, as required by Senate Bill 610.

- Staff provided a PowerPoint presentation that covered both WSA Reports for the Otay Tech Centre Project and the Otay Plaza Project.

- Staff indicated that Board approval for the submittal of the WSA Reports to the County of San Diego is required.

- Staff discussed the background of Senate Bills 610 and 221, and indicated that SB 221 does not apply to these industrial development projects.

- Staff stated that the Otay Tech Centre Project is located within the East Otay Mesa Specific Plan of the County of San Diego General Plan and is located along the north side of Otay Mesa Road, east of SR-125. The Project involves the development of 52 Commercial/Industrial lots on 253.1 acres of land and is located. The lot sizes range from 1.8 to 5.3 acres and the potable demand is estimated to be 178.7 AFY and the recycled water demand is estimated to be 23 AFY.

- Staff indicated that the Otay Plaza Project is located within the Otay Mesa Community Plan area of the City of San Diego and is located south of Otay Mesa Road just west of the

intersection of SR-125. SR-905 is along its southerly boundary. The Project involves the development of 20 Commercial/Industrial lots with potable demand estimated to be 101.9 AFY and the recycled water demand is estimated to be 11.9 AFY. It also involves a re-zone of the property (to CR-2-1 Commercial Regional) with construction of eleven buildings consisting of 500,590 square-feet of gross leasable retail area and a 134-key room hotel of 72,250 square-feet, approximately 2,420 parking spaces and all grading, drainage, utility and access improvements.

- Staff provided a slide that showed a summary of water demands for both projects and compared them against the estimated demands in the District's Water Resource Master Plan, which indicated a 76.7 AFY difference.

- Staff indicated that the WSA Reports states the following:

  "The regional and local water supply agencies acknowledge the challenges of supply and fully intend to develop sufficient reliable supplies to meet demands. Water suppliers recognize additional water supplies are necessary and portfolios need to be reassessed and redistributed with intent to serve existing and future needs."

- It was noted that the Reports documents planned water supply projects and actions necessary to develop the supplies for a 20-year planning horizon.

- Staff indicated that the WSA Reports includes (4) four other Otay Water District Planned Local Water Supply Projects:

  - Rancho Del Rey Groundwater Well (500 AFY)
  - Rosarito Ocean Desalination Project (20,000-50,000 AFY)
  - Otay Mesa Lot 7 Groundwater Well (300 AFY)
  - Otay Mesa Recycled Water Supply Link Project (800 AFY)

- The Committee indicated that the Rancho Del Rey Groundwater Well Project was placed on hold by the District and inquired if that was considered by staff prior to drafting the WSA Reports. Staff stated that it was taken into consideration for the WSA Reports.

- Staff presented a slide that showed the projection of the District's demand for single dry year and multiple dry years, which was based on data from the District's 2010 Urban Water Management Plan.

- Staff stated that water demand and supply forecasts are included in the planning documents of Metropolitan, Water Authority, and the Otay Water District. Actions necessary to develop the identified water supplies are documented.

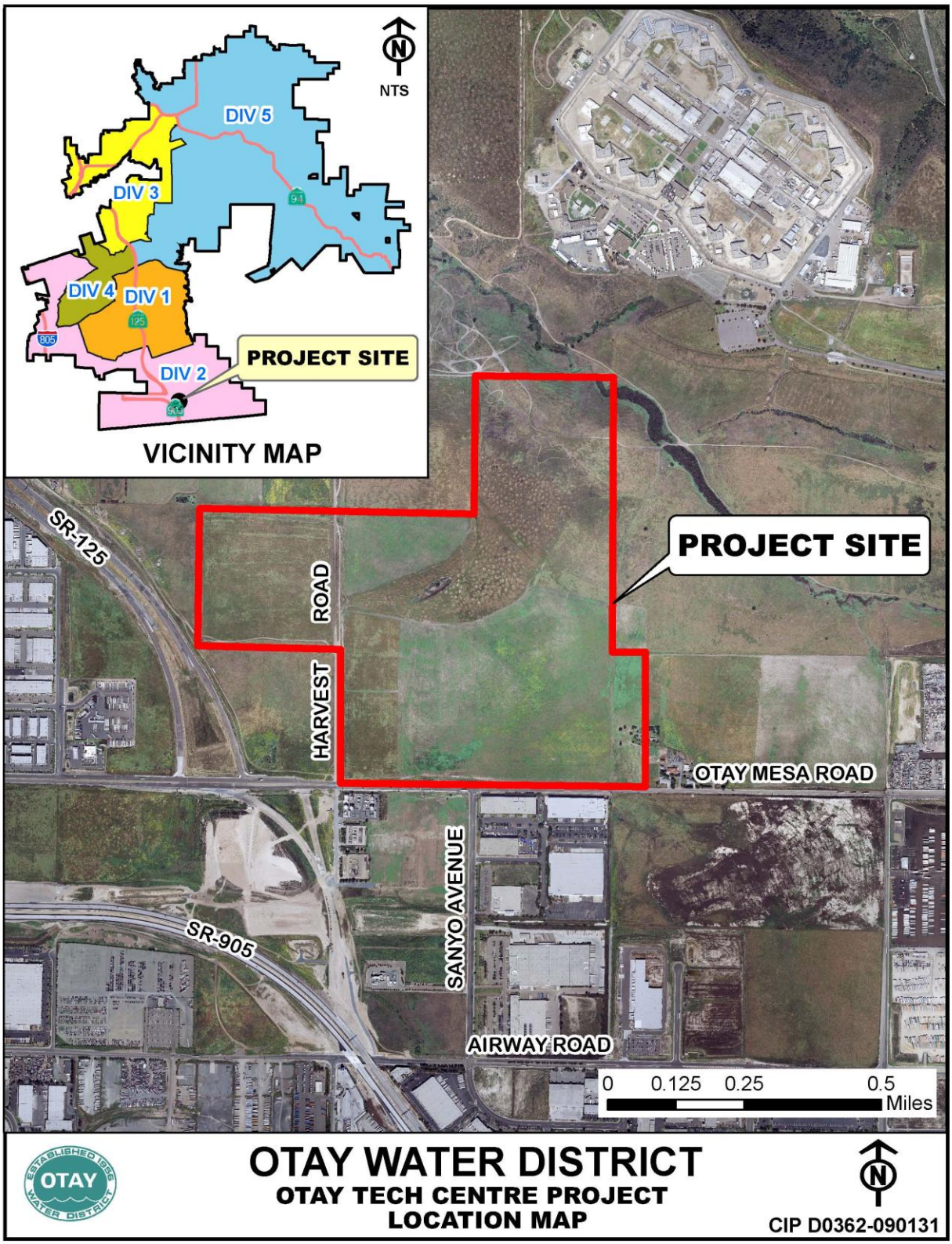
- The Otay Tech Centre and the Otay Plaza Projects' SB 610 WSAs demonstrate and document that sufficient water supplies are planned for and are intended to be available over the next 20 years.

- Staff noted that the state of the current water supply situation is also documented in the WSA Reports, with the intent that the water agencies plan to develop sufficient water supplies to meet demands. It is believed that the Board has met the intent of SB 610 statute in that, "Land use agencies and water suppliers have demonstrated strong linkage."

- It was discussed that a recent appeal of the Padre Dam WSA for the Fanita Ranch development in the *Preserve Wild Santee v. City of Santee (2012)* was reviewed by Otay Water District's Legal Council to determine if the template used by Otay needed to be strengthened. One of the issues the court found with the Padre WSA was its failure to address uncertainty of its water supply from MWD/CWA.

- Staff noted that the Otay Water District's WSA Reports, as well as earlier reports, take supply reliability into account. The WSAs in several places refers to Metropolitan's "planning buffer" supply intended to mitigate against the risks associated with implementation of local and imported supply program." It was also noted that the District's WSAs acknowledge that water supply agencies throughout California continue to face climatalogical, environmental, legal, and other challenges that impact water source supply conditions, such as the court rulings regarding the Sacramento-San Joaquin Delta issues. Similarly, the WSA also mentions CWA's shortage contingency analysis and that CWA is prepared 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."

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



P:\WORKING\WO D0362-SUNROAD OTAY TECH CENTRE\STAFF REPORT\EXHIBIT A

OTAY WATER DISTRICT

OTAY TECH CENTRE PROJECT
LOCATION MAP

CIP D0362-090131

EXHIBIT A

EXHIBIT B

Background Information

The Otay Water District (District) prepared the January 2013 Water Supply Assessment Report (WSA Report) for the Otay Tech Centre Project development at the request of the County of San Diego. The County's WSA request letter dated January 28, 2013 was received by the District on January 28, 2013 so the 90-day deadline for the District to provide the Board an approved WSA Report to the County ends April 27, 2013. Sunroad Otay Partners, LP submitted an entitlement application to the County for the development of the 253.1 acre project.

The Otay Tech Centre Project is located within the jurisdictions of the District, the San Diego County Water Authority (Water Authority), and the Metropolitan Water District of Southern California (MWD). See Exhibit A for Project location. To obtain permanent imported water supply service, land areas are required to be within the jurisdictions of the District, Water Authority, and MWD.

The January 2013 WSA Report for the Otay Tech Centre Project has been prepared by the District in consultation with Dexter Wilson Engineering, Inc., the Water Authority, and the County pursuant to Public Resources Code Section 21151.9 and California Water Code Sections 10631, 10656, 10910, 10911, 10912, and 10915 referred to as Senate Bill (SB) 610. SB 610 amended state law, effective January 1, 2002, intending to improve the link between information on water supply availability and certain land use decisions made by cities, counties, and other regulatory agencies. 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 requirements of SB 610 are addressed in the January 2013 WSA Report for the Otay Tech Centre Project.

The Otay Tech Centre Project is located along the north side of Otay Mesa Road, just east of State Route 125. Refer to Exhibit A for a vicinity map of the proposed Otay Tech Centre Project. The project is proposed to be located on 253.1 acres within the East Otay Mesa Specific Plan of the County of San Diego (County) General Plan. The Otay Tech Centre Project is planned to include 55 Industrial/Commercial business park lots ranging from 1.1 to 5.25 acres in size. One of these lots will be open space and two lots will be used for support facilities (storm water detention and sewer lift station). Of the 52 lots to be developed, 9 of these lots will be in a commercial overlay zone.

The expected potable water demand for the Otay Tech Centre Project is 159,510 gallons per day (gpd) or about 178.7 acre feet per year (AFY). This is lower than the demand estimate in the District's WRMP Update which estimated 304.3 AFY. The projected recycled water demand for the Otay Tech Centre Project is approximately

20,580 gpd or 23.0 AFY, representing about 11% of the total Otay Tech Centre Project water demand.

The District currently depends on the Water Authority and the MWD for all of its potable water supplies and regional water resource planning.

The District's 2010 Urban Water Management Plan (UWMP) relies heavily on the UWMP's and Integrated Water 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.

MWD in October 2010 approved the update of their Integrated Water Resources Plan (IRP). The 2010 IRP Update describes an adaptive management approach to mitigate against future water supply uncertainty. The new uncertainties that are significantly affecting California's water resources include:

- The Federal Court ruling on previous operational limits on Sacramento-San Joaquin Delta to protect the Delta species. Water agencies are still trying to determine what effect the ruling will have on State Water Project (SWP) deliveries. 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.

- Periodic 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 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.

The 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. Neither the Water Authority nor MWD has 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.

As calculated by MWD (December 11, 2012), the Water Authority's current preferential right is 17.22% of MWD's supply, while the Water Authority accounted for approximately 25% of MWD's total revenue. So MWD could theoretically cut back 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 2010 UWMP, they had already planned to reduce reliance on MWD supplies. This reduction is planned to be achieved through diversification of their water supply portfolio.

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 Otay Water District Board of Directors could 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 year conditions to meet projected demand of the Otay Tech Centre 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 2010 IRP update will then cause the Water Authority to update its IRP, which 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 Otay Tech Centre Project WSA Report does not in any way guarantee water supply to the Otay Tech Centre 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.

So 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 Otay Tech Centre Project WSA Report, the Project proponents can proceed with the draft environmental documentation required for the CEQA review process. The water supply issues will be addressed in these environmental documents, 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 Otay Tech Centre Project.

Some recent actions regarding water supply assessments and verification reports by Otay Water District are as follows:

- The Otay Water District Board approved in July 2007 the Eastern Urban Center Water Supply and Assessment Report.

- The Board approved the Judd Company Otay Crossings Commerce Park water supply assessment report on December 5, 2007.

- The Board approved the Otay Ranch L.P. Otay Ranch Preserve and Resort Project Water Supply Assessment and Verification Report on February 4, 2009.

- The Board approved water supply assessment and verification reports for the City of Chula Vista Village 8 West Sectional Plan Area and Village 9 Sectional Plan Are on January 5, 2011.

- The Board approved the water supply assessment report for the San Diego-Tijuana Cross Border Facility on February 2, 2011.

- The Board approved the water supply assessment for the County of San Diego Rabago Technology Park on April 6, 2011.

- The Board approved the water supply assessment report for the Pio Pico Energy Center Project on October 5, 2011.

- The Board approved the water supply assessment report for the Hawano Project on March 7, 2012.

Water supplies necessary to serve the demands of the proposed Otay Tech Centre 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 Otay Tech Centre 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 Otay Tech Centre Project and the existing and other planned development projects within the District.

Accordingly, after approval of a WSA Report for the Otay Tech Centre Project by the District's Board of Directors, the WSA Report may be used to comply with the requirements of the legislation enacted by Senate Bills 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) compliance process for the Otay Tech Centre Project as a water supply assessment report consistent with the requirements of the legislation enacted by SB 610. The County of San Diego, as lead agency under the CEQA for the Otay Tech Centre Project environmental documentation, may cite the approved WSA Report as evidence that a sufficient water supply is planned and intended to be available to serve the Otay Tech Centre Project.

EXHIBIT C

OTAY WATER DISTRICT

WATER SUPPLY ASSESSMENT REPORT
for the
Otay Tech Centre Project
D0362-090131

Prepared by:

Bob Kennedy, P.E.
Senior Civil Engineer
Otay Water District
In consultation with
Dexter Wilson Engineering, Inc.
And
San Diego County Water Authority

January 2013

Otay Water District
Water Supply Assessment Report
January 2013

Otay Tech Centre Project

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Otay Water District
Water Supply Assessment Report
January 2013

Otay Tech Centre Project

Executive Summary

The Otay Water District (OWD) prepared this Water Supply Assessment Report (WSA Report) at the request of the County of San Diego (County) for the Otay Tech Centre Project. Sunroad Otay Partners, LP submitted an entitlement application to the County for the development of the Otay Tech Centre Project.

Otay Tech Centre Project Overview and Water Use

The Otay Tech Centre Project is located within the jurisdictions of the OWD, 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 OWD, Water Authority, and MWD.

Sunroad Otay Partners, LP submitted an entitlement application to the County for the development of the 253.1 acre parcel (Otay Tech Centre Project). The fifty five (55) Industrial/Commercial lot tentative map is located within the East Otay Mesa Specific Plan of the County's General Plan along the north side of Otay Mesa Road, just east of State Route 125.

The expected potable water demand for the Otay Tech Centre Project is 159,510 gallons per day (gpd) or about 178.7 acre feet per year (AFY). This is below the projected demands in the District's 2008 Water Resources Master Plan updated November 2010 (WRMP Update) which estimated 304.3 AFY for the same parcels, but assumed a higher commercial use for the property. The projected recycled water demand for the Otay Tech Centre Project is 20,580 gpd or 23.0 AFY, representing about 11% of the total Otay Tech Centre Project water demand.

The Otay Tech Centre Project development components are required to use recycled water for irrigation and other potential purposes. The primary benefit of using recycled water is that it will offset the potable water demand by an estimated 23.0 AFY. The Otay WD WRMP

Update and 2010 Urban Water Management Plan (UWMP) anticipated that the Otay Tech Centre Project would use both potable and recycled water.

Planned Imported Water Supplies from the Water Authority and MWD

The Water Authority and MWD 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 the 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 MWD 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 (UWMP). Prior to the next forecast update, local jurisdictions with land use authority may require water supply assessment and/or verification reports for proposed land developments that are not within the OWD, Water Authority, or MWD jurisdictions (i.e. pending or proposed annexations) or that have revised land use plans with either lower or higher development intensities than reflected in the existing growth forecasts. Proposed land areas with pending or proposed annexations, or revised land use plans, typically result in creating higher demand and supply requirements than previously anticipated. The OWD, Water Authority, and MWD next demand forecast and supply requirements and associated planning documents would then capture any increase or decrease in demands and required supplies as a result of annexations or revised land use planning decisions.

The California Urban Water Management Planning Act (Act), which is included in the California Water Code, requires all urban water suppliers within the state to prepare an UWMP and update it every five years. The purpose and importance of the UWMP has evolved since it was first required 25 years ago. State agencies and the public frequently use the document to determine if agencies are planning adequately to reliably meet future demands. As such, UWMPs serve as an important element in documenting supply availability for the purpose of compliance with state laws, Senate Bill 610, linking water supply sufficiency to large land-use development approval. Agencies must also have a UWMP prepared, pursuant to the Act, in order to be eligible for state funding and drought assistance.

MWD's 2010 IRP long term water plan offers a strategy to protect the region from future supply shortages, with an emphasis on water-use efficiency through conservation and local supply development. The 2010 IRP includes a planning buffer supply intended to mitigate against the risks associated with implementation of local and imported supply programs and for the risk that future demands could be higher than projected. The planning buffer identifies an additional increment of water that could potentially be developed when needed or if other supplies are not fully implemented as planned. As part of implementation of the planning buffer, MWD periodically evaluates supply development, supply conditions, and projected

demands 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 water supplies to meet long-term future demands.

Water supply agencies throughout California continue to face climate, environmental, legal, and other challenges that impact water source supply conditions, such as the court rulings regarding the Sacramento-San Joaquin Delta issues and the current ongoing drought impacting the western states. Challenges such as these essentially always will be present. The regional water supply agencies, the Water Authority and MWD, along with OWD nevertheless fully intend to have sufficient, reliable supplies to serve demands.

In Section ES-5 of their 2010 Regional Urban Water Management Plan (2010 RUWMP), MWD states that MWD has supply capacities that would be sufficient to meet expected demands from 2015 through 2035. MWD has plans for supply implementation and continued development of a diversified resource mix including programs in the Colorado River Aqueduct, State Water Project, Central Valley Transfers, local resource projects, and in-region storage that enables the region to meet its water supply needs. MWD's 2010 RUWMP identifies potential reserve supplies in the supply capability analysis (Tables 2-9, 2-10, and 2-11), which could be available to meet the unanticipated demands such as those related to the Otay Tech Centre Project.

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 11 of the Water Authority's 2010 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, adopted 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 MWD 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.

Otay Water District Water Supply Development Program

In evaluating the availability of sufficient water supply, the Otay Tech Centre Project will be required to participate in the water supply development program being implemented by the OWD. This is intended to be achieved through financial participation in several local and/or

regional water supply development projects envisioned by the OWD. These water supply projects are in addition to those identified as sustainable supplies in the current Water Authority and MWD UWMP, IRP, Master Plans, and other planning documents. These new water supply projects are in response to the regional water supply issues. These new additional water supply projects are not currently developed and are in various stages of the planning process. Imported water supplies along with the OWD water supply development projects supplies are planned to be developed and are intended to increase water supplies to serve the Otay Tech Centre Project water supply needs and that of other similar situated development projects. The OWD water supply development program includes but is not limited to projects such as the Middle Sweetwater River Basin Groundwater Well project, the North District Recycled Water Supply Concept, the Rosarito Ocean Desalination Facility project, and the Rancho del Rey Groundwater Well project. The Water Authority and MWD's next forecasts and supply planning documents would capture any increase in water supplies resulting from any new water resources developed by the OWD.

Findings

This WSA Report for the Otay Tech Centre Project has been prepared by the OWD in consultation with Dexter Wilson Engineering, Inc., 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 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 OWD prepare a water supply assessment as per the requirements of SB 610. The requirements of SB 610 are being addressed by this WSA Report

The Otay Tech Centre Project development concept exceeds the thresholds contained in the legislation enacted by SB 610 and therefore requires preparation of a WSA report. The Otay Tech Centre Project is considered as an industrial development and is not a residential subdivision project of more than 500 units and hence it is not subject to the requirements of Senate Bill 221 for preparation of a Water Supply Verification Report.

The WSA Report identifies and describes the processes by which water demand projections for the proposed Otay Tech Centre Project will be fully included in the water demand and supply forecasts of the Urban Water Management Plans and other water resources planning documents of the Water Authority and MWD. Water supplies necessary to serve the demands of the proposed Otay Tech Centre Project, along with existing and other projected future users, as well as the actions necessary and status to develop these supplies, have been identified in the Otay Tech Centre Project WSA Report and will be included in the future water supply planning documents of the Water Authority and MWD.

This WSA Report includes, among other information, an identification of existing water supply entitlements, water rights, water service contracts, water supply projects, or agreements relevant to the identified water supply needs for the proposed Otay Tech Centre Project. This WSA Report demonstrates, and documents that sufficient water supplies are planned for 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 Otay Tech Centre Project and the existing and other planned development projects to be served by the OWD.

Accordingly, after approval of a WSA Report for the Otay Tech Centre Project by the Otay Water District 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 610 Water Supply Assessment: The Otay Water District Board approved Otay Tech Centre Project WSA Report may be incorporated into the California Environmental Quality Act (CEQA) compliance process for the Otay Tech Centre 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 Otay Tech Centre Project EIR, may cite the approved WSA Report as evidence that a sufficient water supply is planned for and is intended to be made available to serve the Otay Tech Centre Project.

Section 1 - Purpose

Sunroad Otay Partners, LP submitted an entitlement application to the County for the development of the 253.1 acre parcel (Otay Tech Centre Project). The fifty five (55) Industrial/Commercial lot tentative map is located within the East Otay Mesa Specific Plan of the County's General Plan along the north side of Otay Mesa Road, just east of State Route 125. The County requested that the Otay Water District (OWD) prepare a Water Supply Assessment (WSA) Report for the Otay Tech Centre Project. The Otay Tech Centre Project description is provided in Section 3 of this WSA Report.

This WSA Report for the Otay Tech Centre Project has been prepared by the OWD in consultation with Dexter Wilson Engineering, Inc., 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, 10910, 10911, 10912, and 10915 referred to as Senate Bill (SB) 610. SB 610 amended state law, effective January 1, 2002, intending 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 requirements of SB 610 are being addressed by this WSA Report.

The Otay Tech Centre Project's development concept exceeds the thresholds contained in the legislation enacted by SB 610 and therefore requires preparation of a WSA report. The Otay Tech Centre Project is considered as an industrial development and is not a residential subdivision project of more than 500 units and hence it is not subject to the requirements of Senate Bill 221 for preparation of a Water Supply Verification Report.

This WSA Report evaluates water supplies that are 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 Otay Tech Centre Project, and reasonably foreseeable planned future water demands to be served by OWD. The Otay Water District Board of Directors approved WSA Report is planned to be used by the County in its evaluation of the Otay Tech Centre Project under the CEQA approval process procedures.

Section 2 - Findings

Sunroad Otay Partners, LP submitted an entitlement application to the County for the development of the 253.1 acre parcel (Otay Tech Centre Project). The OWD prepared this WSA Report at the request of the County for the Otay Tech Centre Project.

The Otay Tech Centre Project is located within the jurisdictions of the OWD, the 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 OWD, Water Authority, and MWD to utilize imported water supply.

The expected potable water demand for the Otay Tech Centre Project is 159,510 gallons per day (gpd) or about 178.7 acre feet per year (AFY). This is lower than the demand estimate in the District's WRMP Update which estimated 304 AFY. The projected recycled water demand for the Otay Tech Centre Project is approximately 20,580 gpd or 23.0 AFY, representing about 11% of the total Otay Tech Centre Project water demand.

The Otay Tech Centre Project development proponents are required to use recycled water for irrigation and other appropriate uses. The primary benefit of using recycled water is that it will offset the potable water demands by an estimated 23.0 AFY. The WRMP Update and the 2010 Urban Water Management Plan (UWMP) anticipated that the land area to be utilized for the Otay Tech Centre Project would use both potable and recycled water.

In evaluating the availability of sufficient water supply, the Otay Tech Centre project proponents are required to participate in the development of alternative water supply project(s). This can be achieved through payment of the New Water Supply Fee adopted by

the Otay Water District Board in May 2010. These water supply projects are in addition to those identified as sustainable supplies in the current Water Authority and MWD UWMP, IRP, Master Plans, and other planning documents. These new water supply projects are in response to the regional water supply issues related to the Sacramento-San Joaquin Delta and the current ongoing western states drought conditions. These new additional water supply projects are not currently developed and are in various stages of the planning process. A few examples of these alternative water supply projects include the Middle Sweetwater River Basin Groundwater Well project, the OWD Desalination project, and the Rancho del Rey Groundwater Well project. The Water Authority and MWD next forecast and supply planning documents would capture any increase in water supplies resulting from verifiable new water resources developed by the OWD.

The Water Authority and MWD 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 the 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 MWD 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 OWD, Water Authority, or MWD jurisdictions (i.e. pending or proposed annexations) or that have revised land use plans with lower or higher land use intensities than reflected in the existing growth forecasts. Proposed land areas with pending or proposed annexations, or revised land use plans, typically result in creating higher demand and supply requirements than anticipated. The OWD, the Water Authority, and MWD next demand forecast and supply requirements and associated planning documents would then capture any increase or decrease in demands and required supplies as a result of annexations or revised land use planning decisions.

This process is utilized by the Water Authority and MWD 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 any required water 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 MWD.

This WSA Report includes, among other information, an identification of existing water supply entitlements, water rights, water service contracts, proposed water supply projects, and agreements relevant to the identified water supply needs for the proposed Otay Tech Centre Project. This WSA Report incorporates by reference the current Urban Water Management Plans and other water resources planning documents of the OWD, the Water Authority, and MWD. The OWD prepared this WSA Report to assess and document that sufficient water supplies are planned for and are intended to be acquired to meet projected water demands of

the Otay Tech Centre Project as well as existing and other reasonably foreseeable planned development projects within the OWD for a 20-year planning horizon, in normal supply years and in single dry and multiple dry years.

The Otay Water District 2010 UWMP included a water conservation component to comply with Senate Bill 7 of the Seventh Extraordinary Session (SBX 7-7), which became effective February 3, 2010. This new law was the water conservation component to the Delta legislation package, and seeks to achieve a 20 percent statewide reduction in urban per capita water use in California by December 31, 2020. Specifically, SBX 7-7 from this Extraordinary Session requires each urban retail water supplier to develop urban water use targets to help meet the 20 percent reduction goal by 2020 (20x2020), and an interim water reduction target by 2015.

OWD has adopted Method 1 to set its 2015 interim and 2020 water use targets. Method 1 requires setting the 2020 water use target to 80 percent of baseline per capita water use target as provided in the State's Draft 20x2020 Water Conservation Plan. The OWD 2015 target is 171 gpcd and the 2020 gpcd target at 80 percent of baseline is 152 gpcd.

The OWD's recent per capita water use has been declining to the point where current water use already meets the 2020 target for Method 1. This recent decline in per capita water use is largely due to drought water use restrictions, increased water costs, and economic conditions. However, OWD's effective water use awareness campaign and enhanced conservation mentality of its customers will likely result in some long-term carryover of these reduced consumption rates.

Based on a normal water supply year, the five-year increments for a 20-year projection indicate projected potable and recycled water supply is being planned for and is intended to be acquired to meet the estimated water demand targets of the OWD (44,883 acre-feet (ac-ft) in 2015 to 56,614 ac-ft in 2035 per the Otay Water District 2010 UWMP). Based on dry year forecasts, the estimated water supply is also being planned for and is intended to be acquired to meet the projected water demand, during single dry and multiple dry year scenarios. On average, the dry-year demands are about 6.4 percent higher than the normal year demands. The OWD recycled water supply is assumed to be drought-proof and not subject to reduction during dry periods.

Together, these findings assess, demonstrate, and document that sufficient water supplies are planned for and are intended to be acquired, as well as the actions necessary and status to develop these supplies are and will be further documented, to serve the proposed Otay Tech Centre Project and the existing and other reasonably foreseeable planned development projects within the OWD in both normal and single and multiple dry year forecasts for a 20-year planning horizon.

Section 3 - Project Description

The Otay Tech Centre Project is located along the north side of Otay Mesa Road, just east of State Route 125. Refer to Appendix A for a vicinity map of the proposed Otay Tech Centre Project. The project is proposed to be located on 253.1 acres within the East Otay Mesa Specific Plan of the County of San Diego (County) General Plan. Although the proposed development is located within the municipal boundaries of the County and subject to the County's land use jurisdiction, the OWD is the potable and recycled water purveyor. The Otay Tech Centre Project is within the jurisdictions of the OWD, the Water Authority, and Metropolitan Water District of Southern California (MWD).

The Otay Tech Centre Project is planned to include 55 Industrial/Commercial business park lots ranging from 1.1 to 5.25 acres in size. One of these lots will be open space and two lots will be used for support facilities (storm water detention and sewer lift station). Of the 52 lots to be developed, 9 of these lots will be in a commercial overlay zone. As each of these lots develops in the future, it would be subject to the project approval and permitting processes of the County and OWD. Refer to Appendix B for the proposed development plan of the Otay Tech Centre Project.

The County has discretionary authority on land use decisions for the Otay Tech Centre Project and can establish actions and/or permit approval requirements. The projected potable and recycled water demands associated with the Otay Tech Centre Project have considered the anticipated County discretionary actions and/or permit approvals and are incorporated into and used in this WSA Report. The water demands for the proposed Otay Tech Centre Project are included in the projected water demand estimates provided in Section 5 – Historical and Projected Water Demands.

Section 4 – Otay Water District

The OWD is a municipal water district formed in 1956 pursuant to the Municipal Water District Act of 1911 (Water Code §§ 71000 et seq.). The OWD 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 OWD currently meets all its potable demands with imported treated water from the Water Authority. The Water Authority is the agency responsible for the supply of imported water into San Diego County through its membership in MWD. The Water Authority currently obtains about half of its imported supply from MWD, but is in the process of further diversifying its available supplies.

The OWD 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, OWD also provides sewage collection and treatment services to a portion of its service area known as the Jamacha Basin. The OWD also owns and operates the Ralph W. Chapman Water Reclamation Facility (RWCWRF) which has an effective treatment capacity of 1.2 million gallons per day (mgd) or about 1,300 acre feet per year to produce recycled water. On May 18, 2007, an additional source of recycled water supply of at least 6 mgd, or about 6,720 acre feet per year, became available to OWD from the City of San Diego's South Bay Water Reclamation Plant (SBWRP).

The OWD jurisdictional area is generally located within the south central portion of San Diego County and includes approximately 125 square miles. The OWD 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 OWD 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 OWD is the international border with Mexico.

The planning area addressed in the Otay Water District WRMP Update and the Otay Water District 2010 UWMP includes both the land within the jurisdictional boundary of the OWD and those areas outside of the present OWD boundaries considered to be in the Area of Influence of the OWD. Figure 1 contained within the Otay Water District 2010 UWMP shows the jurisdictional boundary of the OWD and the Area of Influence. The planning area is approximately 143 square miles, of which approximately 125 square miles are within the OWD current boundaries and approximately 18 square miles are in the Area of Influence. The area east of OWD is rural and currently not within any water purveyor jurisdiction and potentially could be served by the OWD 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 OWD jurisdiction. Data on forecasts for land use planning, demographics, economic projections, population, and the future rate of growth within OWD 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 2050. Population growth within the OWD service area is expected to increase from the 2010 figure of approximately 198,616 to an estimated 284,997 by 2035. 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, 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 OWD long-term historic growth rate has been approximately 4 percent. The growth rate has significantly slowed due to the current economic conditions and it is expected to slow as the inventory of developable land is diminished.

Climatic conditions within the OWD 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 12.17 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 OWD 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 OWD service area.

Urban Water Management Plan

In accordance with the California Urban Water Management Planning Act and recent legislation, the Otay Water District Board of Directors adopted an UWMP in June 2011 and subsequently submitted the plan to the California Department of Water Resources (DWR). The Otay Water District 2010 UWMP is currently being reviewed by DWR. As required by law, the Otay Water District 2010 UWMP includes projected water supplies required to meet future demands through 2035. In accordance with Water Code Section 10910 (c)(2) and Government Code Section 66473.7 (c)(3), information from the Otay Water District 2010 UWMP along with supplemental information from the Otay Water District WRMP Update have been utilized to prepare this WSA Report and are incorporated herein by reference.

The state Legislature passed Senate Bill 7 as part of the Seventh Extraordinary Session (SBX 7-7) on November 10, 2009, which became effective February 3, 2010. This new law was the water conservation component to the Delta legislation package and seeks to achieve a 20 percent statewide reduction in urban per capita water use in California by December 31, 2020. Specifically, SBX 7-7 from this Extraordinary Session requires each urban retail water supplier to develop urban water use targets to help meet the 20 percent reduction goal by 2020 (20x2020), and an interim water reduction target by 2015.

The SBX 7-7 target setting process includes the following: (1) baseline daily per capita water use; (2) urban water use target; (3) interim water use target; (4) compliance daily per capita water use, including technical bases and supporting data for those determinations. In order for an agency to meet its 2020 water use target, each agency can increase its use of recycled water to offset potable water use and also step up its water conservation measures. The required water use targets for 2020 and an interim target for 2015 are determined using one of

four target methods – each method has numerous methodologies. The 2020 urban water use target may be updated in a supplier's 2015 UWMP.

In 2015, urban retail water suppliers will be required to report interim compliance followed by actual compliance in 2020. Interim compliance is halfway between the baseline water use and 2020 target. Baseline, target, and compliance-year water use estimates are required to be reported in gallons per capita per day (gpcd).

Failure to meet adopted targets will result in the ineligibility of a water supplier to receive grants or loans administered by the State unless one (1) of two (2) exceptions is met. Exception one (1) states a water supplier may be eligible if they have submitted a schedule, financing plan, and budget to DWR for approval to achieve the per capita water use reductions. Exception two (2) states a water supplier may be eligible if an entire water service area qualifies as a disadvantaged community.

OWD has adopted Method 1 to set its 2015 interim and 2020 water use targets. Method 1 requires setting the 2020 water use target to 80 percent of baseline per capita water use target as provided in the State's Draft 20x2020 Water Conservation Plan. The OWD 2015 target is 171 gpcd and the 2020 gpcd target at 80 percent of baseline is 152 gpcd.

The OWD's recent per capita water use has been declining to the point where current water use already meets the 2020 target for Method 1. This recent decline in per capita water use is largely due to drought water use restrictions, increased water costs, and poor economic conditions. However, OWD's effective water use awareness campaign and enhanced conservation mentality of its customers will likely result in some long-term carryover of these reduced consumption rates beyond the current drought period.

Section 5 – Historical and Projected Water Demands

The projected demands for OWD 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 was utilized for the preparation of the Otay Water District WRMP Update and Otay Water District 2010 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, on February 26, 2010, the SANDAG Board of Directors accepted the Series 12: 2050 Regional Growth Forecast. The 2050 Regional Growth Forecast will be used by SANDAG as the foundation for the next Regional Comprehensive Plan update. SANDAG forecasts were used by local governments for planning, including the Water Authority 2010 UWMP.

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 2010 through 2035. 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 MWD 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 OWD 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 MWD 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 or proposed annexations into the OWD, Water Authority, and MWD or that have revised land use plans than originally anticipated. The Water Authority and MWD's next forecasts and supply planning documents would then capture any increase or decrease in demands caused by annexations or revised land use plans.

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 Otay Tech Centre Project, as it is an industrial project and not a residential subdivision.

In evaluating the availability of sufficient water supply, the Otay Tech Centre Project proponents are required to participate in the development of alternative water supply project(s). This can be achieved through payment of the New Water Supply Fee adopted by the OWD Board in May 2010. These water supply projects are in addition to those identified as sustainable supplies in the current Water Authority and MWD UWMP, IRP, Master Plans, and other planning documents. These new water supply projects are in response to the regional water supply issues related to the Sacramento-San Joaquin Delta and the current ongoing western states drought conditions. These new additional water supply projects are not currently developed and are in various stages of the planning process. A few examples of these alternative water supply projects include the Middle Sweetwater River Basin Groundwater Well project, the OWD Desalination project, and the Rancho del Rey Groundwater Well project. The Water Authority and MWD next forecast and supply planning documents would capture any increase in water supplies resulting from verifiable new water resources developed by the OWD.

In addition, MWD's 2010 Regional Urban Water Management Plan identified potential reserve supplies in the supply capability analysis (Tables 2-9, 2-10, and 2-11), which could be available to meet any unanticipated demands. The Water Authority and MWD's next forecasts and supply planning documents would capture any increase in necessary supply resources resulting from any new water supply resources.

Demand Methodology

The OWD water demand projection methodology in the WRMP Update 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 OWD. This is called the water duty method, and the water duty is the amount of water used in gallons per day 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 established.

To determine water duties for the various types of land use, the entire water meter database of the OWD 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 (gpd/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 OWD.

The WRMP Update calculates potable water demand by taking the gross acreage of a site and applying a potable water reduction factor (PWRF), which is intended to represent the percentage of acreage to be served by potable water and that not served by recycled water for irrigation. For industrial land use, as an example, the PWRF is 0.95 (i.e., 95% of the site is assumed to be served by potable water, 5% of the site is assumed to be irrigated with recycled water). The potable net acreage is then multiplied by the unit demand factor corresponding to its respective land use. This approach is used in the WRMP Update for all the land use types except residential development where a demand per dwelling unit is 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.

Otay Water District Projected Demand

By applying the established water duties to the proposed land uses, the projected water demand for the entire OWD 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 OWD.

The historical and projected potable water demands for OWD are shown in Table 1.

Table 1
Historical and Projected Potable Water Fiscal Year Demands (acre-feet)

Water Use Sectors	2005	2010	2015	2020	2025	2030	2035
Single Family	21,233	17,165	23,633	28,312	33,600	37,211	40,635
Multi-Family	3,095	3,605	3,444	4,126	4,897	5,423	5,922
Commercial &	1,657	2,243	1,844	2,209	2,622	2,904	3,171
Institutional &	2,262	1,867	2,518	3,017	3,580	3,965	4,330
Landscape	6,458	3,732	10,134	12,141	14,408	15,957	17,425
Other	2,426	584	2,700	3,235	3,839	4,252	4,643
Unaccounted for	547	23	608	729	865	958	1,046
Totals	**37,668**	**29,270**	**44,883**	**53,768**	**63,811**	**70,669**	**77,171**

Source: Otay Water District 2010 UWMP.

The historical and projected recycled water demands for OWD are shown in Table 2.

Table 2
Historical and Projected Recycled Water Fiscal Year Demands (acre-feet)

Water Use Sector	2005	2010	2015	2020	2025	2030	2035
Landscape	4,090	4,000	4,400	5,000	5,800	6,800	8,000
Totals	**4,090**	**4,000**	**4,400**	**5,000**	**5,800**	**6,800**	**8,000**

Source: Otay Water District 2010 UWMP, Table 10.

Otay Tech Centre Project Projected Water Demand

Using the land use demand projection noted above, the projected potable water demand and projected recycled water demand for the proposed Otay Tech Centre Project are shown in Table 3 and Table 4, respectively. The projected potable water demand is 159,510 gpd, or about 178.7 ac-ft/yr. The projected recycled water demand is 20,580 gpd, or about 23.0 ac-ft/yr, representing about 11% of the total Otay Tech Centre Project demand.

Table 3
Otay Tech Centre Project Projected Potable Water Annual Average Demands

Location (Land Use)	Gross Acreage	Potable Water Factor	Net Potable Acreage/Units	Unit Rate	Average Demand
Industrial Lots	136.31	95%	129.49	893 gpd/ac	115,635
Industrial w/commercial overlay	27.31	90%	24.58	1,785 gpd/ac	43,875
Open Space	51.34	0	0	0	0
Circulation	38.18	0	0	0	0
Total	**253.14**				**159,510 gpd**

The Otay Tech Centre Project development proponents are required to use recycled water for irrigation and for other appropriate uses. The primary benefit of using recycled water is that it will offset the potable water demands by an estimated 23.0 ac-ft/yr. The WRMP Update and 2010 UWMP anticipated that the Otay Tech Centre Project site would use both potable and recycled water.

Table 4
Otay Tech Centre Project Projected Recycled Water Average Demands

Location (Land Use)	Gross Acreage	Recycled Water Factor	Net Recycled Acreage	Unit Rate	Average Demand
Industrial Lots	136.31	5%	6.82	2,155	14,697
Industrial w/commercial overlay	27.31	10%	2.73	2,155	5,883
Open Space	51.34	0	0	0	0
Circulation	38.18	0	0	0	0
Total	253.14 acres				20,580 gpd

The WRMP Update projected a potable water demand for the project site based on land uses in the East Otay Mesa Specific Plan. The current development plan does not propose any changes to the Specific Plan land uses and, therefore, the proposed development has been accounted for in the Otay Water District planning documents.

5.1 Demand Management (Water Conservation)

Demand management, or water conservation is a critical part of the Otay Water District 2010 UWMP and its long-term strategy for meeting water supply needs of the OWD customers. Water conservation is frequently the lowest cost resource available to any water agency. The goals of the OWD 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 OWD is signatory to the Memorandum of Understanding (MOU) Regarding Urban Water Conservation in California, which created the California Urban Water Conservation Council (CUWCC) 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 OWD participates in many water conservation programs designed and typically operated on a shared cost participation program basis among the Water Authority, MWD, and their member agencies. The demands shown in Tables 1 and 2 take into account implementation of water conservation measures within OWD.

As one of the first signatories to the MOU Regarding Urban Water Conservation in California, the OWD 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, OWD also benefits from regional programs performed on behalf of its member agencies. The BMP programs implemented by OWD and regional BMP programs implemented by the Water Authority that benefit all their member agencies are addressed in the Otay Water District 2010 UWMP. In partnership with the Water Authority, the County of San Diego, City of San Diego, City of Chula Vista, and developers, the OWD 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 OWD.

Additional conservation or water use efficiency measures or programs practiced by the OWD include the following:

Supervisory Control and Data Acquisition System

The OWD implemented and has operated for many years a Supervisory 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 Water District 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 MWD, Water Authority, and/or OWD.

The OWD 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 OWD and for the public welfare.

OWD continues to promote water conservation at a variety of events, including those involving developers in its service area. In addition, OWD developed and manages a number of its own programs such as the Cash for WaterSmart Plants retrofit program, the Water Smart Irrigation Upgrade Program, and the Commercial Process Improvement Program.

OWD is currently engaged in a number of conservation and water use efficiency activities. Listed below are the current programs that are either on-going or were recently concluded:

- Residential Water Surveys: 1,349 completed since 1994
- Large Landscape Surveys: 194 completed since 1990

- Cash for Water Smart Plants Landscape Retrofit Program: over 217,600 square feet of turf grass replaced with water wise plants since 2003
- Rotating Nozzles Rebated: 3,170
- Residential Weather-Based Irrigation Controller (WBIC) Incentive Program: 231 distributed or rebated since 2004
- Residential High Efficiency Clothes Washers: 7,187 rebates since 1994
- Residential ULFT/HET Rebate Program: 22,376 rebates provided between 1991-2010
- Outreach Efforts to OWD Customers - the OWD promotes its conservation programs through staffing outreach events, bill inserts, articles in the OWD's quarterly customer Pipeline newsletter, direct mailings to OWD customers, the OWD's webpage and through the Water Authority's marketing efforts.
- School Education Programs- the OWD funds school tours of the Water Conservation Garden, co-funds Splash Labs, provides classroom water themed kits, maintains a library of school age appropriate water themed books, DVDs, and videos, and runs both a school poster contest and a water themed photo contest.
- Water efficiency in new construction through Cal Green and the Model Water Efficient Landscape Ordinance
- Focus on Commercial/Institutional/Industrial through Promoting MWD's Save a Buck (Commercial) Program in conjunction with the OWD's own Commercial Process Improvement Program

As a signatory to the MOU Regarding Urban Water Conservation in California, the OWD is required to submit biannual reports that detail the implementation of current water conservation practices. The OWD voluntarily agreed to implement the fourteen water conservation Best Management Practices beginning in 1992. The OWD submits its report to the CUWCC every two years. The OWD BMP Reports for 2005 to 2010, as well as the BMP Coverage Report for 1999-2010, are included in the Otay Water District 2010 UWMP.

Section 6 - Existing and Projected Supplies

The OWD currently does not have an independent raw or potable water supply source. The OWD is a member public agency of the Water Authority. The Water Authority is a member public agency of MWD. The statutory relationships between the Water Authority and its member agencies, and MWD and its member agencies, respectively, establish the scope of the OWD entitlement to water from these two agencies.

The Water Authority through two delivery pipelines, referred to as Pipeline No. 4 and the Helix Flume Pipeline, currently supply the OWD with 100 percent of its potable water. The Water Authority in turn, currently purchases the majority of its water from MWD. Due to the OWD 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 MWD. The OWD, Water Authority, and MWD are actively pursuing programs and projects to further diversify their water supply resources.

The description of local recycled water supplies available to the OWD is also discussed below.

6.1 Metropolitan Water District of Southern California 2010 Regional Urban Water Management Plan

In November 2010, MWD adopted its 2010 Regional Urban Water Management Plan (RUWMP). The 2010 RUWMP provides MWD'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 2010 RUWMP, MWD also utilized the previous 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

MWD 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 2010 RUWMP documents the availability of these existing supplies and additional supplies necessary to meet future demands.

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. The 2010 update to the IRP (2010 IRP Update) includes a planning buffer supply intended to mitigate against the risks associated with implementation of local and imported supply programs and for the risk that future demands could be higher than projected. The planning buffer identifies an additional increment of water that could potentially be developed when needed and if other supplies are not fully implemented as planned. As part of implementation of the planning buffer, MWD periodically evaluates supply development, supply conditions, and projected demands 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 water supplies to meet future demands.

In November 2010, MWD adopted its 2010 RUWMP in accordance with state law. The resource targets included in the preceding 2010 IRP Update serve as the foundation for the planning assumptions used in the 2010 RUWMP. MWD's 2010 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, MWD also uses the current SANDAG regional growth forecast in calculating regional water demands for the Water Authority's service area.

As stated in MWD's 2010 RUWMP, the 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 2015. The 2010 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 MWD's 2010 RUWMP can be found on the internet at the following site address:
http://www.mwdh2o.com/mwdh2o/pages/yourwater/RUWMP/RUWMP_2010.pdf

The UWMPs for both MWD and the Water Authority will include the increase in demand projections included in SANDAG's Series 12 Update and from the projections from Otay Water District WRMP Update.

Water supply agencies throughout California continue to face climate, environmental, legal, and other challenges that impact water source supply conditions, such as the court rulings regarding the Sacramento-San Joaquin Delta and the current western states drought conditions. Challenges such as these essentially always will be present. The regional water supply agencies, the Water Authority and MWD, along with OWD nevertheless fully intend to have sufficient, reliable supplies to serve demands.

6.1.2 MWD Capital Investment Plan

MWD prepares a Capital Investment Plan as part of its annual budget approval process. The cost, purpose, justification, status, progress, etc. of MWD'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.

MWD's Capital Investment Plan includes a series of projects identified from MWD 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 MWD'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 their 2010 UWMP in June 2011. The updated Water Authority 2010 UWMP identifies a diverse mix of local and imported water supplies to meet future demands. A copy of the updated Water Authority 2010 UWMP can be found on the internet at http://www.sdcwa.org/2010-urban-water-management-plan

- As part of the October 2003 Quantification Settlement Agreement (QSA), the Water Authority was assigned MWD's rights to 77,700 acre feet per year of conserved water from the All-American Canal (AAC) and Coachella Canal (CC) lining projects. Deliveries of this conserved water from the CC reached the region in 2007 and deliveries from the AAC reached the region in 2010. Expected supplies from the canal lining projects are considered verifiable Water Authority supplies.

- Deliveries of conserved agricultural water from the Imperial Irrigation District (IID) to San Diego County have increased annually since 2003, with 70,000 acre feet per year t of deliveries in Fiscal Year (FY) 2010. The quantities will increase annually to 200,000 acre feet per year by 2021, and then remain fixed for the duration of the transfer agreement.

Through implementation of the Water Authority and member agency planned supply projects, along with reliable imported water supplies from MWD, 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 MWD, conserved water from the AAC and CC lining projects, and an increasing amount of conserved agricultural water from IID. Of the twenty-seven member agencies that purchase water supplies from MWD, the Water Authority is MWD's largest customer.

Section 135 of MWD's Act defines the preferential right to water for each of its member agencies. As calculated by MWD, the Water Authority's preferential right as of December 11, 2012 is 17.22 percent of MWD's supply, while the Water Authority accounted for approximately 25 percent of MWD's total revenue. Under preferential rights, MWD could allocate water without regard to historic water purchases or dependence on MWD. 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. MWD 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, MWD stated it will be prepared to deliver such supplies. In Section ES-5 of their 2010 RUWMP, MWD states that MWD has supply capacities that would be sufficient to meet expected demands from 2015 through 2035. MWD has plans for supply implementation and continued development of a diversified resource mix including programs in the Colorado River Aqueduct, State Water Project, Central Valley Transfers, local resource projects, and in-region storage that enables the region to meet its water supply needs.

The Water Authority has made large investments in MWD's facilities and will continue to include imported supplies from MWD in the future resource mix. As discussed in the Water Authority's 2010 UWMP, the Water Authority and its member agencies are planning to diversify the San Diego regions supply portfolio and reduce purchases from MWD.

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 AAC and CC lining projects. The CC lining project is complete and the Water Authority has essentially completed construction of the AAC lining project. Table 5 summarizes the Water Authority's supply sources with detailed information included in the sections to follow. Deliveries from MWD are also included in Table 5, 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 2010 UWMP.

Table 5
Projected Verifiable Water Supplies – Water Authority Service Area
Normal Year (acre feet)

Water Supply Sources	2015	2020	2025	2030	2035
Water Authority Supplies					
MWD Supplies	358,189	230,601	259,694	293,239	323,838
Water Authority/IID Transfer	100,000	190,000	200,000	200,000	200,000
AAC and CC Lining Projects	80,200	80,200	80,200	80,200	80,200
Proposed Regional Seawater Desalination (1)	0	56,000	56,000	56,000	56,000
Member Agency Supplies					
Surface Water	48,206	47,940	47,878	47,542	47,289
Water Recycling	38,660	43,728	46,603	48,278	49,998
Groundwater	11,710	11,100	12,100	12,840	12,840
Groundwater Recovery	10,320	15,520	15,520	15,520	15,520
Total Projected Supplies	**647,285**	**675,089**	**717,995**	**753,619**	**785,685**

Source: Water Authority 2010 Urban Water Management Plan – Table 9-1.
Note 1: On November 29, 2012, the Water Authority approved a water purchase agreement with Poseidon for 48,000 AFY with the right to purchase up to 56,000 AFY

Section 5 of the Water Authority's 2010 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.
The Carlsbad Desalination Project (Project) is a fully-permitted seawater desalination plant and conveyance pipeline designed to provide a highly reliable local supply of up to 56,000 acre-feet (AF) per year for the region. In 2020, the Project would account for approximately 8% of the total projected regional supply and 30% of all locally generated water in San Diego County. If the project becomes operational in 2016, it will more than double the amount of local supplies developed in the region since 1991. The desalination plant itself will be fully financed, built, and operated by Poseidon. The Water Authority will purchase water from the plant under a water purchase agreement. The new pipeline connecting the desalination plant with the Water Authority's Second Aqueduct will be owned and operated by the Water Authority, but responsibility for design and construction will reside with Poseidon through a separate Design-Build Agreement. The Water Authority will be responsible for aqueduct improvements, including the relining and rehabilitation of Pipeline 3 to accept desalinated water under higher operating pressures, modifications to the San Marcos Vent that allows the flow of water between Pipelines 3 and 4, and improvements at the Twin Oaks Valley Water Treatment Plant necessary to integrate desalinated water into the Water Authority's system for optimal distribution to member agencies.

On July 22, 2010, the Board approved a Term Sheet between the Water Authority and Poseidon Resources that outlined the key terms and conditions that would be detailed and incorporated in a comprehensive Water Purchase Agreement (WPA). Beginning in October

2011 and under the direction of the Board's Carlsbad Desalination Project Advisory Group, staff began developing and negotiating with Poseidon a WPA consistent with the July 22, 2010 Board approved Term Sheet. The July 2010 Term Sheet also identified specific conditions precedent to Board consideration of the WPA. On November 29, 2012, the Water Authority Board adopted a resolution approving the Water Purchase Agreement (WPA).

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 5 in normal water year supply and demand assessment. Single dry year and multiple dry year scenarios are discussed in more detail in Section 9 of the Water Authority's 2010 UWMP.

As part of preparation of a written water supply assessment and/or verification report, an agency's shortage contingency analysis should be considered in determining sufficiency of supply. Section 11 of the Water Authority's 2010 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, adopted 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 MWD 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 throughout the San Diego region.

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 Transfer 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. Section 6.2.1, "Colorado River," contains details on the QSA.

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 were coordinated for trial. The IID, Coachella Valley Water District, MWD, the Water Authority, and state are defending these suits and coordinating to seek validation of the contracts. In January 2010, a California Superior Court judge ruled that the QSA and 11 related agreements were invalid, because one of the agreements created an open-ended financial obligation for the state, in violation of California's constitution. The QSA parties appealed this decision and are continuing to seek validation of the contracts. The appeal is currently pending in the Third District Court of Appeal. A stay of the trial court judgment has been issued during the appeal. Implementation of the transfer provisions is proceeding during litigation.

Expected Supply

Deliveries into San Diego County from the transfer began in 2003 with an initial transfer of 10,000 acre feet per year. The Water Authority received increasing amounts of transfer water each year, according to a water delivery schedule contained in the transfer agreement. In 2012, the Water Authority will receive 90,000 acre feet per year. The quantities will increase annually to 200,000 acre feet per year 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 IID's 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 MWD on October 10, 2003, to transport the Water Authority–IID transfer water from the Colorado River to San Diego County. Under the exchange agreement, MWD takes delivery of the transfer water through its Colorado River Aqueduct. In exchange, MWD delivers to the Water Authority a like quantity and quality of water. The Water Authority pays MWD's applicable wheeling rate for each acre-feet of exchange water delivered. Under the terms of the water exchange agreement, MWD will make delivery of the transfer water for 35 years, unless the Water Authority and MWD elect to extend the agreement another 10 years for a total of 45 years.

Cost/Financing

The costs associated with the transfer are 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-feet and increased by a set amount for the first seven years. In December 2009, the Water Authority and IID executed a fifth amendment to the water transfer agreement that sets the price per acre-feet for transfer water for calendar years 2010 through 2015, beginning at $405 per acre-feet in 2010 and increasing to $624 per acre-feet in 2015. For calendar years 2016 through 2034, the unit price will be adjusted using an agreed-upon index. The amendment also required the Water Authority to pay IID $6 million at the end of calendar year 2009 and another $50 million on or before October 1, 2010, provided that a transfer stoppage is not in effect as a result of a court order in the QSA coordinated cases. Beginning in 2035, either the Water Authority or IID can, if certain criteria are met, elect a market rate price through a formula described in the water transfer agreement.

The October 2003 exchange agreement between MWD and the Water Authority set the initial cost to transport the conserved water at $253 per acre-feet. Thereafter, the price is set to be equal to the charge or charges set by MWD's Board of Directors pursuant to applicable laws and regulation, and generally applicable to the conveyance of water by MWD on behalf of its member agencies. The transportation charge in 2010 was $314 per acre-feet.

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. In 2007, the Water Authority prepaid 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. Under this agreement the Water Authority is contributing a total of $64 million to fund environmental mitigation projects and 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 MWD 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).

Fifth Amendment to Agreement Between Imperial Irrigation District and San Diego County Water Authority for Transfer of Conserved Water (December 21, 2009). This agreement implements a settlement between the Water Authority and IID regarding the base contract price of transferred water.

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 MWD's rights to 77,700 acre-feet per year 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

The CC lining project began in November 2004 and was completed in 2006. Deliveries of conserved water to the Water Authority began in 2007. The project constructed a 37-mile parallel canal adjacent to the CC. The AAC lining project was begun in 2005 and was completed in 2010. The lining project constructed a concrete-lined canal parallel to 24 miles of the existing AAC from Pilot Knob to Drop 3.

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 makes 67,700 acre-feet of Colorado River water per year available for allocation to the Water Authority and San Luis Rey Indian water rights settlement parties. The CC lining project makes 26,000 acre-feet of Colorado River water each year available for allocation. The 2003 Allocation Agreement provides for 16,000 acre-feet per year of conserved canal lining water to be allocated to the San Luis Rey Indian Water Rights Settlement Parties. The remaining amount, 77,700 acre-feet per year, is to be available to the Water Authority, with up to an additional 4,850 acre-feet per year available to the Water Authority depending on environmental requirements from the CC lining project. For planning purposes, the Water Authority assumes that 2,500 acre-feet of the 4,850 acre-feet will be available each year for delivery, for a total of 80,200 acre-feet per year of that supply. 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 2003 Exchange Agreement between the Water Authority and MWD provides for the delivery of the conserved water from the canal lining projects. The Water Authority pays MWD’s applicable wheeling rate for each acre-foot of exchange water delivered. In the Agreement, MWD 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 received $200 million in state funds for construction of the canal lining projects. In addition, $20 million was made available from Proposition 50 and $36 million from Proposition 84. The Water Authority was 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 MWD's Board of Directors pursuant to applicable law and regulation and generally applicable to the conveyance of water by MWD on behalf of its member agencies.

In accordance with the Allocation Agreement, the Water Authority is 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 - MWD Funding Agreement (2001). Reimburse MWD 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 MWD 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.

MWD - CVWD Assignment and Delegation of Design Obligations Agreement (2002). Assigns design of the CC lining project to CVWD.

MWD - CVWD Financial Arrangements Agreement for Design Obligations (2002). Obligates MWD to advance funds to CVWD to cover costs for CC lining project design and CVWD to invoice MWD to permit the Department of Water Resources to be billed for work completed.

Allocation Agreement among the United States of America, The MWD 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 MWD's rights and interest in delivery of 77,700 acre-feet of Colorado River water previously intended to be delivered to MWD 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 MWD 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 MWD and Water Authority regarding Assignment of Agreements related to the AAC and CC Lining Projects. This agreement was executed in April 2004 and assigns MWD'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).

6.2.1.3 Carlsbad Seawater Desalination Project

Development of seawater desalination in San Diego County will assist the region in diversifying its water resources, reduce dependence on imported supplies, and provide a new drought-proof, locally treated water supply. The Carlsbad Desalination Project is a fully-permitted seawater desalination plant and conveyance pipeline currently being developed by Poseidon, a private investor–owned company that develops water and wastewater infrastructure. The project, located at the Encina Power Station in Carlsbad, has been in development since 1998 and was incorporated into the Water Authority's 2003 Water Facilities Master Plan and the 2010 UWMP. The Carlsbad Desalination Project has obtained all required permits and environmental clearances and, when completed, will provide a highly reliable local supply of 48,000 to 56,000 acre-feet per year for the region.

Implementation Status

The Project has obtained all required permits and environmental clearances, including the following:

- National Pollutant Discharge Elimination System (NPDES) Discharge Permit (Regional Water Quality Control Board)
- Conditional Drinking Water Permit (California Department of Health Services)
- State Lands Commission Lease (State Lands Commission)
- Coastal Development Permit (California Coastal Commission)

IDE Technologies, a worldwide leader in the design, construction, and operation of desalination plants, was selected by Poseidon to be the desalination process contractor for the Project.

On July 22, 2010, the Board approved a Term Sheet between the Water Authority and Poseidon Resources that outlined the key terms and conditions that would be detailed and incorporated in a comprehensive Water Purchase Agreement (WPA). Beginning in October 2011 and under the direction of the Board's Carlsbad Desalination Project Advisory Group, staff began developing and negotiating with Poseidon a WPA consistent with the July 22, 2010 Board approved Term Sheet. The July 2010 Term Sheet also identified specific conditions precedent to Board consideration of the WPA.

On November 29, 2012, the Water Authority Board adopted a resolution approving the Design-Build Agreement between the Water Authority and Poseidon. The Design-Build Agreement establishes the commercial and technical terms for implementation of the desalination product pipeline improvements. These improvements consist of an approximate 10-mile long, 54-inch diameter conveyance pipeline connecting the Desalination Plant to the Water Authority's Second Aqueduct. The pipeline will generally be constructed within improved streets in commercial and industrial areas in the cities of Carlsbad, Vista, and San Marcos. The Water Authority will own the Project Water Pipeline Improvements upon execution of the Design-Build Agreement, and upon completion and acceptance of construction, the Water Authority will assume operational control of all pipeline improvements.

Expected Supply

When completed, the Project will provide a highly reliable local supply of 48,000 to 56,000 acre-feet per year of supply for the region, available in both normal and dry hydrologic conditions. In 2020, the Project would account for approximately 8% of the total projected regional supply and 30% of all locally generated water in San Diego County. When the project becomes operational in 2016, it will more than double the amount of local supplies developed in the region since 1991.

Transportation

On November 29, 2012, the Water Authority Board adopted a resolution approving the Design-Build Agreement between the Water Authority and Poseidon. The Design-Build Agreement establishes the commercial and technical terms for implementation of the

desalination product pipeline improvements. These improvements consist of an approximate 10-mile long, 54-inch diameter conveyance pipeline connecting the Desalination Plant to the Water Authority's Second Aqueduct. The pipeline will generally be constructed within improved streets in commercial and industrial areas in the cities of Carlsbad, Vista, and San Marcos. The Water Authority will own the Project Water Pipeline Improvements upon execution of the Design-Build Agreement, and upon completion and acceptance of construction, the Water Authority will assume operational control of all pipeline improvements.

The Water Authority will be responsible for aqueduct improvements, including the relining and rehabilitation of Pipeline 3 to accept desalinated water under higher operating pressures, modifications to the San Marcos Vent that allows the flow of water between Pipelines 3 and 4, and improvements at the Twin Oaks Valley Water Treatment Plant necessary to integrate desalinated water into the Water Authority's system for optimal distribution to member agencies.

Cost/Financing

The plant and the offsite pipeline will be financed through tax exempt government bonds issued for the Water Authority by the California Pollution Control Financing Authority (CPCFA). On November 29, 2012, the Water Authority Board adopted a resolution approving agreements to accomplish tax exempt project financing through the CPCFA. A preliminary September 2012 unit cost estimate was $2,300/AF. The Water Authority's water purchase costs would be financed through Water Authority rates and charges. Poseidon is financing the capital cost of the Project with a combination of private equity and tax-exempt Private Activity Bonds.

Written Contracts or Other Proof

The expected supply and costs associated with the Carlsbad Desalination Project are based primarily on the following documents:

Development Agreement between City of Carlsbad and Poseidon (October 2009). A Development Agreement between Carlsbad and Poseidon was executed on October 5, 2009

Agreement of Term Sheet between the Water Authority and Poseidon Resources (July 2010). The Water Authority approved the Term Sheet at its July 2010 Board Meeting. The Term Sheet outlines the terms and conditions of a future Water Purchase Agreement with Poseidon and allocates the resources to prepare the draft Water Purchase Agreement.

Federal, State, and Local Permits/Approvals

Carlsbad Desalination Project Final EIR
The City of Carlsbad, acting as lead agency for Carlsbad Seawater Desalination Plant and appurtenant facilities proposed by Poseidon (the "Project") prepared an Environmental Impact Report for the Project in compliance with the California Environmental Quality Act ("CEQA"), which the City of Carlsbad certified on June 13, 2006.
http://www.sdcwa.org/rwfmp-peir

The City of Carlsbad prepared an Addendum to the Carlsbad EIR ("Addendum") which was adopted on September 15, 2009, and reflects minor and immaterial design modifications to the Project site plan, appurtenant facilities, and water delivery pipeline network.
The environmental documents and permits are found at the following links:

http://www.carlsbad-desal.com/EIR.asp

The Water Authority, as a Responsible Agency under CEQA, adopted a resolution on November 29, 2012 approving a Second Addendum to the Carlsbad Precise Development Plan and Desalination Plant Final EIR and First Addendum that evaluates the environmental impacts of several proposed facility modifications that are necessary to allow for operational flexibility and efficiency in receiving and delivering desalination product water. These modifications include: a realignment of a portion of the approved desalination pipeline, the addition of chemical injection at the approved San Marcos Aqueduct Connection site, the relining of a portion of Pipeline 3, the addition of a pipeline and expanded flow control facility at Twin Oaks Valley Water Treatment Plant and a replacement of the San Marcos Vent on Pipeline 4. Impacts associated with the proposed modifications would not result in a new significant impact or substantial increase in the severity of impacts previously evaluated in the Carlsbad FEIR or the First Addendum. There are no substantial changes to the circumstances under which the project will be undertaken, and no new information of substantial importance that was not known and could not have been known when the FEIR was certified and the First Addendum was approved, and that have since been identified. Therefore, the Second Addendum satisfies the CEQA requirements for the proposed project modifications.

Regional Water Facilities Master Plan EIR
On November 20, 2003, the Water Authority Board of Directors adopted Resolution No. 2003-34 certifying the Final Program Environmental Impact Report (State Clearinghouse No. 2003021052) for the Water Authority's Regional Water Facilities Master Plan Project (the "Master Plan EIR"), which evaluated, among other things, potential growth inducing impacts associated with new water supplies to the region including, but not limited to, up to 150 million gallons per day ("MGD") of new supplies from seawater desalination. This certification included a 50 MGD plant located in the City of Carlsbad.
The environmental documents and permits are found at the following links:

http://www.sdcwa.org/rwfmp-peir

Sub regional Natural Community Conservation Plan/Habitat Conservation Plan (NCCP/HCP)
On December 8, 2010, the Board adopted Resolution No. 2010-18 certifying a Final environmental Impact Report/Environmental Impact Statement for the San Diego County Water Authority Subregional Natural Community Conservation Plan/Habitat Conservation Plan (State Clearinghouse No. 2003121012) (the "Habitat Conservation Plan EIR/EIS"), which Plan was implemented on December 28, 201.
The environmental documents and permits are found at the following links:
http://www.sdcwa.org/nccp-hcp

Twin Oaks Valley Water Treatment Plant EIR
On September 8, 2005, the Board adopted Resolution No. 2005-31 certifying a Final Environmental Impact Report for the Twin Oaks Valley Water Treatment Plant Project (State Clearinghouse No. 20040071034) (the "Twin Oaks EIR"), which project was constructed as a 100 MGD submerged membrane water treatment facility, including treated water holding tanks and distribution pipelines and other facilities, consistent with the conditions and mitigation measures included in the Twin Oaks EIR.
http://www.sdcwa.org/twin-oaks-valley-treatment-plant-final-eir

2010 Urban Water Management Plan
http://www.sdcwa.org/2010-urban-water-management-plan

Drinking Water Permit (October 2006). The California Department of Health Services approved the Conditional Drinking Water Permit on October 19, 2006.

Coastal Development Permit
The Project is fully permitted, with the California Coastal Commission issuing the following permits: Coastal Development Permit No. E-06-013, Energy Minimization and Greenhouse Gas Reduction Plan (December 2008), Marine Life Mitigation Plan (December 2008), Erosion Control Plan (November 2009), Landscaping Plan (September 2009), Lighting Plan (August 2009), Construction Plan (September 2009), and Water Pollution Control Plan (September 2009); the California Department of Public Health issuing Conceptual Approval Letter dated October 19, 2006; the California Regional Water Quality Control Board issuing NPDES Permit No. CA0109223 and Notice of Intent to Discharge for Storm Water Associated with Construction Activities (WDID #9 37C361181); the City of Carlsbad issuing Redevelopment Permit RP 05-12(A), Specific Plan 144 with Amendment 144(J) SP 144(J), Habitat Management Plan Permit Amendment HMP 05-08(A), Precise Development Plan PDP 00-02(B), Mitigation Monitoring and Reporting Program for EIR 03-05(A), Development Agreement DA 05-01(A), Standard Urban Storm Water Mitigation Program (September 2009), and Coastal Development Permit 04-41; the State of California State Lands Commission issuing an Amendment of Lease PRC 8727.1 (August 2008).

The environmental documents and permits are found at the following links:

http://www.sdcwa.org/carlsbad-desalination-project-approved-permits-and-plans

State Lands Commission Lease Application (Amendment of Lease PRC 8727.1 August 2008). Amends lease of land by Cabrillo Power I LLC (Cabrillo) from the State Lands Commission for the lands where the project will be constructed. Cabrillo and Poseidon entered into agreement on July 1, 2003, authorizing Poseidon to use those lands to construct the project.

6.2.2 Water Authority Capital Improvement Program and Financial Information

The Water Authority's Capital Improvement Program (CIP) can trace its beginnings to a report approved by the Board in 1989 entitled, The Water Distribution Plan, and a Capital Improvement Program through the Year 2010. The Water Distribution Plan included ten projects designed to increase the capacity of the aqueduct system, increase the yield from existing water treatment plants, obtain additional supplies from MWD, and increase the reliability and flexibility of the aqueduct system. Since that time the Water Authority has made numerous additions to the list of projects included in its CIP as the region's infrastructure needs and water supply outlook have changed.

The current list of projects included in the CIP is based on the results of planning studies, including the 2005 UWMP and the 2002 Regional Water Facilities Master Plan. These CIP projects, which are most recently described in the Water Authority's Adopted Multi-Year Budget, include projects valued at $3.50 billion. These CIP projects are designed to meet projected water supply and delivery needs of the member agencies through 2035. The projects include a mix of new facilities that will add capacity to existing conveyance, storage, and treatment facilities, as well as repair and replace aging infrastructure:

- Asset Management – The primary components of the asset management projects include relining and replacing existing pipelines and updating and replacing metering facilities.
- New Facilities – These projects will expand the capacity of the aqueduct system, complete the projects required under the Quantification Settlement Agreement (QSA), and evaluate new supply opportunities.
- Emergency Storage Project – Projects remaining to be completed under the ongoing ESP include the San Vicente Dam Raise, the Lake Hodges projects, and a new pump station to extend ESP supplies to the northern reaches of the Water Authority service area.

- Other Projects – This category includes out-of-region groundwater storage, increased local water treatment plant capacity, and projects that mitigate environmental impacts of the CIP.

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 Water District WRMP Update and the 2010 UWMP contain comparisons of projected supply and demands through the year 2035. Projected potable water resources to meet planned demands as documented were 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 OWD currently has no local supply of raw water, potable water, or groundwater resources.

The development and/or acquisition of potential groundwater, recycled water market expansion, and seawater desalination supplies by the OWD have evolved and are planned to occur in response to the regional water supply issues. These water supply projects are in addition to those identified as sustainable supplies in the current Water Authority and MWD UWMP, IRP, Master Plans, and other planning documents. These new additional water supply projects are not currently developed and are in various stages of the planning process. These local and regional water supply projects will allow for less reliance upon imported water and are considered a new water supply resource for the OWD.

The OWD expansion of the market areas for the use of recycled water within the watersheds upstream of the Sweetwater Reservoir and the Lower Otay Reservoir, and Otay Mesa will increase recycled water use and thus require less dependence on imported water for irrigation purposes.

The supply forecasts contained within this WSA Report do consider development and/or acquisition of potential groundwater, recycled water market expansion, and seawater desalination supplies by the OWD.

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 OWD is founded upon the preceding discussions regarding MWD's and the Water Authority's water supply resources and water supplies to be acquired by the OWD. Historic imported water deliveries from the Water Authority to OWD and recycled water deliveries from the OWD Ralph W. Chapman Water Reclamation Facility (RWCWRF) are shown in Table 6. Since the year 2000 through mid May 2007, recycled water demand has exceeded the recycled water supply capability typically in the summer months. The RWCWRF is limited to a maximum production of about 1,300 acre-feet per year. The recycled water supply shortfall had 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 OWD recycled water system.

Table 6
Otay Water District
Historic Imported and Local Water Supplies

Calendar Year	Imported Water (acre-feet)	Recycled Water (acre-feet)	Total (acre-feet)
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	29,901	948	30,849
2005	37,678	1,227	38,905
2010	29,270	4,090	33,270
2011	30,777	3,776	34,553

Source: Otay Water District 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 OWD is demonstrated in the above discussion on MWD 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 2010 the supply to OWD was 29,270 acre-feet of supply from the Water Authority. An additional 4,090 ac-ft of recycled water was provided from the City of San Diego and from OWD's Ralph W. Chapman Water Reclamation Facility. The total baseline demand for potable water within the OWD is expected to increase to about 77,171 acre-feet by 2035 as per the Otay Water District 2010 UWMP.

Potable Water System Facilities

The OWD continues to pursue diversification of its water supply resources to increase reliability and flexibility. The OWD 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 OWD has successfully negotiated two water supply diversification agreements that enhance reliability and flexibility, which are briefly described as follows.

- The OWD 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 OWD. 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 OWD 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 treatment capacity in the Otay WTP until such time as OWD pays the City of San Diego to expand the Otay WTP to meet the OWD 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 OWD 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 OWD demand.

- The OWD 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 OWD. The supply system link to implement the ECRTWIP Agreement is complete allowing access to 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 OWD. The OWD is required to take a minimum of 10,000 acre-feet per year 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 OWD water meter capacity fee and user rate structures. The OWD 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 OWD 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 OWD 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 OWD 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 Water 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 acre-feet 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 OWD entered into the Otay 14 Flow Control Facility Modification Agreement dated January 24, 2007 with the Water Authority to increase the physical capacity of the Otay 14 Flow Control Facility. The Water Authority and OWD shared the capital cost to expand its capacity from 8 mgd to 16 mgd.

Federal, State, and Local Permits/Approvals

The OWD 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.

The transmission main project constructed 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 increased 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 was completed October 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 OWD is limited to a relatively small area within what is known as the Jamacha Basin, located within the Middle Sweetwater River Basin 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 OWD owns and operates the Ralph W. Chapman Water Reclamation Facility, which produces recycled water treated to a tertiary level for landscape irrigation purposes. The recycled water market area of the OWD is located primarily within the eastern area of the City of Chula Vista and on the Otay Mesa. The OWD 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, Otay Ranch, and other development projects.

The OWD projects that annual average demands for recycled water will increase to 8,000 acre-feet per year by 2035. About 1,300 acre-feet per year of supply is generated by the RWCWRF, with the remainder planned to be supplied to OWD by the City of San Diego's SBWRP.

<u>North District Recycled Water Concept</u>

The OWD is a recognized leader in the use of recycled water for irrigation and other commercial uses. The OWD continues the quest to investigate all viable opportunities to expand the successful recycled water program into areas that are not currently served. One of these areas is in the portion of the service area designated as the North District, located within the Middle Sweetwater River Basin watershed upstream of the Sweetwater River. The close

proximity of the recycled water markets in the North District to the OWD source of recycled water, the RWCWRF, means that the distribution system to serve this area could be constructed relatively cost effectively. This makes the North District a logical location for the expansion of the OWD recycled water system and market area.

The purpose of the North District Recycled Water System Development Project, Phase I Concept Study, is to identify the feasibility of using recycled water in the North District and to investigate and assess any limitations or constraints to its use. The Phase I study components of the North District Recycled Water Concept encompassed the preparation of six technical memorandums including the project definition, a discussion of the regulatory process, a discussion of the protection of the watershed that would be affected by recycled water use in the North District, identification of stakeholders, public outreach, and an implementation plan.

Several opportunities that could be realized with the implementation of the use of recycled water in the North District were identified. These include a reduction of demand on the potable water system and maximizing recycled water resources which in turn minimizes treated wastewater discharges to the local ocean outfall. Other opportunities are a possible partnership with Sweetwater Authority to monitor any benefits and impacts of increased recycled water use in the watershed and stakeholder outreach to resolve any water quality concerns and to retain consumer confidence. Also identified were two major constraints associated with the North District Recycled Water System Development Project. One constraint is the water quality objectives for the Middle Sweetwater Basin that will affect the effluent limitations for the recycled water produced at the RWCWRF. At this time, the effluent limit that is of concern is total nitrogen. An examination as to how the treatment process might be modified to enhance nitrogen removal and a design is underway to remedy the total nitrogen issue. The other major constraint is the cost of the infrastructure needed to convey and store recycled water in the North District. These costs are estimated to be in the range of $14 to $15 million dollars.

There are two additional phases proposed for the North District Recycled Water System Development Project. Phase II would include further investigation of the issues identified in Phase I as requiring further study. These include stakeholder outreach, regulatory issues, and facility planning. The third phase of the effort would include the facility planning, permitting, environmental compliance, design, and construction of the improvements necessary for delivery of recycled water to the North District markets.

The estimated amount of imported water saved at full implementation of the North District Recycled Water System Development Project is 1,200 acre-feet per year. This saved imported water could then be used to offset new potable water demands.

Recycled Water System Facilities

The OWD 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 OWD water meter capacity fee and user rate structures. The OWD recycled water sales revenue, along with MWD 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 acre-feet per year of recycled water from the SBWRP at an initial price of $350 per acre-foot. The Otay Water District 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 OWD has in place an agreement with MWD for their recycled water sales incentive program for supplies from the RWCWRF and the SBWRP. Also, the OWD 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 OWD 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 OWD 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 OWD in conformance with Order No. 2000-203.

6.3.1.3 Potential Groundwater Supplies

The Otay Water District WRMP Update, 2010 UWMP, and the Otay Water District March 2007 Integrated Water Resources Plan (2007 IRP) all contain a description of the development of potential groundwater supplies. Over the past several years, OWD 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 at a cost effective level. The OWD has developed capital improvement program projects to continue the quest to develop potential groundwater resources. Local OWD groundwater supply development is currently considered as a viable water supply resource to meet projected demands.

The development and/or acquisition of potential groundwater supply projects by the OWD have evolved and have been resurrected in response to the regional water supply issues related to water source supply conditions. Local ground water supply projects will allow for less reliance upon imported water, achieve a level of independence of the regional wholesale water agencies, and diversify the OWD water supply portfolio consistent the Otay Water District 2007 IRP.

In recognition of the need to develop sufficient alternative water supplies, the OWD has taken the appropriate next steps towards development of production groundwater well projects.

There are three groundwater well projects that the OWD is actively pursuing to develop as new local water supplies. They are known as the Middle Sweetwater River Basin Groundwater Well, the Otay Mesa Lot 7 Groundwater Well, and the Rancho del Rey Groundwater Well projects.

<u>Middle Sweetwater River Basin Groundwater Well</u>

The Middle Sweetwater River Basin Groundwater Well is an additional water supply project that was thoroughly studied and documented in the 1990s. The Middle Sweetwater River Basin is located within the Sweetwater River watershed and that reach of the river extends from Sweetwater Reservoir to the upstream Loveland Reservoir. The next step in development of the Middle Sweetwater River Basin Groundwater Well is the implementation

of a pilot well project. The ultimate objective of the OWD is to develop a groundwater well production system within the Middle Sweetwater River Basin capable of producing a sustainable yield of potable water as a local supply.

The purpose of the Middle Sweetwater River Basin Groundwater Well Pilot project is to identify the feasibility of developing a groundwater resource production system and then determine and assess any limitations or constraints that may arise. The Middle Sweetwater River Basin Groundwater Well Pilot Project will accomplish six primary goals:

- Update project setting
- Update applicable project alternatives analysis
- Prepare groundwater well pilot project implementation plan
- Construct and test pilot monitoring and extraction wells
- Provide recommendations regarding costs and feasibility to develop a groundwater well production system within the Middle Sweetwater River Basin capable of producing a sustainable yield of potable water
- Prepare groundwater well production project implementation plan and scope of work

The groundwater conjunctive use concept is described as the extraction of the quantity of water from the groundwater basin that was placed there by customers of the Otay Water District, Helix Water District, and Padre Dam Municipal Water District by means of their use of imported treated water that contributed to the overall volume of groundwater within the basin. An estimated quantity was developed to be approximately 12.5 percent of the total consumption of the OWD customers within that basin, as measured by water meters. In the 1994-1995 period, the quantity of water that was returned to the groundwater basin by OWD customers was estimated to be 810 acre-feet per year. Currently, that 12.5 percent quantity could be on the order of 1,000 acre-feet per year. A future scope of work will need to addresses this concept while considering further development of the groundwater basin as an additional supply resource. If it is deemed that a Middle Sweetwater River Basin Groundwater Well Production Project is viable then the consultant will develop and provide a groundwater well production project implementation plan, cost estimate, and related scope of work.

Further development of the groundwater basin to enhance the total groundwater production could be accomplished by the OWD by means of additional extraction of water from the basin that is placed there by means of either injection and/or spreading basins using imported untreated water as the resource supply. The existing La Mesa Sweetwater Extension Pipeline, owned by the Water Authority, once converted to an untreated water delivery system, could be the conveyance system to transport untreated water for groundwater recharge in support of this conjunctive use concept. These two distinct water resource supply conjunctive use concepts will be addressed so they may coexist and to allow for their development as separate phases.

The scope of work to complete Middle Sweetwater River Basin Groundwater Well Pilot Project consists of many major tasks and is to address the groundwater supply concepts outlined above. It is anticipated that the cost for the entire scope of work, will be on the order of $2,000,000, which includes a contingency and may take up to one and a half years to complete.

The primary desired outcome of the Middle Sweetwater River Basin Groundwater Well Pilot Project is for the engineering consultant to determine and make recommendations if it is financially prudent and physically feasible to develop a Phase I groundwater well production system within the Middle Sweetwater River Basin capable of producing a sustainable yield of up to 1,500 ac-ft/yr of potable water for the OWD. If it is deemed that a Middle Sweetwater River Basin Groundwater Well Production Project is viable then the consultant will develop and provide a groundwater well production project implementation plan and related scope of work.

Otay Mesa Lot 7 Groundwater Well

In early 2001 the OWD was approached by a landowner representative about possible interest in purchasing an existing well or alternatively, acquiring groundwater supplied from the well located on Otay Mesa. The landowner, National Enterprises, Inc., reportedly stated that the well could produce 3,200 acre-feet per year with little or no treatment required prior to introducing the water into the OWD potable water system or alternatively, the recycled water system. In March 2001 authorization to proceed with testing of the Otay Mesa Lot 7 Groundwater Well was obtained and the OWD proceeded with the investigation of this potential groundwater supply opportunity.

The May 2001 Geoscience Support Services, Inc. completed for the OWD the preparation of a report entitled, “Otay Mesa Lot 7 Well Investigation,” to assess the Otay Mesa Lot 7 Well. The scope of work included a geohydrologic evaluation of the well, analyses of the water quality samples, management and review of the well video log, and documentation of well pump testing. The primary findings, as documented in the report, formed the basis of the following recommendations:

- For the existing well to be use as a potable water supply resource, a sanitary seal must be installed in accordance with the CDPH guidelines.
- Drawdown in the well must be limited to avoid the possibility of collapsing the casing.
- Recover from drawdown from pumping is slow and extraction would need to be terminated for up to 2 days to allow for groundwater level recovery.
- The well water would need to be treated and/or blended with potable water prior to introduction into the potable water distribution system.

The existing Otay Mesa Lot 7 Well, based upon the above findings, was determined not to be a reliable municipal supply of potable water and that better water quality and quantity perhaps could be discovered deeper or at an alternative location within the San Diego Formation.

The OWD may still continue to pursue the Otay Mesa groundwater well opportunity with due consideration of the recommendations of the existing report. Based on the recommendations of the investigation report, a groundwater well production facility at Otay Mesa Lot 7 could realistically extract approximately 300 acre-feet per year.

Rancho del Rey Groundwater Well

In 1991, the McMillin Development Company drilled the Rancho del Rey Groundwater Well to augment grading water supplies for their Rancho del Rey development projects. Although the well was considered a "good producer," little was known regarding its water quality and sustainable yield because the water was used solely for earthwork (i.e. dust control and soil compaction). The well was drilled to 865 feet, with a finished depth of 830 feet and produced approximately 400 acre-feet per year of low quality water for four years until its use was discontinued in April 1995 when the well was no longer needed. McMillin notified the OWD of its intent to sell off the groundwater well asset.

In 1997, the OWD purchased an existing 7-inch well and the surrounding property on Rancho del Rey Parkway from the McMillin Company with the intent to develop it as a source of potable water. Treatment was required to remove salts and boron, among other constituents, using reverse osmosis membranes and ion exchange.

In 2000, having received proposals for the design and construction of a reverse osmosis treatment facility that far exceeded the allocated budget, the Board of Directors instructed staff to suspend the project until such time as it became economically viable.

In January 2010, citing the rising cost of imported water and the OWD's interest in securing its own water source for long-term supply reliability, the Board authorized Phase 1 for drilling and development of the Rancho del Rey Well.

On March 3, 2010, the Board adopted the Mitigated Negative Declaration for this project and a Notice of Determination was filed with the County of San Diego on March 5, 2010. In September 2010, a new 12-inch production well was drilled to a depth of 900 feet through the groundwater formation and into fractured bedrock. Testing showed the long-term yield of the new well to be 450 gpm, higher than previous studies had estimated. Separation Processes, Inc. (SPI), a highly qualified membrane treatment firm, was hired to conduct a detailed economic feasibility study to confirm that the annualized unit cost of the new water source was economically competitive with other sources. The economic study estimated the unit cost of water to be $1, 500 to $2,000 per acre-feet for an alternative that utilizes a seawater membrane for treating both salts and boron. When compared with the current imported treated water rate from the Water Authority, and with the knowledge that this rate will continually increase as MWD and the Water Authority raise their rates, the Rancho del Rey Well project appears to be economically viable.

The OWD is continuing to pursue the Rancho del Rey groundwater well opportunity with due consideration of the recommendations of the existing reports and plans to develop a groundwater well production facility to extract approximately 500 acre-feet per year. For water planning purposes, production of groundwater from the Rancho del Rey well is considered "additional planned" for local supplies. During preparation of this 2010 UWMP, the OWD has contracted for design services for the wellhead treatment facilities.

6.3.1.4 Otay Water District Desalination Project

The OWD is currently investigating the feasibility of purchasing desalinated water from a seawater reverse osmosis plant that is planned to be located in Rosarito, Mexico, known as the Otay Mesa Desalinated Water Conveyance System (Desalination) project. The treatment facility is intended to be designed, constructed, and operated in Mexico by a third party. The OWD's draft Desalination Feasibility Study, prepared in 2008, discusses the likely issues to be considered in terms of water treatment and monitoring, potential conveyance options within the United States from the international border to potential delivery points, and environmental, institutional, and permitting considerations for the OWD to import the Desalination project product water as a new local water supply resource.

While the treatment facility for the Desalination project will likely not be designed or operated by the OWD as the lead agency, it is important that the OWD maintain involvement with the planning, design, and construction of the facility to ensure that the implemented processes provide a product water of acceptable quality for distribution and use within the OWD's system as well as in other regional agencies' systems that may use the product water, i.e. City of San Diego, the Water Authority, etc. A seawater reverse osmosis treatment plant removes constituents of concern from the seawater, producing a water quality that far exceeds established United States and California drinking water regulations for most parameters, however, a two-pass treatment system may be required to meet acceptable concentrations of boron and chlorides, similar to the levels seen within the existing OWD supply sources. The Desalination Feasibility Study addresses product water quality that is considered acceptable for public health and distribution.

The OWD, or any other potential participating agencies, will be required to get approval from the CDPH in order to use the desalinated seawater as a water source. Several alternative approaches are identified for getting this approval. These alternatives vary in their cost and their likelihood of meeting CDPH approval.

The Rosarito Desalination Facility Conveyance and Disinfection System Project report addresses two supply targets for the desalinated water (i.e. local and regional). The local alternative assumes that only OWD would participate and receive desalinated water, while the regional alternative assumes that other regional and/or local agencies would also participated in the Rosarito project.

On November 3, 2010, the OWD authorized the General Manager to enter into an agreement with AECOM for the engineering design, environmental documentation, and the permitting for the construction of the conveyance pipeline, pump station, and disinfection facility to be constructed within the OWD. The supply target is assumed to be 50 mgd while the ultimate capacity of the plant will be 100 mgd.

The OWD is proceeding with negotiations among the parties to establish water supply resource acquisition terms through development of a Principles of Understanding document.

6.3.2 Otay Water District Capital Improvement Program

The OWD 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 OWD forecasts needs and plans for water supply requirements to meet projected demands at ultimate build out. The necessary water facilities and water supply projects are implemented and constructed when development activities proceed and require service to achieve timely and adequate cost effective water service.

New water facilities that are required to accommodate the forecasted growth within the entire OWD service area are defined and described within the Otay Water District WRMP Update. These facilities are incorporated into the annual OWD 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, OWD prepares water system requirements specifically for the proposed development project consistent with the Otay Water District WRMP Update. 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 OWD 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 Otay Tech Centre Project is currently located within the jurisdictions of the OWD, Water Authority, and MWD. To obtain permanent imported water supply service, land areas are required to be within the jurisdictions of the OWD, Water Authority, and MWD to utilize imported water supply.

The Water Authority and MWD 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 the 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 MWD 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 with land use authority may require water supply assessment and/or verification reports for proposed land developments that are not within the OWD, Water Authority, or MWD jurisdictions (i.e. pending or proposed annexations) or that have revised land use plans with either lower or higher development intensities than reflected in the existing growth forecasts. Proposed land areas with pending or proposed annexations, or revised land use plans, typically result in creating higher demand and supply requirements than previously anticipated. The OWD, Water Authority, and MWD next demand forecast and supply requirements and associated planning documents would then capture any increase or decrease in demands and required supplies as a result of annexations or revised land use planning decisions.

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. The 2010 update to the IRP includes a planning buffer supply intended to mitigate against the risks associated with implementation of local and imported supply programs and for the risk that future demands could be higher than projected. The planning buffer identifies an additional increment of water that could potentially be developed when needed and if other supplies are not fully implemented as planned. As part of implementation of the planning buffer, MWD periodically evaluates supply development, supply conditions, and projected demands 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 water supplies to meet long-term future demands.

In Section ES-5 of their 2010 RUWMP, MWD states that MWD has supply capacities that would be sufficient to meet expected demands from 2015 through 2035. MWD has plans for supply implementation and continued development of a diversified resource mix including programs in the Colorado River Aqueduct, State Water Project, Central Valley Transfers, local resource projects, and in-region storage that enables the region to meet its water supply needs. MWD's 2010 RUWMP identifies potential reserve supplies in the supply capability analysis (Tables 2-9, 2-10, and 2-11), 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 11 of the Water Authority's 2010 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, Carlsbad Desalination Project, and Drought Management Plan (DMP) are taking actions to prepare for and appropriately handle an interruption of water supplies. The DMP, adopted 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 MWD 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.

The WSA Report identifies and describes the processes by which water demand projections for the proposed Otay Tech Centre Project will be fully included in the water demand and supply forecasts of the Urban Water Management Plans and other water resources planning documents of the Water Authority and MWD. Water supplies necessary to serve the demands of the proposed Otay Tech Centre Project, along with existing and other projected future users, as well as the actions necessary and status to develop these supplies, have been identified in the Otay Tech Centre Project WSA Report and will be included in the future water supply planning documents of the Water Authority and MWD.

This WSA Report includes, among other information, an identification of existing water supply entitlements, water rights, water service contracts, water supply projects, or agreements relevant to the identified water supply needs for the proposed Otay Tech Centre Project. This WSA Report assesses, demonstrates, and documents that sufficient water supplies are planned for 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 Otay Tech Centre Project and the existing and other planned development projects to be served by the OWD.

Table 7 presents the forecasted balance of water demands and required supplies for the OWD service area under average or normal year conditions. The total actual demand for FY 2010 was 33,270 acre feet. The demand for FY 2010 is 5,635 acre feet lower than the demand in FY 2005 of 38,905 acre feet. The drop in demand is a result of the unit price of water, the conservation efforts of users as a result of the prolonged drought, and the economy.

Table 8 presents the forecasted balance of water demands and supplies for the OWD service area under single dry year conditions. Table 8 presents the forecasted balance of water demands and supplies for the OWD service area under multiple dry year conditions for the three year period ending in 2018. The multiple dry year conditions for periods ending in 2023, 2028, and 2033 are provided in the Otay Water District 2010 UWMP. The projected potable demand and supply requirements shown the Tables 7 and 8 are from the Otay Water District 2010 UWMP adjusted to reflect the additional 75.6 acre-feet per year of potable water

demand for the Otay Tech Centre Project. Hot, dry weather may generate urban water demands that are about 6.4 percent greater than normal. This percentage was utilized to generate the dry year demands shown in Table 8. The recycled water supplies are assumed to experience no reduction in a dry year.

Table 7
Projected Balance of Water Demands and Supplies Normal Year Conditions (acre feet)

Description	FY 2015	FY 2020	FY 2025	FY 2030	FY 2035
Demands					
OWD Demands	44,883	53,768	63,811	70,669	77,171
Additional Conservation Target	0	(7,447)	(13,996)	(17,895)	(20,557)
Total Demand	44,883	46,321	49,815	52,774	56,614
Supplies					
Water Authority Supply	40,483	41,321	44,015	45,974	48,614
Recycled Water Supply	4,400	5,000	5,800	6,800	8,000
Total Supply	44,883	46,321	49,815	52,774	56,614
Supply Surplus/(Deficit)	**0**	**0**	**0**	**0**	**0**

Table 8 presents the forecasted balance of water demands and supplies for the OWD service area under single dry year and multiple dry year conditions as from the Otay Water District 2010 UWMP.

Table 8
Projected Balance of Water Demands and Supplies
Single Dry and Multiple Dry Year Conditions (acre feet)

	Normal Year	Single Dry Year	Multiple Dry Years		
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Demands					
OWD Demands	37,176	41,566	43,614	46,385	50,291
Total Demand	37,176	41,566	43,614	46,385	50,291
Supplies					
Water Authority Supply	33,268	37,535	39,460	42,108	45,891
Recycled Water Supply	3,908	4,031	4,154	4,277	4,400
Total Supply	37,176	41,566	43,614	46,385	50,291
Supply Surplus/(Deficit)	**0**	**0**	**0**	**0**	**0**
District Demand totals with SBX7-7 conservation target achievement plus single dry year increase as shown. The Water Authority could implement its DMP. In this instances, the Water Authority may have to allocate supply shortages based on it equitable allocation methodology in its DMP.					

Dry year demands assumed to generate a 6.4% increase in demand over normal conditions for each year in addition to new demand growth.

Table 8 also presents the forecasted balance of water demands and supplies for the OWD service area under multiple dry year conditions for the three year period ending in 2015.

In evaluating the availability of sufficient water supply, the Otay Tech Centre Project development proponents will be required to participate in the development of alternative water supply project(s). This can be achieved through payment of the New Water Supply Fee adopted by the OWD Board in May 2010. These water supply projects are in addition to those identified as sustainable supplies in the current Water Authority and MWD UWMP, IRP, Master Plans, and other planning documents. These new water supply projects are in response to the regional water supply issues related to climatological, environmental, legal, and other challenges that impact water source supply conditions, such as the court rulings regarding the Sacramento-San Joaquin Delta and the current ongoing western states drought conditions. These new additional water supply projects are not currently developed and are in various stages of the planning process. The OWD water supply development program includes but is not limited to projects such as the Middle Sweetwater River Basin Groundwater Well project, the North District Recycled Water Supply Concept, the OWD Desalination project, and the Rancho del Rey Groundwater Well project. The Water Authority and MWD's next forecasts and supply planning documents would capture any increase in water supplies resulting from any new water resources developed by the OWD.

The OWD acknowledges 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 climate, environmental, and legal challenges so that they may continue to provide water supplies to their service areas. The regional water suppliers along with OWD fully intend to maintain sufficient reliable supplies through the 20-year planning horizon under normal, single, and multiple dry year conditions to meet projected demand of the Otay Tech Centre Project, along with existing and other planned development projects within the OWD service area.

This WSA Report assesses, demonstrates, and documents that sufficient water supplies are planned for and are intended to be acquired, as well as the actions necessary and status to develop these supplies, to meet projected water demands of the Otay Tech Centre Project as well as existing and other reasonably foreseeable planned development projects within the OWD for a 20-year planning horizon, in normal and in single and multiple dry years.

Source Documents

Sunroad Otay Partners, LP, December, 2012, Letter Request to Initiate the Preparation of a Water Supply Assessment for the Otay Tech Centre. Compliance request letter received January 28, 2013.

City of Chula Vista, "Otay Ranch General Development Plan/Sub-regional Plan, The Otay Ranch Joint Planning Project," October 1993 amended June 1996.

County of San Diego, "East Otay Mesa Specific Plan Area," adopted July 27, 1994.

Otay Water District, "2008 Water Resources Master Plan Update," dated November 2010.

Atkins and Otay Water District, "Otay Water District 2010 Urban Water Management Plan," June 2011.

Camp Dresser & McKee, Inc., "Otay Water District Integrated Water Resources Plan," March 2007

San Diego County Water Authority, "Urban Water Management Plan 2010 Update," May 2011.

MWD Water District of Southern California, "Regional Urban Water Management Plan," November 2010.

Camp Dresser & McKee, Inc., "Rosarito Desalination Facility Conveyance and Disinfection System Project," June 21, 2010.

PBS&J, "Draft Otay Water District North District Recycled Water System Development Project, Phase I Concept Study," December 2008.

NBS Lowry, "Middle Sweetwater River System Study Water Resources Audit," June 1991.

Michael R. Welch, "Middle Sweetwater River System Study Alternatives Evaluation," May 1993.

Michael R. Welch, "Middle Sweetwater River Basin Conjunctive Use Alternatives," September 1994.

Geoscience Support Services, Inc., "Otay Mesa Lot 7 Well Investigation," May 2001.

Boyle Engineering Corporation, "Groundwater Treatment Feasibility Study Ranch del Rey Well Site," September 1996.

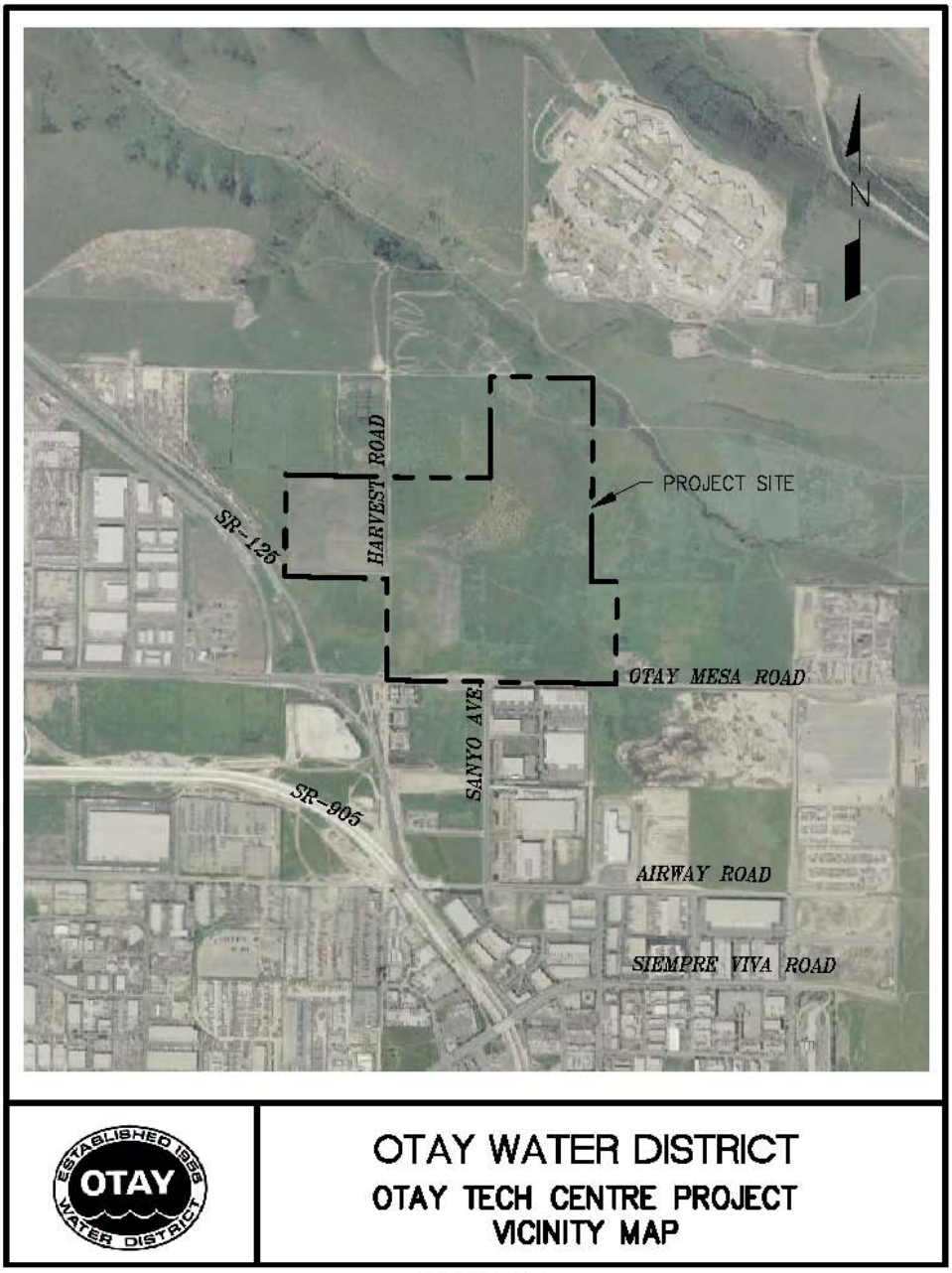
Agreement for the Purchase of Treated Water from the Otay Water Treatment Plant between the City of San Diego and the Otay Water District.

Agreement between the San Diego County Water Authority and Otay Water District regarding Implementation of the East County Regional Treated Water Improvement Program.

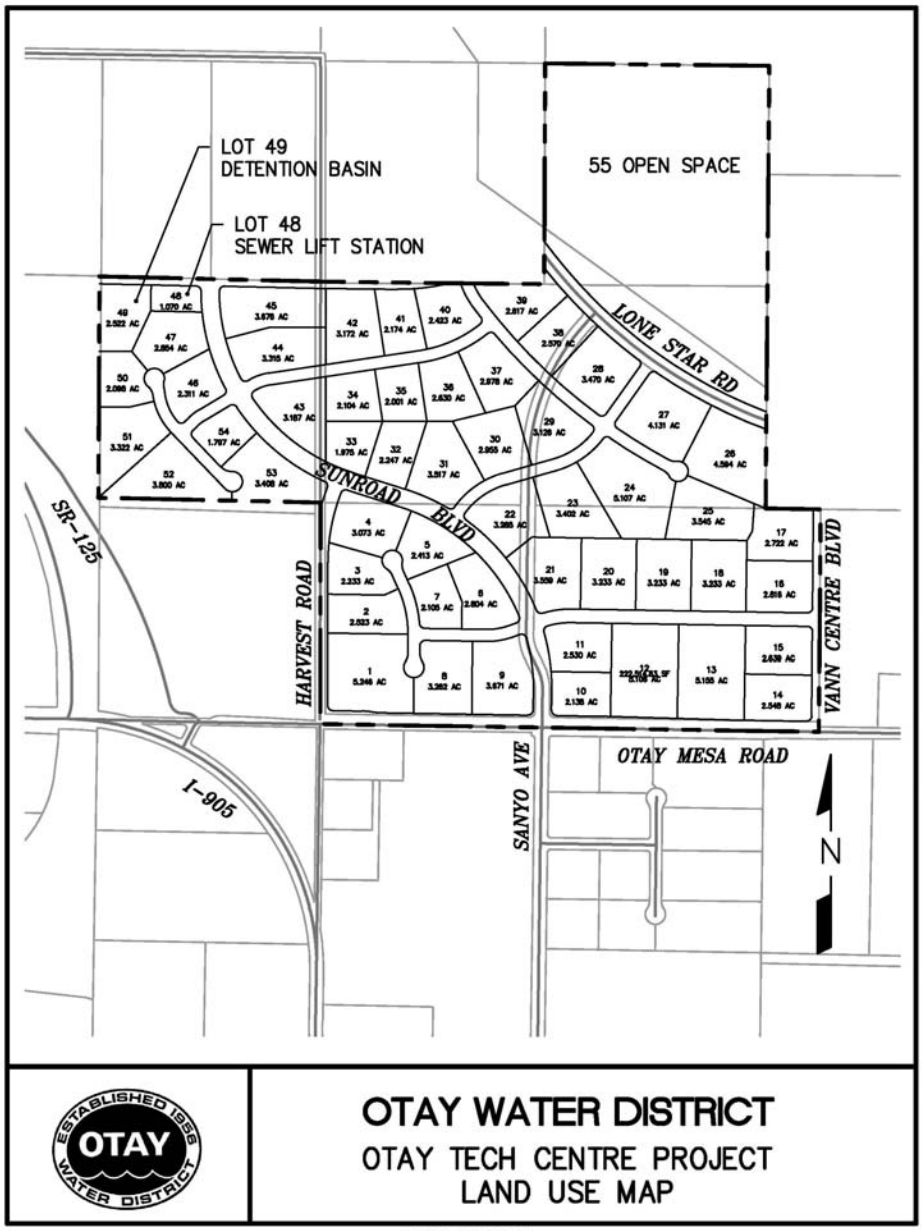
Agreement between the San Diego County Water Authority and Otay Water District for Design, Construction, Operation, and Maintenance of the Otay 14 Flow Control Facility Modification.

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 Tech Centre Project Vicinity Map



Appendix B
Otay Tech Centre Project Development Plan



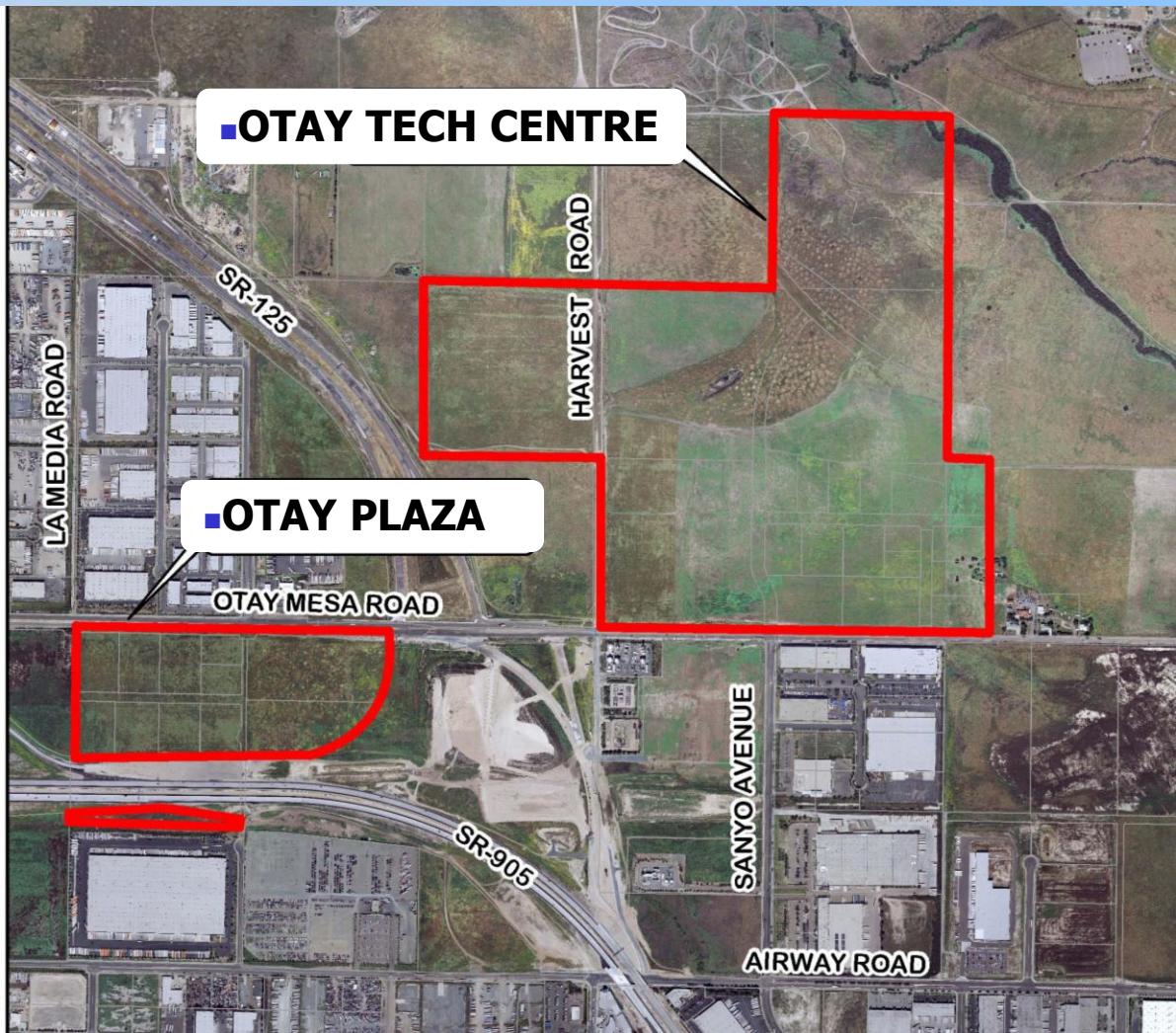
APPENDIX B

EXHIBIT D

Otay Water District
Board of Directors Meeting
March 6, 2013

Water Supply Assessment Reports for the Sunroad Otay Tech Centre and Otay Plaza Projects

SB 610 Compliance



Background

Senate Bills 610 and 221 became effective on January 1, 2002, with the primary intent to improve the link between water supply availability and land use decisions.

SB 610 Water Supply Assessment (WSA):

- **Requires water purveyor to prepare a *Water Supply Assessment* report for inclusion in agency CEQA documentation.**

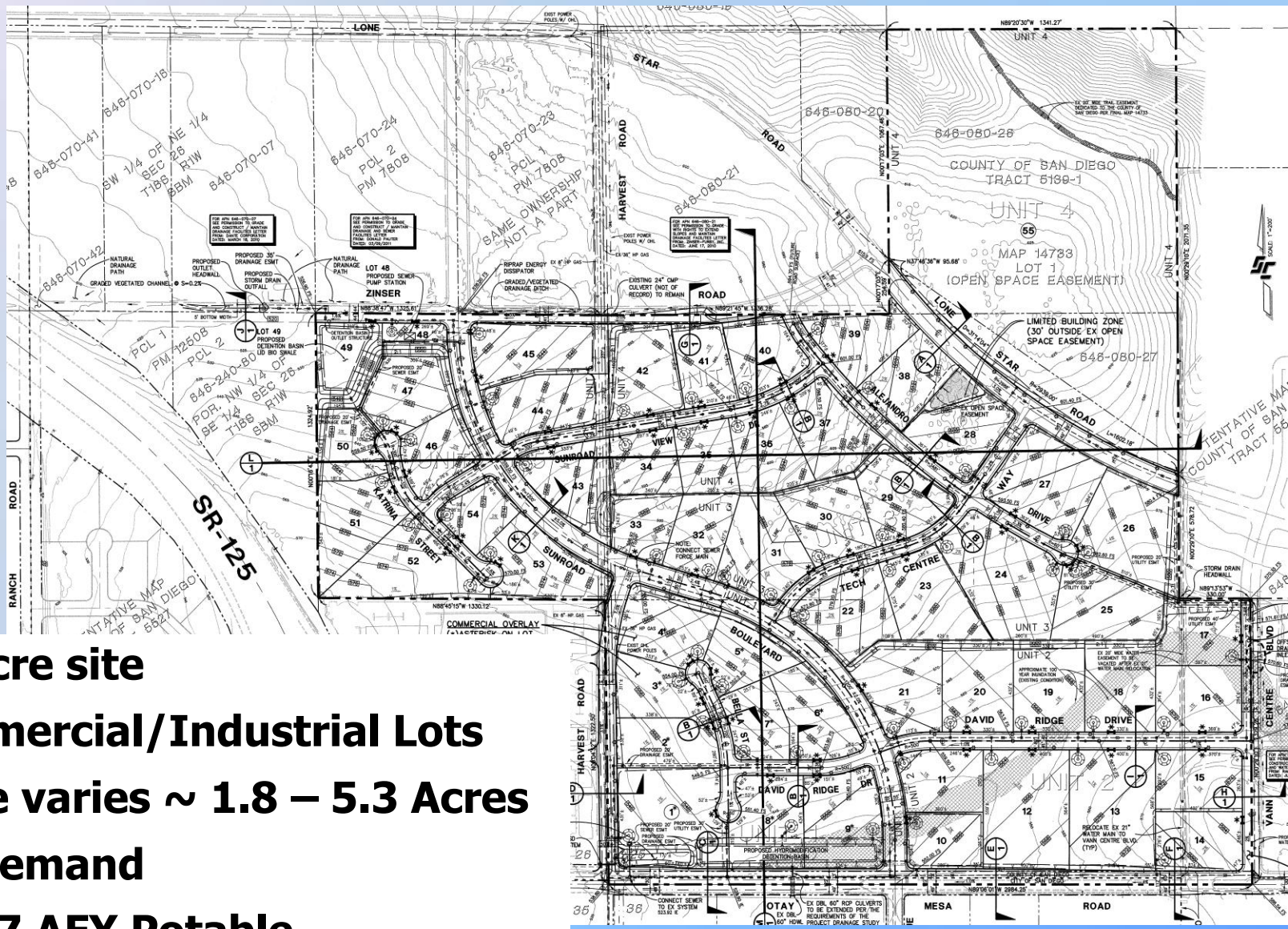
SB 221 Water Supply Verification:

- **Does not apply to the Sunroad Projects which are Industrial/Commercial subdivisions.**

The Otay Tech Centre Project and Otay Plaza Water Supply Assessment Reports:

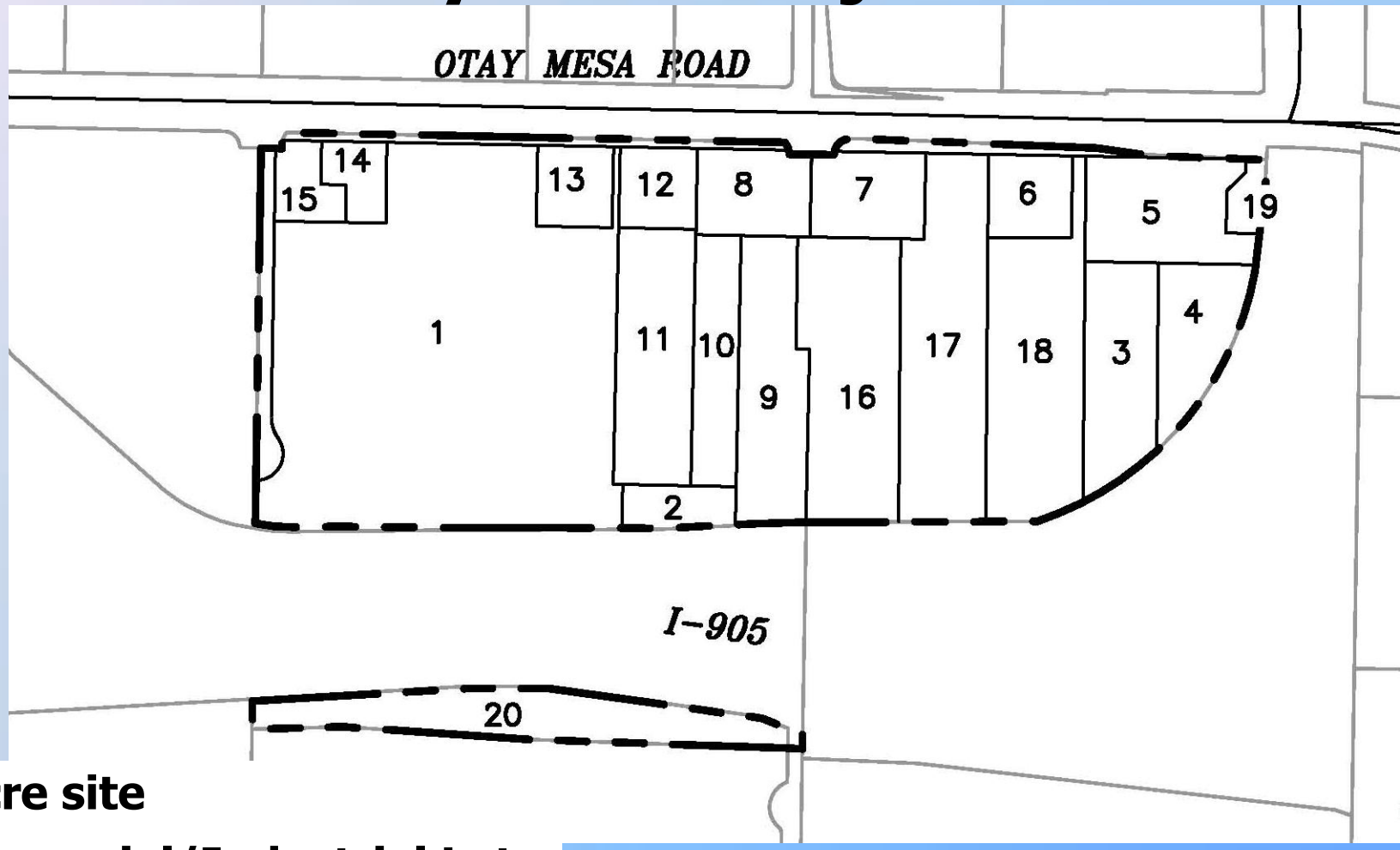
- **Board approval required for submittal of the WSAs to the City of San Diego and County of San Diego.**

Otay Tech Centre Project



- **253.1 Acre site**
- **52 Commercial/Industrial Lots**
- **Lots size varies ~ 1.8 – 5.3 Acres**
- **Water Demand**
  - **178.7 AFY Potable**
  - **23 AFY Recycled**

Otay Plaza Project



- **51.9 Acre site**
- **20 Commercial/Industrial Lots**
- **Water Demand**
  - **101.9 AFY Potable**
  - **11.9 AFY Recycled**

Water Supply Assessment Reports for the Sunroad Otay Tech Centre and Otay Plaza Projects

	Potable Water Demands		2010 WRMP Estimated Potable Water Demands	Recycled Water Demands	
	GPD	AFY	AFY	GPD	AFY
Otay Tech Centre	159,510	178.7	304.3	20,580	23
Otay Plaza	90,939	101.9	53	10,581	11.9
Total	250,449	280.6	357.3	31,161	34.9

Water Supply Assessment Reports

- **The regional and local water supply agencies acknowledge the challenges and fully intend to develop sufficient, reliable supplies to meet demands.**

- **Water suppliers recognize additional water supplies are necessary and portfolios need to be reassessed and redistributed with intent to serve existing and future needs.**

Water Supply Assessment Reports

- **The Reports documents the planned water supply projects and the actions necessary to develop the supplies.**
- **Water supply for the Projects and for existing and future developments within the District for a 20-year planning horizon, under normal and in single and multiple dry years, are planned for and are intended to be made available.**

Otay Water District
Planned Local Water Supply Projects

- **Rancho Del Rey Groundwater Well (500 AFY)**
- **Rosarito Ocean Desalination Project (20,000-50,000 AFY)**
- **Otay Mesa Lot 7 Groundwater Well (300 AFY)**
- **Otay Mesa Recycled Water Supply Link Project (800 AFY)**

Otay Water District
Projected Balance of Supply and Demand

	Normal Year	Single Dry Year	Multiple Dry Years		
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Demands					
Otay Water District Demands	37,176	41,566	43,614	46,385	50,291
Total Demand	37,176	41,566	43,614	46,385	50,291
Supplies					
Water Authority Supply	33,268	37,535	39,460	42,108	45,891
Recycled Water Supply	3,908	4,031	4,154	4,277	4,400
Total Supply	37,176	41,566	43,614	46,385	50,291
Supply Surplus/(Deficit)	**0**	**0**	**0**	**0**	**0**

Table 8 of Otay Tech Centre WSA Report and Otay Plaza WSA Report based on data from Table 30 on page 41 of OWD 2010 UWMP

District Demand totals with SBX7-7 conservation target achievement with single dry year and multiple dry year increase as shown. The Water Authority could implement its DMP. In these instances, the Water Authority may have to allocate supply shortages based on the equitable allocation methodology in its DMP.

Conclusion

- **Water demand and supply forecasts are included in the planning documents of MWD, Water Authority, and the Otay Water District.**
- **Actions necessary to develop the identified water supplies are documented.**
- **The Otay Tech Centre Project and Otay Plaza Project SB 610 WSA demonstrates and documents that sufficient water supplies are planned for and are intended to be available over the next 20 years.**

Conclusion continued

- It is believed that the Board has met the intent of SB 610 statute in that:
  1) Land use agencies and water suppliers have demonstrated strong linkage.
  2) The Otay Tech Centre Project and Otay Plaza Project Water Supply Assessment clearly documents the current water supply situation.

Staff Recommendation

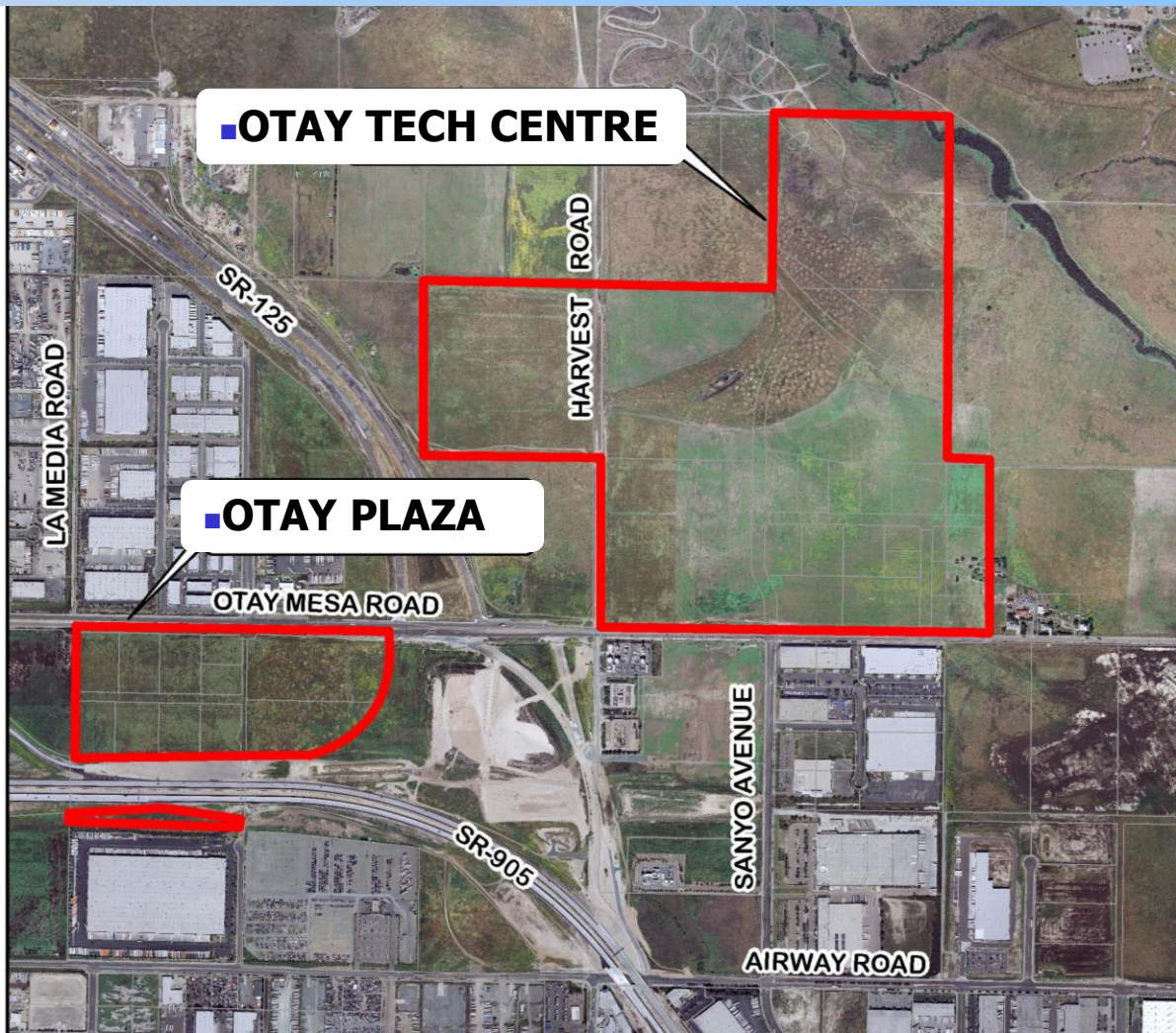
That the Board of Directors approve the Senate Bill 610 Water Supply Assessment Report dated January 2013 for the Otay Tech Centre Project.

That the Board of Directors approve the Senate Bill 610 Water Supply Assessment Report dated January 2013 for the Otay Plaza Project.

Questions ?

Water Supply Assessment Reports for the Sunroad Otay Tech Centre and Otay Plaza Projects

SB 610 Compliance



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	March 6, 2013		
SUBMITTED BY:	Bob Kennedy Senior Civil Engineer Ron Ripperger Engineering Manager	CIP./G.F. NO:	D0362-090143	DIV. NO.	2
APPROVED BY:	☒ Rod Posada, Chief, Engineering ☒ German Alvarez, Asst General Manager ☒ Mark Watton, General Manager				
SUBJECT:	Approval of Water Supply Assessment Report (January 2013) for the Otay Plaza Project				

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) approve the Water Supply Assessment Report (WSA Report) dated January 2013 for the Otay Plaza Project, as required by Senate Bill 610 (see Exhibit A for Project location).

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To obtain Board approval of the January 2013 WSA Report for the Otay Plaza Project, as required by Senate Bill 610 (SB 610).

ANALYSIS:

Sunroad Otay Partners, LP submitted an entitlement application to the City of San Diego for the development of the 51.9 acre project (Otay Plaza Project). The Twenty (20) Commercial/Industrial lot tentative map is located within the Otay Mesa Community Planning area within the City of San Diego.

SB 610 requires the agency conducting the environmental review to evaluate whether total water supplies will meet the projected water demand for certain "projects" that are otherwise subject to the requirement of the California Environmental Quality Act

(CEQA). SB 610 provides its own definition of "project" in Water Code Section 10912. The City of San Diego submitted a request for a WSA to the District pursuant to SB 610. In response to such request, SB 610 requires that, upon request of the agency conducting the environmental review, a water purveyor, such as the District, prepare the water supply assessment to be included in the CEQA documentation.

The requirements of SB 610 are addressed by the WSA Report for the Otay Plaza Project. Prior to transmittal to the City of San Diego, the WSA Report must be approved by the District Board. Additional information of the intent of SB 610 is provided in Exhibit B and the Otay Plaza Project WSA Report is attached as Exhibit C.

For the Otay Plaza Project, the City of San Diego is the responsible agency that requested the SB 610 water supply assessment from the District, as the water purveyor for the proposed Otay Plaza Project. The request for the WSA Report, in compliance with SB 610 requirements, was made by the City of San Diego because the Otay Plaza 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 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, as the proposed water purveyor for the Otay Plaza Project, does not have to comply with the requirements of Senate Bill 221 (SB 221) because the Project is an industrial development and SB 221 applies to residential subdivisions.

Pursuant to SB 610, the WSA Report incorporates by reference the current Urban Water Management Plans and other water resources planning documents of the District, the San Diego County Water Authority (Water Authority), and the Metropolitan Water District of Southern California (MWD). The District prepared the WSA Report in consultation with Dexter Wilson Engineering, Inc. and the Water Authority which 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 Otay Plaza Project and other planned development projects within the District.

The expected potable water demand for the Otay Plaza Project is 90,939 gallons per day (gpd) or about 101.9 acre-feet per year (AFY). The rezone of the property to Commercial-Regional is expected to increase the water demand for this project above what was projected in the District's 2008 Water Resources Master Plan updated November 2010 which estimated 53 AFY for the same parcels, but with a lower industrial use for the property. The projected recycled water demand for the Otay Plaza Project is 10,581 gpd or 11.9 AFY, representing about 10% of the total Otay Plaza Project water demand.

MWD's Integrated Resource 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 2010 update to the IRP (2010 IRP Update) includes a water supply planning buffer to mitigate the risk 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 the establishment of the planning buffer, MWD periodically evaluates supply development to ensure that the region is not under- or over-developing supplies. If 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 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 coordinate their efforts in planning for new development and thus plan 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 water supply assessment and deliver it to the lead agency (City

of San Diego) within 90 days. The City of San Diego's notification on January 7, 2013 requested the WSA for the Otay Plaza Project. The deadline for the District to provide a Board approved WSA to the City of San Diego is April 6, 2013. An extension can be requested to provide 30 additional days, if necessary.

Pursuant to 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 assessment and deliver it to the lead agency within 90 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.

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 are always present. The regional water supply agencies, the Water Authority, MWD, and the District nevertheless fully intend to have sufficient, reliable supplies to serve the Otay Plaza Project.

FISCAL IMPACT: ☒ Joe Beachem, Chief Financial Officer

The District has been reimbursed $8,000 for all costs associated with the preparation of the Otay Plaza Project WSA Report. The reimbursement was accomplished via a $8,000 deposit the Project proponents placed with the District on January 7, 2013.

STRATEGIC GOAL:

The preparation and approval of the Otay Plaza Project WSA Report supports the District's Mission statement, "To provide the best quality of water and wastewater services to the customers of the Otay Water District, in a professional,

effective, and efficient manner" and the District's Strategic Goal, in planning for infrastructure and supply to meet current and future potable water demands.

LEGAL IMPACT:

Approval of a WSA Report for the Otay Plaza Project in form and content satisfactory to the Board of Directors would allow the District to comply with the requirements of Senate Bill 610.

BK/RR:jf
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Attachments: Attachment A – Committee Action
Exhibit A – Project Location Map
Exhibit B – Explanation of the Intent of SB 610
Exhibit C – Otay Plaza Project WSA Report
Exhibit D – Presentation

ATTACHMENT A

SUBJECT/PROJECT:	Approval of Water Supply Assessment Reports (January 2013) for the Otay Plaza Project and the Otay Tech Centre Project
D0362-090131	

COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee (Committee) reviewed this item at a meeting held on February 21, 2013, and the following comments were made:

- Staff requested that the Board approve the Water Supply Assessment Report (WSA Report) dated January 2013 for the Otay Tech Centre Project, as required by Senate Bill 610.

- Staff provided a PowerPoint presentation that covered both WSA Reports for the Otay Tech Centre Project and the Otay Plaza Project.

- Staff indicated that Board approval for the submittal of the WSA Reports to the County of San Diego is required.

- Staff discussed the background of Senate Bills 610 and 221, and indicated that SB 221 does not apply to these industrial development projects.

- Staff stated that the Otay Tech Centre Project is located within the East Otay Mesa Specific Plan of the County of San Diego General Plan and is located along the north side of Otay Mesa Road, east of SR-125. The Project involves the development of 52 Commercial/Industrial lots on 253.1 acres of land and is located. The lot sizes range from 1.8 to 5.3 acres and the potable demand is estimated to be 178.7 AFY and the recycled water demand is estimated to be 23 AFY.

- Staff indicated that the Otay Plaza Project is located within the Otay Mesa Community Plan area of the City of San Diego

and is located south of Otay Mesa Road just west of the intersection of SR-125. SR-905 is along its southerly boundary. The Project involves the development of 20 Commercial/Industrial lots with potable demand estimated to be 101.9 AFY and the recycled water demand is estimated to be 11.9 AFY. It also involves a re-zone of the property (to CR-2-1 Commercial Regional) with construction of eleven buildings consisting of 500,590 square-feet of gross leasable retail area and a 134-key room hotel of 72,250 square-feet, approximately 2,420 parking spaces and all grading, drainage, utility and access improvements.

- Staff provided a slide that showed a summary of water demands for both projects and compared them against the estimated demands in the District's Water Resource Master Plan, which indicated a 76.7 AFY difference.

- Staff indicated that the WSA Reports states the following:

  "The regional and local water supply agencies acknowledge the challenges of supply and fully intend to develop sufficient reliable supplies to meet demands. Water suppliers recognize additional water supplies are necessary and portfolios need to be reassessed and redistributed with intent to serve existing and future needs."

- It was noted that the Reports documents planned water supply projects and actions necessary to develop the supplies for a 20-year planning horizon.

- Staff indicated that the WSA Reports includes (4) four other Otay Water District Planned Local Water Supply Projects:

  - Rancho Del Rey Groundwater Well (500 AFY)
  - Rosarito Ocean Desalination Project (20,000-50,000 AFY)
  - Otay Mesa Lot 7 Groundwater Well (300 AFY)
  - Otay Mesa Recycled Water Supply Link Project (800 AFY)

- The Committee indicated that the Rancho Del Rey Groundwater Well Project was placed on hold by the District and inquired if that was considered by staff prior to drafting the WSA Reports. Staff stated that it was taken into consideration for the WSA Reports.

- Staff presented a slide that showed the projection of the District's demand for single dry year and multiple dry years,

which was based on data from the District's 2010 Urban Water Management Plan.

- Staff stated that water demand and supply forecasts are included in the planning documents of Metropolitan, Water Authority, and the Otay Water District. Actions necessary to develop the identified water supplies are documented.

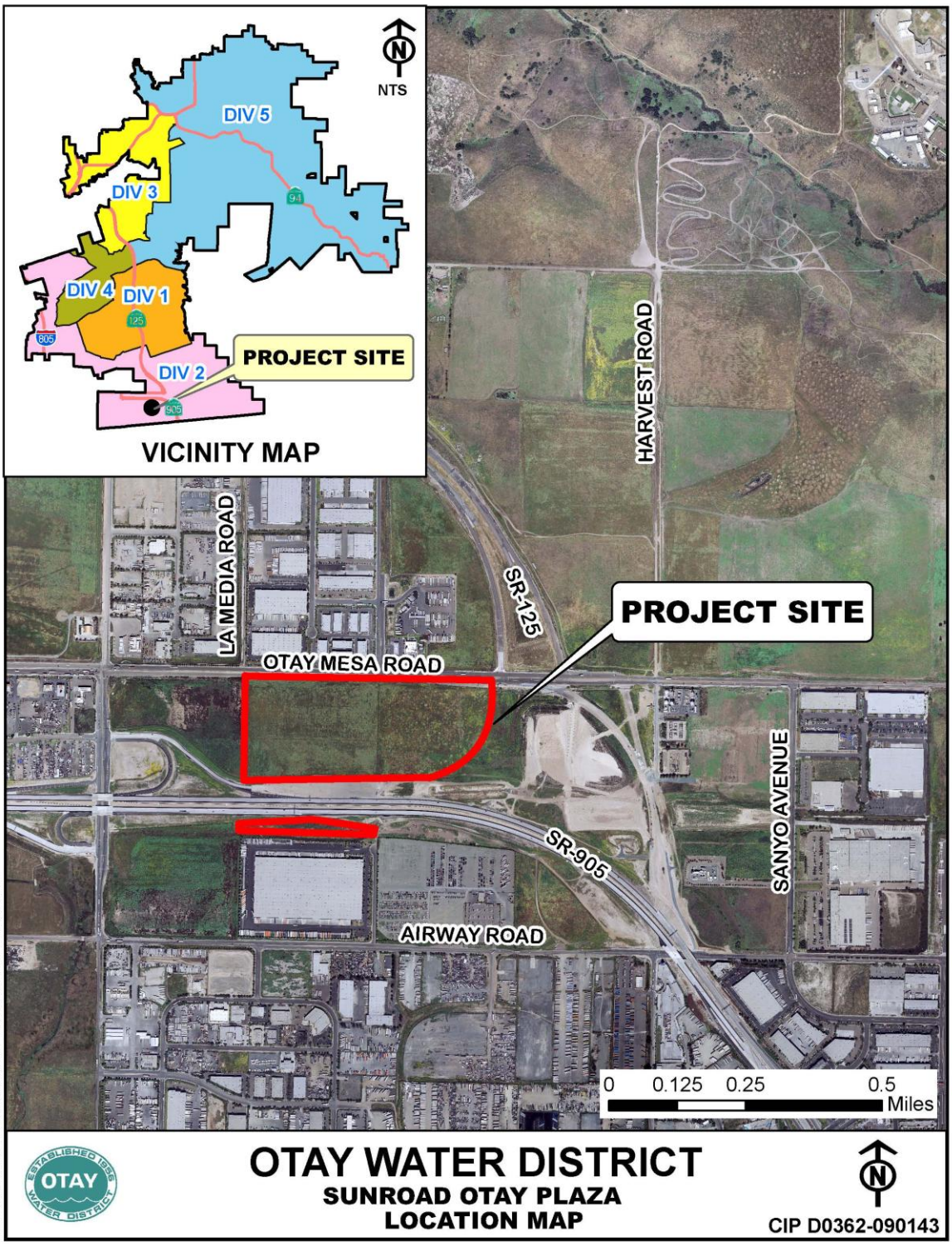
- The Otay Tech Centre and the Otay Plaza Projects' SB 610 WSAs demonstrate and document that sufficient water supplies are planned for and are intended to be available over the next 20 years.

- Staff noted that the state of the current water supply situation is also documented in the WSA Reports, with the intent that the water agencies plan to develop sufficient water supplies to meet demands. It is believed that the Board has met the intent of SB 610 statute in that, "Land use agencies and water suppliers have demonstrated strong linkage."

- It was discussed that a recent appeal of the Padre Dam WSA for the Fanita Ranch development in the *Preserve Wild Santee v. City of Santee (2012)* was reviewed by Otay Water District's Legal Council to determine if the template used by Otay needed to be strengthened. One of the issues the court found with the Padre WSA was its failure to address uncertainty of its water supply from MWD/CWA.

- Staff noted that the Otay Water District's WSA Reports, as well as earlier reports, take supply reliability into account. The WSAs in several places refers to Metropolitan's "planning buffer" supply intended to mitigate against the risks associated with implementation of local and imported supply program." It was also noted that the District's WSAs acknowledge that water supply agencies throughout California continue to face climatalogical, environmental, legal, and other challenges that impact water source supply conditions, such as the court rulings regarding the Sacramento-San Joaquin Delta issues. Similarly, the WSA also mentions CWA's shortage contingency analysis and that CWA is prepared 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."

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


NTS
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PROJECT SITE
VICINITY MAP
HARVEST ROAD
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SR-125
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SANYO AVENUE
SR-905
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OTAY WATER DISTRICT
SUNROAD OTAY PLAZA
LOCATION MAP
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EXHIBIT A

EXHIBIT B

Background Information

The Otay Water District (District) prepared the January 2013 Water Supply Assessment Report (WSA Report) for the Otay Plaza Project development at the request of the City of San Diego. The City of San Diego's WSA request on January 7, 2013 was received by the District on January 7, 2013 so the 90-day deadline for the District to provide the Board an approved WSA Report to the County ends April 6, 2013. Sunroad Otay Partners, LP submitted an entitlement application to the County for the development of the 51.9 acre project.

The Otay Plaza Project is located within the jurisdictions of the District, the San Diego County Water Authority (Water Authority), and the Metropolitan Water District of Southern California (MWD). See Exhibit A for Project location. To obtain permanent imported water supply service, land areas are required to be within the jurisdictions of the District, Water Authority, and MWD.

The January 2013 WSA Report for the Otay Plaza Project has been prepared by the District in consultation with Dexter Wilson Engineering, Inc., the Water Authority, and the County pursuant to Public Resources Code Section 21151.9 and California Water Code Sections 10631, 10656, 10910, 10911, 10912, and 10915 referred to as Senate Bill (SB) 610. SB 610 amended state law, effective January 1, 2002, intending to improve the link between information on water supply availability and certain land use decisions made by cities, counties, and other regulatory agencies. 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 requirements of SB 610 are addressed in the January 2013 WSA Report for the Otay Plaza Project.

The Otay Plaza Project is located south of Otay Mesa Road, west of the State Route 125 southbound off-ramp terminus at Otay Mesa Road; east of the existing Avenida Costa Azul unimproved, dedicated public Right of Way and north of State Route 905. Refer to Exhibit A for a vicinity map of the proposed Otay Plaza Project. The project is proposed to be located on 51.9 acres in the Otay Mesa Community Planning Area within the City of San Diego. The Otay Plaza Project is planned to include 20 Industrial/Commercial business park lots.

The expected potable water demand for the Otay Plaza Project is 90,939 gallons per day (gpd) or about 101.9 acre feet per year (AFY). The rezone of the property to Commercial-Regional is expected to increase the water demand for this project above what was projected in the District's Water Resources Master Plan updated November 2010 (WRMP Update) which estimated 53 AFY for the same parcels, but with a lower industrial use for the property. The projected recycled water demand for the Otay Plaza

Project is approximately 10,581 gpd or 11.9 AFY, representing about 10% of the total Otay Plaza Project water demand.

The District currently depends on the Water Authority and the MWD for all of its potable water supplies and regional water resource planning.

The District's 2010 Urban Water Management Plan (UWMP) relies heavily on the UWMP's and Integrated Water 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.

MWD in October 2010 approved the update of their Integrated Water Resources Plan (IRP). The 2010 IRP Update describes an adaptive management approach to mitigate against future water supply uncertainty. The new uncertainties that are significantly affecting California's water resources include:

- The Federal Court ruling on previous operational limits on Sacramento-San Joaquin Delta to protect the Delta species. Water agencies are still trying to determine what effect the ruling will have on State Water Project (SWP) deliveries. 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.

- Periodic 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 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.

The 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. Neither the Water Authority nor MWD has 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.

As calculated by MWD (December 11, 2012), the Water Authority's current preferential right is 17.22% of MWD's supply, while the Water Authority accounted for approximately 25% of MWD's total revenue. So MWD could theoretically cut back 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 2010 UWMP, they had already planned to reduce reliance on MWD supplies. This reduction is planned to be achieved through diversification of their water supply portfolio.

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 Otay Water District Board of Directors could 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 year conditions to meet projected demand of the Otay Plaza 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 2010 IRP update will then cause the Water Authority to update its IRP, which 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 Otay Plaza Project WSA Report does not in any way guarantee water supply to the Otay Plaza 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.

So 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 Otay Plaza Project WSA Report, the Project proponents can proceed with the draft environmental documentation required for the CEQA review process. The water supply issues will be addressed in these environmental documents, 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 Otay Plaza Project.

Some recent actions regarding water supply assessments and verification reports by Otay Water District are as follows:

- The Otay Water District Board approved in July 2007 the Eastern Urban Center Water Supply and Assessment Report.

- The Board approved the Judd Company Otay Crossings Commerce Park water supply assessment report on December 5, 2007.

- The Board approved the Otay Ranch L.P. Otay Ranch Preserve and Resort Project Water Supply Assessment and Verification Report on February 4, 2009.

- The Board approved water supply assessment and verification reports for the City of Chula Vista Village 8 West Sectional Plan Area and Village 9 Sectional Plan Are on January 5, 2011.

- The Board approved the water supply assessment report for the San Diego-Tijuana Cross Border Facility on February 2, 2011.

- The Board approved the water supply assessment for the County of San Diego Rabago Technology Park on April 6, 2011.

- The Board approved the water supply assessment report for the Pio Pico Energy Center Project on October 5, 2011.

- The Board approved the water supply assessment report for the Hawano Project on March 7, 2012.

Water supplies necessary to serve the demands of the proposed Otay Plaza 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 Otay Plaza 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 Otay Plaza Project and the existing and other planned development projects within the District.

Accordingly, after approval of a WSA Report for the Otay Plaza Project by the District's Board of Directors, the WSA Report may be used to comply with the requirements of the legislation enacted by Senate Bills 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) compliance process for the Otay Plaza Project as a water supply assessment report consistent with the requirements of the legislation enacted by SB 610. The County of San Diego, as lead agency under the CEQA for the Otay Plaza Project environmental documentation, may cite the approved WSA Report as evidence that a sufficient water supply is planned and intended to be available to serve the Otay Plaza Project.

EXHIBIT C

OTAY WATER DISTRICT

WATER SUPPLY ASSESSMENT REPORT
for the
Otay Plaza Project
D0362-090143

Prepared by:

Bob Kennedy, P.E.
Senior Civil Engineer
Otay Water District
In consultation with
Dexter Wilson Engineering, Inc.
And
San Diego County Water Authority

January 2013

Otay Water District
Water Supply Assessment Report
January 2013

Otay Plaza Project

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Otay Water District
Water Supply Assessment Report
January 2013

Otay Plaza Project

Executive Summary

The Otay Water District (OWD) prepared this Water Supply Assessment Report (WSA Report) at the request of the City of San Diego (City) for the Otay Plaza Project. Sunroad Otay Partners, LP submitted an entitlement application to the City of San Diego for the development of the Otay Plaza Project.

Otay Plaza Project Overview and Water Use

The Otay Plaza Project is located within the jurisdictions of the OWD, 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 OWD, Water Authority, and MWD.

The project applicant, Sunroad Otay Partners, LP, has made application to the City of San Diego for a Community Plan Amendment, re-zone, Site Development Permit (No. 945297), Right-of-Way Vacation (No. 945299), a 20 commercial lot Vesting Tentative Map (No. 945298), Neighborhood Development Permit and a Planned Development Permit to construct a regional commercial retail center on a 51.9 acre site located in the Otay Mesa Community Planning Area within the City of San Diego. The breakdown of the project comprises 49.1 acres of land lying north of SR-905 together with a 2.8 acre parcel lying south of SR-905 which may be used for storm water detention purposes.

The proposed site is located south of Otay Mesa Road, west of the State Route 125 southbound off-ramp terminus at Otay Mesa Road; east of the existing Avenida Costa Azul unimproved, dedicated public Right of Way and north of State Route 905. The site is currently vacant with flat topography. Surrounding land uses include SR-905 freeway to the south; the vacant SR-125/SR-905 future interchange to the east; mixed light industrial and commercial uses to the north; and a vacant commercially zoned property to the west. The site is zoned Otay Mesa Development District (Industrial Subdistrict) (OMDD-I) and designated Industrial on the City of San Diego Otay Mesa Community Plan. The location map in

Appendix A depicts the location of the proposed site within the Otay Mesa area. The proposed lot layout of the project is shown in Appendix B.

The proposed project would involve a re-zone of the property to CR-2-1 (Commercial-Regional) with construction of eleven buildings consisting of 500,590 square feet of gross leasable retail area and a 134-key room hotel of 72,250 square feet, approximately 2,420 parking spaces and all grading, drainage, utility and access improvements.

The shopping center could also include a gas-station with car wash and several dining/coffee providers some of which will have drive-thru service. The project would be anchored by four buildings along the southern boundary of the site; eight outparcel building pads would be located along the northern site boundary adjacent to and south of Otay Mesa Road. Specific tenants have yet to be identified but the scope of on and off-site improvements required has been developed to accommodate a specific square footage of retail, hotel and restaurant uses.

The expected potable water demand for the Otay Plaza Project is 90,939 gallons per day (gpd) or about 101.9 acre feet per year (AFY). The rezone of the property to Commercial-Regional is expected to increase the water demand for this project above what was projected in the District's Water Resources Master Plan updated November 2010 (WRMP Update) which estimated 53 AFY for the same parcels, but with a lower industrial use for the property. The projected recycled water demand for the Otay Plaza Project is 10,581 gpd or 11.9 AFY, representing about 10% of the total Otay Plaza Project water demand.

The Otay Plaza Project development components are required to use recycled water for irrigation and other potential purposes. The primary benefit of using recycled water is that it will offset the potable water demand by an estimated 11.9 AFY. The Otay WD WRMP Update and 2010 Urban Water Management Plan (UWMP) anticipated that the Otay Plaza Project would use both potable and recycled water.

Planned Imported Water Supplies from the Water Authority and MWD

The Water Authority and MWD 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 the 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 MWD 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 (UWMP). Prior to the next forecast update, local jurisdictions with land use authority may require water supply assessment and/or verification reports for proposed land developments that are not within the OWD, Water Authority, or MWD jurisdictions (i.e. pending or proposed annexations) or that have revised land use plans with either lower or higher development intensities than reflected in the existing growth

forecasts. Proposed land areas with pending or proposed annexations, or revised land use plans, typically result in creating higher demand and supply requirements than previously anticipated. The OWD, Water Authority, and MWD next demand forecast and supply requirements and associated planning documents would then capture any increase or decrease in demands and required supplies as a result of annexations or revised land use planning decisions.

The California Urban Water Management Planning Act (Act), which is included in the California Water Code, requires all urban water suppliers within the state to prepare an UWMP and update it every five years. The purpose and importance of the UWMP has evolved since it was first required 25 years ago. State agencies and the public frequently use the document to determine if agencies are planning adequately to reliably meet future demands. As such, UWMPs serve as an important element in documenting supply availability for the purpose of compliance with state laws, Senate Bill 610, linking water supply sufficiency to large land-use development approval. Agencies must also have a UWMP prepared, pursuant to the Act, in order to be eligible for state funding and drought assistance.

MWD's 2010 IRP long term water plan offers a strategy to protect the region from future supply shortages, with an emphasis on water-use efficiency through conservation and local supply development. The 2010 IRP includes a planning buffer supply intended to mitigate against the risks associated with implementation of local and imported supply programs and for the risk that future demands could be higher than projected. The planning buffer identifies an additional increment of water that could potentially be developed when needed or if other supplies are not fully implemented as planned. As part of implementation of the planning buffer, MWD periodically evaluates supply development, supply conditions, and projected demands 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 water supplies to meet long-term future demands.

Water supply agencies throughout California continue to face climate, environmental, legal, and other challenges that impact water source supply conditions, such as the court rulings regarding the Sacramento-San Joaquin Delta issues and the current ongoing drought impacting the western states. Challenges such as these essentially always will be present. The regional water supply agencies, the Water Authority and MWD, along with OWD nevertheless fully intend to have sufficient, reliable supplies to serve demands.

In Section ES-5 of their 2010 Regional Urban Water Management Plan (2010 RUWMP), MWD states that MWD has supply capacities that would be sufficient to meet expected demands from 2015 through 2035. MWD has plans for supply implementation and continued development of a diversified resource mix including programs in the Colorado River Aqueduct, State Water Project, Central Valley Transfers, local resource projects, and in-region storage that enables the region to meet its water supply needs. MWD's 2010 RUWMP identifies potential reserve supplies in the supply capability analysis (Tables 2-9, 2-10, and 2-

11), which could be available to meet the unanticipated demands such as those related to the Otay Plaza Project.

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 11 of the Water Authority's 2010 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, adopted 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 MWD 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.

Otay Water District Water Supply Development Program

In evaluating the availability of sufficient water supply, the Otay Plaza Project will be required to participate in the water supply development program being implemented by the OWD. This is intended to be achieved through financial participation in several local and/or regional water supply development projects envisioned by the OWD. These water supply projects are in addition to those identified as sustainable supplies in the current Water Authority and MWD UWMP, IRP, Master Plans, and other planning documents. These new water supply projects are in response to the regional water supply issues. These new additional water supply projects are not currently developed and are in various stages of the planning process. Imported water supplies along with the OWD water supply development projects supplies are planned to be developed and are intended to increase water supplies to serve the Otay Plaza Project water supply needs and that of other similar situated development projects. The OWD water supply development program includes but is not limited to projects such as the Middle Sweetwater River Basin Groundwater Well project, the North District Recycled Water Supply Concept, the Rosarito Ocean Desalination Facility project, and the Rancho del Rey Groundwater Well project. The Water Authority and MWD's next forecasts and supply planning documents would capture any increase in water supplies resulting from any new water resources developed by the OWD.

Findings

This WSA Report for the Otay Plaza Project has been prepared by the OWD in consultation with Dexter Wilson Engineering, Inc., the Water Authority, and the City of San Diego 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 OWD prepare a water supply assessment as per the requirements of SB 610. The requirements of SB 610 are being addressed by this WSA Report

The Otay Plaza Project development concept exceeds the thresholds contained in the legislation enacted by SB 610 and therefore requires preparation of a WSA report. The Otay Plaza Project is considered as a commercial/industrial development and is not a residential subdivision project of more than 500 units and hence it is not subject to the requirements of Senate Bill 221 for preparation of a Water Supply Verification Report.

The WSA Report identifies and describes the processes by which water demand projections for the proposed Otay Plaza Project will be fully included in the water demand and supply forecasts of the Urban Water Management Plans and other water resources planning documents of the Water Authority and MWD. Water supplies necessary to serve the demands of the proposed Otay Plaza Project, along with existing and other projected future users, as well as the actions necessary and status to develop these supplies, have been identified in the Otay Plaza Project WSA Report and will be included in the future water supply planning documents of the Water Authority and MWD.

This WSA Report includes, among other information, an identification of existing water supply entitlements, water rights, water service contracts, water supply projects, or agreements relevant to the identified water supply needs for the proposed Otay Plaza Project. This WSA Report demonstrates, and documents that sufficient water supplies are planned for 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 Otay Plaza Project and the existing and other planned development projects to be served by the OWD.

Accordingly, after approval of a WSA Report for the Otay Plaza Project by the Otay Water District 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:

> <u>Senate Bill 610 Water Supply Assessment</u>: The Otay Water District Board approved Otay Plaza Project WSA Report may be incorporated into the California Environmental Quality Act (CEQA) compliance process for the Otay Plaza Project as

a water supply assessment report consistent with the requirements of the legislation enacted by SB 610. The City, as lead agency under CEQA for the Otay Plaza Project EIR, may cite the approved WSA Report as evidence that a sufficient water supply is planned for and is intended to be made available to serve the Otay Plaza Project.

Section 1 - Purpose

The project applicant, Sunroad Otay Partners, LP, has made application to the City of San Diego for a Community Plan Amendment, re-zone, Site Development Permit (No. 945297), Right-of-Way Vacation (No. 945299), a 20 commercial lot Vesting Tentative Map (No. 945298), Neighborhood Development Permit and a Planned Development Permit to construct a regional commercial retail center on a 51.9 acre site located in the Otay Mesa Community Planning Area within the City of San Diego. The breakdown of the project comprises 49.1 acres of land lying north of SR-905 together with a 2.8 acre parcel lying south of SR-905 which may be used for storm water detention purposes.

The proposed site is located south of Otay Mesa Road, west of the State Route 125 southbound off-ramp terminus at Otay Mesa Road; east of the existing Avenida Costa Azul unimproved, dedicated public Right of Way and north of State Route 905. The site is currently vacant with flat topography. Surrounding land uses include SR-905 freeway to the south; the vacant SR-125/SR-905 future interchange to the east; mixed light industrial and commercial uses to the north; and a vacant commercially zoned property to the west. The site is zoned Otay Mesa Development District (Industrial Subdistrict) (OMDD-I) and designated Industrial on the City of San Diego Otay Mesa Community Plan. The location map in Appendix A depicts the location of the proposed site within the Otay Mesa area. The proposed lot layout of the project is shown in Appendix B.

The proposed project would involve a re-zone of the property to CR-2-1 (Commercial-Regional) with construction of eleven buildings consisting of 500,590 square feet of gross leasable retail area and a 134-key room hotel of 72,250 square feet, approximately 2,420 parking spaces and all grading, drainage, utility and access improvements.

The shopping center could also include a gas-station with car wash and several dining/coffee providers some of which will have drive-thru service. The project would be anchored by four buildings along the southern boundary of the site; eight outparcel building pads would be located along the northern site boundary adjacent to and south of Otay Mesa Road. Specific tenants have yet to be identified but the scope of on and off-site improvements required has been developed to accommodate a specific square footage of retail, hotel and restaurant uses. The City requested that the Otay Water District (OWD) prepare a Water Supply Assessment (WSA) Report for the Otay Plaza Project. The Otay Plaza Project description is provided in Section 3 of this WSA Report.

This WSA Report for the Otay Plaza Project has been prepared by the OWD in consultation with Dexter Wilson Engineering, Inc., the San Diego County Water Authority (Water Authority), and the City of San Diego pursuant to Public Resources Code Section 21151.9 and California Water Code Sections 10631, 10656, 10910, 10911, 10912, and 10915 referred to as Senate Bill (SB) 610. SB 610 amended state law, effective January 1, 2002, intending 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 requirements of SB 610 are being addressed by this WSA Report.

The Otay Plaza Project's development concept exceeds the thresholds contained in the legislation enacted by SB 610 and therefore requires preparation of a WSA report. The Otay Plaza Project is considered as an industrial development and is not a residential subdivision project of more than 500 units and hence it is not subject to the requirements of Senate Bill 221 for preparation of a Water Supply Verification Report.

This WSA Report evaluates water supplies that are 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 Otay Plaza Project, and reasonably foreseeable planned future water demands to be served by OWD. The Otay Water District Board of Directors approved WSA Report is planned to be used by the City in its evaluation of the Otay Plaza Project under the CEQA approval process procedures.

Section 2 - Findings

Sunroad Otay Partners, LP submitted an entitlement application to the City of San Diego for the development of the 51.9 acre parcel (Otay Plaza Project). The OWD prepared this WSA Report at the request of the City of San Diego for the Otay Plaza Project.

The Otay Plaza Project is located within the jurisdictions of the OWD, the 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 OWD, Water Authority, and MWD to utilize imported water supply.

The expected potable water demand for the Otay Plaza Project is 90,939 gallons per day (gpd) or about 101.9 acre feet per year (AFY). The rezone of the property to Commercial-Regional is expected to increase the water demand for this project above what was projected in the District's Water Resources Master Plan updated November 2010 (WRMP Update) which estimated 53 AFY for the same parcels, but with a lower industrial use for the property. The

projected recycled water demand for the Otay Plaza Project is 10,581 gpd or 11.9 AFY, representing about 10% of the total Otay Plaza Project water demand.

The Otay Plaza Project development proponents are required to use recycled water for irrigation and other appropriate uses. The primary benefit of using recycled water is that it will offset the potable water demands by an estimated 11.9 AFY. The WRMP Update and the 2010 Urban Water Management Plan (UWMP) anticipated that the land area to be utilized for the Otay Plaza Project would use both potable and recycled water.

In evaluating the availability of sufficient water supply, the Otay Plaza project proponents are required to participate in the development of alternative water supply project(s). This can be achieved through payment of the New Water Supply Fee adopted by the Otay Water District Board in May 2010. These water supply projects are in addition to those identified as sustainable supplies in the current Water Authority and MWD UWMP, IRP, Master Plans, and other planning documents. These new water supply projects are in response to the regional water supply issues related to the Sacramento-San Joaquin Delta and the current ongoing western states drought conditions. These new additional water supply projects are not currently developed and are in various stages of the planning process. A few examples of these alternative water supply projects include the Middle Sweetwater River Basin Groundwater Well project, the OWD Desalination project, and the Rancho del Rey Groundwater Well project. The Water Authority and MWD next forecast and supply planning documents would capture any increase in water supplies resulting from verifiable new water resources developed by the OWD.

The Water Authority and MWD 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 the 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 MWD 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 OWD, Water Authority, or MWD jurisdictions (i.e. pending or proposed annexations) or that have revised land use plans with lower or higher land use intensities than reflected in the existing growth forecasts. Proposed land areas with pending or proposed annexations, or revised land use plans, typically result in creating higher demand and supply requirements than anticipated. The OWD, the Water Authority, and MWD next demand forecast and supply requirements and associated planning documents would then capture any increase or decrease in demands and required supplies as a result of annexations or revised land use planning decisions.

This process is utilized by the Water Authority and MWD 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 any required water 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 MWD.

This WSA Report includes, among other information, an identification of existing water supply entitlements, water rights, water service contracts, proposed water supply projects, and agreements relevant to the identified water supply needs for the proposed Otay Plaza Project. This WSA Report incorporates by reference the current Urban Water Management Plans and other water resources planning documents of the OWD, the Water Authority, and MWD. The OWD prepared this WSA Report to assess and document that sufficient water supplies are planned for and are intended to be acquired to meet projected water demands of the Otay Plaza Project as well as existing and other reasonably foreseeable planned development projects within the OWD for a 20-year planning horizon, in normal supply years and in single dry and multiple dry years.

The Otay Water District 2010 UWMP included a water conservation component to comply with Senate Bill 7 of the Seventh Extraordinary Session (SBX 7-7), which became effective February 3, 2010. This new law was the water conservation component to the Delta legislation package, and seeks to achieve a 20 percent statewide reduction in urban per capita water use in California by December 31, 2020. Specifically, SBX 7-7 from this Extraordinary Session requires each urban retail water supplier to develop urban water use targets to help meet the 20 percent reduction goal by 2020 (20x2020), and an interim water reduction target by 2015.

OWD has adopted Method 1 to set its 2015 interim and 2020 water use targets. Method 1 requires setting the 2020 water use target to 80 percent of baseline per capita water use target as provided in the State's Draft 20x2020 Water Conservation Plan. The OWD 2015 target is 171 gpcd and the 2020 gpcd target at 80 percent of baseline is 152 gpcd.

The OWD's recent per capita water use has been declining to the point where current water use already meets the 2020 target for Method 1. This recent decline in per capita water use is largely due to drought water use restrictions, increased water costs, and economic conditions. However, OWD's effective water use awareness campaign and enhanced conservation mentality of its customers will likely result in some long-term carryover of these reduced consumption rates.

Based on a normal water supply year, the five-year increments for a 20-year projection indicate projected potable and recycled water supply is being planned for and is intended to be acquired to meet the estimated water demand targets of the OWD (44,883 acre-feet (ac-ft) in 2015 to 56,614 ac-ft in 2035 per the Otay Water District 2010 UWMP). Based on dry year forecasts, the estimated water supply is also being planned for and is intended to be acquired to meet the projected water demand, during single dry and multiple dry year scenarios. On average, the dry-year demands are about 6.4 percent higher than the normal year demands.

The OWD recycled water supply is assumed to be drought-proof and not subject to reduction during dry periods.

Together, these findings assess, demonstrate, and document that sufficient water supplies are planned for and are intended to be acquired, as well as the actions necessary and status to develop these supplies are and will be further documented, to serve the proposed Otay Plaza Project and the existing and other reasonably foreseeable planned development projects within the OWD in both normal and single and multiple dry year forecasts for a 20-year planning horizon.

Section 3 - Project Description

The Otay Plaza Project is located south of Otay Mesa Road, west of the State Route 125 southbound off-ramp terminus at Otay Mesa Road; east of the existing Avenida Costa Azul unimproved, dedicated public Right of Way and north of State Route 905. The site is currently vacant with flat topography. Surrounding land uses include SR-905 freeway to the south; the vacant SR-125/SR-905 future interchange to the east; mixed light industrial and commercial uses to the north; and a vacant commercially zoned property to the west. The site is zoned Otay Mesa Development District (Industrial Subdistrict) (OMDD-I) and designated Industrial on the City of San Diego Otay Mesa Community Plan. The location map in Appendix A depicts the location of the proposed site within the Otay Mesa area. The proposed lot layout of the project is shown in Appendix B.

The Otay Plaza Project is planned to include 20 Commercial business park lots ranging from 0.6 to 16.1 acres in size. . As each of these lots develops in the future, it would be subject to the project approval and permitting processes of the City of San Diego and OWD.

The City of San Diego has discretionary authority on land use decisions for the Otay Plaza Project and can establish actions and/or permit approval requirements. The projected potable and recycled water demands associated with the Otay Plaza Project have considered the anticipated City of San Diego discretionary actions and/or permit approvals and are incorporated into and used in this WSA Report. The water demands for the proposed Otay Plaza Project are included in the projected water demand estimates provided in Section 5 – Historical and Projected Water Demands.

Section 4 – Otay Water District

The OWD is a municipal water district formed in 1956 pursuant to the Municipal Water District Act of 1911 (Water Code §§ 71000 et seq.). The OWD 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 OWD currently meets all its potable demands with imported treated water from the Water Authority. The Water Authority is the agency responsible for the supply of imported water into San Diego County through its membership in MWD. The Water Authority currently obtains about half of its imported supply from MWD, but is in the process of further diversifying its available supplies.

The OWD 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, OWD also provides sewage collection and treatment services to a portion of its service area known as the Jamacha Basin. The OWD also owns and operates the Ralph W. Chapman Water Reclamation Facility (RWCWRF) which has an effective treatment capacity of 1.2 million gallons per day (mgd) or about 1,300 acre feet per year to produce recycled water. On May 18, 2007, an additional source of recycled water supply of at least 6 mgd, or about 6,720 acre feet per year, became available to OWD from the City of San Diego's South Bay Water Reclamation Plant (SBWRP).

The OWD jurisdictional area is generally located within the south central portion of San Diego County and includes approximately 125 square miles. The OWD 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 OWD 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 OWD is the international border with Mexico.

The planning area addressed in the Otay Water District WRMP Update and the Otay Water District 2010 UWMP includes both the land within the jurisdictional boundary of the OWD and those areas outside of the present OWD boundaries considered to be in the Area of Influence of the OWD. Figure 1 contained within the Otay Water District 2010 UWMP shows the jurisdictional boundary of the OWD and the Area of Influence. The planning area is approximately 143 square miles, of which approximately 125 square miles are within the OWD current boundaries and approximately 18 square miles are in the Area of Influence. The area east of OWD is rural and currently not within any water purveyor jurisdiction and potentially could be served by the OWD 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 OWD jurisdiction. Data on forecasts for land use planning, demographics, economic projections, population, and the future rate of growth within OWD 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 2050. Population growth within the OWD service area is expected to increase from the 2010 figure of approximately 198,616 to an estimated 284,997 by 2035. 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, East Otay Mesa Specific Plan Area, San Diego County Community Plans, and City of San Diego Otay Mesa Community Plan, City of Chula Vista, and County of San Diego General Plans.

The OWD long-term historic growth rate has been approximately 4 percent. The growth rate has significantly slowed due to the current economic conditions and it is expected to slow as the inventory of developable land is diminished.

Climatic conditions within the OWD 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 12.17 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 OWD 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 OWD service area.

Urban Water Management Plan

In accordance with the California Urban Water Management Planning Act and recent legislation, the Otay Water District Board of Directors adopted an UWMP in June 2011 and subsequently submitted the plan to the California Department of Water Resources (DWR). The Otay Water District 2010 UWMP is currently being reviewed by DWR. As required by law, the Otay Water District 2010 UWMP includes projected water supplies required to meet future demands through 2035. In accordance with Water Code Section 10910 (c)(2) and Government Code Section 66473.7 (c)(3), information from the Otay Water District 2010 UWMP along with supplemental information from the Otay Water District WRMP Update have been utilized to prepare this WSA Report and are incorporated herein by reference.

The state Legislature passed Senate Bill 7 as part of the Seventh Extraordinary Session (SBX 7-7) on November 10, 2009, which became effective February 3, 2010. This new law was the water conservation component to the Delta legislation package and seeks to achieve a 20 percent statewide reduction in urban per capita water use in California by December 31, 2020. Specifically, SBX 7-7 from this Extraordinary Session requires each urban retail water

supplier to develop urban water use targets to help meet the 20 percent reduction goal by 2020 (20x2020), and an interim water reduction target by 2015.

The SBX 7-7 target setting process includes the following: (1) baseline daily per capita water use; (2) urban water use target; (3) interim water use target; (4) compliance daily per capita water use, including technical bases and supporting data for those determinations. In order for an agency to meet its 2020 water use target, each agency can increase its use of recycled water to offset potable water use and also step up its water conservation measures. The required water use targets for 2020 and an interim target for 2015 are determined using one of four target methods – each method has numerous methodologies. The 2020 urban water use target may be updated in a supplier's 2015 UWMP.

In 2015, urban retail water suppliers will be required to report interim compliance followed by actual compliance in 2020. Interim compliance is halfway between the baseline water use and 2020 target. Baseline, target, and compliance-year water use estimates are required to be reported in gallons per capita per day (gpcd).

Failure to meet adopted targets will result in the ineligibility of a water supplier to receive grants or loans administered by the State unless one (1) of two (2) exceptions is met. Exception one (1) states a water supplier may be eligible if they have submitted a schedule, financing plan, and budget to DWR for approval to achieve the per capita water use reductions. Exception two (2) states a water supplier may be eligible if an entire water service area qualifies as a disadvantaged community.

OWD has adopted Method 1 to set its 2015 interim and 2020 water use targets. Method 1 requires setting the 2020 water use target to 80 percent of baseline per capita water use target as provided in the State's Draft 20x2020 Water Conservation Plan. The OWD 2015 target is 171 gpcd and the 2020 gpcd target at 80 percent of baseline is 152 gpcd.

The OWD's recent per capita water use has been declining to the point where current water use already meets the 2020 target for Method 1. This recent decline in per capita water use is largely due to drought water use restrictions, increased water costs, and poor economic conditions. However, OWD's effective water use awareness campaign and enhanced conservation mentality of its customers will likely result in some long-term carryover of these reduced consumption rates beyond the current drought period.

Section 5 – Historical and Projected Water Demands

The projected demands for OWD 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 Otay Mesa Community Plan, 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 was utilized for the preparation of the Otay Water District WRMP Update and Otay Water District 2010 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, on February 26, 2010, the SANDAG Board of Directors accepted the Series 12: 2050 Regional Growth Forecast. The 2050 Regional Growth Forecast will be used by SANDAG as the foundation for the next Regional Comprehensive Plan update. SANDAG forecasts were used by local governments for planning, including the Water Authority 2010 UWMP.

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 2010 through 2035. 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 MWD 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 OWD 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 MWD 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 or proposed annexations into the OWD, Water Authority, and MWD or that have revised land use plans than originally anticipated. The Water Authority and MWD's next forecasts and supply planning documents would then capture any increase or decrease in demands caused by annexations or revised land use plans.

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 Otay Plaza Project, as it is an industrial project and not a residential subdivision.

In evaluating the availability of sufficient water supply, the Otay Plaza Project proponents are required to participate in the development of alternative water supply project(s). This can be achieved through payment of the New Water Supply Fee adopted by the OWD Board in May 2010. These water supply projects are in addition to those identified as sustainable supplies in the current Water Authority and MWD UWMP, IRP, Master Plans, and other planning documents. These new water supply projects are in response to the regional water supply issues related to the Sacramento-San Joaquin Delta and the current ongoing western states drought conditions. These new additional water supply projects are not currently developed and are in various stages of the planning process. A few examples of these alternative water supply projects include the Middle Sweetwater River Basin Groundwater Well project, the OWD Desalination project, and the Rancho del Rey Groundwater Well project. The Water Authority and MWD next forecast and supply planning documents would capture any increase in water supplies resulting from verifiable new water resources developed by the OWD.

In addition, MWD's 2010 Regional Urban Water Management Plan identified potential reserve supplies in the supply capability analysis (Tables 2-9, 2-10, and 2-11), which could be available to meet any unanticipated demands. The Water Authority and MWD's next forecasts and supply planning documents would capture any increase in necessary supply resources resulting from any new water supply resources.

Demand Methodology

The OWD water demand projection methodology in the WRMP Update 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 OWD. This is called the water duty method, and the water duty is the amount of water used in gallons per day 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 established.

To determine water duties for the various types of land use, the entire water meter database of the OWD 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 (gpd/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 OWD.

The WRMP Update calculates potable water demand by taking the gross acreage of a site and applying a potable water reduction factor (PWRF), which is intended to represent the percentage of acreage to be served by potable water and that not served by recycled water for irrigation. For industrial land use, as an example, the PWRF is 0.95 (i.e., 95% of the site is assumed to be served by potable water, 5% of the site is assumed to be irrigated with recycled water). The potable net acreage is then multiplied by the unit demand factor corresponding to its respective land use. This approach is used in the WRMP Update for all the land use types except residential development where a demand per dwelling unit is 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.

Otay Water District Projected Demand

By applying the established water duties to the proposed land uses, the projected water demand for the entire OWD 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 OWD.

The historical and projected potable water demands for OWD are shown in Table 1.

Table 1
Historical and Projected Potable Water Fiscal Year Demands (acre-feet)

Water Use Sectors	2005	2010	2015	2020	2025	2030	2035
Single Family	21,233	17,165	23,633	28,312	33,600	37,211	40,635
Multi-Family	3,095	3,605	3,444	4,126	4,897	5,423	5,922
Commercial &	1,657	2,243	1,844	2,209	2,622	2,904	3,171
Institutional &	2,262	1,867	2,518	3,017	3,580	3,965	4,330
Landscape	6,458	3,732	10,134	12,141	14,408	15,957	17,425
Other	2,426	584	2,700	3,235	3,839	4,252	4,643
Unaccounted for	547	23	608	729	865	958	1,046
Totals	**37,668**	**29,270**	**44,883**	**53,768**	**63,811**	**70,669**	**77,171**

Source: Otay Water District 2010 UWMP.

The historical and projected recycled water demands for OWD are shown in Table 2.

Table 2
Historical and Projected Recycled Water Fiscal Year Demands (acre-feet)

Water Use Sector	2005	2010	2015	2020	2025	2030	2035
Landscape	4,090	4,000	4,400	5,000	5,800	6,800	8,000
Totals	**4,090**	**4,000**	**4,400**	**5,000**	**5,800**	**6,800**	**8,000**

Source: Otay Water District 2010 UWMP, Table 10.

Otay Plaza Project Projected Water Demand

Using the land use demand projection noted above, the projected potable water demand and projected recycled water demand for the proposed Otay Plaza Project are shown in Table 3 and Table 4, respectively. The expected potable water demand for the Otay Plaza Project is 90,939 gallons per day (gpd) or about 101.9 acre feet per year (AFY). The rezone of the property to Commercial-Regional is expected to increase the water demand for this project above what was projected in the District's Water Resources Master Plan updated November 2010 (WRMP Update) which estimated 53 AFY for the same parcels, but with a lower industrial use for the property. The projected recycled water demand for the Otay Plaza

Project is 10,883 gpd or 12.2 AFY, representing about 11% of the total Otay Plaza Project water demand.

Table 3
Otay Plaza Project Projected Potable Water Annual Average Demands

Location (Land Use)	Gross Acreage	Potable Water Factor	Net Potable Acreage/Units	Unit Rate	Average Demand
Commercial	49.1	90%	44.2	1,785 gpd/ac	78,879
134 Room Hotel				90 gpd/room	12,060
Open Space	2.8	0	0	0	0
Total	**51.9**				**90,939 gpd**

The Otay Plaza Project development proponents are required to use recycled water for irrigation and for other appropriate uses. The primary benefit of using recycled water is that it will offset the potable water demands by an estimated 11.9 ac-ft/yr. The WRMP Update and 2010 UWMP anticipated that the Otay Plaza Project site would use both potable and recycled water.

Table 4
Otay Plaza Project Projected Recycled Water Average Demands

Location (Land Use)	Gross Acreage	Recycled Water Factor	Net Recycled Acreage	Unit Rate	Average Demand
Commercial	49.1	10%	4.91	2,155	10,581
Open Space	2.8	0	0	0	0
Total	51.9 acres				10,581 gpd

The rezone of the property to Commercial-Regional is expected to increase the water demand for this project above what was projected in the District's Water Resources Master Plan updated November 2010 (WRMP Update) which estimated 53 AFY for the same parcels, but with a lower industrial use for the property.

5.1 Demand Management (Water Conservation)

Demand management, or water conservation is a critical part of the Otay Water District 2010 UWMP and its long-term strategy for meeting water supply needs of the OWD customers. Water conservation is frequently the lowest cost resource available to any water agency. The goals of the OWD 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 OWD is signatory to the Memorandum of Understanding (MOU) Regarding Urban Water Conservation in California, which created the California Urban Water Conservation Council (CUWCC) 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 OWD participates in many water conservation programs designed and typically operated on a shared cost participation program basis among the Water Authority, MWD, and their member agencies. The demands shown in Tables 1 and 2 take into account implementation of water conservation measures within OWD.

As one of the first signatories to the MOU Regarding Urban Water Conservation in California, the OWD 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, OWD also benefits from regional programs performed on behalf of its member agencies. The BMP programs implemented by OWD and regional BMP programs implemented by the Water Authority that benefit all their member agencies are addressed in the Otay Water District 2010 UWMP. In partnership with the Water Authority, the County of San Diego, City of San Diego, City of Chula Vista, and developers, the OWD 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 OWD.

Additional conservation or water use efficiency measures or programs practiced by the OWD include the following:

<u>Supervisory Control and Data Acquisition System</u>

The OWD implemented and has operated for many years a Supervisory 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.

<u>Water Conservation Ordinance</u>

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 Water District 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 MWD, Water Authority, and/or OWD.

The OWD 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 OWD and for the public welfare.

OWD continues to promote water conservation at a variety of events, including those involving developers in its service area. In addition, OWD developed and manages a number of its own programs such as the Cash for WaterSmart Plants retrofit program, the Water Smart Irrigation Upgrade Program, and the Commercial Process Improvement Program.

OWD is currently engaged in a number of conservation and water use efficiency activities. Listed below are the current programs that are either on-going or were recently concluded:

- Residential Water Surveys: 1,349 completed since 1994
- Large Landscape Surveys: 194 completed since 1990
- Cash for Water Smart Plants Landscape Retrofit Program: over 217,600 square feet of turf grass replaced with water wise plants since 2003
- Rotating Nozzles Rebated: 3,170
- Residential Weather-Based Irrigation Controller (WBIC) Incentive Program: 231 distributed or rebated since 2004
- Residential High Efficiency Clothes Washers: 7,187 rebates since 1994
- Residential ULFT/HET Rebate Program: 22,376 rebates provided between 1991-2010
- Outreach Efforts to OWD Customers - the OWD promotes its conservation programs through staffing outreach events, bill inserts, articles in the OWD's quarterly customer Pipeline newsletter, direct mailings to OWD customers, the OWD's webpage and through the Water Authority's marketing efforts.
- School Education Programs- the OWD funds school tours of the Water Conservation Garden, co-funds Splash Labs, provides classroom water themed kits, maintains a

library of school age appropriate water themed books, DVDs, and videos, and runs both a school poster contest and a water themed photo contest.

- Water efficiency in new construction through Cal Green and the Model Water Efficient Landscape Ordinance
- Focus on Commercial/Institutional/Industrial through Promoting MWD's Save a Buck (Commercial) Program in conjunction with the OWD's own Commercial Process Improvement Program

As a signatory to the MOU Regarding Urban Water Conservation in California, the OWD is required to submit biannual reports that detail the implementation of current water conservation practices. The OWD voluntarily agreed to implement the fourteen water conservation Best Management Practices beginning in 1992. The OWD submits its report to the CUWCC every two years. The OWD BMP Reports for 2005 to 2010, as well as the BMP Coverage Report for 1999-2010, are included in the Otay Water District 2010 UWMP.

Section 6 - Existing and Projected Supplies

The OWD currently does not have an independent raw or potable water supply source. The OWD is a member public agency of the Water Authority. The Water Authority is a member public agency of MWD. The statutory relationships between the Water Authority and its member agencies, and MWD and its member agencies, respectively, establish the scope of the OWD entitlement to water from these two agencies.

The Water Authority through two delivery pipelines, referred to as Pipeline No. 4 and the Helix Flume Pipeline, currently supply the OWD with 100 percent of its potable water. The Water Authority in turn, currently purchases the majority of its water from MWD. Due to the OWD 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 MWD. The OWD, Water Authority, and MWD are actively pursuing programs and projects to further diversify their water supply resources.

The description of local recycled water supplies available to the OWD is also discussed below.

6.1 Metropolitan Water District of Southern California 2010 Regional Urban Water Management Plan

In November 2010, MWD adopted its 2010 Regional Urban Water Management Plan (RUWMP). The 2010 RUWMP provides MWD'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 2010 RUWMP, MWD also utilized the previous 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

MWD 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 2010 RUWMP documents the availability of these existing supplies and additional supplies necessary to meet future demands.

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. The 2010 update to the IRP (2010 IRP Update) includes a planning buffer supply intended to mitigate against the risks associated with implementation of local and imported supply programs and for the risk that future demands could be higher than projected. The planning buffer identifies an additional increment of water that could potentially be developed when needed and if other supplies are not fully implemented as planned. As part of implementation of the planning buffer, MWD periodically evaluates supply development, supply conditions, and projected demands 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 water supplies to meet future demands.

In November 2010, MWD adopted its 2010 RUWMP in accordance with state law. The resource targets included in the preceding 2010 IRP Update serve as the foundation for the planning assumptions used in the 2010 RUWMP. MWD's 2010 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, MWD also uses the current SANDAG regional growth forecast in calculating regional water demands for the Water Authority's service area.

As stated in MWD's 2010 RUWMP, the 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 2015. The 2010 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 MWD's 2010 RUWMP can be found on the internet at the following site address:
http://www.mwdh2o.com/mwdh2o/pages/yourwater/RUWMP/RUWMP_2010.pdf

The UWMPs for both MWD and the Water Authority will include the increase in demand projections included in SANDAG's Series 12 Update and from the projections from Otay Water District WRMP Update.

Water supply agencies throughout California continue to face climate, environmental, legal, and other challenges that impact water source supply conditions, such as the court rulings regarding the Sacramento-San Joaquin Delta and the current western states drought conditions. Challenges such as these essentially always will be present. The regional water supply agencies, the Water Authority and MWD, along with OWD nevertheless fully intend to have sufficient, reliable supplies to serve demands.

6.1.2 MWD Capital Investment Plan

MWD prepares a Capital Investment Plan as part of its annual budget approval process. The cost, purpose, justification, status, progress, etc. of MWD'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.

MWD's Capital Investment Plan includes a series of projects identified from MWD 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 MWD'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 their 2010 UWMP in June 2011. The updated Water Authority 2010 UWMP identifies a diverse mix of local and imported water supplies to meet future demands. A copy of the updated Water Authority 2010 UWMP can be found on the internet at http://www.sdcwa.org/2010-urban-water-management-plan

- As part of the October 2003 Quantification Settlement Agreement (QSA), the Water Authority was assigned MWD's rights to 77,700 acre feet per year of conserved water from the All-American Canal (AAC) and Coachella Canal (CC) lining projects. Deliveries of this conserved water from the CC reached the region in 2007 and deliveries from the AAC reached the region in 2010. Expected supplies from the canal lining projects are considered verifiable Water Authority supplies.

- Deliveries of conserved agricultural water from the Imperial Irrigation District (IID) to San Diego County have increased annually since 2003, with 70,000 acre feet per year of deliveries in Fiscal Year (FY) 2010. The quantities will increase annually to 200,000 acre feet per year by 2021, and then remain fixed for the duration of the transfer agreement.

Through implementation of the Water Authority and member agency planned supply projects, along with reliable imported water supplies from MWD, 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 MWD, conserved water from the AAC and CC lining projects, and an increasing amount of conserved agricultural water from IID. Of the twenty-seven member agencies that purchase water supplies from MWD, the Water Authority is MWD's largest customer.

Section 135 of MWD's Act defines the preferential right to water for each of its member agencies. As calculated by MWD, the Water Authority's preferential right as of December 11, 2012 is 17.22 percent of MWD's supply, while the Water Authority accounted for approximately 25 percent of MWD's total revenue. Under preferential rights, MWD could allocate water without regard to historic water purchases or dependence on MWD. 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. MWD 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, MWD stated it will be prepared to deliver such supplies. In Section ES-5 of their 2010 RUWMP, MWD

states that MWD has supply capacities that would be sufficient to meet expected demands from 2015 through 2035. MWD has plans for supply implementation and continued development of a diversified resource mix including programs in the Colorado River Aqueduct, State Water Project, Central Valley Transfers, local resource projects, and in-region storage that enables the region to meet its water supply needs.

The Water Authority has made large investments in MWD's facilities and will continue to include imported supplies from MWD in the future resource mix. As discussed in the Water Authority's 2010 UWMP, the Water Authority and its member agencies are planning to diversify the San Diego regions supply portfolio and reduce purchases from MWD.

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 AAC and CC lining projects. The CC lining project is complete and the Water Authority has essentially completed construction of the AAC lining project. Table 5 summarizes the Water Authority's supply sources with detailed information included in the sections to follow. Deliveries from MWD are also included in Table 5, 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 2010 UWMP.

Table 5
Projected Verifiable Water Supplies – Water Authority Service Area
Normal Year (acre feet)

Water Supply Sources	2015	2020	2025	2030	2035
Water Authority Supplies					
MWD Supplies	358,189	230,601	259,694	293,239	323,838
Water Authority/IID Transfer	100,000	190,000	200,000	200,000	200,000
AAC and CC Lining Projects	80,200	80,200	80,200	80,200	80,200
Proposed Regional Seawater Desalination (1)	0	56,000	56,000	56,000	56,000
Member Agency Supplies					
Surface Water	48,206	47,940	47,878	47,542	47,289
Water Recycling	38,660	43,728	46,603	48,278	49,998
Groundwater	11,710	11,100	12,100	12,840	12,840
Groundwater Recovery	10,320	15,520	15,520	15,520	15,520
Total Projected Supplies	**647,285**	**675,089**	**717,995**	**753,619**	**785,685**

Source: Water Authority 2010 Urban Water Management Plan – Table 9-1.
Note 1: On November 29, 2012, the Water Authority approved a water purchase agreement with Poseidon for 48,000 AFY with the right to purchase up to 56,000 AFY

Section 5 of the Water Authority's 2010 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.

The Carlsbad Desalination Project (Project) is a fully-permitted seawater desalination plant and conveyance pipeline designed to provide a highly reliable local supply of up to 56,000 acre-feet (AF) per year for the region. In 2020, the Project would account for approximately 8% of the total projected regional supply and 30% of all locally generated water in San Diego County. If the project becomes operational in 2016, it will more than double the amount of local supplies developed in the region since 1991. The desalination plant itself will be fully financed, built, and operated by Poseidon. The Water Authority will purchase water from the plant under a water purchase agreement. The new pipeline connecting the desalination plant with the Water Authority's Second Aqueduct will be owned and operated by the Water Authority, but responsibility for design and construction will reside with Poseidon through a separate Design-Build Agreement. The Water Authority will be responsible for aqueduct improvements, including the relining and rehabilitation of Pipeline 3 to accept desalinated water under higher operating pressures, modifications to the San Marcos Vent that allows the flow of water between Pipelines 3 and 4, and improvements at the Twin Oaks Valley Water Treatment Plant necessary to integrate desalinated water into the Water Authority's system for optimal distribution to member agencies.

On July 22, 2010, the Board approved a Term Sheet between the Water Authority and Poseidon Resources that outlined the key terms and conditions that would be detailed and incorporated in a comprehensive Water Purchase Agreement (WPA). Beginning in October 2011 and under the direction of the Board's Carlsbad Desalination Project Advisory Group, staff began developing and negotiating with Poseidon a WPA consistent with the July 22, 2010 Board approved Term Sheet. The July 2010 Term Sheet also identified specific conditions precedent to Board consideration of the WPA. On November 29, 2012, the Water Authority Board adopted a resolution approving the Water Purchase Agreement (WPA).

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 5 in normal water year supply and demand assessment. Single dry year and multiple dry year scenarios are discussed in more detail in Section 9 of the Water Authority's 2010 UWMP.

As part of preparation of a written water supply assessment and/or verification report, an agency's shortage contingency analysis should be considered in determining sufficiency of supply. Section 11 of the Water Authority's 2010 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, adopted 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 MWD 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 throughout the San Diego region.

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 Transfer 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. Section 6.2.1, “Colorado River,” contains details on the QSA.

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 were coordinated for trial. The IID, Coachella Valley Water District, MWD, the Water Authority, and state are defending these suits and coordinating to seek validation of the contracts. In January 2010, a California Superior Court judge ruled that the QSA and 11 related agreements were invalid, because one of the agreements created an open-ended financial obligation for the state, in violation of California’s constitution. The QSA parties appealed this decision and are continuing to seek validation of the contracts. The appeal is currently pending in the Third

District Court of Appeal. A stay of the trial court judgment has been issued during the appeal. Implementation of the transfer provisions is proceeding during litigation.

Expected Supply

Deliveries into San Diego County from the transfer began in 2003 with an initial transfer of 10,000 acre feet per year. The Water Authority received increasing amounts of transfer water each year, according to a water delivery schedule contained in the transfer agreement. In 2012, the Water Authority will receive 90,000 acre feet per year. The quantities will increase annually to 200,000 acre feet per year 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 IID's 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 MWD on October 10, 2003, to transport the Water Authority–IID transfer water from the Colorado River to San Diego County. Under the exchange agreement, MWD takes delivery of the transfer water through its Colorado River Aqueduct. In exchange, MWD delivers to the Water Authority a like quantity and quality of water. The Water Authority pays MWD's applicable wheeling rate for each acre-feet of exchange water delivered. Under the terms of the water exchange agreement, MWD will make delivery of the transfer water for 35 years, unless the Water Authority and MWD elect to extend the agreement another 10 years for a total of 45 years.

Cost/Financing

The costs associated with the transfer are 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-feet and increased by a set amount for the first seven years. In December 2009, the Water Authority and IID executed a fifth amendment to the water transfer agreement that sets the price per acre-feet for transfer water for calendar years 2010 through 2015, beginning at $405 per acre-feet in 2010 and increasing to $624 per acre-feet in 2015. For

calendar years 2016 through 2034, the unit price will be adjusted using an agreed-upon index. The amendment also required the Water Authority to pay IID $6 million at the end of calendar year 2009 and another $50 million on or before October 1, 2010, provided that a transfer stoppage is not in effect as a result of a court order in the QSA coordinated cases. Beginning in 2035, either the Water Authority or IID can, if certain criteria are met, elect a market rate price through a formula described in the water transfer agreement.

The October 2003 exchange agreement between MWD and the Water Authority set the initial cost to transport the conserved water at $253 per acre-feet. Thereafter, the price is set to be equal to the charge or charges set by MWD's Board of Directors pursuant to applicable laws and regulation, and generally applicable to the conveyance of water by MWD on behalf of its member agencies. The transportation charge in 2010 was $314 per acre-feet.

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. In 2007, the Water Authority prepaid 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. Under this agreement the Water Authority is contributing a total of $64 million to fund environmental mitigation projects and 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 MWD 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).

Fifth Amendment to Agreement Between Imperial Irrigation District and San Diego County Water Authority for Transfer of Conserved Water (December 21, 2009). This agreement implements a settlement between the Water Authority and IID regarding the base contract price of transferred water.

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 MWD's rights to 77,700 acre-feet per year 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

The CC lining project began in November 2004 and was completed in 2006. Deliveries of conserved water to the Water Authority began in 2007. The project constructed a 37-mile parallel canal adjacent to the CC. The AAC lining project was begun in 2005 and was completed in 2010. The lining project constructed a concrete-lined canal parallel to 24 miles of the existing AAC from Pilot Knob to Drop 3.

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 makes 67,700 acre-feet of Colorado River water per year available for allocation to the Water Authority and San Luis Rey Indian water rights settlement parties. The CC lining project makes 26,000 acre-feet of Colorado River water each year available for allocation. The 2003 Allocation Agreement provides for 16,000 acre-feet per year of

conserved canal lining water to be allocated to the San Luis Rey Indian Water Rights Settlement Parties. The remaining amount, 77,700 acre-feet per year, is to be available to the Water Authority, with up to an additional 4,850 acre-feet per year available to the Water Authority depending on environmental requirements from the CC lining project. For planning purposes, the Water Authority assumes that 2,500 acre-feet of the 4,850 acre-feet will be available each year for delivery, for a total of 80,200 acre-feet per year of that supply. 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 2003 Exchange Agreement between the Water Authority and MWD provides for the delivery of the conserved water from the canal lining projects. The Water Authority pays MWD's applicable wheeling rate for each acre-foot of exchange water delivered. In the Agreement, MWD 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 received $200 million in state funds for construction of the canal lining projects. In addition, $20 million was made available from Proposition 50 and $36 million from Proposition 84. The Water Authority was 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 MWD's Board of Directors pursuant to applicable law and regulation and generally applicable to the conveyance of water by MWD on behalf of its member agencies.

In accordance with the Allocation Agreement, the Water Authority is 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 - MWD Funding Agreement (2001). Reimburse MWD 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 MWD 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.

MWD - CVWD Assignment and Delegation of Design Obligations Agreement (2002). Assigns design of the CC lining project to CVWD.

MWD - CVWD Financial Arrangements Agreement for Design Obligations (2002). Obligates MWD to advance funds to CVWD to cover costs for CC lining project design and CVWD to invoice MWD to permit the Department of Water Resources to be billed for work completed.

Allocation Agreement among the United States of America, The MWD 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 MWD's rights and interest in delivery of 77,700 acre-feet of Colorado River water previously intended to be delivered to MWD 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 MWD 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 MWD and Water Authority regarding Assignment of Agreements related to the AAC and CC Lining Projects. This agreement was executed in April 2004 and assigns MWD'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).

6.2.1.3 Carlsbad Seawater Desalination Project

Development of seawater desalination in San Diego County will assist the region in diversifying its water resources, reduce dependence on imported supplies, and provide a new drought-proof, locally treated water supply. The Carlsbad Desalination Project is a fully-permitted seawater desalination plant and conveyance pipeline currently being developed by Poseidon, a private investor–owned company that develops water and wastewater infrastructure. The project, located at the Encina Power Station in Carlsbad, has been in development since 1998 and was incorporated into the Water Authority's 2003 Water Facilities Master Plan and the 2010 UWMP. The Carlsbad Desalination Project has obtained all required permits and environmental clearances and, when completed, will provide a highly reliable local supply of 48,000 to 56,000 acre-feet per year for the region.

Implementation Status

The Project has obtained all required permits and environmental clearances, including the following:

- National Pollutant Discharge Elimination System (NPDES) Discharge Permit (Regional Water Quality Control Board)
- Conditional Drinking Water Permit (California Department of Health Services)
- State Lands Commission Lease (State Lands Commission)
- Coastal Development Permit (California Coastal Commission)

IDE Technologies, a worldwide leader in the design, construction, and operation of desalination plants, was selected by Poseidon to be the desalination process contractor for the Project.

On July 22, 2010, the Board approved a Term Sheet between the Water Authority and Poseidon Resources that outlined the key terms and conditions that would be detailed and incorporated in a comprehensive Water Purchase Agreement (WPA). Beginning in October 2011 and under the direction of the Board's Carlsbad Desalination Project Advisory Group, staff began developing and negotiating with Poseidon a WPA consistent with the July 22, 2010 Board approved Term Sheet. The July 2010 Term Sheet also identified specific conditions precedent to Board consideration of the WPA.

On November 29, 2012, the Water Authority Board adopted a resolution approving the Design-Build Agreement between the Water Authority and Poseidon. The Design-Build Agreement establishes the commercial and technical terms for implementation of the desalination product pipeline improvements. These improvements consist of an approximate 10-mile long, 54-inch diameter conveyance pipeline connecting the Desalination Plant to the Water Authority's Second Aqueduct. The pipeline will generally be constructed within improved streets in commercial and industrial areas in the cities of Carlsbad, Vista, and San Marcos. The Water Authority will own the Project Water Pipeline Improvements upon execution of the Design-Build Agreement, and upon completion and acceptance of construction, the Water Authority will assume operational control of all pipeline improvements.

Expected Supply

When completed, the Project will provide a highly reliable local supply of 48,000 to 56,000 acre-feet per year of supply for the region, available in both normal and dry hydrologic conditions. In 2020, the Project would account for approximately 8% of the total projected regional supply and 30% of all locally generated water in San Diego County. When the project becomes operational in 2016, it will more than double the amount of local supplies developed in the region since 1991.

Transportation

On November 29, 2012, the Water Authority Board adopted a resolution approving the Design-Build Agreement between the Water Authority and Poseidon. The Design-Build Agreement establishes the commercial and technical terms for implementation of the desalination product pipeline improvements. These improvements consist of an approximate 10-mile long, 54-inch diameter conveyance pipeline connecting the Desalination Plant to the Water Authority's Second Aqueduct. The pipeline will generally be constructed within improved streets in commercial and industrial areas in the cities of Carlsbad, Vista, and San Marcos. The Water Authority will own the Project Water Pipeline Improvements upon execution of the Design-Build Agreement, and upon completion and acceptance of construction, the Water Authority will assume operational control of all pipeline improvements.

The Water Authority will be responsible for aqueduct improvements, including the relining and rehabilitation of Pipeline 3 to accept desalinated water under higher operating pressures, modifications to the San Marcos Vent that allows the flow of water between Pipelines 3 and 4, and improvements at the Twin Oaks Valley Water Treatment Plant necessary to integrate desalinated water into the Water Authority's system for optimal distribution to member agencies.

Cost/Financing

The plant and the offsite pipeline will be financed through tax exempt government bonds issued for the Water Authority by the California Pollution Control Financing Authority (CPCFA). On November 29, 2012, the Water Authority Board adopted a resolution approving agreements to accomplish tax exempt project financing through the CPCFA. A preliminary September 2012 unit cost estimate was $2,300/AF. The Water Authority's water purchase costs would be financed through Water Authority rates and charges. Poseidon is financing the capital cost of the Project with a combination of private equity and tax-exempt Private Activity Bonds.

Written Contracts or Other Proof

The expected supply and costs associated with the Carlsbad Desalination Project are based primarily on the following documents:

<u>Development Agreement between City of Carlsbad and Poseidon</u> (October 2009). A Development Agreement between Carlsbad and Poseidon was executed on October 5, 2009

<u>Agreement of Term Sheet between the Water Authority and Poseidon Resources</u> (July 2010). The Water Authority approved the Term Sheet at its July 2010 Board Meeting. The Term Sheet outlines the terms and conditions of a future Water Purchase Agreement with Poseidon and allocates the resources to prepare the draft Water Purchase Agreement.

Federal, State, and Local Permits/Approvals

Carlsbad Desalination Project Final EIR
The City of Carlsbad, acting as lead agency for Carlsbad Seawater Desalination Plant and appurtenant facilities proposed by Poseidon (the "Project") prepared an Environmental Impact Report for the Project in compliance with the California Environmental Quality Act ("CEQA"), which the City of Carlsbad certified on June 13, 2006.
http://www.sdcwa.org/rwfmp-peir

The City of Carlsbad prepared an Addendum to the Carlsbad EIR ("Addendum") which was adopted on September 15, 2009, and reflects minor and immaterial design modifications to the Project site plan, appurtenant facilities, and water delivery pipeline network.
The environmental documents and permits are found at the following links:

http://www.carlsbad-desal.com/EIR.asp

The Water Authority, as a Responsible Agency under CEQA, adopted a resolution on November 29, 2012 approving a Second Addendum to the Carlsbad Precise Development Plan and Desalination Plant Final EIR and First Addendum that evaluates the environmental impacts of several proposed facility modifications that are necessary to allow for operational flexibility and efficiency in receiving and delivering desalination product water. These modifications include: a realignment of a portion of the approved desalination pipeline, the addition of chemical injection at the approved San Marcos Aqueduct Connection site, the relining of a portion of Pipeline 3, the addition of a pipeline and expanded flow control facility at Twin Oaks Valley Water Treatment Plant and a replacement of the San Marcos Vent on Pipeline 4. Impacts associated with the proposed modifications would not result in a new significant impact or substantial increase in the severity of impacts previously evaluated in the Carlsbad FEIR or the First Addendum. There are no substantial changes to the circumstances under which the project will be undertaken, and no new information of substantial importance that was not known and could not have been known when the FEIR was certified and the First Addendum was approved, and that have since been identified. Therefore, the Second Addendum satisfies the CEQA requirements for the proposed project modifications.

Regional Water Facilities Master Plan EIR
On November 20, 2003, the Water Authority Board of Directors adopted Resolution No. 2003-34 certifying the Final Program Environmental Impact Report (State Clearinghouse No. 2003021052) for the Water Authority's Regional Water Facilities Master Plan Project (the "Master Plan EIR"), which evaluated, among other things, potential growth inducing impacts associated with new water supplies to the region including, but not limited to, up to 150 million gallons per day ("MGD") of new supplies from seawater desalination. This certification included a 50 MGD plant located in the City of Carlsbad.

The environmental documents and permits are found at the following links:
http://www.sdcwa.org/rwfmp-peir

Sub regional Natural Community Conservation Plan/Habitat Conservation Plan (NCCP/HCP)
On December 8, 2010, the Board adopted Resolution No. 2010-18 certifying a Final environmental Impact Report/Environmental Impact Statement for the San Diego County Water Authority Subregional Natural Community Conservation Plan/Habitat Conservation Plan (State Clearinghouse No. 2003121012) (the "Habitat Conservation Plan EIR/EIS"), which Plan was implemented on December 28, 201.
The environmental documents and permits are found at the following links:
http://www.sdcwa.org/nccp-hcp

Twin Oaks Valley Water Treatment Plant EIR
On September 8, 2005, the Board adopted Resolution No. 2005-31 certifying a Final Environmental Impact Report for the Twin Oaks Valley Water Treatment Plant Project (State Clearinghouse No. 20040071034) (the "Twin Oaks EIR"), which project was constructed as a 100 MGD submerged membrane water treatment facility, including treated water holding tanks and distribution pipelines and other facilities, consistent with the conditions and mitigation measures included in the Twin Oaks EIR.
http://www.sdcwa.org/twin-oaks-valley-treatment-plant-final-eir

2010 Urban Water Management Plan
http://www.sdcwa.org/2010-urban-water-management-plan

Drinking Water Permit (October 2006). The California Department of Health Services approved the Conditional Drinking Water Permit on October 19, 2006.

Coastal Development Permit
The Project is fully permitted, with the California Coastal Commission issuing the following permits: Coastal Development Permit No. E-06-013, Energy Minimization and Greenhouse Gas Reduction Plan (December 2008), Marine Life Mitigation Plan (December 2008), Erosion Control Plan (November 2009), Landscaping Plan (September 2009), Lighting Plan (August 2009), Construction Plan (September 2009), and Water Pollution Control Plan (September 2009); the California Department of Public Health issuing Conceptual Approval Letter dated October 19, 2006; the California Regional Water Quality Control Board issuing NPDES Permit No. CA0109223 and Notice of Intent to Discharge for Storm Water Associated with Construction Activities (WDID #9 37C361181); the City of Carlsbad issuing Redevelopment Permit RP 05-12(A), Specific Plan 144 with Amendment 144(J) SP 144(J), Habitat Management Plan Permit Amendment HMP 05-08(A), Precise Development Plan PDP 00-02(B), Mitigation Monitoring and Reporting Program for EIR 03-05(A), Development Agreement DA 05-01(A), Standard Urban Storm Water Mitigation Program

(September 2009), and Coastal Development Permit 04-41; the State of California State Lands Commission issuing an Amendment of Lease PRC 8727.1 (August 2008).
The environmental documents and permits are found at the following links:

http://www.sdcwa.org/carlsbad-desalination-project-approved-permits-and-plans

State Lands Commission Lease Application (Amendment of Lease PRC 8727.1 August 2008). Amends lease of land by Cabrillo Power I LLC (Cabrillo) from the State Lands Commission for the lands where the project will be constructed. Cabrillo and Poseidon entered into agreement on July 1, 2003, authorizing Poseidon to use those lands to construct the project.

6.2.2 Water Authority Capital Improvement Program and Financial Information

The Water Authority's Capital Improvement Program (CIP) can trace its beginnings to a report approved by the Board in 1989 entitled, The Water Distribution Plan, and a Capital Improvement Program through the Year 2010. The Water Distribution Plan included ten projects designed to increase the capacity of the aqueduct system, increase the yield from existing water treatment plants, obtain additional supplies from MWD, and increase the reliability and flexibility of the aqueduct system. Since that time the Water Authority has made numerous additions to the list of projects included in its CIP as the region's infrastructure needs and water supply outlook have changed.

The current list of projects included in the CIP is based on the results of planning studies, including the 2005 UWMP and the 2002 Regional Water Facilities Master Plan. These CIP projects, which are most recently described in the Water Authority's Adopted Multi-Year Budget, include projects valued at $3.50 billion. These CIP projects are designed to meet projected water supply and delivery needs of the member agencies through 2035. The projects include a mix of new facilities that will add capacity to existing conveyance, storage, and treatment facilities, as well as repair and replace aging infrastructure:

- Asset Management – The primary components of the asset management projects include relining and replacing existing pipelines and updating and replacing metering facilities.
- New Facilities – These projects will expand the capacity of the aqueduct system, complete the projects required under the Quantification Settlement Agreement (QSA), and evaluate new supply opportunities.
- Emergency Storage Project – Projects remaining to be completed under the ongoing ESP include the San Vicente Dam Raise, the Lake Hodges projects, and a new pump

station to extend ESP supplies to the northern reaches of the Water Authority service area.

- Other Projects – This category includes out-of-region groundwater storage, increased local water treatment plant capacity, and projects that mitigate environmental impacts of the CIP.

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 Water District WRMP Update and the 2010 UWMP contain comparisons of projected supply and demands through the year 2035. Projected potable water resources to meet planned demands as documented were 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 OWD currently has no local supply of raw water, potable water, or groundwater resources.

The development and/or acquisition of potential groundwater, recycled water market expansion, and seawater desalination supplies by the OWD have evolved and are planned to occur in response to the regional water supply issues. These water supply projects are in addition to those identified as sustainable supplies in the current Water Authority and MWD UWMP, IRP, Master Plans, and other planning documents. These new additional water supply projects are not currently developed and are in various stages of the planning process. These local and regional water supply projects will allow for less reliance upon imported water and are considered a new water supply resource for the OWD.

The OWD expansion of the market areas for the use of recycled water within the watersheds upstream of the Sweetwater Reservoir and the Lower Otay Reservoir, and Otay Mesa will increase recycled water use and thus require less dependence on imported water for irrigation purposes.

The supply forecasts contained within this WSA Report do consider development and/or acquisition of potential groundwater, recycled water market expansion, and seawater desalination supplies by the OWD.

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 OWD is founded upon the preceding discussions regarding MWD's and the Water Authority's water supply resources and water supplies to be acquired by the OWD. Historic imported water deliveries from the Water Authority to OWD and recycled water deliveries from the OWD Ralph W. Chapman Water Reclamation Facility (RWCWRF) are shown in Table 6. Since the year 2000 through mid May 2007, recycled water demand has exceeded the recycled water supply capability typically in the summer months. The RWCWRF is limited to a maximum production of about 1,300 acre-feet per year. The recycled water supply shortfall had 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 OWD recycled water system.

Table 6
Otay Water District
Historic Imported and Local Water Supplies

Calendar Year	Imported Water (acre-feet)	Recycled Water (acre-feet)	Total (acre-feet)
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	29,901	948	30,849
2005	37,678	1,227	38,905
2010	29,270	4,090	33,270
2011	30,777	3,776	34,553

Source: Otay Water District 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 OWD is demonstrated in the above discussion on MWD 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 2010 the supply to OWD was 29,270 acre-feet of supply from the Water Authority. An additional 4,090 ac-ft of recycled water was provided from the City of San Diego and from OWD's Ralph W. Chapman Water Reclamation Facility. The total baseline demand for potable water within the OWD is expected to increase to about 77,171 acre-feet by 2035 as per the Otay Water District 2010 UWMP.

Potable Water System Facilities

The OWD continues to pursue diversification of its water supply resources to increase reliability and flexibility. The OWD 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 OWD has successfully negotiated two water supply diversification agreements that enhance reliability and flexibility, which are briefly described as follows.

- The OWD 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 OWD. 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 OWD 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 treatment capacity in the Otay WTP until such time as OWD pays the City of San Diego to expand the Otay WTP to meet the OWD 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 OWD 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 OWD demand.

- The OWD 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 OWD. The supply system link to implement the ECRTWIP Agreement is complete allowing access to 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 OWD. The OWD is required to take a minimum of 10,000 acre-feet per year 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 OWD water meter capacity fee and user rate structures. The OWD 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.

<u>Agreement for the Purchase of Treated Water from the Otay Water Treatment Plant between the City of San Diego and the Otay Water District</u>. The OWD 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 OWD 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 OWD 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.

<u>Agreement between the San Diego County Water Authority and Otay Water District Regarding Implementation of the East County Regional Treated Water Improvement Program</u>. The ECRTWIP Agreement requires the purchase of at least 10,000 acre-feet 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.

<u>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</u>. The OWD entered into the Otay 14 Flow Control Facility Modification Agreement dated January 24, 2007 with the Water Authority to increase the physical capacity of the Otay 14 Flow Control Facility. The Water Authority and OWD shared the capital cost to expand its capacity from 8 mgd to 16 mgd.

Federal, State, and Local Permits/Approvals

The OWD 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.

The transmission main project constructed 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 increased 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 was completed October 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 OWD is limited to a relatively small area within what is known as the Jamacha Basin, located within the Middle Sweetwater River Basin 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 OWD owns and operates the Ralph W. Chapman Water Reclamation Facility, which produces recycled water treated to a tertiary level for landscape irrigation purposes. The recycled water market area of the OWD is located primarily within the eastern area of the City of Chula Vista and on the Otay Mesa. The OWD 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, Otay Ranch, and other development projects.

The OWD projects that annual average demands for recycled water will increase to 8,000 acre-feet per year by 2035. About 1,300 acre-feet per year of supply is generated by the RWCWRF, with the remainder planned to be supplied to OWD by the City of San Diego's SBWRP.

<u>North District Recycled Water Concept</u>

The OWD is a recognized leader in the use of recycled water for irrigation and other commercial uses. The OWD continues the quest to investigate all viable opportunities to expand the successful recycled water program into areas that are not currently served. One of these areas is in the portion of the service area designated as the North District, located within the Middle Sweetwater River Basin watershed upstream of the Sweetwater River. The close

proximity of the recycled water markets in the North District to the OWD source of recycled water, the RWCWRF, means that the distribution system to serve this area could be constructed relatively cost effectively. This makes the North District a logical location for the expansion of the OWD recycled water system and market area.

The purpose of the North District Recycled Water System Development Project, Phase I Concept Study, is to identify the feasibility of using recycled water in the North District and to investigate and assess any limitations or constraints to its use. The Phase I study components of the North District Recycled Water Concept encompassed the preparation of six technical memorandums including the project definition, a discussion of the regulatory process, a discussion of the protection of the watershed that would be affected by recycled water use in the North District, identification of stakeholders, public outreach, and an implementation plan.

Several opportunities that could be realized with the implementation of the use of recycled water in the North District were identified. These include a reduction of demand on the potable water system and maximizing recycled water resources which in turn minimizes treated wastewater discharges to the local ocean outfall. Other opportunities are a possible partnership with Sweetwater Authority to monitor any benefits and impacts of increased recycled water use in the watershed and stakeholder outreach to resolve any water quality concerns and to retain consumer confidence. Also identified were two major constraints associated with the North District Recycled Water System Development Project. One constraint is the water quality objectives for the Middle Sweetwater Basin that will affect the effluent limitations for the recycled water produced at the RWCWRF. At this time, the effluent limit that is of concern is total nitrogen. An examination as to how the treatment process might be modified to enhance nitrogen removal and a design is underway to remedy the total nitrogen issue. The other major constraint is the cost of the infrastructure needed to convey and store recycled water in the North District. These costs are estimated to be in the range of $14 to $15 million dollars.

There are two additional phases proposed for the North District Recycled Water System Development Project. Phase II would include further investigation of the issues identified in Phase I as requiring further study. These include stakeholder outreach, regulatory issues, and facility planning. The third phase of the effort would include the facility planning, permitting, environmental compliance, design, and construction of the improvements necessary for delivery of recycled water to the North District markets.

The estimated amount of imported water saved at full implementation of the North District Recycled Water System Development Project is 1,200 acre-feet per year. This saved imported water could then be used to offset new potable water demands.

Recycled Water System Facilities

The OWD 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 OWD water meter capacity fee and user rate structures. The OWD recycled water sales revenue, along with MWD 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 acre-feet per year of recycled water from the SBWRP at an initial price of $350 per acre-foot. The Otay Water District 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 OWD has in place an agreement with MWD for their recycled water sales incentive program for supplies from the RWCWRF and the SBWRP. Also, the OWD 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 OWD 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 OWD 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 OWD in conformance with Order No. 2000-203.

6.3.1.3 Potential Groundwater Supplies

The Otay Water District WRMP Update, 2010 UWMP, and the Otay Water District March 2007 Integrated Water Resources Plan (2007 IRP) all contain a description of the development of potential groundwater supplies. Over the past several years, OWD 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 at a cost effective level. The OWD has developed capital improvement program projects to continue the quest to develop potential groundwater resources. Local OWD groundwater supply development is currently considered as a viable water supply resource to meet projected demands.

The development and/or acquisition of potential groundwater supply projects by the OWD have evolved and have been resurrected in response to the regional water supply issues related to water source supply conditions. Local ground water supply projects will allow for less reliance upon imported water, achieve a level of independence of the regional wholesale water agencies, and diversify the OWD water supply portfolio consistent the Otay Water District 2007 IRP.

In recognition of the need to develop sufficient alternative water supplies, the OWD has taken the appropriate next steps towards development of production groundwater well projects.

There are three groundwater well projects that the OWD is actively pursuing to develop as new local water supplies. They are known as the Middle Sweetwater River Basin Groundwater Well, the Otay Mesa Lot 7 Groundwater Well, and the Rancho del Rey Groundwater Well projects.

<u>Middle Sweetwater River Basin Groundwater Well</u>

The Middle Sweetwater River Basin Groundwater Well is an additional water supply project that was thoroughly studied and documented in the 1990s. The Middle Sweetwater River Basin is located within the Sweetwater River watershed and that reach of the river extends from Sweetwater Reservoir to the upstream Loveland Reservoir. The next step in development of the Middle Sweetwater River Basin Groundwater Well is the implementation

of a pilot well project. The ultimate objective of the OWD is to develop a groundwater well production system within the Middle Sweetwater River Basin capable of producing a sustainable yield of potable water as a local supply.

The purpose of the Middle Sweetwater River Basin Groundwater Well Pilot project is to identify the feasibility of developing a groundwater resource production system and then determine and assess any limitations or constraints that may arise. The Middle Sweetwater River Basin Groundwater Well Pilot Project will accomplish six primary goals:

- Update project setting
- Update applicable project alternatives analysis
- Prepare groundwater well pilot project implementation plan
- Construct and test pilot monitoring and extraction wells
- Provide recommendations regarding costs and feasibility to develop a groundwater well production system within the Middle Sweetwater River Basin capable of producing a sustainable yield of potable water
- Prepare groundwater well production project implementation plan and scope of work

The groundwater conjunctive use concept is described as the extraction of the quantity of water from the groundwater basin that was placed there by customers of the Otay Water District, Helix Water District, and Padre Dam Municipal Water District by means of their use of imported treated water that contributed to the overall volume of groundwater within the basin. An estimated quantity was developed to be approximately 12.5 percent of the total consumption of the OWD customers within that basin, as measured by water meters. In the 1994-1995 period, the quantity of water that was returned to the groundwater basin by OWD customers was estimated to be 810 acre-feet per year. Currently, that 12.5 percent quantity could be on the order of 1,000 acre-feet per year. A future scope of work will need to addresses this concept while considering further development of the groundwater basin as an additional supply resource. If it is deemed that a Middle Sweetwater River Basin Groundwater Well Production Project is viable then the consultant will develop and provide a groundwater well production project implementation plan, cost estimate, and related scope of work.

Further development of the groundwater basin to enhance the total groundwater production could be accomplished by the OWD by means of additional extraction of water from the basin that is placed there by means of either injection and/or spreading basins using imported untreated water as the resource supply. The existing La Mesa Sweetwater Extension Pipeline, owned by the Water Authority, once converted to an untreated water delivery system, could be the conveyance system to transport untreated water for groundwater recharge in support of this conjunctive use concept. These two distinct water resource supply conjunctive use concepts will be addressed so they may coexist and to allow for their development as separate phases.

The scope of work to complete Middle Sweetwater River Basin Groundwater Well Pilot Project consists of many major tasks and is to address the groundwater supply concepts outlined above. It is anticipated that the cost for the entire scope of work, will be on the order of $2,000,000, which includes a contingency and may take up to one and a half years to complete.

The primary desired outcome of the Middle Sweetwater River Basin Groundwater Well Pilot Project is for the engineering consultant to determine and make recommendations if it is financially prudent and physically feasible to develop a Phase I groundwater well production system within the Middle Sweetwater River Basin capable of producing a sustainable yield of up to 1,500 ac-ft/yr of potable water for the OWD. If it is deemed that a Middle Sweetwater River Basin Groundwater Well Production Project is viable then the consultant will develop and provide a groundwater well production project implementation plan and related scope of work.

Otay Mesa Lot 7 Groundwater Well

In early 2001 the OWD was approached by a landowner representative about possible interest in purchasing an existing well or alternatively, acquiring groundwater supplied from the well located on Otay Mesa. The landowner, National Enterprises, Inc., reportedly stated that the well could produce 3,200 acre-feet per year with little or no treatment required prior to introducing the water into the OWD potable water system or alternatively, the recycled water system. In March 2001 authorization to proceed with testing of the Otay Mesa Lot 7 Groundwater Well was obtained and the OWD proceeded with the investigation of this potential groundwater supply opportunity.

The May 2001 Geoscience Support Services, Inc. completed for the OWD the preparation of a report entitled, “Otay Mesa Lot 7 Well Investigation,” to assess the Otay Mesa Lot 7 Well. The scope of work included a geohydrologic evaluation of the well, analyses of the water quality samples, management and review of the well video log, and documentation of well pump testing. The primary findings, as documented in the report, formed the basis of the following recommendations:

- For the existing well to be use as a potable water supply resource, a sanitary seal must be installed in accordance with the CDPH guidelines.
- Drawdown in the well must be limited to avoid the possibility of collapsing the casing.
- Recover from drawdown from pumping is slow and extraction would need to be terminated for up to 2 days to allow for groundwater level recovery.
- The well water would need to be treated and/or blended with potable water prior to introduction into the potable water distribution system.

The existing Otay Mesa Lot 7 Well, based upon the above findings, was determined not to be a reliable municipal supply of potable water and that better water quality and quantity perhaps could be discovered deeper or at an alternative location within the San Diego Formation.

The OWD may still continue to pursue the Otay Mesa groundwater well opportunity with due consideration of the recommendations of the existing report. Based on the recommendations of the investigation report, a groundwater well production facility at Otay Mesa Lot 7 could realistically extract approximately 300 acre-feet per year.

Rancho del Rey Groundwater Well

In 1991, the McMillin Development Company drilled the Rancho del Rey Groundwater Well to augment grading water supplies for their Rancho del Rey development projects. Although the well was considered a "good producer," little was known regarding its water quality and sustainable yield because the water was used solely for earthwork (i.e. dust control and soil compaction). The well was drilled to 865 feet, with a finished depth of 830 feet and produced approximately 400 acre-feet per year of low quality water for four years until its use was discontinued in April 1995 when the well was no longer needed. McMillin notified the OWD of its intent to sell off the groundwater well asset.

In 1997, the OWD purchased an existing 7-inch well and the surrounding property on Rancho del Rey Parkway from the McMillin Company with the intent to develop it as a source of potable water. Treatment was required to remove salts and boron, among other constituents, using reverse osmosis membranes and ion exchange.

In 2000, having received proposals for the design and construction of a reverse osmosis treatment facility that far exceeded the allocated budget, the Board of Directors instructed staff to suspend the project until such time as it became economically viable.

In January 2010, citing the rising cost of imported water and the OWD's interest in securing its own water source for long-term supply reliability, the Board authorized Phase 1 for drilling and development of the Rancho del Rey Well.

On March 3, 2010, the Board adopted the Mitigated Negative Declaration for this project and a Notice of Determination was filed with the County of San Diego on March 5, 2010. In September 2010, a new 12-inch production well was drilled to a depth of 900 feet through the groundwater formation and into fractured bedrock. Testing showed the long-term yield of the new well to be 450 gpm, higher than previous studies had estimated. Separation Processes, Inc. (SPI), a highly qualified membrane treatment firm, was hired to conduct a detailed economic feasibility study to confirm that the annualized unit cost of the new water source was economically competitive with other sources. The economic study estimated the unit cost of water to be $1, 500 to $2,000 per acre-feet for an alternative that utilizes a seawater membrane for treating both salts and boron. When compared with the current imported treated water rate from the Water Authority, and with the knowledge that this rate will continually increase as MWD and the Water Authority raise their rates, the Rancho del Rey Well project appears to be economically viable.

The OWD is continuing to pursue the Rancho del Rey groundwater well opportunity with due consideration of the recommendations of the existing reports and plans to develop a groundwater well production facility to extract approximately 500 acre-feet per year. For water planning purposes, production of groundwater from the Rancho del Rey well is considered "additional planned" for local supplies. During preparation of this 2010 UWMP, the OWD has contracted for design services for the wellhead treatment facilities.

6.3.1.4 Otay Water District Desalination Project

The OWD is currently investigating the feasibility of purchasing desalinated water from a seawater reverse osmosis plant that is planned to be located in Rosarito, Mexico, known as the Otay Mesa Desalinated Water Conveyance System (Desalination) project. The treatment facility is intended to be designed, constructed, and operated in Mexico by a third party. The OWD's draft Desalination Feasibility Study, prepared in 2008, discusses the likely issues to be considered in terms of water treatment and monitoring, potential conveyance options within the United States from the international border to potential delivery points, and environmental, institutional, and permitting considerations for the OWD to import the Desalination project product water as a new local water supply resource.

While the treatment facility for the Desalination project will likely not be designed or operated by the OWD as the lead agency, it is important that the OWD maintain involvement with the planning, design, and construction of the facility to ensure that the implemented processes provide a product water of acceptable quality for distribution and use within the OWD's system as well as in other regional agencies' systems that may use the product water, i.e. City of San Diego, the Water Authority, etc. A seawater reverse osmosis treatment plant removes constituents of concern from the seawater, producing a water quality that far exceeds established United States and California drinking water regulations for most parameters, however, a two-pass treatment system may be required to meet acceptable concentrations of boron and chlorides, similar to the levels seen within the existing OWD supply sources. The Desalination Feasibility Study addresses product water quality that is considered acceptable for public health and distribution.

The OWD, or any other potential participating agencies, will be required to get approval from the CDPH in order to use the desalinated seawater as a water source. Several alternative approaches are identified for getting this approval. These alternatives vary in their cost and their likelihood of meeting CDPH approval.

The Rosarito Desalination Facility Conveyance and Disinfection System Project report addresses two supply targets for the desalinated water (i.e. local and regional). The local alternative assumes that only OWD would participate and receive desalinated water, while the regional alternative assumes that other regional and/or local agencies would also participated in the Rosarito project.

On November 3, 2010, the OWD authorized the General Manager to enter into an agreement with AECOM for the engineering design, environmental documentation, and the permitting for the construction of the conveyance pipeline, pump station, and disinfection facility to be constructed within the OWD. The supply target is assumed to be 50 mgd while the ultimate capacity of the plant will be 100 mgd.

The OWD is proceeding with negotiations among the parties to establish water supply resource acquisition terms through development of a Principles of Understanding document.

6.3.2 Otay Water District Capital Improvement Program

The OWD 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 OWD forecasts needs and plans for water supply requirements to meet projected demands at ultimate build out. The necessary water facilities and water supply projects are implemented and constructed when development activities proceed and require service to achieve timely and adequate cost effective water service.

New water facilities that are required to accommodate the forecasted growth within the entire OWD service area are defined and described within the Otay Water District WRMP Update. These facilities are incorporated into the annual OWD 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, OWD prepares water system requirements specifically for the proposed development project consistent with the Otay Water District WRMP Update. 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 OWD 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 Otay Plaza Project is currently located within the jurisdictions of the OWD, Water Authority, and MWD. To obtain permanent imported water supply service, land areas are required to be within the jurisdictions of the OWD, Water Authority, and MWD to utilize imported water supply.

The Water Authority and MWD 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 the 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 MWD 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 with land use authority may require water supply assessment and/or verification reports for proposed land developments that are not within the OWD, Water Authority, or MWD jurisdictions (i.e. pending or proposed annexations) or that have revised land use plans with either lower or higher development intensities than reflected in the existing growth forecasts. Proposed land areas with pending or proposed annexations, or revised land use plans, typically result in creating higher demand and supply requirements than previously anticipated. The OWD, Water Authority, and MWD next demand forecast and supply requirements and associated planning documents would then capture any increase or decrease in demands and required supplies as a result of annexations or revised land use planning decisions.

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. The 2010 update to the IRP includes a planning buffer supply intended to mitigate against the risks associated with implementation of local and imported supply programs and for the risk that future demands could be higher than projected. The planning buffer identifies an additional increment of water that could potentially be developed when needed and if other supplies are not fully implemented as planned. As part of implementation of the planning buffer, MWD periodically evaluates supply development, supply conditions, and projected demands 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 water supplies to meet long-term future demands.

In Section ES-5 of their 2010 RUWMP, MWD states that MWD has supply capacities that would be sufficient to meet expected demands from 2015 through 2035. MWD has plans for supply implementation and continued development of a diversified resource mix including programs in the Colorado River Aqueduct, State Water Project, Central Valley Transfers, local resource projects, and in-region storage that enables the region to meet its water supply needs. MWD's 2010 RUWMP identifies potential reserve supplies in the supply capability analysis (Tables 2-9, 2-10, and 2-11), 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 11 of the Water Authority's 2010 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, Carlsbad Desalination Project, and Drought Management Plan (DMP) are taking actions to prepare for and appropriately handle an interruption of water supplies. The DMP, adopted 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 MWD 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.

The WSA Report identifies and describes the processes by which water demand projections for the proposed Otay Plaza Project will be fully included in the water demand and supply forecasts of the Urban Water Management Plans and other water resources planning documents of the Water Authority and MWD. Water supplies necessary to serve the demands of the proposed Otay Plaza Project, along with existing and other projected future users, as well as the actions necessary and status to develop these supplies, have been identified in the Otay Plaza Project WSA Report and will be included in the future water supply planning documents of the Water Authority and MWD.

This WSA Report includes, among other information, an identification of existing water supply entitlements, water rights, water service contracts, water supply projects, or agreements relevant to the identified water supply needs for the proposed Otay Plaza Project. This WSA Report assesses, demonstrates, and documents that sufficient water supplies are planned for 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 Otay Plaza Project and the existing and other planned development projects to be served by the OWD.

Table 7 presents the forecasted balance of water demands and required supplies for the OWD service area under average or normal year conditions. The total actual demand for FY 2010 was 33,270 acre feet. The demand for FY 2010 is 5,635 acre feet lower than the demand in FY 2005 of 38,905 acre feet. The drop in demand is a result of the unit price of water, the conservation efforts of users as a result of the prolonged drought, and the economy.

Table 8 presents the forecasted balance of water demands and supplies for the OWD service area under single dry year conditions. Table 8 presents the forecasted balance of water demands and supplies for the OWD service area under multiple dry year conditions for the three year period ending in 2018. The multiple dry year conditions for periods ending in 2023, 2028, and 2033 are provided in the Otay Water District 2010 UWMP. The projected potable demand and supply requirements shown the Tables 7 and 8 are from the Otay Water District 2010 UWMP adjusted to reflect the additional 75.6 acre-feet per year of potable water

demand for the Otay Plaza Project. Hot, dry weather may generate urban water demands that are about 6.4 percent greater than normal. This percentage was utilized to generate the dry year demands shown in Table 8. The recycled water supplies are assumed to experience no reduction in a dry year.

Table 7
Projected Balance of Water Demands and Supplies Normal Year Conditions (acre feet)

Description	FY 2015	FY 2020	FY 2025	FY 2030	FY 2035
Demands					
OWD Demands	44,883	53,768	63,811	70,669	77,171
Additional Conservation Target	0	(7,447)	(13,996)	(17,895)	(20,557)
Total Demand	44,883	46,321	49,815	52,774	56,614
Supplies					
Water Authority Supply	40,483	41,321	44,015	45,974	48,614
Recycled Water Supply	4,400	5,000	5,800	6,800	8,000
Total Supply	44,883	46,321	49,815	52,774	56,614
Supply Surplus/(Deficit)	**0**	**0**	**0**	**0**	**0**

Table 8 presents the forecasted balance of water demands and supplies for the OWD service area under single dry year and multiple dry year conditions as from the Otay Water District 2010 UWMP.

Table 8
Projected Balance of Water Demands and Supplies
Single Dry and Multiple Dry Year Conditions (acre feet)

	Normal Year	Single Dry Year	Multiple Dry Years		
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Demands					
OWD Demands	37,176	41,566	43,614	46,385	50,291
Total Demand	37,176	41,566	43,614	46,385	50,291
Supplies					
Water Authority Supply	33,268	37,535	39,460	42,108	45,891
Recycled Water Supply	3,908	4,031	4,154	4,277	4,400
Total Supply	37,176	41,566	43,614	46,385	50,291
Supply Surplus/(Deficit)	**0**	**0**	**0**	**0**	**0**
District Demand totals with SBX7-7 conservation target achievement plus single dry year increase as shown. The Water Authority could implement its DMP. In this instances, the Water Authority may have to allocate supply shortages based on it equitable allocation methodology in its DMP.					

Dry year demands assumed to generate a 6.4% increase in demand over normal conditions for each year in addition to new demand growth.

Table 8 also presents the forecasted balance of water demands and supplies for the OWD service area under multiple dry year conditions for the three year period ending in 2015.

In evaluating the availability of sufficient water supply, the Otay Plaza Project development proponents will be required to participate in the development of alternative water supply project(s). This can be achieved through payment of the New Water Supply Fee adopted by the OWD Board in May 2010. These water supply projects are in addition to those identified as sustainable supplies in the current Water Authority and MWD UWMP, IRP, Master Plans, and other planning documents. These new water supply projects are in response to the regional water supply issues related to climatological, environmental, legal, and other challenges that impact water source supply conditions, such as the court rulings regarding the Sacramento-San Joaquin Delta and the current ongoing western states drought conditions. These new additional water supply projects are not currently developed and are in various stages of the planning process. The OWD water supply development program includes but is not limited to projects such as the Middle Sweetwater River Basin Groundwater Well project, the North District Recycled Water Supply Concept, the OWD Desalination project, and the Rancho del Rey Groundwater Well project. The Water Authority and MWD's next forecasts and supply planning documents would capture any increase in water supplies resulting from any new water resources developed by the OWD.

The OWD acknowledges 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 climate, environmental, and legal challenges so that they may continue to provide water supplies to their service areas. The regional water suppliers along with OWD fully intend to maintain sufficient reliable supplies through the 20-year planning horizon under normal, single, and multiple dry year conditions to meet projected demand of the Otay Project, along with existing and other planned development projects within the OWD service area.

This WSA Report assesses, demonstrates, and documents that sufficient water supplies are planned for and are intended to be acquired, as well as the actions necessary and status to develop these supplies, to meet projected water demands of the Otay Plaza Project as well as existing and other reasonably foreseeable planned development projects within the OWD for a 20-year planning horizon, in normal and in single and multiple dry years.

Source Documents

Sunroad Otay Partners, LP, E-mail Request to Initiate the Preparation of a Water Supply Assessment for the Otay Plaza. Compliance request letter received January 7, 2013.

City of Chula Vista, "Otay Ranch General Development Plan/Sub-regional Plan, The Otay Ranch Joint Planning Project," October 1993 amended June 1996.

County of San Diego, "East Otay Mesa Specific Plan Area," adopted July 27, 1994.

Otay Water District, "2008 Water Resources Master Plan Update," dated November 2010.

Atkins and Otay Water District, "Otay Water District 2010 Urban Water Management Plan," June 2011.

Camp Dresser & McKee, Inc., "Otay Water District Integrated Water Resources Plan," March 2007

San Diego County Water Authority, "Urban Water Management Plan 2010 Update," May 2011.

MWD Water District of Southern California, "Regional Urban Water Management Plan," November 2010.

Camp Dresser & McKee, Inc., "Rosarito Desalination Facility Conveyance and Disinfection System Project," June 21, 2010.

PBS&J, "Draft Otay Water District North District Recycled Water System Development Project, Phase I Concept Study," December 2008.

NBS Lowry, "Middle Sweetwater River System Study Water Resources Audit," June 1991.

Michael R. Welch, "Middle Sweetwater River System Study Alternatives Evaluation," May 1993.

Michael R. Welch, "Middle Sweetwater River Basin Conjunctive Use Alternatives," September 1994.

Geoscience Support Services, Inc., "Otay Mesa Lot 7 Well Investigation," May 2001.

Boyle Engineering Corporation, "Groundwater Treatment Feasibility Study Ranch del Rey Well Site," September 1996.

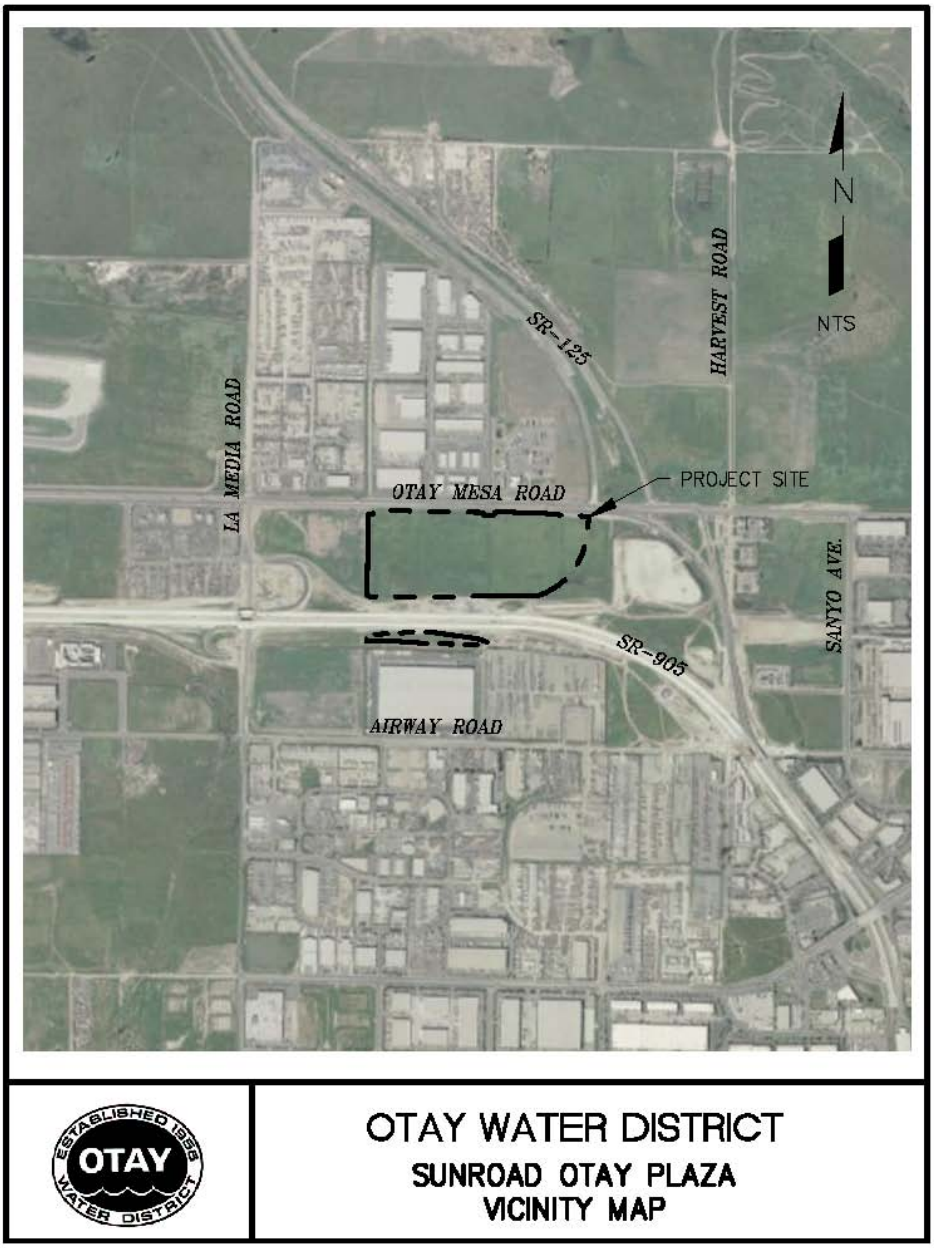
Agreement for the Purchase of Treated Water from the Otay Water Treatment Plant between the City of San Diego and the Otay Water District.

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.

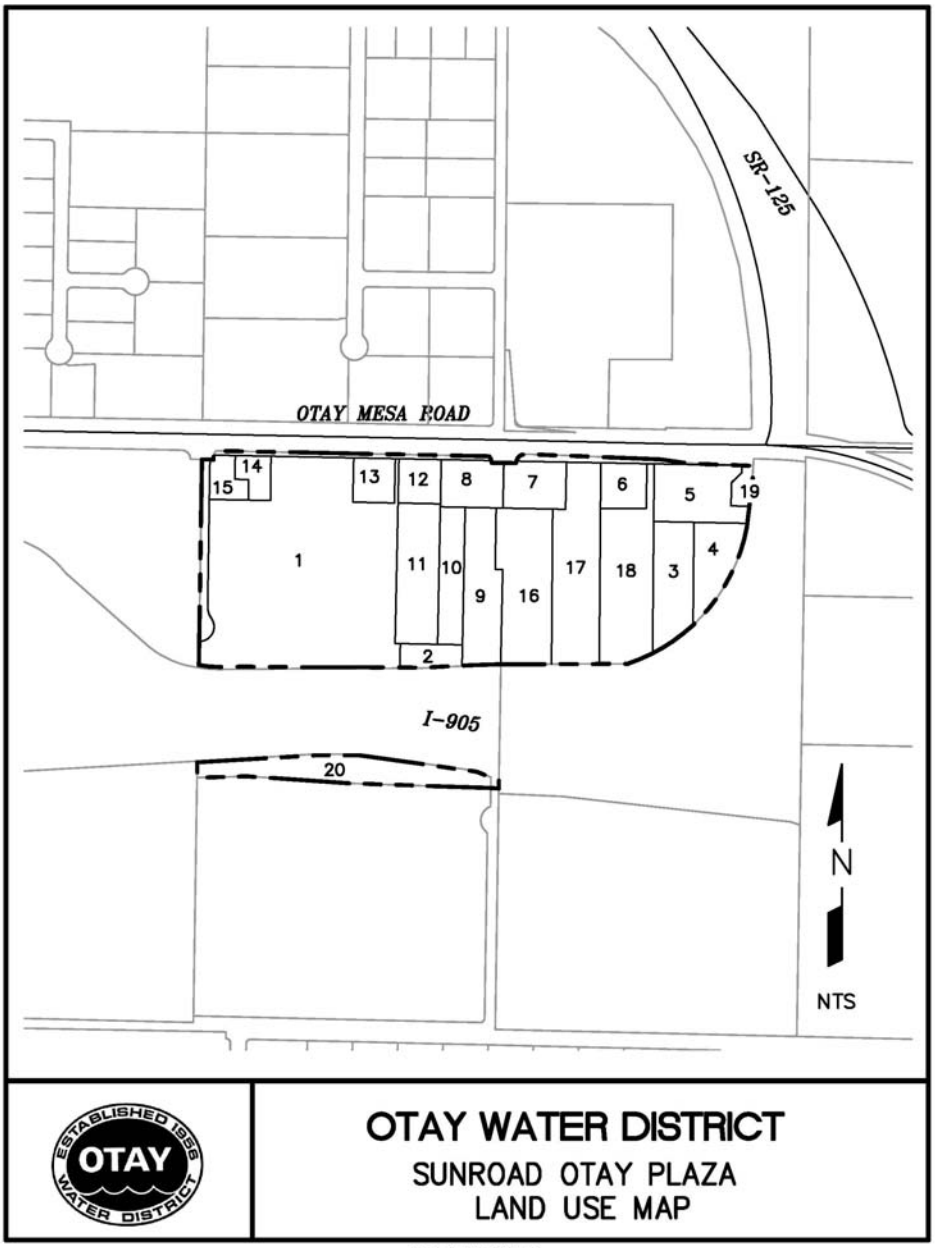
Agreement between the Otay Water District and the City of San Diego for Purchase of Reclaimed Water from the South Bay Water Reclamation Plant.

Appendix A
Otay Plaza Project Vicinity Map



APPENDIX A

Appendix B
Otay Plaza Project Development Plan



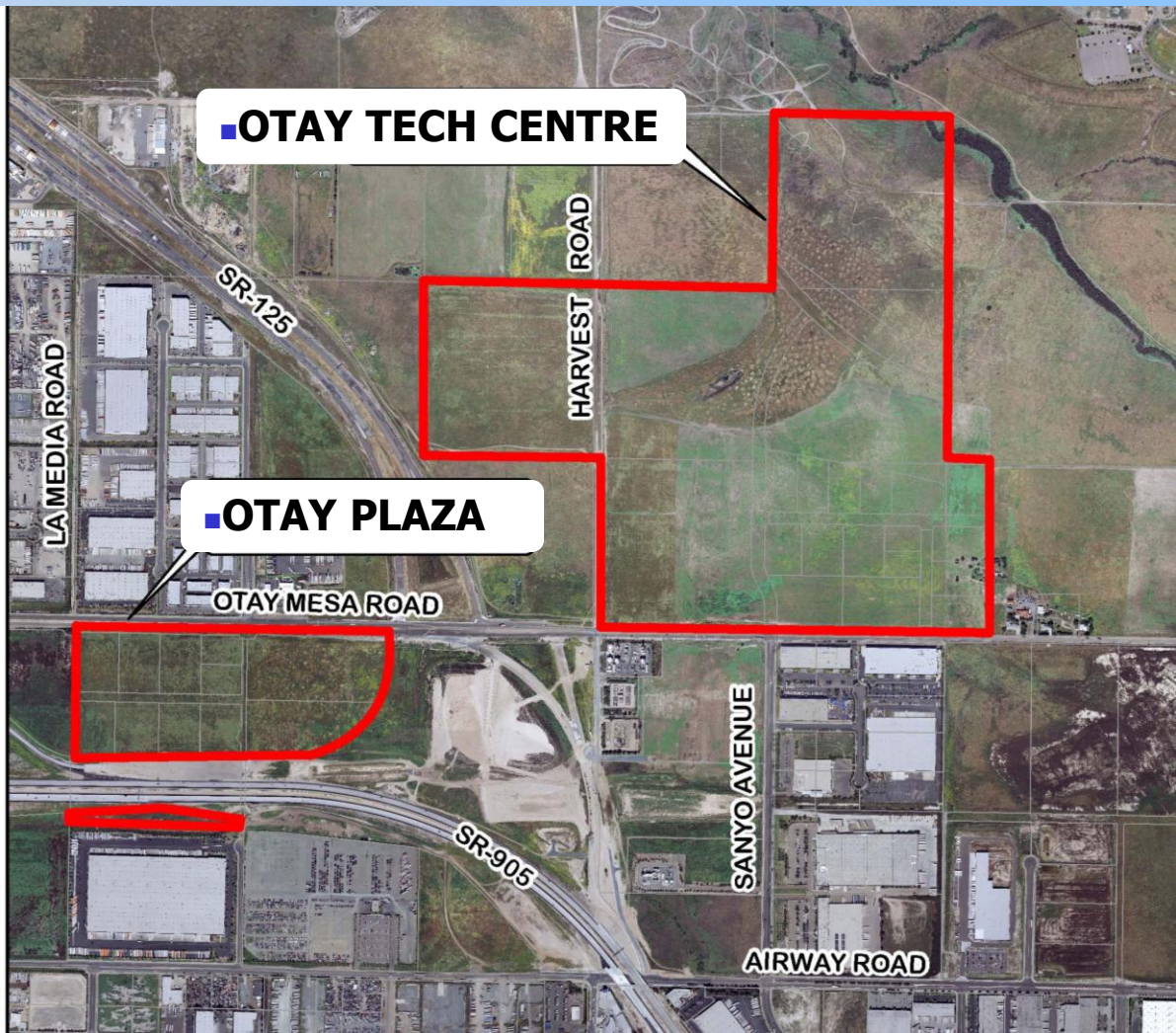
APPENDIX B

EXHIBIT D

Otay Water District
Board of Directors Meeting
March 6, 2013

Water Supply Assessment Reports for the Sunroad Otay Tech Centre and Otay Plaza Projects

SB 610 Compliance



Background

Senate Bills 610 and 221 became effective on January 1, 2002, with the primary intent to improve the link between water supply availability and land use decisions.

SB 610 Water Supply Assessment (WSA):

- **Requires water purveyor to prepare a *Water Supply Assessment* report for inclusion in agency CEQA documentation.**

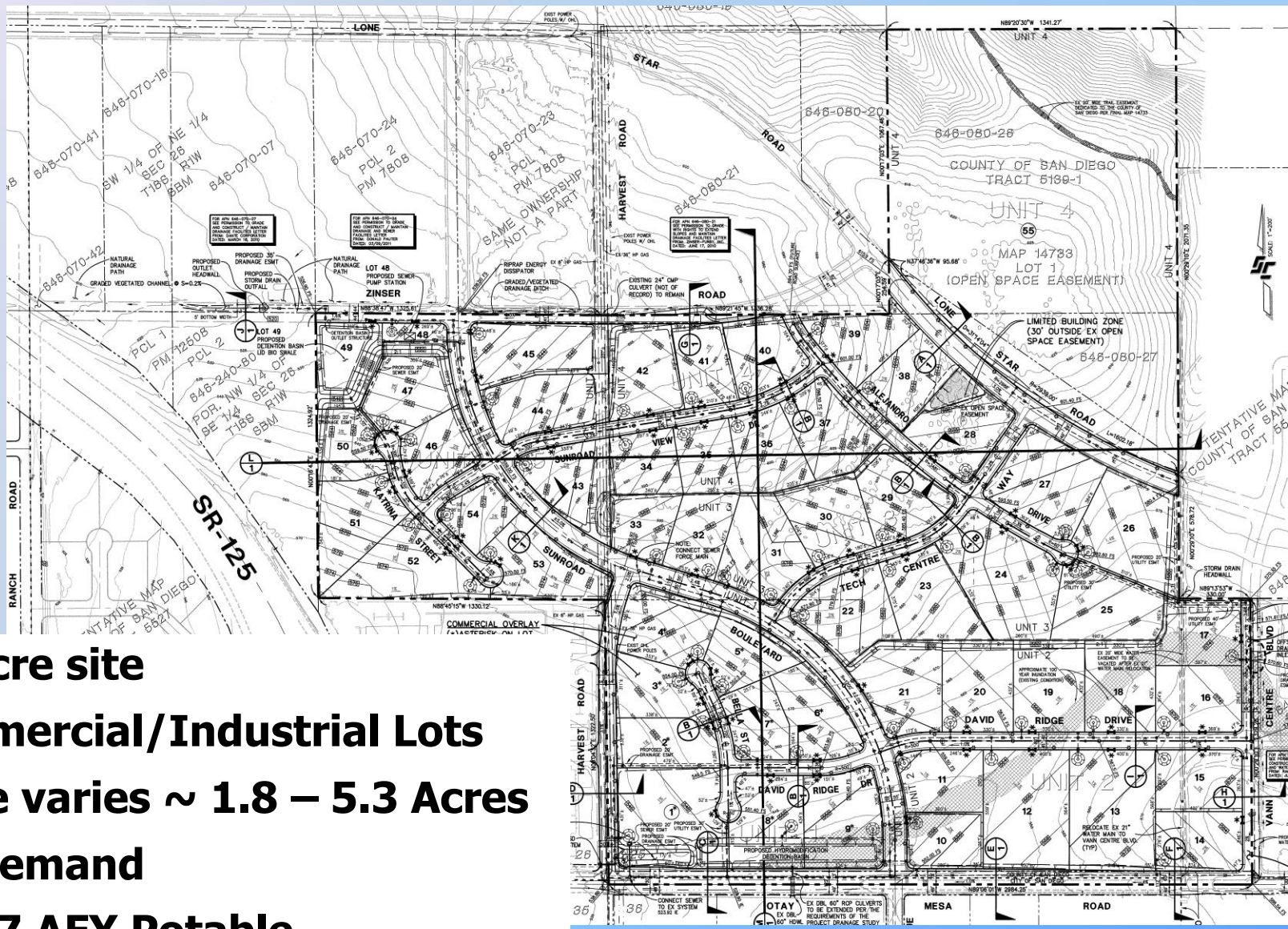
SB 221 Water Supply Verification:

- **Does not apply to the Sunroad Projects which are Industrial/Commercial subdivisions.**

The Otay Tech Centre Project and Otay Plaza Water Supply Assessment Reports:

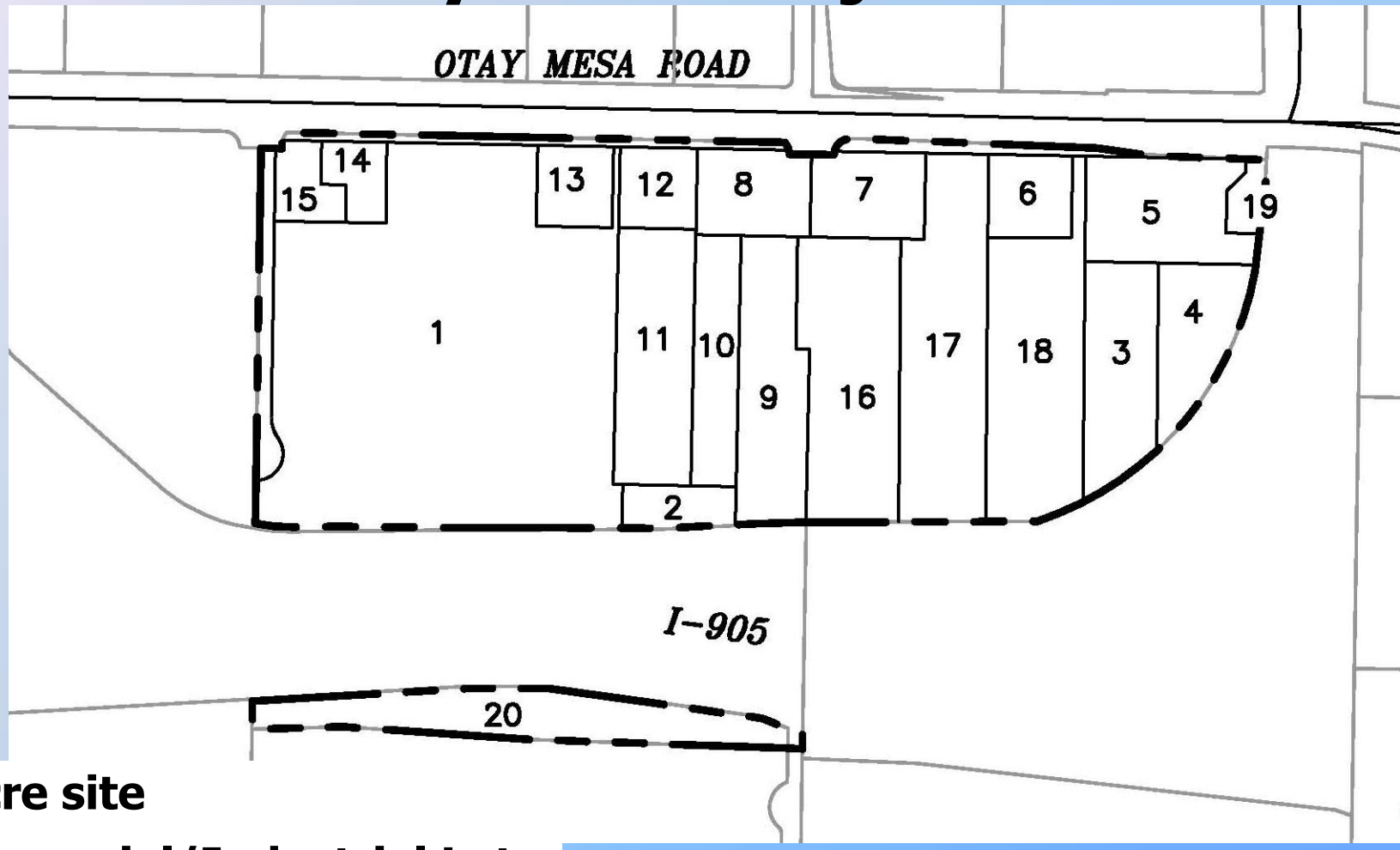
- **Board approval required for submittal of the WSAs to the City of San Diego and County of San Diego.**

Otay Tech Centre Project



- **253.1 Acre site**
- **52 Commercial/Industrial Lots**
- **Lots size varies ~ 1.8 – 5.3 Acres**
- **Water Demand**
  - **178.7 AFY Potable**
  - **23 AFY Recycled**

Otay Plaza Project



- **51.9 Acre site**
- **20 Commercial/Industrial Lots**
- **Water Demand**
  - **101.9 AFY Potable**
  - **11.9 AFY Recycled**

Water Supply Assessment Reports for the Sunroad Otay Tech Centre and Otay Plaza Projects

	Potable Water Demands		2010 WRMP Estimated Potable Water Demands	Recycled Water Demands	
	GPD	AFY	AFY	GPD	AFY
Otay Tech Centre	159,510	178.7	304.3	20,580	23
Otay Plaza	90,939	101.9	53	10,581	11.9
Total	250,449	280.6	357.3	31,161	34.9

Water Supply Assessment Reports

- **The regional and local water supply agencies acknowledge the challenges and fully intend to develop sufficient, reliable supplies to meet demands.**

- **Water suppliers recognize additional water supplies are necessary and portfolios need to be reassessed and redistributed with intent to serve existing and future needs.**

Water Supply Assessment Reports

- **The Reports documents the planned water supply projects and the actions necessary to develop the supplies.**
- **Water supply for the Projects and for existing and future developments within the District for a 20-year planning horizon, under normal and in single and multiple dry years, are planned for and are intended to be made available.**

Otay Water District
Planned Local Water Supply Projects

- **Rancho Del Rey Groundwater Well (500 AFY)**
- **Rosarito Ocean Desalination Project (20,000-50,000 AFY)**
- **Otay Mesa Lot 7 Groundwater Well (300 AFY)**
- **Otay Mesa Recycled Water Supply Link Project (800 AFY)**

Otay Water District
Projected Balance of Supply and Demand

	Normal Year	Single Dry Year	Multiple Dry Years		
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Demands					
Otay Water District Demands	37,176	41,566	43,614	46,385	50,291
Total Demand	37,176	41,566	43,614	46,385	50,291
Supplies					
Water Authority Supply	33,268	37,535	39,460	42,108	45,891
Recycled Water Supply	3,908	4,031	4,154	4,277	4,400
Total Supply	37,176	41,566	43,614	46,385	50,291
Supply Surplus/(Deficit)	**0**	**0**	**0**	**0**	**0**

Table 8 of Otay Tech Centre WSA Report and Otay Plaza WSA Report based on data from Table 30 on page 41 of OWD 2010 UWMP

District Demand totals with SBX7-7 conservation target achievement with single dry year and multiple dry year increase as shown. The Water Authority could implement its DMP. In these instances, the Water Authority may have to allocate supply shortages based on the equitable allocation methodology in its DMP.

Conclusion

- **Water demand and supply forecasts are included in the planning documents of MWD, Water Authority, and the Otay Water District.**
- **Actions necessary to develop the identified water supplies are documented.**
- **The Otay Tech Centre Project and Otay Plaza Project SB 610 WSA demonstrates and documents that sufficient water supplies are planned for and are intended to be available over the next 20 years.**

Conclusion continued

- It is believed that the Board has met the intent of SB 610 statute in that:
  1) Land use agencies and water suppliers have demonstrated strong linkage.
  2) The Otay Tech Centre Project and Otay Plaza Project Water Supply Assessment clearly documents the current water supply situation.

Staff Recommendation

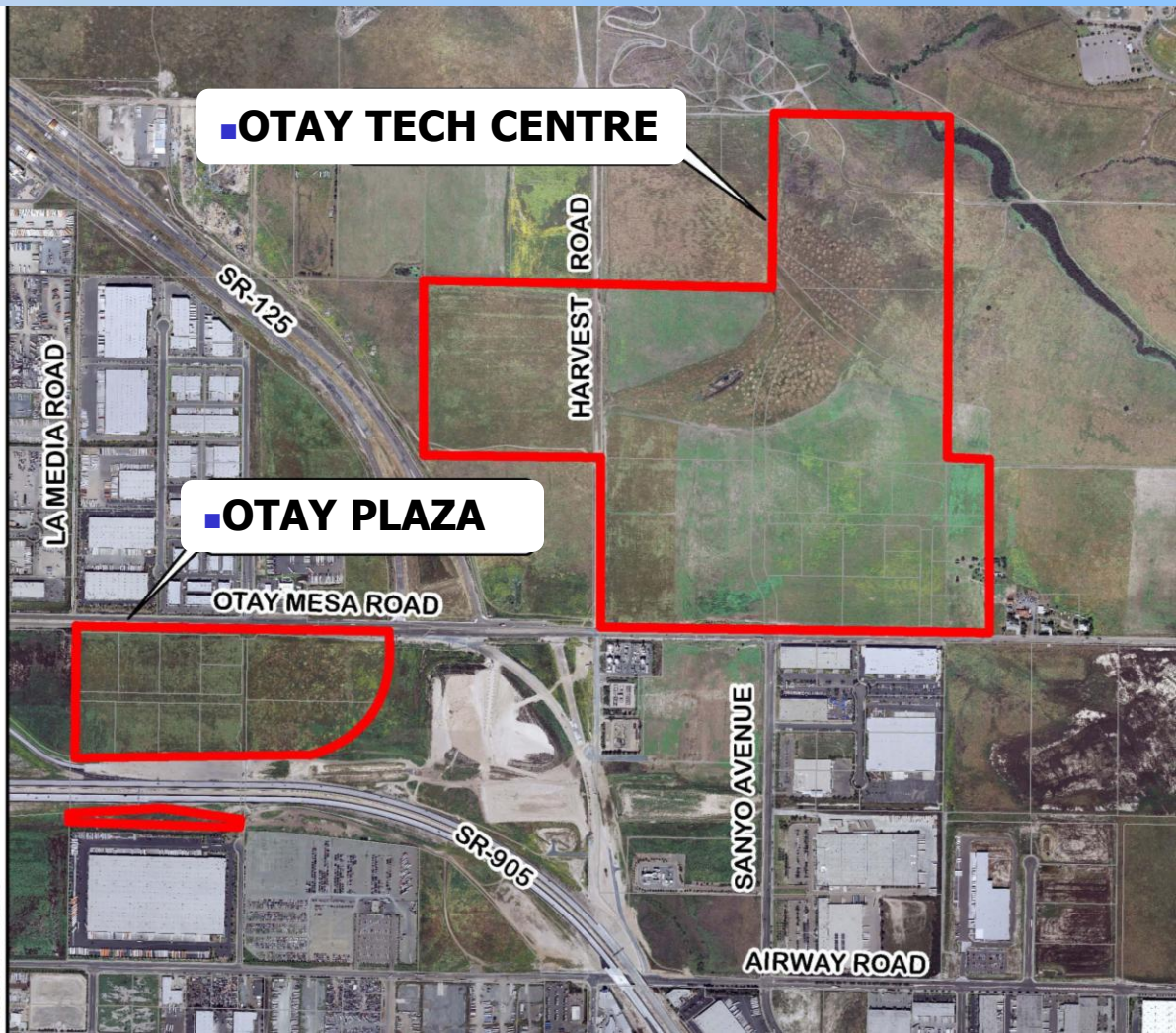
That the Board of Directors approve the Senate Bill 610 Water Supply Assessment Report dated January 2013 for the Otay Tech Centre Project.

That the Board of Directors approve the Senate Bill 610 Water Supply Assessment Report dated January 2013 for the Otay Plaza Project.

Questions ?

Water Supply Assessment Reports for the Sunroad Otay Tech Centre and Otay Plaza Projects

SB 610 Compliance



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	March 6, 2013
		PROJECT:	DIV. NO. All
SUBMITTED BY:	Kevin Koeppen, Finance Manager		
APPROVED BY:	☒ Joseph R. Beachem, Chief Financial Officer ☒ German Alvarez, Assistant General Manager ☒ Mark Watton, General Manager		
SUBJECT:	Selection of Bond Counsel and Disclosure Counsel		

GENERAL MANAGER'S RECOMMENDATION:

That the Board authorize the General Manager to contract for Bond Counsel and Disclosure Counsel services for the refinancing of the 2004 Certificates of Participation (COPS).

COMMITTEE ACTION:

See Attachment A.

PURPOSE:

The financial benefit of refinancing is highly sensitive to interest rate fluctuations. Approval of this recommendation will allow the refinancing to move forward quickly and therefore, improve our ability to mitigate exposure to potential rate shifts and ultimately achieve the anticipated savings.

ANALYSIS:

On February 6, 2013, the Board was presented with an informational item that staff was evaluating the possible savings from refinancing the 2004 COPS, and that request for proposals (RFPs) had been sent for various services necessary to accomplish the refinancing.

Based on the current financial markets, the refinancing of the 2004 COPS has the potential to save the District $550,000 to $600,000. The District is in the process of receiving proposals for Bond Counsel and Disclosure Counsel. As part of the refinancing process, the District is required to obtain both Bond Counsel and Disclosure Counsel.

Bond Counsel and Disclosure Counsel can be performed by separate firms or the same firm, resulting in either a single contract with a single firm or two contracts with two firms. Depending on the selection of Bond Counsel and Disclosure Counsel the contract may exceed the General Manager's $50,000 approval limit. The District is requesting that the Board authorize the General Manager to contract for both Bond Counsel and Disclosure Counsel Services in the event the selected firms exceed the $50,000 limit.

FISCAL IMPACT: ☒ Joe Beachem, Chief Financial Officer

All fees for the refinancing have been included in the calculation of the overall estimated savings of $550,000-$600,000. The Bond Counsel and Disclosure Counsel fees plus out-of-pocket expenses are a required part of refinancing.

STRATEGIC GOAL:

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

LEGAL IMPACT:

Attachments:

Attachment A – Committee Action Form

ATTACHMENT A

SUBJECT/PROJECT:	Selection of Bond Counsel and Disclosure Counsel

COMMITTEE ACTION:

The Finance, Administration and Communications Committee discussed this item at a meeting held on February 20, 2013 and the following comments were made:

- Staff is requesting that the board authorize the General Manager to contract for Bond Counsel and Disclosure Counsel services for the refinancing of the 2004 COPS.

- The refinancing process is sensitive to market conditions (interest rates). By authorizing the General Manager to contract the services it will allow the District to act quickly on the refinancing and mitigate exposure to potential interest rate shifts. Which will allow the District to achieve the anticipated savings.

- As part of the refinancing process, the District is required to retain Bond and Disclosure Counsels. The services can be performed by the same or two different firms.

- It was indicated that contracting for both services may exceed the General Manager's $50,000 approval limit. When staff submitted this report, the District was in the process of receiving proposals for Bond and Disclosure Counsels. The proposals have a cost range from $52,000 to $62,000 for the services.

- It was indicated that the solicitation for firms is a Request for Proposal Process (RFP) and the review process will include the firms' qualifications, completeness of their proposals, approach and price.

- In response to an inquiry from the Committee, it was indicated that the District had sent the RFP to five (5) firms and received three (3) proposals. The firms were selected based on the vendors the District and other agencies have used in the past. Some of the firms are from Southern California, but it was not

certain if any are located in San Diego. Subsequent to the Committee meeting, staff verified that no San Diego firms were included in the Bond and Disclosure Counsel RFP's. However, two local firms were included in the RFP for Financial Advisor.

- It was discussed that staff will work with the District's Financial Advisor to determine the most advantageous financing structure. This structure will determine the type and content of the bond documents which will be presented to the full board for approval.

- The committee inquired, as this is a small issue, if the District is considering Bank Qualified Bonds. It was indicated that it is the Financial Advisor's job to look at all possible options and propose the lowest cost option. The District has issued Bank Qualified Bonds in the past when the bonds have met the requirements and it was cost beneficial.

- Staff would like to include in its recommendation a not-to-exceed contract amount of $65,000 for both services.

Following the discussion, the Committee recommended presentation to the full board as a consent item.

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

STAFF REPORT

TYPE MEETING:	Regular Board Meeting	MEETING DATE:	March 6, 2013
SUBMITTED BY:	Mark Watton, General Manager	W.O./G.F. NO:	DIV. NO.
APPROVED BY:	☒ Susan Cruz, District Secretary ☒ Mark Watton, General Manager		
SUBJECT:	Board of Directors 2013 Calendar of Meetings		

GENERAL MANAGER'S RECOMMENDATION:
At the request of the Board, the attached Board of Director's meeting calendar for 2013 is being presented for discussion.

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

COMMITTEE ACTION:
N/A

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

STRATEGIC GOAL:
N/A

FISCAL IMPACT:
None.

LEGAL IMPACT:
None.

Attachments: Calendar of Meetings for 2013

Board of Directors, Workshops and Committee Meetings 2013

Regular Board Meetings:

January 8, 2013
February 6, 2013
March 6, 2013
April 3, 2013
May 1, 2013
June 5, 2013
July 3, 2013
August 7, 2013
September 4, 2013
October 2, 2013
November 6, 2013
December 4, 2013

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

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

SPECIAL BOARD MEETINGS:

BOARD WORKSHOPS:

Budget Workshops:

Tuesday, May 14, 2013 at 3:00 p.m.

Board Workshop:

Held dates for Rate Study Workshop:

Monday, March 18, 2013 at 3:30 p.m.
Monday, April 8, 2013 at 3:30p.m.

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	March 6, 2013
SUBMITTED BY:	Dan Martin Engineering Manager	PROJECT:	Various DIV. NO. ALL
APPROVED BY:	☒ Rod Posada, Chief of Engineering ☒ German Alvarez, Asst. General Manager ☒ Mark Watton, General Manager		
SUBJECT:	Informational Item – Second Quarter Fiscal Year 2013 Capital Improvement Program Report		

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) accept the Second Quarter Fiscal Year 2013 Capital Improvement Program (CIP) Report for review and receives a summary via PowerPoint presentation (see Attachment C).

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To update the Board about the status of all CIP project expenditures and to highlight significant issues, progress, and milestones on major projects.

ANALYSIS:

To keep up with growth and to meet our ratepayers' expectations to adequately deliver safe, reliable, cost-effective, and quality water, each year the District staff prepares a Six-Year CIP Plan that identifies the District's infrastructure needs. The CIP is comprised of four categories consisting of backbone capital facilities, replacement/renewal projects, developer's reimbursement projects, and capital purchases.

The Second Quarter Fiscal Year 2013 update is intended to provide a detailed analysis of progress in completing these projects within the allotted time and budget of $18 million. Expenditures through the Second Quarter totaled approximately $5.8 million. Approximately 32% of the Fiscal Year 2013 expenditure budget was spent (see Attachment B).

FISCAL IMPACT: ☒ Joe Beachem, Chief Financial Officer

No fiscal impact as this is an informational item only.

STRATEGIC GOAL:

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

LEGAL IMPACT:

None.

DM/RP:jf
P:\CIP\CIP Quarterly Reports\2013\Q1\Staff Report\BD 03-06-13, Staff Report, Second Quarter FY 2013 CIP Report, (DM-RP).docx

Attachments: Attachment A – Committee Action
Attachment B - Fiscal Year 2013 Second Quarter CIP Expense Report
Attachment C – Presentation

ATTACHMENT A

SUBJECT/PROJECT: Various	Informational Item – Second Quarter Fiscal Year 2013 Capital Improvement Program Report

COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee (Committee) reviewed this item at a Committee Meeting held on February 21, 2013, and the following comments were made:

- Staff provided a PowerPoint presentation to the Committee and indicated that the expenditures through the second quarter of FY 2013 totaled approximately $5.8 million, which is about 32% of the District's fiscal year budget.

- Staff indicated that the District's FY 2013 CIP budget consists of 70 projects that total $18 million and is divided into four categories:

  - Capital Facilities= $7.6 million
  - Replacement/Renewal= $9.6 million
  - Capital Purchases= $.8 million
  - Developer Reimbursement= $0.0 million

- The PowerPoint presentation included the following:

  - Total Life-to-Date Expenditures
  - CIP Budget Forecast vs. Expenditures
  - Major CIP Projects
  - CIP Projects in Construction
  - Construction Contract Status of projects, contract amount with allowances, net change orders, and percent of project completion
  - Consultant Contract Status of contract amounts, approve payments to date, change orders, dates when contracts were signed and the end date of contracts

- Staff provided an update of the following:

  - Reservoir 624-I Floating Cover Replacement Project

- Calavo Gardens Sewer Rehabilitation Project
- Hunte Parkway 30-Inch Potable Pipeline Project
- Phase I of 944-IR Recycled Water Pump Station Improvements Project

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

ATTACHMENT B

FISCAL YEAR 2013 2nd QUARTER REPORT

(Expenditures through 12/30/2012)

($ In Thousands)

			FISCAL YEAR-TO-DATE, 12/31/12				LIFE-TO-DATE, 12/31/12				
CIP No.	Description	Project Manager	FY 2013 Budget	Expenses	Balance	Expense to Budget %	Budget	Expenses	Balance	Expense to Budget %	Comments
	CAPITAL FACILITY PROJECTS										
p2009	PL - 36-Inch, SDCWA Otay FCF No. 14 to Regulatory Site	Ripperger	$ 900	$ 222	$ 678	25%	$ 21,600	$ 20,997	$ 603	97%	The project is complete and accepted. It will be deleted this coming fiscal year.
p2083	PS - 870-2 Pump Station Replacement (28,000 GPM)	Marchioro	50	-	50	0%	12,581	581	12,000	5%	Project on hold pending the Otay Mesa Desalination Conveyance and Disinfection System (CIP P2451) project.
p2190	PL - 10-Inch, 1485 Zone, Jamul Highlands	Ripperger	-	-	-	0%	228	3	225	1%	No budget for FY 13.
p2267	36-Inch Main Pumpouts and Air/Vacuum Ventilation Installations	Vasquez	5	-	5	0%	435	234	201	54%	No expenditures planned in Q2 FY 2013.
p2370	La Presa System Improvements	Martin	195	227	(32)	116%	1,430	1,427	3	100%	Project substantially complete. Planned expenditures for FY 12 carried over to FY 13.
p2403	PL - 12-Inch, 624 Zone, Heritage Road - Olympic/Otay Valley	Martin	-	-	-	0%	925	-	925	0%	No budget for FY 13.
p2434	Rancho Del Rey Groundwater Well Development	Marchioro	500	127	373	25%	8,700	3,532	5,168	41%	On target.
p2451	Otay Mesa Desalination Conveyance and Disinfection System	Kennedy	1,000	124	876	12%	30,000	1,186	28,814	4%	The project is on hold pending NSC Agua acquiring rights to purchase adjacent property, constructing first phase of pilot plant, and acquiring rights from CFE for access to intake and outlet structures. Plan to restart the 3rd quarter of FY 13.
p2466	Regional Training Facility	Coburn-Boyd	14	4	10	29%	300	276	24	92%	The FY 13 budget will be used for coordination with the Fire District to complete the project.
p2486	Asset Management Plan Condition Assessment and Data Acquisition	Stevens	200	15	185	8%	1,350	750	600	56%	Forecast on target.
p2502	803-1 Pump Station Modifications	Marchioro	50	35	15	70%	625	606	19	97%	On target; however, pending in-house SCADA work will be completed third and fourth quarters of FY2013.
p2503	850-2 Pump Station Modifications	Marchioro	50	15	35	30%	525	485	40	92%	See P2502.
p2511	North District - South District Interconnection System	Marchioro	1,000	115	885	12%	3,550	1,591	1,959	45%	Progress slowed due to community opposition to the Corral Canyon Road alignment and follow up meetings with County Supervisor Greg Cox and CWA.
p2514	PL - 30-Inch, 980 Zone, Hunte Parkway - Proctor Valley/Use Area	Martin	1,150	1,028	122	89%	1,550	1,256	294	81%	Project under construction; anticipate completion in March 2013.
p2527	1200-1 Pump Station Facility Cover	Stalker	30	-	30	0%	30	-	30	0%	We are getting updated quotes to see if there are sufficient funds budgeted for this cover. If not, we will revaluate the cost effectiveness of this project.
p2528	30-Inch Potable Water Pipeline Manifold at 624 Reservoirs	Marchioro	300	2	298	1%	1,300	2	1,298	0%	Project on hold pending North District - South District Interconnection System (CIP P2511) Project.
p2536	HMBP-Emergency Stand-By Generator Secondary Containment	Acuna	60	34	26	57%	60	34	26	57%	One remaining on list for the 1004-2 Reservoir site.
p2537	Operations Yard Property Acquisition Improvements	Martin	250	6	244	2%	300	6	294	2%	Project in design.
r2048	RecPL - Otay Mesa Distribution Pipelines and Conversions	Martin	15	68	(53)	453%	2,200	468	1,732	21%	Planned expenditures for FY 12 carried over to FY 13. Design is 90% complete.
r2058	RecPL - 16-Inch, 860 Zone, Airway Road - Otay Mesa/Alta	Martin	5	5	-	100%	3,500	1,339	2,161	38%	Project on hold.
r2077	RecPL - 24-Inch, 860 Zone, Alta Road - Alta Gate/Airway	Martin	950	672	278	71%	4,500	2,675	1,825	59%	Portions of project built by developer.
r2087	RecPL - 24-Inch, 927 Zone, Wueste Road - Olympic/Otay WTP	Cameron	5	7	(2)	140%	7,000	1,031	5,969	15%	Planned expenditures for FY 12 carried over to FY 13. Project on hold.
r2091	RecPS - 927-1 Pump Station Upgrade (10,000 GPM) and System Enhancements	Martin	65	79	(14)	122%	1,880	1,858	22	99%	Planned expenditures for FY 12 carried over to FY 13. Project substantially complete.
r2094	Potable Irrigation Meters to Recycled Water Conversions	Martin	10	13	(3)	130%	3,100	1,519	1,581	49%	Conversion rate faster than anticipated for FY 13. This multi-year project is under budget.
r2107	RWCWRF Screening Compactor and Chlorine Injectors Enclosure	Stalker	115	5	110	4%	115	5	110	4%	$70,000 will be spent this fiscal year. Due to a long lead time to get the screening compactor unit manufactured, the installation and SCADA programming for the system will need to be deferred until next year during the upcoming budget cycle.
s2039	Hidden Mountain Lift Station Enclosure	Stalker	29	-	29	0%	29	-	29	0%	Enclosure is in the process off being ordered. These funds will be spent this fiscal year.

FISCAL YEAR 2013 2nd QUARTER REPORT

(Expenditures through 12/30/2012)

($ In Thousands)

			FISCAL YEAR-TO-DATE, 12/31/12				LIFE-TO-DATE, 12/31/12				
CIP No.	Description	Project Manager	FY 2013 Budget	Expenses	Balance	Expense to Budget %	Budget	Expenses	Balance	Expense to Budget %	Comments
s2040	Calavo Sewer Basin Improvements	Marchioro	275	68	207	25%	1,250	68	1,182	5%	Effort to prioritize sewer rehabilitation projects District-wide for design is taking longer than expected.
s2041	Rancho San Diego Sewer Basin Improvements	Marchioro	40	13	27	33%	1,750	13	1,737	1%	On target.
s2042	Sewer Vehicle Capital Purchases	Rahders	325	-	325	0%	325	-	325	0%	The actual purchase will not take place in FY 13, but instead in FY 14. P.O. was approved by GM in January 2013.
	Total Capital Facility Projects	Total:	7,588	2,884	4,704	**38%**	111,138	41,942	69,196	**38%**	
	REPLACEMENT/RENEWAL PROJECTS										
p2366	APCD Engine Replacements and Retrofits	Rahders	120	231	(111)	193%	3,488	2,439	1,049	70%	$31,798.10 CP#11 FY 12, Replacement dump truck was purchased in FY 12, however, the cab and chassis were delivered and paid for in FY 12, but fabrication and installation of the dump body was not completed until FY 13 so final payment of $58,224.47 was deferred until completed. $54,036.63 CP#'s 3 & 4 FY 12, new gensets for 1090-1 p/s and the warehouse were budgeted and ordered in FY 12, but not delivered until FY 13. $36,664.58, APCD permitting and annual renewal fees. $1,384.61, CP#2 FY 12 New genset for 944-1 p/s Genset was delivered and paid for in FY 12, but budgeted start up fee's were not incurred until FY 13 due to permitting issues with APCD. Further encumbrances expected due to APCD retrofitting compliance of on road vehicles. Expect $60,000.
p2382	Safety and Security Improvements	Dobrawa	300	89	211	30%	3,397	1,828	1,569	54%	$86K planned to be spent through Q3 & Q4 FY 13. $125K to be pushed to FY 14.
p2440	I-905 Utility Relocations	Marchioro	5	-	5	0%	1,600	1,579	21	99%	Staff anticipates that Caltrans will issue a $33K credit to Otay; however, project on hold pending Caltrans' receipt of final accounting numbers from the City of San Diego's sewer contractor.
p2453	SR-11 Utility Relocations	Martin	200	85	115	43%	2,250	121	2,129	5%	Project in design.
p2458	AMR Manual Meter Replacement	Holly	1,400	82	1,318	6%	9,400	8,624	776	92%	Project is ahead of schedule and on budget.
p2477	Res - 624-1 Reservoir Cover Replacement	Marchioro	690	103	587	15%	800	176	624	22%	On target; however, construction postponed to coincide with low FY 13 winter demands.
p2484	Large Water Meter Testing and Replacement Program	Holly	150	114	36	76%	835	376	459	45%	Project in progress. Project expected to spend 85% of budget for FY 13.
p2485	SCADA Communication System and Software Replacement	Stalker	629	20	609	3%	1,846	759	1,087	41%	$125,000 will be spent this fiscal year due to low staffing and deciding to contract out SCADA implementation and wireless radio installations. The remaining $475,000 will be moved to next year during the upcoming budget cycle.
p2491	850-3 Reservoir Exterior Coating	Cameron	150	66	84	44%	350	326	24	93%	Project completed. Updating Reservoir As-builts.
p2493	624-2 Reservoir Interior/Exterior Coating	Cameron	8	2	6	25%	1,850	6	1,844	0%	Expenditures anticipated in fourth quarter.
p2494	Multiple Species Conservation Plan	Coburn-Boyd	93	7	86	8%	930	789	141	85%	Approximately $69,000 of the FY 13 budget will not be spent because work on the JPA plan is being stopped.
p2495	San Miguel Habitat Management/Mitigation Area	Coburn-Boyd	120	39	81	33%	1,900	810	1,090	43%	Project on track; this FY budget will be spent.
p2496	Otay Lakes Road Utility Relocations	Martin	50	3	47	6%	275	204	71	74%	Project on hold. City of Chula Vista driven.
p2504	Regulatory Site Access Road and Pipeline Relocation	Cameron	50	93	(43)	186%	600	256	344	43%	Project is progressing faster than initially anticipated.

FISCAL YEAR 2013 2nd QUARTER REPORT

(Expenditures through 12/30/2012)

($ In Thousands)

			FISCAL YEAR-TO-DATE, 12/31/12				LIFE-TO-DATE, 12/31/12				
CIP No.	Description	Project Manager	FY 2013 Budget	Expenses	Balance	Expense to Budget %	Budget	Expenses	Balance	Expense to Budget %	Comments
p2507	East Palomar Street Utility Relocation	Cameron	150	68	82	45%	900	246	654	27%	Caltrans driven project. Construction to begin in Summer 2013.
p2508	Pipeline Cathodic Protection Replacement Program	Martin	80	-	80	0%	150	3	147	2%	Project in design.
p2513	East Orange Avenue Bridge Crossing	Cameron	840	115	725	14%	1,200	270	930	23%	Construction began January 2013.
p2515	870-1 Reservoir Paving	Cameron	100	5	95	5%	550	8	542	1%	Environmental Studies to begin in February 2013.
p2518	803-3 Reservoir Interior/Exterior Coating	Cameron	700	28	672	4%	750	28	722	4%	Construction to begin Mid-February 2013.
p2519	832-2 Reservoir Interior/Exterior Coating	Cameron	725	21	704	3%	775	21	754	3%	Construction to begin Mid-February 2013.
p2520	Motorola Mobile Radio Upgrade	Martinez	50	3	47	6%	100	9	91	9%	All mobile vehicle radios scheduled to be upgraded by the end of FY13.
p2521	Large Meter Vault Upgrade Program	Holly	150	47	103	31%	600	142	458	24%	Project in progress.
p2529	711-2 Reservoir Interior & Exterior Coating	Cameron	-	-	-	0%	600	-	600	0%	No budget in FY 13.
p2530	711-1 Reservoir Interior & Exterior Coating	Cameron	-	-	-	0%	725	-	725	0%	No budget in FY 13.
p2531	944-1 Reservoir Interior & Exterior Coating	Cameron	-	-	-	0%	175	-	175	0%	No budget in FY 13.
p2532	944-2 Reservoir Interior & Exterior Coating	Cameron	-	-	-	0%	725	-	725	0%	No budget in FY 13.
p2533	1200-1 Reservoir Interior & Exterior Coating	Cameron	-	-	-	0%	325	-	325	0%	No budget in FY 13.
p2534	978-1 Reservoir Interior & Exterior Coating	Cameron	-	-	-	0%	225	-	225	0%	No budget in FY 13.
p2535	458-2 Reservoir Interior Coating	Cameron	5	-	5	0%	300	-	300	0%	Expenditures anticipated in fourth quarter of FY 13.
r2096	RWCWRF - Upgrades and Modifications	Martin	60	75	(15)	125%	4,995	4,973	22	100%	Project substantially complete. Planned expenditures for FY 12 carried over to FY 13.
r2099	Recycled System Air and Vacuum Value Retrofit	Holly	233	113	120	48%	700	421	279	60%	Project substantially completed.
s2012	San Diego County Sanitation District Outfall and RSD Outfall Replacement	Kennedy	100	-	100	0%	3,550	761	2,789	21%	The invoice will come in late in the Fiscal Year.
s2019	Avocado Boulevard 8-Inch Sewer Main Improvement	Martin	1,375	334	1,041	24%	2,275	1,547	728	68%	Project under construction.
s2020	Calavo Drive 8-Inch Sewer Main Replacement	Martin	210	392	(182)	187%	600	476	124	79%	Project under construction. Planned expenditures for FY 12 carried over to FY 13.
s2022	Hidden Mesa Drive 8-Inch Sewer Main Rehabilitation	Martin	50	37	13	74%	180	180	-	100%	Project under construction.
s2023	Calavo Drive Sewer Main Utility Relocation	Martin	60	63	(3)	105%	80	79	1	99%	Project under construction. Planned expenditures for FY 12 carried over to FY 13.
s2024	Campo Road Sewer Main Replacement	Cameron	50	-	50	0%	5,500	3	5,497	0%	Project on hold. Waiting for Waste Water Management Plan.
s2026	Challenge Boulevard 8-Inch Sewer Main Replacement	Martin	155	234	(79)	151%	280	277	3	99%	Project under construction. Planned expenditures for FY 12 carried over to FY 13.
s2027	Rancho San Diego Pump Station Rehabilitation	Kennedy	300	17	283	6%	2,800	28	2,772	1%	County has not completed the preliminary design report and the agreement needed before the District can reimburse the County.
s2028	Explorer Way 8-Inch Sewer Main Replacement	Marchioro	1	1	-	100%	125	10	115	8%	On target.
s2033	Sewer System Various Locations Rehabilitation	Marchioro	200	69	131	35%	800	91	709	11%	See S2040.
	Total Replacement/Renewal Projects	Total:	9,559	2,556	7,003	**27%**	59,506	27,866	31,640	**47%**	
	CAPITAL PURCHASE PROJECTS										
p2282	Vehicle Capital Purchases	Rahders	49	104	(55)	212%	5,021	2,853	2,168	57%	$104,386.45, CP#8 FY12, was budgeted for and ordered in FY12, but was not delivered until 8/2012. $23,000.00, CP# 6 FY13, purchase deferred for FY13. No further activity projected this fiscal year.
p2285	Office Equipment and Furniture Capital Purchases	Dobrawa	-	-	-	0%	571	504	67	88%	No budget in FY 13.
p2286	Field Equipment Capital Purchases	Rahders	115	125	(10)	109%	1,758	1,129	629	64%	$4,900.00 Welding for trailer CP#14, FY 12. Welding was budgeted for FY 12, but work was not completed until FY 13. $43,628.27 unbudgeted emergency repair. Used to pay for the repair of effluent pump and motor #4 at the treatment plant. $18,465.79 encumbered against this account for the purchase of one truck mounted crane. No further activity projected this fiscal year.

FISCAL YEAR 2013 2nd QUARTER REPORT

(Expenditures through 12/30/2012)

($ In Thousands)

			FISCAL YEAR-TO-DATE, 12/31/12				LIFE-TO-DATE, 12/31/12				
CIP No.	**Description**	**Project Manager**	**FY 2013 Budget**	**Expenses**	**Balance**	**Expense to Budget %**	**Budget**	**Expenses**	**Balance**	**Expense to Budget %**	**Comments**
p2443	Wireless Communications System	Stevens	200	-	200	0%	1,492	1,104	388	74%	Expenditures to take place in Q3 and Q4 of FY 13.
p2461	Records Management System Upgrade 2	Stevens	90	21	69	23%	475	369	106	78%	Expenditures on target.
p2469	Information Technology Network and Hardware	Stevens	120	8	112	7%	2,173	1,384	789	64%	Forecast on target.
p2470	Financial System Enhancements	Stevens	220	86	134	39%	2,732	1,560	1,172	57%	Reduction in contractor expenses reduces forecast from $220K to $175K for FY 13.
	Total Capital Purchase Projects	Total:	794	344	450	**43%**	14,222	8,903	5,319	**63%**	
	DEVELOPER REIMBURSEMENT PROJECTS										
p2104	PL - 12-Inch, 711 Zone, La Media Road - Birch/Rock Mountain	Martin	-	-	-	0%	833	-	833	0%	No budget in FY 13.
p2107	PL - 12-Inch, 711 Zone, Rock Mountain Road - La Media/SR 125	Martin	-	-	-	0%	722	-	722	0%	No budget in FY 13.
p2325	PL - 10-inch to 12-inch Oversize, 1296 Zone, PB Road - Rolling Hills Hydro PS/PB Bndy	Martin	49	-	49	0%	50	-	50	0%	Expenditures anticipated in third quarter as a result of reimbursement agreement.
r2028	RecPL - 8-Inch, 680 Zone, Heritage Road - Santa Victoria/Otay Valley	Martin	-	-	-	0%	600	-	600	0%	No budget in FY 13.
r2042	RecPL - 8-Inch, 927 Zone, Rock Mountain Road - SR-125/EastLake	Martin	-	-	-	0%	140	-	140	0%	No budget in FY 13.
r2047	RecPL - 12-Inch, 680 Zone, La Media Road - Birch/Rock Mountain	Martin	-	-	-	0%	450	-	450	0%	No budget in FY 13.
r2082	RecPL - 24-Inch, 680 Zone, Olympic Parkway - Village 2/Heritage	Martin	-	-	-	0%	1,747	-	1,747	0%	No budget in FY 13.
r2083	RecPL - 20-Inch, 680 Zone, Heritage Road - Village 2/Olympic	Martin	4	-	4	0%	400	-	400	0%	Expenditures anticipated in third quarter.
r2084	RecPL - 20-Inch, 680 Zone, Village 2 - Heritage/La Media	Martin	-	-	-	0%	971	1	970	0%	No budget in FY 13.
r2085	RecPL - 20-Inch, 680 Zone, La Media - State/Olympic	Martin	-	-	-	0%	600	-	600	0%	No budget in FY 13.
	Total Developer Reimbursement Projects	Total:	53	-	53	**0%**	6,513	1	6,512	**0%**	
	GRAND TOTAL		**$ 17,994**	**$ 5,784**	**$ 12,210**	**32%**	**$ 191,379**	**$ 78,712**	**$ 112,667**	**41%**	

Attachment C

Otay Water District
Capital Improvement Program

Fiscal Year 2013
Second Quarter

Calavo Gardens Sewer Rehabilitation

Background

The approved CIP Budget for Fiscal Year 2013 consists of 70 projects that total $18 million. These projects are broken down into four categories.

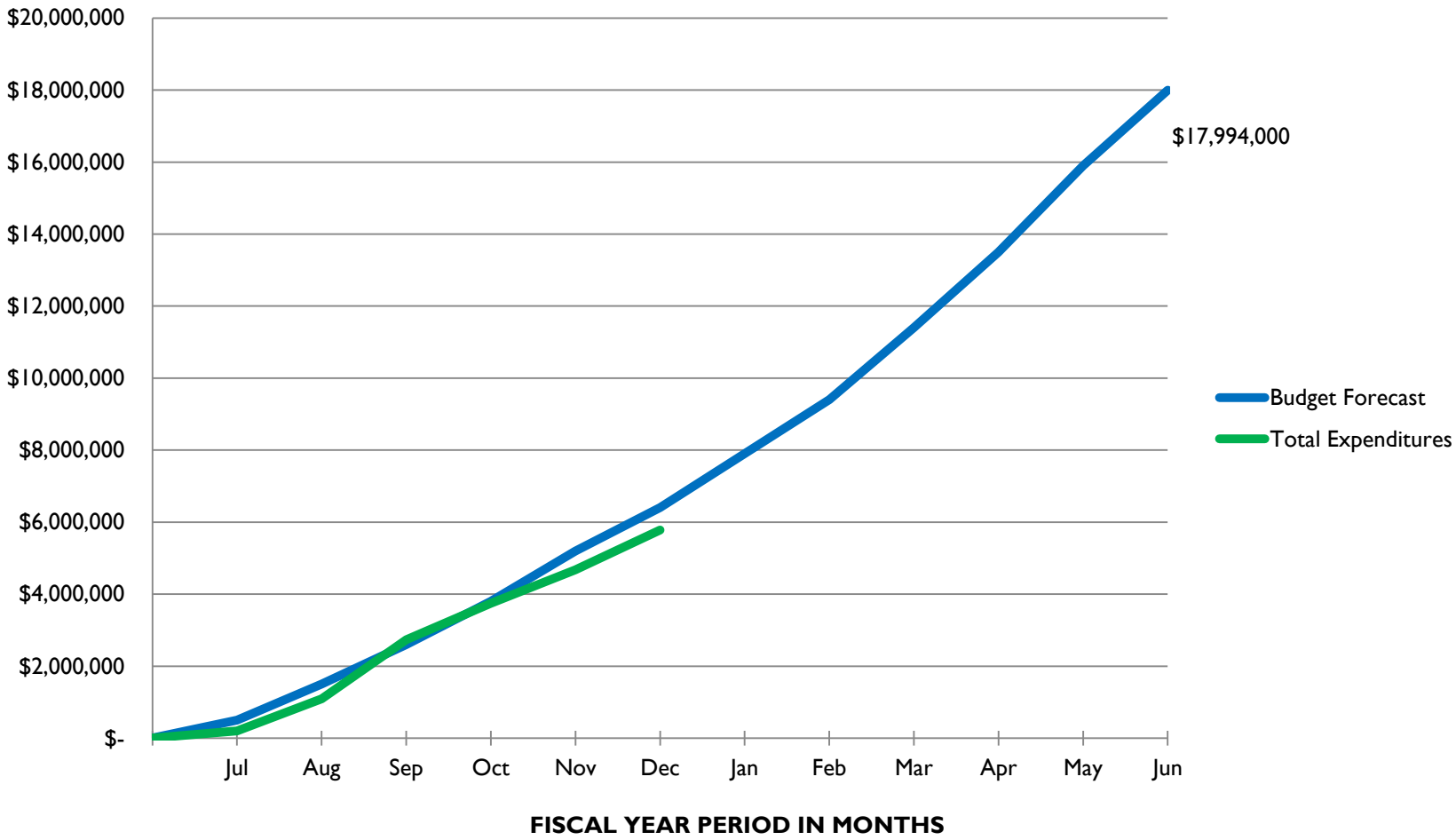
1.	Capital Facilities	$ 7.6 million
2.	Replacement/Renewal	$ 9.6 million
3.	Capital Purchases	$ .8 million
4.	Developer Reimbursement	$ 0.0 million

Overall expenditures through the Second Quarter Fiscal Year 2013 totaled $5.8 million, which is 32% of the Fiscal Year budget.

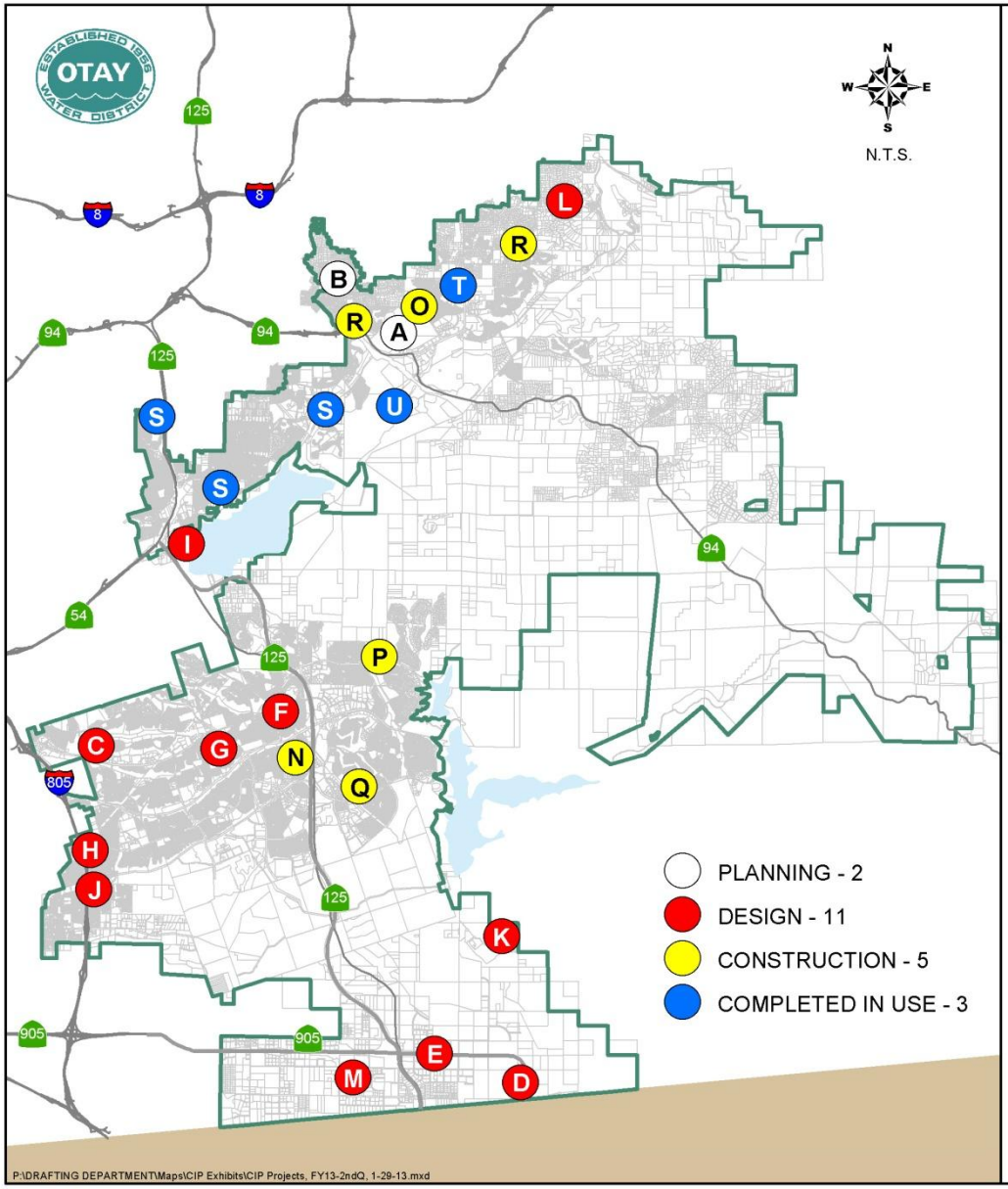
Fiscal Year 2013
Second Quarter Update
($1,000)

CIP CAT	Description	**FY 2013 Budget**	**FY 2013 Expenditures**	**% FY 2013 Budget Spent**	Total Life-to-Date Budget	Total Life-to-Date Expenditures	% Life-to-Date Budget Spent
1	**Capital Facilities**	**$7,588**	**$2,884**	**38%**	$111,138	$41,942	38%
2	**Replacement/ Renewal**	**$9,559**	**$2,556**	**27%**	$59,506	$27,866	47%
3	**Capital Purchases**	**$794**	**$344**	**43%**	$14,222	$8,903	63%
4	**Developer Reimbursement**	**$53**	**$0**	**0%**	$6,513	$1	0%
	Total:	**$17,994**	**$5,784**	**32%**	$191,379	$78,712	41%

Fiscal Year 2013
Second Quarter
CIP Budget Forecast vs. Expenditures



District Map of Major CIP Projects



MAJOR CIP PROJECTS

- (A) P2504 -- Regulatory Site Access Road & Pipe Relocation
- (B) S2033 & S2040 -- Sewer System Rehabilitation & Calavo Sewer Basin Improvements
- (C) P2434 -- Rancho Del Rey Groundwater Well
- (D) P2451 -- Otay Mesa Conveyance and Disinfection System
- (E) P2453 -- SR-11 Utility Relocations
- (F) P2493 -- 624-2 Reservoir Interior Coating & Upgrades
- (G) P2496 -- Otay Lakes Road Utility Relocations Phase II
- (H) P2507 -- East Palomar Utility Relocation
- (I) P2511 -- North District / South District Interconnection System
- (J) P2513 -- East Orange Avenue Bridge Crossing
- (K) P2515 -- 870-1 Reservoir Paving
- (L) P2518 -- 803-3 Reservoir Interior/Exterior Coating
- (M) R2048 -- Otay Mesa Distribution Pipelines and Conversions
- (N) P2477 -- 624-1 Reservoir Cover Replacement
- (O) P2502 & P2503 -- 803-1 and 850-2 Pump Station Modifications
- (P) P2514 -- 30-Inch Potable Water Pipeline in Hunte Parkway
- (Q) R2091 -- 944-1R Recycled Water Pump Station Upgrade
- (R) S2019, S2020, S2022 & S2026 -- Sanitary Sewer Replacement
- (S) P2370 -- La Presa System Improvements
- (T) P2491 -- 850-3 Reservoir Coating Upgrades
- (U) R2096 -- Ralph W. Chapman Water Reclamation Facility - Upgrades and Modifications

CIP Projects in Construction

- Reservoir 624-1 Floating Cover Replacement (P2477)
- Install New Reinforced Polypropylene Geomembrane Floating Reservoir Cover
- $0.8M Budget
- Start: November 2012
- Estimated Completion: April 2013

Draining 624-1 Reservoir for Construction

CIP Projects in Construction

- Calavo Gardens Sewer Rehabilitation (S2019, S2020, S2022, S2026)
- Replacement of 4,500 Linear Feet of Sewer
- Manhole Rehabilitation/Replacement
- Capacity Upgrades
- New Flow Control and Diversion Vault for Calavo Lift Station
- $3.35M Budget
- Start: February 2012
- Estimated Completion: May 2013

Above: Installing sewer pipe across Avocado Blvd

Left: Excavating Sewer Trench Adjacent to Calavo Lift Station

CIP Projects in Construction

- Hunte Parkway 30-Inch Potable Pipeline (P2514)
- Installation of 2,250 LF of Polyurethane Coated Steel Pipe
- $1.55M Budget
- Start: April 2012
- Estimated Completion: March 2013

Above: Installing 30-Inch Polyurethane Coated Steel Pipeline

Left: Backfilling Operations

CIP Projects in Construction

- Phase I of 944-1R Recycled Water Pump Station Improvements (R2091)
- Installation of New Pump
- New Instrumentation
- New Suction Header Piping
- Three (3) New Pressure Reducing Stations
- $1.88M Budget
- Start: June 2011
- Substantially Complete: 8/3/12

New Pump No. 3 and Suction Header Piping at 944 Pump Station

Construction Contract Status

CIP NO.	PROJECT TITLE	CONTRACTOR	BASE BID AMOUNT	CONTRACT AMOUNT W/ ALLOWANCES	NET CHANGE ORDERS LTD*		% CHANGE ORDERS W/ ALLOWANCE CREDIT**
					PROJECT TOTAL	%	
R2091	944-1R Recycled Pump Station Upgrade & System Enhancements	Sepulveda	$1,099,423	$1,162,423	$0	0.0%	-1.2%
R2096	RWCWRF Upgrades	Newest	$3,349,000	$3,499,000	$72,807	2.2%	0.5%
P2370	La Presa System Improvements	TC Construction	$938,995	$978,995	$82,548	8.8%	8.4%
S2019/S2020/S2022/S2026	Calavo Gardens Sewer Rehabilitation	Garcia Juarez Construction	$2,232,275	$2,316,275	$62,960	2.8%	0.4%
P2491	850-3 Reservoir Coating	Advanced Industrial Services	$273,300	$293,300	$400	0.1%	0.1%
P2514	30-Inch Potable Pipeline in Hunte Parkway	Sepulveda	$1,172,257	$1,212,257	$0	0.0%	-2.1%
P2477	Reservoir 624-1 Cover Replacement	Layfield	$457,050	$497,050	$0	0.0%	-8.0%
		TOTALS:	***$9,522,300***	***$9,959,300***	***$218,715***	**2.3%**	**0.3%**

*NET CHANGE ORDERS DO NOT INCLUDE ALLOWANCE ITEM CREDITS. IT'S A TRUE CHANGE ORDER PERCENTAGE FOR THE PROJECT

**THIS CHANGE ORDER RATE INCLUDES THE CREDIT FOR UNUSED ALLOWANCES

Consultant Contract Status

Consultant	CIP No.	Project Title	Original Contract Amount	Total Change Orders	Revised Contract Amount	Approved Payment To Date	% Change Orders	% Project Complete	Date of Signed Contract	End Date of Contract
PLANNING										
ARCADIS U.S., INC.	Varies	WASTEWATER MANAGEMENT PLAN FY12-13	$ 349,979.36	$ -	$ 349,979.36	$ 311,578.70	0.0%	89.0%	8/3/2011	6/30/2013
NARASIMHAN CONSULTING	Varies	HYDRAULIC MODELING SERVICES	$ 175,000.00	$ -	$ 175,000.00	$ 58,099.50	0.0%	33.2%	5/2/2011	6/30/2013
TRAN CONSULTING ENGINEERS	S1201	SANITARY SEWER CCTV INSPECTION AND CONDITION ASSESSMENT	$ 560,025.00	$ -	$ 560,025.00	$ 549,013.25	0.0%	98.0%	1/20/2010	6/30/2013
DESIGN										
AECOM	P2451	OTAY MESA CONVEYANCE AND DISINFECTION SYSTEM (DESIGN ENGINEER)	$ 3,910,297.00	$ -	$ 3,910,297.00	$ 33,215.00	0.0%	0.8%	1/3/2011	6/30/2016
AEGIS ENGINEERING MGMT INC	VARIES	AS-NEEDED DESIGN SERVICES FY13-14	$ 300,000.00	$ -	$ 300,000.00	$ -	0.0%	0.0%	11/1/2012	6/30/2014
ARCADIS U.S., INC.	P2434, P2511	VALUE ENGINEERING AND CONSTRUCTIBILITY REVIEW	$ 153,628.00	$ -	$ 153,628.00	$ 42,717.35	0.0%	27.8%	1/18/2012	6/30/2014
ATKINS	Varies	AS-NEEDED ENGINEERING DESIGN SERVICES FY12-13	$ 175,000.00	$ -	$ 175,000.00	$ 127,961.58	0.0%	73.1%	10/25/2011	6/30/2013
BSE ENGINEERING INC	Varies	AS-NEEDED ELECTRICAL SERVICES	$ 100,000.00	$ -	$ 100,000.00	$ -	0.0%	0.0%	6/1/2012	6/30/2014
DARNELL & ASSOCIATES	Varies	AS-NEEDED TRAFFIC ENGINEERING SERVICES	$ 175,000.00	$ 49,330.00	$ 224,330.00	$ 224,117.50	28.2%	99.9%	1/20/2010	12/31/2012 COMPLETE
DARNELL & ASSOCIATES	Varies	AS-NEEDED TRAFFIC ENGINEERING SERVICES	$ 125,000.00	$ -	$ 125,000.00	$ -	0.0%	0.0%	6/12/2012	6/30/2014
ENGINEERING PARTNERS INC, THE	Varies	AS-NEEDED ELECTRICAL DESIGN SERVICES	$ 100,000.00	$ -	$ 100,000.00	$ 93,580.00	0.0%	93.6%	10/7/2009	12/31/2012 COMPLETE
HECTOR MARES-COSSIO	P2451	OTAY MESA CONVEYANCE AND DISINFECTION SYSTEM (BINATIONAL WATER AND RELATED ISSUES)	$ 45,000.00	$ -	$ 45,000.00	$ 39,600.00	0.0%	88.0%	2/9/2011	12/31/2012 COMPLETE
LEE & RO INC	Varies	AS-NEEDED ENGINEERING DESIGN SERVICES	$ 175,000.00	$ 23,660.00	$ 198,660.00	$ 198,535.07	13.5%	99.9%	6/30/2010	6/30/2013
LEE & RO INC	P2511	OTAY INTERCONNECT PIPELINE	$ 2,769,119.00	$ -	$ 2,769,119.00	$ 922,260.89	0.0%	33.3%	11/4/2010	12/31/2015

Consultant Contract Status

Consultant	CIP No.	Project Title	Original Contract Amount	Total Change Orders	Revised Contract Amount	Approved Payment To Date	% Change Orders	% Project Complete	Date of Signed Contract	End Date of Contract
MICHAEL D.KEAGY REAL ESTATE	VARIES	AS-NEEDED APPRAISAL SERVICES FY13-14	$ 45,000.00	$ -	$ 45,000.00	$ -	0.0%	0.0%	9/5/2012	6/30/2014
MTGL INC.	Varies	AS-NEEDED GEOTECHNICAL CONSULTING SERVICES	$ 175,000.00	$ -	$ 175,000.00	$ 150,784.80	0.0%	86.2%	6/23/2010	6/30/2013
MWH AMERICAS INC.	R2096	RWCWRF UPGRADE PROJECT (DESIGN ENGINEER)	$ 458,813.00	$ 143,548.00	$ 602,361.00	$ 590,028.65	31.3%	98.0%	10/14/2009	6/30/2013
SILVA SILVA CONSULTING	P2451	OTAY MESA CONVEYANCE AND DISINFECTION SYSTEM (BINATIONAL WATER AND RELATED ISSUES)	$ 104,000.00	$ -	$ 104,000.00	$ 40,000.00	0.0%	38.5%	5/1/2012	6/30/2014
SOUTHERN CALIFORNIA SOIL	VARIES	GEOTECHNICAL SERVICES FY13-15	$ 175,000.00	$ -	$ 175,000.00	$ -	0.0%	0.0%	12/10/2012	6/30/2015
TETRA TECH, INC	P2434	RANCHO DEL REY WELL - PHASE 2	$ 724,493.50	$ 23,749.00	$ 748,242.50	$ 404,445.17	3.3%	54.1%	4/21/2011	12/31/2014
UTILITY SERVICE COMPANY INC	Varies	AS-NEEDED SURVEYING SERVICES	$ 11,700.00	$ -	$ 11,700.00	$ 11,700.00	0.0%	100.0%	4/16/2012	8/31/2012 COMPLETE
V & A CONSULTING	Varies	PROFESSIONAL CORROSION SERVICES FY12-13	$ 392,729.00	$ -	$ 392,729.00	$ 159,380.40	0.0%	40.6%	6/23/2011	6/30/2013
CONSTRUCTION SERVICES										
ALTA LAND SURVEYING, INC.	Varies	AS-NEEDED SURVEYING SERVICES	$ 175,000.00	$ -	$ 175,000.00	$ 101,463.75	0.0%	58.0%	8/15/2011	6/30/2013
ALYSON CONSULTING	VARIES	CONSTRUCTION MGMT/INSPECTION FY13-15	$ 350,000.00	$ -	$ 350,000.00	$ -	0.0%	0.0%	10/24/2012	6/30/2015
RBF CONSULTING	R2058, R2077, R2087	OTAY MESA RECYCLED WATER SUPPLY LINK (CONSTRUCTION MANAGEMENT)	$ 708,560.00		$ 708,560.00	$ 13,960.00	0.0%	2.0%	3/24/2010	12/31/2012 COMPLETE
SAIC ENERGY, ENVIRONMENT & INFRASTRUCTURES, LLC	R2096	RWCWRF UPGRADE PROJECT (CONSTRUCTION MANAGEMENT)	$ 359,013.32	$ 34,551.52	$ 393,564.84	$ 393,564.84	9.6%	100.0%	8/15/2011	9/30/2012 COMPLETE
VALLEY CONSTRUCTION MANAGEMENT	Varies	AS-NEEDED CONSTRUCTION MANAGEMENT AND INSPECTION SERVICES FY12-13	$ 175,000.00	$ -	$ 175,000.00	$ 89,755.00	0.0%	51.3%	10/25/2011	6/30/2013
ENVIRONMENTAL										
A.D. HINSHAW	Varies	CONSULTING SERVICES FOR JWA's CEQA	$ 34,625.25	$ -	$ 34,625.25	$ 8,500.00	0.0%	24.5%	3/25/2010	6/30/2014
ICF INTERNATIONAL (aka JONES & STOKES ASSOCIATES)	Varies	AS-NEEDED ENVIRONMENTAL CONSULTING SERVICES	$ 375,000.00	$ -	$ 375,000.00	$ 215,561.21	0.0%	57.5%	9/9/2010	6/30/2013

Consultant Contract Status

Consultant	CIP No.	Project Title	Original Contract Amount	Total Change Orders	Revised Contract Amount	Approved Payment To Date	% Change Orders	% Project Complete	Date of Signed Contract	End Date of Contract
MERKEL & ASSOCIATES	Varies	SAN MIGUEL HABITAT MANAGEMENT AREA AND CIP-ASSOCIATED MITIGATION PROJECTS	$ 359,079.00	$ -	$ 359,079.00	$ 116,843.65	0.0%	32.5%	12/14/2011	12/31/2014
RECON	P2494	PREPARATION OF THE SUBAREA PLAN	$ 270,853.00	$ -	$ 270,853.00	$ 190,221.86	0.0%	70.2%	3/28/2008	6/30/2015
TECHNOLOGY ASSOCIATES	P2494	CONSULTING SERVICES FOR JWA's NCCP	$ 34,625.25	$ 41,825.26	$ 76,450.51	$ 42,422.49	120.8%	55.5%	4/5/2010	6/30/2013
THE RICK ALEXANDAR COMPANY (TRAC)	P2494	CONSULTING SERVICES FOR JWA's NCCP	$ 20,201.75	$ -	$ 20,201.75	$ 14,450.22	0.0%	71.5%	3/17/2010	6/30/2013
WATER RESOURCES										
MICHAEL R. WELCH	P2481	ENGINEERING PLANNING SVCS.	$ 40,000.00	$ -	$ 40,000.00	$ 24,975.00	0.0%	62.4%	3/25/2009	6/30/2013
PUBLIC SERVICES										
AEGIS ENGINEERING MANAGEMENT	Varies	RECYCLED WATER PLAN CHECKING, RETROFIT, AND INSPECTION SERVICES FOR DEVELOPER PROJECTS	$ 300,000.00	$ -	$ 300,000.00	$ 259,152.56	0.0%	86.4%	1/20/2010	6/30/2013
AEGIS ENGINEERING MANAGEMENT	Varies	RECYCLED WATER PLAN CHECKING, RETROFIT, AND INSPECTION SERVICES FOR DEVELOPER PROJECTS	$ 300,000.00	$ -	$ 300,000.00	$ 206,995.51	0.0%	69.0%	11/24/2010	6/30/2013
		TOTALS:	$ 14,701,741.43	$ 316,663.78	$ 15,018,405.21	$ 5,634,883.95	2.2%			

QUESTIONS?

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	March 6, 2013
		PROJECT:	DIV. NO. All
SUBMITTED BY:	Wales Benham Senior Accountant		
APPROVED BY:	☒ Joseph R. Beachem, Chief Financial Officer ☒ German Alvarez, Assistant General Manager ☒ Mark Watton, General Manager		
SUBJECT:	Director's Expenses for the 2nd Quarter of Fiscal Year 2013		

GENERAL MANAGER'S RECOMMENDATION:

This is an informational item only.

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To inform the Board of the Director's expenses for the 2nd quarter of Fiscal Year 2013.

ANALYSIS:

The Directors' expense information is being presented in order to comply with Otay's Board of Directors Policy 8, requiring staff to create a quarterly report showing expenses for the Directors. In addition, California Government Code Section 53065.5 requires special districts, at least annually, to disclose any reimbursement paid by a district within the immediately preceding fiscal year. The disclosure requirement shall be fulfilled by including the reimbursement information in a document published or printed, at least annually by

a date determined by that district, and shall be made available for public inspection. (See Attachment B for Summary and C-H for Details.)

FISCAL IMPACT:

None.

STRATEGIC GOAL:

Prudently manage District funds.

LEGAL IMPACT:

Compliance with state law.

Attachments: Attachment A Committee Action
Attachment B Director's Expenses and per Diems
Attachment C-H Director's Expenses Detail

ATTACHMENT A

SUBJECT/PROJECT:	Director's Expenses for the 2nd Quarter of Fiscal Year 2013

COMMITTEE ACTION:

This item was presented to the Finance, Administration and Communications Committee at a meeting held on February 20, 2013. The expenses for each director from October 1, 2012 thru December 31, 2012 were presented. It was indicated that directors' expenses totaled $5,106.36 for the second quarter of Fiscal Year 2013. The total expense from July 1, 2012 through December 31, 2012 is $9,315.49. It was projected that directors expenses for Fiscal Year 2012 would total approximately $18,600 based on the first two quarters of actual expenses. The committee wished to note that Directors' expenses may go up this Fiscal Year due to work the District is doing related to the Rosarito Desalination Project. The committee received staffs' report and recommended presentation to the full board as an informational item.

ATTACHMENT B

BOARD OF DIRECTORS' EXPENSES AND PER-DIEMS

FINANCE, ADMINISTRATION AND COMMUNICATIONS COMMITEE MEETING

February 20, 2013

Policy 8 requires that staff present the Expenses and Per-Diems for the Board of Directors on a Quarterly basis:

- Fiscal Year 2013, 2nd Quarter.
- The expenses are shown in detail by Board member, month and expense type.
- This presentation is in alphabetical order.
- This information is to be presented to the Finance, Administration, and Communications Committee on February 20, 2013.

Board of Directors' Expenses and Per-Diems
Fiscal Year 2013 Quarter 2 (Oct 2012 - Dec 2012)

Director Croucher	$600.00
Director Gonzalez	$1,000.00
Director Lopez	$1,840.97
Director Robak	$554.39
Director Thompson	$1,111.00
Total	**$5,106.36**

Director Croucher

Fiscal Year 2013 Quarter 2

	Oct 2012	Nov 2012	Dec 2012
Business Meetings	0.00	0.00	0.00
Director's Fees	0.00	400.00	200.00
Mileage Business	0.00	0.00	0.00
Seminars	0.00	0.00	0.00
Travel	0.00	0.00	0.00
Monthly Totals	**0.00**	**400.00**	**200.00**
Quarterly Total			**$600.00**

Fiscal Year-to-Date 2013 (Jul 2012-Dec 2012)	**$1,260.00**

Director Croucher serves on all District Committees (6)

Meetings Attended	0	4	2
Meetings Paid	0	4	2

Director Gonzalez

Fiscal Year 2013 Quarter 2

	Oct 2012	Nov 2012	Dec 2012
Business Meetings	0.00	0.00	0.00
Director's Fees	600.00	300.00	100.00
Mileage Business	0.00	0.00	0.00
Seminars	0.00	0.00	0.00
Travel	0.00	0.00	0.00
Monthly Totals	**600.00**	**300.00**	**100.00**
Quarterly Total			**$1,000.00**

Fiscal Year-to-Date 2013 (Jul 2012-Dec 2012)	**$1,610.00**

Meetings Attended	6	3	1
Meetings Paid	6	3	1

Director Lopez

Fiscal Year 2013 Quarter 2

	Oct 2012	Nov 2012	Dec 2012
Business Meetings	0.00	0.00	0.00
Director's Fees	700.00	500.00	500.00
Mileage Business	0.00	0.00	52.17
Mileage Commuting	22.20	44.40	22.20
Seminars and Travel	0.00	0.00	0
Monthly Totals	**722.20**	**544.40**	**574.37**
Quarterly Total			**$1,840.97**

Fiscal Year-to-Date 2013 (Jul 2012-Dec 2012)	**$3,236.99**

Meetings Attended	8	7	5
Meetings Paid	7	5	5

Director Robak

Fiscal Year 2013 Quarter 2

	Oct 2012	Nov 2012	Dec 2012
Business Meetings	0.00	0.00	0.00
Director's Fees	100.00	200.00	200.00
Mileage Business	3.33	6.66	37.74
Mileage Commuting	2.22	4.44	0.00
Seminars and Travel	0.00	0.00	0.00
Monthly Totals	**105.55**	**211.10**	**237.74**
Quarterly Total			**$554.39**

Fiscal Year-to-Date 2013 (Jul 2012-Dec 2012)	**$996.59**

Meetings Attended	2	3	5
Meetings Paid	1	2	2

Director Thompson

Fiscal Year 2013 Quarter 2

	Oct 2012	Nov 2012	Dec 2012
Business Meetings	0.00	0.00	0.00
Director's Fees	400.00	100.00	500.00
Mileage Business	13.32	0.00	39.96
Mileage Commuting	28.86	14.43	14.43
Seminars and Travel	0.00	0.00	0.00
Monthly Totals	**442.18**	**114.43**	**554.39**
Quarterly Total			**$1,111.00**

Fiscal Year-to-Date 2013 (Jul 2012-Dec 2012)	**$2,211.91**

Meetings Attended	4	1	5
Meetings Paid	4	1	5

Board of Directors' Expenses and Per Diems
Fiscal Year 2013 to Date (Jul 2011- Dec 2012)

Director Croucher	$1,260.00
Director Gonzalez	$1,610.00
Director Lopez	$3,236.99
Director Robak	$996.59
Director Thompson	$2,211.91
Total	**$9,315.49**

OTAY WATER DISTRICT
ADMINISTRATIVE EXPENSES - BOARD
July 1, 2012 - December 31, 2012

		Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Total
		1	2	3	4	5	6	7	8	9	10	11	12	
GARY D. CROUCHER (DETAILED IN SECTION D):														
5214	Business meetings	$ -	$ 25.00	$ 35.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 60.00
5281	Director's fees	100.00	300.00	200.00	-	400.00	200.00	-	-	-	-	-	-	1,200.00
5211	Mileage - Business	-	-	-	-	-	-	-	-	-	-	-	-	-
5211	Mileage - Commuting	-	-	-	-	-	-	-	-	-	-	-	-	-
5213	Seminars and conferences	-	-	-	-	-	-	-	-	-	-	-	-	-
5212	Travel	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	$ 100.00	$ 325.00	$ 235.00	$ -	$ 400.00	$ 200.00	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,260.00
DAVID GONZALEZ (DETAILED IN SECTION E):														
5214	Business meetings	$ -	$ -	$ 10.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 10.00
5281	Director's fees	100.00	200.00	300.00	600.00	300.00	100.00	-	-	-	-	-	-	1,600.00
5211	Mileage - Business	-	-	-	-	-	-	-	-	-	-	-	-	-
5211	Mileage - Commuting	-	-	-	-	-	-	-	-	-	-	-	-	-
5213	Seminars and conferences	-	-	-	-	-	-	-	-	-	-	-	-	-
5212	Travel	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	$ 100.00	$ 200.00	$ 310.00	$ 600.00	$ 300.00	$ 100.00	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,610.00
JOSE LOPEZ (DETAILED IN SECTION F):														
5214	Business meetings	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5281	Director's fees	300.00	400.00	600.00	700.00	500.00	500.00	-	-	-	-	-	-	3,000.00
5211	Mileage - Business	-	5.55	12.77	-	-	52.17	-	-	-	-	-	-	70.49
5211	Mileage - Commuting	22.20	22.20	33.30	22.20	44.40	22.20	-	-	-	-	-	-	166.50
5213	Seminars and conferences	-	-	-	-	-	-	-	-	-	-	-	-	-
5212	Travel	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	$ 322.20	$ 427.75	$ 646.07	$ 722.20	$ 544.40	$ 574.37	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,236.99
MARK ROBAK (DETAILED IN SECTION G):														
5214	Business meetings	$ -	$ -	$ 20.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 20.00
5281	Director's fees	100.00	100.00	200.00	100.00	200.00	200.00	-	-	-	-	-	-	900.00
5211	Mileage - Business	3.33	3.33	6.66	3.33	6.66	37.74	-	-	-	-	-	-	61.05
5211	Mileage - Commuting	2.22	2.22	4.44	2.22	4.44	-	-	-	-	-	-	-	15.54
5213	Seminars and conferences	-	-	-	-	-	-	-	-	-	-	-	-	-
5212	Travel	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	$ 105.55	$ 105.55	$ 231.10	$ 105.55	$ 211.10	$ 237.74	$ -	$ -	$ -	$ -	$ -	$ -	$ 996.59
MITCHELL THOMPSON (DETAILED IN SECTION H):														
5214	Business meetings	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5281	Director's fees	400.00	300.00	200.00	400.00	100.00	500.00	-	-	-	-	-	-	1,900.00
5211	Mileage - Business	108.78	-	-	13.32	-	39.96	-	-	-	-	-	-	162.06
5211	Mileage - Commuting	28.86	34.41	28.86	28.86	14.43	14.43	-	-	-	-	-	-	149.85
5213	Seminars and conferences	-	-	-	-	-	-	-	-	-	-	-	-	-
5212	Travel	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	$ 537.64	$ 334.41	$ 228.86	$ 442.18	$ 114.43	$ 554.39	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,211.91
TOTALS:														
5214	**Business meetings**	**$ -**	**$ 25.00**	**$ 65.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**$ 90.00**
5281	**Director's fees**	**1,000.00**	**1,300.00**	**1,500.00**	**1,800.00**	**1,500.00**	**1,500.00**	**-**	**-**	**-**	**-**	**-**	**-**	**8,600.00**
5211	**Mileage - Business**	**112.11**	**8.88**	**19.43**	**16.65**	**6.66**	**129.87**	**-**	**-**	**-**	**-**	**-**	**-**	**293.60**
5211	**Mileage - Commuting**	**53.28**	**58.83**	**66.60**	**53.28**	**63.27**	**36.63**	**-**	**-**	**-**	**-**	**-**	**-**	**331.89**
5213	**Seminars and conferences**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5212	**Travel**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total	**$ 1,165.39**	**$ 1,392.71**	**$ 1,651.03**	**$ 1,869.93**	**$ 1,569.93**	**$ 1,666.50**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 9,315.49**

OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2012 THROUGH DECEMBER 31, 2012

DIRECTOR'S NAME CROUCHER, GARY **ATTACHMENT D**

SECTION D

Account Name	Date	Descriptions	Amount
Director's Fee	7/17/2012	ENGINEERING & OPERATIONS COMMITTEE	$ 100.00
	8/1/2012	REGULAR BOARD OF DIRECTORS MEETING	100.00
	8/20/2012	ENGINEERING & OPERATIONS COMMITTEE	100.00
	8/21/2012	COUNCIL OF WATER UTILITIES MEETING	100.00
	9/11/2012	SPECIAL BOARD OF DIRECTORS MEETING	100.00
	9/19/2012	ENGINEERING & OPERATIONS COMMITTEE	100.00
	11/7/2012	REGULAR BOARD OF DIRECTORS MEETING	100.00
	11/13/2012	DESALINATION PROJECT COMMITTEE MEETING	100.00
	11/26/2012	EMPLOYEE NEGOTIATIONS	100.00
	11/28/2012	SPECIAL BOARD OF DIRECTORS MEETING	100.00
	12/10/2012	ENGINEERING & OPERATIONS COMMITTEE	100.00
	12/19/2012	DESALINATION PROJECT COMMITTEE MEETING	100.00
Director's Fee Total			1,200.00
Business meetings	8/29/2012	COUNCIL OF WATER UTILITIES MEETING	25.00
	9/30/2012	SAN DIEGO EAST COUNTY	35.00
Business meetings Total			60.00
Grand Total			$1,260.00

OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2012 THROUGH DECEMBER 31, 2012

DIRECTOR'S NAME: GONZALEZ, DAVID **ATTACHMENT E**

SECTION E

Account Name	Date	Descriptions	Amount
Director's Fee	7/11/2012	REGULAR BOARD OF DIRECTORS MEETING	$ 100.00
	8/1/2012	REGULAR BOARD OF DIRECTORS MEETING	100.00
	8/20/2012	ENGINEERING & OPERATIONS COMMITTEE	100.00
	9/5/2012	REGULAR BOARD OF DIRECTORS MEETING	100.00
	9/11/2012	SPECIAL BOARD OF DIRECTORS MEETING	100.00
	9/19/2012	ENGINEERING & OPERATIONS COMMITTEE	100.00
	10/1/2012	CHULA VISTA REDEVELOPMENT MEETING	100.00
	10/9/2012	REGULAR BOARD OF DIRECTORS MEETING	100.00
	10/23/2012	WEBINAR - UNDERSTANDING BOARD MEMBER AND DISTRICT LIABILITIES	100.00
	10/24/2012	ENGINEERING & OPERATIONS COMMITTEE	100.00
	10/25/2012	UNDERSTANDING THE BROWN ACT: CODE COMPONENTS AND UPDATE	100.00
	10/31/2012	MEETING WITH STAFF: BRIEFING ON METRO	100.00
	11/1/2012	METRO COMMISSION MEETING	100.00
	11/7/2012	REGULAR BOARD OF DIRECTORS MEETING	100.00
	11/28/2012	SPECIAL BOARD OF DIRECTORS MEETING	100.00
	12/10/2012	ENGINEERING & OPERATIONS COMMITTEE	100.00
Director's Fee Total			1,600.00
Business meetings Total			10.00
Grand Total			$1,610.00

OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2012 THROUGH DECEMBER 31, 2012

DIRECTOR'S NAME: **LOPEZ, JOSE** **ATTACHMENT F**

Account Name	Date	Descriptions	SECTION F Amount
Mileage - Business	8/31/2012	MEETING - AUGUST 10 & 31, 2012	$ 5.55
	9/30/2012	MEETING - SEPTEMBER 12, 2012	12.77
	12/31/2012	MEETING - DECEMBER 6, 7 & 12, 2012	52.17
Mileage - Business Total			70.49
Mileage - Commuting	7/31/2012	MEETING - JULY 11 & 19, 2012	22.20
	8/31/2012	MEETING - AUGUST 1 & 7, 2012	22.20
	9/30/2012	MEETING - SEPTEMBER 5 , 11, & 17, 2012	33.30
	10/31/2012	MEETING - OCTOBER 9 & 23, 2012	22.20
	11/30/2012	MEETING - NOVEMBER 7, 13, 26 & 28, 2012	44.40
	12/31/2012	MEETING - DECEMBER 4 & 19, 2012	22.20
Mileage - Commuting Total			166.50
Director's Fee	7/11/2012	REGULAR BOARD OF DIRECTORS MEETING	100.00
	7/19/2012	FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
	7/25/2012	AGENDA BRIEFING - GENERAL MANAGER & COUNSEL	100.00
	8/1/2012	REGULAR BOARD OF DIRECTORS MEETING	100.00
	8/7/2012	REGIONAL GMs & BOARD PRESIDENTS MEETING	100.00
	8/10/2012	GENERAL MANAGER - COMMITTEE AGENDAS MEETING	100.00
	8/31/2012	AGENDA BRIEFING - GENERAL MANAGER & COUNSEL	100.00
	9/5/2012	REGULAR BOARD OF DIRECTORS MEETING	100.00
	9/11/2012	BOARD WORKSHOP/SPECIAL MEETING	100.00
	9/12/2012	WATER CONSERVATION GARDEN	100.00
	9/14/2012	COMMITTEE AGENDA BRIEFING	100.00
	9/17/2012	FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
	9/20/2012	MEETING WITH SUPERVISOR COX - INTERCONNECT PIPELINE	100.00
	10/1/2012	BOARD AGENDA BRIEFING	100.00
	10/9/2012	REGULAR BOARD OF DIRECTORS MEETING	100.00
	10/11/2012	TIJUANA INNOVADORA 2012 CONFERENCE	100.00
	10/19/2012	COMMITTEE AGENDA BRIEFING	100.00
	10/23/2012	FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
	10/29/2012	BOARD AGENDA BRIEFING	100.00
	10/30/2012	MEXICO CITY - GOVERNMENT OFFICIALS	100.00
	11/7/2012	REGULAR BOARD OF DIRECTORS MEETING	100.00
	11/13/2012	DESALINATION PROJECT COMMITTEE MEETING	100.00
	11/20/2012	MINUTES 319 SIGNING CEREMONY	100.00
	11/26/2012	AD HOC EMPLOYEE NEGOTIATIONS	100.00
	11/28/2012	SPECIAL BOARD OF DIRECTORS MEETING - POSEIDON	100.00
	12/4/2012	FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
	12/6/2012	ACWA FALL CONFERENCE	100.00
	12/7/2012	ACWA FALL CONFERENCE	100.00
	12/12/2012	WATER CONSERVATION GARDEN BOARD OF DIRECTORS MEETING	100.00
	12/19/2012	DESALINATION PROJECT COMMITTEE MEETING	100.00
Director's Fee Total			3,000.00
Grand Total			$ 3,236.99

OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2012 THROUGH DECEMBER 31, 2012

DIRECTOR'S NAME: **ROBAK, MARK** **ATTACHMENT G**

SECTION G

Account Name	Date	Descriptions	Amount
Mileage - Business	7/11/2012	MEETING - JULY 11, 2012	$ 3.33
	8/1/2012	MEETING - AUG. 1, 2012	3.33
	9/30/2012	MEETING - SEPTEMBER 5 & 11, 2012	6.66
	10/9/2012	MEETING - OCTOBER 9, 2012	3.33
	11/7/2012	MEETING - NOVEMBER 7 & 28, 2012	6.66
	12/4/2012	MEETING - DECEMBER 4 & 5, 2012	37.74
Mileage - Business Total			61.05
Mileage - Commuting	7/11/2012	MEETING - JULY 11, 2012	2.22
	8/1/2012	MEETING - AUG. 1, 2012	2.22
	9/30/2012	MEETING - SEPTEMBER 5 & 11, 2012	4.44
	10/9/2012	MEETING - OCTOBER 9, 2012	2.22
	11/7/2012	MEETING - NOVEMBER 7 & 28, 2012	4.44
Mileage - Commuting Total			15.54
Director's Fee	7/11/2012	REGULAR BOARD OF DIRECTORS MEETING	100.00
	8/1/2012	REGULAR BOARD OF DIRECTORS MEETING	100.00
	9/5/2012	REGULAR BOARD OF DIRECTORS MEETING	100.00
	9/11/2012	SPECIAL BOARD OF DIRECTORS MEETING	100.00
	10/9/2012	REGULAR BOARD OF DIRECTORS MEETING	100.00
	11/7/2012	REGULAR BOARD OF DIRECTORS MEETING	100.00
	11/28/2012	SPECIAL BOARD OF DIRECTORS MEETING	100.00
	12/4/2012	ACWA CONFERENCE - BI-ANNUAL CONFERENCE	100.00
	12/5/2012	ACWA CONFERENCE - BI-ANNUAL CONFERENCE	100.00
Director's Fee Total			900.00
Business meetings	9/7/2012	SAN DIEGO EAST COUNTY CHAMBER OF COMMERCE	20.00
Business meetings Total			20.00
Grand Total			$996.59

OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2012 THROUGH DECEMBER 31, 2012

DIRECTOR'S NAME: THOMPSON, MITCHELL **ATTACHMENT H**

Account Name	Date	Descriptions	SECTION H Amount
Mileage - Business	7/31/2012	MEETING - JULY 26 & 27, 2012	108.78
	10/31/2012	MEETING - OCTOBER 8 & 25, 2012	13.32
	12/31/2012	MEETING - DECEMBER 6, 7, 10 & 17, 2012	39.96
Mileage - Business Total			162.06
Mileage - Commuting	7/31/2012	MEETING - JULY 17 & 19, 2012	28.86
	8/31/2012	MEETING - AUG. 1, 2, & 13, 2012	34.41
	9/30/2012	MEETING - SEPTEMBER 11 & 17, 2012	28.86
	10/31/2012	MEETING - OCTOBER 9 & 23, 2012	28.86
	11/30/2012	MEETING - OCTOBER 8 & 25, 2012	14.43
	12/4/2012	MEETING - DECEMBER 4, 2012	14.43
Mileage - Commuting Total			149.85
Director's Fee	7/17/2012	ENGINEERING & OPERATIONS COMMITTEE	100.00
	7/19/2012	FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
	7/26/2012	TRAINING FOR NEW BOARD MEMBERS -CSDA LEADERSHIP ACADEMY	100.00
	7/27/2012	TRAINING FOR NEW BOARD MEMBERS -CSDA LEADERSHIP ACADEMY	100.00
	8/1/2012	REGULAR BOARD OF DIRECTORS MEETING	100.00
	8/2/2012	STAFF BRIEFING - DESALINAZATION PROJECT	100.00
	8/13/2012	REDEVELOPMENT OVERSIGHT BUILDING MEETING	100.00
	9/11/2012	REGULAR SPECIAL BOARD OF DIRECTORS MEETING	100.00
	9/17/2012	FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
	10/8/2012	CHULA VISTA REDEVELOPMENT MEETING	100.00
	10/9/2012	REGULAR BOARD OF DIRECTORS MEETING	100.00
	10/23/2012	FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
	10/25/2012	SOUTH COUNTY EDC ELECTED OFFICIALS RECEPTION	100.00
	11/30/2012	SPECIAL BOARD OF DIRECTORS MEETING	100.00
	12/4/2012	FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
	12/6/2012	ACWA CONFERENCE - BI-ANNUAL CONFERENCE	100.00
	12/7/2012	ACWA CONFERENCE - BI-ANNUAL CONFERENCE	100.00
	12/10/2012	CHULA VISTA REDEVELOPMENT MEETING	100.00
	12/17/2012	CHULA VISTA REDEVELOPMENT MEETING	100.00
Director's Fee Total			1,900.00
Grand Total			$2,211.91

STAFF REPORT

TYPE MEETING:	Desalination Project Committee	MEETING DATE:	February 25, 2013		
SUBMITTED BY:	Mark Watton General Manager	PROJECT:	P2451-001101	DIV. NO.	2
APPROVED BY:	☒ Mark Watton, General Manager				
SUBJECT:	Rosarito Desalination Facility Communications Plan				

GENERAL MANAGER'S RECOMMENDATION:

That the Desalination Project Committee (Committee) provide direction on the Rosarito Desalination Facility Communications Plan.

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To update the Committee on efforts to increase awareness and foster community and stakeholder support, and promote the announcement of the future purchase of desalinated water from Consolidated Water Ltd.'s proposed Rosarito Desalination Facility in Rosarito Beach, Mexico.

ANALYSIS:

Consolidated Water Ltd. has proposed to develop an ocean water desalination facility in Rosarito Beach, Mexico, with a capacity of up to 100 million gallon per day (MGD).

Once the facility is constructed and a pipeline to the international border is built, the Otay Water District will have the opportunity to purchase up to 25 million gallons per day of high quality water for its service area and customers. Water from the facility could

represent up to 70 percent of the District's average daily demand and would likewise significantly reduce demand for imported water from the troubled California Bay-Delta and the over-allocated Colorado River.

While water from the facility will not be delivered to Otay customers for several years still, this will be the first cross-border water supply project of its kind and requires control of the public messaging to both inform key stakeholders and the public of the significance of the project, and to ensure them of the safety, quality, reliability and affordability of the new water supply.

For the past several years, outreach efforts have been taking place to apprise stakeholders, elected officials, and the public about the progress of the Rosarito Beach Desalination Project. These efforts included one-on-one briefings for elected officials, presentations to local chambers of commerce and community groups, updates to regulatory agencies and officials, development of informational materials, and information shared with the media about the project. As the project moves forward toward the unveiling of a pilot plant and the ground breaking of the facility, these outreach efforts will continue.

Since the project serves constituencies on both side of the border, District staff is mindful that its efforts are not a substitute or be duplicative of the outreach efforts of Consolidated Water. Instead, to the greatest extent possible, staff's efforts are viewed as being complimentary and supportive of Consolidated Water's efforts to facilitate the project.

While staff's work have and will continue to be focused to its customers, Consolidated Water is aware that they have equal outreach obligations with and among potential customers in Baja California. While those efforts will be ongoing, District staff and its consultants will strive to coordinate messages and compliment the work of Consolidated Water to the greatest extent possible.

FISCAL IMPACT: ☒ Joe Beachem, Chief Financial Officer

The total budget for CIP P2451, as approved in the FY 2013 budget, is $30,000,000. Based on a review of the financial budget, the Project Manager anticipates that the budget is sufficient to support this Project.

Finance has determined that 40% of the funding is available from the New Water Supply Fund and 60% of the funding will be available from the Betterment Fund.

STRATEGIC GOAL:

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

LEGAL IMPACT:

None.

AB:sc

Attachments: Attachment A – Committee Action
Attachment B – Rosarito Desalination Outreach Program
Attachment C – Informational Flyer/Fact Sheet
Attachment D – Scripted PowerPoint Presentation
Attachment E – Op-Ed Piece
Attachment F – Press Release
Attachment G – Elevator Speech

ATTACHMENT A

SUBJECT/PROJECT: P2451-001101	Rosarito Desalination Facility Communications Plan

COMMITTEE ACTION:

The Desalination Project Committee discussed this item at a meeting held on February 25, 2013 and the following comments were made:

- Staff presented some of the communications materials that have been developed for the Rosarito Beach Desalination Project. Several of the communications materials were provided as attachments to staffs' report. They include:
    - Communications Plan for the community outreach effort
    - Rosarito Desalination Project Fact Sheet
    - Frequently Asked Question Sheet
    - PowerPoint Presentation that has been fully scripted
        - The PowerPoint can be presented as a presentation or the information can be read as a script.
    - Op-Ed Piece
    - Press release
    - One-minute long Elevator Speech

- Staff also developed a two (2) minute long video that discusses the Rosarito Desalination Project. The video was presented to the committee and it was indicated that it will be made available to the public through *YouTube*.

- It was discussed that the Desalination Project PowerPoint was also formatted into a new type of presentation, called a *Prezi*. The same images are utilized, but the presentation is more animated.

- It was noted that the materials have been designed mainly for Otay WD customers and stakeholders. The materials were not meant to be a substitute or duplicative of any outreach efforts that Consolidated Water may develop or to educate the communities south of the border on the Desalination Project.

Consolidated Water understands that they have this obligation south of the border.

- Staff indicated that the District has been meeting/briefing stakeholders, including elected officials and the public through community group and chamber of commerce meetings, over the last few years to share information about the project.

- Staff has also met with Regulatory Agencies and Officials, and has provided the project information to local media so they are aware of the project.

- The outreach included focus group testing and customer surveys with regard to the overall effectiveness of the messages on the Rosarito Desalination Project.

- It was discussed that the outreach messages have been very well received by the public and community groups and the general reaction is not with questions about the project, but when we can expect to receive the water from the project.

- As the project moves forward (unveiling of the pilot plant, groundbreaking ceremony, etc.) the outreach efforts will continue to local elected official, the public and community.

- The communications materials have been developed to coincide with the development of the desalination plant and it is planned that the materials will again be tested with focus groups as the information is updated. It was discussed that one of the leading concerns of the Otay WD customers who participated in the focus groups is assuring that Mexico also benefited from the Desalination Project.

- The committee asked that the communications materials be translated into Spanish as well.

- In response to an inquiry from the committee, staff indicated that the District assures that its messages indicate that Mexico water needs will be met first and Otay WD will acquire the excess supply from the Rosarito Desalination Plant.

- It was discussed that the plant will be designed and scaled to meet both Mexico's and the District's future demand. Ultimate demand is approximately 100 MGD. Consolidated Water will need to determine if they will build the infrastructure to meet ultimate demand immediately, or because of the financing cost

and the length of time it would take to develop the full 100 MGD need, to scale the construction to meet the need overtime.

- The committee indicated that the messages should also indicate that Otay WD's interest in purchasing water from the plant, as a customer, is important to the project to provide for economies of scale.

- It was noted that the factsheet will be provided to the District's consultants, as well, so they have the project information and the message points.

- The committee requested that a tour be provided of the Rosarito Desalination Project site for the committee members/board.

Following the discussion, the Committee recommended presentation to the full board as an informational item.

Attachment B

Rosarito Desalination Facility

Communication and Outreach Plan

February 2013

Purpose:

Plans are underway to develop a desalination facility in Rosarito Beach, Baja California, Mexico. The facility will be developed by Consolidated Water Co. Ltd. (CWCO), a publicly traded company that designs, builds, operates and finances desalination plants and water distribution systems. The facility will provide a reliable and high quality water supply for the arid regions of Northern Baja California and San Diego.

The project is the first of its kind as a bi-national water supply solution. The up to 100 million gallons of water produced each day will potentially be distributed to the federal and/or state agencies serving the Rosarito and Tijuana areas, and to Otay Water District.

The water that the District would purchase will take the place of up to 70 percent of the water it currently imports from Northern California and the Colorado River. A 25-mile pipeline will be constructed to move water from the new facility to serve potential customers in Mexico and the U.S. On the U.S. side of the border, an additional 3.2 mile pipeline will be constructed to convey the water to an Otay Water District distribution center in Otay Mesa.

OWD Role:

The Otay Water District is committed to exploring and developing reliable water supplies for customers in its service area. Already a leader in recycled water distribution and use, the District supports ocean water desalination and sees it as a critical component of a regional strategy to diversify water supplies, improve reliability, and lessen dependence on imported water from Northern California and the Colorado River.

After the water needs of Baja California are met, the District plans to purchase up to 25 MGD of the potable water for its service area. All water will be rigorously tested according to state and federal water quality standards set by the California Department of Public Health prior to distribution to the Otay Water District.

The cost of water from the desalination plant is projected to be equivalent to the current rates for water imported from Northern California and the Colorado River.

The current plan is to move the water under the 1944 Mexico/U.S. Colorado River Water Treaty.

Objectives:

- To position the Rosarito Desalination Facility as a world-class desalination project
- To communicate key messages with District ratepayers and the public-at-large

Key Messages:

General

Rosarito Desalination Facility Details

- The Rosarito Desalination Facility will be built to produce up to 100 million gallons per day.

Water Quality

- The water will be rigorously tested in conformance with the California Department of Public Health's drinking water regulations. It will meet, if not exceed, current US water quality standards before entering the District's distribution system.
- Desalinated water tastes like bottled water.
- Desalinated water is softer water than the water we currently import. Ratepayers will notice a positive change in water quality and taste. Household water softeners currently used by some customers may no longer be needed.

Impact on Rates

- The price for desalinated water will be set by the terms of a water purchase agreement, and will be less vulnerable to outside disruptions in price.

Increasing Reliability

- Desalinated water will reduce dependence on imported water supplies from the fragile Bay-Delta and the overstressed Colorado River system.
- Desalinated water's abundant source will ease potential impacts of planned or emergency water supply interruptions.

Rosarito Facility vs. Carlsbad Facility

- Desalinated water from the Rosarito Desalination Facility will be less expensive compared to the water produced by the Carlsbad Desalination Facility. The estimated cost of water from the Carlsbad Desal Facility will be in excess of $2,000 per acre foot, while the desal water from the Rosarito Desal Facility is projected to be comparable to the prevailing wholesale price of imported water.
- Water from the Rosarito Desalination Facility will be of equal quality and reliability to the water from the Carlsbad Facility. The advanced desalination technology of both facilities is fundamentally the same and each will result in high quality water.
- The Rosarito Facility is a 100 percent private venture by a company with proven expertise in ocean water desalination.
- The litigious environment in which the Carlsbad Facility was approved and is being developed has added to the cost of the water produced by the facility.

Environmental Impacts

- All required environmental impact reports will be completed before development.

Mexico perspective

Desalination

- Desalination has long been used in regions of the world where fresh water is in short supply. Through decades of technological advancement, the process has resulted in a highly reliable, drought-proof water supply.
- There are now over 13,000 desalination facilities operating worldwide producing over 12 billion gallons of water per day.

Desalination for the border region

- Given the proximity of Tijuana, Rosarito Beach and San Diego to one another and to the Pacific Ocean, as well as the region's existing shared infrastructure, a bi-national desalination facility is an ideal project for this metropolitan region.

International partnerships against depleting water supplies

- Water supply crises are not confined by international borders; drought and the depletion of natural resources is a global challenge. It is essential for countries to work together to find innovative technologies to help solve global challenges.
- The Rosarito Desalination Project will set a precedent for cross-border relationships in the global fight against drought.

Economic development in the border region

- The Rosarito Desalination Project will give the border region a reliable source of water that can be made available for new economic and business development.

Communications Materials:

- ☑ Fact Sheet
- ☑ FAQs
- ☑ PowerPoint Presentation
- ☑ Op-Ed Piece
- ☑ Press Releases
- ☑ YouTube Video
- ☑ One-Minute Elevator Speech

Ongoing Community Outreach:

One-on-one Stakeholder Meetings

Outreach efforts have been taking place to apprise stakeholders, elected officials, and the public about the progress of the Rosarito Beach Desalination Project. These efforts have included one-on-one briefings for elected officials, presentations to local chambers of commerce and community groups, updates to regulatory agencies and officials, and information shared with the media about the status of the project. As the project moves forward toward the unveiling of a pilot plant and the ground breaking of the facility, these outreach efforts will continue.

Breakfast and Briefing

A Breakfast and Briefing meeting is premised on the fact that local elected officials rely heavily on their professional staff to brief them on issues important to their districts. This is true for congressional, senatorial, assembly, supervisorial and members of a local city council. The Breakfast and Briefing is an opportunity to meet with the staff of these local officials and provide them with an in-depth briefing on topics of concern to Otay. The Rosarito Beach project is one such topic. This meeting will be especially useful due to the recent redrawing of District boundaries resulting in several new elected officials now representing sections of Otay's service area.

Invitees to include:

- Jessica Pool, District Director, Office of Congresswoman Susan Davis
- Lee Hernandez, Field Representative, Office of Assemblywoman Shirley Weber
- Vince Hall, Chief of Staff, Office of Mayor Bob Filner
- Timothy Walsh, Chief of Staff, Office of Congressman Juan Vargas
- Caridad Sanchez, District Director, Office of U.S. Senator Barbara Boxer
- Katie Gross, Staff Assistant, Office of U.S. Senator Dianne Feinstein
- Representative from the Office of Congressman Duncan D. Hunter
- George Andrews, District Director, Office of State Senator Joel Anderson
- Representative from the Office of Assemblyman Brian Jones
- Will Rells, Senior District Representative, Office of Assemblyman Ben Hueso
- Michael Dela Rosa, Office of Supervisor Greg Cox
- Robert Spanbauer, Office of Supervisor Dianne Jacob
- Staff Rep. to David Alvarez, San Diego City Councilmember
- Jennifer Quijano, Constituent Services Manager, Office of Mayor Cheryl Cox
- Staff Rep. to Rudy Ramirez, Chula Vista Councilmember
- Staff Rep. to Patricia Aguilar, Chula Vista Councilmember
- Staff Rep. to Pamela Bensoussan, Chula Vista Councilmember
- Staff Rep. to Mary Salas, Chula Vista Councilmember

Media Relations:

- Press conference (press conference planning document)
- Press Releases re: general announcement and milestones
- Editorial/op-ed/commentaries

Rosarito Desalination Project

Quick Facts

About the Project

Plans are underway to develop a desalination facility in Rosarito Beach, Baja California, Mexico. The facility will be developed by Consolidated Water Co. Ltd. (CWCO), a publicly traded company that designs, builds, operates and finances desalination plants and water distribution systems. The facility will provide a reliable and high quality water supply for the arid regions of Northern Baja California and San Diego.

The project is the first of its kind as a bi-national water supply solution. The up to 100 million gallons of water produced each day will potentially be distributed to the federal and/or state agencies serving the Rosarito and Tijuana areas, and to Otay Water District.

The water that the District is purchasing will take the place of up to 70% of the water it currently imports from Northern California and the Colorado River. A 25-mile pipeline will be constructed to move water from the new facility to serve its potential customers in Mexico and the U.S. On the U.S. side of the border, an additional 3.2 mile pipeline will be constructed to convey the water to an Otay Water District distribution center in Otay Mesa.

Owner/Operator

Consolidated Water Co. Ltd., a publicly traded company that designs, builds, operates and finances desalination and water distribution systems, will own and operate the Rosarito Desalination Facility.

Consolidated Water Co. Ltd. develops and operates seawater desalination plants and water distribution systems in areas of the world where naturally occurring supplies of potable water are scarce or nonexistent. The company operates water production and/or distribution facilities in the Cayman Islands, Belize, the British Virgin Islands, The Commonwealth of The Bahamas and Bermuda.

Consolidated Water Co. Ltd. is headquartered in George Town, Grand Cayman, in the Cayman Islands. The company's ordinary (common) stock is traded on the NASDAQ Global Select Market under the symbol "CWCO". Additional information is available at www.cwco.com.

Rosarito Beach, Baja California, Mexico, adjacent to the existing Presidente Juarez Thermoelectric Power Plant

Frequently Asked Questions

About Desalination

Is Desalination a sustainable solution for our potable water needs?

Obtaining fresh water from the sea is arguably more sustainable than removing water from fresh water sources such as ground water aquifers, lakes and rivers, given the relative size of the world's oceans compared to the challenges we face from other fresh water sources.

Who is paying for the desalination plant to be built?

This is a private project. Consolidated Water Co. is working with private investors to fund the endeavor. No public funds will be used to develop the Rosarito Desalination Facility. Otay is not investing any money in the plant and will only buy water if it meets strict U.S. standards and is priced comparably to the wholesale rates we currently pay.

What is Otay Water District's role in the desalination plant development?

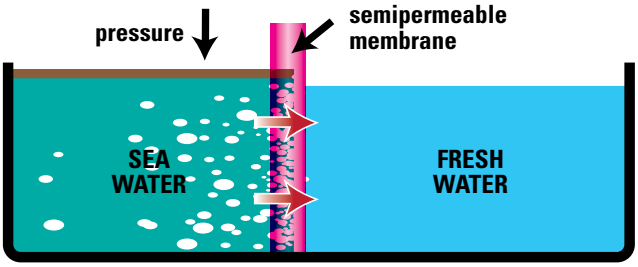
Otay Water District will purchase up to 25 million gallons per day of the water of the water produced by the Rosarito Desalination Plant.

Will the water be safe?

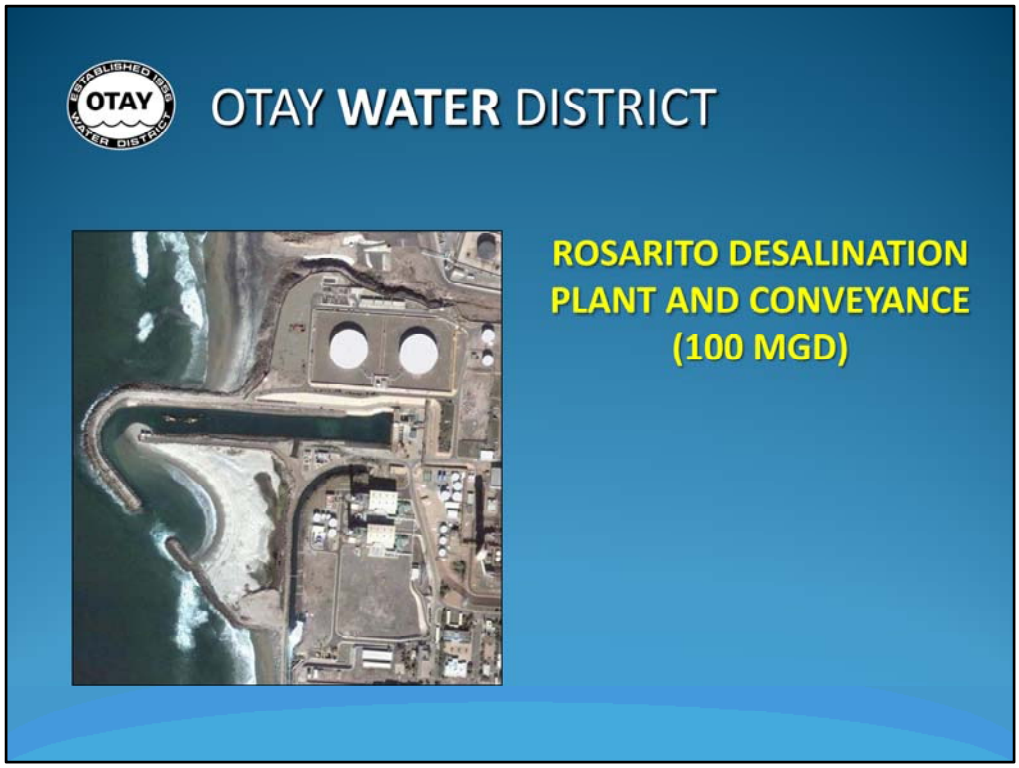
Yes. The water will meet, if not exceed, U.S. water quality standards. The operator and manufacturer of the desalination plant, Consolidated Water Co. Ltd., is a first-class global entity with similar facilities located in the Caribbean basin as well as facilities under development in other areas of the world. Consolidated Water Co. Ltd. is well-educated on standards and processes that ensure high-quality water. The water will not enter the U.S. supply system if it does not meet State and Federal drinking water quality standards.

How will the water get to Otay customers?

A 25-mile pipeline will be constructed to move water from the new facility to serve its potential customers in Mexico and the U.S. The District will build a 3.2-mile pipeline from the border to a treatment facility and pumping distribution center in Otay Mesa.



The Desalination Process

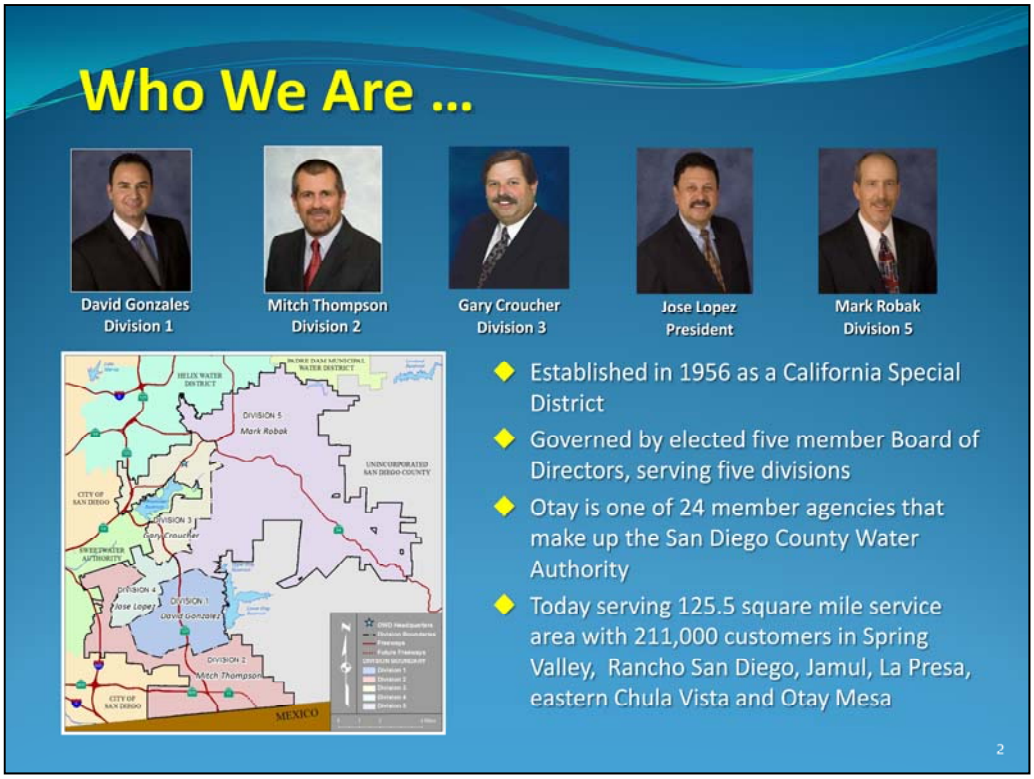


Thank you for the opportunity to come before you today and discuss some very exciting news about a desalination plant planned for northern Baja California.

Efforts are underway to build a large desalination plant in Rosarito Beach, Mexico. A private company called Consolidated Water is leading this effort.

Consolidated Water is a publicly traded company that operates desalination plants in the Caribbean, including on the islands of the Bahamas, Bermuda, Grand Cayman, and the British Virgin Islands. If you've visited any of these islands, you've likely already used their water.

Mexico will be the main customer, and a portion of the excess production water will be available to the Otay Water District.



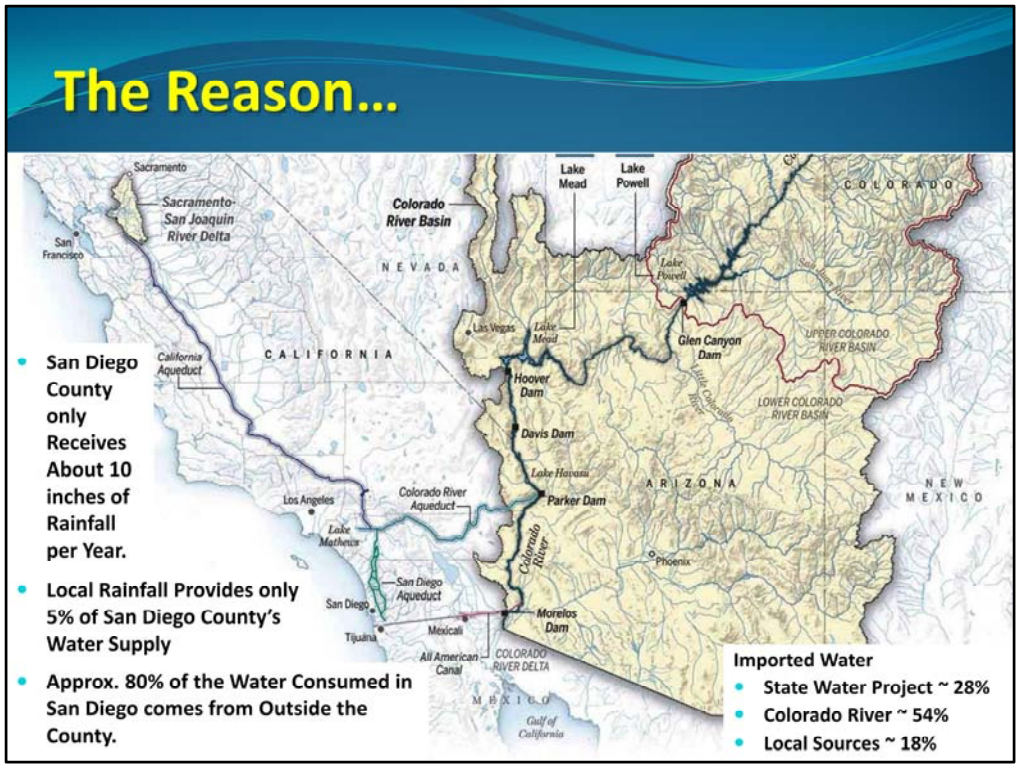
First, a little background about Otay; who we are and what we do.

The Otay Water District was established in 1956 as a California Special District. Today, we provide potable water, recycled water and sewer service across much of San Diego County's South Bay and East County.

Otay is a public agency, governed by a five member elected board of directors.

Our service area includes the communities of Spring Valley, Rancho San Diego, Jamul, eastern Chula Vista and Otay Mesa.

Otay is the second largest water district in San Diego County, second only to the city of San Diego. We serve a population of 211,000 people with close to 50,000 individual customer connections to the public water system.

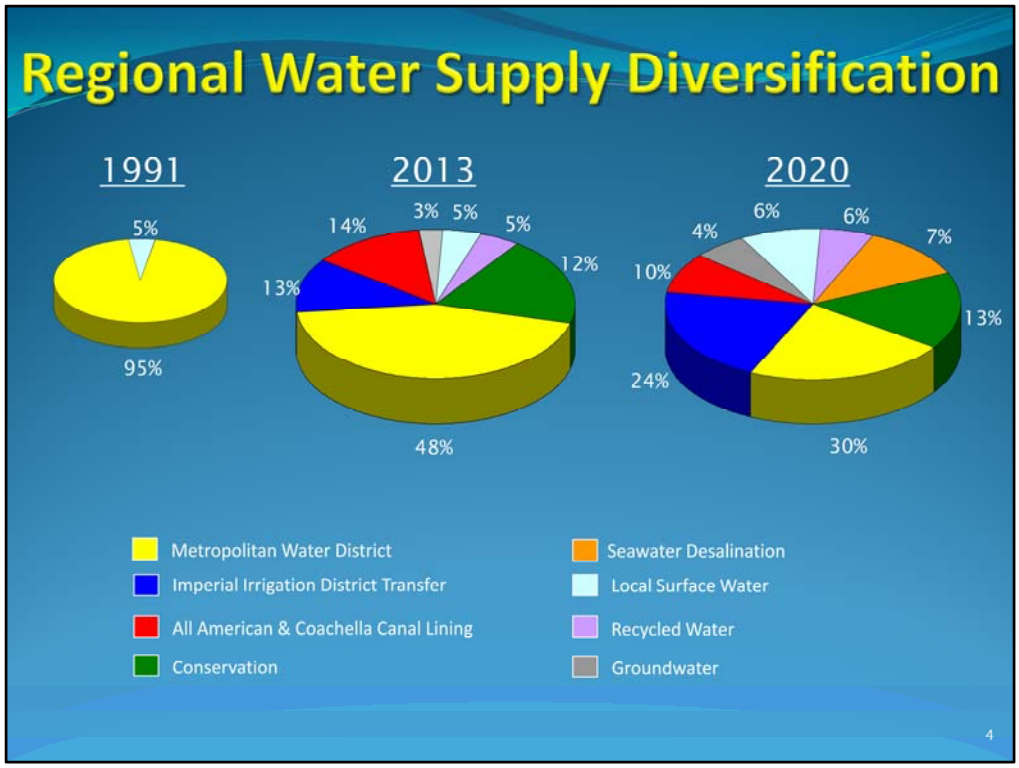


Everyone in San Diego County knows of the importance of water. We can recall the recent drought of 2008, some of us recall earlier droughts. While the situation is not as dire as it was in 2008, we all know that San Diego County is never far removed from another water shortage. The reason for this is most of the water we use is imported. San Diego receives only about 10 inches of rainfall per year. This is less rain than places we might consider dry, places like Tucson, Arizona.

The fact is we get very little water from rainfall. Rainfall only provides about 5 percent of the region's water supply (local sources combined such as precipitation, water recycling, and groundwater make up 18 percent). And that scant amount of rainfall isn't enough to supply our population of 3.1 million people or the region's $186 billion dollar economy.

Most of our water supply is imported (82 percent). The sources of that water includes Northern California and the Colorado River. The State Water Project makes up approximately 28 percent of our water supply and the Colorado River is about 54 percent.

With population growth occurring in other parts of the state and in the west, with drought, environmental regulations, even climate change, there are serious challenges to the imported supply of water. Being at the very end of a long water supply network, San Diego's residents and our economy is very susceptible to supply disruptions that can occur anywhere upstream.



Water agencies across San Diego County realized the extent of our over-dependence on imported water during a drought that occurred in the late 1980s and early 1990s. Since then, both independently and collectively, they have worked to reduce that dependence on imported water.

In the early 1990s, 95 percent of our water was imported. Since then we have reduced our reliance on imported water through water conservation, increased use of recycled water and groundwater, even water transfers with farmers in the Imperial Valley. Today, we are much more independent, but imported water still makes up a large percent of our water supply.

By the year 2020, with seawater desalination, we can envision a time when we are much less reliant of imported supply; a time when we have water that is secure, high quality, and one hundred percent reliable.

The Rosarito Beach project proposed by Consolidated Water is a $500 million dollar desalination plant to serve northern Baja California. The plant will ultimately produce up to 100 million gallons of water per day.

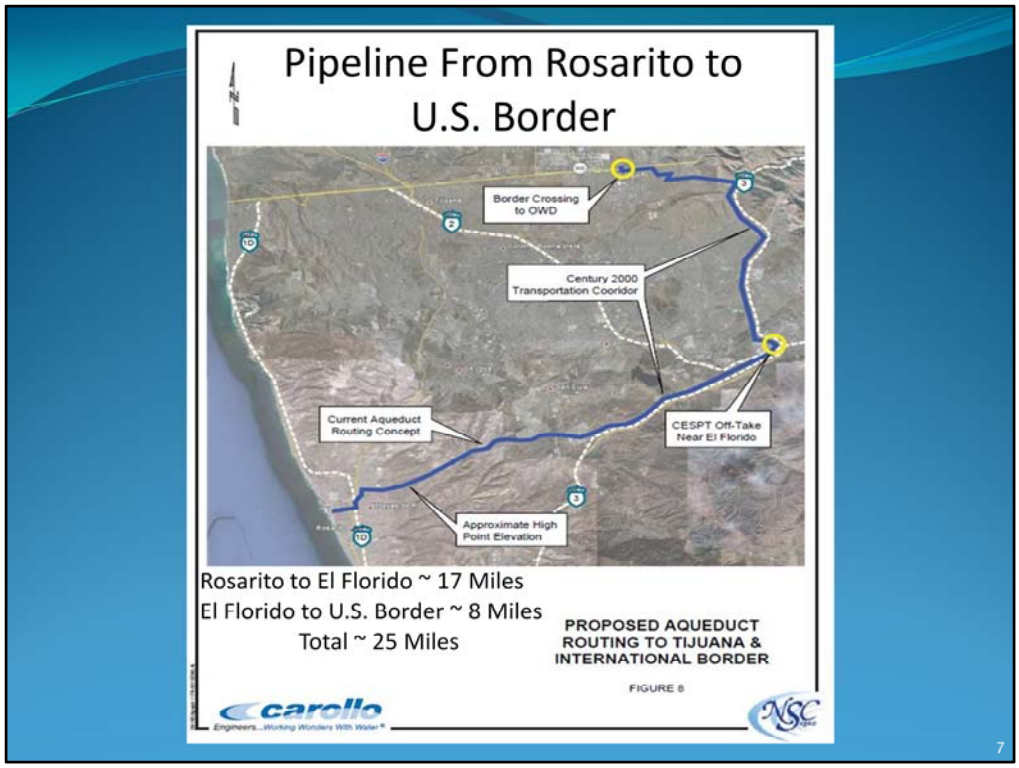
The cities of Tijuana and Rosarito Beach will be the main customers for that water, but up to 25 million gallons per day will be available to Otay or other customers. What does up to 25 million gallons per day of very high-quality water mean for Otay? That represents more than 2/3rds of our water supply.

The plant will be built adjacent to the existing *Presidente Juarez* Thermoelectric Power Plant in Rosarito Beach, and will use the plant's existing ocean intake and cooling water systems. A pipeline to the plant will be built by Consolidated Water to serve its customers, both in Mexico and in the U.S.

Water from the plant will meet both international and California Department of Public Health Standards. Proposed facilities on the U.S. side include monitoring stations, UV disinfection, and use an existing 37 million gallon storage tank.

Consolidated Water is currently operating a pilot plant to allow ocean water testing that will facilitate the desalination plant design.

- Consolidated Water has control of property adjacent to the power plant for their desalination facility
- Pending agreements with Mexican authorities to receive power from the power plant
- Pending agreements with Mexican authorities for the use of the seawater intake and cooling water systems, and
- Facilities in place doing initial tests of the ocean water quality with an operational pilot plant scheduled to come online this year.

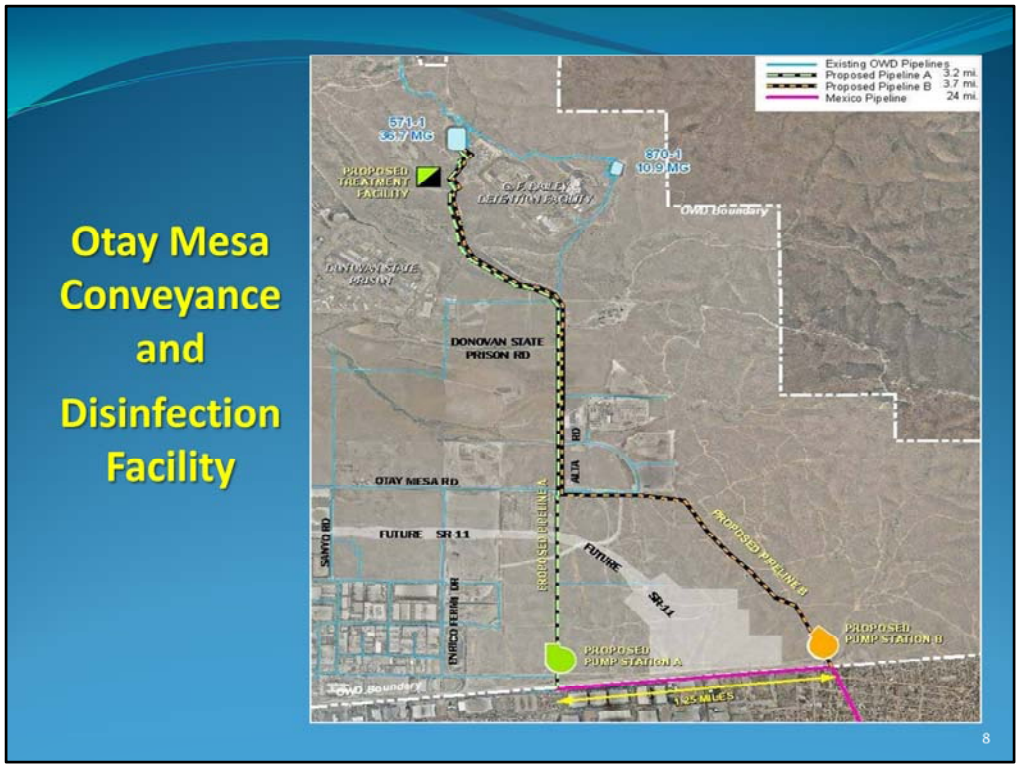


Consolidated Water is proposing to build a pipeline to serve potential customers in Mexico and in the U.S. For instance, a 17-mile pipeline from the plant would travel east to the *El Florido* treatment plant, which is the top of Tijuana's water distribution system.

The easement for the pipeline is proposed to use the existing Century 2000 transportation corridor.

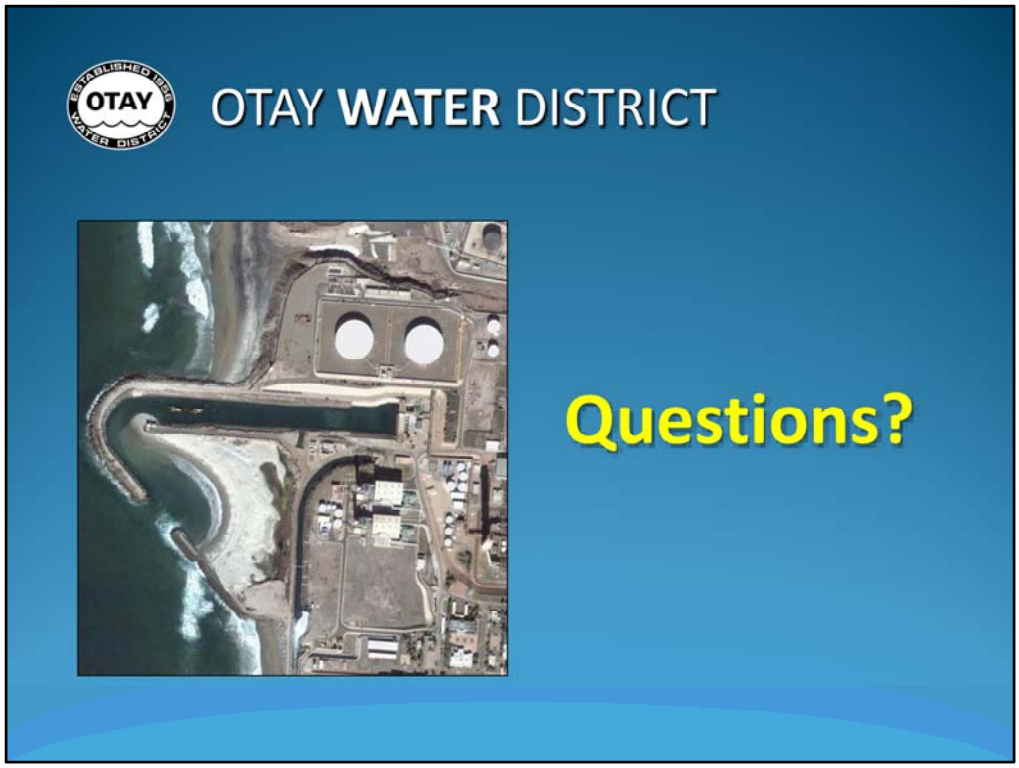
From that point, an 8-mile pipeline would be built north to the border, also following the Century 2000 corridor, to a crossing point close to the proposed third border crossing on Otay Mesa.

Several pipeline alignments were looked at and this seems to be the best option.



Otay would take the water once it reached the border. To do so, the District would have to build 3.2-mile pipeline from the border north to an existing reservoir system located in east Otay Mesa. This would serve as Otay's distribution center.

Keep in mind that Otay would only buy water if it meets strict U.S. water quality standards and its price is comparable to the wholesale rates we already pay. And we would only build the conveyance infrastructure once we received assurance that water meets specific terms of a water purchase agreement. Otay is not investing any money in Mexico.



This is the first time this kind of bi-national water supply project has ever been proposed, and Consolidated Water is assembling a world-class team to handle all aspects of the project's financing and construction, and it is finalizing the necessary permits and environmental documentation in Mexico.

It's a great opportunity for Otay, one that will make our district more independent of limited supplies from the Colorado River and Bay Delta, and one that will help our region become more independent and drought resistant. Since water is a commodity, with more options for supply, it is one more way the District is able to control the rising cost of water.

Thank you and I'm available to answer questions.

Desalinating: a technology whose time has come

Consolidated Water announces plans for a system serving Tijuana and the US

Water desalination is closer to becoming a reality for Otay Water District customers, and is a technology whose time has come. Consolidated Water Co. Ltd. (Consolidated), a company that develops and operates seawater desalination plants and water distribution systems in the Cayman Islands, Belize, the British Virgin Islands, and the Bahamas, will soon be announcing plans to construct a 100 million gallon per day desalination plant to serve Tijuana and Rosarito Beach, Mexico, and Otay Water District.

The cities of Tijuana and Rosarito Beach rely on a limited supply of Colorado River water to serve their large and growing populations and economies; just like their neighbors to the north. And just like us, their supplies are under pressure due to drought, climate change, limited supply and increased demand.

This is why Consolidated's plan to construct a joint use facility to serve customers on both sides of the border makes so much sense. It is not just because the San Diego/Tijuana metropolitan area has a large population with a limited water supply; it is the recognition that our economies, infrastructure, manufacturing, electrical generation capacity and natural gas distribution are already interconnected. We even share water distribution facilities since Otay delivers Mexican Colorado River water to the Tijuana system from time-to-time under agreement with the International Boundary and Water Commission. A bi-national desalination plant is one more opportunity for the two regions to benefit from our proximity.

The $500 million desalination facility will be state-of-the-art and privately developer funded. It will be located next to the existing Presidente Juarez Thermoelectric Plant in Rosarito Beach and will utilize the pre-existing water intake and outfall infrastructure – minimizing the impact to the marine environment. The proximity to the power plant also maximizes energy efficiency and cost effectiveness. The project will be built in phases, and at ultimate build-out it will produce up to 100-million gallons per day of high quality water that will surpass the quality of any water we currently have available; even that of many bottled waters. Consolidated will build a 25-mile underground pipeline to the border, and no U.S. dollars are being spent on this project in Mexico. After Mexico's water demands are met, the District will have the opportunity to purchase up to 25 million gallons per day of this water; enough to supply 56,000 homes and businesses.

Desalination is not a new technology. The ships and submarines of the U.S. Navy use this technology to produce drinking water for our military. Moreover, coastal communities around the world, including those in the Middle East, Mediterranean, Caribbean, and Australia, long ago turned to desalination to supply water to their people and economies.

With an experienced company like Consolidated accepting the challenge of supplying high-quality water to our growing region, the unreliable nature of our imported water supply, even higher prices projected in the near future, and the need for more water to sustain our economy, desalinating ocean water is an opportunity whose time has come.

Attachment F

FOR IMMEDIATE RELEASE

Date

Contact: Armando Buelna
Office: (619) 670-2256
Cell: (619) 665-0674
abuelna@otaywater.gov

Otay Water District to Reduce Dependency on Imported Water by Almost 70%

Plans for Desalination Facility Come to Fruition: Otay Enters Intent-to-Purchase Agreement

Spring Valley, CA- Otay Water District (the District) is confronting Southern California's water supply challenges by diversifying its water supply. Today, a world leader in desalination technology announced the plans to develop a 100 million gallon per day (MGD) ocean water desalination plant in Rosarito, Baja California, Mexico. Otay Water District will be purchasing up to 25 MGD of the water produced by the plant. The facility will be the first cross-border water supply project of its kind.

The District currently imports 100 percent of its potable water from Northern California and from the Colorado River. The 25 MGD of desalinated water the District will receive will take the place of almost 70 percent of the imported water it currently purchases from the fragile Sacramento Bay Delta and the overstressed Colorado River, reducing the demand on these supplies. With current imported water rates incrementally growing each year as a result of limited supply, the desalination process will allow for a more controlled water rate structure that will be cost-competitive with imported water rates.

"We find ourselves at a pivotal point in regards to our region's water supply and Otay Water District has been working diligently to diversify our water sources," said Jose Lopez, Otay Water District Board President. "Bringing a technology that's already in use in many areas of the world into our region, will help us secure a stable, reliable and high-quality water supply for our customers for generations to come."

Oceans water desalination is a proven method that provides a high-quality and reliable water source that is drought proof. Worldwide, there are over 13,000 desalination facilities that produce more than 12 billions of water each day.

The facility will be developed by Consolidated Water Co. Ltd. (CWCO), a publicly-traded company that designs, builds, operates and finances desalination plants and water distribution systems in the arid Caribbean basin. The project is privately funded.

After Environmental Impact Reports (EIR) and other impact studies are completed, and a water purchase agreement with CWCO is executed, construction of the Otay pipeline and facilities would be scheduled to commence in 201_ and be completed in 2017.

Desalinated water will be pumped through a 25-mile transmission pipe to potential customers in Tijuana, then to a proposed distribution facility in Otay Mesa. All desalinated water will be rigorously tested according to State and federal water quality standards by the California Department of Public Health prior to distribution to District customers.

Utilizing a pre-existing water intake and outfall infrastructure in Rosarito, the desalination facility will introduce a negligible change to the state of the surrounding marine environment.

About Otay Water District

The Otay Water District is public agency distributing water to more than 211,000 customers within 125.5 square miles of southeastern San Diego County. Communities served by the Otay Water District include Spring Valley, Jamul, La Presa, Rancho San Diego, the eastern half of the city of Chula Vista and the city of San Diego's Otay Mesa community located along the international border with Mexico.

###

One Minute Desal Plant Elevator Pitch

Plans are underway to build a large desalination plant in Rosarito Beach, Mexico. Consolidated Water is leading the effort; the publicly traded company owns and operates desalination plants in the Caribbean and southeast Asia.

The $500 million dollar plant will produce up to 100 million gallons of water per day. Mexico will be the main customer and up to 25 million gallons a day will be made available to Otay.

Otay is not investing any money in Mexico and will only buy water at the border fence if it meets strict U.S. standards and is priced comparably to the wholesale rates we currently pay.

This is the first bi-national water project of its kind and Consolidated has assembled a world-class team to handle all aspects of financing and construction.

A pilot test facility has been in operation since December with construction of the project to start in 2014. Water could be available to Otay by 2017.

It's an excellent opportunity for the region, one that will make our District more resistant to drought and independent of limited Colorado River and supplies from the fragile Bay Delta.

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	March 6, 2013		
SUBMITTED BY:	Mark Watton General Manager	W.O./G.F. NO:	N/A	DIV. NO.	N/A
APPROVED BY:	☒ Mark Watton, General Manager				
SUBJECT:	General Manager's Report				

ADMINISTRATIVE SERVICES:

Water Conservation and School Education:

- Turfgrass Replacement Program - CWA's $1.50/sq.ft. front yard turfgrass replacement program became fully operational in early January 2013. Four district residential contacts have been noted from CWA's vendor managing the program, Water Wise Consulting.

- School Education – The MWD's traveling winning children's calendar art poster display was available for viewing in the District lobby from February 7 – 14, 2013. Customer response was very positive to the display with free poster art calendars also available.

- SeaWorld Acquisition of Knott's Soak City Water Park – SeaWorld/Aquatica staff discussed their commitment to redesign the former Knott's family-oriented seasonal water park in Chula Vista. Water conservation thematic signage and drought tolerant landscape was encouraged as the design plans are finalized.

- Water Conservation Garden 2012 Annual Report – The Garden's 2012 Annual Report is available at www.thegarden.org.

- Niagara Conservation – A meeting has been scheduled with Niagara Conservation to discuss their Stealth (0.8 gpf) residential toilet program where the company provides all promotion, administration and installation of toilets, plus showerhead and aerators. Helix and Sweetwater conservation staff will also be attending the presentation at Otay.

- Upcoming Events:

  - Home Depot Water Smart Plant Fair: March 2, 2013 at the Eastlake Parkway store
  - Landscape Return On Investment Workshop: March 6, 2013 at SDG&E
  - Urban Landscape Sustainability Conference: March 7, 2013 at Cuyamaca College
  - Chula Vista NatureScape Workshop Presentation: Saturday March 23, 2012 at Southwestern College

Human Resources:

- Water Industry Skills Panel - Cuyamaca Community College – The District HR Manager was requested by Cuyamaca Community College to participate on a Water Industry Skills Panel that was held at Cuyamaca Community College in February. The California Community Colleges brought together representatives from the water industry, education and economic development for a forum to help identify the water industry's skills gaps and collaboratively develop the job training needed to close them. The panel discussion focused on both current and emerging trends in the water industry. The panel's strategies and recommendations will be delivered to the Vice Chancellor or Workforce and Economic Development for the California Community Colleges and will be used as a roadmap by water agencies, colleges and communities throughout the state.

- Recruitments/New Hires – HR is currently or preparing to recruit for Safety and Security Administrator, Construction Inspector II, Engineering Manager, and two Water System Operator positions.

- New Hires – There was one new hire in the month of February: SCADA/Instrumentation Technician.

Purchasing and Facilities:

- Purchase Orders – There were 50 purchase orders processed in February 2013 for a total of $1,198,973.

INFORMATION TECHNOLOGY AND STRATEGIC PLANNING:

- Otay Wins Award - The District has been awarded the 2013 *Tyler Public Sector Excellence Award*. Tyler Technologies supports more than 10,000 government offices and is a leading provider of mission critical public sector software and the developer of our Eden ERP solution (Inforum Gold). We applied for this award in January and received this honor in February 2013 (there were

50 applicants). The award criterion was based on the organization that had best achieved a high level of excellence in the use of public sector enterprise systems. The award includes reimbursement for airfare and registration expense for one person to the 2013 Tyler Systems User Conference in Boston, MA, as well as public recognition in a press release and video.

- Eden Upgrade (Version 5.8) – This past January, staff successfully performed a required annual upgrade of our Tyler billing and financial application software. Each year, as part of our maintenance agreement, Eden provides software updates with feature enhancements and in some cases, functional fixes. The primary benefit of this upgrade is the ability to install the software on local machines instead of remote access servers. This results in improved performance and eliminates reliability issues with connectivity to remote access servers. Given that IT staff conducted this upgrade, no additional costs were incurred.

- SharePoint 2010 Upgrade **-** In February, the SharePoint Collaboration Suite was upgraded from the 2007 to 2010 version. SharePoint is Microsoft's collaboration software that enables organizations to efficiently manage, share, and search information from a centralized application. Some of the SharePoint uses here at Otay include hosting of our intranet site, document management, internal communications, reporting and publishing tool. The SharePoint 2010 upgrade includes a number of new features such as improved integration with Microsoft Office applications, enhanced business analytics, dashboard reporting tools and social media interfaces.

- Map Interfaces for Billing Accuracy – IT and Customer Service staff have been meeting regularly to further improve billing data accuracy. The GIS team produced a series of maps showing parcels with no account information within the District. This, in turn, will trigger staff to investigate. The parcels are the result of the in-depth spatial analysis that GIS staff conducted during the completion of the meter box project.

- New District Wall Maps - Due to the re-districting in the past election, the District wall maps were updated, re-printed, and framed. GIS staff was able to acquire new aerial photos from the Department of Agriculture at no cost. This effort saved the District approximately $5,000. The new maps were coded with "UV" protection to avoid fading. A total of 35 wall maps were replaced.

- Asset Management – IT, in conjunction with Engineering and Operations, has established an *Asset Management Steering*

Committee composed of Managers from all three areas and the IT Project Manager, to guide further asset management efforts. In the last quarter, the data collection of all potable assets was completed. The Steering Committee will direct the next phases of asset management including incorporation of the CCTV data being collected from our new van and utilizing new software (POSM) that helps assess the condition of these sewer pipes.

FINANCE:

- Budget Awards – For the eighth consecutive year, the District has been awarded the *California Society of Municipal Finance Officers (CSMFO) Excellence Award* for both the FY 2013 Operating and Capital Budgets. The maximum of 100 points was given to the Capital Budget and the Operating Budget received 98 points. This is a notable achievement for the Finance Department and the District.

- Meter Reading Efficiency - With the implementation of new software to read the AMR meters, staff is testing a more efficient way to gather final meter reads. Once in place, this new process will greatly reduce the number of trips to the field, thus, saving time and money.

- Past Due Bill Notification - Staff is testing an additional step to the past due notice process. When initiated, an e-mail notification will be sent to customers who have missed paying their bill by the due date. This will add an additional level of service to our customer at no cost to the District.

- 2004 Certificates of Participation (COPS) Refinancing – The District has engaged Harrell & Company Advisors, LLC as the Financial Advisor for refinancing the 2004 COPS.

- Financial Reporting:

  - For the seven months ended January 31, 2013, there are total revenues of $49,217,463 and total expenses of $47,904,447. The revenues exceeded expenses by $1,313,016.

  - The market value shown in the Portfolio Summary and in the Investment Portfolio Details as of January 31, 2013 total $83,543,438.47 with an average yield to maturity of 0.417%. The total earnings year-to-date are $223,997.04.

ENGINEERING AND WATER OPERATIONS:

Engineering:

- **USBR Title XVI Funding:** The United States Department of the Interior Bureau of Reclamation (USBR) recently announced that they will be funding the District $183,564.62, per terms of our Title XVI Cooperative Agreement. With the $183,564.62, the total received by the District from USBR is $12,228,792 from October 2006 to present.

- **Rancho del Rey Groundwater Well Development:** This project consists of a new brackish ground water source, production well, and treatment plant to provide approximately 600 AFY potable water. Staff provided a formal update at the December and January Engineering, Operations, and Water Resources Committee Meetings and the February Board Meeting. The Project will be placed on hold after staff completes the design phase including permitting and agreements to facilitate resurrecting the Project in the future. (P2434)

- **North District – South District Interconnection System:** This project consists of installing approximately 5.2 miles of 30-inch diameter pipe from H Street in Chula Vista to Paradise Valley Road in Spring Valley. In follow up to the December and January meetings with County Supervisor Greg Cox and the San Diego County Water Authority (CWA), and phone conversations with a private property owner (Mr. Warner), Supervisor Cox's staff (Michael De La Rosa) was scheduled to meet with Mr. Warner late February. Supervisor Cox's office is still hopeful that they can facilitate a compromise between the District, CWA, and other stakeholders. (P2511)

- **30-Inch, 980 Zone, Hunte Parkway – Proctor Valley/Use Area:** This project consists of the installation of approximately 2,240 linear-feet of 30-inch steel pipe and appurtenances on Hunte Parkway at Proctor Valley Road, at the entrance to the Salt Creek Golf Course, in the City of Chula Vista. The Contractor, Sepulveda Construction, has installed approximately 2,150 linear-feet of pipe and work on the project is approximately 82% complete. Remaining work on the project includes testing of the new line, completion of the tie-ins, curb and gutter replacement, and final paving. A contract Change Order that addresses utility conflicts, unanticipated soils conditions, an additional butterfly valve, along with a request for additional funds, was presented at the February 2013 Engineering, Operations and Water Resources Committee Meeting for consideration at the March 2013 Board Meeting. Construction is anticipated to be complete in March 2013. (P2514)

- **944-1R Recycled Water Pump Station Upgrades and System Enhancement:** This project consists of the installation of a new pump, reconfiguration of the suction header piping, upgrades to the instrumentation, SCADA system, and equipment at the 944-1R pump station. The project also includes the installation of three (3) Pressure Reducing Stations (PRS) on Olympic Parkway, Eastlake Parkway, and Otay Lakes Road. Notice of Substantial Completion was issued for the project as of August 3, 2012. The Contractor, Sepulveda Construction, submitted several Change Order requests subsequent to the Notice of Substantial Completion. The Contractor's notification of these Change Order requests to the District is considered untimely, considering the notification came after the work was completed. However, staff met with Sepulveda Construction on February 22, 2013 and is currently evaluating these requests to determine if entitlement exists for the submitted requests. Project is within budget and final acceptance is anticipated in March 2013. (R2091)

- **Avocado, Louisa, Calavo, Challenge, Hidden Mesa Sanitary Sewer Replacement:** This project consists of replacing approximately 4,500 linear-feet of sewer pipeline in Avocado Boulevard and neighboring residential streets. Work is ongoing in Avocado Boulevard by Garcia Juarez Construction. Work to construct sewer crossings across Avocado Boulevard was recently completed and overall work on the project is 83% complete. Project is within budget and anticipated to be complete in May 2013. (S2019, S2020, S2022, S2026)

- **624-1 Reservoir Cover Replacement:** This project consists of replacing the floating cover on the 624-1 Reservoir. The existing cover is at the end of its useful life and in need of replacement. The Notice to Proceed for the project was issued on November 16, 2012 and demolition of the existing cover began in January 2013. During the work to clean the existing reservoir liner it was noticed that a thin layer began to peel from the liner surface. After further investigation, it was determined that the liner was also in need of replacement. A contract Change Order to construct a new liner and a request for additional funds was presented at the February 2013 Engineering, Operation, and Water Resources Committee Meeting for consideration at the March Board Meeting. Project is within budget and construction is anticipated to be complete in May 2013 pending approval of the liner replacement and budget request. (P2477)

- **12-Inch Potable Water Pipeline, East Orange Avenue, I-805 Crossing:** This project consists of the installation of approximately 1,915 linear-feet of 12-inch steel and PVC pipe along with the associated appurtenances from the intersection of Melrose Avenue and Orange Avenue, east across the I-805

overpass, to the intersection of Olympic Parkway and Oleander Avenue in Chula Vista. This new pipeline is needed to meet fire flow requirements while Caltrans reconstructs the Palomar Bridge overpass, which contains a 10-inch pipeline that will be temporarily out of service. The Contractor, Basile Construction, is potholing the final utility crossings along the alignment, and will begin work inside the bridge in early March 2013. Project is within budget, and anticipated to be complete in August 2013. (P2513)

- **803-3 & 832-2 Reservoirs Interior/Exterior Coatings and Upgrades:** This project consists of removing and replacing the interior and exterior coatings of the 2.0 MG 803-3 Reservoir and the 2.0 MG 832-2 MG Reservoir, along with providing structural upgrades to ensure the tanks comply with both State and Federal OSHA standards as well as American Water Works Association and County Health Department standards. The Board awarded a construction contract to Advanced Industrial Services (AIS) at the February Board Meeting. A Pre-Construction meeting was held on February 20, 2013 and the Contractor will mobilize to the 803-3 Reservoir on March 4, 2013. Project is within budget and anticipated to be complete in August 2013. (P2518 & P2519)

- Approximately 889 linear feet of both CIP and developer project pipeline was installed in January 2013. The Construction Division performed quality control for these pipelines.

- For the month of January 2013, the District sold 29 meters (47.5 EDUs) generating $430,603 in revenue. Projection for this period was 27.6 meters (36.6 EDUs) with budgeted revenue of $331,005. Total revenue for Fiscal Year 2013 through January 2013 is $1,790,496 against the annual budget of $3,972,064.

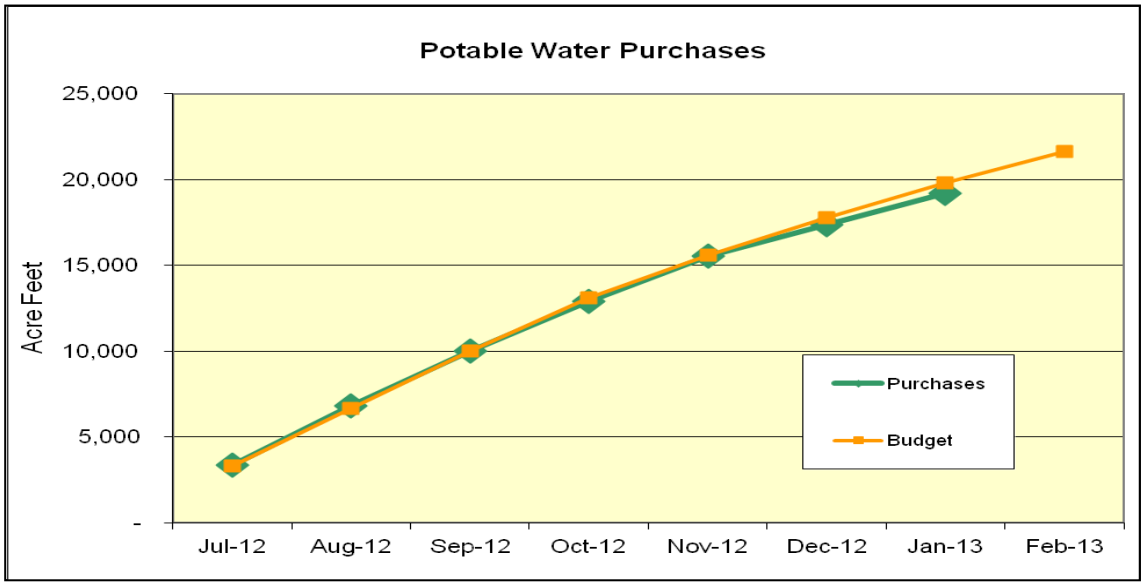
- The following table summarizes Engineering's project purchases issued during the period of December 28, 2012 through February 19, 2013 that were within staff signatory authority:

Date	Action	Amount	Contractor/ Consultant	Project
01-24-13	P.O.	$2,000.00	Aqua Video Engineering	832-1 Reservoir (P2519)
02-20-13	P.O.	$3,491.20	Kratos Public Safety & Security Solutions, Inc.	803-3 & 832-2 Reservoirs (P2518 & P2519)

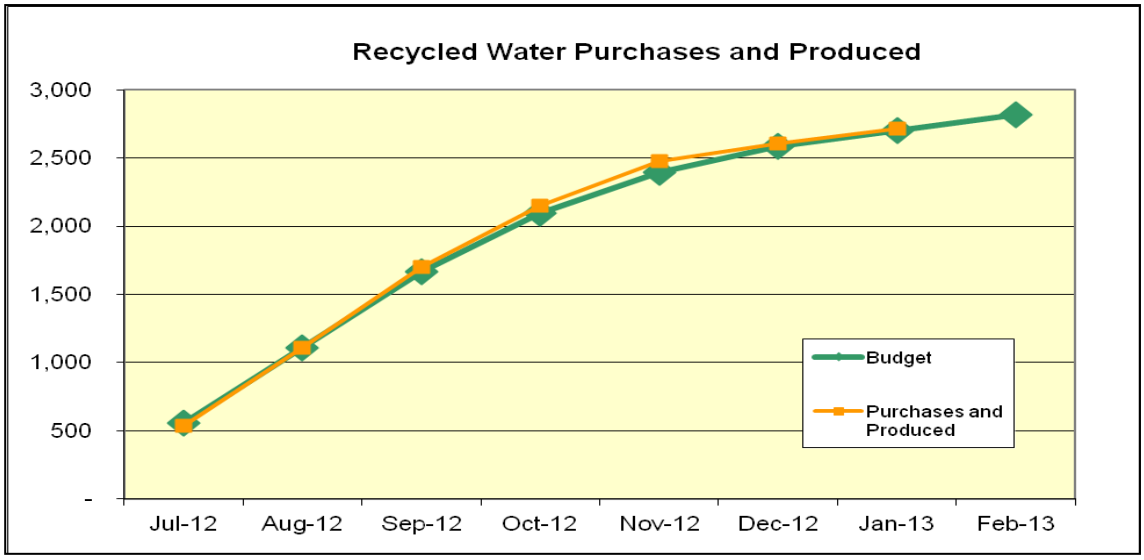
Water Operations:

- Total number of potable water meters is 48,952.

- The January potable water purchases were 1,816.9 acre-feet which is 11.1% below the budget of 2,044.8 acre-feet. The cumulative purchases through January is 19,204.3, acre-feet which is 3.0% below the cumulative budget of 19,806.7 acre-feet.



- The January recycled water purchases and production was 107.7 acre-feet which is 7.5% less than the budget of 116.4 acre-feet. The cumulative production and purchases through January is 2,714.8 acre-feet which is 0.6% above the cumulative budget of 2,699.8 acre-feet.



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

  Total consumption was 44.7 acre-feet or 14,566,552 gallons and the average daily consumption was 469,889 gallons per day.

  Total recycled water consumption as of October for FY 2013 is 2788.1 acre-feet.

  Total number of recycled water meters is 704.

- Wastewater flows for the month of January were as follows:

  - Total basin flow, gallons per day: 1,772,984.
  - Spring Valley Sanitation District Flow to Metro, gallons per day: 587,335.
  - Total Otay flow, gallons per day: 1,185,582.
  - Flow Processed at the Ralph W. Chapman Water Recycling Facility, gallons per day: 625,436.
  - Flow to Metro from Otay Water District, gallons per day: 560,214.

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

Exhibit A

OTAY WATER DISTRICT
COMPARATIVE BUDGET SUMMARY
FOR SEVEN MONTHS ENDED JANUARY 31, 2013

	Annual Budget	YTD Actual	YTD Budget	YTD Variance	Var %
REVENUES:					
Water Sales	$ 39,110,200	$ 23,717,981	$ 24,129,400	$ (411,419)	(1.7%)
Energy Charges	1,809,500	1,259,997	1,234,300	25,697	2.1%
System Charges	10,328,400	5,706,647	5,701,400	5,247	0.1%
MWD & CWA Fixed Charges	9,705,800	5,796,963	5,749,600	47,363	0.8%
Penalties	800,500	525,842	516,500	9,342	1.8%
Total Water Sales	61,754,400	37,007,429	37,331,200	(323,771)	(0.9%)
Recycled Water Sales	7,702,400	5,058,372	5,104,700	(46,328)	(0.9%)
Sewer Charges	2,555,200	1,463,426	1,472,200	(8,774)	(0.6%)
Meter Fees	112,200	61,906	65,500	(3,594)	(5.5%)
Capacity Fee Revenues	1,180,600	683,394	678,700	4,694	0.7%
Betterment Fees for Maintenance	689,400	414,629	422,200	(7,571)	(1.8%)
Non-Operating Revenues	1,914,300	1,020,846	1,047,700	(26,854)	(2.6%)
Tax Revenues	3,882,600	2,059,865	2,053,500	6,365	0.3%
Interest	105,700	35,095	46,700	(11,605)	(24.8%)
Transfer from OPEB	879,500	513,000	513,000	-	0.0%
General Fund Draw Down	946,900	552,400	552,400	-	0.0%
Transfer from General Fund	595,000	347,100	347,100	-	0.0%
Total Revenues	$ 82,318,200	$ 49,217,463	$ 49,634,900	$ (417,437)	(0.8%)
EXPENSES:					
Potable Water Purchases	$ 30,552,200	$ 18,447,271	$ 18,836,150	$ 388,879	2.1%
Recycled Water Purchases	1,504,000	986,251	1,079,450	93,199	8.6%
CWA-Infrastructure Access Charge	1,818,000	1,051,599	1,051,500	(99)	(0.0%)
CWA-Customer Service Charge	1,687,800	970,129	969,800	(329)	(0.0%)
CWA-Emergency Storage Charge	4,086,000	2,274,315	2,274,000	(315)	(0.0%)
MWD-Capacity Res Charge	504,000	310,273	310,500	227	0.1%
MWD-Readiness to Serve Charge	1,610,400	938,998	939,400	403	0.0%
Subtotal Water Purchases	41,762,400	24,978,836	25,460,800	481,965	1.9%
Power Charges	2,368,000	1,439,950	1,452,200	12,250	0.8%
Payroll & Related Costs	18,856,200	10,901,057	11,315,723	414,666	3.7%
Material & Maintenance	3,747,900	2,021,888	2,026,141	4,253	0.2%
Administrative Expenses	4,424,900	2,127,953	2,194,024	66,071	3.0%
Legal Fees	380,000	147,164	211,667	64,502	30.5%
Expansion Reserve	3,936,000	2,296,000	2,296,000	-	0.0%
Betterment Reserve	1,120,000	653,300	653,300	-	0.0%
Replacement Reserve	743,000	433,400	433,400	-	0.0%
Transfer to Sewer Fund Reserve	595,000	347,100	347,100	-	0.0%
Transfer to General Fund Reserve	2,285,800	1,333,400	1,333,400	-	0.0%
Transfer to Sewer Replacement	2,099,000	1,224,400	1,224,400	-	0.0%
Total Expenses	$ 82,318,200	$ 47,904,447	$ 48,948,155	$ 1,043,707	2.1%
EXCESS REVENUES(EXPENSE)	**$ -**	**$ 1,313,016**	**$ 686,745**	**$ 626,270**	

OTAY WATER DISTRICT
INVESTMENT PORTFOLIO REVIEW
JANUARY 31, 2013

INVESTMENT OVERVIEW & MARKET STATUS:

The federal funds rate has remained constant now for over 4 years. On December 16, 2008, at the Federal Reserve Board's regular scheduled meeting, the federal funds rate was lowered from 1.00% to "*a target range of between Zero and 0.25%*" in response to the nation's ongoing financial crisis, as well as banking industry pressure to ease credit and stimulate the economy. This marked the ninth reduction in a row since September 18, 2007, when the rate was 5.25%. There have been no further changes made to the federal funds rate at the Federal Reserve Board's subsequent regular scheduled meetings, the most recent of which was held on January 30, 2013. They went on to say: "*The Committee currently anticipates exceptionally low levels for the federal funds rate will be appropriate as long as the unemployment rate remains above 6.25%, inflation between one and two years ahead is projected to be no more than a half percentage point above the Committee's 2 percent longer-run goal, and longer-term inflation expectations continue to be well anchored.*"

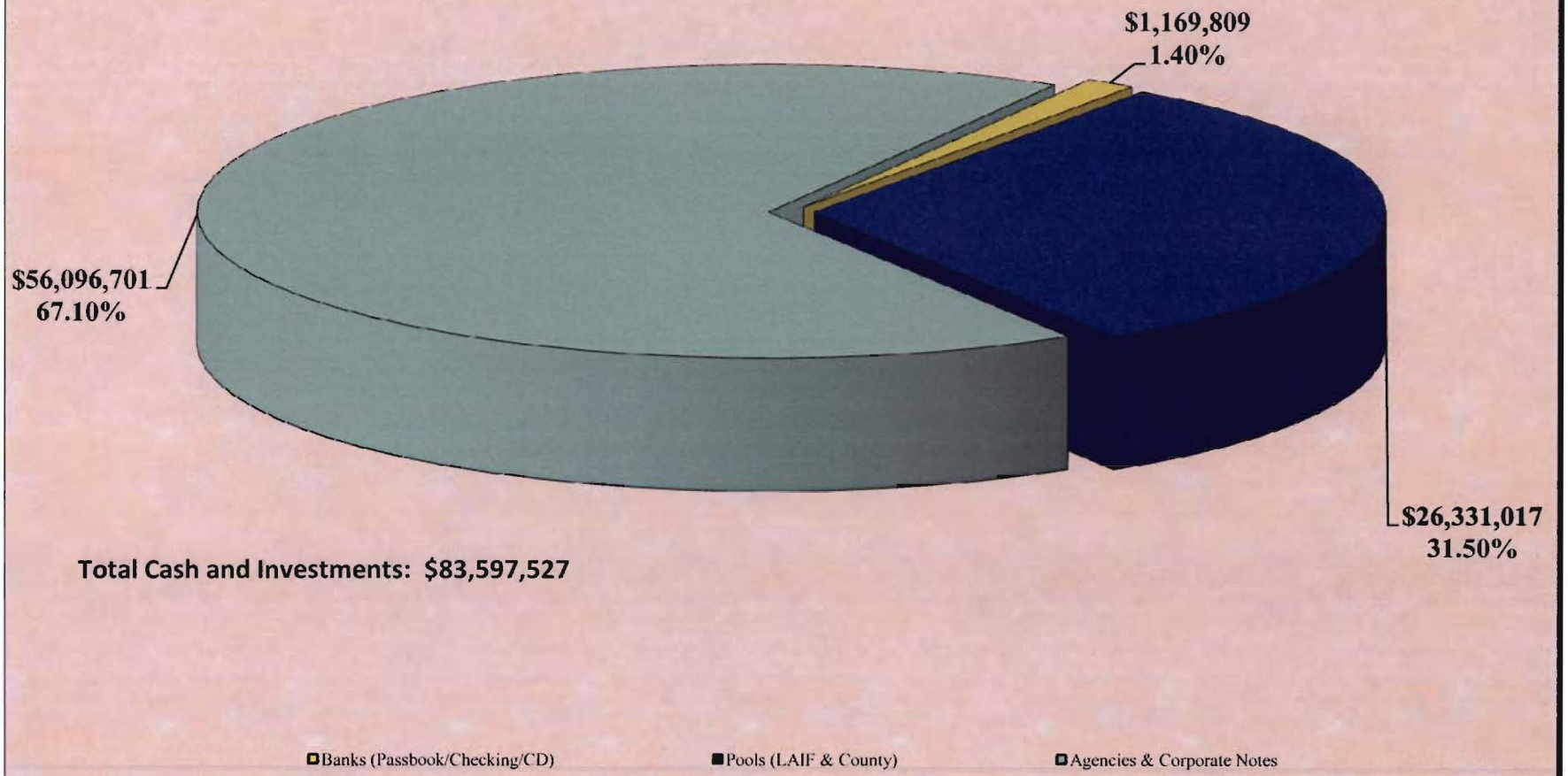
Despite the large drop in available interest rates, the District's overall effective rate of return at January 31st was 0.40%, which was the same as the previous month. At the same time the LAIF return on deposits has fluctuated slightly over the last several months, reaching an average effective yield of 0.300% for the month of January 2013. Based on our success at maintaining a competitive rate of return on our portfolio during this extended period of interest rate declines, no changes in investment strategy regarding returns on investment are being considered at this time. This desired portfolio mix is important in mitigating any liquidity risk from unforeseen changes in LAIF or County Pool policy.

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

PORTFOLIO COMPLIANCE: January 31, 2013

	Investment	State Limit	Otay Limit	Otay Actual
8.01:	Treasury Securities	100%	100%	0
8.02:	Local Agency Investment Fund (Operations)	$50 Million	$50 Million	$3.1 Million
8.02:	Local Agency Investment Fund (Bonds)	100%	100%	4.88%
8.03:	Federal Agency Issues	100%	100%	67.10%
8.04:	Certificates of Deposit	30%	15%	0.10%
8.05:	Short-Term Commercial Notes	25%	15%	0
8.06:	Medium-Term Commercial Debt	30%	15%	0
8.07:	Money Market Mutual Funds	20%	15%	0
8.08:	San Diego County Pool	100%	100%	22.93%
12.0:	Maximum Single Financial Institution	100%	50%	1.30%

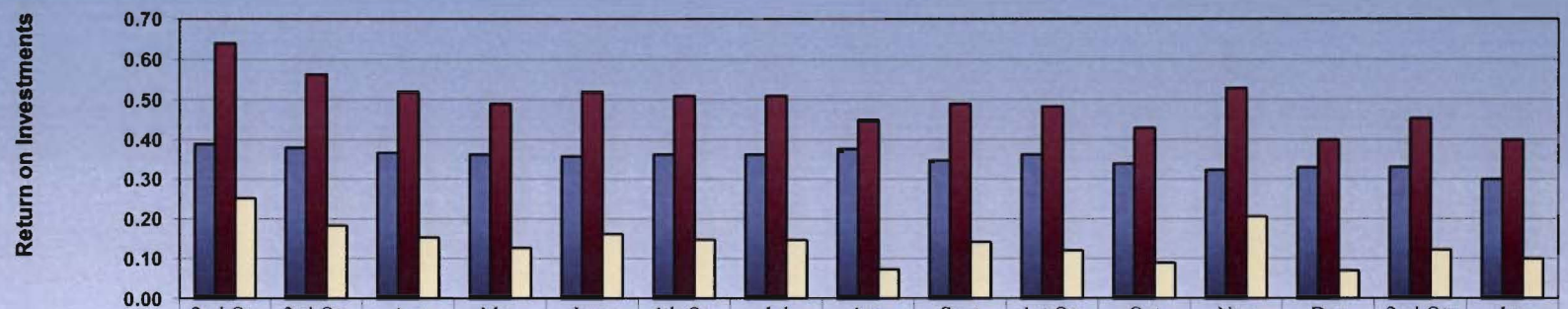
Otay Water District
Investment Portfolio: 1/31/2013



Total Cash and Investments: $83,597,527

Performance Measure F-12
Return on Investment

Target: Meet or Exceed 100% of LAIF



	2nd Qtr FY12	3rd Qtr FY12	Apr FY12	May FY12	June FY12	4th Qtr FY12	Jul FY13	Aug FY13	Sept FY13	1st Qtr FY13	Oct FY13	Nov FY13	Dec FY13	2nd Qtr FY13	Jan FY13
■LAIF	0.39	0.38	0.37	0.36	0.36	0.36	0.36	0.38	0.35	0.36	0.34	0.32	0.33	0.33	0.30
■Otay	0.64	0.56	0.52	0.49	0.52	0.51	0.51	0.45	0.49	0.48	0.43	0.53	0.40	0.45	0.40
□Difference	0.25	0.18	0.15	0.13	0.16	0.15	0.15	0.07	0.14	0.12	0.09	0.21	0.07	0.12	0.10

Month

■LAIF ■Otay □Difference

OTAY
Portfolio Management
Portfolio Summary
January 31, 2013

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Federal Agency Issues- Callable	56,095,000.00	56,102,284.80	56,096,701.63	67.99	898	763	0.428	0.434
Certificates of Deposit - Bank	81,326.80	81,326.80	81,326.80	0.10	731	355	0.280	0.284
Local Agency Investment Fund (LAIF)	7,158,275.92	7,166,344.95	7,158,275.92	8.68	1	1	0.296	0.300
San Diego County Pool	19,172,740.90	19,104,999.91	19,172,740.90	23.24	1	1	0.429	0.435
Investments	**82,507,343.62**	**82,454,956.46**	**82,509,045.25**	**100.00%**	**611**	**519**	**0.417**	**0.422**
Cash								
Passbook/Checking (not included in yield calculations)	1,088,482.01	1,088,482.01	1,088,482.01		1	1	0.214	0.217
Total Cash and Investments	**83,595,825.63**	**83,543,438.47**	**83,597,527.26**		**611**	**519**	**0.417**	**0.422**

Total Earnings	January 31 Month Ending	Fiscal Year To Date
Current Year	29,337.29	223,997.04
Average Daily Balance	**85,736,091.69**	**85,494,951.86**
Effective Rate of Return	**0.40%**	**0.44%**

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

2-25-13

Joseph Beachem, Chief Financial Officer

OTAY
Portfolio Management
Portfolio Details - Investments
January 31, 2013

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 360	Days to Maturity	Maturity Date
Federal Agency Issues- Callable												
3135G0SQ7	2257	Fannie Mae		12/24/2012	3,000,000.00	3,000,120.00	3,000,000.00	0.400	AA	0.395	873	06/24/2015
3133EAEG9	2241	Federal Farm Credit Bank		05/09/2012	1,360,000.00	1,360,476.00	1,360,000.00	0.550		0.542	756	02/27/2015
3133EAU30	2253	Federal Farm Credit Bank		10/26/2012	3,000,000.00	3,000,030.00	2,998,666.47	0.320	AA	0.336	769	03/12/2015
3133EC2L7	2255	Federal Farm Credit Bank		11/13/2012	3,000,000.00	2,998,920.00	3,000,000.00	0.440	AA	0.434	1,015	11/13/2015
3133EC6F6	2258	Federal Farm Credit Bank		12/05/2012	3,000,000.00	2,999,580.00	3,000,000.00	0.350	AAA	0.345	850	06/01/2015
3133EC7H1	2260	Federal Farm Credit Bank		12/17/2012	3,000,000.00	2,996,340.00	3,000,000.00	0.340		0.335	927	08/17/2015
3133ECA61	2261	Federal Farm Credit Bank		12/18/2012	3,000,000.00	2,996,340.00	2,999,285.83	0.320		0.325	867	06/18/2015
313380AV9	2248	Federal Home Loan Bank		08/13/2012	3,000,000.00	3,000,240.00	3,000,000.00	0.450		0.444	742	02/13/2015
313380AV9A	2249	Federal Home Loan Bank		08/13/2012	1,030,000.00	1,030,082.40	1,030,000.00	0.450		0.444	742	02/13/2015
313380AV9B	2250	Federal Home Loan Bank		08/13/2012	2,705,000.00	2,705,216.40	2,705,000.00	0.450		0.444	742	02/13/2015
313380SU2	2252	Federal Home Loan Bank		10/15/2012	3,000,000.00	3,000,090.00	3,000,000.00	0.410		0.404	803	04/15/2015
3133762C8	2254	Federal Home Loan Bank		11/09/2012	3,000,000.00	3,004,800.00	3,003,749.33	0.375	AA	0.438	299	11/27/2013
313381UR4	2262	Federal Home Loan Bank		01/30/2013	3,000,000.00	2,999,430.00	3,000,000.00	0.375	AA	0.370	909	07/30/2015
3134G3SS0	2232	Federal Home Loan Mortgage		03/22/2012	3,000,000.00	3,001,770.00	3,000,000.00	0.540		0.533	598	09/22/2014
3134G3Y61	2256	Federal Home Loan Mortgage		12/10/2012	3,000,000.00	3,000,870.00	3,000,000.00	0.375	AAA	0.370	677	12/10/2014
3134G32R0	2259	Federal Home Loan Mortgage		12/24/2012	3,000,000.00	2,997,810.00	3,000,000.00	0.400	AA	0.395	965	09/24/2015
3135G0KL6	2238	Federal National Mortage Assoc		04/30/2012	3,000,000.00	3,001,470.00	3,000,000.00	0.500		0.493	636	10/30/2014
3135G0KS1	2240	Federal National Mortage Assoc		05/10/2012	3,000,000.00	3,002,640.00	3,000,000.00	0.560		0.552	739	02/10/2015
3135G0LF8	2242	Federal National Mortage Assoc		05/24/2012	3,000,000.00	3,002,970.00	3,000,000.00	0.500		0.493	661	11/24/2014
3135G0LL5	2244	Federal National Mortage Assoc		06/04/2012	3,000,000.00	3,003,090.00	3,000,000.00	0.550		0.542	671	12/04/2014
		Subtotal and Average	**53,290,391.48**		**56,095,000.00**	**56,102,284.80**	**56,096,701.63**			**0.428**	**763**	
Certificates of Deposit - Bank												
2050003183-5	2229	California Bank & Trust		01/22/2012	81,326.80	81,326.80	81,326.80	0.280		0.280	355	01/22/2014
		Subtotal and Average	**81,326.80**		**81,326.80**	**81,326.80**	**81,326.80**			**0.280**	**355**	
Local Agency Investment Fund (LAIF)												
LAIF	9001	STATE OF CALIFORNIA		07/01/2004	3,080,145.91	3,083,617.95	3,080,145.91	0.300		0.296	1	
LAIF BABS 2010	9012	STATE OF CALIFORNIA		04/21/2010	4,078,130.01	4,082,727.00	4,078,130.01	0.300		0.296	1	
		Subtotal and Average	**9,821,661.50**		**7,158,275.92**	**7,166,344.95**	**7,158,275.92**			**0.296**	**1**	
San Diego County Pool												
SD COUNTY POOL	9007	San Diego County		07/01/2004	19,172,740.90	19,104,999.91	19,172,740.90	0.435		0.429	1	
		Subtotal and Average	**20,707,966.20**		**19,172,740.90**	**19,104,999.91**	**19,172,740.90**			**0.429**	**1**	

OTAY
Portfolio Management
Portfolio Details - Investments
January 31, 2013

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 360	Days to Maturity
		Total and Average	85,736,091.69		82,507,343.62	82,454,956.46	82,509,045.25			0.417	519

OTAY
Portfolio Management
Portfolio Details - Cash
January 31, 2013

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 360	Days to Maturity
Union Bank											
UNION MONEY	9002	STATE OF CALIFORNIA		07/01/2004	10,001.04	10,001.04	10,001.04	0.010		0.010	1
PETTY CASH	9003	STATE OF CALIFORNIA		07/01/2004	2,950.00	2,950.00	2,950.00			0.000	1
UNION OPERATING	9004	STATE OF CALIFORNIA		07/01/2004	903,424.10	903,424.10	903,424.10	0.250		0.247	1
PAYROLL	9005	STATE OF CALIFORNIA		07/01/2004	27,971.60	27,971.60	27,971.60			0.000	1
RESERVE-10 COPS	9010	STATE OF CALIFORNIA		04/20/2010	6,484.01	6,484.01	6,484.01	0.010		0.010	1
RESERVE-10 BABS	9011	STATE OF CALIFORNIA		04/20/2010	17,650.99	17,650.99	17,650.99	0.010		0.010	1
UBNA-2010 BOND	9013	STATE OF CALIFORNIA		04/20/2010	70,015.05	70,015.05	70,015.05	0.147		0.145	1
UBNA-FLEX ACCT	9014	STATE OF CALIFORNIA		01/01/2011	49,985.22	49,985.22	49,985.22			0.000	1
		Average Balance	**0.00**								**1**
		Total Cash and Investments	**85,736,091.69**		**83,595,825.63**	**83,543,438.47**	**83,597,527.26**			**0.417**	**519**

OTAY
Portfolio Management
Interest Earnings Summary
January 31, 2013

	January 31 Month Ending	Fiscal Year To Date
CD/Coupon/Discount Investments:		
Interest Collected	0.00	121,239.43
Plus Accrued Interest at End of Period	66,664.05	66,916.39
Less Accrued Interest at Beginning of Period	(47,514.23)	(58,130.60)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
Interest Earned during Period	19,149.82	130,025.22
Adjusted by Premiums and Discounts	-302.43	-603.40
Adjusted by Capital Gains or Losses	0.00	1,633.33
Earnings during Periods	18,847.39	131,055.15
Pass Through Securities:		
Interest Collected	0.00	0.00
Plus Accrued Interest at End of Period	0.00	0.00
Less Accrued Interest at Beginning of Period	(0.00)	(0.00)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
Interest Earned during Period	0.00	0.00
Adjusted by Premiums and Discounts	0.00	0.00
Adjusted by Capital Gains or Losses	0.00	0.00
Earnings during Periods	0.00	0.00
Cash/Checking Accounts:		
Interest Collected	36,733.50	144,916.02
Plus Accrued Interest at End of Period	428,415.55	428,416.01
Less Accrued Interest at Beginning of Period	(454,659.15)	(480,390.14)
Interest Earned during Period	10,489.90	92,941.89
Total Interest Earned during Period	**29,639.72**	**222,967.11**
Total Adjustments from Premiums and Discounts	**-302.43**	**-603.40**
Total Capital Gains or Losses	**0.00**	**1,633.33**
Total Earnings during Period	**29,337.29**	**223,997.04**

OTAY
Activity Report
Sorted By Issuer
July 1, 2012 - January 31, 2013

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value Beginning Balance	Current Rate	Transaction Date	Par Value Purchases or Deposits	Redemptions or Withdrawals	Ending Balance
Issuer: STATE OF CALIFORNIA									
Union Bank									
UNION MONEY	9002	STATE OF CALIFORNIA			0.010		73,981,916.38	73,981,921.25	
UNION OPERATING	9004	STATE OF CALIFORNIA			0.250		6,002,314.11	6,389,858.43	
RESERVE-10 COPS	9010	STATE OF CALIFORNIA			0.010		1,035,795.99	1,030,000.00	
RESERVE-10 BABS	9011	STATE OF CALIFORNIA			0.010		2,722,233.76	2,705,000.00	
UBNA-FLEX ACCT	9014	STATE OF CALIFORNIA					71,443.27	63,558.27	
		Subtotal and Balance		**1,445,116.45**			**83,813,703.51**	**84,170,337.95**	**1,088,482.01**
Local Agency Investment Fund (LAIF)									
LAIF	9001	STATE OF CALIFORNIA			0.300		46,546,890.17	51,000,000.00	
LAIF BABS 2010	9012	STATE OF CALIFORNIA			0.300		10,553.40	0.00	
		Subtotal and Balance		**11,600,832.35**			**46,557,443.57**	**51,000,000.00**	**7,158,275.92**
		Issuer Subtotal	**9.865%**	**13,045,948.80**			**130,371,147.08**	**135,170,337.95**	**8,246,757.93**
Issuer: California Bank & Trust									
Certificates of Deposit - Bank									
		Subtotal and Balance		**81,326.80**					**81,326.80**
		Issuer Subtotal	**0.097%**	**81,326.80**			**0.00**	**0.00**	**81,326.80**
Issuer: Fannie Mae									
Federal Agency Issues- Callable									
3135G0SQ7	2257	Fannie Mae			0.400	12/24/2012	3,000,000.00	0.00	
		Subtotal and Balance		**0.00**			**3,000,000.00**	**0.00**	**3,000,000.00**
		Issuer Subtotal	**3.589%**	**0.00**			**3,000,000.00**	**0.00**	**3,000,000.00**
Issuer: Federal Farm Credit Bank									

OTAY
Activity Report
July 1, 2012 - January 31, 2013

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value Beginning Balance	Current Rate	Transaction Date	Par Value Purchases or Deposits	Par Value Redemptions or Withdrawals	Par Value Ending Balance
Issuer: Federal Farm Credit Bank									
Federal Agency Issues- Callable									
31331KZF0	2219	Federal Farm Credit Bank			0.481	09/05/2012	0.00	3,000,000.00	
3133EAU30	2253	Federal Farm Credit Bank			0.320	10/26/2012	3,000,000.00	0.00	
3133EC2L7	2255	Federal Farm Credit Bank			0.440	11/13/2012	3,000,000.00	0.00	
3133EC6F6	2258	Federal Farm Credit Bank			0.350	12/05/2012	3,000,000.00	0.00	
3133EC7H1	2260	Federal Farm Credit Bank			0.340	12/17/2012	3,000,000.00	0.00	
3133ECA61	2261	Federal Farm Credit Bank			0.320	12/18/2012	3,000,000.00	0.00	
		Subtotal and Balance		**4,360,000.00**			**15,000,000.00**	**3,000,000.00**	**16,360,000.00**
		Issuer Subtotal	**19.570%**	**4,360,000.00**			**15,000,000.00**	**3,000,000.00**	**16,360,000.00**
Issuer: Federal Home Loan Bank									
Federal Agency Issues- Callable									
313378KU4	2233	Federal Home Loan Bank			0.500	09/12/2012	0.00	3,000,000.00	
3133794G1	2239	Federal Home Loan Bank			0.500	07/15/2012	0.00	3,000,000.00	
313379JC4	2243	Federal Home Loan Bank			0.500	07/05/2012	0.00	3,000,000.00	
313379R84	2245	Federal Home Loan Bank			0.500	07/13/2012	0.00	3,000,000.00	
313379SP5	2246	Federal Home Loan Bank			0.450	07/19/2012	0.00	3,000,000.00	
313379UT4	2247	Federal Home Loan Bank			0.500	07/27/2012	0.00	3,000,000.00	
313380AV9	2248	Federal Home Loan Bank			0.450	08/13/2012	3,000,000.00	0.00	
313380AV9A	2249	Federal Home Loan Bank			0.450	08/13/2012	1,030,000.00	0.00	
313380AV9B	2250	Federal Home Loan Bank			0.450	08/13/2012	2,705,000.00	0.00	
313380BG1	2251	Federal Home Loan Bank			0.500	08/13/2012	3,000,000.00	0.00	
313380BG1	2251	Federal Home Loan Bank				09/13/2012	0.00	3,000,000.00	
313380SU2	2252	Federal Home Loan Bank			0.410	10/15/2012	3,000,000.00	0.00	
3133762C8	2254	Federal Home Loan Bank			0.375	11/09/2012	3,000,000.00	0.00	
313381UR4	2262	Federal Home Loan Bank			0.375	01/30/2013	3,000,000.00	0.00	
		Subtotal and Balance		**18,000,000.00**			**18,735,000.00**	**21,000,000.00**	**15,735,000.00**
		Issuer Subtotal	**18.823%**	**18,000,000.00**			**18,735,000.00**	**21,000,000.00**	**15,735,000.00**
Issuer: Federal Home Loan Mortgage									
Federal Agency Issues- Callable									
3137EACK3	2146	Federal Home Loan Mortgage			1.125	07/27/2012	0.00	2,000,000.00	
3137EACK3A	2148	Federal Home Loan Mortgage			1.125	07/27/2012	0.00	1,030,000.00	

OTAY
Activity Report
July 1, 2012 - January 31, 2013

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value Beginning Balance	Current Rate	Transaction Date	Par Value Purchases or Deposits	Redemptions or Withdrawals	Ending Balance
Issuer: Federal Home Loan Mortgage									
Federal Agency Issues- Callable									
3137EACK3B	2149	Federal Home Loan Mortgage			1.125	07/27/2012	0.00	2,707,000.00	
3134G3AC4	2226	Federal Home Loan Mortgage			0.600	12/06/2012	0.00	3,000,000.00	
3134G3AQ3	2227	Federal Home Loan Mortgage			0.710	11/30/2012	0.00	2,000,000.00	
3134G3BN9	2228	Federal Home Loan Mortgage			0.770	12/05/2012	0.00	2,000,000.00	
3134G3Y61	2256	Federal Home Loan Mortgage			0.375	12/10/2012	3,000,000.00	0.00	
3134G32R0	2259	Federal Home Loan Mortgage			0.400	12/24/2012	3,000,000.00	0.00	
		Subtotal and Balance		**15,737,000.00**			**6,000,000.00**	**12,737,000.00**	**9,000,000.00**
		Issuer Subtotal	**10.766%**	**15,737,000.00**			**6,000,000.00**	**12,737,000.00**	**9,000,000.00**
Issuer: Federal National Mortage Assoc									
Federal Agency Issues- Callable									
3135G0JG9	2234	Federal National Mortage Assoc			0.520	09/26/2012	0.00	3,000,000.00	
		Subtotal and Balance		**15,000,000.00**			**0.00**	**3,000,000.00**	**12,000,000.00**
		Issuer Subtotal	**14.355%**	**15,000,000.00**			**0.00**	**3,000,000.00**	**12,000,000.00**
Issuer: San Diego County									
San Diego County Pool									
SD COUNTY POOL	9007	San Diego County			0.435		63,521.68	3,000,000.00	
		Subtotal and Balance		**22,109,219.22**			**63,521.68**	**3,000,000.00**	**19,172,740.90**
		Issuer Subtotal	**22.935%**	**22,109,219.22**			**63,521.68**	**3,000,000.00**	**19,172,740.90**
		Total	**100.000%**	**88,333,494.82**			**173,169,668.76**	**177,907,337.95**	**83,595,825.63**

OTAY
GASB 31 Compliance Detail
Sorted by Fund - Fund
July 1, 2012 - January 31, 2013

CUSIP	Investment #	Fund	Investment Class	Maturity Date	Beginning Invested Value	Purchase of Principal	Addition to Principal	Redemption of Principal	Adjustment in Value: Amortization Adjustment	Adjustment in Value: Change in Market Value	Ending Invested Value
Fund: Treasury Fund											
LAIF	9001	99	Fair Value		7,542,443.62	0.00	46,546,890.17	51,000,000.00	0.00	-5,715.85	3,083,617.95
UNION MONEY	9002	99	Amortized		10,005.91	0.00	73,981,916.38	73,981,921.25	0.00	0.00	10,001.04
PETTY CASH	9003	99	Amortized		2,950.00	0.00	0.00	0.00	0.00	0.00	2,950.00
UNION OPERATING	9004	99	Amortized		1,290,968.42	0.00	6,002,314.11	6,389,858.43	0.00	0.00	903,424.10
PAYROLL	9005	99	Amortized		27,971.60	0.00	0.00	0.00	0.00	0.00	27,971.60
SD COUNTY POOL	9007	99	Fair Value		22,089,000.00	0.00	63,521.68	3,000,000.00	0.00	-47,521.77	19,104,999.91
RESERVE-10 COPS	9010	99	Amortized		688.02	0.00	1,035,795.99	1,030,000.00	0.00	0.00	6,484.01
RESERVE-10 BABS	9011	99	Amortized		417.23	0.00	2,722,233.76	2,705,000.00	0.00	0.00	17,650.99
LAIF BABS 2010	9012	99	Fair Value		4,072,537.60	0.00	10,553.40	0.00	0.00	-364.00	4,082,727.00
UBNA-2010 BOND	9013	99	Amortized		70,015.05	0.00	0.00	0.00	0.00	0.00	70,015.05
3137EACK3	2146	99	Fair Value	07/27/2012	2,001,300.00	0.00	0.00	2,000,000.00	0.00	-1,300.00	0.00
3137EACK3A	2148	99	Fair Value	07/27/2012	1,030,669.50	0.00	0.00	1,030,000.00	0.00	-669.50	0.00
3137EACK3B	2149	99	Fair Value	07/27/2012	2,708,759.55	0.00	0.00	2,707,000.00	0.00	-1,759.55	0.00
UBNA-FLEX ACCT	9014	99	Amortized		42,100.22	0.00	71,443.27	63,558.27	0.00	0.00	49,985.22
31331KZF0	2219	99	Fair Value	12/23/2013	3,000,030.00	0.00	0.00	3,000,000.00	0.00	-30.00	0.00
3134G3AC4	2226	99	Fair Value	12/06/2013	3,000,600.00	0.00	0.00	3,000,000.00	0.00	-600.00	0.00
3134G3AQ3	2227	99	Fair Value	05/30/2014	2,001,980.00	0.00	0.00	2,000,000.00	0.00	-1,980.00	0.00
3134G3BN9	2228	99	Fair Value	06/05/2014	2,003,140.00	0.00	0.00	2,000,000.00	0.00	-3,140.00	0.00
2050003183-5	2229	99	Amortized	01/22/2014	81,326.80	0.00	0.00	0.00	0.00	0.00	81,326.80
3134G3SS0	2232	99	Fair Value	09/22/2014	3,003,870.00	0.00	0.00	0.00	0.00	-2,100.00	3,001,770.00
313378KU4	2233	99	Fair Value	09/12/2014	3,001,350.00	0.00	0.00	3,000,000.00	0.00	-1,350.00	0.00
3135G0JG9	2234	99	Fair Value	09/26/2014	3,003,000.00	0.00	0.00	3,000,000.00	0.00	-3,000.00	0.00
3135G0KL6	2238	99	Fair Value	10/30/2014	2,993,970.00	0.00	0.00	0.00	0.00	7,500.00	3,001,470.00
3133794G1	2239	99	Fair Value	05/15/2014	2,998,560.00	0.00	0.00	3,000,000.00	0.00	1,440.00	0.00
3135G0KS1	2240	99	Fair Value	02/10/2015	2,997,450.00	0.00	0.00	0.00	0.00	5,190.00	3,002,640.00
3133EAEG9	2241	99	Fair Value	02/27/2015	1,361,632.00	0.00	0.00	0.00	0.00	-1,156.00	1,360,476.00
3135G0LF8	2242	99	Fair Value	11/24/2014	2,999,640.00	0.00	0.00	0.00	0.00	3,330.00	3,002,970.00
313379JC4	2243	99	Fair Value	06/05/2014	3,000,060.00	0.00	0.00	3,000,000.00	0.00	-60.00	0.00
3135G0LL5	2244	99	Fair Value	12/04/2014	2,999,340.00	0.00	0.00	0.00	0.00	3,750.00	3,003,090.00
313379R84	2245	99	Fair Value	06/13/2014	2,996,460.00	0.00	0.00	3,000,000.00	0.00	3,540.00	0.00
313379SP5	2246	99	Fair Value	12/19/2013	2,996,610.00	0.00	0.00	3,000,000.00	0.00	3,390.00	0.00

OTAY
GASB 31 Compliance Detail
Sorted by Fund - Fund

CUSIP	Investment #	Fund	Investment Class	Maturity Date	Beginning Invested Value	Purchase of Principal	Addition to Principal	Redemption of Principal	Adjustment in Value: Amortization Adjustment	Adjustment in Value: Change in Market Value	Ending Invested Value
Fund: Treasury Fund											
313379UT4	2247	99	Fair Value	06/27/2014	2,998,230.00	0.00	0.00	3,000,000.00	0.00	1,770.00	0.00
313380AV9	2248	99	Fair Value	02/13/2015	0.00	3,000,000.00	0.00	0.00	0.00	240.00	3,000,240.00
313380AV9A	2249	99	Fair Value	02/13/2015	0.00	1,030,000.00	0.00	0.00	0.00	82.40	1,030,082.40
313380AV9B	2250	99	Fair Value	02/13/2015	0.00	2,705,000.00	0.00	0.00	0.00	216.40	2,705,216.40
313380BG1	2251	99	Fair Value	02/13/2015	0.00	3,000,000.00	0.00	3,000,000.00	0.00	0.00	0.00
313380SU2	2252	99	Fair Value	04/15/2015	0.00	3,000,000.00	0.00	0.00	0.00	90.00	3,000,090.00
3133EAU30	2253	99	Fair Value	03/12/2015	0.00	2,998,500.00	0.00	0.00	0.00	1,530.00	3,000,030.00
3133762C8	2254	99	Fair Value	11/27/2013	0.00	3,004,788.00	0.00	0.00	0.00	12.00	3,004,800.00
3133EC2L7	2255	99	Fair Value	11/13/2015	0.00	3,000,000.00	0.00	0.00	0.00	-1,080.00	2,998,920.00
3134G3Y61	2256	99	Fair Value	12/10/2014	0.00	3,000,000.00	0.00	0.00	0.00	870.00	3,000,870.00
3135G0SQ7	2257	99	Fair Value	06/24/2015	0.00	3,000,000.00	0.00	0.00	0.00	120.00	3,000,120.00
3133EC6F6	2258	99	Fair Value	06/01/2015	0.00	3,000,000.00	0.00	0.00	0.00	-420.00	2,999,580.00
3134G32R0	2259	99	Fair Value	09/24/2015	0.00	3,000,000.00	0.00	0.00	0.00	-2,190.00	2,997,810.00
3133EC7H1	2260	99	Fair Value	08/17/2015	0.00	3,000,000.00	0.00	0.00	0.00	-3,660.00	2,996,340.00
3133ECA61	2261	99	Fair Value	06/18/2015	0.00	2,999,250.00	0.00	0.00	0.00	-2,910.00	2,996,340.00
313381UR4	2262	99	Fair Value	07/30/2015	0.00	3,000,000.00	0.00	0.00	0.00	-570.00	2,999,430.00
				Subtotal	**88,327,075.52**	**42,737,538.00**	**130,434,668.76**	**177,907,337.95**	**0.00**	**-48,505.87**	**83,543,438.47**
				Total	**88,327,075.52**	**42,737,538.00**	**130,434,668.76**	**177,907,337.95**	**0.00**	**-48,505.87**	**83,543,438.47**

Month End
Duration Report
Sorted by Investment Type - Investment Type
Through 01/31/2013

Security ID	Investment #	Fund	Issuer	Investment Class	Book Value	Par Value	Market Value	Current Rate	YTM 360	Current Yield	Maturity/ Call Date	Modified Duration
3133ECA61	2261	99	Federal Farm Credit Bank	Fair	2,999,285.83	3,000,000.00	2,996,340.00	.3200000	0.325	0.372	06/18/2015	2.368
3134G3Y61	2256	99	Federal Home Loan Mortgage	Fair	3,000,000.00	3,000,000.00	3,000,870.00	.3750000	0.370	0.317	12/10/2014	1.431
3133EC7H1	2260	99	Federal Farm Credit Bank	Fair	3,000,000.00	3,000,000.00	2,996,340.00	.3400000	0.335	0.388	08/17/2015	2.529
3133EAEG9	2241	99	Federal Farm Credit Bank	Fair	1,360,000.00	1,360,000.00	1,360,476.00	.5500000	0.542	0.533	02/27/2015	2.053
3133EC6F6	2258	99	Federal Farm Credit Bank	Fair	3,000,000.00	3,000,000.00	2,999,580.00	.3500000	0.345	0.356	06/01/2015	2.320
3135G0SQ7	2257	99	Fannie Mae	Fair	3,000,000.00	3,000,000.00	3,000,120.00	.4000000	0.395	0.398	06/24/2015	2.382
3133EC2L7	2255	99	Federal Farm Credit Bank	Fair	3,000,000.00	3,000,000.00	2,998,920.00	.4400000	0.434	0.453	11/13/2015	2.760
3133EAU30	2253	99	Federal Farm Credit Bank	Fair	2,998,666.47	3,000,000.00	3,000,030.00	.3200000	0.336	0.320	03/12/2015	2.102
313380AV9A	2249	99	Federal Home Loan Bank	Fair	1,030,000.00	1,030,000.00	1,030,082.40	.4500000	0.444	0.446	02/13/2015	2.018
313380AV9	2248	99	Federal Home Loan Bank	Fair	3,000,000.00	3,000,000.00	3,000,240.00	.4500000	0.444	0.446	02/13/2015	2.018
313381UR4	2262	99	Federal Home Loan Bank	Fair	3,000,000.00	3,000,000.00	2,999,430.00	.3750000	0.370	0.383	07/30/2015	2.482
3135G0LF8	2242	99	Federal National Mortage Assoc	Fair	3,000,000.00	3,000,000.00	3,002,970.00	.5000000	0.493	0.445	11/24/2014	1.802
3135G0LL5	2244	99	Federal National Mortage Assoc	Fair	3,000,000.00	3,000,000.00	3,003,090.00	.5500000	0.542	0.494	12/04/2014	1.828
3134G32R0	2259	99	Federal Home Loan Mortgage	Fair	3,000,000.00	3,000,000.00	2,997,810.00	.4000000	0.395	0.428	09/24/2015	2.628
3135G0KS1	2240	99	Federal National Mortage Assoc	Fair	3,000,000.00	3,000,000.00	3,002,640.00	.5600000	0.552	0.516	02/10/2015	2.006
3134G3SS0	2232	99	Federal Home Loan Mortgage	Fair	3,000,000.00	3,000,000.00	3,001,770.00	.5400000	0.533	0.504	09/22/2014	1.629
3135G0KL6	2238	99	Federal National Mortage Assoc	Fair	3,000,000.00	3,000,000.00	3,001,470.00	.5000000	0.493	0.472	10/30/2014	1.735
313380AV9B	2250	99	Federal Home Loan Bank	Fair	2,705,000.00	2,705,000.00	2,705,216.40	.4500000	0.444	0.446	02/13/2015	2.018
313380SU2	2252	99	Federal Home Loan Bank	Fair	3,000,000.00	3,000,000.00	3,000,090.00	.4100000	0.404	0.409	04/15/2015	2.191
3133762C8	2254	99	Federal Home Loan Bank	Fair	3,003,749.33	3,000,000.00	3,004,800.00	.3750000	0.438	0.180	11/27/2013	0.820
2050003183-5	2229	99	California Bank & Trust	Amort	81,326.80	81,326.80	81,326.80	.2800000	0.280	0.280	01/22/2014	0.972
LAIF	9001	99	STATE OF CALIFORNIA	Fair	3,080,145.91	3,080,145.91	3,083,617.95	.3000000	0.296	0.300		0.000
LAIF BABS 2010	9012	99	STATE OF CALIFORNIA	Fair	4,078,130.01	4,078,130.01	4,082,727.00	.3000000	0.296	0.300		0.000
LAIF COPS07	9009	99	STATE OF CALIFORNIA	Fair	0.00	0.00	0.00	1.530000	1.509	1.530		0.000

Month End
Duration Report
Sorted by Investment Type - Investment Type
Through 01/31/2013

Security ID	Investment #	Fund	Issuer	Investment Class	Book Value	Par Value	Market Value	Current Rate	YTM 360	Current Yield	Maturity/ Call Date	Modified Duration
SD COUNTY	9007	99	San Diego County	Fair	19,172,740.90	19,172,740.90	19,104,999.91	.4350000	0.429	0.435		0.000
				Report Total	**82,509,045.25**	**82,507,343.62**	**82,454,956.46**			**0.406**		**1.400**

OTAY
Interest Earnings
Sorted by Fund - Fund
January 1, 2013 - January 31, 2013
Yield on Beginning Book Value

CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Ending Book Value	Maturity Date	Current Rate	Annualized Yield	Adjusted Interest Earnings: Interest Earned	Adjusted Interest Earnings: Amortization/ Accretion	Adjusted Interest Earnings: Adjusted Interest Earnings
Fund: Treasury Fund												
LAIF	9001	99	LA1	3,080,145.91	4,566,662.48	3,080,145.91		0.300	0.377	1,463.80	0.00	1,463.80
UNION MONEY	9002	99	PA1	10,001.04	10,012.03	10,001.04		0.010	0.122	1.04	0.00	1.04
UNION OPERATING	9004	99	PA1	903,424.10	996,448.68	903,424.10		0.250	0.386	326.82	0.00	326.82
SD COUNTY POOL	9007	99	LA3	19,172,740.90	22,153,311.58	19,172,740.90		0.435	0.407	7,650.60	0.00	7,650.60
RESERVE-10 COPS	9010	99	PA1	6,484.01	6,484.01	6,484.01		0.010	0.009	0.05	0.00	0.05
RESERVE-10 BABS	9011	99	PA1	17,650.99	17,650.98	17,650.99		0.010	0.010	0.15	0.00	0.15
LAIF BABS 2010	9012	99	LA1	4,078,130.01	4,074,824.36	4,078,130.01		0.300	0.300	1,038.70	0.00	1,038.70
UBNA-2010 BOND	9013	99	PA1	70,015.05	70,015.05	70,015.05		0.147	0.147	8.74	0.00	8.74
2050003183-5	2229	99	BCD	81,326.80	81,326.80	81,326.80	01/22/2014	0.280	0.284	19.61	0.00	19.61
3134G3SS0	2232	99	MC1	3,000,000.00	3,000,000.00	3,000,000.00	09/22/2014	0.540	0.530	1,350.00	0.00	1,350.00
3135G0KL6	2238	99	MC1	3,000,000.00	3,000,000.00	3,000,000.00	10/30/2014	0.500	0.491	1,250.00	0.00	1,250.00
3135G0KS1	2240	99	MC1	3,000,000.00	3,000,000.00	3,000,000.00	02/10/2015	0.560	0.549	1,400.00	0.00	1,400.00
3133EAEG9	2241	99	MC1	1,360,000.00	1,360,000.00	1,360,000.00	02/27/2015	0.550	0.540	623.34	0.00	623.34
3135G0LF8	2242	99	MC1	3,000,000.00	3,000,000.00	3,000,000.00	11/24/2014	0.500	0.491	1,250.00	0.00	1,250.00
3135G0LL5	2244	99	MC1	3,000,000.00	3,000,000.00	3,000,000.00	12/04/2014	0.550	0.540	1,375.00	0.00	1,375.00
313380AV9	2248	99	MC1	3,000,000.00	3,000,000.00	3,000,000.00	02/13/2015	0.450	0.442	1,125.00	0.00	1,125.00
313380AV9A	2249	99	MC1	1,030,000.00	1,030,000.00	1,030,000.00	02/13/2015	0.450	0.442	386.25	0.00	386.25
313380AV9B	2250	99	MC1	2,705,000.00	2,705,000.00	2,705,000.00	02/13/2015	0.450	0.442	1,014.37	0.00	1,014.37
313380SU2	2252	99	MC1	3,000,000.00	3,000,000.00	3,000,000.00	04/15/2015	0.410	0.402	1,025.00	0.00	1,025.00
3133EAU30	2253	99	MC1	3,000,000.00	2,998,613.90	2,998,666.47	03/12/2015	0.320	0.335	800.00	52.57	852.57
3133762C8	2254	99	MC1	3,000,000.00	3,004,129.33	3,003,749.33	11/27/2013	0.375	0.219	937.50	-380.00	557.50
3133EC2L7	2255	99	MC1	3,000,000.00	3,000,000.00	3,000,000.00	11/13/2015	0.440	0.432	1,100.00	0.00	1,100.00
3134G3Y61	2256	99	MC1	3,000,000.00	3,000,000.00	3,000,000.00	12/10/2014	0.375	0.368	937.50	0.00	937.50
3135G0SQ7	2257	99	MC1	3,000,000.00	3,000,000.00	3,000,000.00	06/24/2015	0.400	0.392	1,000.00	0.00	1,000.00
3133EC6F6	2258	99	MC1	3,000,000.00	3,000,000.00	3,000,000.00	06/01/2015	0.350	0.343	875.00	0.00	875.00
3134G32R0	2259	99	MC1	3,000,000.00	3,000,000.00	3,000,000.00	09/24/2015	0.400	0.392	1,000.00	0.00	1,000.00
3133EC7H1	2260	99	MC1	3,000,000.00	3,000,000.00	3,000,000.00	08/17/2015	0.340	0.334	850.00	0.00	850.00
3133ECA61	2261	99	MC1	3,000,000.00	2,999,260.83	2,999,285.83	06/18/2015	0.320	0.324	800.00	25.00	825.00
313381UR4	2262	99	MC1	3,000,000.00	0.00	3,000,000.00	07/30/2015	0.375	0.190	31.25	0.00	31.25

OTAY
Interest Earnings
January 1, 2013 - January 31, 2013

CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Ending Book Value	Maturity Date	Current Rate	Annualized Yield	Adjusted Interest Earnings: Interest Earned	Adjusted Interest Earnings: Amortization/ Accretion	Adjusted Interest Earnings: Adjusted Interest Earnings
			Subtotal	83,514,918.81	85,073,740.03	83,516,620.44			0.405	29,639.72	-302.43	29,337.29
			Total	83,514,918.81	85,073,740.03	83,516,620.44			0.405	29,639.72	-302.43	29,337.29

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	March 6, 2013
SUBMITTED BY:	Sean Prendergast, Finance Supervisor, Payroll & AP	W.O./G.F. NO:	DIV. NO.
APPROVED BY: (Chief)	Joseph Beachem, Chief Financial Officer		
APPROVED BY: (Asst. GM):	German Alvarez, Assistant General Manager		
SUBJECT:	Accounts Payable Demand List		

PURPOSE:

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

FISCAL IMPACT:

SUMMARY FOR PERIOD 1/24/12-02/20/13	NET DEMANDS
CHECKS (2035927-2036241)	$ 1,962,868.85
VOID CHECKS (2)	$ (872.04)
INVALID CHECKS (2035973-2036029)	$ -
TOTAL CHECKS	$ 1,961,996.81
WIRE TO:	
CALPERS - OTHER POST EMPLOYMENT BENEFITS (MONTHLY)	$ 143,000.00
CITY OF CHULA VISTA - SEWER CHARGES (BI-MONTHLY)	$ 2,877,431.52
CITY TREASURER - RECLAIMED WATER PURCHASE (MONTHLY)	$ 206,531.50
DELTA DENTAL OF CALIF - DENTAL & COBRA CLAIMS (MONTHLY)	$ 17,775.50
SAN DIEGO COUNTY WATER - CAP FEES (QUARTERLY)	$ 185,072.00
SAN DIEGO COUNTY WATER - WATER DELIVERIES (MONTHLY)	$ 2,542,101.00
STATE BOARD OF EQUALIZATION - SALES USE TAX (QUARTERLY)	$ 1,130.00
UNION BANK - CERT OF PARTICIPATION 1996 (MONTHLY)	$ 979.42
UNION BANK - PAYROLL TAXES (MONTHLY)	$ 303,227.56
TOTAL CASH DISBURSEMENTS	**$ 8,239,245.31**

RECOMMENDED ACTION:

That the Board receive the attached list of demands.

Jb/Attachment

CHECK REGISTER

Otay Water District

Date Range: 1/24/2013 - 2/20/2013

Check #	Date	Vendor	Vendor Name	Invoice	Inv. Date	Description	Amount	Check Total
2036087	02/13/13	05619	ABC CONSTRUCTION CO INC	Ref002426677	02/12/13	UB Refund Cst #0000195972	1,927.19	1,927.19
2036088	02/13/13	05619	ABC CONSTRUCTION CO INC	Ref002426679	02/12/13	UB Refund Cst #0000196706	2,034.56	2,034.56
2036030	02/06/13	08488	ABLEFORCE INC	3628	01/15/13	PROGRAMMING SERVICES (1/2/13-1/10/13)	2,932.50	2,932.50
2036148	02/20/13	08488	ABLEFORCE INC	3645	01/23/13	PROGRAMMING SERVICES (1/11/13-1/22/13)	4,111.25	4,111.25
2036031	02/06/13	00179	ACRO INSTRUMENT CO	13904	01/16/13	KUNKLE VALVE CERTIFICATION	65.00	65.00
2036032	02/06/13	11462	AEGIS ENGINEERING MGMT INC	1125	01/07/13	DEVELOPER PLANCHECKS (12/1/12-1/4/13)	8,394.91	
				1137	01/07/13	PLAN CHECKING ((12/1/12-1/4/13)	1,088.20	9,483.11
2036033	02/06/13	07732	AIRGAS SPECIALTY PRODUCTS INC	131273994	01/08/13	AQUA AMMONIA	3,248.51	
				131273993	01/08/13	AQUA AMMONIA	1,406.27	
				131273995	01/08/13	AQUA AMMONIA	630.16	5,284.94
2036149	02/20/13	07732	AIRGAS SPECIALTY PRODUCTS INC	131277633	02/06/13	AQUA AMMONIA	3,684.48	
				131277632	02/06/13	AQUA AMMONIA	1,430.07	5,114.55
2036150	02/20/13	13753	AIRGAS USA LLC	9907659438	01/31/13	BREATHING AIR	39.25	39.25
2036089	02/13/13	13082	ALEGRIA REAL ESTATE	Ref002426672	02/12/13	UB Refund Cst #0000194900	142.63	142.63
2036090	02/13/13	12388	ALEGRIA REAL ESTATE FUND I LLC	Ref002426669	02/12/13	UB Refund Cst #0000193903	76.72	76.72
2036091	02/13/13	14665	ALEGRIA REAL ESTATE LLC	Ref002426673	02/12/13	UB Refund Cst #0000195099	98.43	98.43
2035927	01/30/13	14639	ALENJANDRA NAVES	Ref002426357	01/28/13	UB Refund Cst #0000196019	15.87	15.87
2035928	01/30/13	14256	ALLIANT INSURANCE SERVICES INC	67124	09/06/12	CONSULTING SERVICES (OCT 2012 QTRLY)	6,750.00	
				67129	12/04/12	CONSULTING SERVICES (JAN 2013 QTRLY)	6,750.00	13,500.00
2036092	02/13/13	02362	ALLIED WASTE SERVICES # 509	0509005070729	01/25/13	TRASH SERVICES (FEB 2013)	530.33	530.33
2036151	02/20/13	02362	ALLIED WASTE SERVICES # 509	0509005072444	01/25/13	TRASH SERVICES (2/1/13-2/28/13)	65.54	65.54
2036152	02/20/13	12911	ALTA LAND SURVEYING INC	24	01/31/13	SURVEY SERVICES (ENDING 1/31/13)	11,695.00	11,695.00
2036153	02/20/13	14462	ALYSON CONSULTING	CM201301	01/31/13	CM/INSPECTION FY13-15 (12/17/12-1/31/13)	16,950.00	
				CM201302	01/31/13	CM/INSPECTION FY13-15 (12/17/12-1/31/13)	8,400.00	
				CM201303	01/31/13	CM/INSPECTION FY13-15 (12/17/12-1/31/13)	4,500.00	29,850.00
2036034	02/06/13	06166	AMERICAN MESSAGING	L1109570NB	02/01/13	PAGER SERVICES (JAN 2013)	174.86	174.86
2035929	01/30/13	00002	ANSWER INC	7753	01/22/13	ANSWERING SERVICES (MONTHLY)	1,100.00	1,100.00
2036093	02/13/13	08967	ANTHEM BLUE CROSS EAP	41111	01/25/13	EMPLOYEE ASSISTANCE PROGRAM (FEB 2013)	323.35	323.35
2036094	02/13/13	14658	ANTHONY ST JOHN	Ref002426666	02/12/13	UB Refund Cst #0000193612	105.84	105.84

CHECK REGISTER

Otay Water District

Date Range: 1/24/2013 - 2/20/2013

Check #	Date	Vendor	Vendor Name	Invoice	Inv. Date	Description	Amount	Check Total
2035930	01/30/13	14635	APG FUND I LLC	Ref002426353	01/28/13	UB Refund Cst #0000194292	101.73	101.73
2036095	02/13/13	14635	APG FUND I LLC	Ref002426676	02/12/13	UB Refund Cst #0000195816	92.81	92.81
2036154	02/20/13	14618	AQUA VIDEO ENGINEERING	1306	02/07/13	RESERVOIR CLEANING	2,000.00	2,000.00
2035931	01/30/13	05758	AT&T	61967053090113	01/15/13	PHONE SERVICES (MONTHLY)	32.29	32.29
2035932	01/30/13	05758	AT&T	33784130450113	01/07/13	PHONE SERVICES (1/7/13-2/6/13)	31.71	31.71
2036096	02/13/13	05758	AT&T	082164572801251	01/25/13	PHONE SERVICES (1/25/13-2/24/13)	2,311.45	
				61942256050113	01/20/13	PHONE SERVICES (1/20/13-2/19/13)	54.49	2,365.94
2036097	02/13/13	05758	AT&T	61969851400113	01/24/13	PHONE SERVICES (MONTHLY)	32.29	32.29
2036155	02/20/13	08330	AT&T INTERNET SERVICES	8547826250113	01/22/13	INTERNET BANDWIDTH (1/21/13-2/20/13)	2,028.00	2,028.00
2036035	02/06/13	13947	ATI	40323	01/09/13	HARDWARE MAINTENANCE (12/20/12)	75.00	75.00
2036036	02/06/13	12810	ATKINS	1159115	01/16/13	W & S RATE STRUCTURE (12/3/12-12-30/12)	10,829.00	10,829.00
2036156	02/20/13	12810	ATKINS	1159816	01/24/13	DESIGN SERVICES (ENDING DEC 2012)	3,029.66	
				1160544	02/05/13	W & S RATE STRUCTURE (12/31/12-1/27/13)	2,548.00	5,577.66
2036098	02/13/13	06137	BARBRA SPINALI	Ref002426651	02/12/13	UB Refund Cst #0000064751	136.10	136.10
2036037	02/06/13	00145	BARRETT ENGINEERED PUMPS	083844	01/17/13	BURKS PUMP	1,298.16	1,298.16
2036157	02/20/13	00145	BARRETT ENGINEERED PUMPS	084041	01/31/13	SAMPLE PUMPS	1,594.08	1,594.08
2036038	02/06/13	13715	BENT ON COOKING	004086	02/04/13	WELLNESS PROGRAM	150.00	150.00
2036158	02/20/13	03584	BIOTECHNICAL SERVICES INC	1097702	02/05/13	EQUIPMENT MAINTENACE	1,903.00	1,903.00
2036039	02/06/13	10970	BRENNTAG PACIFIC INC	BPI269245	01/14/13	SODIUM HYPOCHLORITE	2,019.00	
				BPI267315	01/07/13	SODIUM HYPOCHLORITE	1,006.76	
				BPI270448	01/17/13	SODIUM HYPOCHLORITE	972.80	
				BPI267314	01/07/13	SODIUM HYPOCHLORITE	859.97	
				BPI269244	01/14/13	SODIUM HYPOCHLORITE	664.97	
				BPI268445	01/10/13	SODIUM HYPOCHLORITE	622.24	
				BPI267313	01/07/13	SODIUM HYPOCHLORITE	337.41	6,483.15
2036159	02/20/13	10970	BRENNTAG PACIFIC INC	BPI273495	01/28/13	SODIUM HYPOCHLORITE	1,302.55	
				BPI275503	02/04/13	SODIUM HYPOCHLORITE	1,220.38	
				BPI271288	01/21/13	SODIUM HYPOCHLORITE	1,113.02	
				BPI275502	02/01/13	SODIUM HYPOCHLORITE	1,001.28	
				BPI274564	01/31/13	SODIUM HYPOCHLORITE	859.97	
				BPI272612	01/24/13	SODIUM HYPOCHLORITE	723.02	
				BPI271287	01/21/13	SODIUM HYPOCHLORITE	535.71	6,755.93
2036160	02/20/13	10725	CABLES PLUS LLC	72385	01/29/13	FIBER OPTIC CONVERTER	1,158.60	1,158.60

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Otay Water District

Date Range: 1/24/2013 - 2/20/2013

Check #	Date	Vendor	Vendor Name	Invoice	Inv. Date	Description	Amount	Check Total
2036040	02/06/13	02920	CALIFORNIA COMMERCIAL	124210	01/17/13	ASPHALT	398.22	398.22
2036161	02/20/13	02920	CALIFORNIA COMMERCIAL	124391	01/23/13	ASPHALT	2,614.55	2,614.55
2036162	02/20/13	12465	CALIFORNIA SURVEYING DRAFTING	658845	01/29/13	TRIMBLE SOFTWARE MAINTENANCE	265.00	265.00
2036163	02/20/13	01243	CALIFORNIA-NEVADA SECTION	017840213	02/13/13	CERTIFICATE RENEWAL	100.00	100.00
2036164	02/20/13	04071	CAPITOL WEBWORKS LLC	25325	01/31/13	ELECTRONIC FILING FEE (QUARTERLY)	45.00	45.00
2036165	02/20/13	02758	CARMEL BUSINESS SYSTEMS INC	7616	01/01/13	DOCUMENT SERVICES	4,176.35	
				7615	01/01/13	DOCUMENT SERVICES	1,191.94	
				7625	02/01/13	RECORDS MGMT SVCS (1/14/13-1/31/13)	536.10	
				7613	01/01/13	DOCUMENT SERVICES	167.00	6,071.39
2036099	02/13/13	14649	CASS CONSTRUCTION CO	Ref002426657	02/12/13	UB Refund Cst #0000186145	1,252.34	1,252.34
2036100	02/13/13	14672	CASS CONSTRUCTION INC	Ref002426680	02/12/13	UB Refund Cst #0000196988	1,874.45	1,874.45
2036041	02/06/13	04349	CHAMBERS, JONATHAN	004082	01/30/13	SAFETY BOOTS	150.00	150.00
2036166	02/20/13	01788	CHAVARELA, GERARDO	004098	02/12/13	CERTIFICATE RENEWAL	90.00	90.00
2036167	02/20/13	00234	CITY TREASURER	1000069625	01/09/13	RECLAIMED WATER PURCHASE (CY 2012)	254,534.00	254,534.00
2036168	02/20/13	04119	CLARKSON LAB & SUPPLY INC	65641	01/25/13	LABORATORY SUPPLIES	780.84	
				65759	01/31/13	BACTERIOLOGICAL TESTING	148.00	928.84
2036169	02/20/13	13900	COMMUNITY BANK	9	02/01/13	RETENTION / GARCIA JUAREZ (ENDING 1/31/13)	13,513.66	13,513.66
2036101	02/13/13	14566	COMMUNITY HOUSING WORKS	Ref002426675	02/12/13	UB Refund Cst #0000195295	69.45	69.45
2036042	02/06/13	08160	COMPLETE OFFICE	14595390	01/14/13	COPY PAPER	1,071.01	1,071.01
2036170	02/20/13	08160	COMPLETE OFFICE	14636130	01/24/13	TONER	511.89	511.89
2036043	02/06/13	12334	CORODATA MEDIA STORAGE INC	DS1254847	12/31/12	TAPE STORAGE	316.19	316.19
2036102	02/13/13	02612	COUNCIL OF WATER UTILITIES	004089	02/11/13	MEETING REGISTRATION	75.00	75.00
2036044	02/06/13	02122	COUNTY OF SAN DIEGO	1181328	01/16/13	VOC LAB ANALYSIS	594.00	594.00
2036171	02/20/13	07494	COUNTY OF SAN DIEGO	12D11015398211:	02/07/13	INSP CALAVO SEWER REPL PROJ	221.08	221.08
2036103	02/13/13	02756	COX COMMUNICATIONS SAN DIEGO	27170113	01/29/13	INTERNET SERVICES (1/29/13-2/28/13)	1,500.00	
				28810113	01/29/13	INTERNET SERVICES (1/29/13-2/28/13)	1,500.00	3,000.00
2036172	02/20/13	00693	CSDA, SAN DIEGO CHAPTER	004096	02/13/13	QUARTERLY MEETING	234.00	234.00
2035933	01/30/13	06415	CUMMINS CAL PACIFIC LLC	01112532	12/14/12	START UP TESTING, GENSET CP#2 FY12	1,282.05	1,282.05
2036104	02/13/13	06827	CUYAMACA COLLEGE BOTANICAL	ERBXM423S	02/11/13	REGISTRATION FEE	90.00	90.00
2035934	01/30/13	14629	DANIEL FARNHAM	Ref002426347	01/28/13	UB Refund Cst #0000186328	9.48	9.48

CHECK REGISTER

Otay Water District

Date Range: 1/24/2013 - 2/20/2013

Check #	Date	Vendor	Vendor Name	Invoice	Inv. Date	Description	Amount	Check Total
2035935	01/30/13	14636	DANIEL VACHON	Ref002426354	01/28/13	UB Refund Cst #0000194658	51.17	51.17
2036105	02/13/13	14670	DAVE STAUFFER	Ref002426678	02/12/13	UB Refund Cst #0000196537	11.90	11.90
2036106	02/13/13	14008	DELL AWARDS	190309	04/04/12	AWARD	773.65	773.65
2036045	02/06/13	00319	DEPARTMENT OF PUBLIC HEALTH	315810113	01/30/13	CERTIFICATE RENEWAL	90.00	90.00
2036046	02/06/13	03417	DIRECTV	19612135368	01/19/13	SATELLITE TV (1/18/13-2/17/13)	521.88	521.88
2036107	02/13/13	03417	DIRECTV	19730725595	02/05/13	SATELLITE TV (2/4/13-3/3/13)	533.88	533.88
2036108	02/13/13	14654	DONALD BLOOM	Ref002426662	02/12/13	UB Refund Cst #0000188156	72.63	72.63
2036109	02/13/13	02447	EDCO DISPOSAL CORPORATION	1554580113	01/31/13	RECYCLING SERVICES (JAN 2013)	90.00	90.00
2036110	02/13/13	14648	ENRIQUE CRUZ	Ref002426656	02/12/13	UB Refund Cst #0000176872	16.91	16.91
2036173	02/20/13	13825	ENRIQUEZ, LUIS	004099	02/13/13	SAFETY BOOTS	150.00	150.00
2036047	02/06/13	03227	ENVIROMATRIX ANALYTICAL INC	3010574	01/09/13	RECYCLED WATER ANALYSIS(12/19/12-12/28/12)	820.00	
				3010687	01/14/13	RECYCLED WATER ANALYSIS (1/1/13-1/6/13)	470.00	
				3010686	01/14/13	RECYCLED WATER ANALYSIS(12/29/12-12/31/12)	180.00	1,470.00
2036174	02/20/13	03227	ENVIROMATRIX ANALYTICAL INC	3010846	01/21/13	RECYCLED WATER ANALYSIS (1/7/13-1/14/13)	650.00	
				3020343	02/04/13	RECYCLED WATER ANALYSIS (1/19/13-1/24/13)	455.00	
				3011009	01/28/13	RECYCLED WATER ANALYSIS (1/15/13-1/18/13)	335.00	1,440.00
2036048	02/06/13	14320	EUROFINS EATON ANALYTICAL INC	L0109489	01/04/13	OUTSIDE LAB SERVICES (12/27/12)	75.00	
				L0109490	01/04/13	OUTSIDE LAB SERVICES (12/27/12)	20.00	95.00
2036175	02/20/13	14320	EUROFINS EATON ANALYTICAL INC	L0111315	01/24/13	OUTSIDE LAB SERVICES (1/8/13-1/9/13)	255.00	255.00
2035936	01/30/13	14625	FELIX VEGA	Ref002426342	01/28/13	UB Refund Cst #0000067847	55.63	55.63
2036049	02/06/13	03546	FERGUSON WATERWORKS # 1083	0424098	01/11/13	INVENTORY	2,262.62	
				0425617	01/11/13	REDI CLAMPS	1,075.68	3,338.30
2036176	02/20/13	03546	FERGUSON WATERWORKS # 1083	0426434	01/24/13	INVENTORY	3,973.60	
				0427720	01/30/13	INVENTORY	2,854.18	
				0426896	01/21/13	AIR VAC FLANGES	92.88	6,920.66
2036177	02/20/13	12187	FIRST AMERICAN DATA TREE LLC	9003400113	01/31/13	ONLINE DOCUMENTS (1/1/13-1/31/13)	99.00	99.00
2036050	02/06/13	04066	FIRST CHOICE SERVICES - SD	212465	01/07/13	COFFEE SUPPLIES	347.78	347.78
2036178	02/20/13	04066	FIRST CHOICE SERVICES - SD	217876	02/04/13	COFFEE SUPPLIES	429.81	
				215293	01/22/13	COFFEE SUPPLIES	360.03	789.84
2036179	02/20/13	02591	FITNESS TECH	8316	02/01/13	EQUIPMENT MAINTENANCE (FEB 2013)	135.00	135.00
2036051	02/06/13	11962	FLEETWASH INC	X82729	01/18/13	VEHICLE / FLEET WASHING SERVICE	354.78	354.78

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2035937	01/30/13	01612	FRANCHISE TAX BOARD	Ben2426378	01/31/13	BI-WEEKLY PAYROLL DEDUCTION	90.00	90.00
2035938	01/30/13	02344	FRANCHISE TAX BOARD	Ben2426384	01/31/13	BI-WEEKLY PAYROLL DEDUCTION	81.00	81.00
2036111	02/13/13	01612	FRANCHISE TAX BOARD	Ben2426697	02/14/13	BI-WEEKLY PAYROLL DEDUCTION	90.00	90.00
2036112	02/13/13	02344	FRANCHISE TAX BOARD	Ben2426703	02/14/13	BI-WEEKLY PAYROLL DEDUCTION	81.00	81.00
2036180	02/20/13	13563	FRIENDS OF THE WATER	62	01/29/13	GARDEN COSTS (3RD QTR FY 2012-13)	25,521.00	25,521.00
2036181	02/20/13	13716	GARCIA JUAREZ CONSTRUCTION INC	9	02/01/13	CALAVO GARDENS (ENDING 1/31/13)	256,759.58	256,759.58
2036113	02/13/13	14647	GARY CROSS	Ref002426655	02/12/13	UB Refund Cst #0000167992	14.11	14.11
2035939	01/30/13	08723	GARY SOPATA	Ref002426350	01/28/13	UB Refund Cst #0000193883	39.12	39.12
2036182	02/20/13	13828	GERALYN ORCUTT	004102	02/15/13	LANDSCAPE PROGRAM	2,191.00	2,191.00
2036183	02/20/13	14674	GLORIA A VAZQUEZ	004103	02/15/13	LANDSCAPE PROGRAM	1,495.50	1,495.50
2036114	02/13/13	09571	GOVERNMENTJOBS.COM INC	078394	10/01/12	NEOGOV LICENSE (11/25/12-11/24/13)	3,600.00	3,600.00
2036052	02/06/13	00101	GRAINGER INC	9035397463	01/08/13	BOLT CUTTER	199.26	199.26
2036184	02/20/13	00101	GRAINGER INC	9049906408	01/24/13	WAREHOUSE SUPPLIES	984.40	
				9049833321	01/24/13	INVENTORY	194.81	1,179.21
2036053	02/06/13	03289	GRANGER, WILLIAM	15710213	02/06/13	TRAVEL EXPENSES (2/3/13-2/5/13)	91.83	91.83
2036185	02/20/13	12907	GREENRIDGE LANDSCAPE INC	10467	01/29/13	LANDSCAPING SERVICES (JAN 2013)	8,650.00	
				10477	02/05/13	IRRIGATION REPAIR	1,189.00	9,839.00
2036186	02/20/13	03773	GTC SYSTEMS INC	34858	02/01/13	NETWORK SERVICES (FEB 2013)	3,173.00	
				34840	01/31/13	NETWORK SERVICES (JAN 2013)	585.00	3,758.00
2035940	01/30/13	00174	HACH COMPANY	8081918	12/21/12	HACH ANALYZERS	2,557.04	2,557.04
2036187	02/20/13	00201	HARRINGTON INDL PLASTICS LLC	004D2316		CREDIT MEMO	-41.55	
				004D1902	01/23/13	GRIT PUMP PARTS	730.39	
				004D2107	01/30/13	MARCH PUMPS & HACH FILTERS	629.66	
				004D2222	01/31/13	MARCH PUMPS & HACH FILTERS	594.81	
				004D1982	01/25/13	GRIT PUMP PARTS	531.96	2,445.27
2035941	01/30/13	02795	HARTFORD INSURANCE CO, THE	Ben2426364	01/31/13	MONTHLY CONTRIBUTION TO LTD	5,428.92	5,428.92
2035942	01/30/13	04472	HECTOR I MARES-COSSIO	94	01/28/13	CONSULTANT SERVICES (DEC 2012)	3,600.00	3,600.00
2036115	02/13/13	14612	HOME OF GUIDING HANDS	Ref002426658	02/12/13	UB Refund Cst #0000186453	51.18	51.18
2036188	02/20/13	09710	HOMESTEAD TREE SERVICE INC	1524	01/21/13	TREE TRIMMING	600.00	600.00
2036054	02/06/13	12335	HP ENTERPRISE SERVICES LLC	U3028372	01/10/13	CREDIT CARD PYMT SVC (DEC 2012)	2,658.60	2,658.60

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2036189	02/20/13	12285	IDENTICARD SYSTEMS	9320182990	01/22/13	EMPLOYEE ID'S	210.07	210.07
2036055	02/06/13	01649	IDEXX DISTRIBUTION INC	265210552	01/07/13	LABORATORY SUPPLIES	53.41	53.41
2036190	02/20/13	01649	IDEXX DISTRIBUTION INC	265143695	01/04/13	LABORATORY SUPPLIES	2,007.52	2,007.52
2036191	02/20/13	08969	INFOSEND INC	65509	01/25/13	BILL PRINTING SERVICES (JAN 2013)	3,933.16	3,933.16
2036192	02/20/13	02372	INTERIOR PLANT SERVICE INC	3405	01/31/13	PLANT SERVICES (JAN 2013)	205.00	205.00
2036056	02/06/13	13467	INTERNATIONAL INDUSTRIAL PARK	4	01/18/13	REIMBURSEMENT / ALTA RD (11/1/12-12/31/12)	38,897.53	38,897.53
2035943	01/30/13	14624	JANET GREEN	Ref002426341	01/28/13	UB Refund Cst #0000055899	40.98	40.98
2036193	02/20/13	03077	JANI-KING OF CALIFORNIA INC	SDO01130167	01/01/13	JANITORIAL SERVICES (JAN 2013)	1,119.82	1,119.82
2035944	01/30/13	13685	JESSE MENDEZ	Ref002426351	01/28/13	UB Refund Cst #0000193915	46.41	46.41
2036116	02/13/13	11298	JOANNA BRADLEY	Ref002426654	02/12/13	UB Refund Cst #0000154429	111.37	111.37
2036057	02/06/13	01010	JOBS AVAILABLE INC	1302031	01/15/13	JOB POSTING	787.50	787.50
2036194	02/20/13	01010	JOBS AVAILABLE INC	1302031	01/15/13	JOB POSTING	799.50	799.50
2035945	01/30/13	14621	JOHN BEILSTEIN	Ref002426338	01/28/13	UB Refund Cst #0000013469	84.54	84.54
2035946	01/30/13	14622	JOHN DEMOSS	Ref002426339	01/28/13	UB Refund Cst #0000028755	14.03	14.03
2036117	02/13/13	14646	JONELIZ CRUZ	Ref002426653	02/12/13	UB Refund Cst #0000088425	6.52	6.52
2036195	02/20/13	03172	JONES & STOKES ASSOCIATES INC	0091929	01/22/13	ENVIRONMENTAL CONSULTING (11/24/12-12/31/12)	3,351.50	
				0091915	01/22/13	ENVIRONMENTAL CONSULTING (11/24/12-12/31/12)	925.00	4,276.50
2036118	02/13/13	14645	JORGE SALAS	Ref002426652	02/12/13	UB Refund Cst #0000072392	118.27	118.27
2035947	01/30/13	14638	JOYCE SEVERNS	Ref002426356	01/28/13	UB Refund Cst #0000196008	10.90	10.90
2036058	02/06/13	05109	KEARNY PEARSON FORD	OWS001	01/24/13	CP#4 REPLACEMENT PICK UP	22,212.47	22,212.47
2036059	02/06/13	14031	KEITH FORMAN	004084	02/01/13	LANDSCAPE PROGRAM	2,385.00	2,385.00
2036060	02/06/13	05840	KIRK PAVING INC	5287	01/09/13	PAVING SERVICES	6,400.50	6,400.50
2036196	02/20/13	05840	KIRK PAVING INC	5300	01/31/13	PAVING SERVICES	20,403.60	
				5299	01/30/13	PAVING SERVICES	9,202.70	29,606.30
2036061	02/06/13	04996	KNOX ATTORNEY SERVICE INC	118764	12/31/12	DELIVERY SERVICES (11/27/12-12/14/12)	312.50	312.50
2036197	02/20/13	04996	KNOX ATTORNEY SERVICE INC	123718	01/31/13	DELIVERY SERVICES (1/4/13-1/18/13)	250.00	250.00
2036062	02/06/13	14036	KRATOS / HBE	SM40269	01/09/13	ALARM MONITORING (JAN 2013)	55.00	
				SM40270	01/09/13	ALARM MONITORING (JAN 2013)	55.00	
				SM40268	01/09/13	ALARM MONITORING (JAN 2013)	40.00	150.00
2036198	02/20/13	14036	KRATOS / HBE	SM40589	01/31/13	ALARM PAD	390.00	

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				SM40591	01/31/13	CAMERA REPAIR	195.00	
				SM40590	01/31/13	GATE REPAIRS	78.00	663.00
2036063	02/06/13	01859	LA PRENSA SAN DIEGO	24031	01/16/13	JOB POSTING	42.00	42.00
2036199	02/20/13	06497	LAKESIDE LAND COMPANY	268441	01/30/13	LANDFILL	53.16	
				268334	01/23/13	LANDFILL	46.68	99.84
2036064	02/06/13	09511	LAYFIELD ENVIRONMENTAL SYSTEMS	E04398	01/14/13	COVER MAINTENANCE (1/1/13-1/15/13)	5,175.00	5,175.00
2036200	02/20/13	09511	LAYFIELD ENVIRONMENTAL SYSTEMS	1	02/03/13	FLOATING COVER REPL (ENDING 1/31/13)	184,071.05	184,071.05
2036201	02/20/13	06263	LINTNER, JERRY	004097	02/13/13	CERTIFICATE RENEWAL	60.00	60.00
2035948	01/30/13	14588	MARIA GABRIELA LAFARGA	Ref002426344	01/28/13	UB Refund Cst #0000177169	135.81	135.81
2036202	02/20/13	02902	MARSTON+MARSTON INC	2013221	01/31/13	COMMUNITY OUTREACH (JAN 2013)	5,000.00	
				2013222	01/31/13	SPEC PROJ - COMMUNITY OUTREACH (JAN 2013)	957.50	5,957.50
2035949	01/30/13	14627	MARTHA GONZALEZ	Ref002426345	01/28/13	UB Refund Cst #0000177740	36.24	36.24
2036065	02/06/13	01183	MCMASTER-CARR SUPPLY CO	44126200	01/15/13	DOOR CLOSER	237.76	
				44366612	01/17/13	PCV RUBBER INSERT CLAMPS	103.09	340.85
2036203	02/20/13	01183	MCMASTER-CARR SUPPLY CO	45219937	01/31/13	U-BOLTS	132.11	132.11
2036119	02/13/13	14656	MCMILLIN INDIGO II LLC	Ref002426664	02/12/13	UB Refund Cst #0000193037	18.56	18.56
2036120	02/13/13	14656	MCMILLIN INDIGO II LLC	Ref002426665	02/12/13	UB Refund Cst #0000193042	100.79	100.79
2036121	02/13/13	11157	MEXICAN AMERICAN BUSINESS &	004092	02/06/13	REGISTRATION FEES	50.00	50.00
2035950	01/30/13	14631	MICHAEL CONTRERAS	Ref002426349	01/28/13	UB Refund Cst #0000193091	31.92	31.92
2036066	02/06/13	00237	MISSION JANITORIAL & ABRASIVE	34334200	01/07/13	JANITORIAL SUPPLIES	1,050.03	1,050.03
2036204	02/20/13	00237	MISSION JANITORIAL & ABRASIVE	34334201	02/05/13	JANITORIAL SUPPLIES	138.24	138.24
2035951	01/30/13	03523	NATIONAL DEFERRED COMPENSATION	Ben2426376	01/31/13	BI-WEEKLY DEFERRED COMP PLAN	12,780.68	12,780.68
2036122	02/13/13	03523	NATIONAL DEFERRED COMPENSATION	Ben2426695	02/14/13	BI-WEEKLY DEFERRED COMP PLAN	12,178.77	12,178.77
2036205	02/20/13	13690	NEAL ELECTRIC CORP	58233	01/25/13	TSS METER INSTALLATION	2,880.00	
				58234	01/25/13	EFF PS CHLORINE DISPLAY	797.09	3,677.09
2036123	02/13/13	14662	NEW VISTA REALTY	Ref002426670	02/12/13	UB Refund Cst #0000194453	62.41	62.41
2036067	02/06/13	00510	OFFICE DEPOT INC	641255730001	01/17/13	OFFICE SUPPLIES	528.08	
				640219657001	01/11/13	OFFICE SUPPLIES	224.27	
				640235511001	01/11/13	OFFICE SUPPLIES	65.23	
				639480059001	01/09/13	OFFICE SUPPLIES	34.42	
				641256421001	01/17/13	OFFICE SUPPLIES	16.15	868.15

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2036206	02/20/13	00510	OFFICE DEPOT INC	643469185001	01/31/13	OFFICE SUPPLIES	115.95	
				643469433001	02/01/13	OFFICE SUPPLIES	23.75	139.70
2036068	02/06/13	03149	ON SITE LASER LLC	47311	01/08/13	PRINTER SERVICES	365.31	365.31
2035952	01/30/13	03101	OTAY WATER DISTRICT	Ben2426372	01/31/13	BI-WEEKLY PAYROLL DEDUCTION	679.00	679.00
2036124	02/13/13	03101	OTAY WATER DISTRICT	Ben2426691	02/14/13	BI-WEEKLY PAYROLL DEDUCTION	672.00	672.00
2036069	02/06/13	01002	PACIFIC PIPELINE SUPPLY	157821	01/09/13	INDUSTRIAL SUPPLIES	749.52	
				157549	01/09/13	INVENTORY	549.83	1,299.35
2036207	02/20/13	01002	PACIFIC PIPELINE SUPPLY	158228	02/01/13	INVENTORY	3,039.12	
				157114	01/23/13	12" HY-CHECK VALVE	2,156.76	5,195.88
2036125	02/13/13	14651	PATRICK OZBORN	Ref002426659	02/12/13	UB Refund Cst #0000186722	24.69	24.69
2036208	02/20/13	05497	PAYPAL INC	21880840	01/31/13	PHONE PAYMENT SERVICES (JAN 2013)	54.10	54.10
2036070	02/06/13	03790	PENHALL COMPANY	32612	01/15/13	SAW CUTTING SERVICES	210.00	210.00
2036209	02/20/13	03790	PENHALL COMPANY	32679	01/28/13	SAW CUTTING SERVICES	493.75	
				32680	01/28/13	SAW CUTTING SERVICES	275.00	768.75
2036126	02/13/13	14663	PEPPER COFFEY INC	Ref002426671	02/12/13	UB Refund Cst #0000194703	13.39	13.39
2036127	02/13/13	00137	PETTY CASH CUSTODIAN	004093	02/12/13	PETTY CASH	293.98	293.98
2035953	01/30/13	14623	PHILLIP HAYES	Ref002426340	01/28/13	UB Refund Cst #0000041562	10.86	10.86
2035954	01/30/13	14634	PINTAR INVESTMENT CO RESIDL	Ref002426352	01/28/13	UB Refund Cst #0000194090	90.77	90.77
2036210	02/20/13	00053	PITNEY BOWES INC	2001435090	01/21/13	CHECK PRINTER MAINTENANCE	385.82	385.82
2036211	02/20/13	06419	PLANT SOUP INC	868	01/30/13	PROFESSIONAL WRITING SERVICES	855.00	855.00
2036212	02/20/13	01715	PORRAS, PEDRO	004100	02/13/13	TRAVEL ADVANCEMENT (4/16/13-4/19/13)	1,609.76	1,609.76
2036213	02/20/13	07346	PRIME ELECTRICAL SERVICES INC	11007	01/25/13	ELECTRIC SERVICE	1,250.00	1,250.00
2036128	02/13/13	13059	PRIORITY BUILDING SERVICES	33801	12/31/12	RESTROOM CLEANING	600.00	600.00
2036214	02/20/13	13059	PRIORITY BUILDING SERVICES	33627	01/01/13	JANITORIAL SERVICES (JAN 2013)	3,504.00	3,504.00
2035955	01/30/13	07860	PROTECTIVE LIFE INSURANCE CO	1027880113	01/10/13	LIFE INSURANCE PREMIUM (ANNUAL)	1,218.88	1,218.88
2036071	02/06/13	06641	PRUDENTIAL OVERALL SUPPLY	30312841	01/10/13	UNIFORMS, TOWELS & MATS	544.55	
				30314659	01/17/13	UNIFORMS, TOWELS & MATS	357.13	
				30312840	01/10/13	UNIFORMS, TOWELS & MATS	208.29	
				30314658	01/17/13	UNIFORMS, TOWELS & MATS	208.29	
				30312842	01/10/13	UNIFORMS, TOWELS & MATS	173.33	
				30314660	01/17/13	UNIFORMS, TOWELS & MATS	173.33	

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				30312214	01/08/13	UNIFORMS, TOWELS & MATS	109.56	
				30314057	01/15/13	UNIFORMS, TOWELS & MATS	109.56	
				30312843	01/10/13	UNIFORMS, TOWELS & MATS	60.08	
				30314661	01/17/13	UNIFORMS, TOWELS & MATS	56.08	
				30312213	01/08/13	UNIFORMS, TOWELS & MATS	44.71	
				30314056	01/15/13	UNIFORMS, TOWELS & MATS	44.71	2,089.62
2036215	02/20/13	06641	PRUDENTIAL OVERALL SUPPLY	30316170	01/24/13	UNIFORMS, TOWELS & MATS	408.35	
				30317688	01/31/13	UNIFORMS, TOWELS & MATS	360.34	
				30316169	01/24/13	UNIFORMS, TOWELS & MATS	208.29	
				30316171	01/24/13	UNIFORMS, TOWELS & MATS	173.33	
				30317687	01/31/13	UNIFORMS, TOWELS & MATS	170.86	
				30317689	01/31/13	UNIFORMS, TOWELS & MATS	151.14	
				30315548	01/22/13	UNIFORMS, TOWELS & MATS	109.56	
				30318571	02/05/13	UNIFORMS, TOWELS & MATS	95.35	
				30317066	01/29/13	UNIFORMS, TOWELS & MATS	90.79	
				30316172	01/24/13	UNIFORMS, TOWELS & MATS	56.08	
				30317690	01/31/13	UNIFORMS, TOWELS & MATS	56.08	
				30315547	01/22/13	UNIFORMS, TOWELS & MATS	46.71	
				30318570	02/05/13	UNIFORMS, TOWELS & MATS	46.38	
				30317065	01/29/13	UNIFORMS, TOWELS & MATS	45.32	2,018.58
2036072	02/06/13	00078	PUBLIC EMPLOYEES RET SYSTEM	Ben2426370	01/31/13	BI-WEEKLY PERS CONTRIBUTION	155,319.26	155,319.26
2036216	02/20/13	00078	PUBLIC EMPLOYEES RET SYSTEM	Ben2426689	02/14/13	BI-WEEKLY PERS CONTRIBUTION	153,668.05	153,668.05
2036073	02/06/13	01342	R J SAFETY SUPPLY CO INC	30941200	01/18/13	ASBESTOS BAGS	475.20	475.20
2036217	02/20/13	01342	R J SAFETY SUPPLY CO INC	30986200	02/01/13	SAFETY SUPPLIES	792.73	
				30708100	01/23/13	MASK CERTIFICATION	111.98	904.71
2036074	02/06/13	00766	RANROY PRINTING COMPANY	017850	01/07/13	POSTCARDS	1,312.20	1,312.20
2035956	01/30/13	14640	RAP ENGINEERING INC	Ref002426358	01/28/13	UB Refund Cst #0000196559	1,871.57	1,871.57
2036218	02/20/13	00021	RCP BLOCK & BRICK INC	4355931	02/04/13	CONCRETE	186.39	186.39
2036129	02/13/13	14644	ROBERT HOLLAND	Ref002426650	02/12/13	UB Refund Cst #0000033991	151.52	151.52
2036219	02/20/13	14642	RUSSELL P DUNNUM MD APC	13003	01/21/13	FIT-FOR-DUTY EXAM (12/5/12 & 12/20/12)	100.00	100.00
2036130	02/13/13	14652	RYAN SOLOMON	Ref002426660	02/12/13	UB Refund Cst #0000187263	53.76	53.76
2035957	01/30/13	05130	SAFARI MICRO INC	224960	12/19/12	CAMERA SECURITY	3,681.52	3,681.52
2036220	02/20/13	05130	SAFARI MICRO INC	226481	01/31/13	PARTS FOR TOUGHBOOK CF31	429.75	429.75
2036075	02/06/13	11596	SAN DIEGO CONSTRUCTION WELDING	8698	01/07/13	WELDING SERVICES	7,480.00	

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				8699	01/07/13	WELDING SERVICES	7,122.56	14,602.56
2036076	02/06/13	00121	SAN DIEGO GAS & ELECTRIC	004080	01/25/13	UTILITY EXPENSES (MONTHLY)	44,918.72	
				004079	01/24/13	UTILITY EXPENSES (MONTHLY)	32,966.93	
				004081	01/24/13	UTILITY EXPENSES (MONTHLY)	6,079.27	
				004077	01/18/13	UTILITY EXPENSES (MONTHLY)	2,321.82	
				004078	01/23/13	UTILITY EXPENSES (MONTHLY)	797.23	87,083.97
2036131	02/13/13	00121	SAN DIEGO GAS & ELECTRIC	004083	01/28/13	UTILITY EXPENSES (MONTHLY)	3,122.24	3,122.24
2036221	02/20/13	00121	SAN DIEGO GAS & ELECTRIC	004087	02/04/13	UTILITY EXPENSES (MONTHLY)	49,308.68	
				004088	01/31/13	UTILITY EXPENSES (MONTHLY)	12,287.70	61,596.38
2036222	02/20/13	14545	SAN DIEGO GLASS COATINGS CO	1565	01/28/13	WINDOW FILM	9,684.00	9,684.00
2036077	02/06/13	03273	SAN DIEGO READER	174265	01/10/13	JOB POSTINGS	155.20	155.20
2036223	02/20/13	12333	SCHINDLER ELEVATOR CORPORATION	8103359738	01/01/13	ELEVATOR MAINTENANCE (JAN 2013)	416.00	416.00
2036224	02/20/13	07783	SCRIPPS CENTER FOR EXECUTIVE	23028	01/11/13	EXECUTIVE HEALTH EXAM	1,544.54	1,544.54
2035958	01/30/13	14630	SDREOS INC	Ref002426348	01/28/13	UB Refund Cst #0000188181	48.23	48.23
2036078	02/06/13	12904	SEPULVEDA CONSTRUCTION INC	10A	01/09/13	30 INCH PIPELINE (ENDING 12/31/12)	89,532.02	89,532.02
2036225	02/20/13	12904	SEPULVEDA CONSTRUCTION INC	11A	02/05/13	30 INCH POTABLE PIPELINE (ENDING 1/31/13)	65,879.79	65,879.79
2036079	02/06/13	00419	SHAPE PRODUCTS	159621	01/09/13	DISTRIBUTION SUPPLIES	1,271.15	1,271.15
2036132	02/13/13	02660	SILVA, GABRIEL	004095	02/11/13	SAFETY BOOTS	147.13	147.13
2036226	02/20/13	13327	SILVA-SILVA INTERNATIONAL	1302	02/10/13	PROJECT CONSULTANT (JAN 2013)	4,000.00	4,000.00
2036080	02/06/13	12281	SIR SPEEDY PRINTING	3924	01/15/13	BUSINESS CARDS	38.72	38.72
2036227	02/20/13	12281	SIR SPEEDY PRINTING	4080	01/24/13	BUSINESS CARD	38.72	38.72
2036133	02/13/13	14659	SONYA FLORES	Ref002426667	02/12/13	UB Refund Cst #0000193673	51.38	51.38
2036134	02/13/13	14660	SONYA FLORES	Ref002426668	02/12/13	UB Refund Cst #0000193702	51.38	51.38
2036135	02/13/13	14666	SONYA FLORES	Ref002426674	02/12/13	UB Refund Cst #0000195231	57.19	57.19
2036081	02/06/13	11618	SOUTH COAST COPY SYSTEMS	AR113187	08/30/12	COPIER MAINTENANCE (AUG 2012)	16.43	16.43
2036228	02/20/13	11618	SOUTH COAST COPY SYSTEMS	AR121861	01/30/13	COPIER MAINTENANCE	1,682.59	1,682.59
2036229	02/20/13	03103	SOUTHCOAST HEATING &	C50223	01/15/13	AC MAINTENANCE (JAN 2013)	1,068.00	
				C50224	01/15/13	AC MAINTENANCE (JAN 2013)	205.00	1,273.00
2035959	01/30/13	03760	SPANKY'S PORTABLE SERVICES INC	937302	01/04/13	PORTABLE TOILET RENTAL (1/3/13-1/30/13)	98.17	98.17
2036136	02/13/13	03760	SPANKY'S PORTABLE SERVICES INC	937940	01/14/13	PORTABLE TOILET RENTAL (1/12/13-2/8/13)	79.98	

CHECK REGISTER

Otay Water District

Date Range: 1/24/2013 - 2/20/2013

Check #	Date	Vendor	Vendor Name	Invoice	Inv. Date	Description	Amount	Check Total
				937816	01/11/13	PORTABLE TOILET RENTAL (1/11/13-2/7/13)	79.98	
				937815	01/11/13	PORTABLE TOILET RENTAL (1/11/13-2/7/13)	79.98	
				937814	01/11/13	PORTABLE TOILET RENTAL (1/11/13-2/7/13)	79.98	319.92
2036230	02/20/13	03760	SPANKY'S PORTABLE SERVICES INC	939554	01/31/13	PORTABLE TOILET RENTAL (1/31/13-2/27/13)	98.17	
				938773	01/23/13	PORTABLE TOILET RENTAL (1/23/13-2/19/13)	79.98	178.15
2035960	01/30/13	03516	SPECIAL DIST RISK MGMT AUTH	42155	01/09/13	PROP & LIABILITY PREM FY12-13 (PRORATED)	365.73	365.73
2036231	02/20/13	03484	SPECIALTY DOORS & AUTOMATION	38727SD	01/22/13	GATE REPAIR	321.39	321.39
2036082	02/06/13	02354	STANDARD ELECTRONICS	17900	01/07/13	SECURITY MAINTENANCE	1,352.50	
				17960	01/16/13	FIRE PANEL (1/10/13)	501.76	1,854.26
2035961	01/30/13	06281	STATE DISBURSEMENT UNIT	Ben2426382	01/31/13	BI-WEEKLY PAYROLL DEDUCTION	206.81	206.81
2035962	01/30/13	06299	STATE DISBURSEMENT UNIT	Ben2426374	01/31/13	BI-WEEKLY PAYROLL DEDUCTION	237.69	237.69
2035963	01/30/13	06303	STATE DISBURSEMENT UNIT	Ben2426380	01/31/13	BI-WEEKLY PAYROLL DEDUCTION	802.15	802.15
2035964	01/30/13	08533	STATE DISBURSEMENT UNIT	Ben2426386	01/31/13	BI-WEEKLY PAYROLL DEDUCTION	258.00	258.00
2036137	02/13/13	06281	STATE DISBURSEMENT UNIT	Ben2426701	02/14/13	BI-WEEKLY PAYROLL DEDUCTION	206.81	206.81
2036138	02/13/13	06299	STATE DISBURSEMENT UNIT	Ben2426693	02/14/13	BI-WEEKLY PAYROLL DEDUCTION	237.69	237.69
2036139	02/13/13	06303	STATE DISBURSEMENT UNIT	Ben2426699	02/14/13	BI-WEEKLY PAYROLL DEDUCTION	802.15	802.15
2036140	02/13/13	08533	STATE DISBURSEMENT UNIT	Ben2426705	02/14/13	BI-WEEKLY PAYROLL DEDUCTION	258.00	258.00
2036141	02/13/13	00274	STATE OF CALIFORNIA	46145	02/12/13	LICENSE RENEWAL	115.00	115.00
2036232	02/20/13	12809	STUTZ ARTIANO SHINOFF	90814	01/29/13	LEGAL SERVICES (DEC 2012)	15,983.97	15,983.97
2036083	02/06/13	02750	SUPERIOR READY MIX LP	545802	01/17/13	CRUSHED ROCK	194.29	
				545432	01/16/13	CRUSHED ROCK	164.58	358.87
2036233	02/20/13	02750	SUPERIOR READY MIX LP	548322	02/01/13	CRUSHED ROCK	209.11	209.11
2036234	02/20/13	14576	SWIATKOWSKI, KEITH	004101	02/19/13	SAFETY BOOTS	129.60	129.60
2036235	02/20/13	02376	TECHKNOWSION INC	2440	02/04/13	FACTORYLINK SUPPORT	4,553.12	4,553.12
2036142	02/13/13	13564	THE STAR-NEWS PUBLISHING CO	004091	02/06/13	SUBSCRIPTION RENEWAL	90.00	90.00
2036143	02/13/13	14655	TIM MCCORD	Ref002426663	02/12/13	UB Refund Cst #0000193026	61.09	61.09
2035965	01/30/13	14628	TOBY MICHLESKI	Ref002426346	01/28/13	UB Refund Cst #0000186248	10.96	10.96
2036144	02/13/13	14653	TRACY FRY	Ref002426661	02/12/13	UB Refund Cst #0000187780	14.84	14.84
2036236	02/20/13	00427	UNDERGROUND SERVICE ALERT OF	120130473	02/01/13	UNDERGROUND ALERTS (JAN 2013)	372.00	372.00
2036084	02/06/13	14181	UNITED RENTALS (NORTH AMERICA)	108402155001	01/16/13	CONCRETE	404.68	404.68

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Otay Water District

Date Range: 1/24/2013 - 2/20/2013

Check #	Date	Vendor	Vendor Name	Invoice	Inv. Date	Description	Amount	Check Total
2035966	01/30/13	07662	UNITEDHEALTHCARE SPECIALTY	130300000098	01/30/13	AD&D & SUPP LIFE INS (FEB 2013)	5,531.10	5,531.10
2035967	01/30/13	07674	US BANK	O0000000022	12/24/12	CAL CARD EXPENSES (MONTHLY)	23,639.32	23,639.32
2036085	02/06/13	07674	US BANK	A000028	12/24/12	CAL-CARD EXPENSES (MONTHLY)	13,377.59	
				E000024	01/22/13	CAL CARD EXPENSES (MONTHLY)	159.00	13,536.59
2036145	02/13/13	07674	US BANK	004094	11/23/12	CAL CARD EXPENSES (MONTHLY)	3,531.03	
				E000026	01/22/13	CAL CARD EXPENSES (MONTHLY)	214.00	
				004090	01/22/13	CAL CARD EXPENSES (MONTHLY)	27.58	3,772.61
2036237	02/20/13	07674	US BANK	O0000000023	01/22/13	CAL CARD EXPENSES (MONTHLY)	18,155.07	
				A000037	01/22/13	CAL CARD EXPENSES (MONTHLY)	9,457.45	27,612.52
2036238	02/20/13	06829	US SECURITY ASSOCIATES INC	996806	01/31/13	SECURITY SERVICES (JAN 2013)	131.95	131.95
2036239	02/20/13	08028	VALLEY CONSTRUCTION MANAGEMENT	SD100131	01/31/13	CONSTRUCTION MANAGEMENT (1/1/13-1/31/13)	14,115.00	14,115.00
2035968	01/30/13	01095	VANTAGEPOINT TRANSFER AGENTS	Ben2426368	01/31/13	BI-WEEKLY DEFERRED COMP PLAN	13,395.07	13,395.07
2035969	01/30/13	06414	VANTAGEPOINT TRANSFER AGENTS	Ben2426366	01/31/13	BI-WEEKLY 401A PLAN	12,427.24	12,427.24
2036146	02/13/13	01095	VANTAGEPOINT TRANSFER AGENTS	Ben2426687	02/14/13	BI-WEEKLY DEFERRED COMP PLAN	13,326.79	13,326.79
2036147	02/13/13	06414	VANTAGEPOINT TRANSFER AGENTS	Ben2426685	02/14/13	BI-WEEKLY 401A PLAN	9,293.45	9,293.45
2036086	02/06/13	03329	VERIZON WIRELESS	1157751070	01/21/13	WIRELESS SERVICES (12/22/12-1/21/13)	4,501.69	4,501.69
2035970	01/30/13	14637	VIKI'S REALTY SERVICE	Ref002426355	01/28/13	UB Refund Cst #0000194897	89.22	89.22
2035971	01/30/13	14626	VIRGINIA MARTINEZ	Ref002426343	01/28/13	UB Refund Cst #0000175343	102.51	102.51
2036240	02/20/13	07595	WALTERS WHOLESALE ELECTRIC CO	327270601	12/18/12	2-60 HP SOFTSTARTS	4,995.29	4,995.29
2035972	01/30/13	00125	WESTERN PUMP INC	W12710	12/31/12	APCD TEST	1,030.91	
				W12506	12/31/12	DUSTO INSPECTIONS (DEC 2012)	400.00	1,430.91
2036241	02/20/13	00125	WESTERN PUMP INC	W14008	01/31/13	DUSTO INSPECTIONS	400.00	400.00
						Amount Pd Total:		**1,962,868.85**
						Check Grand Total:		**1,962,868.85**

258 Checks