

OTAY WATER DISTRICT
SPECIAL MEETING OF THE BOARD OF DIRECTORS
DISTRICT BOARDROOM

2554 SWEETWATER SPRINGS BOULEVARD
SPRING VALLEY, CALIFORNIA

THURSDAY
September 18, 2008
3:00 P.M.

AGENDA

1. ROLL CALL
2. PLEDGE OF ALLEGIANCE
3. APPROVAL OF AGENDA
4. PUBLIC PARTICIPATION – OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO SPEAK TO THE BOARD ON ANY SUBJECT MATTER WITHIN THE BOARD'S JURISDICTION BUT NOT AN ITEM ON TODAY'S AGENDA

WORKSHOP

5. ACCEPT THE FINDINGS OF THE RATE STUDY, SUPPORT STAFF'S RECOMMENDATION OF THE PHASE-IN OF ALTERNATIVE 3, AND DIRECT STAFF TO DRAFT PROPOSITION 218 NOTICES WITH THE PROPOSED ALTERNATIVE 3 WATER, SEWER, AND RECYCLED RATES (BEACHEM)
6. PRESENTATION OF THE DROUGHT RATE MODEL RESULTS AND REQUEST TO INCLUDE THE PROPOSED DROUGHT STAGE PRICING IN THE PROPOSITION 218 NOTICES FOR ALL POTABLE AND RECYCLED WATER CUSTOMERS (BEACHEM)

ACTION ITEMS

7. CONSIDERATION TO CAST THE DISTRICT'S VOTES TO ELECT REPRESENTATIVES TO THE LOCAL AREA FORMATION COMMISSION SPECIAL DISTRICTS 2008 ELECTIONS (WATTON)
8. ADJOURNMENT

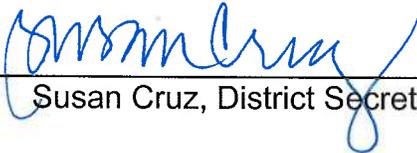
All items appearing on this agenda, whether or not expressly listed for action, may be deliberated and may be subject to action by the Board.

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 670-2280 at least 24 hours prior to the meeting.

Certification of Posting

I certify that on September 12, 2008, I posted a copy of the foregoing agenda near the regular meeting place of the Board of Directors of Otay Water District, said time being at least 24 hours in advance of the special meeting of the Board of Directors (Government Code Section §54954.2).

Executed at Spring Valley, California on September 12, 2008.



Susan Cruz, District Secretary



MEMORANDUM

TO: Board of Directors

File No.

FROM:  Joseph R. Beachem, Chief Financial Officer

Date September
12, 2008

SUBJ: Attachments to Workshop Agenda #5

The staff report and presentation for workshop Item #5 are complete and included in this packet. Attachments B through J are the various 218 Notices and are in final review. In order to provide the Board with additional time to review the staff report and presentation, the packet is being delivered today. The 218 Notices will be delivered on Monday the 15th.



AGENDA ITEM 5

STAFF REPORT

TYPE MEETING:	Special Board	MEETING DATE:	September 18, 2008
SUBMITTED BY:		W.O./G.F. NO:	DIV. NO. All
APPROVED BY: (Chief)	Joseph R. Beachem, Chief Financial Officer		
APPROVED BY: (Asst. GM):	German Alvarez, Assistant General Manager, Finance and Administration		
SUBJECT:	Presentation of the Findings of the Rate Study and Requesting Board's Direction on Proposed Water, Sewer, and Recycled Rates for Inclusion in the Proposition 218 Notices		

GENERAL MANAGER'S RECOMMENDATION:

That the Board accepts the findings of the rate study, support staff's recommendation of the phase-in of Alternative 3, and direct staff to draft Proposition 218 notices with the proposed Alternative 3 water, sewer, and recycled rates.

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To present the findings of the rate study and request the Board's support of staff's recommendation of the phase-in of Alternative 3, and request the Board's direction on the Proposition 218 notices for proposed water, sewer, and recycled rates.

BACKGROUND:

In May of this year, staff requested approval to conduct a rate study with the goal to simplify rates, align costs between customer types, and encourage conservation. On June 23, 2008, the Fiscal Year 2009 Budget was approved. The 2009 Budget includes a January 1, 2009, 12.4% water rate increase and 4.6% sewer rate increase. On August 21, 2008, the General Manager approved a contract with the firm of PBS&J to assist in conducting the rate study and formulating recommendations.

Proposition 218 Process: In order to implement rate changes, the District is required to hold a Prop 218 compliant public hearing. To comply with Prop 218 requirements, a "218 notice"

must be sent at least 45 days prior to the public hearing. This notice must outline the proposed rate changes, their purpose, and how customers may register an objection. Customers will either receive the Prop 218 notice in a direct mailing or, if time permits, it will be delivered in their October bill. If mailing the 218 notices occurs by the end of October, then the Prop 218 hearing will be held during the December 15th Board Meeting, in time to implement the rate changes on January 1, 2009.

Staff proposes that this year's Prop 218 notice be prepared in a similar fashion to last year's successful notices. New information to be included in this year's notice will be messages on the impending drought and water conservation. In addition to mailing the notices, staff plans on having similar information added to the District's website, including updating the rate calculator for both residential water and sewer customers. As in prior years, and because some fees vary by geographic area, the rate calculator will provide an estimated bill. Based on the alternative supported by the Board, the appropriate notice will be sent to all District customers.

ANALYSIS:

Staff is presenting three alternatives for the implementation of the proposed 12.4% water rate and 4.6% sewer rate increases. Each of these alternatives supports the level of service, as outlined in the District's Strategic Plan, and supports the approved 2009 Operating and CIP Budgets. However, only Alternatives 2 and 3 presented below incorporate the recommendations resulting from the rate study conducted by PBS&J referenced above. Also, Alternative 1 does not implement any rate study changes at this time, but simply implements an across the board increase needed to support the FY 2009 Budget.

Staff is recommending Alternative 3, Phase-in Implementation. The three alternatives are:

- 1. Straight Rate Only:** Consists of only the 12.4% water rate increase for both potable and recycled customers and 4.6% sewer rate increase needed to support the approved FY 2009 Operating and CIP Budgets. Also included is a shifting from the Otay system fee to the CWA/MWD fixed fee, and an energy charge increase of only 10.9% as outlined in the approved budget.

2. Full Implementation: Consists of the implementation of all the water and sewer rate changes included in Alternative 1 above, but also includes the cost of service findings with various adjustments between classes with a one-year implementation. These findings include an adjustment of the government rate from \$0.08 to \$0.28 per unit, increasing fixed revenues from 25% to 28%, the implementation of non-residential tiers, the adjustment of residential tiers (both pricing and quantities), the elimination of the over-capacity charge, the elimination of the per-dwelling unit charge, the grouping of residential attached with residential customers, a 12.4% increase on fire service charges, and the resetting of all system fees.

3. Phase-in Implementation: Consists of the full implementation of water and sewer rate increases included in Alternative 2 above, but phases in elements of the cost of service study and other recommended changes over a three-year period as outlined in Table A below. Each of the items listed in Table A is explained in detail in the body of the staff report.

Comparison of Full vs. Phase-in Implementation Alternatives

TABLE A: COMPARISON OF ALTERNATIVES 2 AND 3

Item	Alternative 2 "Full Implementation" Approach	Recommended Alternative 3 "Phase-in" Approach
Items with Differing Implementation Approaches		
Cost of Service (Table D)	1 year implementation	3 year implementation
Government Rate	1 year implementation	3 year implementation
Fixed Charges	1 year implementation	3 year implementation
Residential Tiers - Pricing (Attachment B)	1 year implementation	3 year implementation
Commercial Tiers - Pricing (Attachment B)	1 year implementation	2% differentials (Minimal Tiering)

TABLE A: COMPARISON OF ALTERNATIVES 2 AND 3 (continued)

Item	Alternative 2 "Full Implementation" Approach	Recommended Alternative 3 "Phase-in" Approach
Items with Identical Implementation Approaches		
Residential and Commercial Tier Quantities (Tables F and Attachment B)	Full shifting to new quantities	Same as Full
Over Capacity Fee	Eliminated	Same as Full
Residential Attached	Move to Residential Tiers	Same as Full
\$3.85 dwelling unit charge	Full shifting to variable rates	Same as Full
Energy Charges	Increase 10.9%	Same as Full
Fixed Charges (CWA/MWD)	Fully Reflected	Same as Full

"Full Implementation" Alternative

The immediate full implementation of the rate study findings and the tiered structure will cause some customers' water bills to significantly increase or decrease. This sends a very aggressive conservation signal. The most significant changes to be implemented under the "Full Implementation" alternative are listed in Table B below:

TABLE B: SIGNIFICANT CHANGES UNDER FULL IMPLEMENTATION

Item	Existing	Full Implementation
Cost of Service (Table D)	Imbalance	Immediate Balancing
Government Rate	\$0.08	\$0.28
Fixed vs. Variable	25%	28%
Adjusting Quantity and Pricing for Residential Tiers (Table F and Attachment B)	Moderate Tiering	100% of Full Tiering
Quantity and Pricing for Commercial Tiers (Table E and Attachment B)	None	100% of Full Tiering

"Phase-in" Alternative

As with other significant rate structure changes, staff recommends a phased-in approach for implementing the findings of the rate study. Since the phase-in period would be over three years, this gives District staff time to inform and educate our customers and gives our customers time to respond to the rate structure changes. The most significant changes are listed in Table C below:

TABLE C: SIGNIFICANT CHANGES UNDER PHASE-IN IMPLEMENTATION

Item	Existing	Year 1	Year 2	Year 3
Cost of Service (Table D)		33%	66%	100%
Government Rate	\$0.08	\$0.15	\$0.22	\$0.28
Fixed vs. Variable	25%	26%	27%	28%
Adjusting Quantity and Pricing for Residential Tiers (Table F and Attachment B)	Moderate Tiering	33% to Full Tier	66% to Full Tier	100% of Full Tier
Quantity and Pricing for Commercial Tiers (Table E and Attachment B)	None	Minimal	Minimal	Minimal

For both the "phase-in" and the "full implementation" alternatives, the block structures would be fully implemented while the pricing of the tiers would follow Tables B and C above. In addition, the following would be implemented in both the "phase-in" and "full implementation" alternatives, the shifting from the Otay system fee to the CWA/MWD fixed fee, the energy charge increase of only 10.9% as outlined in the approved budget, the elimination of the over-capacity charge, the elimination of the per-dwelling unit charge, the grouping of residential attached with residential customers, and the resetting of all system fees.

Rate Study

The rate study conducted with PBS&J examined three main topics: 1) cost of service to equitably assign costs to customer types, 2) financial stability, and 3) conservation via a tiered rate structure for commercial (non-residential) customers. Its primary function was to evaluate the cost of service of each customer and to assist staff in formulating recommendations based on the findings. The rate study recommendations also needed to be sensitive to the inherent cost and risk of an overly complex billing methodology.

Cost of Service Findings

The cost of service review is an important tool for water districts and other agencies when setting retail water rates. It is typical for agencies to engage consultants to conduct these studies every three to five years to ensure that revenues collected via rates approximate the cost to provide services. PBS&J explains that over time, imbalances may occur due to changes in usage patterns among customer classes that can be caused by economic growth or downturn, or environmental changes such as drought.

In the cost of service review, PBS&J looked at operating and capital expenses, numbers of customers, and consumption in each group (single-family residential, attached residential, master metered residential, commercial, public, landscape, agriculture, and construction), and then allocated the cost to similar user groups to set targets for revenues to be collected. From this, PBS&J was able to calculate rates based on those costs and the projected units to be sold for each group.

- **Customer Class Imbalance:** This study revealed some recommended pricing adjustments between user groups, based on the above process. Staff was able to compare the historical revenues generated by class to the results of the cost of service to give a general approximation of the impact. These adjustments are implemented immediately via the full implementation alternative and are implemented over three years using the phase-in alternative. Table D shows the groupings of like customers and the approximated impact above or below the overall 12.4% rate increase.

TABLE D: ADJUSTMENTS DUE TO IMBALANCE

Residential	2%
Master Metered	-22%
Commercial/Public	-17%
Landscape/Agriculture/Construction	10%

Residential customers include single-family residential as well as attached residential with individual meters. Historically, these customers have not been grouped together to share the same rate structure; however, PBS&J recommends that due to the similar water patterns, these customers share the same rate structure. These customers will now be able to take advantage of the conservation tier (1 to 5 units).

- **Per Dwelling Unit Charge:** Master metered customers are residential customers who share a meter. These customers will be impacted in a positive way (lower water bills) with the implementation of the cost of service findings. Incorporated into this change is the elimination of the unit charge per dwelling of \$3.85. This change will not only simplify the District's rate structure and help bring about the needed adjustment for cost of service, but will also bring the District in-line with the norm when it comes to rate structures in the industry. (No other agency in the region has this type of charge.)

- **Government Rate:** Another finding of imbalance between classes is with the government rate. All customers, with the exception of public (government), pay property taxes of 1% of assessed value and also pay availability fees. Both of these are collected via the property tax roll. The availability fees provide a means for the District to recover a portion of the cost to install and maintain its distribution system. In the 1960s, Otay established a special government rate in an attempt to more equitably balance the rates and fees paid by governmental and non-governmental customers. The special government rate has not been updated since 1999 and is currently set at \$0.08 per unit of water (hcf). A current analysis of the revenues collected per unit of water shows that non-governmental customers pay an average of \$0.28 per unit of water through the property tax roll. To rebalance rates and fees among customer groupings, staff recommends that the special government rate be increased to \$0.28.

This finding is important especially when looked at with the imbalance shown on Table D above. While the cost of service shows public customers pay too much relative to other customers, the government rate of \$0.08 is too little, significantly offsetting the imbalance. The \$0.20 increase is approximately 10% of the rate currently paid by public customers.

- **Fixed Charges:** To strengthen financial stability, yet stay in compliance with Best Management Practice (BMP) 11, staff looked at resetting fixed revenues at a slightly higher level, in turn reducing the variable revenues. This will bring somewhat greater financial stability while still promoting conservation with relatively high variable revenues. BMP 11 sets the maximum fixed-to-variable revenues at 30% to promote conservation. For the Fiscal

Year 2009 Budget, the fixed revenues were at 25%. Staff recommends moving towards 28% fixed revenues to bring added financial stability and stay in compliance with the BMP. This change has a larger impact on residential customers than it does on non-residential customers, as residential customers generate the majority of the fixed costs of the District. This change is also supported by the cost of service study which reasonably places 28% of the District's cost within the fixed category.

One change placed in all three alternatives is to identify the total fixed charges to the District from MWD/CWA in order to more appropriately reflect the MWD/CWA fixed fee. This shift will increase the portion of the fixed charges attributed to MWD/CWA and decrease the portion attributed to Otay. The net affect of this shifting will not change the overall fixed fee being proposed. For example, in the straight 12.4% option, for the typical $\frac{3}{4}$ " residential customer, the total monthly fixed fee would increase from \$16.15 to \$18.15; the MWD/CWA portion would increase from \$3.85 to \$7.02, while the Otay monthly system fee would decrease from \$12.30 to \$11.14. The specific amounts under each alternative are shown in the attached presentation (Attachment B).

In the past, the District has had one set of fixed fees for residential and one set for non-residential. Based on the cost of service study, the fixed fees are being revised to more appropriately reflect the fixed cost of service. Incorporated in this, PBS&J is recommending that the system fee pricing will not change based on the customer class. This not only follows the recommendation of the cost of service study, but also simplifies the District's rate structure. The detail price changes are specifically outlined in the attached presentation (Attachment B).

Establishing Commercial Tiers

Currently, the District's code has an "over capacity fee" for customers who use a disproportionately high amount of water for their meter size. These fees effectively create a very basic tiered structure for water customers. Staff is proposing to take this existing structure and fold it into an industry standard tiered structure. This will eliminate the "over capacity fees" and replace it with a three-tiered rate structure for all non-residential accounts. By doing this, all Otay customers will have a tiered water rate structure. Currently,

the District has a tiered rate structure for only residential customers.

The tiered rate structure is supported by our rate consultant, PBS&J, and has been incorporated into the cost of service study. Commercial tiers are supported by water conservation groups and many cities and water agencies are moving in this direction. In addition, CWA's drought rate consultant, Dr. Chesnutt, supports this model, and recently KPBS news gave positive coverage to this conservation promoting structure.

In order to maximize the incentive to conserve water, the lower consumption blocks and the corresponding lower rates need to be obtainable by all customers. This can be accomplished equitably by creating more than one set of consumption blocks for each class. Multiple consumption blocks are recommended, some for smaller meters and some for larger meters. This, however, brings added complexity to the rate structure. To balance the need to create incentives with the difficulty of added complexity, recommended are two sets of consumption blocks for Commercial/Public customers and three sets for Landscape/Agriculture/Construction customers, as shown in Table E. This is based on the fact that these groups of customer exhibit similar water usage patterns.

TABLE E: NEW NON-RESIDENTIAL METER SIZE GROUPINGS

	Meter Size Groupings for Consumption Blocks		
Commercial/Public	¾" to 6"	8" +	
Landscape/Agriculture/Construction	¾" to 1"	1 1/2" to 2"	3" +

The rationale for setting blocks based on the AWWA standards is to capture 47% of the consumption in the base tier, which is the average usage during the winter months; 36% of consumption in the second tier, the average usage in the summer months; and the remaining 17% of usage in the highest tier, which exceeds the average usage during the summer months. This AWWA methodology is used for setting the quantities of each of the five tier structures listed in Table E above, as well as the new residential structures mentioned below. These new block quantities are implemented in both the "phase-in" and "full implementation" alternatives. The specific quantities are listed in the attached presentation (Attachment B).

A common tier pricing structure is to set the highest tier price at twice the base tier price, and to set the mid-tier price at

30% higher than the base tier price. This price differential is what drives the incentive for conservation. In the "full implementation" alternative, this pricing structure is fully implemented, while in the "phase-in" alternative, non-residential tiers are set with only 2% pricing differentials to lay the foundation. This puts the District in a position to adjust tier pricing, as needed, to promote conservation and to reach compliance with conservation targets. While the "full implementation" alternative does promote conservation more aggressively, it may be ahead of the public perception of the need for conservation. A "full implementation" of the pricing differential is what makes the tier structure effective while the "phase-in" approach is a more modest approach that can be updated as the needs present themselves.

Adjusting Residential Tiers

The new pricing differentials of 30% and 100%, explained above, are somewhat different than the District's current pricing differentials for residential customers, which are only an 8% differential between the base tier and the mid-tier, and a 59% differential between the highest tier and the base tier. Under the "phase-in" alternative, the existing tier pricing is gradually shifted to the new tier pricing. This is done over three years. However, in the "full implementation" the shift occurs immediately. The specific prices are shown in the attached presentation (Attachment B).

In addition to the three tiers, residential customers who use 10 units of water or less per month are able to access the District's base tier pricing on the first five units of water. This tier (hereafter called the conservation tier) is currently set at 39% lower than the base tier. This differential is maintained in all the alternatives except for the "full implementation," where the rate would have been reduced below the current level. In the "full implementation" alternative, the rate does not change. Again, all the specific prices are shown in the attached presentation (Attachment B).

The last rate study performed five years ago set slightly different consumption targets than what is being recommended with this rate study. The base tier was set to capture 50% of usage, 40% in the second tier, and 10% in the third tier. Using the new consumption targets, the new consumption tiers are shown in Table F below. This change in the consumption targets is fully implemented in both the "phase-in" and the "full implementation" alternatives and brings the third tier usage for residential customers down to 26 units. This rationale also

brings the master metered residential third tier usage down to 10 units. Both of the proposed residential tiers are shown in Table F below. A comparison of the current and proposed tiers is included in the attached presentation (Attachment B).

TABLE F: RESIDENTIAL TIERS - CURRENT VS. PROPOSED

Tier	Residential Individually Metered	Residential Master Metered	Consumption Target	Rationale
1	0 to 10	0 to 4	47%	Winter Average
2	11 to 26	5 to 9	36%	Summer Average
3	27 and over	10 and over	17%	Exceeding Summer Average

Recycled Water Rates

Recycled water rates were not included in the cost of service study conducted. Historically, recycled water rates have been set at 85% of the potable irrigation rate. This discounted rate is offered to increase the usage of recycled water and recognizes the added cost of dual systems. Staff is recommending continuing to set recycled water rates at 85% of the potable irrigation commodity rate. If the recommended tiering is implemented for potable irrigation customers, the recycled rate will also have comparable tiering with rates set at 85% of the corresponding potable irrigation tier. To see the detailed tier quantities and prices, see the attached presentation (Attachment B).

One note, recycled customers only pay the Otay system fee and not the MWD/CWA fixed charge, because recycled water is not supplied by MWD and CWA. Due to the shifting of the Otay system fee to the MWD/CWA fee, the recycled fixed fees will be significantly reduced. Staff has evaluated the overall revenues from recycled system and the revenues will be sufficient in the recommended option to meet the budget requirements

Energy Charges

For energy charges, staff proposes an increase of 10.9% as adopted in the Fiscal Year 2009 Budget. This increase in the energy charge rate is necessary to cover the cost of energy for pumping water. Staff is not recommending a structure change at this time. This information is required to be included in the

Prop 218 notice to our customers. This change will impact both the potable and recycled customers.

Sewer Rate Increase

Staff is recommending an increase of both the monthly system fee and the usage rate by 4.6%. This is consistent with the approved budget. The current rate study did not include an evaluation of sewer costs and at this time staff is not recommending any new rate changes. It is important to note however, that on January 1, 2008, the District established a winter-based consumption sewer charge for its residential customers, and that the Board has already approved a three year phase-in of that change. This is the second year of the phase-in and the maximum usage in the calculation of the usage fee will now increase to 22 units (established at 18 units last year). This change to 22 units from 18 units was included in the prior year's 218 notice and is not required to be placed in this year's 218 notice. Staff, however, will insure that notice is given to all the sewer customers as a reminder to those who already received notices and as a first notice to any new sewer customers.

Fire Services

Fire services were not thoroughly evaluated in this cost of service. Staff intends to evaluate the adequacy of the fire service fees in next year's budget/rate study process. For the January 1, 2009 increase, staff is proposing a flat 12.4% increase in fire service charges.

FISCAL IMPACT:



The cost of printing the Prop 218 notices is approximately \$9,200, and the cost for mailing is estimated to be \$9,200.

STRATEGIC GOAL:

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

LEGAL IMPACT:

None.



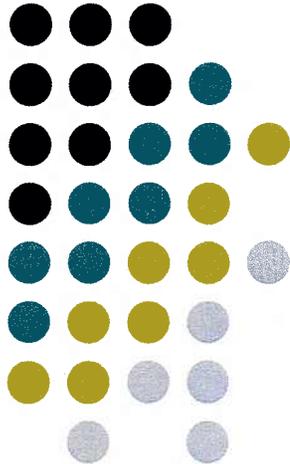
General Manager

Attachments:

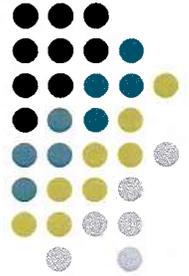
- A) Rate Study and Prop 218 Notices Presentation
- B) Residential Water and Sewer
- C) Residential Water
- D) Residential Sewer
- E) Master Metered Residential Attached
- F) Commercial and Public Water
- G) Landscape Agricultural and Construction Water
- H) Recycled Water
- I) Commercial Sewer
- J) Land Only

Otay Water District

Rate Study and
Proposition 218 Notices



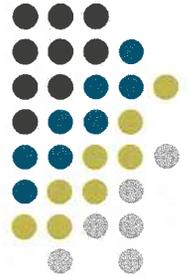
Process



Today we are presenting rate options based on the rate study to be included in the Proposition 218 notices to our customers, and have a draft of the notice for your approval.

- On May 7, 2008 staff received the approval to conduct a rate study, which goals were to simplify rates, bring equity between customers, and encourage conservation
- On June 23, 2008 the Fiscal Year 2009 budget was approved, supported by a 12.4% water rate and 4.6% sewer rate increase
- On August 21, 2008 the General Manager signed a contract with the firm of PBS&J to assist in preparing a rate study
- Today we are asking for the Board to select a rate option to present on the District's Prop 218 notices

Rate Options for 218 Notice



- Potable Water Rates
 - Straight 12.4% rate increase
 - “Phase-in” of Cost of Service Rate Study
 - Full Implementation of Cost of Service Rate Study
- Recycled Water Rates
 - Continue at 85% of Potable Landscape Customers
- Sewer Rates
 - Straight 4.6% rate increase
 - Second year of a three-year phase-in, with a maximum usage fee up to 22 units (already noticed in the 2008 Prop 218 hearing, and approved by the Board)



Potable Water



Status Quo

Across the Board 12.4% Rate Increase

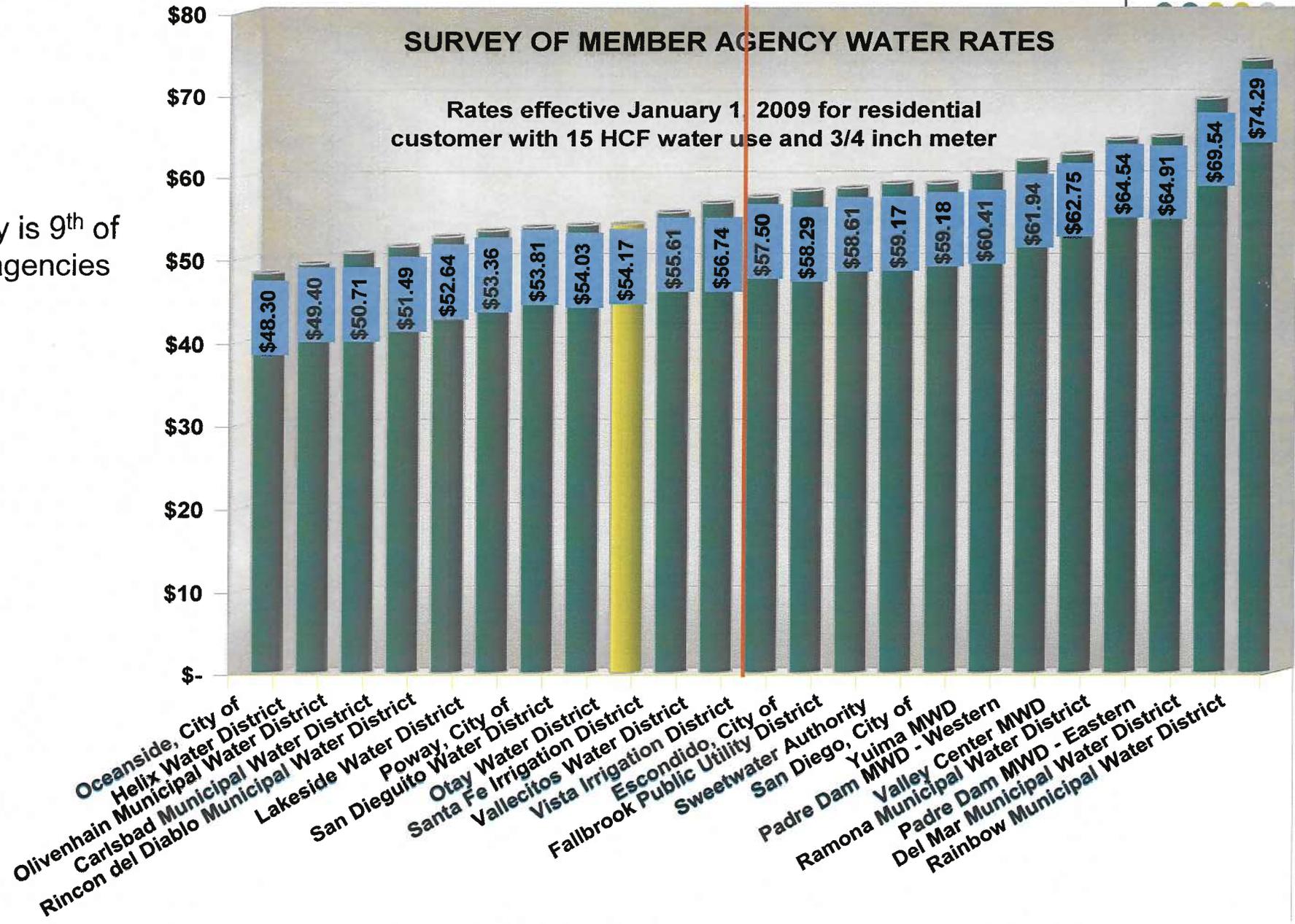
As presented on June 23, 2008 in the FY 2009

Budget



Existing Rate Comparison at 12.4%

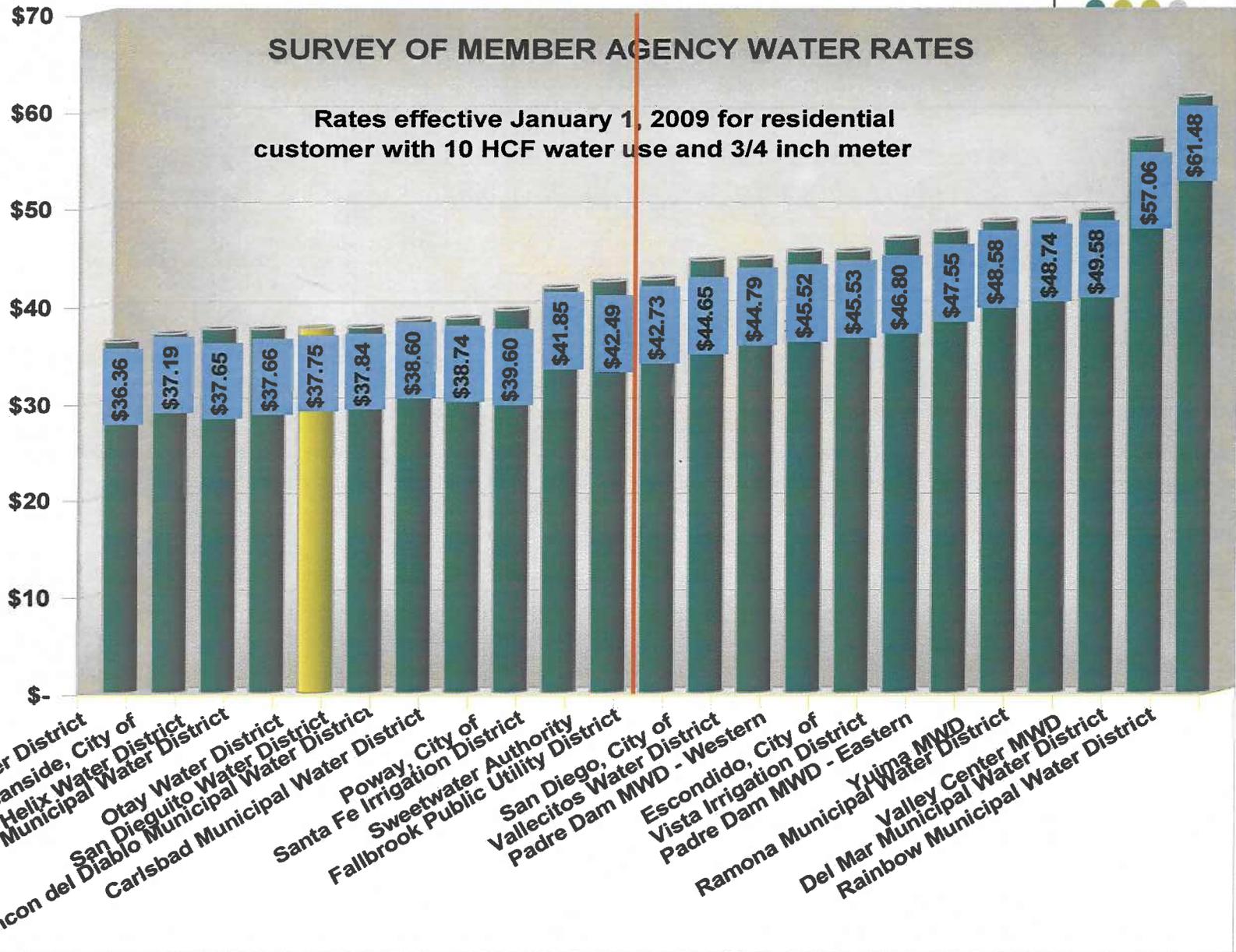
Otay is 9th of 23 agencies



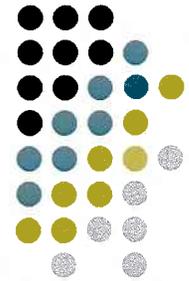
Existing Rate Comparison at 12.4%



Otay is 5th of 23 agencies



Items Examined in Rate Study



●Equity

- Cost of Service Study — by PBS&J
- Government Rate

●Financial Stability

- Fixed vs. Variable Charges — Shift closer to 30%

●Conservation

- Commercial (non-residential) Tiered Rate Structure — Promotes conservation

All done in the context of the Cost of Service Study to maintain and reset equity between customers.

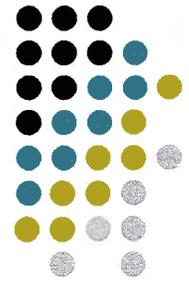


Findings of Rate Study - Equity

- Cost of Service Study
 - Imbalance between classes of customers
 - Over time, this needs to be examined to ensure cost of service is correct between classes:
 - Changes can occur due to changes in usage patterns of various classes
 - Items such as an economic down turn or drought can cause these changes
 - Recommend elimination of the per dwelling unit charge of \$3.85 and only charge a system fee supported by the rate study:
 - This simplifies the rate structure and is recommended by the rate consultant
 - No other agency in the region has this same type of charge

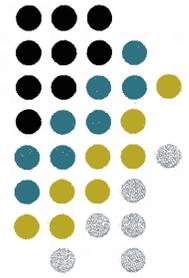
	% Inc/Dec
Residential	2%
Master Metered	-22%
Commercial/Public	-17%
Landscape/Agriculture/Construction	10%

Findings of Rate Study - Equity



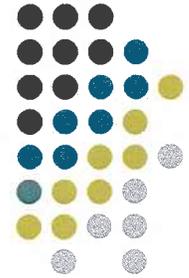
- Increase Government Rate
 - All classes of customers except government pay a 1% Property Tax and Availability fee on the tax roll
 - To ensure equity between customer classes the District implemented this charge in the 1960s
 - This rate has not been updated since 1999. Over time, the 1% property tax has grown to the point where government is now undercharged by 20 cents per unit of water
 - Currently, the rate is \$0.08 per unit and to achieve balance, the rate would have to increase to \$0.28

Findings of Rate Study – Financial Stability



- There is a balance between financial stability and promoting conservation
- BMP 11 sets the maximum fixed to variable revenue ratio at 30% : 70%
- In FY 2008 the District was at 25%. Staff is recommending to move to 28%
- The impact of this change to the average residential customers is approximately \$1.62 per month above the straight 12.4% increase of \$2.01

Findings of Rate Study – Conservation/Commercial Tiers



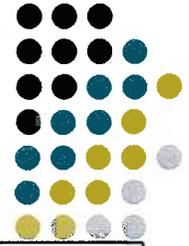
- Move from Over Capacity fee to a 3 tiered commercial rate structure:
 - Supported by PBS&J the District's consultant for the current rate study
 - Supported by conservation groups and the CWA drought rate consultant Dr. Chesnutt
 - Many cities and water districts moving in this direction
 - Recently KPBS news gave this conservation action positive coverage
- Not without its challenges to balance equity with simplicity, the following tiers per meter sizes are proposed:
 - Commercial/Public - two consumption blocks: $\frac{3}{4}$ " to 6" and 8" & larger"
 - Landscape/Agriculture/Construction - three consumption blocks: $\frac{3}{4}$ " to 1", 1 $\frac{1}{2}$ " to 2", and 3" & larger
 - Recycled - four consumption blocks: $\frac{3}{4}$ " to 1", 1 $\frac{1}{2}$ " to 2", 3" to 4", and 6" & larger
- Modest tiering is being recommended initially to lay the foundation; this prepares the District in the event the drought progresses and compliance with conservation targets need to be met

Method for Establishing Tiers

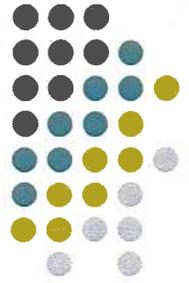


- The rationale for setting the blocks is as follows:
 - 47% in block one - 0 to 10 units represents winter water average
 - 36% of consumption is block two - 11 to 26 units equals summer average usage
 - 17% of consumption in block three - over 26 units equals potentially excessive outdoor water usage
- The rationale for setting the pricing for blocks is:
 - Low usage block is to reward conservation
 - Base usage block has a 30% differential
 - Penalty block has a 100% differential between the 1st block and the 3rd block

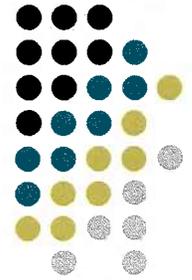
Survey of Rate Structures



<i>NAME OF MEMBER AGENCY</i>	<i>RESIDENTIAL</i>	<i>COMMERCIAL</i>	<i>MASTER METERED</i>	<i>CONSTRUCTION</i>	<i>RECYCLED</i>	<i>DROUGHT</i>
	<i>TIER</i>	<i>TIER</i>	<i>TIER</i>	<i>TIER</i>	<i>TIER</i>	<i>RATE</i>
Carlsbad Municipal Water District	NO	NO	NO	NO	NO	NO
Del Mar Municipal Water District	YES	NO	NO	NO	NO	NO
Escondido, City of	YES	NO	YES	NO	NO	NO
Fallbrook Public Utility District	YES	YES	YES	NO	NO	NO
Helix Water District	YES	NO	NO	NO	NO	NO
Lakeside Water District	YES	NO	NO	NO	NO	NO
Oceanside, City of	YES	NO	NO	NO	NO	NO
Olivenhain Municipal Water District	YES	NO	NO	NO	NO	YES
Otay Water District	YES	YES	YES	YES	YES	YES
Padre Dam MWD - Eastern	YES	NO	NO	NO	NO	NO
Padre Dam MWD - Western	YES	NO	NO	NO	NO	NO
Poway, City of	NO	NO	NO	NO	NO	YES
Rainbow Municipal Water District	NO	NO	NO	NO	NO	NO
Ramona Municipal Water District	NO	NO	NO	NO	NO	NO
Rincon del Diablo Municipal Water District	YES	YES	YES	NO	NO	NO
San Diego, City of	YES	NO	NO	NO	NO	NO
San Dieguito Water District	YES	NO	NO	NO	NO	YES
Santa Fe Irrigation District	YES	NO	NO	NO	NO	NO
Sweetwater Authority	YES	NO	NO	NO	NO	YES
Vallecitos Water District	YES	YES	YES	YES	NO	NO
Valley Center MWD	YES	YES	YES	YES	NO	NO
Vista Irrigation District	YES	NO	NO	NO	NO	NO
Yuima MWD	NO	NO	NO	NO	NO	NO



Phase- In Implementation



Phase-in Implementation

As with other significant rate structure changes, staff has recommended to phase-in these types of changes over a three-year period.

Recommended Implementation Schedule				
	Existing	Year 1	Year 2	Year 3
Cost of Service		33%	66%	100%
Government Rate	\$0.08	\$0.15	\$0.22	\$.028
Fixed vs. Variable	25%	26%	27%	28%
Existing Tiers		33%	66%	100%
Commercial Tiers	none	minimal		

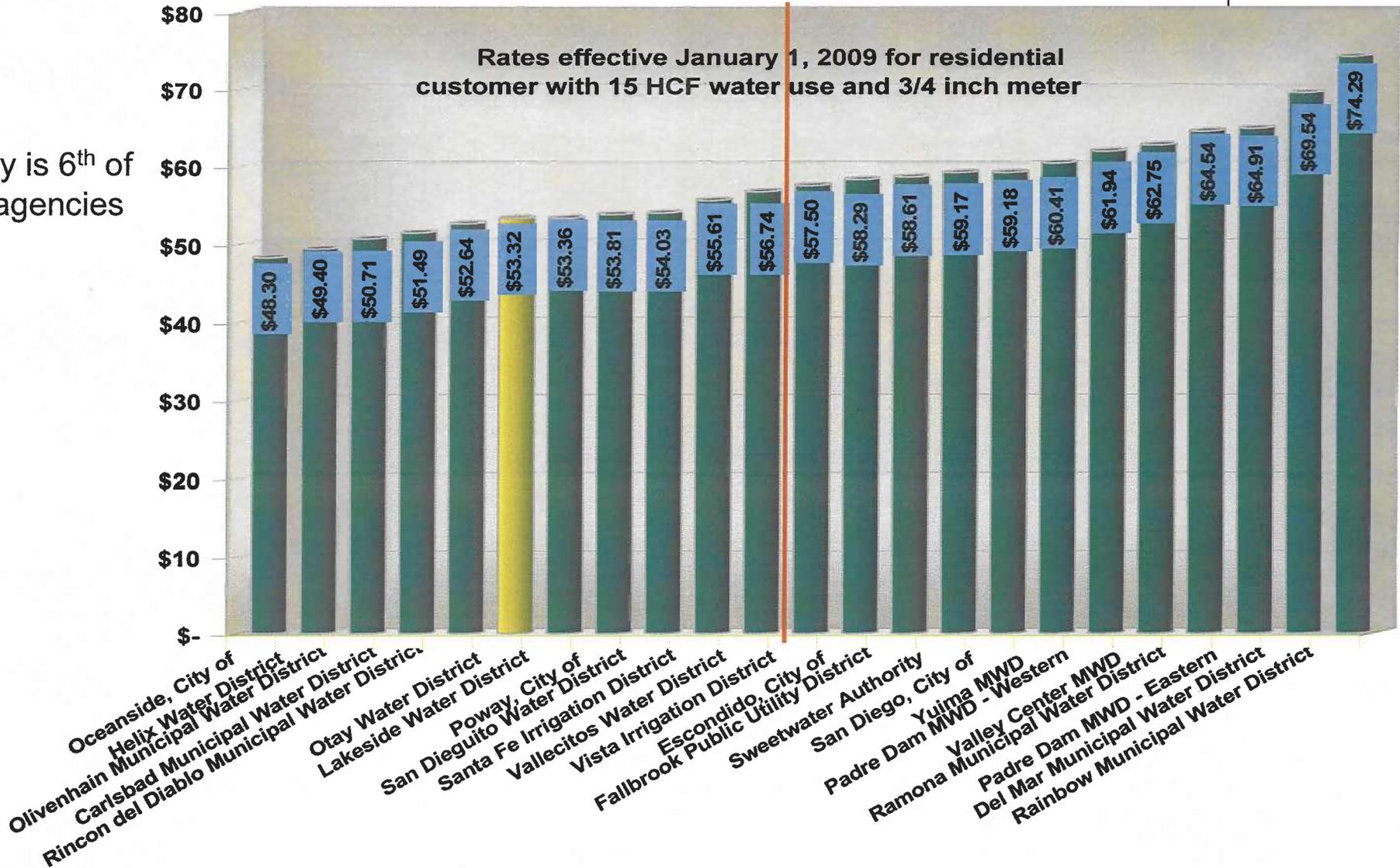
Phase-in Rate Comparison



SURVEY OF MEMBER AGENCY WATER RATES

Rates effective January 1, 2009 for residential customer with 15 HCF water use and 3/4 inch meter

Otay is 6th of 23 agencies



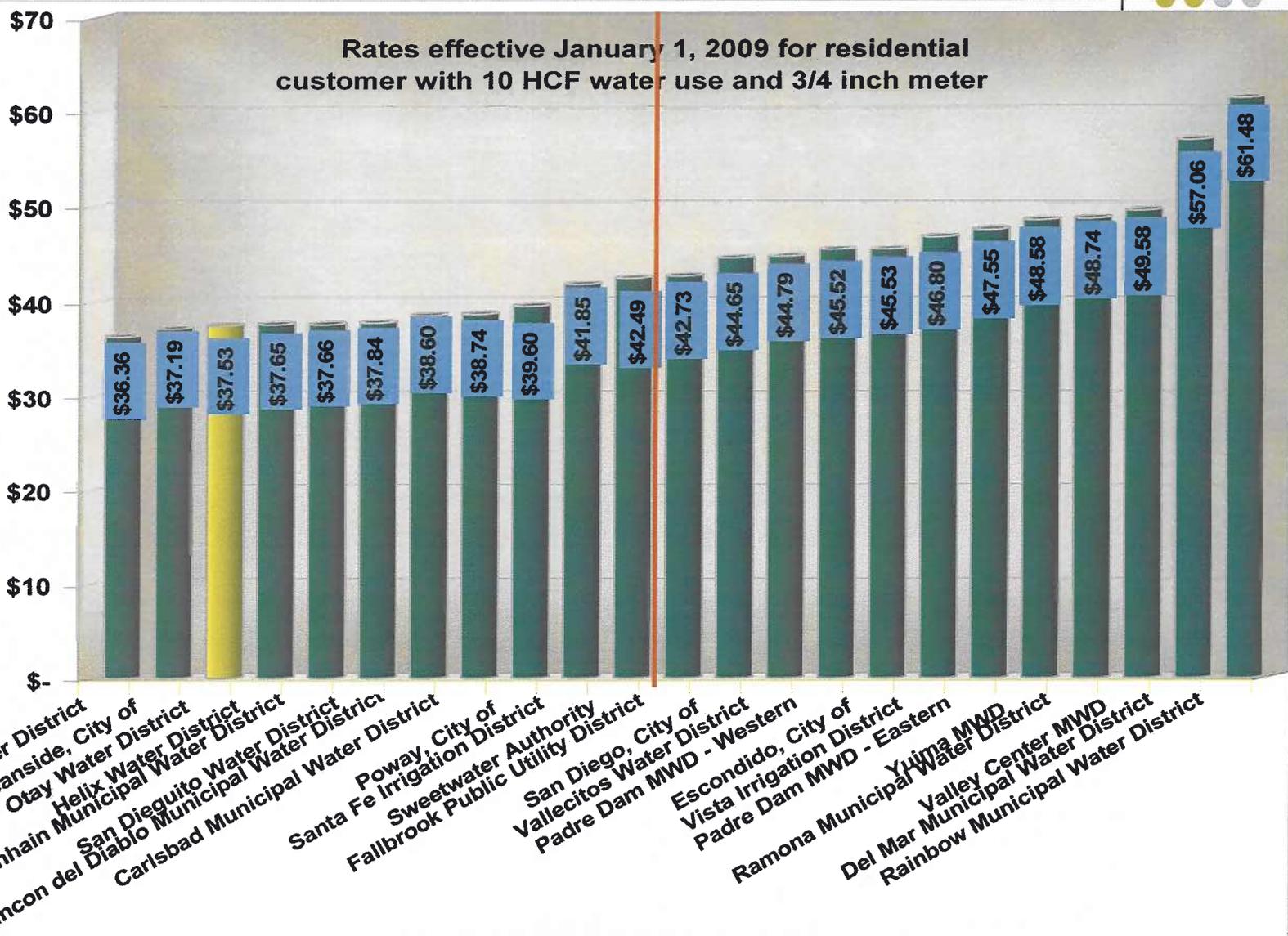
Phase-in Rate Comparison

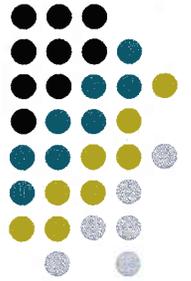


SURVEY OF MEMBER AGENCY WATER RATES

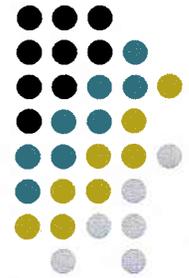
Rates effective January 1, 2009 for residential customer with 10 HCF water use and 3/4 inch meter

Otay is 3rd of 23 agencies





Full Implementation



Full Implementation

Should the Board chose to implement the full effect of the changes the following slides reflect the change.

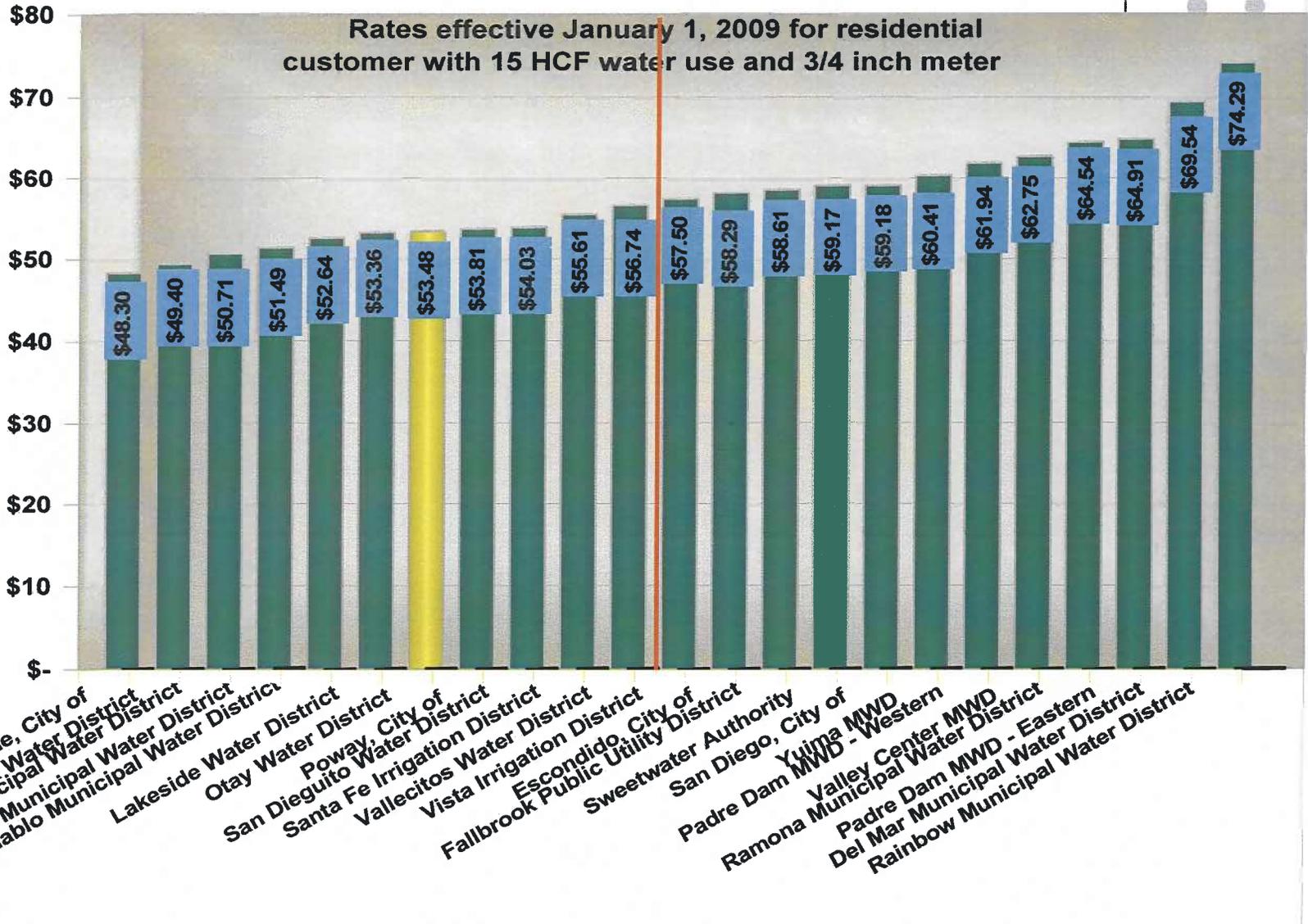
Alternative Implementation Schedule		
	Existing	Proposed
Cost of Service	n/a	100%
Government Rate	\$0.08	\$0.28
Fixed vs. Variable	25%	28%
Commercial Tiers	none	minimal

Full Implementation Comparison

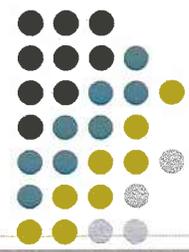
SURVEY OF MEMBER AGENCY WATER RATES



Otay is 7th of 23 agencies



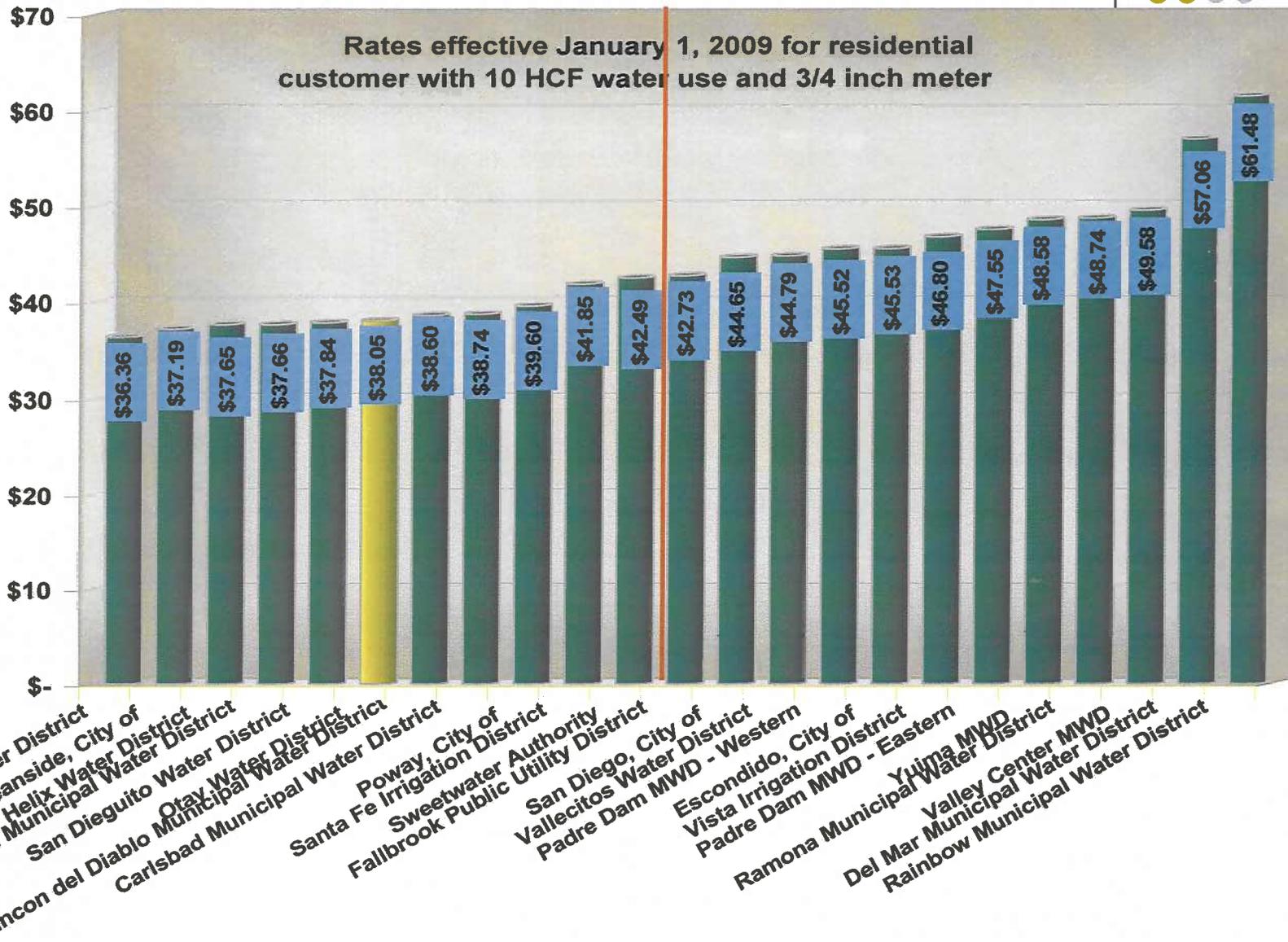
Full Implementation Comparison

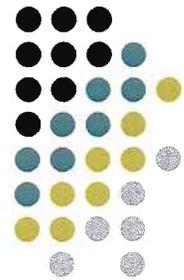


SURVEY OF MEMBER AGENCY WATER RATES

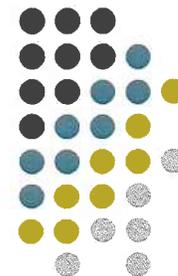
Rates effective January 1, 2009 for residential customer with 10 HCF water use and 3/4 inch meter

Otay is 6th of 23 agencies





Rate Comparisons

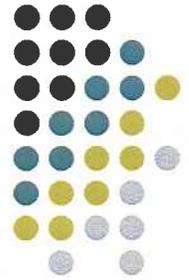


Residential Water Usage Rates

Existing Consumption Block		Existing Rates	Straight 12.40%
Start	End		
0	5	\$ 1.12	\$ 1.26
6	10	\$ 1.85	\$ 2.08
11	35	\$ 2.01	\$ 2.26
36+		\$ 2.94	\$ 3.30

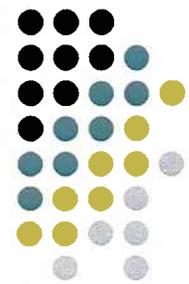
Proposed Consumption Block		Phase-in Rates	Full Rates
Start	End		
0	5	\$ 1.15	\$ 1.12
6	10	\$ 1.90	\$ 1.74
11	26	\$ 2.20	\$ 2.26
27+		\$ 3.27	\$ 3.48

Residential System & MWD/CWA Fee



Meter Size	Existing			Straight 12.4%		
	System Fee	MWD/CWA	Total	System Fee	MWD/CWA	Total
0.75	\$ 12.30	\$ 3.85	\$ 16.15	\$ 11.14	\$ 7.02	\$ 18.16
1	\$ 19.80	\$ 6.15	\$ 25.95	\$ 17.46	\$ 11.71	\$ 29.17
1.5	\$ 38.95	\$ 11.60	\$ 50.55	\$ 33.41	\$ 23.41	\$ 56.82
2	\$ 64.95	\$ 20.05	\$ 85.00	\$ 58.08	\$ 37.46	\$ 95.54

Meter Size	Phase-in Implementation			Full Implementation		
	System Fee	MWD/CWA	Total	System Fee	MWD/CWA	Total
0.75	\$ 12.36	\$ 7.02	\$ 19.39	\$ 13.82	\$ 7.02	\$ 20.85
1	\$ 15.70	\$ 11.71	\$ 27.40	\$ 17.56	\$ 11.71	\$ 29.27
1.5	\$ 24.03	\$ 23.41	\$ 47.45	\$ 26.90	\$ 23.41	\$ 50.31
2	\$ 34.03	\$ 37.46	\$ 71.50	\$ 38.10	\$ 37.46	\$ 75.56



Master Metered Water Usage Rates

Existing Consumption Block		Existing Rates	Straight 12.40%
Start	End		
0	4	\$ 1.85	\$ 2.08
5	15	\$ 2.01	\$ 2.26
16+		\$ 2.94	\$ 3.30

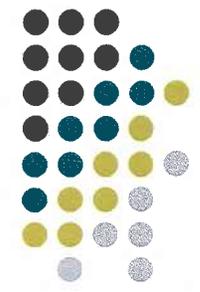
Proposed Consumption Block		Phase-in Rates	Full Rates
Start	End		
0	4	\$ 2.34	\$ 1.72
5	9	\$ 2.71	\$ 2.23
10+		\$ 4.02	\$ 3.43

Commercial & Public Water Usage Rates



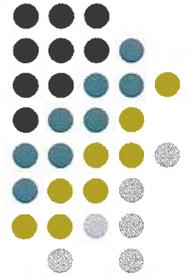
				Existing Rate	Straight 12.4%
				\$ 1.98	\$ 2.23
Less than 8" Meters Consumption Block		8" to 10" Meters Consumption Block		Phase-in Rate	Full Rate
Start	End	Start	End		
0	101	0	7,965	\$ 2.22	\$ 1.46
102	720	7,966	21,761	\$ 2.26	\$ 1.89
721+		21,762+		\$ 2.31	\$ 2.91

Landscape, Agriculture & Construction Water Usage Rates



						Existing Rate	Straight 12.4%
						\$ 1.98	\$ 2.23
3/4" to 1" Meters Consumption Block		1.5 to 2" Meters Consumption Block		3" + Meters Consumption Block		Phase-in Rate	Full Rate
Start	End	Start	End	Start	End		
0	47	0	136	0	651	\$ 2.40	\$ 1.98
48	164	137	415	652	4,064	\$ 2.45	\$ 2.57
165+		416+		4,065+		\$ 2.50	\$ 3.95

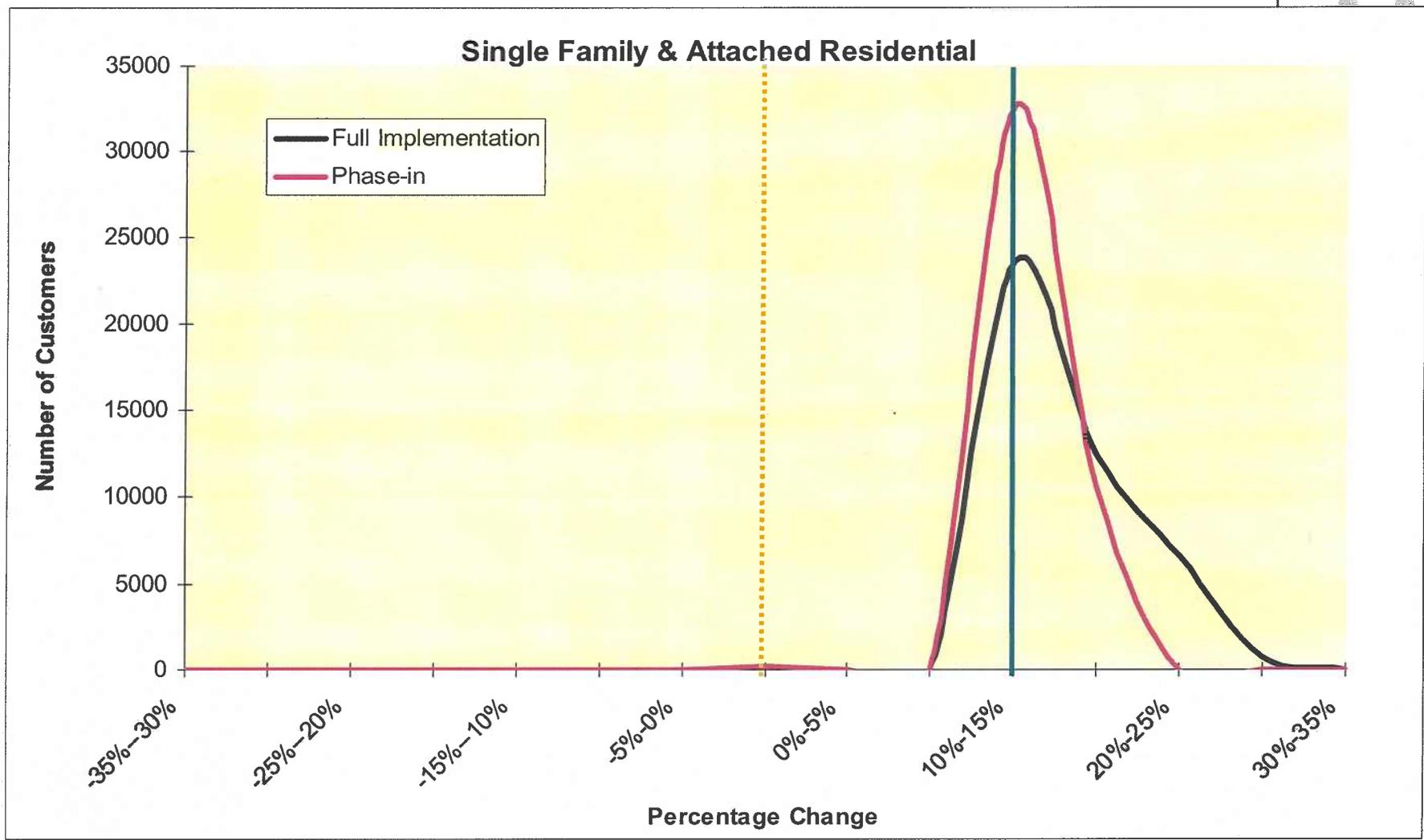
Non- Residential System & MWD/CWA Fees



Meter Size	Existing			Straight 12.4%			Phase-in Implementation			Full Implementation		
	System Fee	MWD/CWA	Total	System Fee	MWD/CWA	Total	System Fee	MWD/CWA	Total	System Fee	MWD/CWA	Total
5/8"	\$ 24.00	\$ 3.85	\$ 27.85	\$ 26.98	\$ 4.33	\$ 31.31	\$ 12.36	\$ 7.02	\$ 19.39	\$ 13.82	\$ 7.02	\$ 20.85
3/4"	\$ 24.00	\$ 3.85	\$ 27.85	\$ 26.98	\$ 4.33	\$ 31.31	\$ 12.36	\$ 7.02	\$ 19.39	\$ 13.82	\$ 7.02	\$ 20.85
1"	\$ 36.95	\$ 6.15	\$ 43.10	\$ 41.53	\$ 6.91	\$ 48.44	\$ 15.70	\$ 11.71	\$ 27.40	\$ 17.56	\$ 11.71	\$ 29.27
1 1/2"	\$ 51.95	\$ 11.60	\$ 63.55	\$ 58.39	\$ 13.04	\$ 71.43	\$ 24.03	\$ 23.41	\$ 47.45	\$ 26.90	\$ 23.41	\$ 50.31
2"	\$ 64.95	\$ 20.05	\$ 85.00	\$ 73.00	\$ 22.54	\$ 95.54	\$ 34.03	\$ 37.46	\$ 71.50	\$ 38.10	\$ 37.46	\$ 75.56
3"	\$ 104.55	\$ 36.95	\$ 141.50	\$ 117.51	\$ 41.53	\$ 159.04	\$ 60.70	\$ 74.92	\$ 135.63	\$ 67.98	\$ 74.92	\$ 142.90
4"	\$ 119.70	\$ 63.15	\$ 182.85	\$ 134.54	\$ 70.98	\$ 205.52	\$ 90.71	\$ 117.07	\$ 207.78	\$ 101.59	\$ 117.07	\$ 218.66
6"	\$ 239.20	\$ 115.50	\$ 354.70	\$ 268.86	\$ 129.82	\$ 398.68	\$ 174.05	\$ 234.14	\$ 408.19	\$ 194.96	\$ 234.14	\$ 429.10
8"			\$ -			\$ -	\$ 274.07	\$ 374.62	\$ 648.69	\$ 307.00	\$ 374.62	\$ 681.62
10"	\$ 456.60	\$ 300.30	\$ 756.90	\$ 513.22	\$ 337.54	\$ 850.76	\$ 390.75	\$ 538.52	\$ 929.27	\$ 437.72	\$ 538.52	\$ 976.23

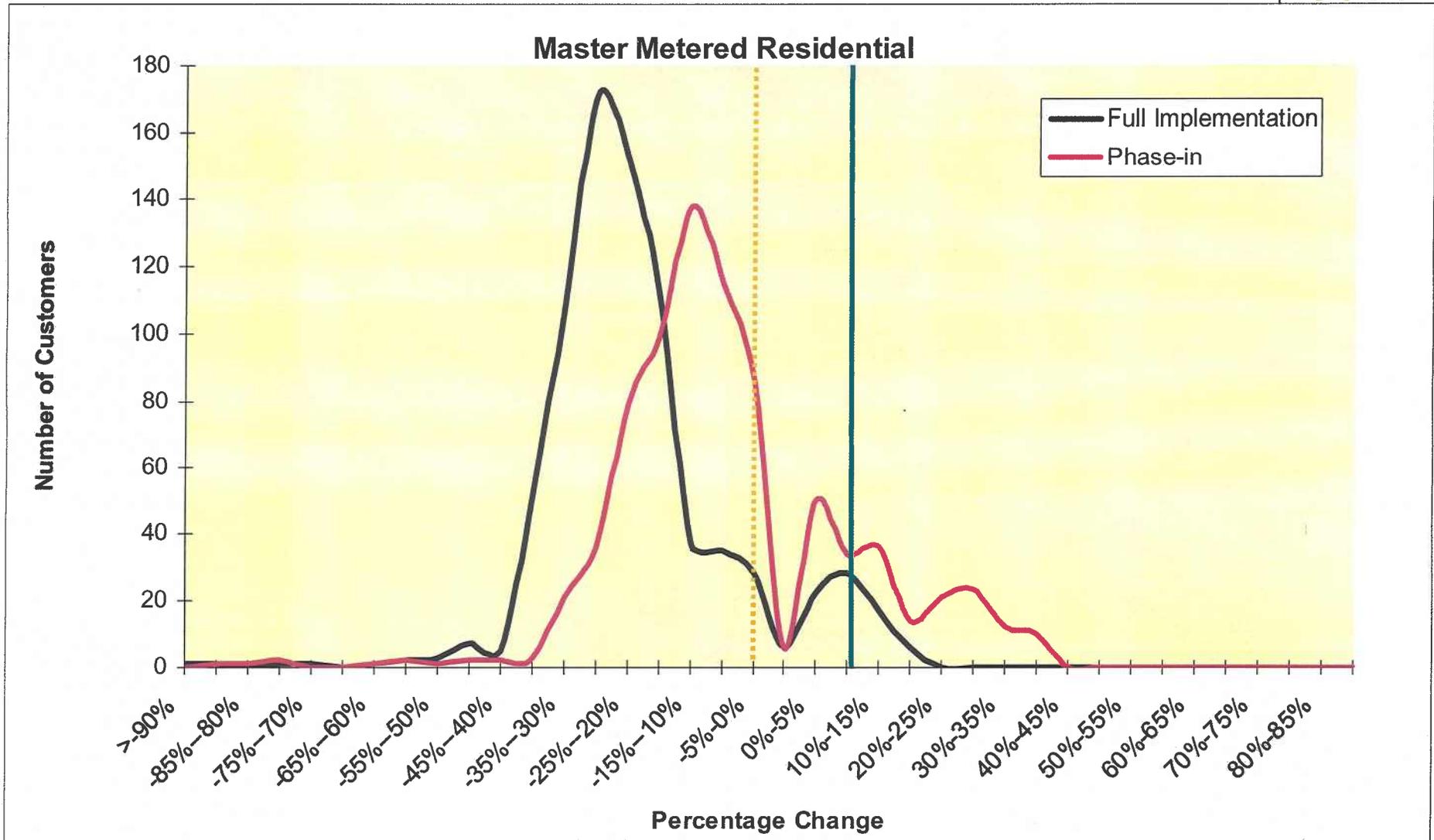


Phase-in vs. Full Implementation

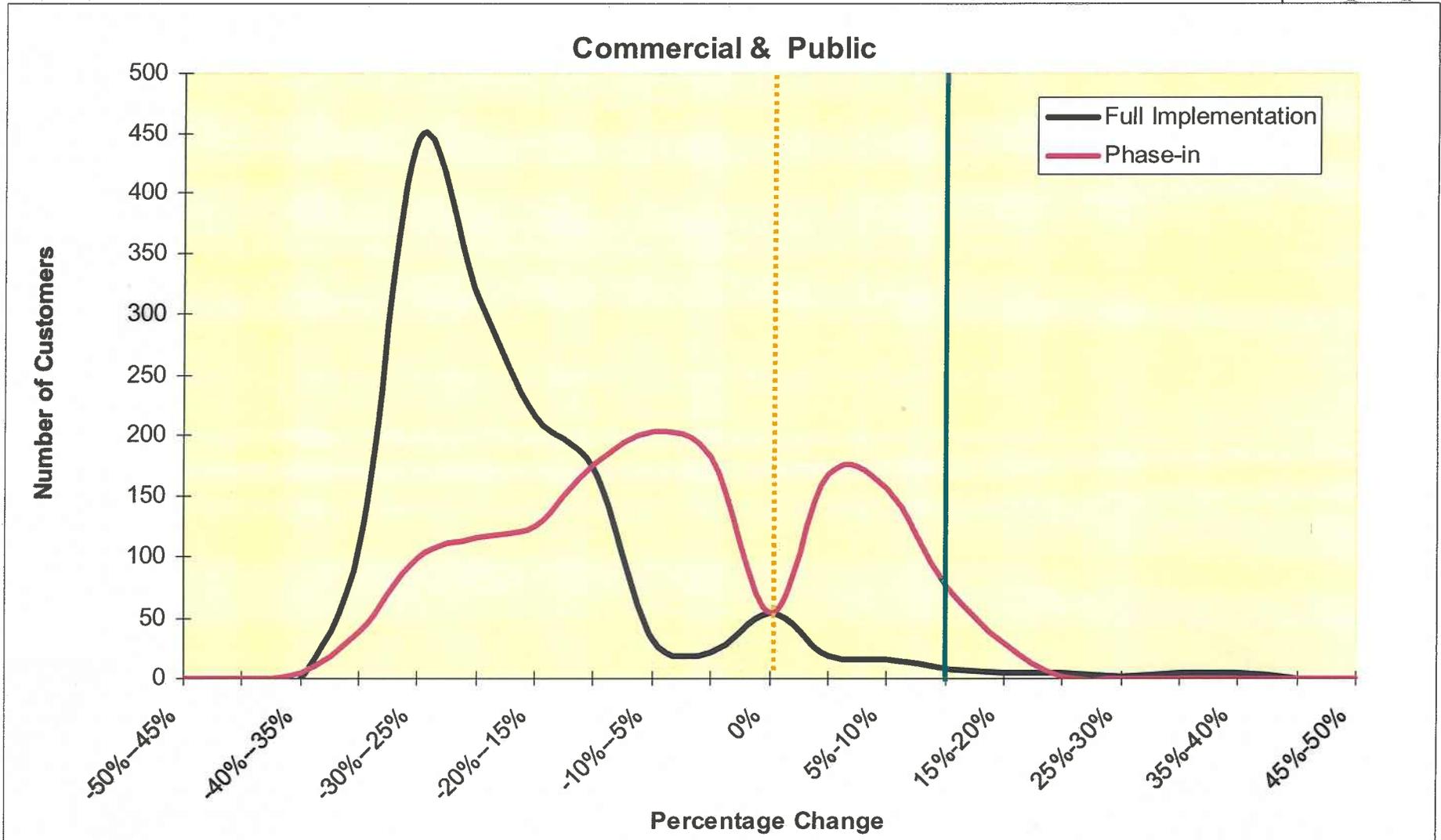




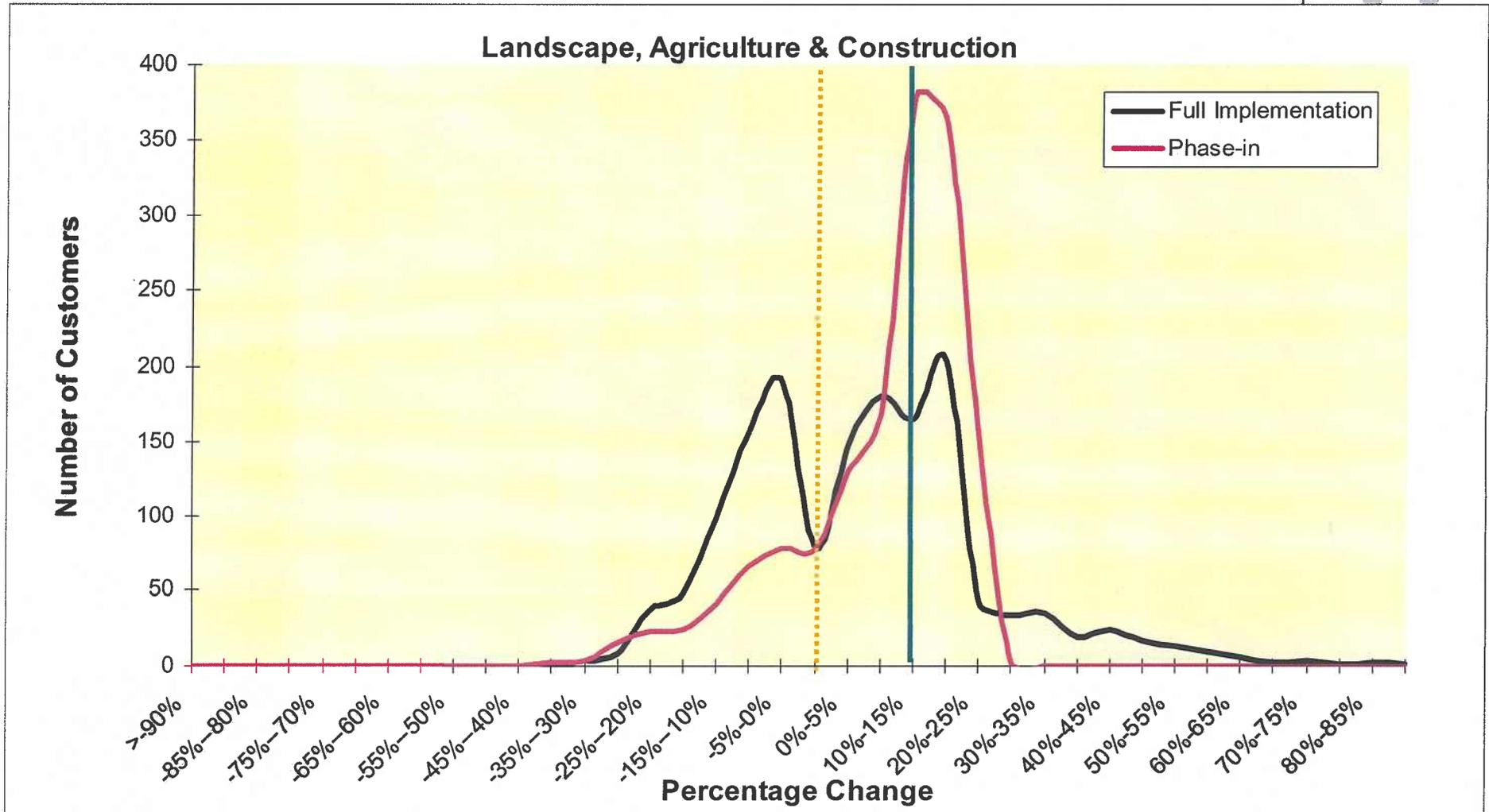
Phase-in vs. Full Implementation

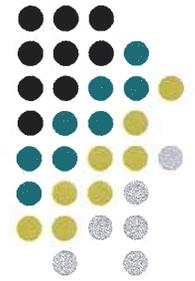


Phase-in vs. Full Implementation



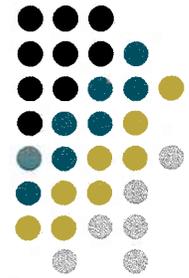
Phase-in vs. Full Implementation





Recycled Water

Recycled Water Rates



- Recycled water is used for irrigation purposes and historically has been set at 85% of the average potable irrigation rate
- The CWA and MWD contracts eliminate the financial incentives if rates are less than 85%
- This discounted rate is offered as an incentive for the usage of recycled water and recognizes the added cost of dual systems
- This has been a policy decision by the Board and staff is recommending that no change be made to this practice
- Recycled customers do not pay MWD/CWA fixed charge, proposed system fees will be the same as potable

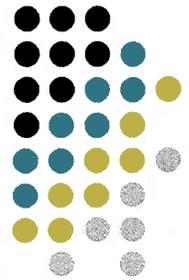


Recycled Water Usage Rates

								Existing	Straight
								Rate	12.4%
								\$ 1.68	\$ 1.90
3/4" to 1" Meters Consumption Block		1.5" to 2" Meters Consumption Block		3" to 4" Meters Consumption Block		6" to 10" Meters Consumption Block		Phase-in	Full
Start	End	Start	End	Start	End	Start	End	Rate	Rate
0	45	0	159	0	400	0	7,955	\$ 2.04	\$ 1.68
46	136	160	465	401	1,005	7,956	17,550	\$ 2.08	\$ 2.13
137+		466+		1,006+		17,551+		\$ 2.13	\$ 3.36

Note: Based on rates set at 85% of the Landscape rate, under each option.

Fixed System Fees - Recycled

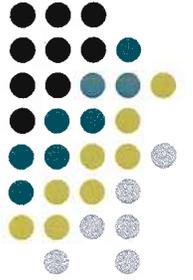


Meter Size	Existing	Straight 12.4%	Phase-in Implementation	Full Implementation
5/8"	\$ 24.00	\$ 26.98	\$ 12.36	\$ 13.82
3/4"	\$ 24.00	\$ 26.98	\$ 12.36	\$ 13.82
1"	\$ 36.95	\$ 41.53	\$ 15.70	\$ 17.56
1 1/2"	\$ 51.95	\$ 58.39	\$ 24.03	\$ 26.90
2"	\$ 64.95	\$ 73.00	\$ 34.03	\$ 38.10
3"	\$ 104.55	\$ 117.51	\$ 60.70	\$ 67.98
4"	\$ 119.70	\$ 134.54	\$ 90.71	\$ 101.59
6"	\$ 239.20	\$ 268.86	\$ 174.05	\$ 194.96
8"			\$ 274.07	\$ 307.00
10"	\$ 456.60	\$ 513.22	\$ 390.75	\$ 437.72

Energy Charges & Fire Service

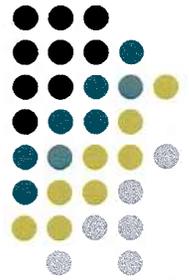


- Increase Energy Charges by 10.91% as adopted in the FY 2009 Budget from \$0.034 to \$0.037 per 100 cubic feet of lift
- This increase is to cover the energy cost of pumping
- Increase the Fire Service fee by 12.4%
- No change in the rate structure for Energy or Fire Service
- Changes included in Prop 218 notice

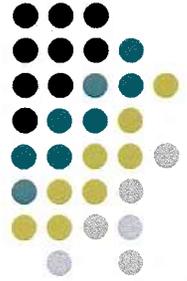


Sewer

Sewer



- In FY 2008 the District established winter-based consumption sewer charges
- The Board approved the FY 2009 budget which is supported by a 4.6% rate increase for sewer
- Staff recommends an across-the-board increase to fixed and variable charges
 - The second year of the phase-in changes the maximum usage fee basis to 22 units (already approved in the 2008 Prop 218 hearing)



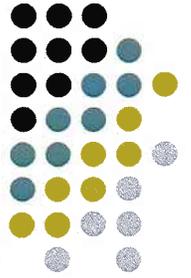
Sewer Rates (4.6% increase)

Meter Size	Existing System Fee	Proposed System Fee
3/4'	\$ 9.75	\$ 10.20
1"	\$ 14.25	\$ 14.90

Usage Charge	Usage Charge
\$ 1.41	\$ 1.47

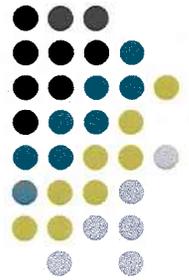
Maximum bill for calendar year 2009 $\$10.20 + (1.47 \times 22) = \42.54

\$54 per ASU for sewer debt to be included in 218 notice



Prop 218 Notices

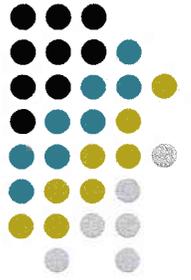
Proposition 218 Notices



- Key Dates

- Board Workshop September 18, 2008
- Board final review of 218 Notices October 9, 2008 (if needed)
- 4 weeks to prepare and print the notices with any requested changes
- Send the notices no later than October 31, 2008, 45 days prior to the Public Hearing on December, 15, 2008
- Implementation date of January 1, 2009

Questions?



AGENDA ITEM 6



STAFF REPORT

TYPE MEETING:	Special Board	MEETING DATE:	September 18, 2008
SUBMITTED BY:		W.O./G.F. NO:	DIV. NO. All
APPROVED BY: (Chief)	Joseph R. Beachem, Chief Financial Officer		
APPROVED BY: (Asst. GM):	German Alvarez, Assistant General Manager, Finance and Administration		
SUBJECT:	Presentation of the Drought Rate Model Results and Request to include the Proposed Drought Stage Pricing in the Proposition 218 Notices for All Potable and Recycled Water Customers		

GENERAL MANAGER'S RECOMMENDATION:

That the Board accepts the results of the Drought Rate Model and support staff's recommendation to include the proposed drought stage pricing in the Proposition 218 notices for all potable and recycled water customers.

COMMITTEE ACTION:

None.

PURPOSE:

To present the Drought Rate Model results and request the Board's approval to include the recommended drought stage pricing in the Proposition 218 notices for all potable and recycled water customers.

Background:

As the possibility of water cutbacks becomes more of a reality and as the entire state is preparing to promote and cause significant water conservation, the financial impact of reduced water sales must be anticipated. Staff's recommendation for drought stage pricing is designed to offset the reduced revenues and create a net

revenue neutral position for the District. The recommended drought stage pricing was developed using the CWA Drought Pricing Model and is summarized in Table A. This recommendation is in concert with the recommended implementation of the "phase-in" alternative for the January 1, 2009, 12.4% rate increase. The drought rates that correspond to the alternative rate implementations are summarized in Tables B and C.

Proposition 218 Notice and Hearing:

To implement the proposed drought stage pricing a Proposition 218 notice and hearing are required. If action is taken on both the proposed drought stage pricing and the selection of a 2009 rate alternative, then both of these will be included in the 218 notice thereby avoiding the additional cost of a separate notification.

ANALYSIS:

Drought Pricing Model

As reported in the June 10, 2008 update to the Board regarding the District's drought response conservation program, the drought stage pricing is intended to be revenue neutral. While the pricing signals of the drought stages will certainly motivate conservation, these pricing signals are designed to work hand-in-hand with the District's tiered water rates and the conservation program. The desired result is to achieve the targeted revenue and water-use reductions.

The recommended drought stage price increases were developed using the CWA Drought Rate Model. Dr. Chesnutt, a consultant for CWA, worked with CWA staff to create a model to be available as a tool for use by all the cities and districts in San Diego County. Staff has been working with CWA's staff and consultant in a successful effort to understand and implement the CWA Drought Rate Model.

This model was designed to take into account the following items:

- reduced water purchases
- conservation compliance
- conservation program costs
- price elasticity of water
- potential penalties for non-compliance with the water cutbacks

When each of these factors have been estimated and entered into the model, along with the detailed consumption information for all District customers, the model is able to run various scenarios.

Working with CWA and Dr. Chesnutt, staff was successful in implementing this model and is able to run numerous rate structures to achieve a revenue neutral position. The model is designed to identify how much rates need to be modified in order to offset the reduced revenue from conservation.

Drought Stage Pricing

The recommended drought stage pricing for all water and recycled customers is shown in Table A below. This pricing scenario is structured to penalize the water users that have the highest water usage, increase the middle tier modestly, and have no impact to the customers who use water in the lowest tier. For residential customers the "conservation tier" (1 through 5 units) and the base tier (6 through 10 units) would both have no price adjustment.

Table A: Recommended Drought Stage Pricing

	Drought Stage 2	Drought Stage 3	Drought 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%

Conservation programs, water use restrictions, and price signals are the primary drivers for achieving the targeted water use reduction. If approved, and as a part of the overall conservation efforts, all potable and recycled customer commodity rates may be increased by the above percentages as the District's Board declares the corresponding drought stage.

Customers will be subject to increases up to those established in the above table, but these will be implemented at the discretion of the Board. The reason for this qualifying language is because the impact of the drought is not clear at this time and is even less clear for the recycled customers. This language, "up to", gives the Board the flexibility to implement conservation promoting pricing as needed.

Recycled Pricing

While in the past, potable water has been needed to supplement the recycled system; the extent of future subsidies are uncertain. If the drought persists and the supply of recycled and potable water is curtailed, then the Board may wish to exercise the full drought stage pricing or a moderated version. The 218 notices will include the language to allow for this option so that the Board can react in the coming years with pricing that meets the changing needs of the District.

Ongoing Monitoring of Projections

It should be noted that this model includes a number of projections and that actual conservation must be monitored over time. This model will need periodic revisions to the underlying assumptions so that it can be a more accurate tool to project a revenue neutral position.

One of the sensitive projections is the potential penalties for overuse by the District. This projection is difficult to estimate; however, the current model has approximately \$600K in Stage 2, \$700K in Stage 3, and \$1.3M in Stage 4. Another estimation that will be monitored is the cost to promote conservation. Currently, the model uses \$68K, \$182K, and \$423K for water enforcement programs in Stages 2, 3, and 4, respectively, with no additional funding for new conservation programs.

Probably the most sensitive factor in the model that will need to be monitored and adjusted for is the compliance factor. If the drought progresses and as the District gains actual experience with the customers' compliance with drought stage cutback targets, we will be in a better position to recommend changes.

Alternative Scenario

The figures in Table A above, all correspond to the recommended "phase-in" alternative for the 12.4% increase presented in the September 18, 2008 Board workshop. If the "full implementation" or the "straight 12.4%" alternative is selected, the corresponding figures under a neutral net revenue position are summarized in the following tables with the same enforcement program costs and similar assumptions for penalties for overuse.

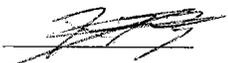
Table B: Full Implementation Alternative

	Drought Stage 2	Drought Stage 3	Drought Stage 4
Tier 1	0%	0%	0%
Tier 2	Up to 5%	Up to 10%	Up to 15%
Tier 3	Up to 25%	Up to 45%	Up to 65%

Table C: Straight 12.4% Alternative

	Drought Stage 2	Drought Stage 3	Drought Stage 4
Tier 1	0%	0%	0%
Tier 2	Up to 5%	Up to 10%	Up to 20%
Tier 3	Up to 20%	Up to 40%	Up to 60%

All non-residential rates may be increased by as much as 12%, 23%, and 33% under stages 2, 3, and 4, respectively. Again, the notices will include language that allows the increases "up to" the percentages identified in order to give the Board the flexibility to respond to drought conditions without an additional 218 notice.

FISCAL IMPACT: 

The model has been developed by CWA and Dr. Chesnutt to project a net revenue neutral position for the District. If, and as the drought progresses, this model will be updated in order to recommend modifications to the currently recommended drought stage price inflators.

The cost of notifying the customers of these changes are effectively zero as the notice is expected to be included in the 2009 rate increase notices. If this action is not taken in time to use the pending 218 notification, the estimated cost of a separate mailing is \$11,700.

STRATEGIC GOAL:

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

LEGAL IMPACT: _____

None.



General Manager

Attachment:

- A) Drought Stages and Prop 218 Notices Presentation

Otay Water District

Drought Stages and
Proposition 218 Notices



Drought Pricing - Objective

- Drought Pricing in conjunction with Tier Pricing, and Conservation Programs, lay the foundation for promoting conservation
- Drought pricing is written with flexibility to implement as needed and the timing of the 218 notice puts our efforts slightly ahead of the drought



Drought Pricing - Objective

- Objective is to remain revenue neutral after considering the following:
 - reduced water purchases
 - conservation compliance
 - conservation program costs
 - price elasticity of water
 - potential penalties for non-compliance with the water cutbacks
- Promotes conservation during drought conditions with a mixed approach
 - Pricing Signals
 - Usage Restrictions (update in June 2008)



CWA Drought Model

- Developed by CWA and Dr. Chesnutt
 - Interactive Model
 - Can be tailored to target the various tiers and customer classes

Recommended Drought Stage Pricing

	Drought Stage 2	Drought Stage 3	Drought 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%

Drought stage pricing will be available for implementation at the time the Otay Water District Board of Directors declares any one of the drought stages above. The commodity rates may be increased for all classes, at the option of the Board, up to the percentages listed above.



Drought Stage Pricing

- Base tiers and the residential conservation tier to remain unchanged to encourage low water usage
- Second Tier may increase moderately 5%, 10%, 15% based on the stage
- The highest tier is where the most conservation can occur and there may be significant increase of 30%, 60%, 90%



Assumptions Require Monitoring

- Actual conservation – model assumes 86% of conservation targets will be obtained
- MWD/CWA penalties – this is highly dependent on actual conservation, availability of water, and the implementation of penalties
- Experience will dictate the necessary adjustments to the model



Enforcement & Penalty Costs

- Additional enforcement and outreach costs during each stage are currently estimated at \$68K, \$182K, and \$423K. These do not include new outreach programs which may be required, depending on the success of existing conservation efforts
- Penalties are currently estimated to reach \$600K, \$700K, and \$1.3M under the 2nd, 3rd, and 4th stages

These estimations are expected to become more firm as the drought is realized and as the District reevaluates the effectiveness of the conservation programs.



Recommendation

- Use the CWA Model
- Notice customers of the proposed Drought Rate Pricing via the 218 notice
- Monitor the effectiveness of the conservation programs and pricing signals during the pending drought and bring forward necessary adjustments as needed



□ Questions?



AGENDA ITEM 7

STAFF REPORT

TYPE MEETING:	Special Board	MEETING DATE:	September 18, 2008
SUBMITTED BY:	Mark Watton, General Manager	W.O./G.F. NO:	DIV. NO.
APPROVED BY:			
SUBJECT:	Local Area Formation Commission (LAFCO) Special Districts 2008 Election		

GENERAL MANAGER'S RECOMMENDATION:

That the Board consider casting votes for a Regular Special District Member on LAFCO's Commission and eight (8) Special Districts Advisory Committee members in the LAFCO Special Districts 2008 Election.

COMMITTEE ACTION:

N/A

PURPOSE:

To present for the Board's consideration the LAFCO Special Districts 2008 Election ballots.

ANALYSIS:

In April of this year, LAFCO solicited nominations for a Regular Special District Member on the Commission and eight (8) Special Districts Advisory Committee members. The District's Finance, Administration and Communications Committee reviewed the request for nominations and supported the slate of candidates as they were known at the time (incumbents). The board concurred at the June 10, 2008 board meeting.

The District has received the ballots for the election along with the Nominating Committee's report and recommendations, and the candidates' nomination forms (please see attached).

As the District's ballot must be submitted to LAFCO by October 3, 2008 and the District's October board meeting is scheduled to be held on October 9, 2008, staff is presenting the ballot for the board's action at the September 18, 2008 Special Board Meeting.

FISCAL IMPACT: _____

None.

STRATEGIC GOAL:

Participating would support the strategic goal of maintaining effective communications with other cities, special districts, State and Federal governments, community organizations and Mexico.

LEGAL IMPACT: _____

None.



General Manager

Attachments:

- LAFCO Correspondence and Ballot
- LAFCO Nominating Committee Report
- Candidates' Nomination Forms



ATTACHMENT A

SUBJECT/PROJECT:	Local Area Formation Commission (LAFCO) Special Districts 2007 Election
-------------------------	--

COMMITTEE ACTION:

The Finance, Administration and Communications Committee reviewed this item at a meeting held on September 15, 2008 and the committee recommended that it be presented for the full board's consideration.



Chairman

Andrew L. Vanderlaan
Public Member

August 25, 2008

Vice Chairman

Bill Horn
County Board of
Supervisors

TO: Independent Special Districts of San Diego County

FROM: Executive Officer
Local Agency Formation Commission

Members

Donna Frye
Councilmember
City of San Diego

SUBJECT: 2008 Special Districts Election

Dianne Jacob
County Board of
Supervisors

Andrew J. Menshek
Padre Dam
Municipal Water District

Carl Hilliard
Councilmember
City of Del Mar

Bud Pocklington
South Bay Irrigation District

Betty Rexford
Councilmember
City of Poway

By our letter of April 25, 2008, we solicited nominations for one regular Special District member position on LAFCO, and eight positions on the Special Districts Advisory Committee. By the deadline of June 12, 2008, two nominations for the regular member, and nine nominations for the Advisory Committee were received. As required by the Selection Committee Rules, all eligible nominations were forwarded to the Nominating Committee. The 2008 Nominating Committee was comprised of Kimberly Thorner (Olivenhain Municipal Water District), Jim Pottl (Vallecitos Water District), and Larry Jackman (San Miguel Consolidated Fire Protection District). After the Candidate's Forum held on August 21, 2008 at the San Diego Chapter of the California Special Districts Association's Quarterly Dinner Meeting, LAFCO Consultant Harry Ehrlich met with the Nominating Committee to discuss a recommended slate of nominees for the open positions. A copy of the committee's report is attached (**Attachment 1**). Also attached are a summary and copies of all nominations received (**Attachment 2**). A list of the eligible independent special districts, formatted in label form, is provided for your convenience (**Attachment 3**). Special Districts may use the mailing list to send letters of support or additional biographical material for a particular candidate. Please note that LAFCO staff has not included any of the Candidates promotional materials with the election's materials. Also enclosed are ballots on which to record your votes (**Attachment 4**).

Alternate Members

Mark Lewis
Mayor
City of El Cajon

Greg Cox
County Board of
Supervisors

John S. Ingalls
Santa Fe
Irrigation District

Harry Mathis
Public Member

Brian Maienschein
Councilmember
City of San Diego

With respect to ballots, there is a separate ballot for each position: yellow for the LAFCO regular member, and blue for the advisory committee members. **Be sure each ballot is marked only for the number of positions to be voted for in that category. A ballot that is cast for more than the indicated number of positions will be disregarded.**

Executive Officer

Michael D. Ott

Counsel

William D. Smith

Independent Special Districts
August 25, 2008
Page Two

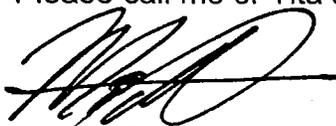
The ballots should be considered by your full district board. State Law and the Selection Committee Rules require a district's vote to be cast by its presiding officer, or an alternate member of the legislative body appointed by the other members. Therefore, a certification form has been attached to the ballots to be signed by the person who casts your district's votes. **A ballot received without a signed certification form will not be counted.**

All nominees are listed on the relevant ballot. An asterisk indicates the Nominating Committee recommendations, and incumbents have been *italicized*. Write-in candidates are permitted, and spaces have been provided for that purpose.

The deadline for receipt of the ballots by LAFCO is **October 3, 2008**. The Selection Committee Rules require that marked ballots be returned **by certified mail, return receipt requested**. Facsimile (FAX) ballots and certification forms will be accepted, **if necessary to meet the ballot deadline**, but originals must be submitted as soon as possible thereafter.

The Selection Committee Rules stipulate that a majority of the districts shall constitute a quorum for the conduct of committee business. There are 62 independent special districts in the county; therefore, a minimum of **32** ballots must be received to certify that a legal election was conducted. A candidate for a LAFCO member must receive at least a majority of the votes cast to be elected. Election to the Special Districts Advisory Committee requires only a plurality vote. The ballots will be kept on file in this office, and will be made available upon request.

Please call me or Tita Jacque Mandapat if you have any questions.



MICHAEL D. OTT
Executive Officer

MDO:tjm

- Attachments:
- 1) Nominating Committee Report and Recommendations
 - 2) Independent Special District Summary of Nominations and Copies of Nomination Forms
 - 3) Independent Special District Labels
 - 4) Special District Election Vote Certification Form & Ballots

Independent Special Districts
August 25, 2008
Page Two

The ballots should be considered by your full district board. State Law and the Selection Committee Rules require a district's vote to be cast by its presiding officer, or an alternate member of the legislative body appointed by the other members. Therefore, a certification form has been attached to the ballots to be signed by the person who casts your district's votes. **A ballot received without a signed certification form will not be counted.**

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Please call me or Tita Jacque Mandapat if you have any questions.



MICHAEL D. OTT
Executive Officer

MDO:tjm

- Attachments:
- 1) Nominating Committee Report and Recommendations
 - 2) Independent Special District Summary of Nominations and Copies of Nomination Forms
 - 3) Independent Special District Labels
 - 4) Special District Election Vote Certification Form & Ballots

**2008 SPECIAL DISTRICTS ELECTION
BALLOT and VOTE CERTIFICATION
FOR SPECIAL DISTRICTS ADVISORY COMMITTEE MEMBER**

VOTE FOR ONLY EIGHT (Incumbents are *italicized*)

- * ***Dennis Shepard*** (North County Cemetery District) []
- Dale Amato** (San Diego Rural Fire Protection District) []
- * ***Jo MacKenzie*** (Vista Irrigation District) []
- * ***Diana Towne*** (Rincon del Diablo Municipal Water District) []
- * **Douglas Humphrey** (Resource Conservation District of Greater San Diego County) []
- * ***Gary Arant*** (Valley Center Municipal Water District) []
- * ***Augie Scalzitti*** (Padre Dam Municipal Water District) []
- * ***James Alkire*** (South Bay Irrigation District) []
- * ***Ron Fuller*** (Alpine Fire Protection District) []

Write Ins

_____ []

_____ []

I hereby certify that I cast the votes of the _____
(Name of District)
at the 2008 Special Districts Selection Committee Election as:

- [] the presiding officer, or
- [] the duly-appointed alternate board member.

(Signature)

(Title)

(Date)

Please note: The order in which the candidates' names are listed was determined by random selection.

* = Nominating Committee's Recommendation

**2008 SPECIAL DISTRICTS ELECTION
BALLOT and VOTE CERTIFICATION
FOR REGULAR LAFCO SPECIAL DISTRICT MEMBER**

VOTE FOR ONLY ONE

- * **Bud Pocklington** []
(South Bay Irrigation District)
- Martin Marugg** []
(Alpine Fire Protection District)

Write-ins

_____ []
_____ []

I hereby certify that I cast the votes of the _____
(Name of District)
at the 2008 Special Districts Selection Committee Election as:

- [] the presiding officer, or
[] the duly-appointed alternate board member.

(Signature)

(Title)

(Date)

Please note: The order in which the candidates' names are listed was determined by random selection.

* = Nominating Committee's Recommendation



Chairman

Andrew L. Vanderlaan
Public Member

August 25, 2008

Vice Chairman

Bill Horn
County Board of
Supervisors

TO: Independent Special Districts in San Diego County

Members

Donna Frye
Councilmember
City of San Diego

FROM: 2008 Special Districts Election Nominating Committee

Dianne Jacob
County Board of
Supervisors

SUBJECT: Nominating Committee Report and Recommendations

Andrew J. Menshek
Padre Dam
Municipal Water District

In 2008, independent special district nominations were solicited for: (1) one regular member on LAFCO with a term expiring in 2012, and (2) eight Special Districts Advisory Committee members with terms expiring in 2012. By the deadline of June 12, 2008, our office received two nominations for the LAFCO regular member position, and nine nominations for the eight Special Districts Advisory Committee positions.

Carl Hilliard
Councilmember
City of Del Mar

Bud Pocklington
South Bay Irrigation District

As required by the Selection Committee Rules, a nominating committee was appointed to review the nominations submitted, and to prepare a list of recommended candidates. According to the Selection Committee Rules, the nominating committee is appointed by the chairperson or vice chair of the Special Districts Advisory Committee. Since Chairwoman MacKenzie is a candidate for the Advisory Committee, and Vice Chairman Pocklington's brother is a candidate for the commission position on LAFCO, Executive Officer Michael Ott made appointments to the nominating committee. A Candidates Forum, moderated by LAFCO Consultant Harry Ehrlich, was scheduled on August 21 as part of the quarterly dinner meeting of the San Diego Chapter, California Special Districts Association. All candidates were invited to attend and present a brief statement of qualifications. In the interest of impartiality, the Nominating Committee decided to conclude its deliberations after the Candidates Forum. In evaluating the nominations, the Committee considered special district experience, interest, and knowledge of LAFCO issues. For those nominees who are incumbents, the Committee further considered attendance records and meeting participation. The Committee also wanted to ensure representation from those types of districts that most often are involved in making recommendations to LAFCO. The Nominating Committee's recommendations for each category follows.

Betty Rexford
Councilmember
City of Poway

Alternate Members

Mark Lewis
Mayor
City of El Cajon

Greg Cox
County Board of
Supervisors

John S. Ingalls
Santa Fe
Irrigation District

Harry Mathis
Public Member

Brian Maienschein
Councilmember
City of San Diego

Executive Officer

Michael D. Ott

Attachment 1

Counsel

William D. Smith

NOMINATING COMMITTEE RECOMMENDATIONS

LAFCO Regular Member

The Nominating Committee recommended **Bud Pocklington** (South Bay Irrigation District).

Special Districts Advisory Committee Members

The Nominating Committee recommended the following nominees for the Advisory Committee (incumbents are *italicized*): **James C. Alkire** (South Bay Irrigation District), **Gary Arant** (Valley Center Municipal Water District), **Ron Fuller** (Alpine Fire Protection District), **Douglas Humphrey** (Resource Conservation District of Greater San Diego County), **Jo MacKenzie** (Vista Irrigation District), **Augie Scalzitti** (Padre Dam Municipal Water District), **Dennis Shepard** (North County Cemetery District), and **Diana Towne** (Rincon del Diablo Municipal Water District).

Copies of all nominations are attached following this report.

2008 NOMINATING COMMITTEE

KIMBERLY THORNER
Olivenhain Municipal Water District

JIM POLTL
Vallecitos Water District

LARRY JACKMAN
San Miguel Consolidated Fire Protection District

NOMINATING COMMITTEE RECOMMENDATIONS

LAFCO Regular Member

The Nominating Committee recommended **Bud Pocklington** (South Bay Irrigation District).

Special Districts Advisory Committee Members

The Nominating Committee recommended the following nominees for the Advisory Committee (incumbents are *italicized*): **James C. Alkire** (South Bay Irrigation District), **Gary Arant** (Valley Center Municipal Water District), **Ron Fuller** (Alpine Fire Protection District), **Douglas Humphrey** (Resource Conservation District of Greater San Diego County), **Jo MacKenzie** (Vista Irrigation District), **Augie Scalzitti** (Padre Dam Municipal Water District), **Dennis Shepard** (North County Cemetery District), and **Diana Towne** (Rincon del Diablo Municipal Water District).

Copies of all nominations are attached following this report.

2008 NOMINATING COMMITTEE

KIMBERLY THORNER
Olivenhain Municipal Water District

JIM POLTL
Vallecitos Water District

LARRY JACKMAN
San Miguel Consolidated Fire Protection District

**2008 SPECIAL DISTRICTS ELECTION
SUMMARY OF NOMINATIONS
REGULAR LAFCO COMMISSIONER and
ADVISORY COMMITTEE POSITIONS**

LAFCO Regular Member Candidates

Bud Pocklington *
(South Bay Irrigation District)

Martin Marugg
(Alpine Fire Protection District)

Special Districts Advisory Committee Candidates

Dennis Shepard (North County Cemetery District) *
Dale Amato (San Diego Rural Fire Protection District)
Jo MacKenzie (Vista Irrigation District) *
Diana Towne (Rincon del Diablo Municipal Water District) *
Douglas Humphrey (Resource Conservation District of Greater San Diego County)
Gary Arant (Valley Center Municipal Water District) *
Augie Scalzitti (Padre Dam Municipal Water District) *
James Alkire (South Bay Irrigation District) *
Ron Fuller (Alpine Fire Protection District) *

*= Incumbent

Please note: The order in which the candidates' names are listed was determined by random selection.

2008 SPECIAL DISTRICTS MAILED-BALLOT ELECTION
NOMINATION/RESUME

RECEIVED

JUN 05 2008

Date Received by LAFCO SAN DIEGO LAFCO

NOMINATED BY: SOUTH BAY IRRIGATION DISTRICT

NAME OF NOMINEE: William D. "Bud" Pocklington

Address: 505 Garrett Avenue, Chula Vista, CA 91910

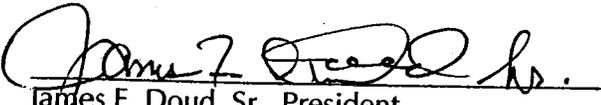
Phone: (619) 409-6704

NOMINATED FOR: LAFCO (X) ADVISORY COMMITTEE ()

DISTRICT EXPERIENCE: Bud was elected to the South Bay Irrigation District (SBID) and Sweetwater Authority in 1986. He has served as President of South Bay Irrigation District, Chairman of Sweetwater Authority, and the Board of Directors of San Diego County Water Authority (SDCWA) In addition, the SDCWA appointed Bud to represent them at the Metropolitan Water District of Southern California.

LAFCO EXPERIENCE: Bud was elected in 1989 to LAFCO's Special District Advisory Committee. While serving as Chairman of the Advisory Committee, he was elected to the Alternate District Member of LAFCO in 1997. He has served both as Vice Chairman and Chairman of LAFCO. He is very knowledgeable and supportive of Special Districts and has frequently demonstrated this when reviewing proposals to advise and/or make recommendations to the Commission.

ADDITIONAL INFORMATION: Bud is an enthusiastic supporter of Special District Government and knowledgeable of its role and function in local government. The Directors of South Bay Irrigation District urge you to support in reelecting Bud Pocklington to serve as the LAFCO Regular Member.


James F. Doud, Sr., President

2008 SPECIAL DISTRICTS
NOMINATION/RESUME

RECEIVED

JUN 09 2008

SAN DIEGO LAFCO

Date Received by LAFCO _____

NOMINATED BY: Alpine Fire Protection District
(District)

NAME OF NOMINEE: Martin Marugg

Address: 1976 Pine View Road, Alpine CA 91901

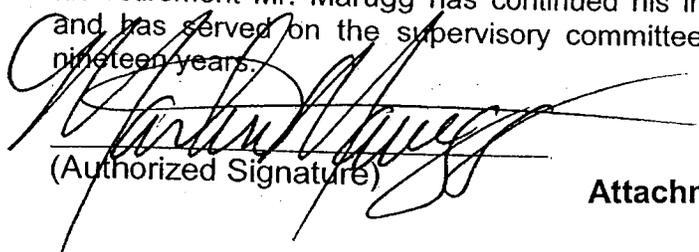
Phone: 619-445-1751

NOMINATED FOR: **LAFCO (X)** **ADVISORY COMMITTEE ()**

DISTRICT EXPERIENCE: Mr. Marugg has served on the Alpine Fire Protection District (AFPD) Board since 2002. In November 2006, he was reelected for a four-year term, and has held the position of Board President for two years. Mr. Marugg represents AFPD as alternate commissioner of the multi-agency Heartland Communications Authority (HCFA). Mr. Marugg serves as the District's representative to FAIRA (Fire Agencies Insurance Risk Authority) and has also served as second vice president and membership chairman of the San Diego Chapter of California Special District's Association. He recently completed a three year term as President of Palomar Mountain Mutual Water Company, and now serves as President Emeritus. Mr. Marugg served as AFPD's representative to the Fire Districts and County Fire Chiefs Substantially Similar Plan (SSP) group. He attended meetings of both groups in the formation of the SSP position paper and continues to serve in this position. Mr. Marugg was appointed to F.D.A.C. Board of Directors in March 2008 as Zone 6 Member at Large to fill a vacant position and plans to run for the same position next year. On Labor Day 2008, he will again run for a seat on the Palomar Mountain Mutual Water Company as President for a second three year term of office.

LAFCO EXPERIENCE: Mr. Marugg served as Alpine Fire District's representative to the Fire Districts and County Fire Chiefs Substantially Similar Plan (SSP) group. He attended all meetings of both groups in the formation of the SSP position paper. He continues to serve in this position.

ADDITIONAL INFORMATION: Mr. Marugg retired from the San Diego Fire Department in September 1999 after 32 years of service. One of the highlights of his tenure was serving as officer in charge of the ECHO 3 Communications Van which was funded through the County of San Diego, and in that capacity responding to all second alarm fires or greater in the County of San Diego and providing assistance in setting up the command structure for the incident. Mr. Marugg also held the position as Facilities Maintenance Officer for the San Diego Fire Department. During his 32 years with S.D.F.D. he served as Fire Marshal after the Normal Heights Fire and was in charge of all weed and brush abatement for the city of San Diego. Mr. Marugg also served as the Chief in charge of the Fire Communications Center for four years during which he supervised 27 dispatchers, 4 rear office staff, and 4 dispatch Captains. Since his retirement Mr. Marugg has continued his involvement in community related organizations and has served on the supervisory committee for the Federal Firefighters Credit Union for nineteen years.


(Authorized Signature)

Attachment 2

RECEIVED

MAY 28 2008

SAN DIEGO LAFCO

2008 SPECIAL DISTRICTS
NOMINATION / RESUME

Date Received by LAFCO:

NOMINATED BY: North County Cemetery District

NAME OF NOMINEE: Dennis L. Shepard
2640 Glen Ridge Road, Escondido, CA 92027-4532
760-745-1781

NOMINATED FOR: LAFCO () ADVISORY COMMITTEE (X)

DISTRICT EXPERIENCE:

1/1/2007 to Present: General Manager of NCCD
1/1/2006 to 12/31/06: Assistant GM of NCCD
1991 to 2006: Trustee of NCCD

LAFCO EXPERIENCE:

1995 to Present: Special District Advisory Committee to
LAFCO Member

ADDITIONAL INFORMATION:

CAPC Board of Directors
CSDA-FC Board of Directors
CSDA Alliance Executive Council Member
Special District Leadership Foundation Graduate
Recognition in Special District Governance by CSDA



(Authorized Signature: Chair of the Board of Trustees, NCCD)

RECEIVED

2008 SPECIAL DISTRICTS
NOMINATION/RESUME

MAY 06 2008

SAN DIEGO LAFCO

Date Received by LAFCO _____

NOMINATED BY: San Diego Rural Fire Protection District
District

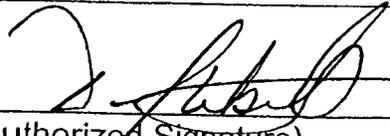
NAME OF NOMINEE: Dale Amato
Address: 13908 Illerongis Road, Jamul, CA 91935
Phone: 619 742-2334

NOMINATED FOR: LAFCO () ADVISORY COMMITTEE (X)

DISTRICT EXPERIENCE:
Member, San Diego Rural Fire Protection 2000-present
Is currently the Chairman of the Board of Directors and has held
that position once before

LAFCO EXPERIENCE:
N/A

ADDITIONAL INFORMATION:
Local Jamul Resident since 1999
Attorney at Law



(Authorized Signature)

**2008 SPECIAL DISTRICTS
NOMINATION/RESUME**

RECEIVED

JUN 09 2008

SAN DIEGO LAFCO

Date Received by LAFCO _____

NOMINATED BY: _____ VISTA IRRIGATION DISTRICT
District

NAME OF NOMINEE: _____ Jo MacKenzie

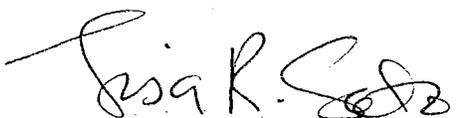
Address: _____ 1578 Palomar Drive, San Marcos, CA 92069
Phone: _____ (760) 743-7969

NOMINATED FOR: LAFCO () ADVISORY COMMITTEE (X)

DISTRICT EXPERIENCE: Elected to Board of Directors in 1992, serving as President in 1993/94, 1999, 2004 and 2008. Chaired Water ReUse Committee, 1993; Water Rights Committee member, 1994; Public Affairs Committee member, 1993-2000 and 2002-2003, Chair 1995, 1997-2000 and 2002; Fiscal Policy Committee member 1996-2008, serving as Chair in 1996, 1997, 2003, 2004, 2007 and 2008. Presently serving as Vice-Chair of the Water Sustainability Committee.

LAFCO EXPERIENCE: Member of LAFCO Special District Advisory Committee, 1994 to present, Vice-Chair 2001 to 2004; serving as Chair of the Special District Advisory Committee from 2005 to present. Committee Member of LAFCO's Municipal Service Review Working Group. As a land use planner owning by own consulting firm since 1986, I have processed annexations, dissolutions and reorganizations to water and sewer districts and the cities of San Marcos and Vista.

ADDITIONAL INFORMATION: Served as CSDA, San Diego Chapter, Vice President 1996/97, President 1998/99. Elected Board member in 2003 as the Region 6 Director to the State CSDA; re-elected in 2006. Presently serving on the State CSDA Executive Committee as Treasurer and as Legislative Committee Chair 2006-2008. Active in the Assoc. of California Water Agencies since 1993. Serving on the ACWA Membership Committee since 1996 and as Vice Chair from 2000 to present. ACWA Region 10 director since 1997. Actively involved with the cities of San Marcos and Vista: San Marcos City Planning Commissioner, 1980-1986; San Marcos Affordable Housing Task Force, 1992-1996, Vice Chair 1995/96. San Marcos Budget Review Committee member, 1980-1982 and 1995 to 2006, Chair from 1996 to 2006. San Marcos Chamber of Commerce, Vice President 1992; President-Elect 1994. Boys and Girls Club Board of Directors Treasurer 1983.



(Authorized Signature)
Lisa R. Soto, Board Secretary

2008 SPECIAL DISTRICTS
NOMINATION/RESUME

JUN 12 2008

CANDIDATE

Date Received by LAFCO _____

NOMINATED BY: Rincon del Diablo Municipal Water District
District

NAME OF NOMINEE: Diana L. Towne

Address: 1920 North Iris Lane, Escondido CA 92026

Phone: (760) 745-5522

NOMINATED FOR: LAFCO () ADVISORY COMMITTEE (x)

DISTRICT EXPERIENCE:

Appointed to the Board of Directors in 1995, elected in 1996, re-elected in 2000, then again in 2004.

Current District Positions Held: Board President; Public Information & Intergovernmental Relations Chair.

Past District Positions Held: Board Vice President; Finance, Insurance & Personnel Committee Chair; Audit Committee Chair.

Additional Positions Held: ACWA Region 10 Representative; CSDA Scholarship Committee.

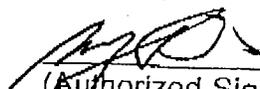
LAFCO EXPERIENCE:

LAFCO Special District Advisory Committee

ADDITIONAL INFORMATION:

Current Positions Held: Notary Public; Legal Assistant

Past Positions Held: Burn Institute Auxillary, Treasurer; Escondido League of Women Voters, Vice President; North County Legal Secretaries Association, Board of Directors; Escondido Hills Homeowners Association, Board of Directors


(Authorized Signature)

**2008 SPECIAL DISTRICTS
NOMINATION / RESUME**

RECEIVED

JUN 12 2008

Date Received by LAFCO _____

SAN DIEGO LAFCO

NOMINATED BY: Board of the Resource Conservation District of Greater San Diego County

NAME OF NOMINEE: Douglas Humphrey

2732 Lange Ave, San Diego, Ca. 92122

Home Phone: (858) 458-9055 Work Phone: (858) 674-5411

NOMINATED FOR: LAFCO (X) ADVISORY COMMITTEE (X)

DISTRICT EXPERIENCE:

I was first appointed an Associate Director December of 1982 to the Upper San Luis Rey Resource Conservation Board. I was then appointed by the San Diego County Board of Supervisors to fill a vacancy for a Directors position in June of 1985. I was re-appointed as a Director November of 1986 and then re-appointed over the following years for three consecutive terms. During this period I represented the District at the National Associate of Conservation Districts at the 42nd through the 46th Congressional Conventions.

After moving from North San Diego County to the City of San Diego in 1998, I was appointed to the Resource Conservation District of Greater San Diego County in 2000 and have been consistently re-appointed as a Board member over the last seven and a half years.

LAFCO EXPERIENCE:

While on the Upper San Luis Rey Resource Conservation Board I was appointed to fill a vacancy on the LAFCO Special Districts Committee, February, 1989. I was then re-appointed for a two year term June of 1991 and in 1993 I was re-appointed to another two year term that ran through June of 1995.

ADDITIONAL INFORMATION:

I sat as an elected board member on the Lazy-H Mutual Water Company Board of Directors April of 1979 until June of 1984. I was then elected as a Director on the Rancho Estates Mutual Water Company Board from June of 1984 through April of 1987.

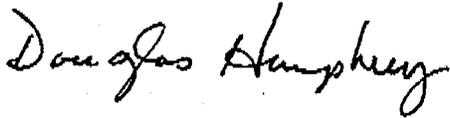
In 1993, I was appointed by the San Diego County Board of Supervisors, as Chairman of the San Luis Rey River Master Plan Technical Advisory Committee. This was a five year appointment with responsibility for the coordination of approximately 30 various local, state and federal agencies working jointly on a long range master plan for the San Luis Rey River Valley Water Shed.

I am a past member of the Board of Management of the Palomar Family YMCA.

I was Director of the San Diego County Service Area #6 from June of 1981 until June of 1984.

I have been a licensed Architect in the State of California since 1982. I operated my own practice for over twenty years with a wide base of clientele serving a variety of public and private entities, including, governmental agencies, municipal utilities, school districts as well as agricultural, commercial and residential developments.

In January of 2004 I was recruited to work for the California Division of State Architect. I am currently Supervising Architect of Project Services for the San Diego Regional Office of DSA, with responsibility for the plan review and construction supervision of all K-12 schools and Community Colleges in San Diego, Imperial, Riverside, San Bernardino and Orange Counties.



Douglas Humphrey

2008 SPECIAL DISTRICTS ADVISORY COMMITTEE
NOMINATION/RESUME

RECEIVED

MAY 22 2008

SAN DIEGO LAFCO

Date Received by LAFCO _____

NOMINATED BY: VALLEY CENTER MUNICIPAL WATER DISTRICT

NAME OF NOMINEE:

Gary Arant
Address: P.O. Box 67, Valley Center, CA 92082
Phone: (760) 749-1603, Ext. 215

NOMINATED FOR: LAFCO () ADVISORY COMMITTEE (X)

DISTRICT EXPERIENCE:

Assistant General Manager, Walnut Valley Water District, 8/73 to 6/80

General Manager, Rincon del Diablo MWD, 6/80 to 3/89

General Manager, Valley Center MWD, 3/89 to Present

LAFCO EXPERIENCE:

San Diego LAFCO, Special Districts Advisory Committee, July 1981 to Present; Member and Vice Chair

OPR Municipal Service Review Guidelines Working Group, Member Representing the Association of California Water Agencies

ADDITIONAL INFORMATION:

San Diego County Water Authority Board of Directors (current)

ACWA Board of Directors, Communications Committee, Chair (current)

California Regional Water Quality Control Board, San Diego Region, Member and Chair (1983 to 1997)



Gary A. Broomell
President, Board of Directors
Valley Center Municipal Water District

2008 SPECIAL DISTRICTS

NOMINATION/RESUME

JUN 12 2008

Date Received by LAFCO

SAN DIEGO LAFCO

NOMINATED BY: Padre Dam Municipal Water DistrictNAME OF NOMINEE: Augie ScalzittiAddress: P.O. Box 719003, Santee, CA 92072Phone: (619) 258-4610

NOMINATED FOR: LAFCO ()

ADVISORY COMMITTEE: (✓)

DISTRICT EXPERIENCE: President of the Padre Dam MWD Board of Directors. During his 10 years on the Board he has served on the following Board Committees: Public Affairs, Finance, Facilities Development, Personnel, Park, and the Employee Involvement Team (part of the District's Workforce Partnership). He has also served as the District's representative on the Metro Commission/Metro Wastewater Joint Powers Authority, San Diego Area Wastewater Management District, and the Upper San Diego River Improvement Committee.

LAFCO EXPERIENCE: Has served on the Advisory Committee since July 2003.

ADDITIONAL INFORMATION: Philosophically, Director Scalzitti believes in local control and is a strong advocate for special districts, which have historically proven to be effective service providers. He is a strong believer in regional partnerships and joint ventures; recycled water optimization; local government accountability to the customers served; and agency consolidation where appropriate. Director Scalzitti represents the District at various special meetings and conferences, including Association of California Water Agencies; California Special District Association, San Diego Chapter; Water Agencies Association of San Diego County; Council of Water Utilities; and the Santee Chamber of Commerce.


(Authorized Signature)

Attachment 2

**2008 SPECIAL DISTRICTS MAILED-BALLOT ELECTION
NOMINATION/RESUME**

RECEIVED

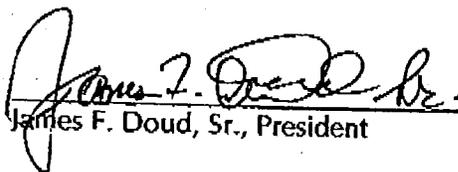
JUN 05 2008

Date Received by LAFCO SAN DIEGO LAFCONOMINATED BY: SOUTH BAY IRRIGATION DISTRICTNAME OF NOMINEE: James C. AlkireAddress: 505 Garrett Avenue, Chula Vista, CA 91910Phone: (619) 409-6704NOMINATED FOR: LAFCO () ADVISORY COMMITTEE (X)

DISTRICT EXPERIENCE: Jim has been a director with the South Bay Irrigation District and Sweetwater Authority since 2003. He has served as President of South Bay Irrigation District and is presently the Vice Chairman of Sweetwater Authority. Jim has also served as chairman of the Finance and Personnel Committee. He has resided in Chula Vista since 1976. During that period he has continuously held a real estate license and worked with the same office in Bonita where he has observed the rapid growth in the San Diego area.

LAFCO EXPERIENCE: Jim was elected to the LAFCO Special District Advisory Committee in 2004. He has been an active member during that time.

ADDITIONAL INFORMATION: Jim holds a Bachelor of Science in Management from the University of West Florida and a Masters of Business Administration from National University in San Diego. Jim is very interested in water supply/distribution, special district issues and has a specific long-term interest in increasing the application of a new water resource for the San Diego area, seawater desalination. The Board of Directors of South Bay Irrigation District urges your support in re-electing Jim Alkire to serve on the Advisory Committee.


James F. Doud, Sr., President

2008 SPECIAL DISTRICTS MAILED-BALLOT ELECTION
NOMINATION/RESUME

RECEIVED

JUN 09 2008

SAN DIEGO LAFCO

Date Received by LAFCO _____

NOMINATED BY: Alpine Fire Protection District
(District)

NAME OF NOMINEE: Ron Fuller

Address: 1724 Adrian Court, Alpine CA 91901

Phone: 619-445-0514 (Home) (619) 840-2476 (Business)

NOMINATED FOR: LAFCO () ADVISORY COMMITTEE (X)

DISTRICT EXPERIENCE: Mr. Fuller has served on the Alpine Fire Board since 1996. In November 2004, he was reelected for a four-year term and will be running for reelection in November 2008. Mr. Fuller represents AFPD as a commissioner of the multi-agency Heartland Communications Authority (HCFA). Until recently he served on the County Regional Communications Systems (CRCS) Board.

LAFCO EXPERIENCE: Pre-LAFCO, as a County official, Mr. Fuller, worked on the formation and/or elimination of special service districts and JPA's. Then Executive Assistant to the County Board of Supervisors, he helped draft LAFCO's enabling legislation and represented the Board in obtaining legislative and executive branch approvals. He has served on LAFCO's Special Districts Committee for six years.

ADDITIONAL INFORMATION: After leaving County Government, Fuller was a member of the White House Domestic Council policy staff in Washington D.C. where he worked on local government issues impacted by the Federal Government. As a loaned-executive, Fuller served as President Reagan's Representative on international missions to Asia, Europe, Central America and Mexico. He returned to San Diego in 1983 to become an executive officer of what is now the Sempra Corporation. He retired in 1996 and formed his own government consulting group, RFK International.


(Authorized Signature)

**2008 SPECIAL DISTRICTS ELECTION
BALLOTS**

Sent: 08/25/08

GENERAL MANAGER
MAJESTIC PINES CSD
C/O MURRAY A TOMLINSON
PO BOX 266
JULIAN CA 92036

FIRE CHIEF
BORREGO SPRINGS FPD
PO BOX 898
BORREGO SPRINGS CA 92004

GENERAL MANAGER
POMERADO CEMETERY DIST
14361 TIERRA BONITA RD
POWAY CA 92064

GENERAL MANAGER
MORRO HILLS CSD
PO BOX 161
FALLBROOK CA 92088-0161

FIRE CHIEF
DEER SPRINGS FPD
8709 CIRCLE R DR
ESCONDIDO CA 92026

GENERAL MANAGER
RAMONA CEMETERY DIST
PO BOX 211
RAMONA CA 92065

GENERAL MANAGER
PAUMA VALLEY CSD
P O BOX 434
PAUMA VALLEY CA 92061

~~FIRE CHIEF
EAST COUNTY FPD
1811 SUNCREST BLVD
EL CAJON CA 92021-4246~~

GENERAL MANAGER
VALLEY CENTER CEMETERY DIST
PO BOX 645
VALLEY CENTER CA 92082

GENERAL MANAGER
RANCHO SANTA FE CSD
C/O DUDEK & ASSOC
605 THIRD ST
ENCINITAS CA 92024-3513

FIRE CHIEF
NORTH COUNTY FPD
315 E IVY ST
FALLBROOK CA 92028

GENERAL MANAGER
BORREGO SPRINGS PARK CSD
PO BOX 306
BORREGO SPRINGS CA 92004-0306

GENERAL MANAGER
RINCON RANCH CSD
P O BOX 882
PAUMA VALLEY CA 92061-0882

FIRE CHIEF
JULIAN-CUYAMACA FPD
P O BOX 33
JULIAN CA 92036

GENERAL MANAGER
DESCANSO CSD
C/O CAL-AM WATER CO
PO BOX 610
DESCANSO CA 91916

GENERAL MANAGER
VALLEY CENTER PARKS AND
RECREATION DISTRICT
P O BOX 141
VALLEY CENTER CA 92082-0141

FIRE CHIEF
LAKESIDE FPD
12365 PARKSIDE ST
LAKESIDE CA 92040-3006

GENERAL MANAGER
FAIRBANKS RANCH CSD
C/O DUDEK & ASSOC
605 THIRD ST
ENCINITAS CA 92024-3513

GENERAL MANAGER
WHISPERING PALMS CSD
C/O DUDEK & ASSOC
605 THIRD ST
ENCINITAS CA 92024-3513

FIRE CHIEF
LOWER SWEETWATER FPD
2711 GRANGER AVE
NATIONAL CITY CA 91950

GENERAL MANAGER
JACUMBA CSD
PO BOX 425
JACUMBA CA 91934-0425

FIRE CHIEF
ALPINE FPD
1364 TAVERN ROAD
ALPINE CA 91901-3831

FIRE CHIEF
PINE VALLEY FPD
PO BOX 130
PINE VALLEY CA 91962

GENERAL MANAGER
JULIAN CSD
PO BOX 681
JULIAN CA 92036-0681

FIRE CHIEF
BONITA-SUNNYSIDE FPD
4900 BONITA RD
BONITA CA 91902

FIRE CHIEF
RANCHO SANTA FE FPD
P O BOX 410
RANCHO SANTA FE CA 92067

FIRE CHIEF
SAN DIEGO RURAL FPD
14145 HWY 94
JAMUL CA 91935

GENERAL MANAGER
SOUTH BAY IRRIGATION DIST
PO BOX 2328
CHULA VISTA CA 91912-2328

GENERAL MANAGER
CANEBRAKE CWD
140 SMOKETREE LN
JULIAN CA 92036

FIRE CHIEF
SAN MIGUEL CONSOL FPD
2850 VIA ORANGE WAY
SPRING VALLEY CA 91978-1746

GENERAL MANAGER
VISTA IRRIGATION DIST
1391 ENGINEER ST
VISTA CA 92083

GENERAL MANAGER
LEUCADIA WASTEWATER DISTRICT
1960 LA COSTA AVE
CARLSBAD CA 92009-68

FIRE CHIEF
VALLEY CENTER FPD
28234 LILAC RD
VALLEY CENTER CA 92028-5413

GENERAL MANAGER
FALLBROOK PUD
PO BOX 2290
FALLBROOK CA 92088-2290

~~GENERAL MANAGER
TIA JUANA VALLEY CWD
223 VIA DE SAN YSIDRO STE 4
SAN DIEGO CA 92173~~

FIRE CHIEF
VISTA FPD
955 VALE TERRACE DRIVE #A
VISTA CA 92084

GENERAL MANAGER
LAKE CUYAMACA REC & PARK DIST
15027 HWY 79
JULIAN CA 92036

GENERAL MANAGER
MOOTAMAI MWD
PO BOX 812
PAUMA VALLEY CA 92061-0812

GENERAL MANAGER
FALLBROOK HEALTHCARE DIST
PO BOX 2587
FALLBROOK CA 92088

GENERAL MANAGER
OLIVENHAIN MWD
1966 OLIVENHAIN RD
ENCINITAS CA 92024-5699

ADMINISTRATIVE DIRECTOR
GROSSMONT HEALTHCARE DIST
9001 WAKARUSA ST
LA MESA CA 91942-3300

GENERAL MANAGER
MISSION RCD
PO BOX 1777
FALLBROOK CA 92088

GENERAL MANAGER
PADRE DAM MWD
PO BOX 719003
SANTEE CA 92072-9003

GENERAL MANAGER
PALOMAR-POMERADO HCD
15255 INNOVATION DR STE 204
SAN DIEGO CA 92128-3410

GENERAL MANAGER
RESOURCE CONSERVATION DIST
OF GREATER SAN DIEGO COUNTY
332 S JUNIPER ST #110
ESCONDIDO CA 92025-4941

GENERAL MANAGER
PAUMA MWD
PO BOX 116
PAUMA VALLEY CA 92061

ATTENTION ADMINISTRATION
TRI-CITY HEALTHCARE DIST
4002 VISTA WAY
OCEANSIDE CA 92056

GENERAL MANAGER
UPPER SAN LUIS REY RCD
PO BOX 921
PAUMA VALLEY CA 92061

GENERAL MANAGER
QUESTHAVEN MWD
20560 QUESTHAVEN RD
ESCONDIDO CA 92029-4810

GENERAL MANAGER
SANTA FE IRRIGATION DIST
PO BOX 409
RANCHO SANTA FE CA 92067-0409

GENERAL MANAGER
RAINBOW MWD
3707 OLD HIGHWAY 395
FALLBROOK CA 92028

GENERAL MANAGER
RAMONA MWD
105 EARLHAM ST
RAMONA CA 92065

GENERAL MANAGER
OTAY WATER DIST
2554 SWEETWATER SPRINGS BLVD
SPRING VALLEY CA 91978-2096

GENERAL MANAGER
RINCON DEL DIABLO MWD
1920 N IRIS LN
ESCONDIDO CA 92026-1399

~~GENERAL MANAGER
RIVERVIEW WATER DIST
41769 WATERHILL RD
LAKESIDE CA 92040-2998~~

GENERAL MANAGER
VALLECITOS WATER DIST
201 VALLECITOS DE ORO
SAN MARCOS CA 92069-1453

GENERAL MANAGER
VALLEY CENTER MWD
PO BOX 67
VALLEY CENTER CA 92082-0067

GENERAL MANAGER
WYNOLA WATER DIST
PO BOX 193
SANTA YSABEL CA 92070-0193

GENERAL MANAGER
YUIMA MWD
P O BOX 177
PAUMA VALLEY CA 92061-0177

GENERAL MANAGER
BORREGO WATER DIST
PO BOX 1870
BORREGO SPRINGS CA 92004

GENERAL MANAGER
CUYAMACA WATER DIST
PO BOX 609
JULIAN CA 92036-0609

GENERAL MANAGER
HELIX WATER DIST
7811 UNIVERSITY AVE
LA MESA CA 91941-4927

GENERAL MANAGER
LAKESIDE WATER DIST
10375 VINE ST
LAKESIDE CA 92040

GENERAL MANAGER
SAN LUIS REY MWD
5328 HWY 76
FALLBROOK CA 92028

GENERAL MANAGER
NORTH COUNTY CEMETERY DIST
OAK HILL MEMORIAL PARK
2640 GLEN RIDGE RD
ESCONDIDO CA 92027