

- d. OPTION YEAR 4 TO BE NEGOTIATED
- e. OPTION YEAR 5 TO BE NEGOTIATED

5. ADOPT RESOLUTION NO. 4103 APPROVING AMENDMENTS TO THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY JOINT POWERS AGREEMENT AS IT RELATES TO CALIFORNIA SPECIAL DISTRICTS ASSOCIATION (SARNO) [5 minutes]
6. APPROVE RESOLUTION NO. 4104 IMPLEMENTING BOARD POLICY NO. 5, PUBLIC RECORDS REQUESTS, AND DELETING EXISTING POLICY NO. 5, FURNISHING COPIES OF DOCUMENTS AND PREPARATION OF OTHER INFORMATION (SARNO) [5 minutes]
7. ADOPT RESOLUTION NO. 4099 TO ESTABLISH THE TAX RATE FOR IMPROVEMENT DISTRICT NO. 27 AT \$.006 FOR FISCAL YEAR 2007-2008 (BELL) [5 minutes]
8. ADOPT RESOLUTION NO. 4096 TO CONTINUE WATER AND SEWER AVAILABILITY CHARGES FOR DISTRICT CUSTOMERS FOR FISCAL YEAR 2007-2008 TO BE COLLECTED THROUGH PROPERTY TAXES (HENDERSON) [5 minutes]
9. APPROVE THE FORM OF THE PROPOSITION 218 HEARING NOTICES RELATED TO THE PROPOSED WATER AND SEWER RATE INCREASES TO BE EFFECTIVE JANUARY 1, 2008 (BEACHEM) [15 minutes]
10. UPDATE ON THE 2007 QUALSERVE BENCHMARK RESULTS (STEVENS) [15 minutes]
11. RECEIVE 2007 OTAY WATER DISTRICT CONSUMER CONFIDENCE REPORT (BUELNA) [5 minutes]
12. DISCUSSION OF AB1420, WATER DEMAND MANAGEMENT MEASURES, AND AB 1435, WATER CHARGES – CONSERVATION RATE STRUCTURE (WATTON) [10 minutes]
13. ADJOURNMENT

BOARD MEMBERS ATTENDING:
Mark Robak, Chair
Larry Breitfelder

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 June 22, 2007 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 meeting of the Board of Directors (Government Code Section §54954.2).

Executed at Spring Valley, California on June 22, 2007.

A handwritten signature in black ink, appearing to read "Susan Cruz", is written over a horizontal line.

Susan Cruz, District Secretary



AGENDA ITEM 3

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	July 10, 2007
SUBMITTED BY:	Steve Dobrawa, <i>[Signature]</i> Purchasing and Facilities Manager	W.O./G.F. NO:	DIV. NO. All
APPROVED BY:	Rom Sarno, Chief, Administrative Services (Chief)		
APPROVED BY:	German Alvarez, Assistant General Manager, Finance and (Asst. GM): Administration		
SUBJECT:	AWARD OF CONTRACT FOR LANDSCAPE MAINTENANCE SERVICES TO GREENSCAPE		

GENERAL MANAGER'S RECOMMENDATION:

That the Board authorize the General Manager to execute a two-year contract, with two additional optional year renewals, with Greenscape for landscape maintenance of District facilities in the following amounts:

Year 1	\$69,600.00
Year 2	\$73,080.00
Option Year 3	\$76,800.00
Option Year 4	\$80,580.00

COMMITTEE ACTION:

Please see attachment A.

PURPOSE:

To provide bid results and obtain authorization to award a two year landscape maintenance contract, with two additional optional year renewals, to Greenscape, 333 W. Lexington Ave., El Cajon, CA 92020.

ANALYSIS:

On January 21, 2005, the District entered into an 18 month competitively bid agreement with Pacific Green Landscape in the amount of \$141,300.00 (\$94,200.00/year) to provide landscape maintenance services for various facilities and easements maintained by District personnel. The District's experience with outsourced landscape service has been very positive and the District is confident that its facilities can be adequately maintained through contracted services.

In accordance with District's purchasing requirements, bids were solicited for landscape maintenance services for the District's administrative and operations facilities, reservoir and pump station sites, and District maintained easements. On May 25, 2007 eight (8) interested firms attended a mandatory pre-bid meeting and on June 7, 2007, five (5) bids were received and publicly opened with the following results:

Bidder	Year 1 Bid	Year 2 Bid	Option Year 3 Bid	Option Year 4 Bid
Greenscape	\$69,600.00	\$73,080.00	\$76,800.00	\$80,580.00
Pacific Green Landscape	\$94,200.00	\$94,200.00	\$97,026.00	\$99,936.84
Westturf Landscape	\$119,599.92	\$122,592.00	\$125,652.00	\$128,784.00
Acacia Landscape Co.	\$167,400.00	\$179,100.00	\$190,800.00	\$198,000.00
Brewer Land & Landscape	\$273,600.00	\$287,280.00	\$301,644.00	\$316,800.00

The District has contracted with Greenscape in the past (prior to January 21, 2007), to maintain the District's administration and operations building landscaping. Additionally, responses to inquiries of current references have been positive. Although the scope of services is considerably larger than Greenscape's prior contract with the District, the District is confident that Greenscape can successfully perform the required services identified within the proposed contract. Additionally, as is consistent with the District's multi-year contracts, should Greenscape fail to perform as required, the District will have the ability to terminate the contract at any time for cause.

It is recommended that the Board award a contract to Greenscape, 333 W. Lexington Ave., El Cajon, CA 92020, in the amount of \$300,060.00 to cover the cost of landscape maintenance, as identified in the proposed contract, for FY 2008 through FY 2011.

FISCAL IMPACT:

The landscape maintenance operating budget for FY 08 is \$150,000.00. Of this amount, \$120,000.00 was budgeted to be used for the proposed contract. There are sufficient funds in the FY-08 operating budget to cover the \$69,600.00 cost for Year 1 of the proposed contract.

STRATEGIC GOAL:

The proposed contract supports the District's strategy of:

- Stewards of Public Infrastructure
- Business Efficiency

LEGAL IMPACT: _____

None.



General Manager

Attachments: "A" Committee Action Report



ATTACHMENT A

SUBJECT/PROJECT:	AWARD OF CONTRACT FOR LANDSCAPE MAINTENANCE SERVICES TO GREENSCAPE
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COMMITTEE ACTION:

This item was presented to the Finance/Administration Committee on June 27, 2007 and the committee supported presentation to the full board.

NOTE:

The "Committee Action" is written in anticipation of the Committee moving the item forward for Board approval. This report will be sent to the Board as a Committee approved item, or modified to reflect any discussion or changes as directed from the Committee prior to presentation to the full Board.



AGENDA ITEM 4

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	July 10, 2007
SUBMITTED BY:	Steve Dobrawa, <i>[Signature]</i> Purchasing and Facilities Manager	W.O./G.F. NO:	DIV. NO. All
APPROVED BY: (Chief)	Rom Sarno, Chief, Administrative Services		
APPROVED BY: (Asst. GM):	German Alvarez, <i>[Signature]</i> Assistant General Manager, Finance and Administration		
SUBJECT:	AWARD OF CONTRACT FOR JANITORIAL SERVICES TO PACIFIC BUILDING MAINTENANCE		

GENERAL MANAGER'S RECOMMENDATION:

That the Board authorizes the General Manager to:

1. Execute a three-year contract with Pacific Building Maintenance, 1330 Willow St., San Diego, CA 92106 for janitorial services for the District's Administrative and Operation facilities in the following amounts:

Year 1	\$ 33,540.00
Year 2	\$ 33,540.00
Year 3	\$ 33,540.00, and
2. Negotiate and continue the contract, at the General Manager's discretion, for Option Year 4 and Option Year 5.

COMMITTEE ACTION:

Please see attachment A.

PURPOSE:

To provide bid results and obtain authorization to award a three year janitorial service contract, with two additional optional year renewals, to Pacific Building Maintenance, 1330 Willow St., San Diego, CA 92106.

ANALYSIS:

On June 1, 2001, in support of a decision to outsource janitorial services, the District entered into a 4-year contract with Jani-King

of California. On May 31, 2005 the contract expired and Jani-King's contract was continued on a month-to-month basis.

In accordance with District's purchasing requirements, a solicitation for quotations for janitorial service was published. Additionally, the solicitation was forwarded to the Contracting Opportunities Center. From June 11, 2007 through June 15, 2007 eleven (11) firms responded and attended a job walk of the District's Administrative and Operations facilities.

On June 18, 2007, eight (8) bids were received and publicly opened with the following results:

Bidder	Year 1 Bid	Year 2 Bid	Year 3 Bid
Pacific Building Maintenance	\$ 33,540.00	\$ 33,540.00	\$ 33,540.00
PMS Maintenance Systems	\$ 36,395.52	\$ 37,851.24	\$ 39,365.40
T and T Janitorial	\$ 39,600.00	\$ 39,600.00	\$ 39,600.00
Metro Janitorial	\$ 44,376.00	\$ 44,376.00	\$ 44,376.00
Gina Solutions	\$ 42,000.00	\$ 46,200.00	\$ 50,820.00
Kleenhouse Building Maintenance	\$ 46,380.00	\$ 48,696.00	\$ 51,120.00
We Buff it Too Biz	\$ 48,000.00	\$ 54,000.00	\$ 60,000.00
Jani-King of California	\$ 58,740.00	\$ 58,740.00	\$ 58,740.00

The District has checked references for the apparent low bidder, Pacific Building Maintenance, and all responses are positive. As a condition of the contract, the vendor will be required to conduct preliminary and annual background checks and bond employees assigned to perform work for the District. Additionally, as is consistent with the District's multi-year contracts, should the vendor fail to perform as required, the District will have the ability to terminate the contract at any time for cause.

It is recommended that the Board award a contract to Pacific Building Maintenance, 1330 Willow St., San Diego, CA 92106, in the amount of \$100,620.00 to cover the cost of janitorial service, as identified in the proposed contract, for FY 2008 through FY 2010 with 2 additional option years.

FISCAL IMPACT:

The janitorial service operating budget for FY 08 is \$60,000.00. Of this amount, \$50,000.00 was budgeted to be used for the proposed contract. There are sufficient funds in the FY-08 operating budget to cover the \$33,540.00 cost for Year 1 of the proposed contract.

STRATEGIC GOAL:

The proposed contract supports the District's strategy of:

- Business Efficiency

LEGAL IMPACT: _____

None.



General Manager

Attachments: "A" Committee Action Report



ATTACHMENT A

SUBJECT/PROJECT:	AWARD OF CONTRACT FOR JANITORIAL SERVICES TO PACIFIC BUILDING MAINTENANCE
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COMMITTEE ACTION:

This item was presented to the Finance/Administration Committee on June 27, 2007 and the committee supported presentation to the full board.

NOTE:

The "Committee Action" is written in anticipation of the Committee moving the item forward for Board approval. This report will be sent to the Board as a Committee approved item, or modified to reflect any discussion or changes as directed from the Committee prior to presentation to the full Board.



AGENDA ITEM 5

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	July 10, 2007
SUBMITTED BY:	Rom Saino <i>RS</i> Chief Administrative Services	W.O./G.F. NO:	DIV. NO.
APPROVED BY: (Chief)			
APPROVED BY: (Asst. GM):	German Alvarez, Asst. GM, Finance and Administration <i>GA</i>		
SUBJECT:	Amendments to the Joint Powers Agreement (JPA) between the California Special Districts Association (CSDA) and the Special District Risk Management Authority (SDRMA)		

GENERAL MANAGER'S RECOMMENDATION:

That the Board adopt Resolution No. 4103 approving proposed amendments to the Special District Risk Management Authority Joint Powers Agreement (SDRMA JPA) as it relates to California Special District Association (CSDA).

COMMITTEE ACTION: _____

See attachment "A"

PURPOSE:

To amend Article 25 of the JPA to delete the requirement for SDRMA to pay CSDA an annual administrative fee equal to 1% of SDRMA's net annual premiums. The District is a member of both the CSDA and the SDRMA. This provision of the JPA creates a financial inequity for SDRMA and CSDA members who do not participate in SDRMA's programs. With SDRMA's significant growth in recent years, the SDRMA Board of Directors supports the elimination of this provision. This proposed amendment will be beneficial for SDRMA and its members.

ANALYSIS:

The primary change proposed to the current Fifth (5th) Amended JPA amends Article 25 - Annual Service Fees: Provisions Relating to CSDA by eliminating the requirement for SDRMA to pay an annual administrative fee to the CSDA.

In addition to the proposed amendment to Article 25, there are also minor changes in three other sections of the JPA:

Recitals: 2nd *Whereas*

New Section: Adds language. California Labor Code Section 3700 (c) permits pooling by public agencies of self insurance for Workers' Compensation Code.

Purpose of Change: Updates language to be consistent with Government Code.

Article 7: *Board of Directors*

Deletes: Provisions for an Interim Board consisting of nine (9) Directors. The interim Board will be comprised of the Directors from each Board (4 SDWCA, 5 SDRMA) who hold elected positions on July 1, 2003. Such Directors shall serve until the first election in 2005.

Purpose of Change: Removes outdated provisions related to interim Board of Directors resulting from the consolidation of SDRMA and SDWCA.

Article 19: *Withdrawals*

Amends existing Language: Clarifies language regarding member participation between program and the withdrawal provisions.

Purpose of Change: Existing language was unclear regarding voluntary member withdrawal from a specific coverage program and voluntary withdrawal from all programs (withdrawal from JPA).

The changes do not materially affect or change membership requirements or substantially modify the terms of the JPA.

FISCAL IMPACT:

None

~~_____~~

STRATEGIC GOAL:

None

LEGAL IMPACT:

None

Mark Watton

General Manager

Attachment A - Committee Action

Attachment B - Resolution

Attachment C - Sixth Amended Joint Powers Agreement



ATTACHMENT A

SUBJECT/PROJECT:	Amendments to the Joint Powers Agreement (JPA) between the California Special Districts Association (CSDA) and the Special District Risk Management Authority (SDRMA)
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COMMITTEE ACTION:

This item was presented to the Finance/Administration Committee on June 27, 2007 and the committee supported presentation to the full board.

NOTE:

The "Committee Action" is written in anticipation of the Committee moving the item forward for board approval. This report will be sent to the Board as a committee approved item, or modified to reflect any discussion or changes as directed from the committee prior to presentation to the full board.

RESOLUTION NO 4103

A RESOLUTION OF THE GOVERNING BODY OF THE
Otay Water District
APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND
DELIVERY OF A SIXTH AMENDED JOINT POWERS AGREEMENT

WHEREAS, the **Otay Water District**, a public agency duly organized and existing under and by virtue of the California Government Code and laws of the State of California (the "Member Agency"), has entered into the Fifth Amended and Restated Joint Powers Agreement (the "Original Agreement"), relating to the Special District Risk Management Authority (the "Authority"); and

WHEREAS, the **Otay Water District** and the other members of the Authority (the "Members") find it beneficial to amend the Original Agreement (i) to amend Article 25 of the agreement regarding administrative fees paid by the Authority to the California Special District Association, and (ii) to make certain other amendments to the Original Agreement; and

WHEREAS, in order to implement the foregoing, the Member Agency and the Members propose to execute and enter into a Sixth Amended Joint Powers Agreement (the "Amended JPA Agreement"); and

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the transactions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Governing Body is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such transactions for the purpose, in the manner and upon the terms herein provided.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE MEMBER AGENCY AS FOLLOWS:

Section 1. Findings. The Governing Body of **Otay Water District**, hereby specifically finds and determines that the actions authorized hereby relate to the public affairs of the agency.

Section 2. Amended JPA Agreement. The Amended JPA Agreement, proposed to be executed and entered into by and between the Member Agency and the Members, in the form presented at this meeting and on file with the District Secretary, is hereby approved. The **[INSERT THE NAME OF BOARD PRESIDENT OR AUTHORIZED OFFICER]** ("The Authorized Officers") are hereby authorized and directed, for and in the name and on behalf of the Governing Body, to execute and deliver to the Authority the Amended JPA Agreement in

substantially said form, with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. Effective Date of Amended JPA Agreement. The Amended JPA Agreement shall take effect on October 1, 2007, but not sooner than receipt of required affirmative written approval of 2/3 of the Members participating in the Authority's risk management program(s), and who are signatory to the Fifth Amended and Restated JPA Agreement.

Section 4. Other Actions. The Authorized Officers of the Governing Body are each hereby authorized and directed to execute and deliver any and all documents which they may deem necessary in order to consummate the transactions authorized hereby and all such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 5. Effective Date. This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED this 10th day of July, 2007 by the following vote:

AYES: _____

NOES: _____

ABSENT: _____

President: _____

Secretary of Governing Body

**SIXTH AMENDED
JOINT POWERS AGREEMENT**

RELATING TO THE

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

Adopted August 1, 1986
1st Amended February 5, 1988
2nd Amended March 31, 1990
3rd Amended July 1, 1993
4th Amended February 9, 1998
5th Amended and Restated
- Approved March 24, 2003
- Effective July 1, 2003
6th Amended October , 2007

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**SIXTH AMENDED JOINT POWERS AGREEMENT
RELATING TO THE
SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY**

THIS SIXTH AMENDED JOINT POWERS AGREEMENT (the "Agreement") is made and entered into by and among the public agencies (the "Members") organized and existing under the laws of the State of California, which are signatories to this Agreement.

RECITALS

WHEREAS, California Government Code Section 6500 *et seq.* (the "Act") provides that two or more public agencies may by agreement jointly exercise any power common to the contracting parties; and

WHEREAS, California Labor Code Section 3700(c) permits pooling by public agencies of self insurance for Workers' Compensation liability; and

WHEREAS, California Government Code Section 990.4 provides that a local public entity may self-insure, purchase insurance through an authorized carrier, purchase insurance through a surplus line broker, or any combination of these; and

WHEREAS, California Government Code Section 990.8 provides that two or more local entities may, by a joint powers agreement, provide insurance for any purpose by any one or more of the methods specified in Government Code Section 990.4; and

WHEREAS, the parties to this Agreement desire to join together for the purposes set forth in Article 2 hereof, including establishing pools for self-insured losses and purchasing Excess or Re-Insurance and administrative services in connection with joint protection programs (the "Programs") for members of the California Special Districts Association ("CSDA"); and

WHEREAS, it appears economically feasible and practical for the parties to this Agreement to do so; and

WHEREAS, the Members have previously executed that certain Fifth Amended and Restated Joint Powers Agreement (the "Original JPA"), which Original JPA the Members desire to amend and restate by this Agreement; provided that such amendment and restatement shall not affect the existence of the Authority; and

WHEREAS, CSDA exists to assist and promote special districts, and has been responsible for the original creation of the Special District Risk Management Authority ("Authority") and Special District Workers Compensation Authority ("SDWCA"), and determined the consolidation of SDWCA and the Authority on July 1, 2003 was in the best interests of special districts and other public agencies throughout the State.

NOW THEREFORE, for and in consideration of all of the mutual benefits, covenants and agreements contained herein, the parties hereto agree as follows:

Article 1. Definitions. The following definitions shall apply to the provisions of this agreement:

“Act” means Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the California Government Code, as amended or supplemented.

“Alliance Executive Council” means the council organized pursuant to the MOU.

“Assessment” means an additional amount, in addition to the Member’s or Former Member’s original contribution, which the Board of Directors determines in accordance herewith and/or with the Bylaws that a Member or Former Member owes on account of its participation in a Program for a given Program year.

“Authority” shall mean the Special District Risk Management Authority created by the original version of this Agreement.

“Board of Directors” or “Board” shall mean the governing body of the Authority.

“Bylaws” means the Bylaws of the Authority adopted by the Board of Directors, as they may be amended from time to time.

“Chief Executive Officer” shall mean that employee of the Authority who is so appointed by the Board of Directors.

“Claim” shall mean a demand made by or against a Member or Former Member which is or may be covered by one of the Programs approved by the Board of Directors.

“Contribution” means the amount determined by the Board of Directors to be the appropriate sum which a Member should pay at the commencement of or during the Program Year in exchange for the benefits provided by the Program.

“Coverage Documents” shall mean the Declarations, Memorandum of Coverages, Coverage Agreements, Endorsements, Policies of Insurance or any other documents that provide the terms, conditions, limits and exclusions of coverage afforded by a Program.

“CSDA” means the California Special Districts Association.

“District” shall mean a special district, public agency or public entity within the State of California which is both a Member of the CSDA and a signatory to this Agreement.

“Duly Constituted Board Meeting” shall mean any Board of Directors meeting noticed and held in the required manner and at which a Quorum was determined to be present at the beginning of the meeting.

“Estimated Contribution” means the amount which the Board of Directors estimates will be the appropriate contribution for a Member’s participation in a Program for a Program Year.

“Excess or Re-Insurance” shall mean that insurance which may be purchased on behalf of the Authority and/or the Members to protect the funds of the Members or Former Members against catastrophic losses or an unusual frequency of losses during a single year in excess of the self-insurance retention maintained by the Authority.

“Fiscal Year” shall mean that period of twelve months which is established as the fiscal year of the Authority.

“Former Member” shall mean a District which was a signatory to the Agreement but which has withdrawn from, or been involuntarily terminated from participating in, the Authority.

“Joint Protection Program” means a Program offered by the Authority, separate and distinct from other Programs, wherein Members will jointly pool their losses and claims, jointly purchase Excess or Re-Insurance and administrative and other services, including claims adjusting, data processing, risk management consulting, loss prevention, legal and related services.

“Member” shall mean a signatory to this Agreement, which is qualified as a Member under the provisions of this Agreement and the Bylaws.

“MOU” means the Memorandum of Understanding - Alliance Executive Council, dated as of September 20, 2001, among the Authority, CSDA, the CSDA Finance Corporation and SDWCA.

“Program” or “Programs” means the specific type of protection plan as set forth in the terms, conditions and exclusions of the Coverage Documents for self-insured losses, and the purchasing of Excess or Re-Insurance and administrative services.

“Program Year” shall mean a period of time, usually 12 months, determined by the Board of Directors, in which a Program is in effect.

“Retained Earnings,” as used herein, shall mean an equity account reflecting the accumulated earnings of a Joint Protection Program.

“SDWCA” means the Special Districts Workers Compensation Authority, and its successors or assigns.

Article 2. Purposes. This Agreement is entered into by the Members pursuant to the provisions of California Government Code section 990, 990.4, 990.8 and 6500 *et seq.* in order to provide, subject to the provisions of the Coverage Documents, economical public liability and workers’ compensation coverage, or coverage for other risks which the Board of Directors may determine.

Additional purposes are to reduce the amount and frequency of losses, and to decrease the cost incurred by Members in the handling and litigation of claims. These purposes shall be

accomplished through the exercise of the powers of such Members jointly in the creation of a separate entity, the Special District Risk Management Authority (the "Authority"), to establish and administer Programs as set forth herein and in the Bylaws.

It is also the purpose of this Agreement to provide, to the extent permitted by law, for the inclusion, at a subsequent date, and subject to approval by the Board of Directors, of such additional Members organized and existing under the laws of the State of California as may desire to become parties to the Agreement and Members of the Authority.

Article 3. Parties to Agreement. Each party to this Agreement certifies that it intends to and does contract with all other parties who are signatories to this Agreement and, in addition, with such other parties as may later be added as parties to and signatories of this Agreement pursuant to Article 18. Each party to this Agreement also certifies that the withdrawal from or cancellation of membership by any Member, pursuant to Articles 19 and 20 or otherwise, shall not affect this Agreement nor such party's intent, as described above, to contract with the other remaining parties to the Agreement.

Article 4. Term of Agreement. This Agreement shall become effective as to existing Members of the Authority as set forth in Article 33 hereof. This Agreement shall continue thereafter until terminated as hereinafter provided. This Agreement shall become effective as to each new Member upon: (i) approval of its membership by the Board of Directors, (ii) the execution of this Agreement by the Member, and (iii) upon payment by the Member of its initial Contribution for a Program. Any subsequent amendments to the Agreement shall be in accordance with Article 27 of this Agreement.

Article 5. Creation of Authority. Pursuant to the Act, there is hereby created a public entity separate and apart from the parties hereto, to be known as the Special District Risk Management Authority. Pursuant to Section 6508.1 of the Act, the debts, liabilities and obligations of the Authority, including but not limited to, debts, liabilities and obligations of any of the Programs shall not constitute debts, liabilities or obligations of any party to this Agreement or to any Member or Former Member.

The Authority is not an insurer, and the coverage programs offered by the Authority do not provide insurance, but instead provide for pooled joint protection programs among the members of the Authority. The Joint Protection Programs offered by the Authority constitute negotiated agreements among the Members which are to be interpreted according to the principles of contract law, giving full effect to the intent of the Members, acting through the Board of Directors in establishing the Programs.

Article 6. Powers of Authority. (a) The Authority shall have all of the powers common to Members and is hereby authorized to do all acts necessary for the exercise of said common powers, including, but not limited to, any or all of the following:

- (1) to make and enter into contracts, including the power to accept the assignment of contracts or other obligations which relate to the purposes of the Authority, or which were entered into by a Member or Former

Member prior to joining the Authority, and to make claims, acquire assets and incur liabilities;

- (2) to accept an assignment from SDWCA of all its assets, obligations and liabilities prior to the dissolution of SDWCA (including claims and contracts in existence prior to such dissolution) in order to benefit the Members or Former Members participating in the SDWCA workers compensation program; provided, that except for the fair and equitable allocation of administrative and overhead expenses, funds from such assignment shall not be co-mingled and shall be separately accounted for as provided for in this Agreement and the Bylaws.
- (3) to incur debts, liabilities, or other obligations, including those which are not debts, liabilities or obligations of the Members or Former Members, or any of them;
- (4) to charge and collect Contributions and Assessments from Members or Former Members for participation in Programs;
- (5) to receive grants and donations of property, funds, services and other forms of assistance from persons, firms, corporations and governmental entities;
- (6) to acquire, hold, lease or dispose of property, contributions and donations of property and other forms of assistance from persons, firms, corporations and governmental entities
- (7) to acquire, hold or dispose of funds, services, donations and other forms of assistance from persons, firms, corporations and governmental entities;
- (8) to employ agents and employees, and/or to contract for such services;
- (9) to incur debts, liabilities or other obligations to finance the Programs and any other powers available to the Authority under Article 2 or Article 4 of the Act;
- (10) to enter into agreements for the creation of separate public entities and agencies pursuant to the Act;
- (11) to sue and be sued in its own name;
- (12) to exercise all powers necessary and proper to carry out the terms and provisions of this Agreement (including the provision of all other appropriate ancillary coverages for the benefit of the Members or Former Members), or otherwise authorized by law or the Act; and
- (13) to exercise all powers and perform all acts as otherwise provided for in the Bylaws.

(b) Said powers shall be exercised pursuant to the terms hereof, in the manner provided by law and in accordance with Section 6509 of the Act. The foregoing powers shall be subject to the restrictions upon the manner of exercising such powers pertaining to the Member or Former Member designated in the Bylaws.

Article 7. Board of Directors. Subject to the limitations of this Agreement and the laws of the State of California, the powers of this Authority shall be vested in and exercised by, and its property controlled and its affairs conducted by, the Board of the Authority, which is hereby established and designated as the agency to administer this Agreement pursuant to Section 6506 of the Act. The powers of the Authority shall be exercised through the Board of Directors, who may, from time to time, adopt and modify Bylaws and other rules and regulations for that purpose and for the conduct of its meetings as it may deem proper. The officers of the Board shall be as set forth in the Bylaws.

So long as the MOU has not been terminated or the Authority has not withdrawn from the MOU, the Board of Directors shall be composed of seven (7) directors elected by the Member entities who have executed the current operative Agreement and are participating in a Joint Protection Program. The terms of directors, procedures for election of directors, procedures for meetings and provisions for reimbursement of Director expenses shall be as set forth in the Bylaws. Each Member of the Board of Directors shall have one vote. Each Member of the Board shall serve as set forth in the Bylaws.

So long as the Authority is a participant in the MOU, the Board of Directors of the Authority shall appoint three (3) members of its board to serve as members of the Alliance Executive Council. No member of the Board of Directors of the Authority shall serve as a director on any other board of directors of an entity or organization that is a signatory to the MOU during the term of the MOU. In the event a director is elected to such a board, that director shall immediately resign from the Board of Directors of the Authority.

In the event SDRMA withdraws from the MOU, the Board of Directors of the Authority shall consist of those seven (7) Directors who hold seats on the Authority's Board of Directors at the time of the withdrawal and who were duly appointed by the Board, or elected or re-elected by the Member entities of SDRMA plus the additional directors appointed by CSDA as provided in Article 25.

Article 8. Compliance with the Brown Act. All meetings of the Board, including, without limitation, regular, adjourned regular and special meetings, shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act, California Government Code Section 54950 *et seq.*

Article 9. Powers of the Board of Directors. The Board of Directors shall have such powers and functions as provided for pursuant to this Agreement and the Bylaws and such additional powers as necessary or appropriate to fulfill the purposes of this Agreement and the Bylaws, including, but not limited to, the following:

- (a) to determine details of and select the Program or Programs to be offered, from time to time, by the Authority;

- (b) to determine and select all insurance, including Excess or Re-insurance, necessary to carry out the programs of the Authority;
- (c) to contract for, develop or provide through its own employees various services for the Authority;
- (d) to prepare or cause to be prepared the operating budget of the Authority for each fiscal year;
- (e) to receive and act upon reports of committees and from the Chief Executive Officer;
- (f) to appoint staff, including a Chief Executive Officer, and employ such persons as the Board of Directors deems necessary for the administration of this Authority;
- (g) to direct, subject to the terms and conditions of the Coverage Documents, the payment, adjustment, and defense of all claims involving a Member during their period of membership in and coverage under a Program;
- (h) to fix and collect Contributions and Assessments for participation in the Programs;
- (i) to expend funds of the Authority for the purpose of carrying out the provisions of the Agreement and the Bylaws as they now exist or may be hereafter amended;
- (j) to purchase excess insurance, liability insurance, stop loss insurance, officers and directors liability insurance, and such other insurance as the Authority may deem necessary or proper to protect the Program, employees of the Authority and employees of the Members;
- (k) to defend, pay, compromise, adjust and settle all claims as provided for in the Coverage Documents;
- (l) to obtain a fidelity bond in such amount as the Board of Directors may determine for any person or persons who have charge of or the authority to expend funds for the Authority;
- (m) to establish policies and procedures for the operation of the Authority and the Programs;
- (n) to engage, retain, and discharge agents, representatives, firms, or other organizations as the Board of Directors deems necessary for the administration of the Authority;
- (o) to enter into any and all contracts or agreements necessary or appropriate to carry out the purposes and functions of the Authority;

- (p) to acquire, hold, lease, manage and dispose of, as provided by law, any and all property necessary or appropriate to carry out the purposes and functions of the Authority;
- (q) to transact any other business which is within the powers of the Board of Directors;
- (r) to invest funds on hand in a manner authorized by law, the Agreement and the Bylaws;
- (s) to provide financial administration, claims management services, legal representations, safety engineering, actuarial services, and other services necessary or proper to carry out the purposes of the Authority either through its own employees or contracts with one or more third parties;
- (t) to exercise general supervisory and policy control over the Chief Executive Officer;
- (u) to establish committees and sub-committees as it deems necessary to best serve the interests of the Authority; and
- (v) to have such other powers and functions as are provided for pursuant to the Act, this Agreement or necessary or appropriate to fulfill the purpose of this Agreement and the Bylaws.

Article 10. Officers of the Authority. The officers of the Authority shall be as set forth in the Bylaws. The Board may elect or authorize the appointment of such other officers than those described in the Bylaws as the business of the Authority may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in this Agreement, or as the Board, from time to time, may authorize or determine.

Any officer may be removed, either with or without cause, by a majority of the directors of the Board at any regular or special meeting of the Board. Should a vacancy occur in any office as a result of death, resignation, removal, disqualification or any other cause, the Board may delegate the powers and duties of such office to any officers or to any Members of the Board until such time as a successor for said office has been appointed.

Article 11. Provision for Bylaws. The Board shall promulgate Bylaws to govern the day-to-day operations of the Authority. The Board may amend the Bylaws from time to time as it deems necessary, and as provided in the Bylaws. Each Member shall receive a copy of any Bylaws and agrees to be bound by and to comply with all of the terms and conditions of the Bylaws as they exist or as they may be modified. The Bylaws shall be consistent with the terms of this Agreement. In the event any provision of the bylaws conflicts with a provision of this Agreement, the provision contained in this Agreement shall control.

Article 12. [Reserved].

Article 13. Coverage Programs.

(a) The Authority shall maintain such types and levels of coverage for Programs as determined by the Board of Directors. Such coverage may provide for binding arbitration before an independent arbitration panel of any disputes concerning coverage between the Authority and a Member.

(b) The coverage afforded under one or more Programs may include protection for general liability, auto liability, property, boiler and machinery, public officials errors and omissions, employment practices, employee benefits liability coverage, employee dishonesty coverage, public officials personal liability coverage and workers' compensation, as well as coverage for other risks which the Board of Directors may determine to be advisable. More than one type of coverage may be afforded under a single Program.

(c) The Board of Directors may arrange for group policies to be issued for Members, their board members and employees interested in obtaining additional coverage, at an appropriate additional cost to those participating Members.

(d) The Board of Directors may arrange for the purchase of Excess or Re-Insurance. The Authority shall not be liable to any Member or to any other person or organization if such excess or reinsurance policies are terminated, canceled or non-renewed without prior notice to one or more Members, or if there is a reduction in the type of coverage afforded under a program by reason of any change in coverage in a succeeding excess or reinsurance policy, even if such reduction occurs without prior notice to one or more Members.

Article 14. Implementation of the Programs. The Board of Directors shall establish the coverage afforded by each Program, the amount of Contributions and Assessments, the precise cost allocation plans and formulas, provide for the handling of claims, and specify the amounts and types of Excess or Re-Insurance to be procured. The Contributions and Assessments for each Program shall be determined by the Board of Directors as set forth herein, in the Bylaws or in the operating policies established for a Program.

Article 15. Accounts And Records.

(a) **Annual Budget.** The Authority shall, pursuant to the Bylaws, annually adopt an operating budget, including budgets for each Joint Protection Program.

(b) **Funds and Accounts.** The Authority shall establish and maintain such funds and accounts as required by the Board of Directors and as required by generally accepted accounting principles, including separate funds and accounts for each Program, including Joint Protection Programs. Books and records of the Authority shall be open to any inspection at all reasonable times by authorized representatives of Members, or as otherwise required by law.

(c) **Investments.** Subject to the applicable provisions of any indenture or resolution providing for the investment of moneys held thereunder, the Authority shall have the power to invest any money in the treasury that is not required for the immediate necessities of the Authority, as the Board determines is advisable, in the same manner as local agencies pursuant to

California Government Code Sections 53601 *et seq.* (as such provisions may be amended or supplemented).

(d) **No Commingling.** The funds, reserves and accounts of each Program shall not be commingled and shall be accounted for separately; provided, however, that administration and overhead expenses of the Authority not related to a specific Program or Programs may be fairly and equitably allocated among Programs as determined by the Board of Directors. Investments and cash accounts may be combined for administrative convenience, but a separate accounting shall be made for balances of individual funds and Program revenues and expenses.

(e) **Annual Audit.** The Board shall provide for a certified, annual audit of the accounts and records of the Authority, in the manner set forth in the Bylaws.

Article 16. Services Provided by the Authority. The Authority may provide, at the sole discretion of the Board of Directors, the following services in connection with this Agreement:

(a) to provide or procure coverage, including but not limited to self-insurance funds and commercial insurance, as well as excess coverage, re-insurance and umbrella insurance, by negotiation or bid, and purchase;

(b) to assist Members in obtaining insurance coverage for risks not included within the coverage of the Authority;

(c) to assist risk managers with the implementation of risk management functions as it relates to risks covered by the Programs in which the Member participates;

(d) to provide loss prevention and safety consulting services to Members;

(e) to provide claims adjusting and subrogation services for Claims covered by the Programs;

(f) to provide loss analysis and control by the use of statistical analysis, data processing, and record and file keeping services, in order to identify high exposure operations and to evaluate proper levels of self-retention and deductibles;

(g) to review Member contracts to determine sufficiency of indemnity and insurance provisions when requested;

(h) to conduct risk management audits relating to the participation of Members in the Programs; and

(i) to provide such other services as deemed appropriate by the Board of Directors.

Article 17. Responsibilities of Members. Members or Former Members shall have the following responsibilities, which shall survive the withdrawal from, or involuntary termination of participation in, this Agreement:

(a) Each Member shall designate a person to be responsible for the risk management function within that Member and to serve as a liaison between the Member and the Authority as to risk management.

(b) Each Member shall maintain an active safety officer and/or committee, and shall consider all recommendations of the Authority concerning unsafe practices and/or hazard mitigation.

(c) Each Member shall maintain its own set of records, including a loss log, in all categories of risk covered by each Program in which it participates to insure accuracy of the Authority's loss reporting system, unless it is no longer deemed necessary by the Board of Directors.

(d) Each Member shall pay its Contribution, and any adjustments thereto, and any Assessments within the specified period set forth in the invoice, or as otherwise may be set forth herein or in the Bylaws. After withdrawal or termination, each Former Member or its successor shall pay promptly to the Authority its share of any additional Contribution, adjustments or Assessments, if any, as required of it by the Board of Directors under Article 21 or 22 of this Agreement or the Bylaws.

(e) Each Member or Former Member shall provide the Authority with such other information or assistance as may be necessary for the Authority to carry out the Programs under this Agreement in which the Member or Former Member participates or has participated.

(f) Each Member or Former Member shall in any and all ways cooperate with and assist the Authority and any insurer of the Authority, in all matters relating to this Agreement and covered claims.

(g) Each Member or Former Member will comply with all Bylaws, rules and regulations adopted by the Board of Directors.

(h) Each Member shall remain a member in good standing of CSDA.

Article 18. New Members. The Authority shall allow entry into its Programs of new Members only upon approval of the Board, with any conditions or limitations as the Board deems appropriate. In order to become a Member and remain a Member, any District must be a member in good standing of CSDA, shall participate in at least one (1) Joint Protection Program and shall be authorized to exercise the common powers set forth in this Agreement.

Article 19. Withdrawal.

(A) Any Member may voluntarily withdraw from this Agreement only at the end of any applicable Program Year and only if:

- (i) The Member has been a signatory to this Agreement for not less than three (3) full Program Years as of the date of the proposed withdrawal;

- (ii) The Member submits a written withdrawal notification in accordance with the Bylaws;
 - (iii) In order to withdraw from the agreement the member must have completed the three (3) full program year participation requirement for each Joint Protection Program the member participated in at the time of withdrawal.
- (B) Any Member may voluntarily withdraw from any particular Joint Protection Program; and
- (i) It has participated in such Joint Protection Program for at least three (3) full Program Years;
 - (ii) it is a participant in another Joint Protection Program; and
 - (iii) the Member submits a written withdrawal notification in accordance with the Bylaws.

(C) In the event that the three year participation requirement as required by (A)(i) or (B)(i) as to any such Joint Protection Program above has not been met, for each Program the withdrawing Member participated in at the time of its withdrawal, for less than three years such withdrawing member shall be obligated to pay all Contributions and Assessments as if that Member had remained in each such Program for the full three years from the inception of its membership in the Authority.

(D) In the event that the notice is not provided as required by (A)(ii) or (B)(iii) above, any such withdrawing Member shall, with respect to each Program the Member participated in, be obligated to pay any and all Contributions and Assessments for the next full Program Year.

(E) A Member may withdraw from any Program (other than a Joint Protection Program) as provided by the Coverage Documents relating to such Program.

(F) Withdrawal of one or more Members shall not serve to terminate this Agreement.

(G) A Member may not withdraw as a party to this Agreement until it has withdrawn, as provided in the Bylaws from all of the Programs of the Authority.

Article 20. Involuntary Termination.

(a) Notwithstanding the provisions of Article 19, the Authority shall have the right to involuntarily terminate any Member's participation in any Program, or terminate membership in the Authority, as provided in the Bylaws.

(b) Notwithstanding any other provisions of this Agreement, the participation of any Member of the Authority, including participation in any of the Authority's Programs, may be involuntarily terminated at the discretion of the Board of Directors whenever such Member is dissolved, consolidated, merged or annexed. A reasonable time shall be afforded, in the

discretion of the Board of Directors, to place coverage elsewhere. Any such involuntary termination shall not relieve the Member or Former Member of its responsibilities as provided for in Articles 17 or 21.

Article 21. Effect of Withdrawal or Involuntary Termination. The withdrawal from or involuntary termination of any Member from this Agreement shall not terminate this Agreement, and such Member, by withdrawing or being involuntarily terminated, shall not be entitled to payment, return or refund of any Contribution, Assessment, consideration, or other property paid, or donated by the Member to the Authority, or to any return of any loss reserve contribution, or to any distribution of assets (except payment of any Retained Earnings, as set forth in the following paragraph).

The withdrawal from or involuntary termination of any Member after the effective date of any Program shall not terminate its responsibility to pay its unpaid Contribution adjustments, or Assessments to such Program. The Board of Directors shall determine the final amount due from the Member or Former Member by way of contribution or assessments, if any, or any credit due on account thereof, to the Member or Former Member for the period of its participation. Such determination shall not be made by the Board of Directors until all Claims, or other unpaid liabilities, have been finally resolved. In connection with this determination, the Board of Directors may exercise similar powers to those provided for in Article 22(b) of this Agreement, or as otherwise set forth in the Bylaws. Upon such withdrawal from or cancellation of participation in any Program by any Member, said Member shall be entitled to receive its pro rata share of any Retained Earnings declared by the Board of Directors after the date of said Member withdraws or is involuntarily terminated.

Article 22. Termination and Distribution; Assignment.

(a) This Agreement may be terminated any time with the written consent of two-thirds of the voting Members; provided, however, that this Agreement and the Authority shall continue to exist for the purpose of disposing of all claims, distribution of net assets and all other functions necessary to wind up the affairs of the Authority.

(b) The Board of Directors is vested with all powers of the Authority for the purpose of winding up and dissolving the business affairs of the Authority. These powers shall include the power to require Members or Former Members, including those which were signatory hereto at the time the subject Claims arose or was/were incurred, to pay any Assessment in accordance with loss allocation formulas for final disposition of all Claims and losses covered by this Agreement or the Bylaws. A Member or Former Member's Assessment shall be determined as set forth in the Bylaws or the applicable Coverage Documents.

(c) Upon termination of a Program, all net assets of such Program other than Retained Earnings shall be distributed only among the Members that are participating in such Program at the time of termination, in accordance with and proportionate to their cash payments (including Contributions, adjustments, Assessments and other property at market value when received) made during the term of this Agreement for such Program. The Board of Directors shall determine such distribution within six (6) months after disposal of the last pending Claim or loss covered by such Program, or as otherwise set forth in the Bylaws.

(d) Upon termination of this Agreement all net assets of the Authority, other than of any Program distributed pursuant to (c) above, shall be distributed only among the Members in good standing at the time of such termination in accordance with and proportionate to their cash contributions and property at market value when received. The Board of Directors shall determine such distribution within six (6) months after disposal of the last pending Claim or loss covered by this Agreement, or as otherwise set forth in the Bylaws.

(e) In the event the Board of Directors is no longer able to assemble a quorum, the Chief Executive Officer shall exercise all powers and authority under this Article. The decision of the Board of Directors or Chief Executive Officer under this Article shall be final.

(f) In lieu of terminating this Agreement, the Board, with the written consent of two-thirds of the voting Members, may elect to assign and transfer all of the Authority's rights, assets, liabilities and obligations to a successor joint powers authority created under the Act.

Article 23. Enforcement. The Authority is hereby granted authority to enforce this Agreement. In the event action is instituted to enforce the terms of this Agreement, the Bylaws and/or any policies and/or procedures of the Board of Directors and the nondefaulting party(s) should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party(s) herein contained, the defaulting party agrees that it will on demand therefore pay to the nondefaulting party(s) the reasonable fees of such attorneys and such other expenses so incurred by the nondefaulting party(s).

Article 24. Nonliability of Directors, Officers and Employees. The Board of Directors, and the officers and employees of the Authority, including former directors, officers and employees, shall not be liable to the Authority, to any Member or Former Member, or to any other person, for actual or alleged breach of duty, mistake of judgment, neglect, error, misstatement, misleading statement, or any other act or omission in the performance of their duties hereunder; for any action taken or omitted by any employee or independent contractor; for loss incurred through the investment or failure to invest funds; or for loss attributable to any failure or omission to procure or maintain insurance; except in the event of fraud, gross negligence, or intentional misconduct of such director, officer or employee. No director, officer or employee, including former directors, officers and employees, shall be liable for any action taken or omitted by any other director, officer or employee. The Authority shall defend and shall indemnify and hold harmless its directors, officers and employees, including former directors, officers and employees, from any and all claims, demands, causes of action, and damages arising out of their performance of their duties as such directors, officers or employees of the Authority except in the event of fraud, gross negligence, corruption, malice or intentional misconduct, and the funds of the Authority shall be used for such purpose. The Authority may purchase conventional insurance to protect the Authority, and its participating Members or Former Members, against any such acts or omissions by its directors, officers and employees, including former directors, officers and employees.

Article 25. Provisions Relating to CSDA. It is agreed and understood the mandatory membership in CSDA provision in Article 18 is in consideration of CSDA's exclusive endorsement of SDRMA's programs as they exist or may be modified. CSDA and the Authority

may from time to time exchange services or enter into separate service agreements pursuant to Section 6505 of the Act, including, but not limited to, services relating to educational programs, marketing, web-site graphics and conferences.

So long as the Authority is a participant in the MOU, the Board of the Authority shall appoint three members of the Board to serve as members of the Alliance Executive Council. In the event the MOU has been terminated or the Authority has withdrawn from the MOU, the composition of the Authority Board of Directors shall be increased by two (2) additional directors to be appointed by CSDA. CSDA appointees shall be a director serving on the CSDA Board of Directors and said director(s) shall be a member of an agency who is a signatory to the current SDRMA Joint Powers Agreement.

CSDA shall be a third party beneficiary to Sections 18, 25, 27 of this Agreement.

Article 26. Notices. Notices to Members or Former Members hereunder shall be sufficient if delivered to the principal office of the respective Member or Former Member.

Article 27. Amendment. This Agreement may be amended at any time by a two-thirds vote of the Members; provided, that any amendment to Article 18, Article 25, or Article 27 shall require the prior written consent of CSDA. The Bylaws may be amended as provided therein. Upon the effective date of any validly approved amendment to this Agreement, such amendment shall be binding on all Members.

Article 28. Prohibition Against Assignment. No person or organization shall be entitled to assert the rights, either direct or derivative, of any Member or Former Member under any coverage agreement or memorandum. No Member or Former Member may assign any right, claim or interest it may have under this Agreement, and no creditor, assignee or third party beneficiary of any Member or Former Member shall have any right, claim or title or any part, share, interest, fund, contribution or asset of the Authority.

Article 29. Agreement Complete. The foregoing constitutes the full and complete Agreement of the parties. There are no oral understandings or agreements not set forth in writing herein. This Agreement supersedes and replaces the Fifth Amended Joint Powers Amendment.

Article 30. Counterparts. This Agreement may be executed in one or more counterparts and shall be as fully effective as though executed in one document.

Article 31. California Law. This Agreement shall be governed by the laws of the State of California.

Article 32. Severability. Should any part, term or provisions of this Agreement be determined by any court of component jurisdiction to be illegal or in conflict with any law of the State of California or otherwise be rendered unenforceable or ineffectual, the validity of the remaining portions or provisions shall not be affected thereby.

Article 33. Effective Date. This Agreement shall become effective as to existing Members of the Authority on the date on which the last of two-thirds of such Members have executed this Agreement.

IN WITNESS WHEREOF, the parties hereto have first executed this Agreement by authorized officials thereof on the date indicated below:

Acknowledgement:

Ken Sonksen, President
Board of Directors
SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

Date

I hereby certify this Amended Joint Powers Agreement has also received the required approval of not less than two-thirds of the Member entities then parties to the Fifth Amended Joint Powers Agreement.

James W. Towns, Chief Executive Officer
SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

Date

EXECUTION BY MEMBER

The Amended and Restated Joint Powers Agreement of the Special District Risk Management Authority, has been approved by the Board of Directors of the Member listed below, on the date shown, and said Member agrees to be subject to all of the terms and conditions set forth in said Agreement.

Entity Name: _____

By: _____ President *h*

By: _____ Clerk

Date: _____

EXECUTION BY AUTHORITY

The Special District Risk Management Authority (the "Authority"), operating and functioning pursuant to this Sixth Amended Joint Powers Agreement, hereby accepts the entity named above as a participating member in the Authority, subject to all of the terms and conditions set forth in this Sixth Amended Joint Powers Agreement and in the Bylaws, effective as of

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

By: _____
Ken Sonksen, President
Board of Directors

Date: _____



AGENDA ITEM 6

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	July 10, 2007
SUBMITTED BY:	Rom Sarno, Chief, <i>RS</i> Administrative Services	W.O./G.F. NO:	DIV. NO. All
APPROVED BY: (Chief)			
APPROVED BY: (Asst. GM):	<i>AG</i> German Alvarez, Assistant General Manager, Finance and Administrative Services		
SUBJECT:	Public Records Request Policy, Board Policy Number 5		

GENERAL MANAGER'S RECOMMENDATION:

That the Board adopt resolution No. 4104 to approve the implementation of Board Policy Number 5, Public Records Requests, and delete existing Policy Number 5, Furnishing Copies of Documents and Preparation of Other Information.

COMMITTEE ACTION: _____

Please see Attachment "A".

PURPOSE:

To request Board adoption of proposed Policy 5, Public Records Requests Policy and deletion of Board Policy 5, Furnishing Copies of Documents and Preparation of other information.

ANALYSIS:

Board Policy Number 5, Public Records Requests Policy, provides the procedures for requests for information pursuant to the Freedom of Information Act (5 U.S.C. 552) and the California Public Records Act and establishes charges for furnishing documents and other information in response to such requests.

Pursuant to the California Public Records Act, records subject to inspection and copying include any writings, meaning any handwriting, typewriting, printing, photostating, photographing, and every other means of recording upon any form of communication or representation, including information available in an electronic format.

This Policy also establishes additional procedures and charges for other requests for public records or information. Fees are established by the General Manager. The District may impose

charges for mailing and shipping, and can charge for actual, necessary, and direct costs.

FISCAL IMPACT:

None



STRATEGIC GOAL:

"Business Efficiency"

LEGAL IMPACT:

Updates District policy consistent with the United States Freedom of Information Act and the California Public Records Act.

Mark Walton
General Manager

Attachment "A" - Committee Action

Attachment "B" - Resolution No. 4104

Attachment "C" - Board Policy Number 5, Request for Public Records Request Policy and Schedule of Fees for Documents or Information



SUBJECT/PROJECT:

PUBLIC RECORDS REQUESTS POLICY, BOARD POLICY NUMBER 5

COMMITTEE ACTION:

This item was presented to the Finance/Administration Committee on June 27, 2007 and the committee supported presentation to the full board.

NOTE:

The "Committee Action" is written in anticipation of the Committee moving the item forward for board approval. This report will be sent to the Board as a committee approved item, or modified to reflect any discussion or changes as directed from the committee prior to presentation to the full board.

RESOLUTION NO. 4104

A RESOLUTION OF THE BOARD OF DIRECTORS OF
OTAY WATER DISTRICT IMPLEMENTING A NEW
PUBLIC RECORDS REQUESTS POLICY WHICH WILL
REPLACE EXSITING POLICY NO. 5 OF THE
DISTRICT'S CODE OF ORDINANCES

WHEREAS, the Otay Water District Board of Directors have been presented with a new Public Records Policy which will replace Policy No. 5 (formerly known as "Furnishing Copies of Documents and Preparation of Other Information") of the District's Code of Ordinances for the management of requests under the California Public Records Act; and

WHEREAS, the new Public Records Requests Policy has been reviewed and considered by the Board, and it is in the interest of the District to adopt the Public Records Requests Policy; and

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Board of Directors of the Otay Water District that the Public Records Requests Policy for the District, as attached, is hereby adopted as the District's Public Records Requests Policy.

PASSED, APPROVED AND ADOPTED by the Board of Directors of Otay Water District at a regular board meeting held this 10th day of July 2007, by the following vote:

Ayes:
Noes:
Abstain:
Absent:

President

ATTEST:

District Secretary

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
Public Records Requests Policy			
	5	7/10/2007	

I. Purpose

To provide the procedure for requests for information pursuant to the Freedom of Information Act (5 U. S. C. 552) and the California Public Records Act and establish charges for furnishing documents and other information in response to such requests. This Policy also establishes additional procedures and charges for other requests for public records or information.

II. Background

The California Public Records Act is found in the California Government Code, beginning at Section 6250. Records subject to inspection and copying include any writings, meaning any handwriting, typewriting, printing, photostating, photographing, and every other means of recording upon any form of communication or representation, including information available in an electronic format. (See, Government Code §§ 6252(f) and 6253.9.). Computer software "developed by a state or local agency includ[ing] computer mapping systems, computer programs, and computer graphic systems" are not covered. (§§ 6254.9(a), (b)).

III. Policy

It is the Board of Director's policy to implement both the letter and the spirit of the law providing access to public records maintained by the District.

Access to information concerning the conduct of the people's business is a fundamental and necessary right of every person in this state. Records of the Otay Water District, which are not exempt from disclosure, are available for inspection and copying in accordance with the California Public Records Act upon a written request that reasonably describes an identifiable record or records.

In addition to complying with the Public Records Act in connection with specific written requests for records, the District wishes to establish a separate procedure to make records or information available on an on-going basis to interested persons.

IV. Procedure

The District Secretary shall be responsible for coordinating the retrieval of requested public documents and will determine, through

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
Public Records Requests Policy	5	7/10/2007	

consultation with the District's General Counsel, whether the requested information is disclosable or exempt from disclosure by law.

Requests to inspect and copy public records which are not otherwise immediately available to the public should be made in writing directly to the District Secretary.

Records may be described by their content. The District Secretary will coordinate the search for records based on the criteria set forth in the records request, and to determine whether the District has such records.

Records shall be made promptly available for inspection, and for copying within ten (10) calendar days. In unusual circumstances, the ten (10) days may be extended by written notice from the District's Secretary, or from his or her designee. The notice shall specify a date on which the documents will be made available that would result in an extension of no more than an additional fourteen (14) days.

Within the timeframe for responding to a public records request, it is the responsibility of the District Secretary, or his or her designee, to contact the District's General Counsel if any question exists whether any record, or portion of any record, is exempt from disclosure. The District's General Counsel shall be responsible for providing advice to the District Secretary and for assisting the District Secretary in drafting a written response if an exemption is claimed.

A fee for copies of public records will be assessed to cover the direct costs of duplication and any legally chargeable costs incurred by the District in providing the information requested as determined by the General Manager. Copy costs are limited to "statutory fees" set by the Legislature (not by local ordinance) or the "direct cost of duplication". Charges for furnishing copies of documents shall be established in the "Schedule of Fees" maintained by the District Secretary. Charges for copies may be waived by the General Manager if the General Manager determines that such waiver is in the best interest of the District and in compliance with this Policy.

The District cannot provide copies of large or voluminous numbers of records (500 pages or more). Instead, the District will make the records available at its office for inspection. At that time the requestor may copy any or all of the records through the use of a copy service or other means acceptable to the District that does not damage

OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY

Subject	Policy Number	Date Adopted	Date Revised
Public Records Requests Policy	5	7/10/2007	

the original records. Our records may not be removed from the office for inspection or copying.

For requests for non-identifiable documents or information that requires staff research the following shall apply:

- (a) Requests for such documents or information shall be made in writing.
- (b) Individuals or entities making such a request shall reimburse the District for the costs incurred by the District in providing the documents or information requested.

The District, at its option, may require payment in cash, certified check or other similar method of payment prior to the release of record copies.

In addition to the foregoing, the District may impose mailing, and shipping charges. Such charges are all limited to the "actual, necessary, and direct cost" of mailing, and/or shipping a record to the requester.

SCHEDULE OF FEES FOR
DOCUMENTS OR INFORMATION

The following are charges for documents or information requested from the District:

1. For copies of identifiable public records the charge shall be \$0.15 per copy
2. Cassette Tape Duplication \$6.00
3. Compact Disk Duplication \$8.00
4. Parcel maps \$25.00
5. For a yearly subscription service of providing a copy of the agendas and ratified minutes of Meetings of the Board of Directors:

Agendas \$20.00 per year
(One additional copy of each agenda may be purchased at a cost of \$1.50 per meeting)

Agendas and Minutes \$100.00 per year
for the first copy.

Fees will include actual, necessary and direct cost to retrieve the record.

The District at its option, may require payment in cash, certified check or other similar method of payment prior to the release of record copies.

Fees may be updated from time to time by the General Manager.

Reference: Board Policy 5 - Public Records Request Policy



AGENDA ITEM 7

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	July 10, 2007
SUBMITTED BY:	Rita Bell, Finance Manager	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		
SUBJECT:	Adopt Resolution No. 4099 to Establish the Tax Rate for Improvement District No. 27 (ID 27) for Fiscal Year 2007-2008		

GENERAL MANAGER'S RECOMMENDATION:

That the Board adopt Resolution No. 4099 to establish the tax rate for Improvement District No. 27 (ID 27) at \$0.006 for Fiscal Year 2007-2008.

COMMITTEE ACTION:

See Attachment A.

PURPOSE:

Each year, tax rates are calculated for improvement districts with outstanding general obligation bonds to ensure the amount of tax collections will meet the annual debt service. Currently, Improvement District No. 27 is the only improvement district with outstanding general obligation debt service.

BACKGROUND:

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

With the refinancing of bonds in 1998, the rapid growth in recent years, and the elimination of the fund deficit, the tax rate for ID 27 has been reduced several times over the past years. In Fiscal Year 2007, it was reduced from \$0.010 to \$0.007 and at this time, the cash balance is sufficient to keep the fund positive, while reducing the tax rate to \$0.006.

FISCAL IMPACT: _____

The \$0.006 tax rate will generate \$685,266 in revenue. The estimated revenue and the current fund balance will meet the annual debt service payment of \$846,385 for ID 27 and allow the fund to maintain a positive cash balance for the foreseeable future. This action also brings this fund balance closer to the target level of six months of bond payments.

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) Committee Action Form
- B) ID 27 Tables
- C) Resolution No. 4099



ATTACHMENT A

SUBJECT/PROJECT:	Adopt Resolution No. 4099 to Establish Tax Rates for Improvement District No. 27 (ID 27) for Fiscal Year 2007-2008
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COMMITTEE ACTION:

The Finance, Administration and Communications Committee recommends that the Board adopt Resolution No. 4099 to establish tax rates for Improvement District No. 27 (ID 27) for Fiscal Year 2007-2008

NOTE:

The "Committee Action" is written in anticipation of the Committee moving the item forward for board approval. This report will be sent to the Board as a committee approved item, or modified to reflect any discussion or changes as directed from the committee prior to presentation to the full board.

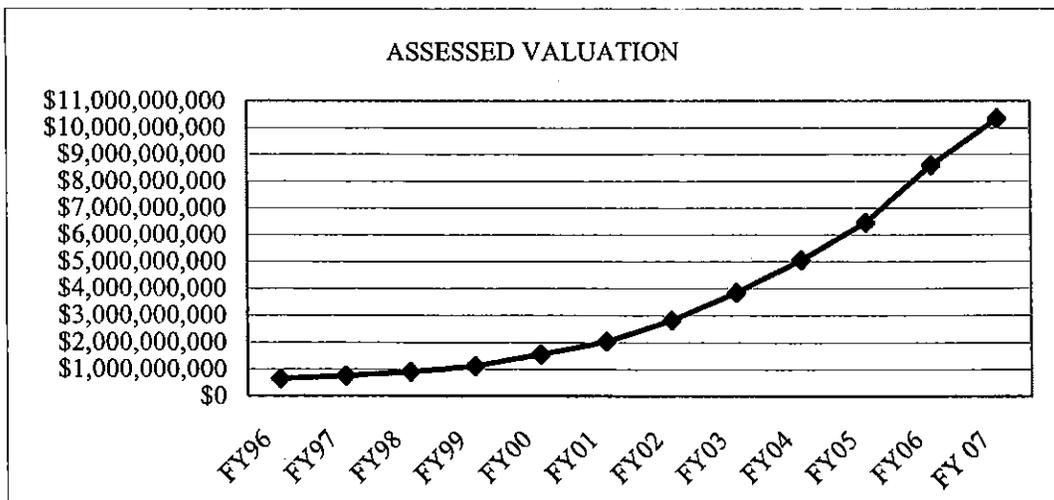
Attachment B

IMPROVEMENT DISTRICT 27

History

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

	TAXES COLLECTED	DEBT SERVICE	NET	TAX RATE	ASSESSED VALUATION	INC%
FY96	\$624,700	\$908,100	(\$283,400)	\$0.08648	\$640,775,027	
FY97	\$773,800	\$907,200	(\$133,400)	\$0.09148	\$752,787,671	17%
FY98	\$1,045,300	\$1,398,200	(\$352,900)	\$0.09518	\$897,791,556	19%
FY99	\$1,342,800	\$420,600	\$922,200	\$0.10000	\$1,118,547,691	25%
FY00	\$1,796,000	\$844,900	\$951,100	\$0.10000	\$1,539,762,365	38%
FY01	\$1,628,500	\$841,500	\$787,000	\$0.06000	\$2,037,206,308	32%
FY02	\$570,300	\$842,000	(\$271,700)	\$0.02000	\$2,809,479,840	38%
FY03	\$725,085	\$848,600	(\$123,515)	\$0.01500	\$3,837,693,353	37%
FY04	\$829,036	\$848,700	(\$19,664)	\$0.01400	\$5,047,625,296	32%
FY05	\$997,082	\$840,800	\$156,282	\$0.01200	\$6,454,909,846	28%
FY06	\$1,081,991	\$840,385	\$241,606	\$0.01000	\$8,579,576,581	33%
FY07	\$868,624	\$837,936	\$30,688	\$0.00700	\$10,348,663,242	21%
Total	\$12,283,218	\$10,378,921	\$1,904,297			
	Fund Balance 6/30/07		\$1,428,473			
FY08	\$685,266	\$846,385	(\$161,119)	\$0.00600	\$11,383,529,566	
	Interest		\$50,694			
	Est Fund Balance 6/30/08		\$1,318,048			



RESOLUTION NO. 4099

A RESOLUTION OF THE BOARD OF DIRECTORS OF
OTAY WATER DISTRICT FIXING TAX RATES FOR
FISCAL YEAR 2007-2008 FOR PAYMENT OF
PRINCIPAL AND INTEREST ON GENERAL OBLIGATION
BONDS OF IMPROVEMENT DISTRICTS (GF 1600)

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

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

1. Findings. It is necessary that this Board of Directors cause taxes to be levied in Fiscal Year 2007-2008 for Improvement District No. 27 of the Otay Water District to pay the amount of the principal and interest on the bonded debt of such improvement district.

2. Amounts to be Raised by Taxes. The amount required to be raised by taxation during Fiscal Year 2007-2008 for the principal and interest on the bonded debt of Improvement District No. 27 is as follows:

Improvement District No. 27	\$685,266
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3. Tax Rates. The tax rates per one hundred dollars (\$100) of the full value of all taxable property within said improvement district necessary to pay the aforesaid amounts of principal and interest on the bonded debt of said improvement district for Fiscal Year 2007-2008 is hereby determined and fixed as follows:

Improvement District No. 27	0.006
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4. Certification of Tax Rates. Pursuant to Water Code Section 72094, this Board of Directors hereby certifies to the Board of Supervisors and the County Auditor of the County of San Diego the tax rates hereinbefore fixed, and said County Auditor shall, pursuant to Section 72095 of said Code, compute and enter in the County assessment roll the respective sums to be paid as tax on the property in Improvement District No. 27, using the rate of levy hereinabove fixed for such improvement district and the full value as found on the assessment roll for the property therein, and the Secretary of this Board of Directors is hereby authorized and directed to transmit certified copies of this resolution and the Tax Amount and Rate Certificate, Attachment B, and made a part hereof, to said Board of Supervisors and said Auditor.

PASSED AND ADOPTED by the Board of Directors of the Otay Water District at a regular meeting held this 10th day of July, 2007.

Ayes:
Noes:
Abstain:
Absent:

President

ATTEST:

Secretary



AGENDA ITEM 8

STAFF REPORT

TYPE MEETING:	Regular Board Meeting	MEETING DATE:	July 10, 2007
SUBMITTED BY:	Elaine Henderson, Customer Service Manager <i>EH</i>	W.O./G.F. NO:	DIV. NO. All
APPROVED BY: (Chief):	Joseph R. Beachem, Chief Financial Officer		
APPROVED BY: (Asst. GM):	German Rivera, Assistant General Manager <i>GR</i>		
SUBJECT:	Adopt Resolution No. 4096 to Continue Water and Sewer Availability Charges for District Customers for Fiscal Year 2007-2008 to be Collected through Property Taxes		

GENERAL MANAGER'S RECOMMENDATION:

That the Board adopt Resolution No. 4096 to continue water and sewer availability charges for District customers for Fiscal Year 2007-2008 to be collected through property taxes.

COMMITTEE ACTION: _____

See Attachment A.

PURPOSE:

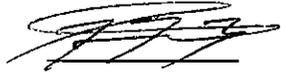
To present for the board's consideration the adoption of Resolution No. 4096 to continue water and sewer availability charges for District customers for Fiscal Year 2007-2008 to be collected through property taxes.

ANALYSIS:

State Water Code Section 71630-71637, authorizes the District to assess such availability charges. Based on the water code, the first \$10.00 per parcel or acre can be used for general purposes within the improvement district from which it is collected. Amounts over \$10.00 are to be used for the development and construction of facilities within the improvement district from which it is collected.

The amounts of the charges are unchanged from last year and new property owners have been notified of the charge. Attached is the public notice that lists the charges based on the Improvement District, parcels, and acreage (Attachment B).

FISCAL IMPACT:



The availability charges, as budgeted, will generate approximately \$1.6 million in revenue.

STRATEGIC GOAL:

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

LEGAL IMPACT:

None.



General Manager

Attachments:

- A) Committee Action Form
- B) Public Notice
- C) Resolution No. 4096



ATTACHMENT A

SUBJECT/PROJECT:	Adopt Resolution No. 4096 to Continue Water and Sewer Availability Charges for District Customers for Fiscal Year 2007-2008 to be Collected through Property Taxes
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COMMITTEE ACTION:

That the Finance, Administration and Communications Committee recommends that the Board adopt Resolution No. 4096 to continue water and sewer availability charges for District customers for Fiscal Year 2007-2008 to be collected through property taxes.

NOTE:

The "Committee Action" is written in anticipation of the Committee moving the item forward for board approval. This report will be sent to the Board as a committee approved item, or modified to reflect any discussion or changes as directed from the committee prior to presentation to the full board.



- NOTICE -

OF PUBLIC HEARING ON RESOLUTION OF THE BOARD OF DIRECTORS OF THE OTAY WATER DISTRICT RELATING TO THE CONTINUATION OF WATER STANDBY ASSESSMENTS OR AVAILABILITY CHARGES AND SEWAGE STANDBY ASSESSMENTS OR AVAILABILITY CHARGES FOR FISCAL YEAR 2007-2008

(A) Notice is hereby given that the Board of Directors of the Otay Water District intends to adopt a Resolution to continue water standby assessments or availability charges for fiscal year 2007-2008 and will conduct a public hearing on Tuesday, July 10, 2007, at 3:30 p.m. in the District Boardroom, 2554 Sweetwater Springs Boulevard, Spring Valley, California, at which time the Board shall hear and consider all public objections or protests, if any, to said assessment or availability charges, and may adopt, revise, change, reduce, or modify any assessment or charge; provided, however, in no case may the Board increase any charge above \$30.00 per year per acre of land, or \$10.00 per year per parcel of land less than one acre. Written protest may also be mailed to the above address.

The water standby assessments or availability charges for fiscal year 2007-2008 are to be assessed on land within the District as follows:

Improvement District	Area/Location	Charge per year per acre for parcels one acre or more	Charge per year for a parcel less than one acre
La Presa No. 1	La Presa/Spring Valley	\$10.00*	\$10.00*
2	Steele Canyon/Hwy 94	\$30.00*	\$10.00*
3	Hillsdale/Vista Grande/Hidden Mesa	\$30.00*	\$10.00*
5	Southwestern College Estates	\$10.00*	\$10.00*
7	Otay Mesa	\$30.00*	\$10.00*
9	Jamul	\$30.00*	\$10.00*
10	Chula Vista	\$30.00*	\$10.00*
19	Proctor Valley/Jonel/San Miguel	\$30.00*	\$10.00*
20	Rancho San Diego	\$30.00*	\$10.00*
22	Rancho Del Rey/Eastlake/Bonita Long Canyon	\$30.00*	\$10.00*
25	Dictionary Hill north of Eucalyptus Ave.	\$30.00*	\$10.00*
27	Property outside ID 22	\$30.00*	\$10.00*
	Land outside an Improvement District	\$10.00*	\$10.00*
	Land outside an Improvement District and greater than one mile from District facilities	\$3.00*	\$3.00*

*** CHARGES PROPOSED ARE UNCHANGED FROM LAST YEAR**

It is proposed that such assessments or charges would be reduced for land in officially designated permanent open space areas, agricultural preserves, designated floodplain, and for land exceeding 30% in slope. It is proposed further that land located in a designated floodway or within a designated vernal pool area; land owned by tax-exempt organizations which is only used to protect the natural habitat of rare species; and land located outside of the boundaries of the San Diego County Water Authority and the Metropolitan Water District is exempt from such charges.

(B) The District also intends to continue sewage standby assessments or availability charges for said fiscal year to be assessed on all land within Improvement Districts No. 14, 18, and Assessment District No. 4 (Hillsdale) as follows:

Improvement District	Area/Location	Charge per year per acre for parcels one acre or more	Charge per year for a parcel less than one acre
14	Calavo Gardens	\$30.00*	\$10.00*
18	Hillsdale & Avocado Village	\$30.00*	\$10.00*
AD-4	Hillsdale	\$30.00*	\$10.00*

*** CHARGES PROPOSED ARE UNCHANGED FROM LAST YEAR**

Customers may apply to reduce the assessments or charges for land in officially designated permanent open space areas, in a designated floodway or floodplain, or to land exceeding 30% in slope.

(C) The charges to be assessed are set forth in detail in Resolution No. 4096, copies of which are available at the offices of the District, 2554 Sweetwater Springs Boulevard, Spring Valley, California.

(D) The fees shall be used for construction costs of the system and other operations and maintenance purposes.

Dated: May 21, 2007

Susan Cruz
District Secretary
Otay Water District

For more information please contact the District Secretary at (619) 670-2280 or email scruz@otaywater.gov.

RESOLUTION NO. 4096

A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE OTAY WATER DISTRICT FIXING WATER AND
SEWER AVAILABILITY CHARGES FOR FISCAL YEAR
2007-2008 (FN 2851)

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

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

WHEREAS, in consideration of the benefit that water availability confers upon property within the District, and in further consideration of the need for revenue to pay the cost of water storage and transmission facilities which directly and specially benefit property within the District, it is hereby determined that water availability charges be fixed and established; and

WHEREAS, in consideration of the benefit which sewer availability confers upon property within Improvement Districts No. 14 and 18 and within Assessment District No. 4 (Hillsdale), and in further consideration of the need to pay the cost of sanitary sewers which directly and specially benefit those properties, it is hereby determined that sewer availability charges be fixed and established for Improvement Districts No. 14 and 18 and Assessment District No. 4 (Hillsdale).

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

1. SCHEDULE OF WATER CHARGES

(A) Water availability charges are hereby fixed and established for Fiscal Year 2007-2008 as follows:

- (1) In Improvement Districts No. 5 and La Presa No. 1 the charge shall be \$10.00 per acre of land and \$10.00 per parcel of land less than one acre.
- (2) In Improvement Districts No. 2, 3, 7, 9, 10, 19, 20, 22, 25 and 27 the charge shall be \$30.00 per acre of land and \$10.00 per parcel of land less than one acre.
- (3) For land located outside an improvement district and within one mile of a District water line, the charge shall be \$10.00 per acre of land and \$10.00 for each parcel less than one acre.
- (4) For land located outside an improvement district and greater than one mile from District facilities, the charge shall be \$3.00 per acre of land and \$3.00 for each parcel less than one acre.

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

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

- (2) where a parcel of land or portion thereof is in an agricultural reserve under a Land Conservation Contract with the County of San Diego, pursuant to the Land Conservation Act of 1965 as amended, the charge for such parcel shall be \$3.00 per acre, provided the owner files with the District proof, satisfactory to the District, that said parcel of land or portion thereof is within such an agricultural preserve;
- (3) where a parcel of land or a portion thereof is within an area designated as a floodplain by the County of San Diego, the charge for such a parcel or portion thereof shall be \$3.00 per acre, provided the owner files with the District proof, satisfactory to the District, that said parcel of land or portion thereof is within such designated floodplain; and
- (4) where a parcel of land or portion thereof exceeds a 30% slope, and where such is not within a legal subdivision, lot-split or planned residential development, the charge for the slope portion shall be \$3.00 per acre, or if such a parcel is less than one acre and more than one-half of the area exceeds 30% slope, \$3.00 for the parcel, provided the owner files with the District proof, satisfactory to the District, that said parcel of land or portion thereof meets or exceeds the slope.

(C) Exceptions. The charges provided for in (A) and (B) above shall not apply to the following:

- (1) land located within an area designated as a floodway by the County of San Diego;

- (2) land designated as a vernal pool area by a governmental agency authorized to make such a designation and which designation prohibits use of such area for any purpose;
- (3) land owned by non-profit, tax-exempt conservation organizations specializing in identifying and protecting the natural habitat of rare species; or
- (4) land that is located within the boundaries of the Otay Water District but not within the boundaries of the Metropolitan Water District of Southern California and the San Diego County Water Authority.

2. SCHEDULE OF SEWER CHARGES

(A) Sewer standby assessment or availability charges are hereby fixed and established for Fiscal Year 2007-2008 as follows:

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

3. DEFERRALS.

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

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

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

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

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

- (a) The owner of such parcel makes a timely application requesting deferral of the charge.
- (b) The parcel, which is the subject of the request, will become subject to enforceable restrictions which prohibits the connection to the District sewer system or use of water on the parcel, except by means of natural precipitation or runoff; provided, however, if considered appropriate by the General Manager, local water may be used for limited domestic stock watering and irrigation uses.
- (c) The owner executed a recordable agreement which includes provisions that:
 - (1) set forth the enforceable restrictions pertinent to the subject parcel;
 - (2) the agreement may be terminated upon written request by the owner and payment of all deferred water and/or sewer availability charges, plus interest thereon, compounded annually, and accruing at the legal rate from the date such charges would have been otherwise due and payable;
 - (3) no water and/or sewer service from the District shall be provided to such parcel for a period of ten (10) years after the total amount due for the charges deferred, plus annually compounded interest, is paid in full to the District, unless a surcharge penalty as described below is paid to the District prior to connection of any water and/or sewer service;
 - (4) if the surcharge is not paid, during the ten (10) year period, while water and/or sewer service is not available to the subject land, the owner shall pay all annual water or availability charges as fixed; and

(5) contains such other provisions considered by the General Manager to be appropriate.

(D) Surcharge. Upon termination of the deferral agreement, an owner may elect to receive water and/or sewer service prior to the expiration of the ten (10) year penalty period upon payment of a surcharge. The surcharge shall be equal to the amount of the annual water and/or sewer availability charges fixed for the parcel(s) of land in the year of election to receive water and/or sewer service multiplied by the number of years remaining of the ten (10) year penalty period. This surcharge shall also apply if a property owner develops a parcel that is subject to a deferral agreement without termination of said agreement.

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

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

4. DEFINITION OF PARCEL. The term "parcel" as used herein shall mean a parcel of land as shown on the assessment rolls of the County Assessor of San Diego County as of March 31, 2007.

5. NOTICE TO THE BOARD OF SUPERVISORS AND AUDITOR. On or before the third Monday in August, 2007, the Secretary of this District shall furnish, in writing to the Board of Supervisors of San Diego County and to the County Auditor, a description of the land within the District upon which availability charges are to be levied and collected for Fiscal Year 2007-2008 together with the amount of the assessments or charges. At the time and in the manner required by law for the levying of taxes for county purposes, the Board of Supervisors shall levy, in addition to taxes it levies, water

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

6. CERTIFIED COPIES. The Secretary of this District shall deliver certified copies of this Resolution to the Board of Supervisors and to the Auditor of San Diego County with the list of charges described in Section 4 above.

7. CORRECTIONS. The General Manager of the District is hereby authorized to correct any clerical error made in any assessment or charge pursuant to this Resolution and to make an appropriate adjustment in any assessment or charge made in error.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Otay Water District at a regular meeting duly held this 10th day of July, 2007.

President

ATTEST:

Secretary

AGENDA ITEM 9



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	July 10, 2007
SUBMITTED BY:	Rita Bell, Finance Manager <i>RLB</i>	W.O./G.F. NO:	DIV. NO. All
APPROVED BY:	Joseph R. Beachem, Chief Financial Officer (Chief)		
APPROVED BY:	German Alvarez, Assistant General Manager (Asst. GM) <i>GA</i>		
SUBJECT:	Approve the Form of the Proposition 218 Hearing Notices Related to the Proposed Water and Sewer Rate Increases to be Effective January 1, 2008		

GENERAL MANAGER'S RECOMMENDATION:

That the Board review the various Proposition 218 hearing notice options and approve the form of the notices to be sent to customers related to the proposed water and sewer rate increases to be effective January 1, 2008.

COMMITTEE ACTION: _____

See Attachment A.

PURPOSE:

To present for the Board's consideration and approval the Proposition 218 hearing notice options related to the water and sewer rate increases to be effective January 1, 2008.

ANALYSIS:

The District plans to hold a Proposition 218 hearing to comply with the "Bighorn - Desert View Water Agency v. Virtil (Kelley)" case. By holding a properly noticed Proposition 218 (hereafter Prop 218) hearing, Counsel believes that the District will avoid any question of compliance and thereby protect the District against potential litigation.

Staff has reviewed all comments received during the previous Prop 218 hearing and considered all Board directives to improve the quality of communication with our customers. Based on this input, staff has developed seven separate notices; residential water, residential sewer, residential water and sewer, commercial water, commercial sewer, property owners with no service, and tenants. While tenants do not have the right to

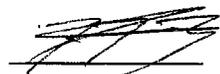
protest under the law, the District has always noticed all customers of rate increases so tenants will receive a notice of the proposed water and sewer rate increases to be effective January 1, 2008.

In addition to mailing the notices, staff plans on having similar information added to the District's website. Staff is currently developing a bill calculator for the average residential water and sewer customer which will let customers enter an estimated consumption amount and see the average bill under the existing rates and also under the proposed rates. Because a few fees vary by geographic area, and because we don't want to limit this tool to only customers that have all their specific account information, this tool will use average fees. One additional positive effect of this calculator is that customers will be able to see how their bill is affected by changes in consumption, encouraging conservation.

The proposed rates, which support the approved budget, represent an overall increase of 5.4% to water rates and 1.7% to sewer rates. The individual changes for each of the rates were identified in the Budget Workshop and are now being listed in detail on the public hearing notices (see Attachments B through J). Notices I and J are optional versions of Notices B and C respectively.

Staff is expecting to send the notices to customers in August. The minimum time between the notice and the hearing is 45 days. Holding the hearing in October meets this timeline requirement. Immediately following the hearing the Board will be presented with the necessary ordinances for the implementation of the rates effective January 1, 2008.

FISCAL IMPACT:



Staff is presenting seven notices to target the various subsets of customers. The cost to print and mail the proposed notices B through H is approximately \$22,000. The cost including the larger notices to residential water and residential sewer customers (Attachments I and J, black and white) is approximately \$24,000. The cost including the larger notices to residential water and residential sewer customers (Attachments I and J, color) is approximately \$26,000.

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: _____

Mark Watton by C. Ratabone

General Manager

Attachments:

- A) Committee Action Form
- B) Residential Water Notice
- C) Residential Sewer Notice
- D) Residential Water and Sewer Notice
- E) Commercial Water Notice
- F) Commercial Sewer Notice
- G) Property Owners Notice (with no service)
- H) Water and Sewer Notice (tenants)
- I) Residential Water Notice
- J) Residential Sewer Notice
- K) Proposition 218 Notices Presentation



ATTACHMENT A

SUBJECT/PROJECT:	Approve the Form of the Proposition 218 Hearing Notices Related to the Proposed Water and Sewer Rate Increases to be Effective January 1, 2008
-------------------------	--

COMMITTEE ACTION:

That the Finance, Administration and Communications Committee recommends that the Board review the various Proposition 218 hearing notice options and approve the form of the notices to be sent to customers related to the proposed water and sewer rate increases effective January 1, 2008.

NOTE:

The "Committee Action" is written in anticipation of the Committee moving the item forward for board approval. This report will be sent to the Board as a committee approved item, or modified to reflect any discussion or changes as directed from the committee prior to presentation to the full board.

IMPORTANT NOTICE TO RESIDENTIAL WATER CUSTOMERS

This notice contains important information regarding water rates. The Otay Water District provides service to your community. All property owners within the district's service area are being notified of a proposed rate increase.

The Otay Water District is a revenue neutral public agency meaning only those charges sufficient to support service are billed to customers. Each end user pays their fair share of the cost of water acquisition and delivery, as well as the operation and maintenance of the public water facilities.

An analysis of costs and revenues indicate a proposed 5.4% rate increase for water is needed effective January 1, 2008. This year, 100% of the rate increase is due to higher water costs from our wholesale suppliers (the San Diego County Water Authority [CWA], the Metropolitan Water District of Southern California [MWD], and the City of San Diego). If adopted, the new rate structure would maintain the high level of service customers receive, the integrity of the water system as well as a balanced budget.

If you oppose this action, you may attend the public hearing on Wednesday, October 3, 2007, and deliver your written protest. You may also send your written protest, which shall include your name and the property address. To be considered, your protest must be received prior to the close of the public hearing. Immediately following the hearing, the Board of Directors will consider adoption of the proposed rates. Mail written objections to: **Board Secretary**, Otay Water District, 2554 Sweetwater Springs Blvd., Spring Valley, CA 91978.



Recipient of the San Diego County Taxpayers Association's Golden Watchdog of the Year award for 2007.

For a typical single-family residential customer, on January 1, 2008, their estimated bill will increase by \$2.48. Your bill will vary from this example based on meter size and geographic location.

Consumption	MWD/CWA Fixed Charge ¹		Monthly System Charge ¹		Water Rate ²		Energy Charge ³		Additional Water Charge by Improvement District ⁴		Total	
	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed
15 Units (typical)	\$3.55	\$3.85	\$11.30	\$12.30	\$27.50	\$28.55	\$1.77	\$1.86	\$0.91	\$0.95	\$45.03	\$47.51

Single-Family Residential (Block rate structure for water based on usage)		
No. of Units (HCF= 1 Unit = 748 gallons)	Current	Proposed
Lifeline ⁵	\$1.08	\$1.12
0 - 10	\$1.78	\$1.85
11 - 35	\$1.94	\$2.01
Over 35	\$2.83	\$2.94

Attached Residential ⁶		
No. of Units	Current	Proposed
0 - 4	\$1.78	\$1.85
5 - 15	\$1.94	\$2.01
Over 15	\$2.83	\$2.94

Footnotes:

1. This fee is based on the meter size. The fee shown is for average customers using a 3/4" water meter.
2. This cost varies based on water usage and can be calculated using the Single-Family Residential table.
3. This fee may vary depending on the geographic location of the property within the district. Your bill will differ based on your water consumption. The average energy charge is increasing from 11.76¢ to 12.37¢ for each unit due to increased power costs to the district.
4. This fee may vary depending on the geographic location of the property within the district. Your bill will differ based on your water consumption. Your bill will also vary due to special fees in various improvement districts.
5. Lifeline discounts apply toward the first five units when overall consumption is 10 units or less.
6. Except for the rates shown, all other applicable charges are the same as Single-Family.

Rate Comparisons: For a conserving customer (using 10 HCF), Otay is the 6th lowest cost provider of 24 water agencies in San Diego county.

For a typical customer (using 15 HCF), Otay is the 8th lowest cost provider of 24 water agencies in San Diego county.

IMPORTANT NOTICE TO RESIDENTIAL SEWER CUSTOMERS

This notice contains important information regarding sewer rates. The Otay Water District provides sewer service to your community. All customers within the district's service area are being notified of a proposed rate increase, and a new rate structure changing the way the district calculates your bill.

The Otay Water District is a revenue neutral public agency meaning each end user pays their fair share of the cost of sewer collection and disposal, as well as the operation and maintenance of the public sewer system. Only those charges needed to support service are billed to customers. An analysis of costs and revenues indicates a proposed 1.7% rate increase effective January 1, 2008, is needed due to the higher cost for energy, sewage treatment, labor, and materials. If adopted, the new rate structure would maintain the integrity of the sewer collection and treatment system as well as a balanced budget.

A new "winter-consumption" based rate structure is also being proposed. This new rate structure is revenue neutral for the district. It encourages water conservation and brings more equity to customers. However, because it can impact high water use customers, the new rate structure will be phased-in over a three year period. Customers will be able to use this time to adjust their usage, such as conserving water, to reduce subsequent year's sewer charges. If adopted, the new rates and rate structure will maintain the integrity of the sewer collection and treatment system as well as a balanced budget.

If you oppose this action, you may attend the public hearing on Wednesday, October 3, 2007, and deliver your written protest. You may also send your written protest, which shall include your name and the property address. To be considered, your protest must be received prior to the close of the public hearing. Immediately following the hearing, the Board of Directors will consider adoption of the proposed rates. Mail written objections to: **Board Secretary**, Otay Water District, 2554 Sweetwater Springs Blvd., Spring Valley, CA 91978.



Recipient of the San Diego County Taxpayers Association's Golden Watchdog of the Year award for 2007.

The Otay Water District will be considering a 1.7% rate increase effective January 1, 2008. A typical bill for a single-family residential customer is shown below:

	Base Fee ¹		Usage Fee		Total ²	
	Current	Proposed	Current ³	Proposed	Current	Proposed
Average	\$ 32.70	\$ 9.75	\$ -	\$ 23.50	\$ 32.70	\$ 33.25

1. This fee is based on water meter size. The fee shown is for a typical customer with a 3/4" meter.
2. The average customer uses 16.67 units of water in the winter months. With the ability to reduce sewer bills through conservation, the reduced sewer service charge for low-income customers will no longer be offered.
3. Under the current rate structure, there is no usage fee, only a fixed fee.

Understanding your sewer bill -

If approved, rates will be based on your winter water consumption for the months of December through March of the previous year (minus a 15% usage discount, recognizing that not all water used flows to the sewer system). The rate structure would be phased-in over a three year period to allow customers time to adjust their use patterns. Regardless of actual water use during the phase-in period, the maximum consumption charge will be based on 18 units per month for December 2006 to March 2007; 22 units for December 2007 to March 2008; and 30 units thereafter. The proposed rate effective January 1, 2008, is \$1.41 per unit.

Why are increases needed?

The cost to collect, treat, and transport sewage increases each year, as do energy and materials costs. Some sewage collected by the district is also treated by the City of San Diego's Metropolitan Wastewater Division. The local share of improvements to those systems are passed along to system users.

IMPORTANT NOTICE TO RESIDENTIAL WATER & SEWER CUSTOMERS

This notice contains important information regarding water and sewer rates. The Otay Water District provides service to your community. All property owners within the district's service area are being notified of proposed rate increases.

The district is a revenue neutral public agency meaning only those charges sufficient to support your service are billed to customers. Each end user pays their fair share of the cost of water acquisition and delivery, as well as the operation and maintenance of the public water and sewer facilities.

An analysis of costs and revenues indicates a 5.4% rate increase for water is needed effective January 1, 2008. This year, 100% of the rate increase is due to higher water costs from our wholesale suppliers (the San Diego County Water Authority [CWA], the Metropolitan Water District of Southern California [MWD], and the City of San Diego). The analysis also indicates a proposed 1.7% rate increase in sewer rates is needed due to the higher cost for sewage treatment, energy, labor, and materials. If adopted, the new rate structure would maintain the high level of service customers receive, the integrity of the water and sewer systems, as well as a balanced budget.

If you oppose these actions, you may attend the public hearing on Wednesday, October 3, 2007, and deliver your written protest. You may also send your written protest, which shall include your name and the property address. To be considered, your protest must be received prior to the close of the public hearing. Immediately following the hearing, the Board of Directors will consider adoption of the proposed rates. Mail written objections to: **Board Secretary**, Otay Water District, 2554 Sweetwater Springs Blvd., Spring Valley, CA 91978.



Recipient of the San Diego County Taxpayers Association's Golden Watchdog of the Year award for 2007.

Consumption	MWD/CWA Fixed Charge ¹		Monthly System Charge ¹		Water Rate ²		Energy Charge ³		Additional Water Charge by Improvement District ⁴		Total	
	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed
15 Units (typical)	\$3.55	\$3.85	\$11.30	\$12.30	\$27.50	\$28.55	\$1.77	\$1.86	\$0.91	\$0.95	\$45.03	\$47.51

Single-Family Residential (Block rate structure for water based on usage)			
No. of Units (HCF= 1 Unit = 748 gallons)	Current	Proposed	
Lifeline ⁵	\$1.08	\$1.12	
0 - 10	\$1.78	\$1.85	
11 - 35	\$1.94	\$2.01	
Over 35	\$2.83	\$2.94	

Attached Residential ⁷		
No. of Units	Current	Proposed
0 - 4	\$1.78	\$1.85
5 - 15	\$1.94	\$2.01
Over 15	\$2.83	\$2.94

Rate Comparisons: For a conserving customer (using 10 HCF), Otay is the 6th lowest cost provider of 24 water agencies in San Diego county. For a typical customer (using 15 HCF), Otay is the 8th lowest cost provider of 24 water agencies in San Diego county.

Sewer	Base Fee ⁶	Usage Fee ⁷	Total
Average	\$32.70	\$9.75	\$42.45

Understanding your sewer bill -

If approved, rates will be based on your winter water consumption for the months of December through March of the previous year (minus a 15% usage discount, recognizing that not all water used flows to the sewer system). The rate structure would be phased-in over a three year period to allow customers time to adjust their use patterns. Regardless of actual water use during the phase-in period, the maximum consumption charge will be 18 units per month for December 2006 to March 2007, 22 units for December 2007 to March 2008, and 30 units thereafter. The proposed rate effective January 1, 2008, is \$1.41 per unit.

Footnotes:

- This fee is based on the meter size. The fee is shown is for average customers using a 3/4" water meter.
- This cost varies based on water usage and can be calculated using the Single-Family Residential table.
- This fee may vary depending on the geographic location of the property within the district. Your bill will differ based on your water consumption. The average energy charge is increasing from 11.76¢ to 12.37¢ for each unit due to increased power costs to the district.
- This fee may vary depending on the geographic location of the property within the district. Your bill will differ based on your water consumption. Your bill will also vary due to special fees in various improvement districts.
- Lifeline discounts apply toward the first five units when overall consumption is 10 units or less.
- Except for the rates shown, all other applicable charges are the same as Single-Family.
- This fee is based on water meter size. The fee shown is for a typical customer with a 3/4" meter. Under the current rate structure, only a fixed fee.

IMPORTANT NOTICE TO COMMERCIAL WATER CUSTOMERS

This notice contains important information regarding water rates. The Otay Water District provides service to your community. All property owners within the district's service area are being notified of a proposed rate increase.

The Otay Water District is a revenue neutral public agency meaning only those charges sufficient to support service are billed to customers. Each end user pays their fair share of the cost of water acquisition and delivery, as well as the operation and maintenance of the public water facilities.

An analysis of costs and revenues indicates a proposed 5.4% rate increase for water is needed effective January 1, 2008. This year, 100% of the rate increase is due to higher water costs from our wholesale suppliers (the San Diego County Water Authority [CWA], the Metropolitan Water District of Southern California [MWD], and the City of San Diego). If adopted, the new rate structure would maintain the high level of service customers receive, the integrity of the water system, as well as a balanced budget.

If you oppose this action, you may attend the public hearing on Wednesday, October 3, 2007, and deliver your written protest. You may also send your written protest, which shall include your name and the property address. To be considered, your protest must be received prior to the close of the public hearing. Immediately following the hearing, the Board of Directors will consider adoption of the proposed rates. Mail written objections to: **Board Secretary**, Otay Water District, 2554 Sweetwater Springs Blvd., Spring Valley, CA 91978.



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Monthly Charges					
Customer Classes: Multi-Residential, Business, Combined Domestic/Agriculture, Publicly-Owned, Commercial Agricultural, Non-Agricultural Irrigation, Recycled Irrigation using Non-potable and Recycled.					
System Charge					
	Potable / Recycled	Potable	Recycled	MWD & CWA Fixed Charge*	
Meter Size	Current	Proposed		Current	Proposed
3/4"	22.00	24.00	27.85	3.55	3.85
1"	33.90	36.95	42.90	5.65	6.15
1-1/2"	47.65	51.95	60.30	10.65	11.60
2"	59.60	64.95	75.40	18.45	20.05
3"	95.90	104.55	121.30	34.05	36.95
4"	109.80	119.70	138.90	58.20	63.15
6"	219.45	239.20	277.60	106.45	115.50
10"	418.90	456.60	529.90	276.75	300.30

*Not charged to Non-Agricultural Irrigation and Recycled.

Water Unit Charges		
Customer Class: Multi-Residential		
Number of HCF Furnished	Current	Rate per HCF Proposed
0-4	1.78	1.85
5-15	1.94	2.01
Over 15	2.83	2.94

Customer Classes: Business, Combined Domestic, Agriculture, Commercial Agricultural, Non-Agricultural Irrigation, Special Agreement		
Number of HCF Furnished	Current	Rate per HCF Proposed
All HCF	1.91	1.98

Customer Classes: Publicly-Owned, Recycled Using Non-Potable and Recycled		
Number of HCF Furnished	Current	Rate per HCF Proposed
All HCF	1.73	1.75

Customer Class: Publicly-Owned		
Number of HCF Furnished	Current	Rate per HCF Proposed
All HCF	1.99	2.06

Fire Service System Charges
From \$23.30 to \$25.40
Customer Class: Multi-Residential or Multi-Commercial
Additional Occupancy Unit Charge from \$3.53 to \$ 3.85

Customer Classes: Recycled Irrigation using Non-Potable and Recycled		
Number of HCF Furnished	Current	Rate per HCF Proposed
All HCF	1.65	1.67

Customers paying two times the water rate (such as Tank Trucks, Temporary Construction Meters and service outside the Otay Water District or an Improvement District) are impacted by the changes in their base rates.

IMPORTANT NOTICE TO COMMERCIAL SEWER CUSTOMERS

This notice contains important information regarding commercial sewer rates. The Otay Water District provides sewer service to your community. All customers within the district's service area are being notified of a proposed rate increase.

The Otay Water District is a revenue neutral public agency meaning each end user pays their fair share of the cost of sewer collection and disposal, as well as the operation and maintenance of the public sewer system. Only those charges needed to support service are billed to customers.

An analysis of costs and revenues indicates a proposed 1.7% rate increase effective January 1, 2008, is needed due to the higher cost for sewage treatment, energy, labor, and materials. If adopted, the new rate structure would maintain the integrity of the sewer collection and treatment system as well as a balanced budget.

If you oppose this action, you may attend the public hearing on Wednesday, October 3, 2007, and deliver your written protest. You may also send your written protest, which shall include your name and the property address. To be considered, your protest must be received prior to the close of the public hearing. Immediately following the hearing, the Board of Directors will consider adoption of the proposed rates. Mail written objections to: **Board Secretary**, Otay Water District, 2554 Sweetwater Springs Blvd., Spring Valley, CA 91978.



Recipient of the San Diego County Taxpayers Association's Golden Watchdog of the Year award for 2007.

How are non-residential sewer rates calculated?

To meet State of California requirements, customers must pay their fair share of sewer costs. The Otay Water District is required to determine sewer rates in accordance with the State's Revenue Program Guidelines. The formula takes into consideration the cost associated with daily flow, chemical oxygen demand (COD) and the removal of suspended solids (SS). The COD and SS determine the strength factor as being high, medium or low, consistent the State Water Resources Control Board guidelines.

Monthly bills are calculated based on Assigned Service Units (ASU). One ASU is equal to the demand placed on the system by a residential unit. ASUs are calculated by multiplying the daily flow by the strength factor.

$$\text{Daily Flow} \times \text{Strength Factor} = \text{Assigned Service Unit}$$

Strength Factors

1.0	Schools
1.0	Churches
1.0	Low Strength Commercial
1.238	Medium Strength Commercial
2.203	High Strength Commercial

The sewer bill is then calculated by multiplying ASUs by the rate per ASU. This charge is increasing .55¢ per ASU from \$32.70 to \$33.25. The proposed 1.7% rate increase would become effective January 1, 2008.

IMPORTANT NOTICE TO PROPERTY OWNERS

This notice contains important information regarding water and sewer rates. Otay Water District provides service to your community. All customers within the district's service area are being notified of proposed water and sewer rate increases, even if they do not have active service with the district.

The district is a revenue neutral public agency meaning only those charges sufficient to support service are billed to customers. Each end user pays their fair share of the cost of water acquisition and delivery, as well as the operation and maintenance of the public water and sewer facilities.

An analysis of costs and revenues indicate a 5.4% rate increase for water is needed effective January 1, 2008. This year, 100% of the rate increase is due to higher water costs from our wholesale suppliers (the San Diego County Water Authority, the Metropolitan Water District of Southern California, and the City of San Diego). The analysis also indicates a proposed 1.7 % rate increase in sewer rates is needed due to the higher cost for sewage treatment, energy, labor, and materials. If adopted, the new rate structure would maintain the high level of service customers receive, the integrity of the water and sewer systems, as well as a balanced budget.

If you oppose these actions, you may attend the public hearing on Wednesday, October 3, 2007, and deliver your written protest. You may also send your written protest, which shall include your name and the property address. To be considered, your protest must be received prior to the close of the public hearing. Immediately following the hearing, the Board of Directors will consider adoption of the proposed rates. Mail written objections to: **Board Secretary**, Otay Water District, 2554 Sweetwater Springs Blvd., Spring Valley, CA 91978.



Recipient of the San Diego County Taxpayers Association's Golden Watchdog of the Year award for 2007.

About the Otay Water District -

The Otay Water District is a publicly-owned water and sewer service agency, more specifically, a California special district, authorized in 1956 by the State Legislature under the provisions of the Municipal Water District Act of 1911. Its ordinances, policies, taxes and rates for service are set by five directors, elected by voters in their respective divisions to serve staggered, four-year terms on the governing board. The board of directors meets in open public session on the first Wednesday of each month at 3:30 p.m., at district headquarters. The public is welcome to attend these meetings.

The district provides water service to customers within 125.5 square miles of southeastern San Diego County, California. Otay facilities serve the water and sewer service needs of approximately 190,000 people living in the communities of Spring Valley, La Presa, Rancho San Diego, Jamul, eastern Chula Vista, and Otay Mesa along the international border with Mexico. All of the potable water delivered by the district is purchased from the San Diego County Water Authority, which in turn, purchases this water from the region's primary importer, the Metropolitan Water District of Southern California.

The Otay Water District also owns and operates a wastewater collection and reclamation system, providing public sewer service to 15,200 sewer customers through 4,630 accounts to homes and businesses within the Jamacha drainage basin. At the heart of this system is the Ralph W. Chapman Water Recycling Facility. Each day, the Chapman facility produces up to 1.3 million gallons of high-quality recycled water. Through a dedicated distribution system, the recycled water is transported to eastern Chula Vista where it is used to irrigate golf courses, playing fields, public parks, roadway landscapes, and open space.

IMPORTANT NOTICE TO WATER AND SEWER CUSTOMERS

The Otay Water District provides service to your community. All customers within the district's service area are being notified of proposed water and sewer rate increases.

The district is a revenue neutral public agency meaning only those charges sufficient to support service are billed to customers. Each end user pays their fair share of the cost of water acquisition and delivery, as well as the operation and maintenance of the public water facilities.

An analysis of costs and revenues indicates a 5.4% rate increase for water is needed effective January 1, 2008. This year, 100% of the rate increase is due to higher water costs from our wholesale suppliers (the San Diego County Water Authority, the Metropolitan Water District of Southern California, and the City of San Diego). The analysis also indicates a proposed 1.7% rate increase in sewer* rates is needed due to the higher cost for sewage treatment, energy, labor, and materials. If adopted, the new rate structure would maintain the high level of service customers receive, the integrity of the water and sewer systems, as well as a balanced budget.

* These sewer charges do not apply to many Otay water customers including those receiving service from the City of Chula Vista, the City of San Diego on Otay Mesa, the East Otay Mesa Sewer Maintenance District, the County of San Diego, or who have private septic tanks. Customers in eastern Chula Vista pay a combined water and sewer bill. This shared bill is a cost saving measure to reduce mailing and printing expenses, thereby lowering the cost to customers. The Otay Water District does not set sewer rates for Chula Vista or any other public agency.



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About the Otay Water District -

The Otay Water District is a publicly-owned water and sewer service agency, more specifically, a California special district, authorized in 1956 by the State Legislature under the provisions of the Municipal Water District Act of 1911. Its ordinances, policies, taxes and rates for service are set by five directors, elected by voters in their respective divisions to serve staggered, four-year terms on the governing board. The board of directors meets in open public session on the first Wednesday of each month at 3:30 p.m., at district headquarters. The public is welcome to attend these meetings.

The district provides water service to customers within 125.5 square miles of southeastern San Diego County, California. Otay facilities serve the water and sewer service needs of approximately 190,000 people living in the communities of Spring Valley, La Presa, Rancho San Diego, Jamul, eastern Chula Vista, and Otay Mesa along the international border with Mexico. All of the potable water delivered by the district is purchased from the San Diego County Water Authority, which in turn, purchases this water from the region's primary importer, the Metropolitan Water District of Southern California.

The Otay Water District also owns and operates a wastewater collection and reclamation system, providing public sewer service to 15,200 sewer customers through 4,630 accounts to homes and businesses within the Jamacha drainage basin. At the heart of this system is the Ralph W. Chapman Water Recycling Facility. Each day, the Chapman facility produces up to 1.3 million gallons of high-quality recycled water. Through a dedicated distribution system, the recycled water is transported to eastern Chula Vista where it is used to irrigate golf courses, playing fields, public parks, roadway landscapes, and open space. The action also conserves potable water.

Phone: 619-670-2256
E-mail: optm@otaywater.gov

It's Easy To Conserve Water

San Diego County has a semi-arid climate that receives only about 10 inches of rainfall per year. This does not provide enough water to meet local needs and the region must import as much as 90 percent of its water from the Colorado River and Northern California.

To maintain our quality of life and ensure adequate water supplies now and for future generations, San Diego county residents are

encouraged to make a conscious effort to use our limited supply of water as efficiently as possible.

The Otay Water District offers a number of programs to save water both indoors and outdoors. For useful ways to conserve water, visit our website www.otaywater.gov and click on any of the useful conservation links.

Or, visit the Water Conservation Garden located on

the campus of Cuyamaca College. The 4.5 acre demonstration garden has more than 400 varieties of drought tolerant, native, and California Friendly plants to inspire any gardener.

For more information about operating hours, tours or classes at the Water Conservation Garden, visit their website at www.thegarden.org.



District Receives Upgraded Bond Rating

The credit rating agency, Standard and Poors, has upgraded the bond rating of the Otay Water District from A+ to AA-. Fitch Ratings, another prominent credit rating agency, also gave the district the same rating.

The AA- rating reflects the increased credit worthiness of the district, and means it paid less interest on \$42 million in bonds it issued for several construction projects.

The projects include two 10 million-gallon reservoirs, a pump station, and a recycled water pipeline that will connect the district to the City of San Diego's South Bay Water Reclamation Facility.

"The AA- rating from these prominent credit rating agencies is a strong measure of the district's ability to meeting its financial obligations, and it validates all the work we are doing on behalf of our customers," said Joe Beachem, Otay Chief Financial Officer. "It's a tribute to the commitment, vision and direction of the district, and the savings for our customers are real and significant," added Beachem.

Credit ratings range from "AAA" the highest rating possible to "D" for default. An upgrade reflects the rating agencies' independent assessment of the district's overall capacity of meeting its financial obligations.

In a press release announcing its action, Fitch Ratings noted "The 'AA-' rating reflects Otay's diversification of its imported water supply, strong financial performance, strategic planning practices, and substantial revenue funding of ongoing capital needs related to growth in the service territory."

Savings to district customers as a result of the upgrade could total as much as \$1.5 million, while the infrastructure upgrades "will result in improved supply diversity and reliability of Otay's water supply," according to Fitch.



Dedicated to community service.



SAN DIEGO, CA
PERMIT No. 2

PAID

US POSTAGE
PRSR STD

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



Please be advised there will be a Public Hearing regarding water rates:

Wednesday, October 3, 2007
3:30 p.m. in the Board Meeting Room
2554 Sweetwater Springs Blvd.
Spring Valley, CA 91978

Notice to residential water customers...



This notice contains important information regarding rates. The Otay Water District provides service to your community. All property owners within the district's service area are being notified of proposed rate increases.

The district is a revenue neutral public agency meaning only those charges sufficient to support your service are billed to customers. Each end user pays their fair share of the cost of water acquisition and delivery, as well as the operation and maintenance of the public water facilities.

An analysis of costs and revenues indicates a 5.4% rate increase for water is needed effective January 1, 2008. This year, 100% of the rate in-

crease is due to higher water costs from our wholesale suppliers (the San Diego County Water Authority [CWA], the Metropolitan Water District of Southern California [MWD], and the City of San Diego).

If adopted, the new rate structure would maintain the high level of service customers receive, the integrity of the water and sewer systems, as well as a balanced budget.



The Otay Water District was established in 1956 to provide water to the San Diego's East County and South Bay.



The Otay Water District is the proud recipient of the San Diego Taxpayers Association's Golden Watchdog of the Year award.



The Otay Water District is a recognized leader in recycled water program.



If you oppose this action, you may attend the public hearing on Wednesday, October 3, 2007, and deliver your written protest. You may also send your written protest, which shall include your name and the property address.

To be considered, your protest must be received prior to the close of the public hearing. Immediately following the hearing, the Board of Directors will consider adoption of the proposed rates.

Mail written objections to:

Board Secretary
Otay Water District
2554 Sweetwater Springs Blvd.
Spring Valley, CA 91978

Rate Comparisons: For a conserving customer (using 10 HCF), Otay is the 6th lowest cost provider of 24 water agencies in San Diego county. For a typical customer (using 15 HCF), Otay is the 8th lowest cost provider of 24 water agencies in San Diego county.

Otay Receives National Budget Award



The Otay Water District announced it has again received the Government Finance Officers Association of the United States and Canada's (GFOA) Distinguished Budget Presentation Award for its budget.

The FY 2006-07 award reflects a commitment to meeting the highest principles of governmental budgeting.

The Distinguished Budget Presentation Award

is presented to only a handful of California's more than 3,400 special districts. Recipients of the award are viewed as "pioneers" leading efforts to improve the quality of budgeting in the public sector and the award reflects the best in governmental finance. Winning the award three years in a row represents a significant achievement.

The GFOA is a non-profit professional associa-

tion serving 14,000 government finance professionals throughout North America.

The Distinguished Budget Presentation Awards Program is the only national award in governmental budgeting.

The award-winning 2006 Budget and its companion Comprehensive Annual Financial Report are available for viewing or downloading at www.otaywater.gov.

Proposed New Water Rates In Detail...

For a typical single-family residential customer, on January 1, 2008, their estimated bill will increase by \$2.48. Your bill will vary from this example based on meter size and geographic location.

Consumption	MWD/CWA Fixed Charge ¹		Monthly System Charge ¹		Water Rate ²		Energy Charge ³		Additional Water Charge by Improvement District ⁴		Total	
	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed
15 Units (typical)	\$3.55	\$3.85	\$11.30	\$12.30	\$27.50	\$28.55	\$1.77	\$1.86	\$0.91	\$0.95	\$45.0	\$47.51

Attached Residential ⁷		
No. of Units	Current	Proposed
0 - 4	\$1.78	\$1.85
5 - 15	\$1.94	\$2.01
Over 15	\$2.83	\$2.94

Single-Family Residential		
(Block rate structure for water based on usage)		
No. of Units	Current	Proposed
(HCF = 1 Unit = 748 gallons)		
Lifeline ⁵	\$1.08	\$1.12
0 - 10	\$1.78	\$1.85
11 - 35	\$1.94	\$2.01
Over 35	\$2.83	\$2.94

Footnotes:

- This fee is based on the meter size. The fee is shown for average customers using a 3/4" water meter.
- This cost varies based on water usage and can be calculated using the Single-Family Residential table.
- This fee may vary depending on the geographic location of the property within the district. Your bill will differ based on your water consumption. The average energy charge is increasing from 11.76¢ to 12.37¢ for each unit due to increased power costs to the district.
- This fee may vary depending on the geographic location of the property within the district. Your bill will differ based on your water consumption. Your bill will also vary due to special fees in various improvement districts.
- Lifeline discounts apply toward the first five units when overall consumption is 10 units or less.
- Except for the rates shown, all other applicable charges are the same as Single-Family.
- This fee is based on water meter size. The fee shown is for a typical customer with a 3/4" meter. Under the current rate structure, only a fixed fee.

It's Easy To Conserve Water

San Diego County has a semi-arid climate that receives only about 10 inches of rainfall per year. This does not provide enough water to meet local needs and the region must import as much as 90 percent of its water from the Colorado River and Northern California.

To maintain our quality of life and ensure adequate water supplies now and for future generations, San Diego county residents are

encouraged to make a conscious effort to use our limited supply of water as efficiently as possible.

The Otay Water District offers a number of programs to save water both indoors and outdoors. For useful ways to conserve water, visit our website www.otaywater.gov and click on any of the useful conservation links.

Or, visit the Water Conservation Garden located on

the campus of Cuyamaca College. The 4.5 acre demonstration garden has more than 400 varieties of drought tolerant, native, and California Friendly plants to inspire any gardener.

For more information about operating hours, tours or classes at the Water Conservation Garden, visit their website at www.thegarden.org.



District Receives Upgraded Bond Rating

The credit rating agency, Standard and Poors, has upgraded the bond rating of the Otay Water District from A+ to AA-. Fitch Ratings, another prominent credit rating agency, also gave the district the same rating.

The AA- rating reflects the increased credit worthiness of the district, and means it paid less interest on \$42 million in bonds it issued for several construction projects.

The projects include two 10 million-gallon reservoirs, a pump station, and a recycled water pipeline that will connect the district to the City of San Diego's South Bay Water Reclamation Facility.

"The AA- rating from these prominent credit rating agencies is a strong measure of the district's ability to meeting its financial obligations, and it validates all the work we are doing on behalf of our customers," said Joe Beachem, Otay Chief Financial Officer. "It's a tribute to the commitment, vision and direction of the district, and the savings for our customers are real and significant," added Beachem.

Credit ratings range from "AAA" the highest rating possible to "D" for default. An upgrade reflects the rating agencies' independent assessment of the district's overall capacity of meeting its financial obligations.

In a press release announcing its action, Fitch Ratings noted "The 'AA-' rating reflects Otay's diversification of its imported water supply, strong financial performance, strategic planning practices, and substantial revenue funding of ongoing capital needs related to growth in the service territory."

Savings to district customers as a result of the upgrade could total as much as \$1.5 million, while the infrastructure upgrades "will result in improved supply diversity and reliability of Otay's water supply," according to Fitch.



Dedicated to community service.



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



Please be advised there will be a Public Hearing regarding sewer rates:

**Wednesday, October 3, 2007
3:30 p.m. in the Board Meeting Room
2554 Sweetwater Springs Blvd.
Spring Valley, CA 91978**

Notice to residential sewer customers...



This notice contains important information regarding sewer rates. The Otay Water District provides sewer service to your community. All customers within the district's service area are being notified of a proposed rate increase, and a new rate structure changing the way the district calculates your bill.

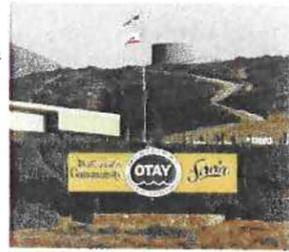
The Otay Water District is a revenue neutral public agency meaning each end user pays their fair share of the cost of sewer collection and disposal, as well as the operation and maintenance of the public sewer system. Only those charges needed to support service are billed to customers.

An analysis of costs and revenues indicates a proposed 1.7% rate increase effective January 1, 2008, is needed due to the higher cost for energy, sewage treatment, labor, and materials the integrity of

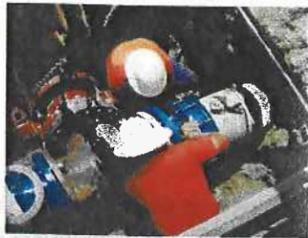
the sewer collection and treatment system as well as a balanced budget.

A new "winter-consumption" based rate structure is also being proposed.

This new rate structure is revenue neutral for the district. It encourages water conservation and brings more equity to customers. However, because it can impact high water use customers, the new rate structure will be phased-in over a three year period. Customers will be able to use this time to adjust their usage, such as conserving water, to reduce subsequent year's sewer charges.



The Otay Water District was established in 1956 to provide water to the San Diego's East County and South Bay.



The Otay Water District is a recognized leader in recycled water program.



The Otay Water District is the proud recipient of the San Diego Taxpayers Association's Golden Watchdog of the Year award.

If you oppose this action, you may attend the public hearing on Wednesday, October 3, 2007, and deliver your written protest. You may also send your written protest, which shall include your name and the property address. To be considered, your protest must be received prior to the close of the public hearing. Immediately following the hearing, the Board of Directors will consider adoption of the proposed rates.

Mail written objections to:

Board Secretary,
Otay Water District
2554 Sweetwater Springs Blvd.
Spring Valley, CA 91978.



Otay Receives National Budget Award



The Otay Water District announced it has again received the Government Finance Officers Association of the United States and Canada's (GFOA) Distinguished Budget Presentation Award for its budget.

The FY 2006-07 award reflects a commitment to meeting the highest principles of governmental budgeting.

The Distinguished Budget Presentation Award

is presented to only a handful of California's more than 3,400 special districts. Recipients of the award are viewed as "pioneers" leading efforts to improve the quality of budgeting in the public sector and the award reflects the best in governmental finance. Winning the award three years in a row represents a significant achievement.

The GFOA is a non-profit professional associa-

tion serving 14,000 government finance professionals throughout North America.

The Distinguished Budget Presentation Awards Program is the only national award in governmental budgeting.

The award-winning 2006 Budget and its companion Comprehensive Annual Financial Report are available for viewing or downloading at www.otaywater.gov.

Proposed New Sewer Rates In Detail..

The Otay Water District will be considering a 1.7% rate increase effective January 1, 2008. A typical bill for a single-family residential customer is shown below:

	Base Fee ¹		Usage Fee		Total ²	
	Current	Proposed	Current ³	Proposed	Current	Proposed
Average	\$ 32.70	\$ 9.75	\$ -	\$ 23.50	\$ 32.70	\$ 33.25

1. This fee is based on water meter size. The fee shown is for a typical customer with a 3/4" meter.
2. The average customer uses 16.67 units of water in the winter months. With the ability to reduce sewer bills through conservation, the reduced sewer service charge for low-income customers will no longer be offered.
3. Under the current rate structure, there is no usage fee, only a fixed fee.

Understanding your sewer bill -

If approved, rates will be based on your winter water consumption for the months of December through March of the previous year (minus a 15% usage discount, recognizing that not all water used flows to the sewer system). The rate structure would be phased-in over a three year period to allow customers time to adjust their use patterns. Regardless of actual water use during the phase-in period, the maximum consumption charge will be based on 18 units per month for December 2006 to March 2007; 22 units for December 2007 to March 2008; and 30 units thereafter. The proposed rate effective January 1, 2008, is \$1.41 per unit.

Why are increases needed?

The cost to collect, treat, and transport sewage increases each year, as do energy and materials costs. Some sewage collected by the district is also treated by the City of San Diego's Metropolitan Wastewater Division. The local share of improvements to hose systems are passed along to system users.

Otay Water District

Proposition 218 Notices

Proposition 218 Process

- Budget Approval (May 29th)
- Mail Notices (Early August)
- Public Hearing (October Board Meeting)
- Adopt Rates (October Board Meeting)
- Implement Rate Increases (January 1, 2008)

Notice Preparation Considerations

- Board direction on prior year notices
- Reviewed all prior year customer comments
- Reviewed other agencies notices
- Legal requirements
- Targeted Notices

Input and Approval of Notices

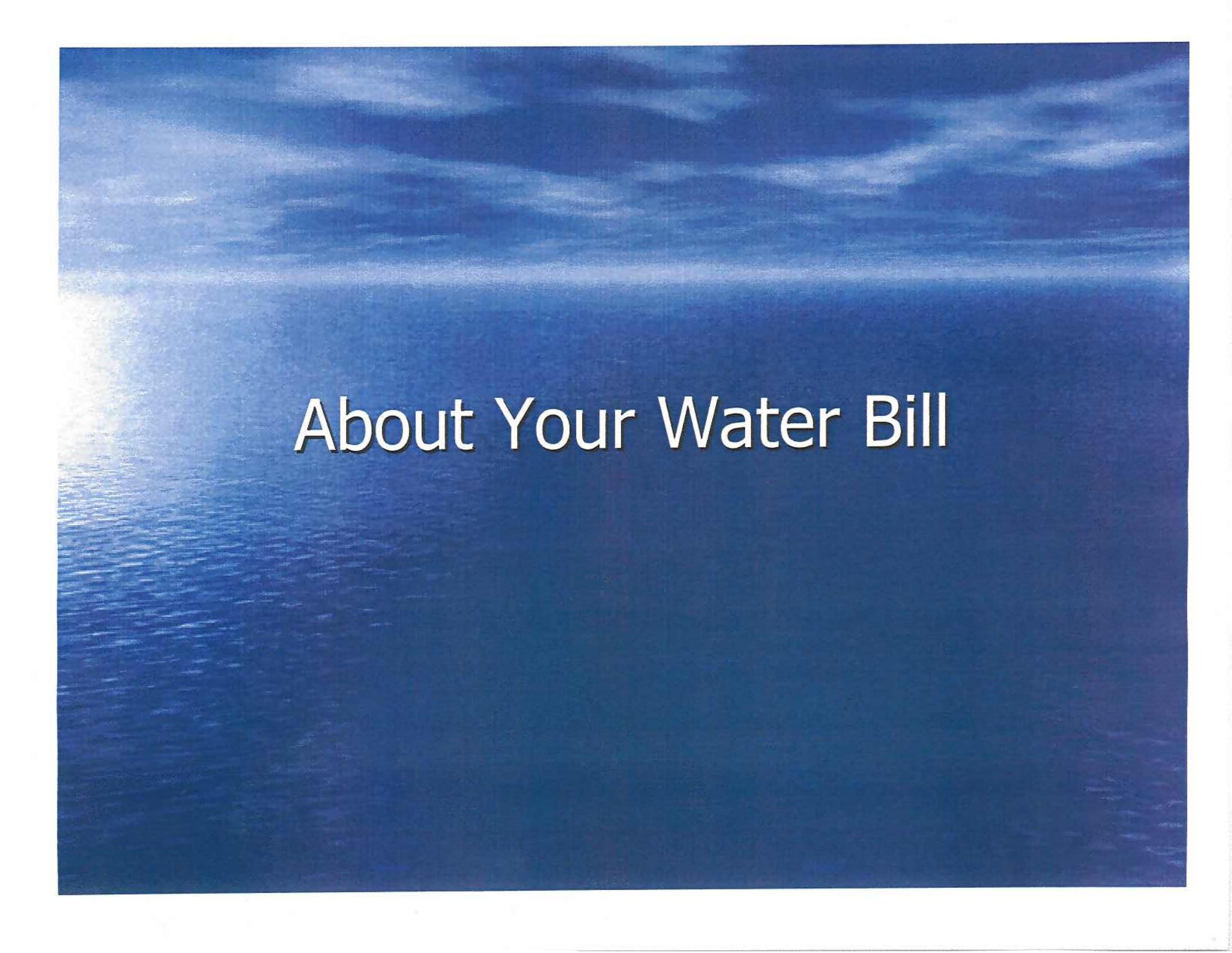
- 63,800 Targeted Notices - simplification for the customer
 - Residential Water – 35,100
 - Residential Sewer – 1,100
 - Residential Water and Sewer – 3,200
 - Commercial Water – 3,700
 - Commercial Sewer - 100
 - Land Owners without service – 15,300
 - Tenants – 5,300

Protest

- Form of Protest
 - Signed letters
- Who can Protest
 - Property owners
 - Tenants – Courtesy notice only

Website Information

- All legal required information from the notices
- Bill calculator
- Charts on District rates compared to other providers



About Your Water Bill

Water Bill Calculator

To calculate your estimated water bill, input your water consumption. Your estimated current and proposed water bill will be calculated. (Typical usage is 15 units)

Note: This is an estimated bill and many variables may cause your actual bill to be different. This bill calculator assumes a $\frac{3}{4}$ inch residential meter. For other scenarios please call customer service at (619) 670-2777.

Input consumption here _____ units

Calculated Water Bill

Current Bill

MWD/CWA Pass-through	System Fee	Water Usage	Pressure Zone *	ID *	Total
\$3.55	\$11.30	\$27.50	\$1.77	\$0.91	\$45.03

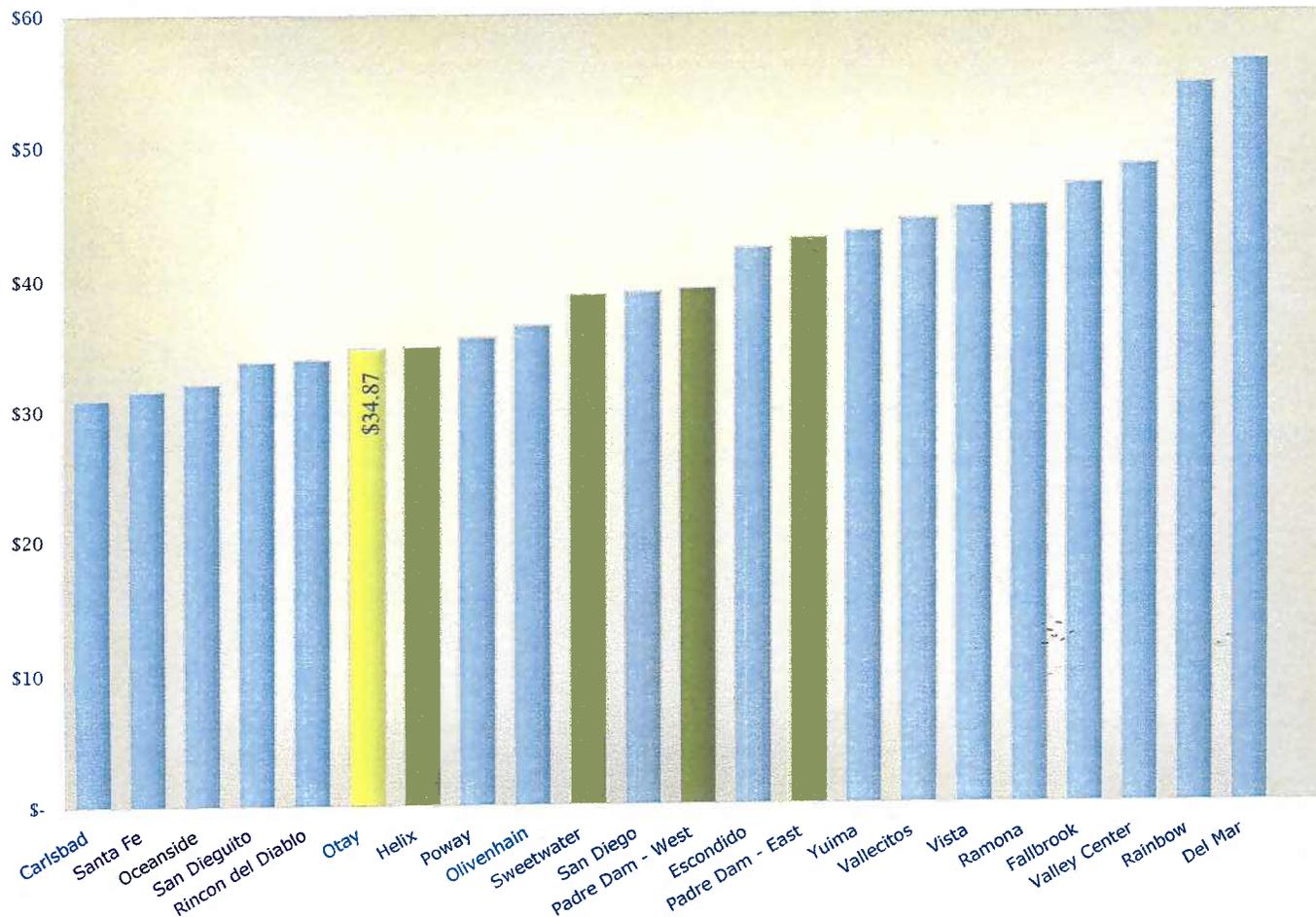
Proposed Bill

MWD/CWA Pass-through	System Fee	Water Usage	Pressure Zone *	ID *	Total
\$3.85	\$12.30	\$28.55	\$1.86	\$0.95	\$47.51

* These fees vary by geographic area and your individual fees may be different than shown here

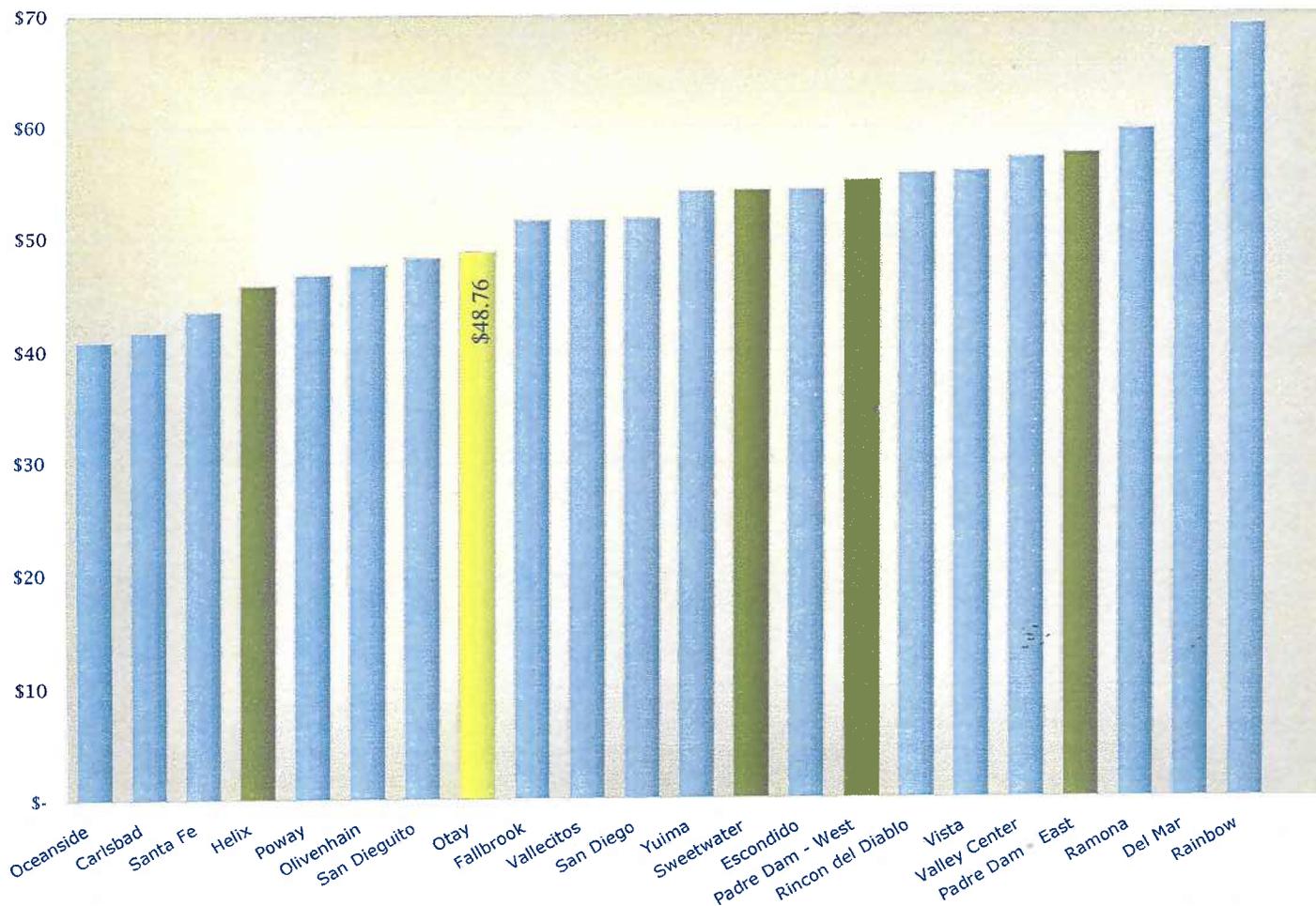
How we compare to our neighboring Districts for low water usage

Otay Water District 2008 Rate Comparison to Other Agencies for Residential Customers with 10 HCF Water Usage



How we compare to our neighboring Districts for average water usage

Otay Water District 2008 Rate Comparison to Other Agencies for Residential Customers with 15 HCF Water Usage



Reasons for Increase

- 100% of this year's increase pays for higher water costs from our wholesale suppliers.
- The District continues to operate efficiently and deliver quality water to it's nearly 190,000 customers
- As the District continues to grow, the demands on maintaining it's infrastructure also increase. The District pride's itself in running a award winning and best practices business

Sewer Charge Change in Methodology

- In May 2007 the Otay Water District Board voted to change the way it charges it's sewer customers from a flat rate to a winter-consumption based sewer charge
- Your new bill will be calculated based on the prior year's average consumption for the Winter months from December through March
- This new methodology will reduce the bill for low water use customers and increase the bill for high water use customers
- This new structure is revenue neutral and the proposed increase applies regardless of the methodology change and is due to increases in the cost to collect, transport, and treat sewer

Sewer Bill Calculator

To calculate your estimated sewer bill, input your average water consumption for the previous December through March, 2007 and your current and proposed bill will be calculated.

Note: This is an estimated bill and many variables may cause your actual bill to be different. This bill calculator assumes a $\frac{3}{4}$ inch residential meter. For other scenarios please call customer service at (619) 670-2777.

Input average winter consumption here _____units

Calculated Sewer Bill

Current Bill

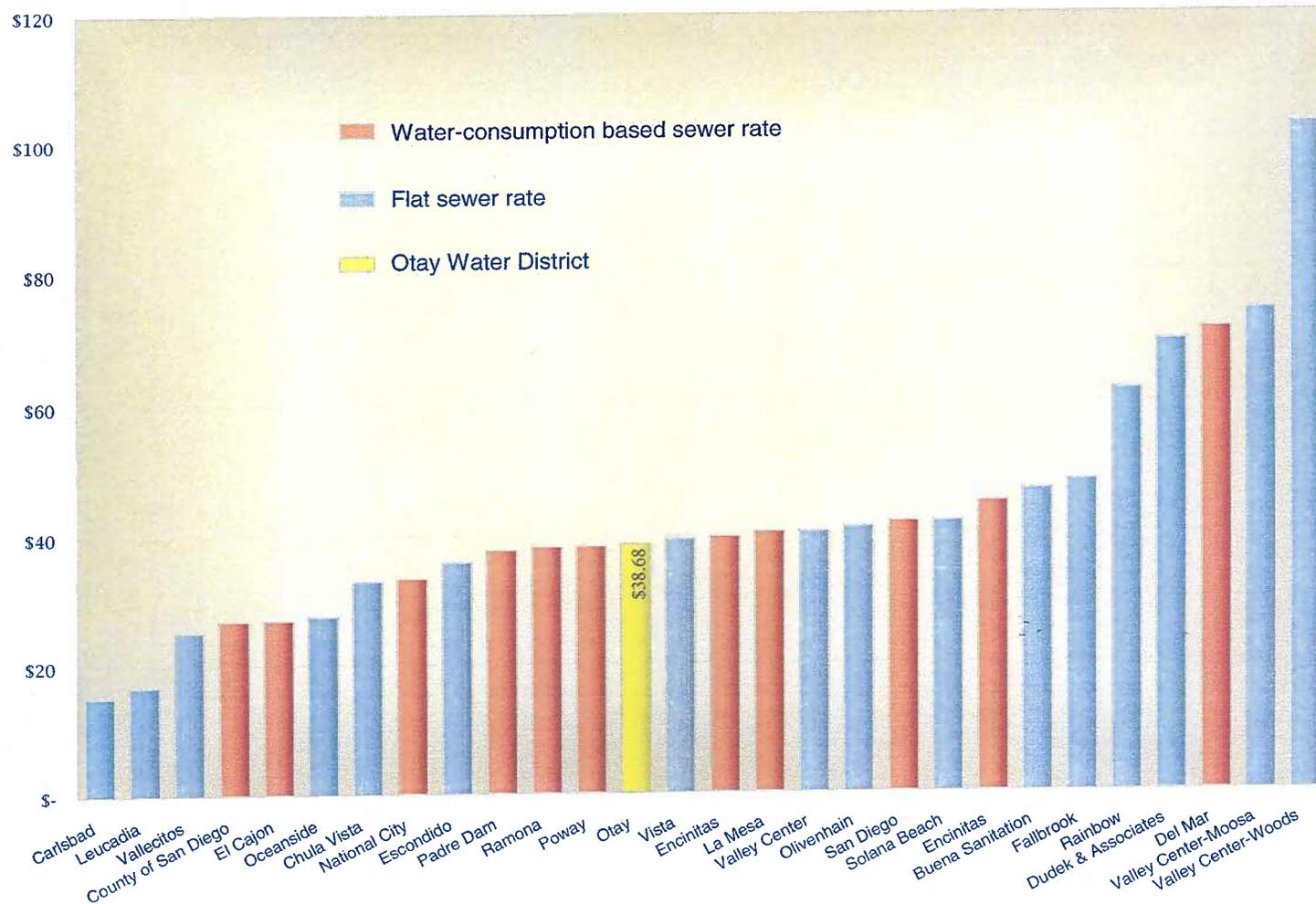
System Fee	Usage Charge	Total
\$32.70	N/A	\$32.70

Proposed Bill

Base Fee	Usage Charge	Total
\$9.75	\$23.50	\$33.25

How do we compare to our Neighboring Districts for Sewer Charges?

Otay Water District 2008 Sewer Rate Comparison of other Agencies





AGENDA ITEM 10

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	July 10, 2007
SUBMITTED BY:	Geoffrey Stevens, Chief Information Technology and Strategic Planning	W.O./G.F. NO:	DIV. NO. All
APPROVED BY: (Chief)	NA		
APPROVED BY: (Asst. GM):	German Alvarez, Assistant General Manager, Administration and Finance		
SUBJECT:	2007 Qualserve Benchmark		

GENERAL MANAGER'S RECOMMENDATION:

No recommendation. This is an informational item only.

COMMITTEE ACTION: _____

See Attachment A.

PURPOSE:

Provide an informational update to the Board on the 2007 Qualserve Benchmark results.

ANALYSIS:

The attached presentation provides the first report to the Board on the 2007 Qualserve based benchmark analysis. One hundred and ninety one (191) utilities participated this year. The results provide a different and comparative perspective on overall District performance. Benchmarking is useful as a comparative method but the results generally need further interpretation or to be placed in a context to understand what they may mean. This presentation includes the survey results and will also include a demonstration of the District's revised strategic plan results webpage.

FISCAL IMPACT: _____

None at this time.

STRATEGIC GOAL:

This presentation supports measurement of strategic plan objectives.

LEGAL IMPACT: _____

None



General Manager
Attachment A - Committee Action
Qualserve Benchmark PowerPoint



ATTACHMENT A

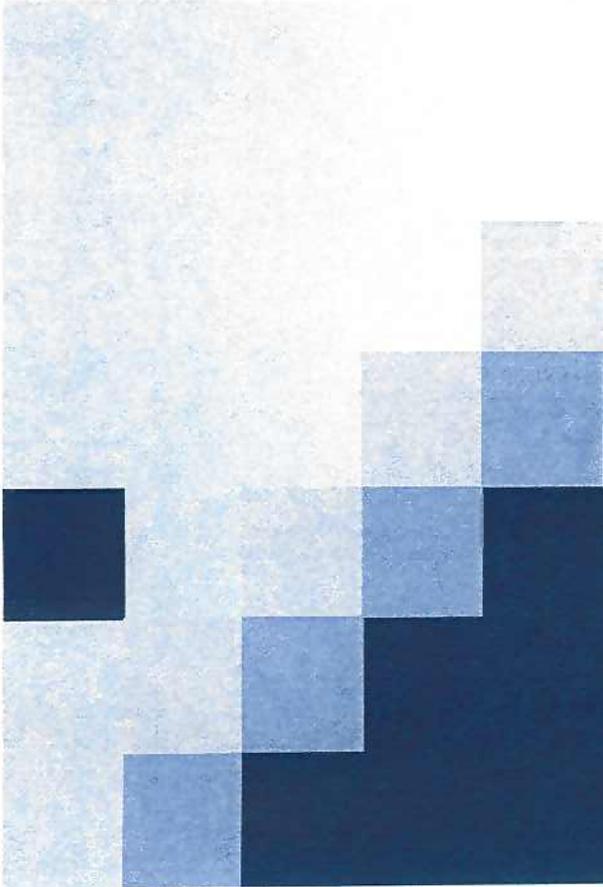
SUBJECT/PROJECT:	2007 Qualserve Benchmark
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COMMITTEE ACTION:

The Finance, Administration and Communications Committee reviewed this item in detail at a meeting held on June 27, 2007 and supported presentation to the full board.

NOTE:

The "Committee Action" is written in anticipation of the Committee moving the item forward for board approval. This report will be sent to the Board as a committee approved item, or modified to reflect any discussion or changes as directed from the committee prior to presentation to the full board.



Benchmark Analysis Otay Water District

June 2007

Source: Qualseve 2006



Objectives

- Review the benchmark data
- Validate our targets
- Develop a set of conclusion for each measure
- Formulate Ideas for Strategic Plan FY09-11



Review of Individual Measures



Employee Health & Safety Severity Rate

- Calculation (Annual)

200,000 (total workdays away from work due to illness or injury) / Total hours worked by all employees

Projected annual = 13.8

Qualserve target = 54.5

Result = top quartile



Training Hours per Employees

■ Calculation

total of qualified formal training hours for all employees / total FTEs worked by employees during the reporting period

Projected annual = 41

Qualserve target = 26.8

Result = top quartile



Technical Quality Complaint Rate

■ Calculation

1000 X (number of technical quality – associated complaints) / number of active customer accounts per reporting period

Projected annual = 8

Qualserve target = 7.6

Result = median quartile



Planned Disruptions

■ Calculation

1000 x number of customer experiencing disruption /
number of active customer accounts per year

Projected annual = 9.7

Qualserve target = .9

Result = bottom quartile

Explanation: We are engaged in so much development work, relocation of services for freeway extensions, and valve replacements we have had a much higher rate of planned disruptions



Unplanned Disruption

■ Calculation

1000 x number of customer experiencing disruption /
number of active customer accounts per year

Projected annual = 2.8

Qualserve target = .7

Result = bottom quartile

Explanation: A 12" CCP main failure in El Cajon on
2-1-07 resulted in 40 homes without water.



Customer Service Cost per Account

■ Calculation (Annual)

Total customer service cost / number of active accounts

Projected annual = 49

Qualserve target = 38.2

Result = bottom quartile

Explanation = Requires further analysis of
cost structures for customer service business processes



Billing Accuracy

■ Calculation

10000 x number of error driven billing adjustments during the reporting period / number of bills during the reporting period

Projected annual = .04

Qualserve target = 9.3

Result = top quartile



Debt Ratio

■ Calculation

Total liabilities/ total assets

Projected annual = .11
Qualserve target = .30
Result = top quartile



Drinking Water Compliance Rate

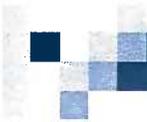
■ Calculation

$100 \times \text{number of days in full compliance} / \text{number of days per quarter}$

Projected annual = 100

Qualserve target = 100

Result = top quartile



Distribution System Water Loss

■ Calculation

100 [volume distributed – (volume billed + volume unbilled but authorized) / volume distributed]

Projected annual = 4.8%

Qualserve target = 6%

Result = top quartile



Water Distribution System Integrity

■ Calculation

100 (annual total number of leaks + annual total number of breaks) / total miles of distribution piping

Projected annual = 15.8

Qualserve target = 36.4

Result = top quartile



O&M Cost per Account

Total O&M cost (less depreciation) / total number of active customer accounts

Projected annual = 436
Qualserve target = 387
Result = median quartile



O&M Cost per MGD

Total O&M cost (less depreciation) / volume
in MGD during the reporting period

Projected annual = 1800
Qualserve target = 3096
Result = top quartile



Planned Maintenance Ratio

Water

- Hours

$100 \times \text{hours of planned maintenance} / \text{hours of planned} + \text{corrective maintenance}$

Projected annual = 60%

Qualserve target = 57.6%

Result = median quartile

- Cost

$100 \times \text{cost of planned maintenance} / \text{cost of planned} + \text{corrective maintenance}$

Projected annual = 73%

Qualserve target = 63.5%

Result = top quartile



Planned Maintenance Ratio Sewer

- Hours

100 x hours of planned maintenance / hours of planned +
corrective maintenance

Projected annual = 73

Qualserve target = 64

Result = top quartile

- Cost

100 x cost of planned maintenance / cost of planned + corrective
maintenance

Projected annual = 72

Qualserve target = 67

Result = median quartile



Sewer Overflow Rate

100 x total number of sewer overflows during the reporting period / total miles of pipe in the sewage collection system

Projected annual = 1
Qualserve target = 2.74
Result = top quartile



Collection System Integrity

100 x total number of collection system failures
during the year / total miles of collection system
piping

Projected annual = 1
Qualserve target = 5.6
Result = top quartile



O&M Cost per MGP Sewer

Total O&M cost (less depreciation) / volume in MG
processed during the reporting period

Project annual = 2035
Qualserve target = 2136
Result = median quartile



Direct Cost of Treatment per MGP

Total O&M costs directly attributable to sewer treatment / total volume (in MGP) during the reporting period

Projected annual = 750

Qualserve target = 2450

Result = top quartile

Note = target for sewer systems serving population less than 10,000 (treatment plant serves 60% of collection system)

Overall Index Score +10

	QualServe Top Quartile	QualServe Median Quartile	QualServe Bottom Quartile
SCORE	+1	0	-1
Total	13	5	3
Overall Score	13	0	-3

Measures that were in top quartile gained an index score of +1



Results – Top Quartile

- Employee Health And Safety Ratio
- Training Hours per Employee
- Billing Accuracy
- Debt Ratio
- Drinking Water Compliance Rate
- Distribution System Water Loss
- Water System Distribution Integrity
- O & M Cost Per MGD
- Planned Maintenance Ratio Water (Cost)
- Planned Maintenance Ratio Sewer (Hours)
- Sewer Overflow Rate
- Collection System Integrity
- Direct Cost of Treatment Per MG Processed



Results – Median Percentile

- Technical Quality Complaint Ratio
- O&M Cost per Account
- Planned Maintenance Ratio Water (Hours)
- Planned Maintenance Ratios Sewer (Cost)
- O&M Cost Per MGP Sewer



Results – Bottom Quartile

- Planned Disruption Rate
- Unplanned Disruptions
- Customer Service Cost Per Account



Conclusions

- Overall results are positive + 10
- Costs and processes need further analysis
- Our targets need further refinement



Recommendations

- Develop a committee to review cost data
- Examine what it would take to shift more resources toward a maintenance utility
- Set FY 2009-2011 Strategic Plan objectives to continue adoption of industry best practices and process improvements



AGENDA ITEM 11

COMMITTEE REPORT

TYPE MEETING:	Finance, Administration and Communications Committee	MEETING DATE:	6/28/07
SUBMITTED BY:	Armando Buelna <i>AB</i> Communications Officer	W.O./G.F. NO:	DIV. NO. All
APPROVED BY:			
SUBJECT:	2007 Consumer Confidence Report		

GENERAL MANAGER'S RECOMMENDATION:

That the Finance, Administration and Communications Committee receive the 2007 Otay Water District Consumer Confidence Report (CCR).

PURPOSE:

To present the Finance, Administration and Communications Committee with the 2007 Consumer Confidence Report.

BACKGROUND:

At the May 22, 2007, meeting, the Finance, Administration and Communications Committee was presented the text and tables for the upcoming 2007 CCR. The Committee then gave staff direction in developing the report. Attached is the completed 2007 CCR, which will be mailed to customers.

Every community water system must prepare and distribute an annual water quality report to customers. The report can also be called a Consumer Confidence Report. The report must be distributed to water customers prior to July 1st of the calendar year. A copy of the CCR will also be placed on the Otay Water District website and available for customers to download.

FISCAL IMPACT:

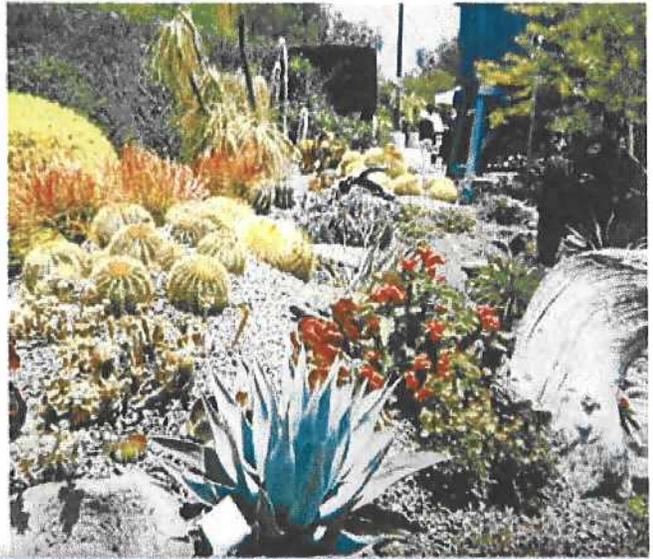
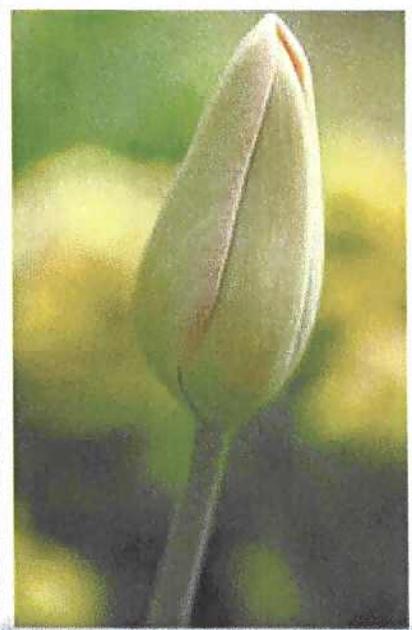
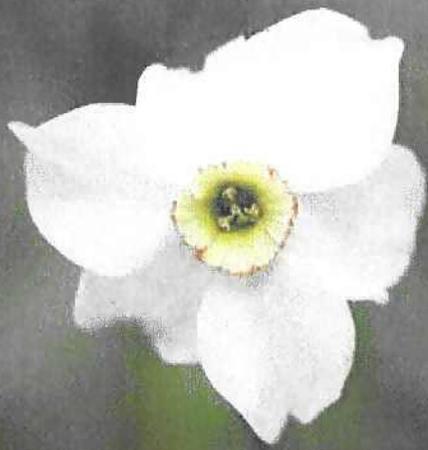

Printing for the 2007 Consumer Confidence Report came out to \$9,950 and is included in the Purchasing Division's centralized printing budget (GL 5234). Postage of \$6,600 comes from the General Manager's postage budget (GL 5233), with graphic design costs covered in the Outside Services budget (5261). Budgeted funds are sufficient to cover this expenditure.

LEGAL IMPACT: _____

None.

Mark Watton
General Manager

Attachment: 2007 Consumer Confidence Report



Consumer Confidence Report 2007



Your Consumer Confidence Report

The Otay Water District is pleased to provide you with your annual consumer confidence report. This brochure is a snapshot of last year's water quality. Included are details about where your water comes from, what it contains and how it compares to state standards.

The information included in this water quality report represents only a small fraction of what we do to ensure high quality drinking water. Using state certified laboratories, we routinely scrutinize the water supply for an entire range of elements that have the potential to degrade the quality of your water.

As in years past, your tap water met all U.S. Environmental Protection Agency (EPA) and State of California drinking water health standards. The Otay Water District vigilantly safeguards its water supplies and once again we are proud to report that our system has never violated a maximum contaminant level or any other water quality standard.

Sources

The Otay Water District imports an average of 97 percent of its water. This imported water is provided by the San Diego County Water Authority, which purchases water from the Metropolitan Water District of Southern California. Imported water is a blend of Colorado River water and State Water Project water.

The Otay Water District also purchases treated water from the City of San Diego and the Helix Water District.

The sources of drinking water (both tap water and bottled water) include rivers, lakes, streams, ponds, reservoirs, springs and wells. As water travels over the surface of the land or through the ground, it dissolves naturally-occurring minerals and, in some cases, radioactive material, and can pick up substances resulting from the presence of animals or human activity.



Safety & Security

In order to ensure that tap water is safe to drink, the EPA and the State Department of Health Services (Department) prescribe regulations that limit the amount of certain contaminants in water provided by public water systems. Department regulations also establish limits for contaminants in bottled water that must provide the same protection for public health.

Drinking water, including bottled water, may reasonably be expected to contain at least small amounts of some contaminants. The presence of contaminants does not necessarily indicate that water poses a health risk. More information about contaminants and potential health effects can be obtained by calling the EPA's Safe Drinking Water Hotline 1-800-426-4791 or online at <http://www.epa.gov/safewater/hfacts.html>.

Some people may be more vulnerable to contaminants in drinking water than the general population. Immuno-compromised persons such as persons with cancer undergoing chemotherapy, persons who have undergone organ transplants, people with HIV/AIDS or other immune system disorders, some elderly, and infants can be particularly at risk from infections.

These people should seek advice about drinking water from their health care providers. USEPA/Centers for Disease Control (CDC) guidelines on appropriate means to lessen the risk of infection by *Cryptosporidium* and other microbial contaminants are available from the Safe Drinking Water Hotline (1-800-426-4791).



In 2004, Otay Water District introduced the Watchdog Program to utilize another vital asset - the community - for the protection of local water supplies

In this era of domestic security concerns, drinking water professionals are working vigilantly to safeguard our water supplies. Billions of dollars have been spent nationwide by water suppliers to address security needs, including improved fencing, lock systems, lights, alarms and other related measures.

Public Participation

The Otay Water District encourages public participation from the customers we serve. The board of directors generally meets on the first Wednesday of each month at 3:30pm at district headquarters, 2554 Sweetwater Springs Blvd., Spring Valley. We encourage the public to attend these meetings. For directions, agendas, or for further information, call (619) 670-2222 or visit our website at www.otaywater.gov.

Otay Water District Board of Directors

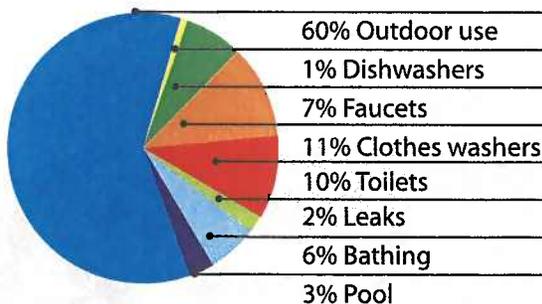
Gary Croucher, President, Division 3
Jose Lopez, Vice President, Division 4
Jaime Bonilla, Treasurer, Division 2
Larry Breitfelder, Director, Division 1
Mark Robak, Director, Division 5

Conservation

It's Easy to Conserve!

San Diego County has a semi-arid climate that receives only about 10 inches of rainfall per year. This does not provide enough water to meet local needs and the region must import as much as 90 percent of its water from the Colorado River and Northern California. To maintain our quality of life and ensure adequate water supplies now and for future generations, San Diego County residents are encouraged to make a conscious effort to use our limited supply of water as efficiently as possible.

The Otay Water District offers a number of programs to save water both indoors and outdoors. For useful ways to conserve water around the house visit our website at www.otaywater.gov and click on conservation.



ABOUT 60% OF THE WATER USED BY HOUSEHOLDS IS USED OUTDOORS. FOR WAYS TO SAVE WATER ON YOUR LANDSCAPING, VISIT THE WATER CONSERVATION GARDEN AT WWW.THEGARDEN.ORG

Fluoridation

Drinking water supplies for all 18 million Southern California residents will be fluoridated beginning in late 2007. The Otay Water District purchases drinking water from the San Diego County Water Authority that has been treated by the Metropolitan Water District of Southern California (Metropolitan). Metropolitan is a consortium of Southern California cities and water districts that provides drinking water to residents in Los Angeles, Orange, San Diego, Riverside, San Bernardino and Ventura counties. Metropolitan provides approximately half of all treated water consumed in San Diego County.

In 2003, the Metropolitan board of directors adopted a policy of converting its water treatment processes to add fluoride, a tooth cavity fighting agent. This was in response to the California Fluoridation Act of 1995 that required all water systems with more than 10,000 service connections or customers to fluoridate their water.

The Otay Water District also purchases "raw" water from the San Diego County Water Authority, which is treated by the Helix Water District (Helix) at the R.M. Levy Water Treatment Plant. Helix has also converted its treatment process to add fluoride and will begin delivering fluoridated water concurrently with Metropolitan.

The Otay Water District neither advocates nor opposes fluoridation. As a community water district regulated by state law, the Otay Water District had no part in the fluoridation decision. It is our policy, however, to keep our customers fully informed on issues affecting your water.

The Otay Water District encourages customer concerned about fluoridation or who are already taking fluoride supplements to talk to their medical or dental professional.

We encourage anyone with questions concerning fluoridation to visit the following websites:

The American Dental Association
www.ada.org/public/topics/fluoride/

Center for Disease Control and Prevention
www.cdc.gov/OralHealth/factsheets/fi-background.htm

Otay Water District Annual Water Quality Report

Parameter	Units	State or Federal MCL [MRDL]	PHG (MCLG) [MRDLG]	State DLR	Range Average	Treatment Plant Effluents			Major Sources in Drinking Water
						Skinner Plant	Helix Plant	Otay Plant	
Percent State Project Water	%	NA	NA	NA	Range Average	41-59 51	41-59 51	41-59 51	

PRIMARY STANDARDS - Mandatory Health Related Standards

CLARITY

Combined Filter	NTU	0.3			Highest	0.11	0.11	<0.3	
Effluent Turbidity	%	95 (a)	NA	NA	% < 0.3	100%	100%	100%	Soil runoff

MICROBIOLOGICAL

Total Coliform Bacteria	%	5.0(b)	(0)	NA	Otay Distribution System =0.1%				Naturally present in the environment
Fecal Coliform and <i>E. coli</i>	(c)	(c)	(0)	NA	Otay Distribution System =0.0%				Human and animal fecal waste

INORGANIC CHEMICALS

Aluminum (f)	ppb	1000	600	50		Range: ND Average: ND	110-190 143	ND ND	Residue from water treatment process; natural deposits; erosion
Fluoride (naturally-occurring)	ppm	2.0	1	0.1		Range: 0.16-0.23 Average: 0.20	0.19-0.23 0.21	0.18-0.29 0.24	Erosion of natural deposits; water additives for tooth health
Nitrate (as N) (g)	ppm	10	10	0.4		Range: ND-0.45 Average: ND	ND-0.32 ND	ND-2.21 ND	Runoff and leaching from fertilizer use; sewage; natural erosion

RADIOLOGICALS (f)

Gross Alpha Particle Activity	pCi/L	15	(0)	3.0		Range: ND Average: ND	1.5-3.2 2.4	ND ND	Erosion of natural deposits
Gross Beta Particle Activity	pCi/L	50	(0)	4.0		Range: ND Average: ND	ND-59 ND	ND ND	Decay of natural and man-made deposits
Uranium	pCi/L	20	0.43	1.0		Range: 1.5 Average: 1.5	ND-2.2 ND	ND-2.54 ND	Erosion of natural deposits

DISINFECTION BY-PRODUCTS, DISINFECTANT RESIDUALS, AND DISINFECTION BY-PRODUCTS PRECURSORS (FEDERAL RULE)

Total Trihalomethanes (TTHM) (j)	ppb	80	NA	0.5	Otay Distribution System: 40-65 Highest RAA=56				By-product of drinking water chlorination
Haloacetic Acids (five) (HAAS) (j,k)	ppb	60	NA	1	Otay Distribution System: 16-35 Highest RAA=23				By-product of drinking water chlorination
Total Chlorine Residual	ppm	[4.0]	[4.0]	NA	Otay Distribution System: 0.3-5.3 Highest RAA=2.6				Drinking water disinfectant added for treatment
Bromate (l)	ppb	10	(0)	6.0		Range: NA Highest RAA: NA	ND ND	NA NA	By-product of drinking water ozonation
DBP Precursors Control (TOC) (j)	ppm	TT	NA	0.30		Range: TT Average: TT	2.1-2.9 2.4	1.1-6.6 3.8	Various natural and man-made sources

PRIMARY STANDARDS - Lead and Copper rule--Sampled at the tap in 2005

Copper	ppm	NL=1.3	0.17	0.05	0 sites above NL out of 54 sampled 90th percentile=0.33				Internal corrosion of household pipes; erosion of natural deposits
Lead	ppb	NL=15	2	5	0 sites above NL out of 54 sampled 90th percentile=2.9				Internal corrosion of household pipes; erosion of natural deposits

SECONDARY STANDARDS - Aesthetic Standards

Aluminum (f)	ppb	200	600	50		Range: ND Average: ND	110-190 143	ND ND	Residue from water treatment process; natural deposits erosion
Chloride	ppm	500	NA	NA		Range: 68-95 Average: 78	64-88 77	73-105 89	Runoff/leaching from natural deposits; seawater influence
Color	Units	15	NA	NA		Range: 1-2 Average: 2	1-2.5 1	ND-4 1.2	Naturally occurring organic materials
Corrosivity (m) (as Saturation Index)	SI	non-corrosive	NA	NA		Range: 0.17-0.45 Average: 0.28	NA NA	0.34-0.88 0.60	Elemental balance in water; affected by temperature, other factors
Odor Threshold (n)	TON	3	NA	1		Range: 2 Average: 2	NA NA	ND-2 ND	Naturally-occurring organic materials

Parameter	Units	State or Federal MCL [MRDL]	PHG (MCLG) [MRDLG]	State DLR	Range Average	Treatment Plant Effluents			Major Sources in Drinking Water
						Skinner Plant	Helix Plant	Otay Plant	

SECONDARY STANDARDS - Aesthetic Standards (continued)

Specific Conductance	µS/cm	1600	NA	NA	Range: 650-880 Average: 748	658-710 684	712-972 816	Substances that form ions in water, seawater influence
Sulfate	ppm	500	NA	0.5	Range: 118-184 Average: 154	140-170 153	96-141 120	Runoff/leaching from natural deposits; industrial wastes
Total Dissolved Solids (TDS)	ppm	1000	NA	NA	Range: 381-518 Average: 438	430 430	361-485 443	Runoff/leaching from natural deposits; seawater influence

UNREGULATED CHEMICALS REQUIRING MONITORING

Boron	ppb	NA	NL = 1000	100	Range: 100-160 Average: 140	120-140 145	ND-147 ND	Runoff from natural deposits; seawater influence
Chromium VI (o)	ppb	NA	NA	1	Range: 0.04-0.12 Average: 0.08	ND ND	ND ND	Industrial waste discharge

ADDITIONAL PARAMETERS

List 1 - Assessment Monitoring

Perchlorate	ppb	NA	NA	4	Range: ND Average: ND	ND ND	ND ND	Industrial waste discharge
Alkalinity	ppm	NA	NA	NA	Range: 80-100 Average: 88	88-122 100	81-136 107	
Calcium	ppm	NA	NA	NA	Range: 40-55 Average: 47	43-95 58	40-50 46	
Chlorate (r)	ppb	NA	NL = 800	20	Range: 25-41 Average: 52-104	NA NA	NA NA	By-Product of drinking water chlorination; industrial processes
Hardness	ppm	NA	NA	NA	Range: 174-234 Average: 200	186-200 191	169-226 198	
Magnesium	ppm	NA	NA	NA	Range: 18-23.5 Average: 20	19 19	17-25 20	
pH	pH Units	NA	NA	NA	Range: 8.1-8.2 Average: 8.1	7.5-7.9 7.6	8.1-8.6 8.4	
Potassium	ppm	NA	NA	NA	Range: 3.5-4.3 Average: 3.7	3.6-4.0 3.7	3.1-4.5 3.8	
Sodium	ppm	NA	NA	NA	Range: 62-88 Average: 72	61.68 65	61-68 75	
Total Organic Carbon (TOC) (t)	ppm	TT	NA	0.30	Range: 2.0-3.1 Average: 2.4	2.1-2.9 2.4	1.1-6.6 3.8	Various natural and man-made sources

Footnotes & Abbreviations

(a)	The turbidity level of the filtered water shall be less than or equal to 0.3 NTU in 95% of the measurements taken each month and shall not exceed 1 NTU at any time. Turbidity is a measure of the cloudiness of the water and is an indicator of treatment performance. The monthly averages and ranges of turbidity shown in the Secondary Standards were based on the treatment plant effluent.
(b)	Total coliform MCLs: No more than 5.0% of the monthly samples may be total coliform-positive.
(c)	Fecal coliform/E.coli MCLs: The occurrence of 2 consecutive total coliform-positive samples, one of which contains fecal coliform/E. coli, constitutes an acute MCL violation. The MCL was not violated in 2006.
(f)	Aluminum has both primary and secondary standards.
(g)	State MCL is 45 mg/L as nitrate, which equals 10 mg/L as N.
(m)	Metropolitan conducted four (4) quarters of monitoring from August 2005 to April 2006. Reported results were taken from the first two (2) quarters of 2006. Helix radiological monitoring was four quarters in 2005.
(j)	In 2006, Metropolitan and Helix were in compliance with all provisions of the Stage 1 Disinfectants/Disinfection By-Products (D/DBP) Rule. The State of California had adopted the D/DBP Rule effective June 2006. TOC provides a medium for the formation on DBPs. Metropolitan was also in compliance with the DBP precursor (TOC) control portion of the stage 1 D/DBP regulation.
(k)	DLR = 1.0 ppb for each HAAS analyte (dichloroacetic acid, trichloroacetic acid, monobromoacetic acid, and dibromoacetic acid) except for monochloroacetic acid which has a DLR = 2.0 ppb.
(o)	MWD Chromium VI reporting level is 0.03 ppb.
(p)	Both PHG (issued by the Office of Environmental Health Hazard Assessment) and NL (issued by CA Department of Health Services) were set at 6 ppb. Perchlorate reporting level is 2 ppb.
(q)	Data collected from January 2002 to January 2003. Minimum reporting levels are as stipulated in the Federal Unregulated Contaminants Monitoring Rule (UCMR). List 1 - Assessment Monitoring consists of 12 chemical contaminants for which standard analytical methods were available.
(r)	MWD ranges for the plant effluent and the distribution system were taken from two (2) quarterly samples. Distribution system samples were taken from three (3) locations.
(t)	MWD average and range for TOC were taken from weekly samples collected. Helix TOC results were from monthly samples.

AI	Aggressiveness Index
AL	Action Level
CFU/ml	Colony-Forming Units per Milliliter
DCEA	Dimethyl Tetrachloroterephthalate
DBP	Disinfection By-Products
DLR	Detection Limits for purposes of Reporting
HAAS	Haloacetic Acids (five)
MCL	Maximum Contaminant Level
MCLG	Maximum Contaminant Level Goal
MPN	Most Probable Number
MRDL	Maximum Residual Disinfectant Level based on the running annual average. Also to MRDLG: based on the running annual average
MRDLG	Maximum Residual Disinfectant Level Goal
N	Nitrogen
NA	Not Applicable
ND	None Detected
NL	Notification Level
NTU	Nephelometric Turbidity Units
PCI/L	picoCuries per Liter
PHG	Public Health Goal
ppb	parts per billion or micrograms per liter (µg/L)
ppm	parts per million or milligrams per liter (mg/L)
ppt	parts per trillion or nanograms per liter (ng/L)
RAA	Running Annual Average
TOC	Total Organic Carbon
TTHM	Total Trihalomethanes
TT	Treatment Technique
µS/cm	microSiemen per centimeter; also equivalent to µmho/cm (micromho per centimeter)

Su Reporte de Confianza al Consumidor

Otay Water District (OWD) esta orgulloso de proporcionarle su reporte de confianza al consumidor. Este folleto es una fotografía de la calidad del agua del año pasado. Vienen incluidos los detalles de donde proviene el agua, que contiene y como se compara con los estándares del estado.

La información incluida en este reporte de calidad del agua representa una pequeña fracción de lo que hacemos para asegurar agua potable de alta calidad. Usando laboratorios certificados por el estado, rutinariamente escudriñamos el suministro de agua por un completo rango de elementos que tienen el potencial de degradar la calidad de su agua.

Así como en años pasados, su agua potable reunió todos los estándares de salud del EPA y el estado para agua potable. OWD de una manera vigilante salvaguarda los suministros de agua y una vez más estamos orgullosos de reportar que nuestro sistema nunca ha violado un nivel contaminante máximo o ningún otro estándar de calidad del agua.

Fluorización

Los suministros de agua potable para más de 18 millones de residentes del sur de California será fluorizada empezando al final del 2007. OWD compra agua potable del San Diego County Water Authority y que ha sido tratada por la Metropolitan Water District of Southern California (Metropolitan). Metropolitan es un consorcio de ciudades del sur de California y de distritos de agua que proveen de agua a los residentes de los condados de Los Angeles, Orange, San Diego, Riverside, San Bernardino y Ventura. Metropolitan provee aproximadamente la mitad del agua tratada consumida en el condado de San Diego.

OWD no esta ni a favor ni en contra de la fluorización. Como somos un distrito de agua regulado por leyes estatales, OWD no toma parte en la decisión de fluorización. Pero es nuestra política mantener a nuestros clientes completamente informados sobre cuestiones que afecten su agua.

OWD invita a que los clientes preocupados sobre la fluorización o los clientes que ya están tomando suplementos de fluoro que hablen con sus médicos o dentistas.

The American Dental Association –
www.ada.org/public/topics/fluoride/

Center for Disease Control and Prevention –
www.cdc.gov/OralHealth/factsheets/fl-background.htm

Una Plática Directa Sobre Agua

Todos tienen interés en la calidad de su agua y algunos a veces preguntan, “¿Puedo sentirme seguro bebiendo agua de la llave?” En el Condado de San Diego, la respuesta es que sí. Sistemas Públicos de Agua, talés como los operados por Otay Water District, deben cumplir con estándares para agua potable muy altos impuestos por la (EPA) United States Environmental Protection Agency.

El agua de la llave es regulada de una manera más rigurosa que el agua embotellada y debe cumplir con todos los estándares de calidad de agua tanto federales como estatales. Estas regulaciones son típicamente límites numéricos en las concentraciones, o cantidades de ciertos contaminantes en el agua. Para poder cumplir con estas regulaciones, los suministros de agua deben proporcionar un tratamiento específico, como desinfección y filtración, para asegurar que el agua sea potable.

Si todavía estas preocupado o prefieres beber agua con un sabor diferente, puedes comprar agua embotellada, pero puede costar hasta 1,000 veces más que el agua de la llave. Además, existen otras opciones más económicas que comprar agua embotellada. Para mejorar el sabor o el olor del agua de la llave, la cual esta tratada con cloro para asegurar una desinfección adecuada y mantener su alta calidad, la manera más fácil de hacer esto es dejar un recipiente abierto en el refrigerador toda la noche. Al exponer el agua al aire permite que cantidades pequeñas de cloro se evaporen. Además enfriar el agua la hace más refrescante.

Otras opciones incluyen sistemas de filtración para casas que son convenientes, mejoran el sabor, y solo cuestan una fracción del precio de agua embotellada. Los consumidores que deciden comprar una unidad de tratamiento de agua para casas deben leer cuidadosamente la información del producto para que comprendan lo que están comprando. También, deben seguir cuidadosamente las instrucciones de manufactura para la operación y mantenimiento del sistema, y recordar cambiarle el filtro de una manera regular.



For More Information

The Otay Water District appreciates your comments and active participation. If you have questions about the information contained in this report, or testing process, please contact Gary Stalker, System Operations Manager, at (619) 670-2228 or visit our website at www.otaywater.gov. You can also find helpful information by contacting the following agencies:

State of California Department of Health Services
Division of Drinking Water and
Environmental Management
1350 Front Street, Room 2050
San Diego, CA 92115
www.dhs.ca.gov/ps/ddwem/

United States Environmental Protection Agency
Office of Water (4101 M)
1200 Pennsylvania Avenue, N.W.
Washington, D.C. 20460
Safe Drinking Water Hotline: (800) 426-4791
<http://www.epa.gov/safewater/hfacts.html>

Este informe contiene información muy importante sobre su agua potable. Tradúzcalo o hable con alguien que lo entienda bien.

Mahalaga ang impormasyong ito. Mangyaring ipasalin ito.

Chi tiết này thật quan trọng. Xin nhờ người dịch cho quý vị

Contact Information

General Information	(619) 670-2222
Emergencies (24-Hour)	(619) 670-2207
Water Quality Lab	(619) 670-2294
Customer Service	(619) 670-2777
Automated Information	(619) 670-2700
Engineering	(619) 670-2282
Development Services	(619) 670-2241
Public Information Office	(619) 670-2256
Water Conservation	(619) 670-2291
24-Hour Job Line	(619) 670-2700x2
Speakers Bureau	(619) 670-2256

Comparative Costs

Beverage	Average Cost Per Gallon
Municipal Tap Water	
Cola	Less than 1 cent
Milk	\$2.64
Sports Drinks	\$3.30
Designer Bottled Water	\$10.17
	\$21.19

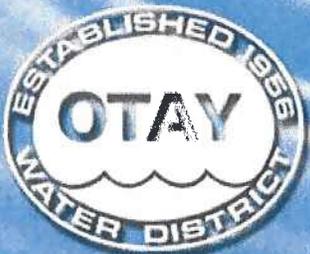
OTAY WATER DISTRICT
2254 Sweetwater Springs Blvd.
Spring Valley, CA 91978-2096
619-670-2222
E-mail: opinion_form@otaywater.gov
Web site: www.otaywater.gov

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www.otaywater.gov

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Consumer Confidence Report

2007





AGENDA ITEM 12

STAFF REPORT

TYPE MEETING:	Finance, Administration and Communications Committee	MEETING DATE:	6/27/07
SUBMITTED BY:	Armando Buelna ^{AB} Communications Officer	W.O./G.F. NO:	DIV. NO. All
APPROVED BY:			
SUBJECT:	AB 1420 (Laird) Water Demand Management Measures AB 1435 (Salas) Water Charges - Conservation Rate Structure		

GENERAL MANAGER'S RECOMMENDATION:

That the Finance, Administration and Communications Committee consider taking a "Support, if amended" position on AB 1420 (Laird) and AB 1435 (Salas).

PURPOSE:

To give the Finance, Administration and Communications Committee the opportunity to review AB 1420 (Laird) Water Demand Management Measures, and AB 1435 (Salas) - Conservation Rate Structures. Staff is seeking the Committee's direction on the proposed legislation.

BACKGROUND:

In AB 1420, Assemblyman Laird has drafted this bill in an effort to assure more consistent implementation of the Best Management Practices (BMPs) by conditioning access to State funding for a range of local water resource projects to implementation of the BMPs.

Not all urban water agencies who are signatories on the California Urban Water Conservation Council MOU have demonstrated a commitment to voluntary implementation. Therefore, the signatories have discussed a number of ways to assure more consistent implementation of the BMPs across the State.

The County Water Authority has taken the position that it and its member agencies have been leaders in water conservation and have always supported the voluntary BMP approach. "We have made significant efforts to conserve

ATTACHMENTS:

- A - TEXT OF AB 1420 (LAIRD), VOTE HISTORY, STATUS, AND LEGISLATIVE ANALYSIS
- B- CWA LEGISLATIVE POSITION ON AB 1420
- C- TEXT OF AB 1435 (SALAS), VOTE HISTORY, STATUS, AND LEGISLATIVE ANALYSIS
- D- CWA LEGISLATIVE POSITION ON AB 1435

AMENDED IN SENATE JUNE 19, 2007

AMENDED IN ASSEMBLY APRIL 18, 2007

CALIFORNIA LEGISLATURE—2007—08 REGULAR SESSION

ASSEMBLY BILL

No. 1420

Introduced by Assembly Member Laird

February 23, 2007

An act to amend Section 10631.5 of, and to add ~~Section 10631.7~~ Sections 10631.6 and 10631.7 to, the Water Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

AB 1420, as amended, Laird. Water demand management measures: water management grant or loan funds.

Existing law requires an urban water supplier to prepare and adopt an urban water management plan that includes a description of the supplier's water demand management measures that are currently being implemented or scheduled for implementation. Existing law requires the Department of Water Resources to take into consideration whether the urban water supplier is implementing or has scheduled for implementation the water demand management activities that the supplier identified in its urban water management plan in evaluating applications for grants and loans financed by specified bond funds.

This bill would delete that provision relating to the evaluation of grant or loan applications financed by those specified bond funds. The bill, instead, would require the terms of, and eligibility for, any water management grant or loan *made* to an urban water supplier *and* awarded or administered by the department, the State Water Resources Control Board, or the California Bay-Delta Authority, with a certain exception,

to be conditioned on the implementation of the water demand management measures described in the urban water management plan.

The bill would require the department to develop grant and loan criteria implementing this requirement based on the conservation measures described in a specified memorandum of understanding *or alternative conservation approaches in that memorandum that provide equal or greater water savings*. The department would be required to set a standard of excellence in water conservation *that results in water savings* significantly above the compliance levels in this memorandum of understanding, ~~and would be required to amend the grant and loan criteria to give funding priority to agencies meeting this standard of excellence~~. The department would be required to convene an independent panel to, among other things, review the water conservation best management practices identified in the memorandum.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) *Increased urban water conservation has the potential to*
- 4 *result in significant annual water savings statewide, and therefore*
- 5 *can play a fundamental role in promoting sustainable and reliable*
- 6 *water supplies statewide.*
- 7 ~~(a)~~
- 8 (b) In 1991 urban water suppliers, environmental organizations,
- 9 and other interested parties signed the Memorandum of
- 10 Understanding Regarding Urban Water Conservation in California.
- 11 This memorandum of understanding does all of the following:
- 12 (1) Establishes the California Urban Water Conservation
- 13 Council, made up of the signatories of the memorandum of
- 14 understanding, to oversee the implementation of the memorandum
- 15 of understanding.
- 16 (2) Describes water conservation best management practices
- 17 that the signatories agree to implement. There are currently 14 best
- 18 management practices.
- 19 (3) Describes the general criteria for best management practice
- 20 implementation and exemptions.

1 (4) Describes the requirements for member urban water suppliers
2 to report to the California Urban Water Conservation Council
3 biennially on best management practice implementation.

4 (5) Describes the process for updating and amending the
5 memorandum of understanding.

6 (b)

7 (c) The California Urban Water Conservation Council serves
8 an important function in assisting in the management of the state's
9 limited water supplies by identifying urban water conservation
10 best management practices, and providing critical information on
11 urban water conservation implementation in the state.

12 (e)

13 (d) The Urban Water Management Planning Act (Part 2.6
14 (commencing with Section 10610) of Division 6 of the Water
15 Code) requires each water management plan to include a
16 description of the urban water supplier's demand management
17 measures planned for implementation or being implemented. The
18 act requires an urban water supplier to include in the plan specified
19 demand management measures. These demand management
20 measures intentionally correspond to the water conservation best
21 management practices included in the Memorandum of
22 Understanding Regarding Urban Water Conservation in California,
23 dated 1991.

24 (e) *The California Water Plan as updated in 2005 supports*
25 *water use efficiency as a foundational action to ensure sustainable*
26 *water uses.*

27 SEC. 2. Section 10631.5 of the Water Code is amended to read:

28 10631.5. (a) (1) Beginning January 1, 2009, the terms of, and
29 eligibility for, a water management grant or loan, ~~including funding~~
30 ~~for programs and projects for surface or groundwater storage,~~
31 ~~recycling, desalination, water conservation, water supply reliability,~~
32 ~~water supply augmentation, and funds made available pursuant to~~
33 ~~Section 75026 of the Public Resources Code,~~ made to an urban
34 water supplier, *as defined in Section 10617, and* awarded or
35 administered by the department, state board, or California
36 Bay-Delta Authority shall be conditioned on the implementation
37 of the water demand management measures described in
38 subdivision (f) of Section 10631.

39 (2) *For the purposes of this section and Section 10631.6, water*
40 *management grants and loans include funding for programs and*

1 projects for surface or groundwater storage, recycling,
2 desalination, water conservation, water supply reliability, and
3 water supply augmentation. This funding includes, but is not limited
4 to, funds made available pursuant to Section 75026 of the Public
5 Resources Code.

6 (2)

7 (3) Notwithstanding paragraph (1), the department ~~may~~ shall
8 determine that an urban water supplier is eligible for a water
9 management grant or loan even though the supplier is not
10 implementing all of the water demand management measures
11 described in subdivision (f) of Section 10631, if ~~both of the~~
12 ~~following apply:~~ the urban water supplier has submitted to the
13 department for approval consistent with the criteria established
14 pursuant to subdivision (b) a schedule, financing plan, and budget,
15 to be included in the grant or loan agreement, for implementation
16 of the water demand management measures. The supplier may
17 request grant or loan funds to implement the water demand
18 management measures to the extent the request is consistent with
19 the eligibility requirements of the water management funds.

20 (A) ~~The department determines that the grant or loan will assist~~
21 ~~the grantee or loan recipient in complying with the implementation~~
22 ~~of those water demand management measures.~~

23 (B) ~~The supplier has submitted to the department a schedule for~~
24 ~~implementation of these water demand management measures.~~

25 (b) (1) ~~No later than December 1, 2008,~~ After holding one or
26 more public meetings to solicit public input, the department shall
27 develop grant and loan criteria implementing the requirement of
28 ~~paragraph (1) of~~ subdivision (a). The criteria shall be based on the
29 conservation measures described in the Memorandum of
30 Understanding Regarding Urban Water Conservation in California
31 or alternative conservation approaches described in that
32 memorandum or updates to the memorandum that provide equal
33 or greater water savings.

34 (2) The department shall review and update the criteria every
35 three years based on, but not limited to, updates to the
36 memorandum of understanding, and recommendations by the panel
37 convened pursuant to subdivision (b) of Section 10631.7.

38 (3) ~~No later than January 1, 2010, the department shall amend~~
39 ~~the criteria established pursuant to this subdivision to give funding~~

1 ~~priority to agencies meeting the standard of excellence described~~
2 ~~in subdivision (c) of Section 10631.7.~~

3 ~~(c) The department shall conduct audits as necessary to~~
4 ~~determine if urban water suppliers are implementing water demand~~
5 ~~management measures meeting the criteria established pursuant~~
6 ~~to subdivision (b).~~

7 *(3) The grant and loan criteria developed pursuant to paragraph*
8 *(1) shall only require implementation of conservation measures*
9 *that are locally cost effective. If an urban water supplier determines*
10 *that a water conservation measure is not locally cost effective, the*
11 *urban water supplier shall submit documentation that supports*
12 *this conclusion to the department. If the department determines*
13 *that the documentation does not justify exemption from the*
14 *implementation of a water conservation measure, the department*
15 *shall do both of the following:*

16 *(A) Notify the urban water supplier within 60 days that the*
17 *documentation does not satisfy the requirements for exemption.*

18 *(B) Provide a detailed statement of findings supporting the*
19 *department's determination.*

20 *(4) Wholesale and retail urban water supplier eligibility shall*
21 *be based on their individual compliance with the conservation*
22 *criteria.*

23 *(c) The department shall develop a process to evaluate urban*
24 *water supplier compliance with the criteria developed pursuant*
25 *to subdivision (b), including, but not limited to, random audits.*

26 *(d) The urban water supplier may submit to the department*
27 *copies of its annual reports and other relevant documents to assist*
28 *the department in determining whether the urban water supplier*
29 *is implementing or scheduling the implementation of water demand*
30 *management activities. In addition, for urban water suppliers that*
31 *are signatories to the Memorandum of Understanding Regarding*
32 *Urban Water Conservation in California and submit biennial reports*
33 *to the California Urban Water Conservation Council in accordance*
34 *with the memorandum, the department may use these reports to*
35 *assist in tracking the implementation of water demand management*
36 *measures.*

37 *SEC. 3. Section 10631.6 is added to the Water Code, to read:*

38 *10631.6. No later than January 1, 2011, and every three years*
39 *thereafter, the department shall do both of the following:*

1 (a) Define a standard of excellence in water conservation that
2 results in water savings significantly above the compliance levels
3 in the Memorandum of Understanding Regarding Urban Water
4 Conservation in California, as last amended.

5 (b) Publish a list of urban water suppliers that meet the standard
6 of excellence, based on information provided by urban water
7 suppliers in their urban water management plans, and other
8 documents urban water suppliers submit to the department.

9 ~~SEC. 3.~~

10 SEC. 4. Section 10631.7 is added to the Water Code, to read:

11 10631.7. (a) The department shall assist the California Urban
12 Water Conservation Council in maintaining an effective
13 conservation reporting database. To the extent that funds are
14 available, the department shall provide technical and financial
15 support to the council for the maintenance and improvement of
16 the conservation database.

17 (b) The department shall convene an independent panel no later
18 than ~~December 1, 2008, and every five years thereafter.~~ The
19 department shall select the panel members, which shall include
20 technical panel to provide advice on new conservation measures,
21 technologies, and approaches. The panel shall consist of no more
22 than seven members and shall be convened no later than January
23 1, 2009. The department shall select the panel members to reflect
24 a balanced representation of experts from academia, private and
25 public sectors, and nonprofit organizations. The panel shall do all
26 of the following:

27 (1) Review the water conservation best management practices
28 identified in the Memorandum of Understanding Regarding Urban
29 Water Conservation in California, and determine if these best
30 management practices meet the definition of best management
31 practices specified in the memorandum, and the manner in which
32 the implementation of the existing best management practices can
33 be improved statewide.

34 (2) Identify other water conservation practices that meet the
35 definition of best management practices specified in the
36 memorandum, but that are not included in the memorandum.

37 (3) Report to the Legislature, the department, and the California
38 Urban Water Conservation Council on their review and
39 recommendations no later than ~~December 1, 2010~~ January 1, 2010,
40 and every six years thereafter.

1 ~~(e) The department shall set a standard of excellence in water~~
2 ~~conservation significantly above the compliance levels in the~~
3 ~~Memorandum of Understanding Regarding Urban Water~~
4 ~~Conservation in California, and no later than January 1, 2010,~~
5 ~~annually publish a list of water agencies that meet this standard of~~
6 ~~excellence.~~

O

CURRENT BILL STATUS

MEASURE : A.B. No. 1420
AUTHOR(S) : Laird.
TOPIC : Water demand management measures: water management grant
or loan funds.
HOUSE LOCATION : SEN
+LAST AMENDED DATE : 06/19/2007

TYPE OF BILL :

Active
Non-Urgency
Non-Appropriations
Majority Vote Required
Non-State-Mandated Local Program
Fiscal
Non-Tax Levy

LAST HIST. ACT. DATE: 06/19/2007

LAST HIST. ACTION : From committee chair, with author's amendments: Amend,
and re-refer to committee. Read second time, amended,
and re-referred to Com. on N.R. & W.

COMM. LOCATION : SEN NATURAL RESOURCES AND WATER

HEARING DATE : 07/10/2007

TITLE : An act to amend Section 10631.5 of, and to add Sections
10631.6 and 10631.7 to, the Water Code, relating to
water.

COMPLETE BILL HISTORY

BILL NUMBER : A.B. No. 1420

AUTHOR : Laird

TOPIC : Water demand management measures: water management grant or loan funds.

TYPE OF BILL :

Active
Non-Urgency
Non-Appropriations
Majority Vote Required
Non-State-Mandated Local Program
Fiscal
Non-Tax Levy

BILL HISTORY

2007
June 19 From committee chair, with author's amendments: Amend, and re-refer to committee. Read second time, amended, and re-referred to Com. on N.R. & W.
June 14 Referred to Com. on N.R. & W.
June 6 In Senate. Read first time. To Com. on RLS. for assignment.
June 5 Read third time, passed, and to Senate. (Ayes 49. Noes 28. Page 1888.)
June 1 From committee: Do pass. (Ayes 12. Noes 5.) (May 31). Read second time. To third reading.
Apr. 25 From committee: Do pass, and re-refer to Com. on APPR. Re-referred. (Ayes 9. Noes 3.) (April 24).
Apr. 19 Re-referred to Com. on W.,P. & W.
Apr. 18 From committee chair, with author's amendments: Amend, and re-refer to Com. on W.,P. & W. Read second time and amended.
Mar. 22 Referred to Com. on W.,P. & W.
Feb. 26 Read first time.
Feb. 25 From printer. May be heard in committee March 27.
Feb. 23 Introduced. To print.

ASSEMBLY THIRD READING
AB 1420 (Laird)
As Amended April 18, 2007
Majority vote

WATER, PARKS & WILDLIFE 9-3
APPROPRIATIONS

(vote not

available)

Ayes:	Wolk, Maze, Berryhill, Caballero, Huffman, Lieu, Mullin, Nava, Salas		
Nays:	Anderson, La Malfa, Parra		

SUMMARY : Augments requirements for incorporation of conservation measures into urban water management and integrated regional water management (IRWM), including bond funding arising out of Proposition 84. Specifically, this bill :

- 1) Conditions IRWM funding from Proposition 84 on the applicant's implementation of water demand management (i.e., conservation) measures, beginning on January 1, 2009. Specifically,
 - a) Allows the Department of Water Resources (DWR) to provide IRWM grants or loans to assist recipients in implementing water demand management measures;
 - b) Ties new DWR guidelines/criteria for IRWM funding to compliance with the best management practice (BMP) in the Memorandum of Understanding Regarding Urban Water Conservation in California (Conservation MOU);
 - c) Gives funding priority, after 2009, to applicants meeting the "standard of excellence" that DWR is required to develop; and,
 - d) Requires DWR to conduct water conservation audits to determine whether urban water suppliers are meeting the DWR-developed conservation criteria.

- 2) Requires DWR to assist the California Urban Water Conservation Council (CUWCC) in maintaining an effective conservation reporting database. Specifically,
 - a) Requires DWR to convene an independent panel, from academia, private and public sectors, and nonprofit organizations, to review water conservation BMP, identify new BMPs and report to the Legislature, DWR and CUWCC on the panel's review; and,
 - b) Requires DWR to set a standard of excellence significantly above compliance with the MOU and publish a list of water agencies that meet this standard.
- 3) Makes legislative findings regarding urban water conservation and management.

EXISTING LAW requires consideration of water agency implementation of water demand management practices identified in the Conservation MOU in IRWM funding decisions.

FISCAL EFFECT : According to the Assembly Appropriations Committee, moderate one-time costs of \$800,000 to develop new guidelines and provide technical support for water conservation and IRWM funding.

COMMENTS : In September 1991, in the middle of California's worst drought, several urban water agencies and environmental groups developed a Conservation MOU to promote BMP for urban water conservation, as part of the Bay-Delta water standard proceedings. The California Urban Water Conservation Council (CUWCC) was created to promote broader adoption of the Conservation MOU and oversee voluntary implementation of the BMPs. In the years that followed, CUWCC was successful in expanding adoption of the BMPs throughout California. A cornerstone of the Conservation MOU was voluntary implementation, which was generally successful. In 2000, the CALFED Bay-Delta Program decided to complete a comprehensive review of urban water conservation, which was completed just last summer. A 2004 California Bay-Delta Authority report concluded: "rates of compliance with most BMPs remain low;" and, "the MOU process is not working as intended and its impact on urban water use remains well below its full potential."

AB 1420

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This bill takes some steps to resolve the issues that the 2004 report identified, by conditioning future IRWM funding on implementation of the BMPs. With the \$1 billion in bond funding recently approved by voters, this bill creates incentives for more complete implementation of the Conservation MOU.

After 15 years of voluntary implementation of urban water conservation BMPs, the author asserts that the time has come to

compel greater conservation and enact some form of enforcement for the Conservation MOU. This bill uses the carrot rather than the stick to promote greater conservation. The substantial funding available from Proposition 84, however, may provide greater pressure on urban water agencies to do more than sign on to the Conservation MOU. The number of signatories has increased from 100 to 190, but signing the Conservation MOU does not guarantee sufficient local funding to achieve actual conservation. Proposition 84 funding, in combination with this bill, may ensure the investment of the necessary state AND local funding of these efforts.

Southern California has shown that conservation works. In the last 30 years, the region has grown by about one-third but its water demands have remained essentially flat. Metropolitan Water District of Southern California (MWD) estimates that nearly half of its region's water supplies come from local sources, including MWD's aggressive water conservation programs.

MWD was a leader in crafting the original Conservation MOU and remains a leading force within the water community for greater water conservation.

Analysis Prepared by : Alf W. Brandt / W., P. & W. / (916)
319-2096

FN: 0001225

AB 1420

Page 1

Date of Hearing: May 23, 2007

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Mark Leno, Chair

AB 1420 (Laird) - As Amended: April 18, 2007

Policy Committee: Water, Parks &
Wildlife Vote: 9-3

Urgency: No State Mandated Local Program:
No Reimbursable:

SUMMARY

This bill increases water conservation efforts a urban water supplier must make in order to be eligible for grants and loans provided by the Department of Water Resources (DWR), the State Water Resources Control Board (SWRCB), or the California Bay-Delta Authority (CBDA), including those funded by Prop 84 bond proceeds. Specifically, this bill:

- 1) Requires, starting January 1, 2009, the terms of, and eligibility for, a water management grant or loan, including funding for surface or groundwater storage, recycling, desalination, water conservation, water supply reliability or augmentation and funding from Prop 84 bond proceeds, made to an urban water supplier to be conditioned on the implementation of specific water conservation measures.
- 2) Requires DWR, by December 1, 2008, to develop grant and loan criteria to implement the requirements of #1 above based on the water conservation measures described in the 1991 Memorandum of Understanding (MOU) Regarding Urban Water Conservation in California.
- 3) Requires DWR to provide technical and financial support to the California Urban Water Conservation Council to help the council maintain an effective conservation reporting database, and to convene, by December 1, 2008 and quintennially after that, an independent panel to review water conservation best management practices in the MOU, identify other water conservation practices, and report its recommendations by December 1, 2010.

AB 1420

Page 2

- 4) Requires DWR to set a standard of excellence in water

conservation significantly above the compliance levels in the MOU and to publish, starting by January 1, 2010, an annual list of water agencies that meet this standard.

- 5) Requires DWR, by January 1, 2010, to amend the criteria established in #2 above to give funding priority to water agencies meeting the standard of excellence established in #4 above.

FISCAL EFFECT

- 1) Moderate one-time costs, in the range of \$500,000 primarily in 2008-09, to DWR to develop grant and loan criteria, provide technical and financial support, to set a standard of excellence in water conservation and to modify funding priorities. (GF or Prop 84 bond proceeds)
- 2) Potentially substantial reallocation, in the millions of dollars annually, in grants and loans provided to urban water suppliers to the extent more funds are allocated to urban water suppliers that focus more effort on water conservation. (Prop 84 and other available resources bond proceeds and federal funds)

COMMENTS

1) Rationale . The author contends that greater focus needs to be placed on water conservation as an integral component in an urban water supplier's management of water supply and demand. The author believes that priority for state grants and loans, in particular those funded by Prop 84 proceeds, should be given to urban water suppliers who vigorously pursue the greatest potential for water conservation within their respective jurisdictions.

2) Prop 84 , approved by voters at the November 2006 statewide election as the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act, authorizes the issuance of \$5.388 billion worth of state general obligation bonds. Of this amount, \$1 billion is earmarked for development and implementation of integrated regional water management (IRWM) plans.

Analysis Prepared by : Steve Archibald / APPR. / (916)

AB 1420

Page 1

Date of Hearing: April 24, 2007

ASSEMBLY COMMITTEE ON WATER, PARKS AND WILDLIFE

Lois Wolk, Chair

AB 1420 (Laird) - As Amended: April 18, 2007

SUBJECT : Water: conservation funding

SUMMARY : Augments requirements for incorporation of conservation measures into urban water management and integrated regional water management (IRWM), including bond funding arising out of Proposition 84. Specifically, this bill :

- 1) Conditions IRWM funding from Proposition 84 on the applicant's implementation of water demand management (i.e. conservation) measures, beginning on January 1, 2009.
 - a) Allows Department of Water Resources (DWR) to provide IRWM grants or loans to assist recipients in implementing water demand management measures.
 - b) Ties new DWR guidelines/ criteria for IRWM funding to compliance with the best management practice (BMP) in the Memorandum of Understanding Regarding Urban Water Conservation in California (Conservation MOU).
 - c) Gives funding priority, after 2009, to applicants meeting the "standard of excellence" that DWR is required to develop.
 - d) Requires DWR to conduct water conservation audits to determine whether urban water suppliers are meeting the DWR-developed conservation criteria.
- 2) Requires DWR to assist the California Urban Water Conservation Council (CUWCC) in maintaining an effective conservation reporting database.
 - a) Requires DWR to convene an independent panel, from academia, private and public sectors, and nonprofit organizations, to review water conservation BMP, identify new BMPs and report to the Legislature, DWR and CUWCC on the panel's review.
 - b) Requires DWR to set a standard of excellence

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Page 2

significantly above compliance with the MOU and publish a

list of water agencies that meet this standard.

- 3) Makes legislative findings regarding urban water conservation and management.

EXISTING LAW requires consideration of water agency implementation of water demand management practices identified in the Conservation MOU in IRWM funding decisions.

FISCAL EFFECT : Unknown

COMMENTS : In September 1991, in the middle of California's worst drought, several urban water agencies and environmental groups developed a memorandum of understanding to promote best management practices (BMP) for urban water conservation (Conservation MOU), as part of the Bay-Delta water standard proceedings. The California Urban Water Conservation Council (CUWCC) was created to promote broader adoption of the MOU and oversee voluntary implementation of the BMPs. In the years that followed, CUWCC was successful in expanding adoption of the BMPs throughout California. A cornerstone of the Conservation MOU was voluntary implementation, which was generally successful. In 2000, the CALFED Bay-Delta Program decided to complete a comprehensive review of urban water conservation, which was completed just last summer. A 2004 California Bay-Delta Authority report concluded:

"rates of compliance with most BMPs remain low."

"the MOU process is not working as intended and its impact on urban water use remains well below its full potential."

This bill takes some steps to resolve the issues that the 2004 report identified, by conditioning future IRWM funding on implementation of the BMPs. With the \$1 billion in bond funding recently approved by voters, AB 1420 creates incentives for more complete implementation of the Conservation MOU.

After 15 years of voluntary implementation of urban water conservation BMPs, the time has come to compel greater conservation and enact some form of enforcement for the Conservation MOU. This bill uses the carrot rather than the stick to promote greater conservation. The substantial funding available from Proposition 84, however, may provide greater pressure on urban water agencies to do more than sign on to the Conservation MOU. The number of signatories has increased from

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100 to 190, but signing the MOU does not guarantee sufficient local funding to achieve actual conservation. Proposition 84 funding, in combination with this bill, may ensure the investment of the necessary State AND local funding of these efforts.

Southern California has shown that conservation works. In the last 30 years, the region has grown by about 1/3 but its water demands have remained essentially flat. Metropolitan Water

District of Southern California (MWD) estimates that nearly half of its region's water supplies come from local sources, including MWD's aggressive water conservation programs. MWD was a leader in crafting the original Conservation MOU and remains a leading force within the water community for greater water conservation.

REGISTERED SUPPORT / OPPOSITION :

Support

East Bay Municipal Utility District (if amended)
Metropolitan Water District of Southern California
Natural Resources Defense Council
Planning and Conservation League

Opposition

None submitted

Analysis Prepared by : Alf W. Brandt / W., P. & W. / (916)
319-2096

UNOFFICIAL BALLOT

MEASURE: AB 1420
AUTHOR: Laird
TOPIC: Water demand management measures: water manag
DATE: 05/31/2007
LOCATION: ASM. APPR.
MOTION: Do pass.
(AYES 12. NOES 5.) (PASS)

AYES

Leno Caballero Davis DeSaulnier
Huffman Karnette Krekorian Lieu
Ma Nava Solorio Feuer

NOES

Walters Emmerson La Malfa Nakanishi
Sharon Runner

ABSENT, ABSTAINING, OR NOT VOTING

UNOFFICIAL BALLOT

MEASURE: AB 1420

AUTHOR: Laird

TOPIC: Water demand management measures: water manag

DATE: 04/24/2007

LOCATION: ASM. W., P. & W.

MOTION: Do pass and be re-referred to the Committee on Appropriations.
(AYES 9. NOES 3.) (PASS)

AYES

Wolk Maze Berryhill Caballero
Huffman Lieu Mullin Nava
Salas

NOES

Anderson La Malfa Parra

ABSENT, ABSTAINING, OR NOT VOTING

Charles Calderon



San Diego County Water Authority

June 20, 2007

Attention: Legislation, Conservation and Outreach Committee

Adopt position of Support, if amended, on AB 1420 (Laird) (Action)

Staff Recommendations

Adopt position of Support, if amended, on AB 1420 (Laird).

Alternatives

Do not adopt recommended position or modify position on this bill.

Fiscal Impact

There is no fiscal impact.

Background

In 1991, urban water agencies, environmental organizations, and other interested parties signed the Memorandum of Understanding Regarding Urban Water Conservation in California (MOU). The MOU established the California Urban Water Conservation Council (CUWCC) and also lists 14 best management practices (BMPs), which urban water suppliers are encouraged to implement. Urban water suppliers are required to report to CUWCC on their implementation of the BMPs, or apply for exemptions on the grounds that compliance would not be cost-effective. The CUWCC maintains a database of reports or requests for exemptions from urban water agency signatories to the MOU. Compliance with the BMPs is voluntary.

Not all urban water agencies signatory to the MOU have demonstrated a commitment to voluntary implementation of the BMPs. Therefore, the signatories have discussed a number of ways to assure more consistent implementation of the BMPs across the State. Options have included: mandatory certification of implementation, financial incentives for implementation, permitting incentives, and potential negative permitting impacts for non-implementation.

Discussion

The author of AB 1420, Assemblyman Laird, has drafted this bill in an effort to assure more consistent implementation of the BMPs by conditioning access to State funding for a range of local water resource projects to urban water agency implementation of the BMPs. During the process of refining the bill, Water Authority legislative advocates and staff have worked with other urban water agencies to alert the author's staff and bill sponsors of concerns with the bill.

Discussions with the author have resulted in a working draft of amendments that is not yet in print. Amendments included in the working draft include:

- An urban water supplier may be eligible for a water management grant or loan even though the supplier is not implementing all the water demand management measures identified in its urban water management plan if the supplier submits to DWR a schedule, financing plan, and budget for implementation of the water demand management measures.
- An urban water supplier may request grant or loan funds to implement its water demand management measures, as long as the request is consistent with the other eligibility requirements of the grant or loan fund.
- DWR's grant and loan criteria shall recognize alternative approaches to the BMPs that provide water savings that are equal to or greater than those provided by the BMPs.
- DWR's grant and loan criteria shall only require implementation of conservation measures that are locally cost-effective. An urban water supplier may submit evidence to DWR that a water conservation measure is not locally cost-effective.
- DWR shall convene an independent technical panel to provide advice on new conservation measures, technologies, and approaches.
- DWR shall define a standard of excellence in water conservation that results in savings significantly above the compliance levels in the MOU, and shall give funding priority for water management grants and loans to urban water suppliers that meet the standard of excellence.

Issues that still need to be addressed include:

- Urban water suppliers should be able to self-certify their own compliance with the BMPs or water demand managements requirements of the Urban Water Management Planning Act. DWR may reject an urban water suppliers certification of its own compliance only if it provides substantial evidence that the supplier is not actually in compliance.
- To the greatest extent possible, CUWCC, where the Water Authority and member agencies have a vote, should be the entity that establishes BMPs and develops and determines standards for compliance.
- Funding for implementation of this bill should come from the administrative costs portion of the grant or loan fund, rather than from fees charged to the urban water suppliers.

The Water Authority and its member agencies have been leaders in water conservation and have always supported the voluntary BMP approach. We have made significant

Legislation, Conservation and Outreach Committee

June 20, 2007

Page 3 of 3

efforts to conserve water in the San Diego region and should be recognized for that effort. State grants and funding should be used to recognize effort and achievements in water conservation, and not to punish water suppliers that are already making a significant effort toward complying with the BMPs.

Staff recommends a position of Support of AB 1420, if amended to address the concerns noted above.

Prepared by: Jeffrey A. Volberg, Government Relations Manager

Reviewed by: Bill Jacoby, Director of Public Affairs

Approved by: Dennis A. Cushman, Assistant General Manager

Attachment:

1. AB 1420

ASSEMBLY BILL

No. 1435

Introduced by Assembly Member Salas

February 23, 2007

An act to add Chapter 3.8 (commencing with Section 390) to Division 1 of the Water Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

AB 1435, as introduced, Salas. Water charges: conservation rate structure.

Existing law authorizes a public entity that supplies water at retail or wholesale within its service area to adopt, in accordance with specified procedures, and enforce a water conservation program.

This bill would require a local water purveyor that supplies water to retail customers to institute a conservation rate structure based on the amount of water used for other than agricultural purposes for each customer that has a service connection for which a water meter has been installed.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Chapter 3.8 (commencing with Section 390) is
2 added to Division 1 of the Water Code, to read:

1 CHAPTER 3.8. CONSERVATION RATE STRUCTURES

2

3 390. Each local water purveyor that supplies water to retail
4 customers shall institute a conservation rate structure based on the
5 amount of water used for other than agricultural purposes for each
6 customer that has a service connection for which a water meter
7 has been installed.

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ASSEMBLY THIRD READING
 AB 1435 (Salas)
 As Introduced February 23, 2007
 Majority vote

WATER, PARKS & WILDLIFE 13-0

Ayes:	Wolk, Maze, Anderson, Berryhill, Caballero, Charles Calderon, Huffman, La Malfa, Lieu, Mullin, Nava, Parra, Salas			
-------	--	--	--	--

SUMMARY : Requires each local water purveyor that supplies water to retail customers to institute a conservation rate structure based on the amount of water used for other than agricultural purposes for each customer with a water meter.

EXISTING LAW requires installation of water meters on new construction and requires cities to adopt model landscape ordinances that promote water conservation.

FISCAL EFFECT : Non-fiscal

COMMENTS : Since the start of California's last major drought, in the 1980's, many California water agencies and water utilities have adopted rate structures that charge extra to customers who use excessive amounts of water. Some charge penalties, while others simply increase the cost of each additional gallon of water over a certain amount, which is called "inclining block rates."

This bill requires adoption of a water "conservation rate structure" without defining that term or a specific kind of required rate structure. Local water purveyors therefore have some flexibility in defining what kind of rate structure would encourage conservation. They may adopt an inclining block rate or simply charge the same amount for each gallon, which also would encourage conservation. The structures that would not be allowed under this bill are "declining block rates" (charging

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less per gallon for using more water than other customers) and flat rates for non-agricultural customers with meters.

This bill does not affect the issue of water meters because the conservation rate structure applies only to those who have meters. This bill does not extend or expand any requirements related to water meters. California decided, in 1991, that all new water service should be provided only to those with water meters and required installation of water meters in new construction. (See Water Measurement Law, Cal. Water Code 500 et seq). In past years, there has been some debate about water measurement/metering in communities without water meters, but this bill will not affect that issue. While some older communities where water still is not metered may not be affected, communities with some metered customers would be required to adopt water rates based on actual use by those who have meters.

Analysis Prepared by : Alf W. Brandt / W., P. & W. / (916)
319-2096

FN: 0000490

AB 1435

Page 1

Date of Hearing: April 24, 2007

ASSEMBLY COMMITTEE ON WATER, PARKS AND WILDLIFE
Lois Wolk, Chair

AB 1435 (Salas) - As Amended: February 23, 2007

SUBJECT : Water Conservation: rate structures

SUMMARY : Requires retail water purveyors to adopt a conservation rate structure. Specifically, this bill requires each local water purveyor that supplies water to retail customers to institute a conservation rate structure based on the amount of water used for other than agricultural purposes, for each customer with a water meter.

EXISTING LAW requires cities to adopt model landscape ordinances that promote water conservation.

FISCAL EFFECT : Unknown

COMMENTS : Since the start of California's last major drought, in the 1980's, many California water agencies and water utilities have adopted rate structures that charge extra to customers who use excessive amounts of water. Some charge penalties, while others simply increase the cost of each additional gallon of water over a certain amount, which is called "inclining block rates."

There were a limited number of water agencies that used "declining block rates," charging less per gallon for using more water than other customers, which attracted certain industries to some cities with such rates. The declining block rate, however, discouraged water conservation, because higher water usage meant lower costs. AB 1435 would effectively outlaw declining block rates for non-agricultural water customers with meters.

The bill requires adoption of a water "conservation rate structure" without defining that term or a specific kind of required rate structure. Local water purveyors therefore have some flexibility in defining what kind of rate structure would encourage conservation. They may adopt an inclining block rate or simply charge the same amount for each gallon, which also would encourage conservation.

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AB 1435

Page 2

This rule would not apply to customers without water meters.

California decided, in 1991, that all new water service should be provided only to those with water meters and required installation of water meters in new construction. See Water Measurement Law, Cal. Water Code 500 et seq. In past years, there has been some debate about water measurement/metering in communities without water meters, particularly after the Federal Government required some form of measurement for those who receive water from the federal Central Valley project. That debate may continue, but this bill will not affect that decision because its application is limited only to those customers with meters. While some older communities where water still is not metered may not be affected, communities with some metered customers would be required to adopt water rates based on actual use by those who have meters.

AB 1435 is consistent with the recommendation of Landscape Task Force of the California Urban Water Conservation Council, which recommended that "Urban water suppliers (wholesale and retail) should adopt water conserving rate structures as designed by the task force." Last year, the Legislature approved a bill to implement other Landscape Task Force recommendations, but did not address the issue of conservation water rates. See, Ch. 559, 2006 Stats, AB 1881 (Laird).

REGISTERED SUPPORT / OPPOSITION :

Support

California Landscape Contractors Association

Opposition

None submitted

Analysis Prepared by : Alf W. Brandt / W., P. & W. / (916)
319-2096

UNOFFICIAL BALLOT

MEASURE: AB 1435
AUTHOR: Salas
TOPIC: Water charges: conservation rate structure.
DATE: 05/14/2007
LOCATION: ASM. FLOOR
MOTION: AB 1435 SALAS Assembly Third Reading
(AYES 47. NOES 25.) (PASS)

AYES

Aghazarian Arambula Beall Berg
Blakeslee Brownley Caballero Carter
Coto Davis De La Torre De Leon
DeSaulnier Dymally Eng Evans
Feuer Galgiani Hancock Hayashi
Hernandez Horton Huffman Jones
Karnette Krekorian Laird Leno
Levine Lieber Lieu Ma
Mendoza Mullin Nava Parra
Plescia Portantino Price Richardson
Salas Saldana Solorio Swanson
Torrico Wolk Nunez

NOES

Adams Anderson Benoit Berryhill
DeVore Duvall Emmerson Fuller
Gaines Garcia Garrick Huff
Jeffries Keene La Malfa Maze
Nakanishi Sharon Runner Silva Smyth
Spitzer Strickland Tran Villines
Walters

ABSENT, ABSTAINING, OR NOT VOTING

Bass Charles Calderon Cook Houston
Niello Ruskin Soto Vacancy

UNOFFICIAL BALLOT

MEASURE: AB 1435
AUTHOR: Salas
TOPIC: Water charges: conservation rate structure.
DATE: 04/24/2007
LOCATION: ASM. W.,P. & W.
MOTION: Do pass, to Consent Calendar.
(AYES 13. NOES 0.) (PASS)

AYES

Wolk Maze Anderson Berryhill
Caballero Charles Calderon Huffman La Malfa
Lieu Mullin Nava Parra
Salas

NOES

ABSENT, ABSTAINING, OR NOT VOTING

CURRENT BILL STATUS

MEASURE : A.B. No. 1435
AUTHOR(S) : Salas.
TOPIC : Water charges: conservation rate structure.
HOUSE LOCATION : SEN

TYPE OF BILL :
Active
Non-Urgency
Non-Appropriations
Majority Vote Required
Non-State-Mandated Local Program
Non-Fiscal
Non-Tax Levy

LAST HIST. ACT. DATE: 05/23/2007
LAST HIST. ACTION : Referred to Com. on N.R. & W.
COMM. LOCATION : SEN NATURAL RESOURCES AND WATER

TITLE : An act to add Chapter 3.8 (commencing with Section 390)
to Division 1 of the Water Code, relating to water.

COMPLETE BILL HISTORY

BILL NUMBER : A.B. No. 1435
AUTHOR : Salas
TOPIC : Water charges: conservation rate structure.

TYPE OF BILL :

Active
Non-Urgency
Non-Appropriations
Majority Vote Required
Non-State-Mandated Local Program
Non-Fiscal
Non-Tax Levy

BILL HISTORY

2007

May 23 Referred to Com. on N.R. & W.
May 14 In Senate. Read first time. To Com. on RLS. for assignment.
May 14 Read third time, passed, and to Senate. (Ayes 47. Noes 25. Page 1468.)
May 3 From Consent Calendar. To third reading.
Apr. 26 Read second time. To Consent Calendar.
Apr. 25 From committee: Do pass. To Consent Calendar. (April 24).
Mar. 22 Referred to Com. on W., P. & W.
Feb. 26 Read first time.
Feb. 25 From printer. May be heard in committee March 27.
Feb. 23 Introduced. To print.



San Diego County Water Authority

June 20, 2007

Attention: Legislation, Conservation and Outreach Committee

Adopt position of: Support, if amended, on AB 1435 (Salas). (Action)

Purpose

To take a position on key state legislation of interest to the San Diego County Water Authority.

Staff Recommendations

Adopt position of Support, if amended, on AB 1435 (Salas).

Alternatives

Do not adopt recommended position or modify position on this bill.

Fiscal Impact

There is no fiscal impact.

Background

Assemblywoman Mary Salas (D-San Diego) introduced AB 1435 in February 2007. The bill requires a local water purveyor that supplies water to retail customers to institute a conservation rate structure based on the amount of water used for other than agricultural purposes for each customer that has a service connection for which a water meter has been installed. AB 1435 was suggested by the California Landscape Contractors Association, who was its sole supporter in the Assembly Committee on Water, Parks & Wildlife. The bill passed out of committee unanimously and passed the Assembly. The author has expressed a willingness to work with affected water agencies to resolve any issues the bill might raise.

Discussion

As written, the bill raises compliance issues under Proposition 218. It also may have unintended effects regarding the phasing-in of water meters in areas that do not already have them. To avoid these concerns, staff recommends that the author make the following amendments:

- Include intent language in the Water Code that affirms retail water agencies' ability to set rates locally and that the bill is not intended to interfere with that ability.
- Strike the phrase in the bill that says, "... for other than agricultural purposes for each customer that has a service connection for which a water meter has been installed." Removing this language avoids Proposition 218 compliance issues and extends the bill's requirements to all water agencies, including those that do not yet have meters.
- Specifically include charter cities as local water purveyors subject to this bill.

Legislation, Conservation and Outreach Committee
June 20, 2007
Page 2 of 2

Staff recommends a position of Support, if amended as outlined above, on AB 1435.

A copy of AB 1435 is attached.

Prepared by: Jeffrey A. Volberg, Government Relations Manager
Reviewed by: Bill Jacoby, Director of Public Affairs
Approved by: Dennis A. Cushman, Assistant General Manager

Attachment:

1. AB 1435