

OTAY WATER DISTRICT
FINANCE, ADMINISTRATION AND COMMUNICATIONS
COMMITTEE MEETING
and
SPECIAL MEETING OF THE BOARD OF DIRECTORS

2554 SWEETWATER SPRINGS BOULEVARD
SPRING VALLEY, CALIFORNIA
BOARDROOM

THURSDAY
September 16, 2010
11:30 A.M.

This is a District Committee meeting. This meeting is being posted as a special meeting in order to comply with the Brown Act (Government Code Section §54954.2) in the event that a quorum of the Board is present. Items will be deliberated, however, no formal board actions will be taken at this meeting. The committee makes recommendations to the full board for its consideration and formal action.

AGENDA

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

DISCUSSION ITEMS

3. REVIEW OF THE RESULTS OF THE EMPLOYEE SURVEY (WILLIAMSON) [15 minutes]
4. APPROVE FUNDING FOR THE DISTRICT'S ASSET MANAGEMENT PROGRAM (STEVENS) [5 minutes]
5. APPROVE AN AGREEMENT WITH JESUS H. KURODA FOR THE INSTALLMENT PAYMENT OF CAPACITY FEES IN ACCORDANCE WITH BOARD OF DIRECTOR'S POLICY 7, CONDITIONS FOR INSTALLMENT OR DEFERRED PAYMENTS TO THE DISTRICT (CHARLES) [5 minutes]
6. ADOPT ORDINANCE NO. 525 AMENDING SECTION 27.04, REQUIREMENTS AND LIMITATIONS FOR OBTAINING WATER SERVICE, USE OF SUBMETERS FOR RESALE OR DISTRIBUTION OF WATER, OF THE DISTRICT'S CODE OF ORDINANCES (BANUELOS) [5 minutes]
7. REPORT ON THE FISCAL YEAR-END 2010 STRATEGIC PLAN AND PERFORMANCE MEASURES (STEVENS) [10 minutes]

8. INFORMATIONAL ITEM REGARDING THE CUSTOMER NOTICES OF THE APPROVED RATE INCREASE EFFECTIVE JANUARY 1, 2011 (BEACHEM) [10 minutes]
9. ADJOURNMENT

BOARD MEMBERS ATTENDING:

Jaime Bonilla, Chair
Mark Robak

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

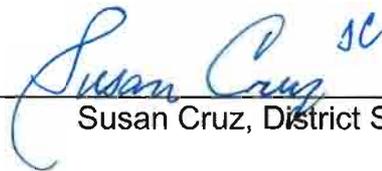
The Agenda, and any attachments containing written information, are available at the District's website at www.otaywater.gov. Written changes to any items to be considered at the open meeting, or to any attachments, will be posted on the District's website. Copies of the Agenda and all attachments are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

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

Certification of Posting

I certify that on September 10, 2010 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 September 10, 2010.

 SC

Susan Cruz, District Secretary



AGENDA ITEM 3

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	October 6, 2010
SUBMITTED BY:	Kelli Williamson <i>[Signature]</i> Human Resources Manager	W.O./G.F. NO:	DIV. NO: All
APPROVED BY: (Chief)	Rom Sarno, Chief of Administrative Services <i>[Signature]</i>		
APPROVED BY: (Asst. GM):	German Alvarez <i>[Signature]</i> , Assistant General Manager, Finance and Administration		
SUBJECT:	Present Results of the 2010 Employee Survey		

GENERAL MANAGER'S RECOMMENDATION:

This is an informational item. No action is required.

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To present the results of the 2010 Employee Survey.

ANALYSIS:

As a part of the District's Strategic Plan, the District worked with Rea & Parker to develop and implement a scientifically reliable and repeatable Employee Survey Program in 2008. This year, Human Resources staff worked with Rea & Parker to make minor edits and refine some questions based on feedback from the 2008 survey.

The survey was administered the end of June 2010. Employees each received an email from the General Manager with an overview of the survey, followed-up by an email from Rea & Parker Research with individual login information. Employees entered data directly to a private, secure server only accessible by Rea & Parker Research. Of the 160 employees, 151 completed the survey, or 94% of the employees, which is a very high participation rate.

As summarized in the report by Rea & Parker Research, "The fundamental conclusion to be drawn from the 2010 Employee satisfaction survey is that Otay Water District employees were very satisfied with their employment when the survey was initially conducted in 2008 and are presently even more satisfied." Rea & Parker Research will present highlights of the findings in a presentation format (Attachment B). A summary of the results can be found in the Otay Water District 2010 Employee Satisfaction Survey (Attachment C).

FISCAL IMPACT: _____

The cost of the Employee Survey was \$15,000 and was budgeted.

STRATEGIC GOAL:

FY06-08, 4.5.2.1 - "Establish a Repeatable Employee Survey Program"

LEGAL IMPACT: _____

None.



General Manager

- Attachment A - Committee Report
- Attachment B - PowerPoint Presentation
- Attachment C - Otay Water District 2010 Employee Satisfaction Survey



ATTACHMENT A

SUBJECT/PROJECT:	Present Results of the 2010 Employee Survey
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COMMITTEE ACTION:

The Finance, Administration and Communications Committee and the Engineering and Water Operations Committee met on September 16, 2010 to receive this informational report from Rea & Parker summarizing the results of the 2010 Employee Satisfaction Survey.

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.

2010 Employee Satisfaction Survey Otay Water District



Rea & Parker Research
September, 2010

Methodology

- Online survey - June 29, 2010
- Taken at Otay Water District offices
- 107 questions
 - 49 agreement/disagreement
 - 49 importance
 - 4 satisfaction
 - 5 general/demographic
- E-mail notices and reminders from GM on June 23 and Rea & Parker Research on June 28
- 134 out of 160 employees participated by July 1
- Additional time (July 8) provided for those away or otherwise unable to participate - two follow up e-mails from Rea & Parker Research
- Total participants = 151/160 (94 percent)

Participants

- 69 percent male (2008 = 70 percent)
- Median age = 45.5 (2008 = 44.5)
- Median length of service = 6.45 years (2008 = 6.00 years)
 - 11 percent 20 or more years (2008 = 12 percent)
 - 3 percent in first year (2008 = 5 percent)
- Department
 - Operations = 39 percent (2008 = 38 percent)
 - Administrative Services/GM/IT = 25 percent
(2008=23 percent)
 - Finance = 23 percent (2008=24 percent)
 - Engineering = 13 percent (2008=15 percent)
- Position type
 - Non-management (including crew leader) = 79 percent
(2008 = 78 percent)
 - Supervisor/Manager = 7 percent
(2008 = 8 percent)
 - Management/Department Chief = 14 percent
(2008 = 14 percent)

Key Findings

- The level of satisfaction among employees with their being employed by the Otay Water District is superior.
 - 2008 was excellent ----- 2010 even greater extent
- Employees rate their satisfaction with being an employee of the Otay Water District at a mean rating of 5.95 on a scale of 1 = Highly Dissatisfied to 7 = Highly Satisfied.

Key Findings (cont)

- Nearly three-fourths (73 percent) of employees rate their employment at 6 or 7 (scale 1-7 -- indicative of a great deal of satisfaction)
- 9 out of 10 (87 percent) rate their satisfaction at 5, 6, 7 -- all scores above the scale midpoint.
- These data represent an increase in the overall level of satisfaction from the 2008 employee survey where the mean rating was 5.45 and 53 percent of employees rated their employment at 6 or 7.

Key Findings (cont)

- In comparable public employee surveys, 50 percent to 85 percent of employees have demonstrated satisfaction levels above the midpoint on their respective satisfaction scales.
- Mean satisfaction ratings in these other studies have ranged between 3.7 and 5.7 (on 1-7 scales or scales adjusted to equate to 1-7).
- Employee satisfaction demonstrated in this survey by Otay Water District employees is at the very highest level.

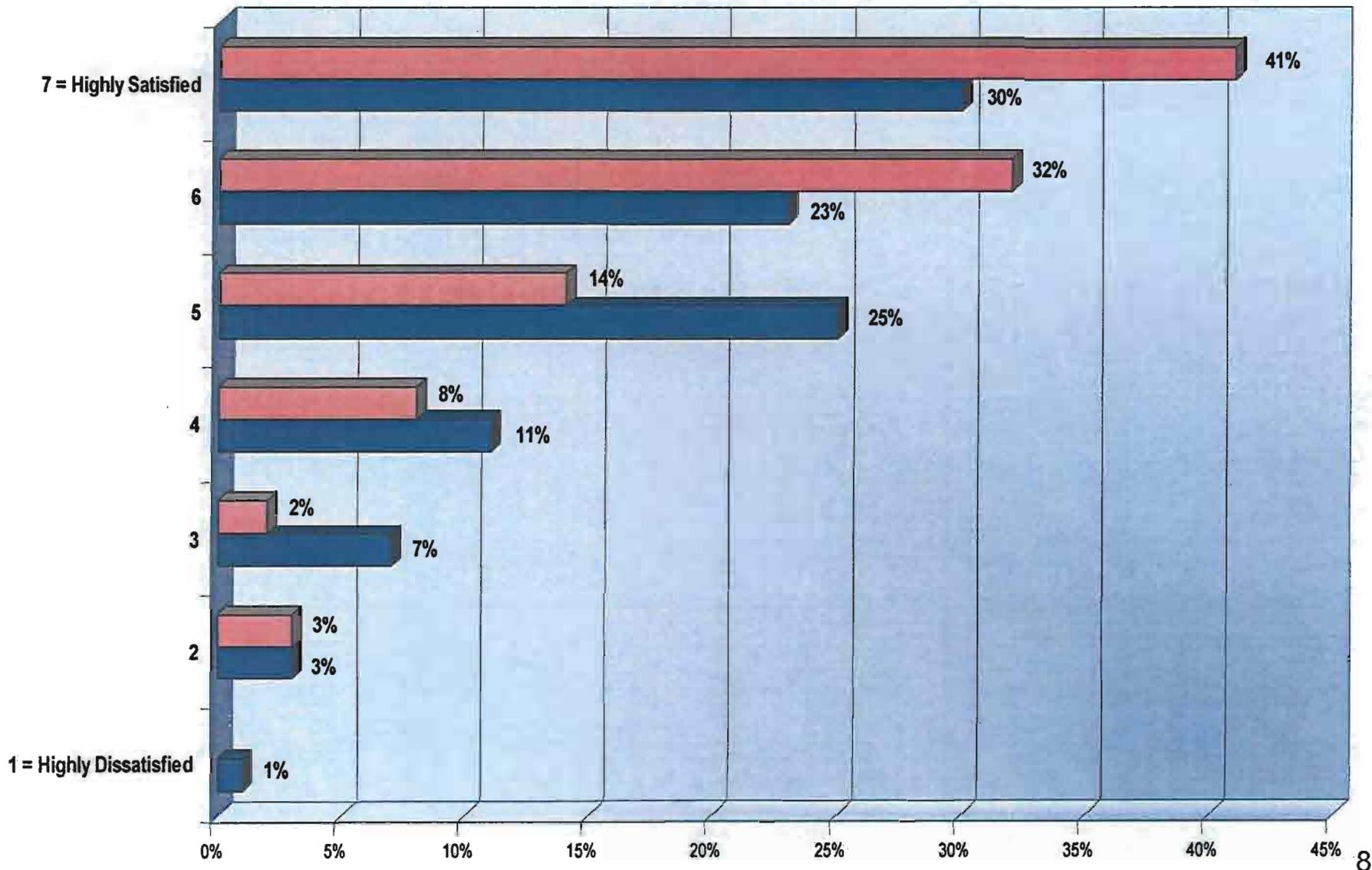
Key Findings

- A remarkable percentage of employees (96 percent) stated that they would recommend the Otay Water District as a place of employment.
- This represents an increase of 6 percent in the level of satisfaction over the employees in the 2008 survey where 90 percent made this recommendation

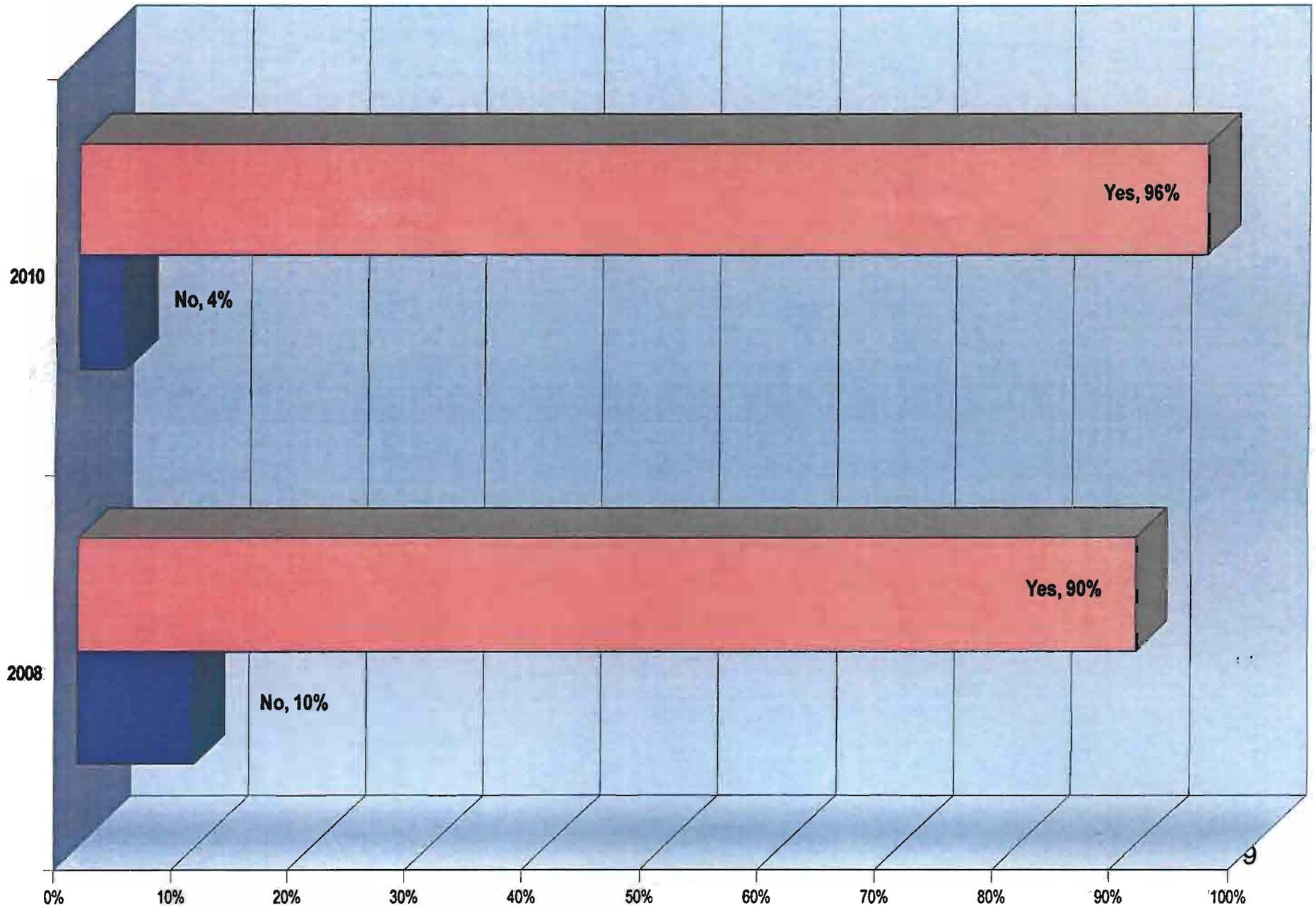
Overall Satisfaction as Employee of Otay Water District

(Mean 2010 rating = 5.95 Mean 2008 rating = 5.45)

■ 2008 ■ 2010



Recommend Otay Water District as Place of Employment



Key Findings (cont)

- The survey contained eight subsections that identified and categorized 49 employment-related characteristics. Each of the eight category related means is averaged to produce an overall agreement mean of 5.80, which is higher than the mean in 2008 of 5.54.
- The overall proportion of employees on all 49 characteristics who rank the District as above the midpoint (5, 6, or 7) is 5 out of 6 (83 percent). In 2008, this percentage of 5-7 responses was 76 percent.

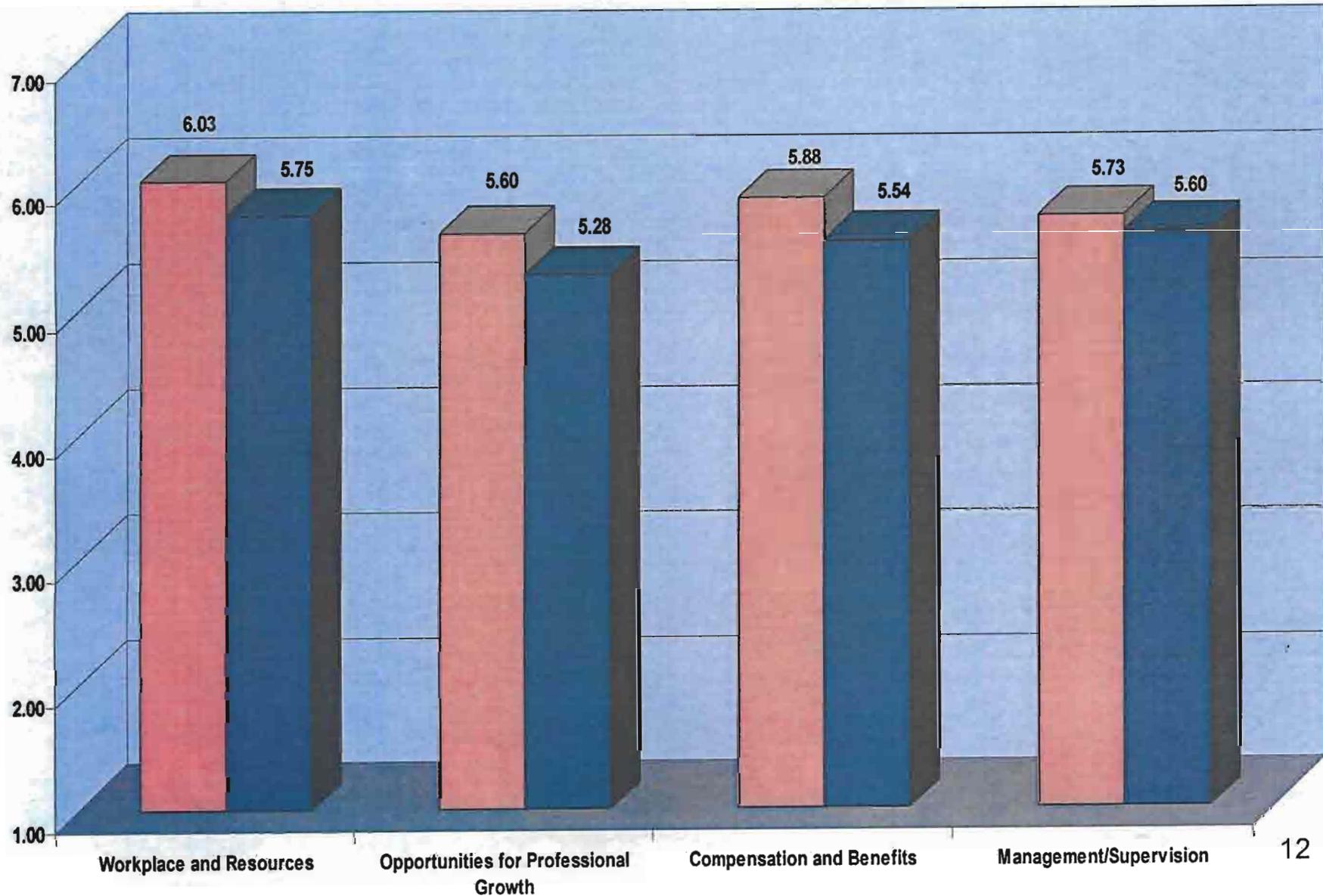
Key Findings (cont)

- Largest increases in satisfaction
 - Communications
 - Morale
 - Compensation and Benefits
 - Opportunities for Professional Growth
 - Workplace and Resources

Survey Categories Agreement Means (Part 1)

Scale: 1 = Highly Disagree...7 = Highly Agree (Overall mean = 5.80)

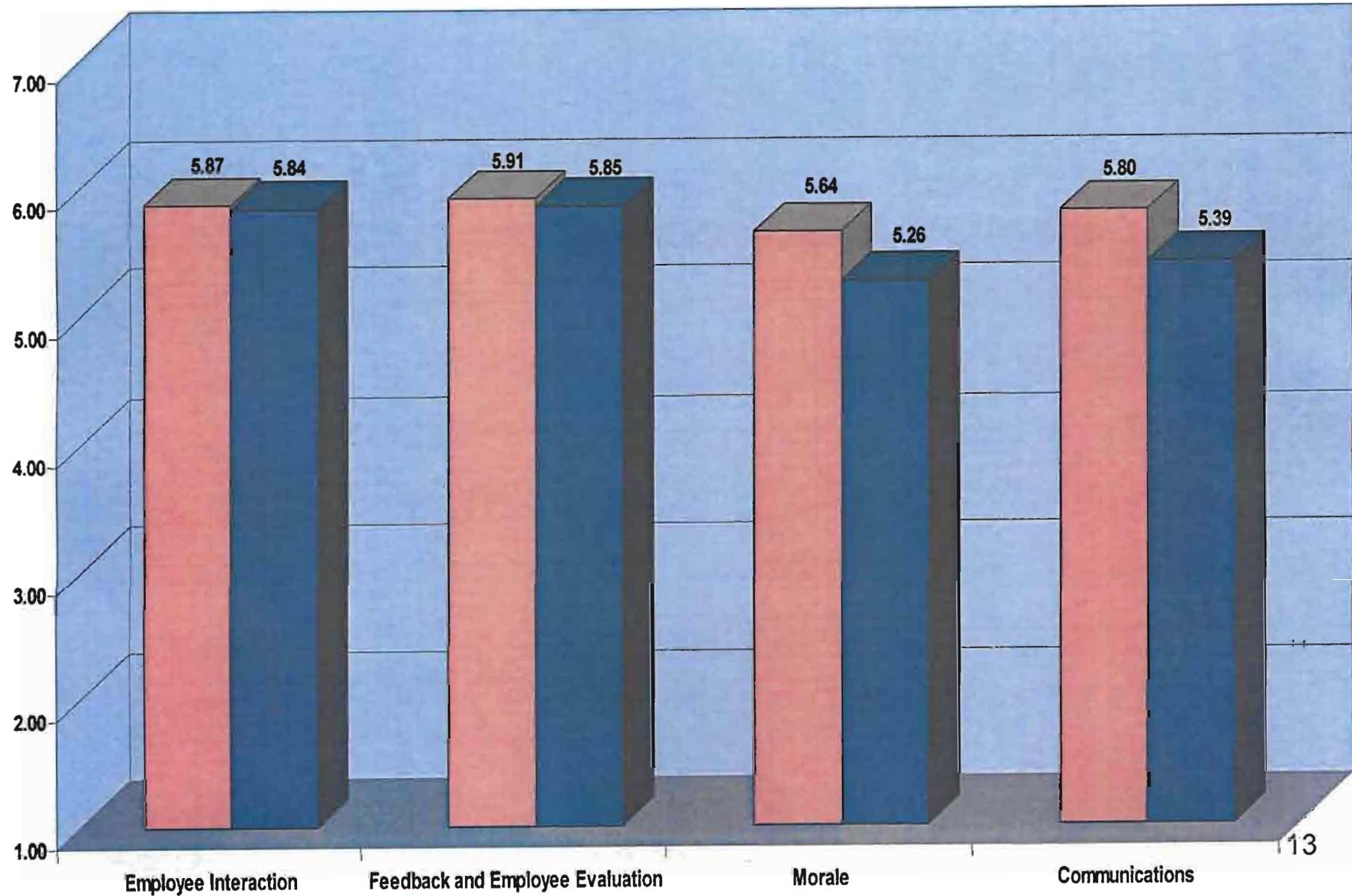
■ 2010 ■ 2008



Survey Categories Agreement Means (Part 2)

Scale: 1 = Highly Disagree...7 = Highly Agree (Overall mean = 5.80)

2010 2008



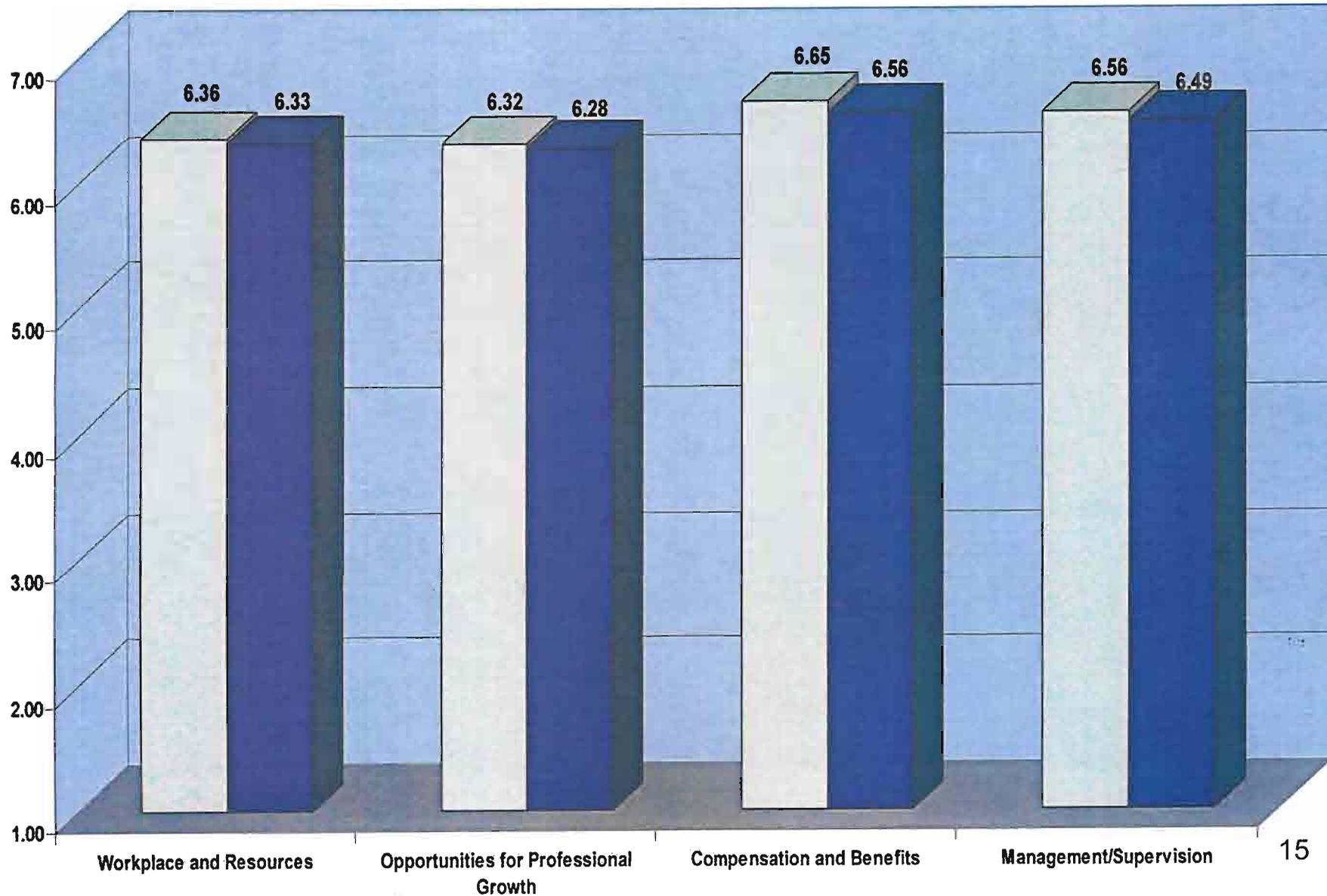
Key Findings (cont)

- Importance of each category also increased from 2008 but far less than satisfaction.
- The difference between the overall mean Importance and overall mean Agreement is .68 rating points in 2010.
- In 2008, the comparable difference in rating points between overall agreement and overall importance was .89.
- This indicates that the gap between Agreement and Importance has shrunk from 2008 to 2010.

Survey Categories Importance Means (Part 1)

Scale: 1 = Very Unimportant...7 = Very Important (Overall mean = 6.48)

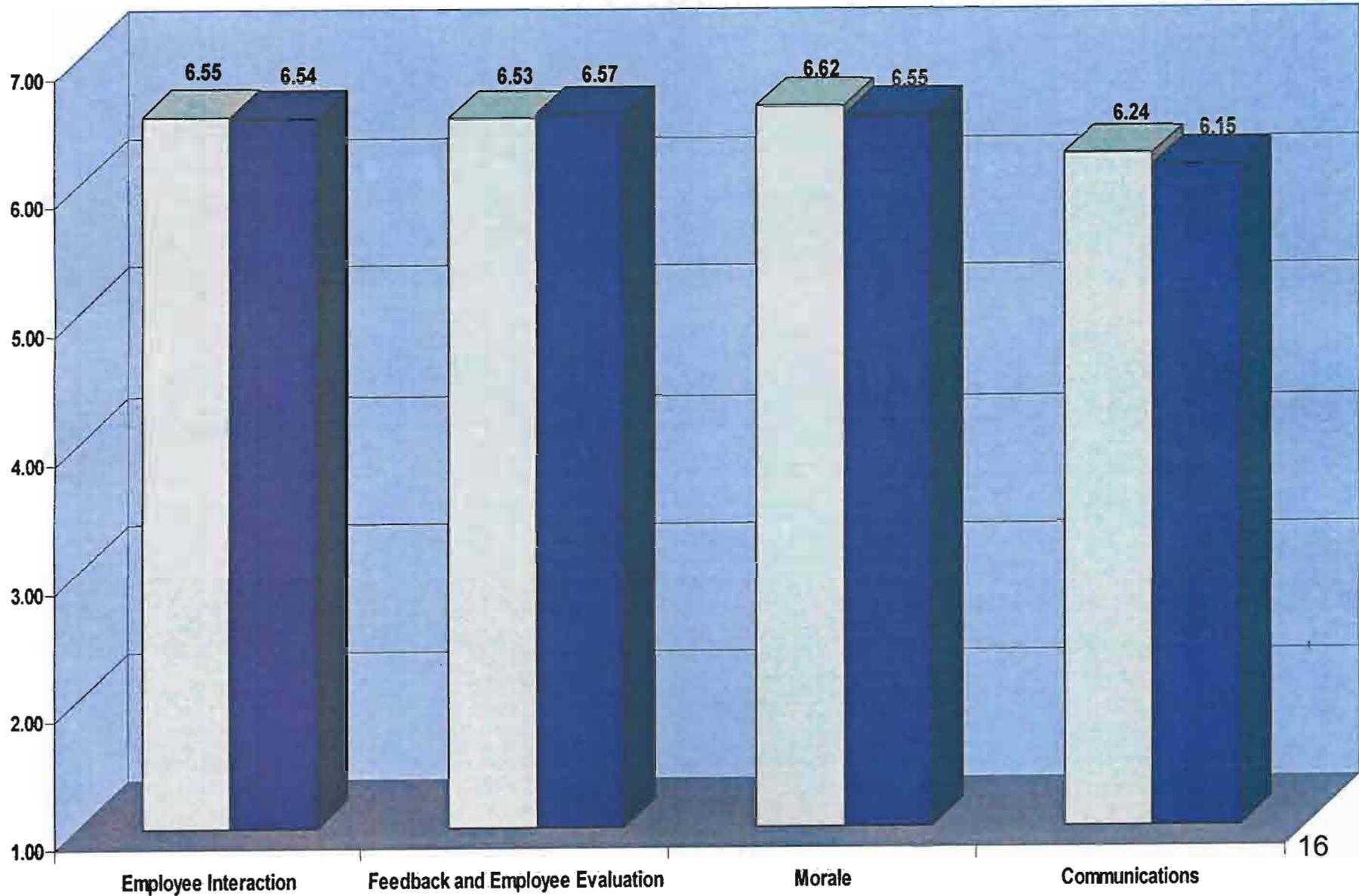
□ 2010 ■ 2008



Survey Categories Importance Means (Part 2)

Scale: 1 = Very Unimportant...7 = Very Important (Overall mean = 6.48)

□ 2010 ■ 2008



Key Findings (cont)

- Strongest correlations between individual characteristics and overall satisfaction
 - Morale - individual and departmental
 - Employees' contributions are valued
 - District balances work and personal life
 - Management team
 - Provides effective leadership
 - Makes informed decisions

Key Findings (cont)

- The core characteristics that make the Otay Water District an excellent place to work are:
 - The District promotes safety in the workplace
 - All necessary resources and equipment are available to do a good job.
 - Employees consider the benefit package to be good as well as competitive with other organizations.
 - The financial stability of the District is cited as one of its strongest characteristics.

Key Findings (cont)

- The core characteristics that make the Otay Water District an excellent place to work are (continued):
 - Supervisors and managers are rated highly:
 - They are open to work-related concerns
 - They treat employees with respect
 - Each Department works well as a team.
 - Employees understand their work goals and objectives and further understand the relationship between their work and the success of the District.

Key Findings (cont)

- Continued enhancement in the following areas that already exhibit high levels of employee satisfaction may yield even further increases in employee satisfaction:
 - recognition of employees for a job well-done,
 - an increased sense of job security, and
 - communication within the District, especially in the manner in which employees can better understand the District decision-making process.

Conclusion

- The Otay Water District is clearly fulfilling its responsibilities as an employer to an outstandingly high degree.

ATTACHMENT C



Otay Water District 2010 Employee Satisfaction Survey



Prepared for

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

Prepared by

Rea & Parker Research
P.O. Box 421079
San Diego, California 92142
858-279-5070

www.rea-parker.com

August, 2010

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OTAY WATER DISTRICT: 2010 EMPLOYEE SURVEY

EXECUTIVE SUMMARY

The fundamental conclusion to be drawn from the 2010 Employee satisfaction survey is that Otay Water District employees were very satisfied with their employment when the survey was initially conducted in 2008 and are presently even more satisfied. The level of satisfaction demonstrated by employees of the District is superior. The Otay Water District is clearly fulfilling its responsibilities as an employer to an outstandingly high degree.

- Employees rate their satisfaction with being an employee of the Otay Water District at a mean rating of 5.95 on a scale of 1 = Highly Dissatisfied to 7 = Highly Satisfied.
- Nearly three-fourths (73 percent) of employees rate their employment at 6 or 7 (indicative of a great deal of satisfaction) and 9 out of 10 (87 percent) rate their satisfaction at 5, 6, 7—all scores above the scale midpoint.
- These data represent an increase in the overall level of satisfaction from the 2008 employee survey where the mean rating was 5.45 and 53 percent of employees rated their employment at 6 or 7.
- In comparable public employee surveys, a range of 50 percent to 85 percent of employees has demonstrated satisfaction levels above the midpoint on their respective satisfaction scales. Further, mean satisfaction ratings in these other studies have ranged between 3.7 and 5.7 (on 1-7 scales or scales adjusted to equate to 1-7). By all reasonable measures, the employee satisfaction demonstrated in this survey by Otay Water District employees is at the very highest level.
- A remarkable percentage of employees (96 percent) stated that they would recommend the Otay Water District as a place of employment. This represents an increase of 6 percent in the level of satisfaction over the employees in the 2008 survey where 90 percent made this recommendation.
- The survey contained eight subsections that identified and categorized 49 employment-related characteristics. Each of the eight category related means is averaged to produce an overall agreement mean of 5.80, which is higher than the mean in 2008 of 5.54.
- Among all 49 questions, the proportion of employees on all questions who rank the District as above the midpoint (5, 6, or 7) is 5 out of 6 (83 percent). In 2008, this percentage of 5-7 responses was 76 percent.

- The core characteristics that make the Otay Water District an excellent place to work are:
 - The District promotes safety and all necessary resources and equipment are available to do a good job.
 - Employees consider the benefit package to be good as well as competitive with other organizations.
 - Supervisors and managers are rated highly because they are open to work-related concerns. Moreover, supervisors treat employees with respect and each Department works as a team.
 - Employees understand their work goals and objectives and further understand the relationship between their work and the success of the District.
- The financial stability of the District is cited as one of its strongest characteristics.

OTAY WATER DISTRICT

2010 EMPLOYEE SURVEY

INTRODUCTION

The Otay Water District requested that a consultant conduct an employee survey to assess various characteristics of job satisfaction among the 160 employees who work for the District. Rea & Parker Research was selected to be the consultant that would draft, conduct, and analyze a web-based Internet survey. This survey was developed and conducted so that the 2008 employee survey, also prepared and administered by Rea & Parker Research, could be used as a basis for comparisons in employee attitudes and behavior. Also, future employee surveys will be developed to ensure that longitudinal trends can be identified.

Section A of the survey (included in the appendix) contains 49 questions requesting employees to indicate the extent to which they agreed or disagreed that certain positive employment characteristics were provided and exhibited by the Otay Water District. Another 49 questions inquired as to the importance or lack of importance that the employees attached to each of these characteristics. Section B set forth 4 satisfaction based questions, and Section C contained 5 general information/demographic questions for a total of 107 questions in the survey.

Methodology

Although much of the survey remained as it had been designed in 2008, telephone conferences were conducted with Otay Water District management and staff in order to refine the survey so that it would, even better than in 2008, achieve the goals and objectives of finding out key satisfaction and importance opinions of the employees and be replicable for future tracking.

Two e-mails were sent to each employee—the first from the Otay Water District General Manager on Wednesday, June 23, 2010, as follows:

To: All District Employees
From: Mark Watton, General Manager
Date: June 23, 2010
Subject: Employee Survey

In our continuing commitment to create and maintain a professional work environment for employees, the District is asking you to participate in an employee survey.

The survey is designed to provide you with an opportunity to voice your opinions and observations about working at the District. Your participation in this survey is very important in helping the District in its continuing efforts to understand your perspective on work-related issues and to support and improve your experience as an employee of the District.

Within a few days, you will receive another e-mail directly from the researchers – Rea & Parker Research. This second e-mail will provide a unique user name and password that will enable you to access the survey on line.

There are no right or wrong answers, so just let us know what you think. All answers will be strictly anonymous and responses will be summarized when reported. Your individual responses will go directly to the Rea & Parker Research website and not be individually traceable or identifiable. The District will not be able to view individual results. The District will only receive information summarized by Rea and Parker Research.

Please look for the survey link in your e-mail. The District has set aside time for you to complete the survey on Tuesday, June 29, 2010. The survey should take approximately 20-30 minutes to complete and we ask that you complete the survey during the beginning of your work shift on Tuesday. All employees who have workstations, please complete the survey at your workstation. There are computers located in the Operations Crew Room for employees that do not have a workstation.

If you have any questions regarding this employee survey, you may contact Human Resources or Rea and Parker at rparker@rea-parker.com or lrea@mail.sdsu.edu or at 858-279-5070.

Thank you in advance for your time and contribution,

Mark Watton

After working hours in the evening of Monday, June 28, 2010, the following e-mail went out to all employees from Rea & Parker Research. This e-mail provided the link that had an embedded unique user name and password (for each employee) that would allow them to access the survey on Tuesday, June 29.

Dear _____,

A few days ago, the District notified you by e-mail that it is conducting an employee survey. As an employee of the Otay Water District, your participation in this survey is very important in helping the District in its continuing efforts to

understand your perspective on work-related issues and to support and improve your experiences as an employee.

When you are ready to begin the survey, which is expected to take approximately 15 minutes, please click on the link below. Each employee has his or her own distinct and unique link. Upon clicking the link, the survey will be accessible to you and you will be able to complete it and submit it to our confidential server.

Survey link: <http://web2.flagshipresearch.com/sw/wchost.asp?st=rp10094&id=1061&pw=41S7ZT>

If you have any questions, please e-mail me at rparker@rea-parker.com

Thank you in advance for your participation.

Sincerely,
Richard Parker, Ph.D.
President, Rea & Parker Research
P.O. Box 421079
San Diego, CA 92142-1079
858-279-5070

Each employee was able to use his or her own work computer or was provided one for use by the Otay Water District to access the website and complete the survey. Only 2 employees had difficulty accessing the website. They were able to call Rea & Parker Research during the survey and obtain help.

Of the 160 employees, 134 completed the survey by Thursday, July 1. Some employees were away on vacation and others did not complete the survey for reasons known only to them, so, for one additional week, the website was left open for those who did not complete their survey to do so. Once submitted as final, surveys were no longer accessible to employees and were sent immediately to a secure server maintained by Rea & Parker Research, which was not accessible by anyone at the Otay Water District.

Follow-up e-mails on Friday, July 2 and Tuesday, July 6 went to those employees who had yet to complete the survey. During that extended period another 17 employees submitted their surveys, resulting in 151 completed surveys (94 percent) and leaving 9 not completed.

Data was then taken from the website and loaded into SPSS (Statistical Package for the Social Sciences) for analysis. The report that follows details the results and findings of this analytical process.

Employee General Information/Demographics

Charts 1-5 depict certain demographic characteristics of Otay Water District employees who responded to the survey (151 out of 160). These employee characteristics are consistent with those of the 2008 employee survey. Responding employees of the District are 69 percent male (**Chart 1**).

The median age of employees is 45.5 (**Chart 2**), and they have worked for the Otay Water District for a median of 6.45 years, with 11 percent having worked at the District for 20 or more years and 3 percent presently in their first year of employment (**Chart 3**).

Operations is the largest department (39 percent) followed by Finance (23 percent)—**Chart 4**, and almost three-fourths of employees (79 percent) are non-management employees, including crew leaders (**Chart 5**).

**Chart 1
Employee Gender**

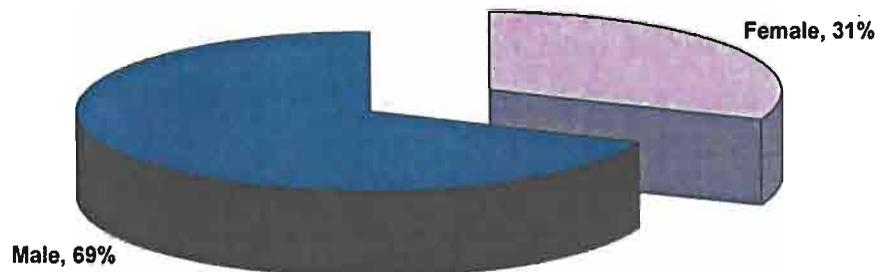


Chart 2
Employee Age
 (2010 median age = 45.5 2008 median age = 44.5)

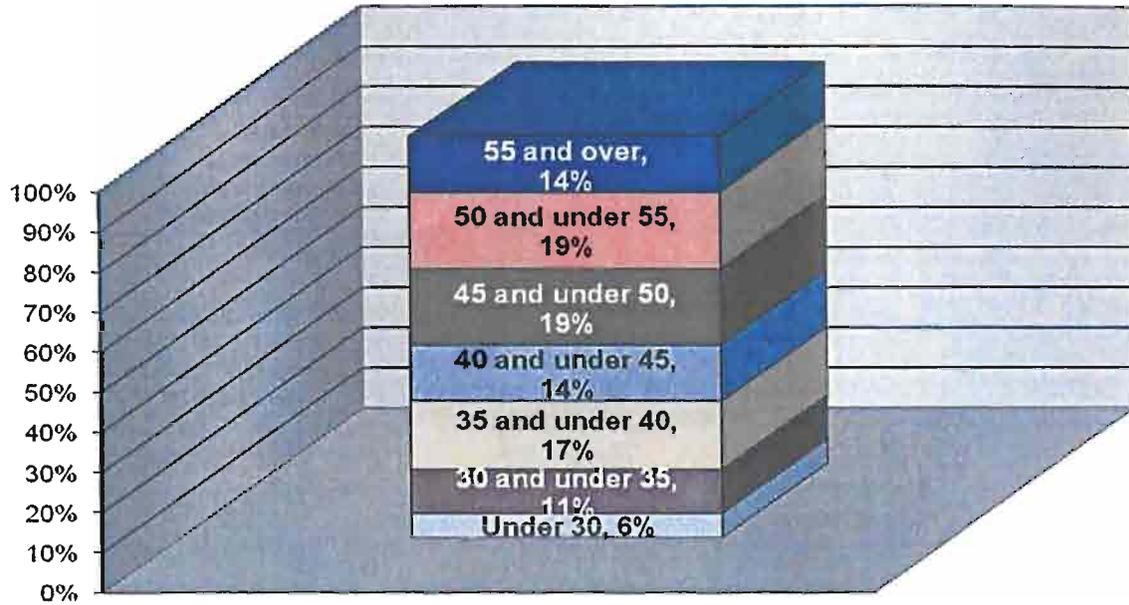
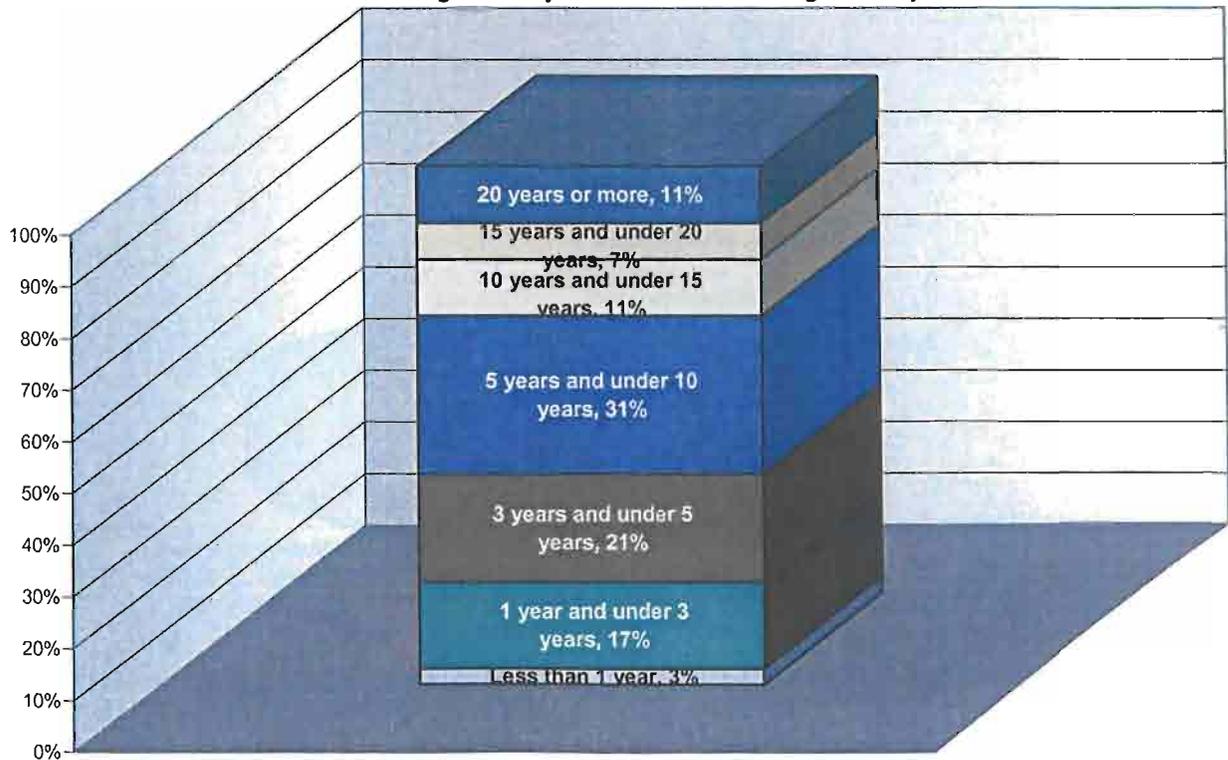
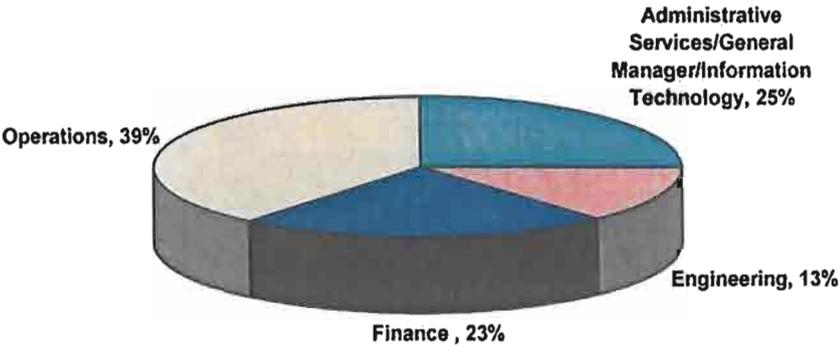


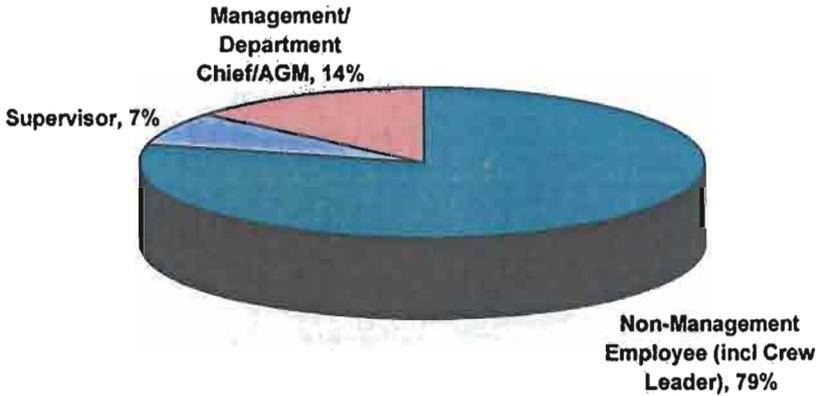
Chart 3
Employee Length of Service with Otay Water District
 2010 median length = 6.45 years 2008 median length = 6.00 years



**Chart 4
Department of Employment**



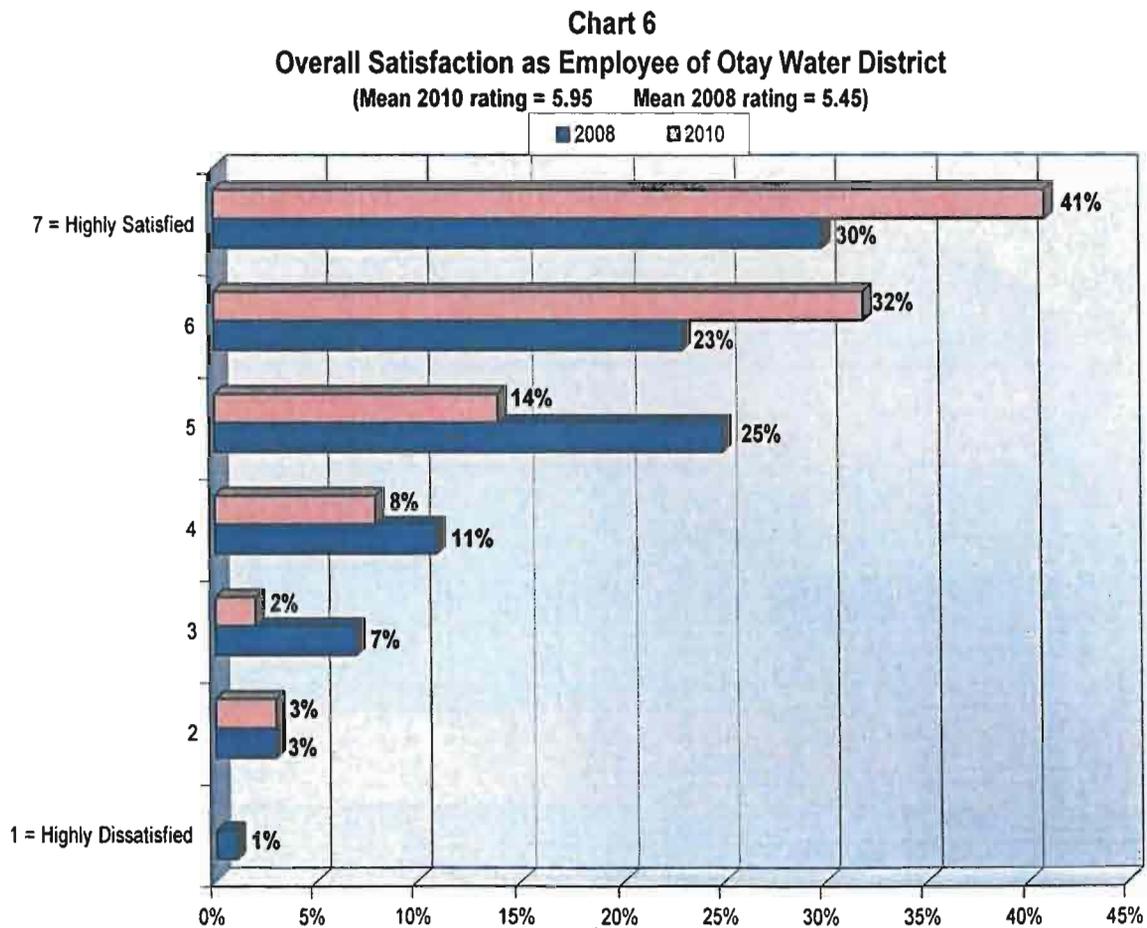
**Chart 5
Position Type**



SURVEY FINDINGS

Overall Satisfaction

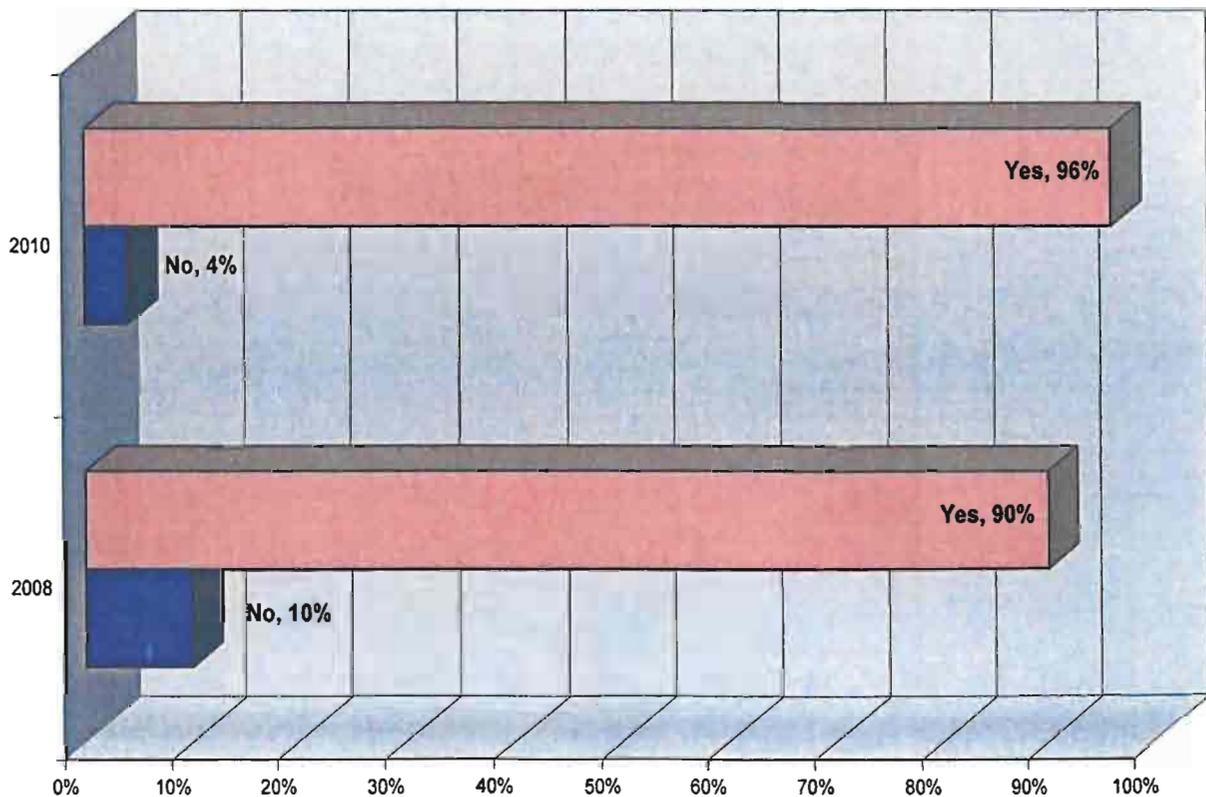
It is very clear that employees of the Otay Water District are quite satisfied with their employment. **Chart 6** shows that employees rate their satisfaction with being an employee of the Otay Water District at a mean rating of 5.95 on a scale of 1 = Highly Dissatisfied to 7 = Highly Satisfied. Almost 3 out of 4 employees (73 percent) rate their employment at 6 or 7 (indicative of a great deal of satisfaction). Almost 9 out of 10 employees (87 percent) rate the District at 5, 6, or 7--above the midpoint of the scale. This represents a substantial increase in the overall level of satisfaction from the 2008 employee survey where the mean rating was 5.45 and 53 percent of employees—a full 20 percent less—rated their employment satisfaction at 6 or 7.



These findings further represent a particularly high level of satisfaction compared to public sector employees who have participated in employee satisfaction surveys that have been conducted by or are known to Rea & Parker Research. In these comparable public employee surveys, a range of 50 percent to 85 percent of employees demonstrated satisfaction levels above the midpoint on their respective satisfaction scales. Further, mean satisfaction ratings in these other studies have ranged between 3.7 and 5.7 (on 1-7 scales or scales adjusted to equate to 1-7). By all reasonable measures, the employee satisfaction demonstrated in this survey by Otay Water District employees is at the very highest level.

In the current survey, employees state overwhelmingly (96 percent) that they would recommend the Otay Water District as a place of employment. This percentage of employees who would recommend the District as a place of employment represents an increase of 6 percent over the employees in the 2008 survey where 90 percent made this recommendation. This is a remarkably high percentage representing 144 of the 150 respondents to this question on the survey—**Chart 7**.

Chart 7
Recommend Otay Water District as Place of Employment



In 2008, the survey that is attached in the Appendix was first administered to Otay Water District employees. The report of the findings from that survey included detailed, question-by-question analysis in order to identify specific opportunities for improving satisfaction, which was also very high in 2008. The Otay Water District has been overwhelmingly successful in this regard, achieving the results described above of 96 percent recommending the District as a place to work, scoring almost 6.0 on a 1-7 scale for employee satisfaction, and having 3 out of 4 employees (20 percent increase from 2008) rate their satisfaction at 6 or 7, when a 4 is the scale midpoint.

As such, this report need not delve into the survey question-by-question—everything is very highly regarded, with the lowest average satisfaction remarkably being 5.25. That said, to detail the survey results one question at a time would be counter-productive and, with such detail, likely cause the overall finding of great satisfaction to become obscured by the minutia. This report, therefore, will deviate from the format of the 2008 report and discuss the findings much more broadly.

Agreement and Importance That the District Exhibits Certain Employment-Related Characteristics

The survey contains several subsections, eight of which identified and categorized 49 positive employment-related characteristics and sought employee indications of the extent to which the employees agreed or disagreed that the Otay Water District exhibited these characteristics and how important these characteristics were to them as employees. Response categories were offered by the employees on a 1-to-7 scale, with 1 being Highly Disagree and 7 being Highly Agree that the Otay Water District demonstrates these beneficial employment characteristics and with 1 being Very Unimportant and 7 being Very Important in terms of rating the importance of these characteristics.

These eight categories of questions are as follows:

- Workplace and Resources
- Opportunities for Professional Growth
- Compensation and Benefits
- Management/Supervision
- Employee Interaction
- Feedback and Employee Evaluation
- Morale
- Communications

The technical appendix to this report contains the full distribution of responses to all 49 of these questions; however, for purposes of this report’s analytical text, the mean rating on the 1-7 scale and the percentage of respondents indicating substantial agreement and importance (ratings of 5, 6 or 7) will be used to convey the findings.

Charts 8A and 8B serve as a compilation and summary of the agreement data from the survey. Each of the eight category related means is averaged to produce an overall agreement mean of 5.80, which is higher than the mean in 2008 of 5.54. Among all 49 questions, the proportion of employees on all questions who rank the District as above the midpoint (5, 6, or 7) in agreement that the District does a good job of providing these work-related characteristics is 5 out of 6 (83 percent). In 2008, this percentage of 5-7 responses was 76 percent.

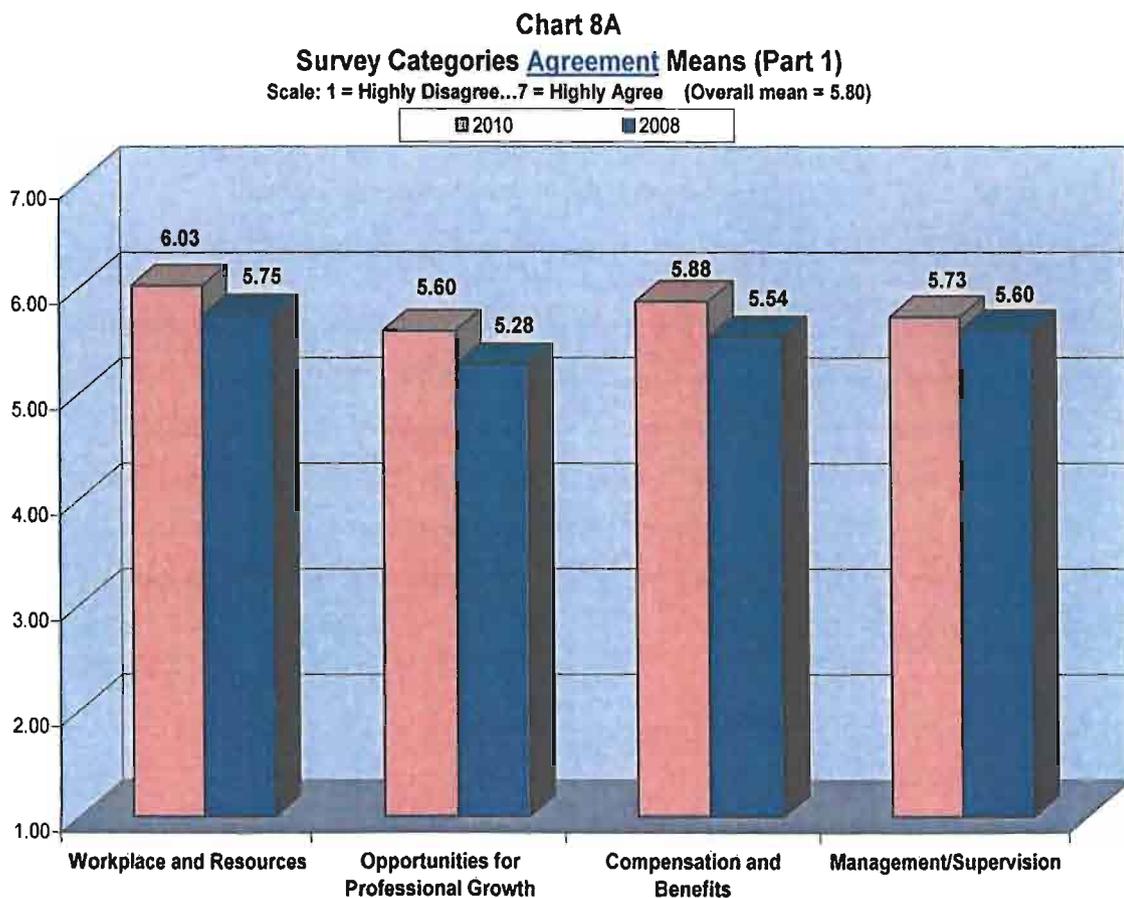
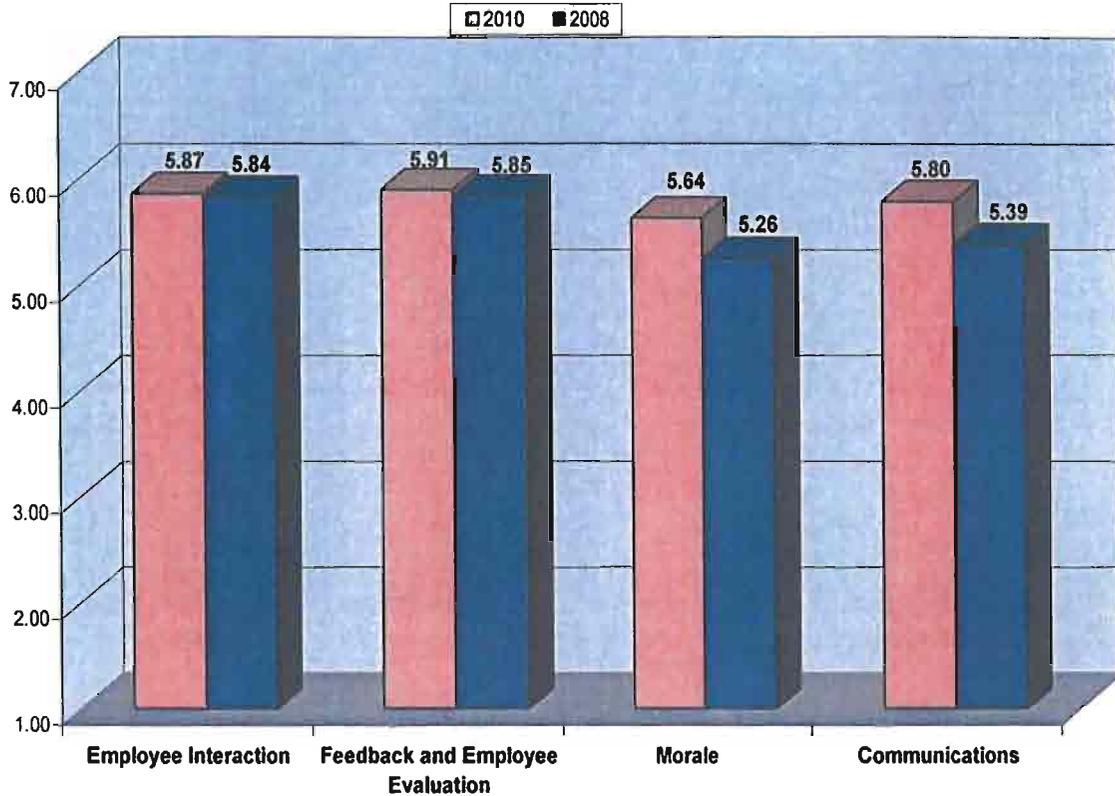


Chart 8B
Survey Categories Agreement Means (Part 2)
 Scale: 1 = Highly Disagree...7 = Highly Agree (Overall mean = 5.80)



Charts 9A and 9B portray the mean ratings for each category regarding Importance. In all cases, mean Importance is greater than mean Agreement. The average of the eight categorical Importance means is an overall mean of 6.48—essentially the same as the 2008 mean of 6.47.

The difference between the overall mean Importance and overall mean Agreement is .68 rating points. In 2008, the comparable difference in rating points between overall agreement and overall importance was .89. This implies that the gap between Agreement and Importance has shrunk from 2008 to 2010. Furthermore, for each category, the difference between Agreement and Importance means has declined from 2008 to 2010. This indicates that employees feel that the gap is shrinking between the agreement or satisfaction they have with broad areas of job satisfaction and the importance that employees attach to these categories. That is, Importance and Agreement are converging at a very high level.

Chart 9A
Survey Categories Importance Means (Part 1)
 Scale: 1 = Very Unimportant...7 = Very Important (Overall mean = 6.48)

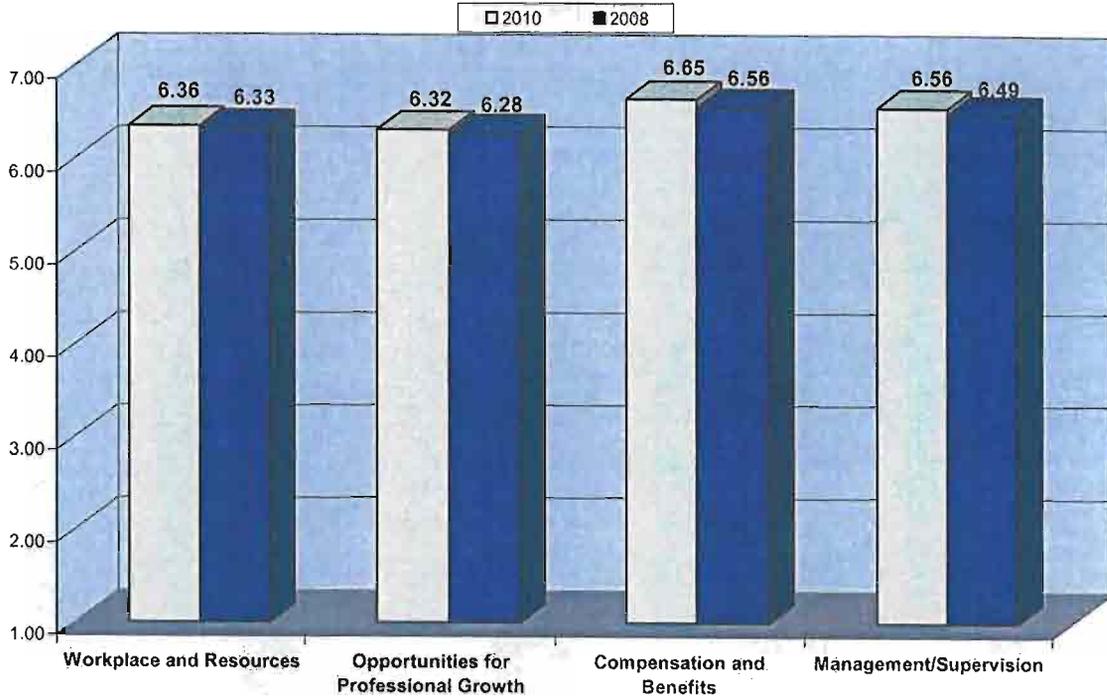
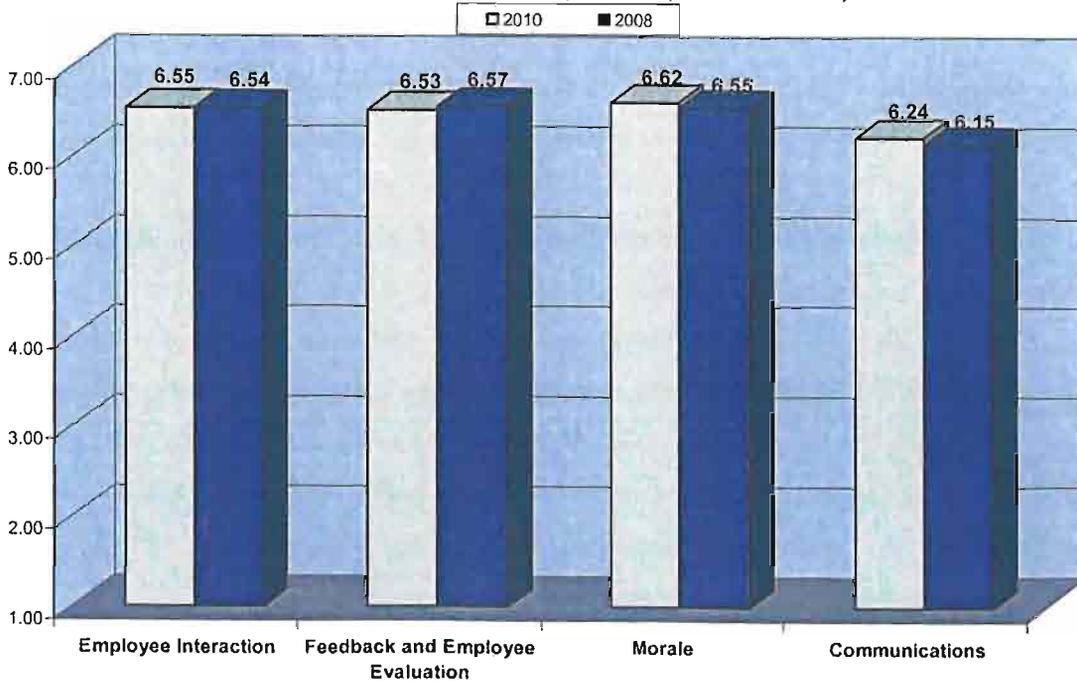


Chart 9B
Survey Categories Importance Means (Part 2)
 Scale: 1 = Very Unimportant...7 = Very Important (Overall mean = 6.48)



Correlations: Characteristic Agreements and Overall Satisfaction

Pearson's *r* measures of association are used here to measure the relationship between the employees' level of agreement with the various characteristics and their level of overall satisfaction. High values of Pearson's *r* are indicative of strong relationships between the variables. In the situation at hand, high values of Pearson's *r* represent a greater association between the various levels of agreement and overall satisfaction. The Pearson's *r* values for all 49 associations are statistically significant. Among these relationships between overall satisfaction and the characteristics of agreement, there are 10 such relationships that can be categorized at or very near what is accepted as a very strong relationship ($r \geq .6$) and they are shown in **Table 1**. Enhancement of the characteristics in Table 1 can be expected to lead to continued increases in overall employee satisfaction.

Table 1 Strong Associations Between Agreement Characteristics and Overall Satisfaction	
Characteristic (Category)	Pearson's <i>r</i>
My Morale is Good	.688
Department Morale is Good	.678
My Contributions are Valued	.650
District Balances Work and Personal Life	.641
Management Team Provides Effective Leadership	.616
Management Team Makes Informed Decisions	.614
My Work is Rewarding	.596
Supervisor/Manager Provides Constructive Feedback	.576
Encouraged to Communicate Openly about Work-Related Issues	.572
Supervisor/Manager Good Work Habits/Sets Example	.571

Satisfaction/Importance Quadrant Analysis

Levels of agreement can be mapped on charts with importance such that agreement is graphically measured against how important an issue tends to be. In Quadrant Analysis, high agreement and high importance represent characteristics that are indicative of what makes the Otay Water District a good place of employment.

The core characteristics that make the Otay Water District an excellent place to work are largely unchanged over the last survey period. Specifically, employees are appreciative that the District promotes safety and that all necessary resources and equipment are available to do a good job. Employees consider the benefit package good as well as competitive with other organizations. Supervisors and managers who directly supervise employees are rated highly because they are open to work-related concerns. Moreover, supervisors treat employees with respect and each Department works well as a team. Employees largely understand work goals and objectives and they understand the relationship between their work and the success of the District. Employees also volunteered through open-ended responses that the financial stability of the District was one of its strongest features.

Continued improvement in the following areas that already exhibit high levels of employee satisfaction may yield further increases in employee satisfaction: recognition for a job well-done, a sense of job security, and communication within the District, especially in the manner in which employees can better understand decision-making and leadership.

APPENDIX

OTAY WATER DISTRICT EMPLOYEE SURVEY

Section A Employee Work Satisfaction Issues

For each statement below, please indicate your level of agreement or disagreement on a scale of 1 to 7, where 1 is highly disagree and 7 is highly agree. Then, indicate how important each issue is to you. Again, use a scale from 1 to 7, where 1 is very unimportant and 7 is very important.

1. Workplace and Resources

a. The District promotes safety in the workplace.

Highly Disagree							Highly Agree													
1	2	3	4	5	6	7	Very Unimportant							Very Important						
1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7

b. I have all the resources and equipment necessary to perform my job well.

Highly Disagree							Highly Agree													
1	2	3	4	5	6	7	Very Unimportant							Very Important						
1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7

c. I have the information to do my job effectively.

Highly Disagree							Highly Agree													
1	2	3	4	5	6	7	Very Unimportant							Very Important						
1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7

d. I have adequate time to complete my work.

Highly Disagree							Highly Agree													
1	2	3	4	5	6	7	Very Unimportant							Very Important						
1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7

e. I have appropriate authority to do my job.

Highly Disagree							Highly Agree													
1	2	3	4	5	6	7	Very Unimportant							Very Important						
1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7

f. The District promotes healthy lifestyle choices.

Highly Disagree							Highly Agree							Very Unimportant							Very Important						
1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7

2. Opportunities for Professional Growth

a. My job provides opportunities to advance my skills and abilities.

Highly Disagree							Highly Agree							Very Unimportant							Very Important						
1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7

b. My work is rewarding.

Highly Disagree							Highly Agree							Very Unimportant							Very Important						
1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7

c. I receive the training I need to do my job well.

Highly Disagree							Highly Agree							Very Unimportant							Very Important						
1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7

d. I have opportunities to be innovative in carrying out my job.

Highly Disagree							Highly Agree							Very Unimportant							Very Important						
1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7

e. I am afforded the opportunity to receive the training I need to advance within the District.

Highly Disagree							Highly Agree							Very Unimportant							Very Important						
1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7

3. Compensation and Benefits

a. I am fairly paid for the work I do.

Highly Disagree							Highly Agree							Very Unimportant							Very Important						
1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7

b. I feel that the pay I receive is competitive with similar jobs in similar organizations in the area.

Highly Disagree							Highly Agree		Very Unimportant							Very Important							
1	2	3	4	5	6	7	1		2	3	4	5	6	7	1	2	3	4	5	6	7		

c. The benefit package provided by the District is good.

Highly Disagree							Highly Agree		Very Unimportant							Very Important							
1	2	3	4	5	6	7	1		2	3	4	5	6	7	1	2	3	4	5	6	7		

d. I feel that the benefit package provided by the District is competitive with benefits provided by similar organizations in the area.

Highly Disagree							Highly Agree		Very Unimportant							Very Important							
1	2	3	4	5	6	7	1		2	3	4	5	6	7	1	2	3	4	5	6	7		

e. I understand my benefit plans.

Highly Disagree							Highly Agree		Very Unimportant							Very Important							
1	2	3	4	5	6	7	1		2	3	4	5	6	7	1	2	3	4	5	6	7		

4. Management/Supervision

For questions 4a and 4b, the “management team” refers to the team of supervisors, managers and Senior Management..

a. I feel that the management team makes informed decisions.

Highly Disagree							Highly Agree		Very Unimportant							Very Important							
1	2	3	4	5	6	7	1		2	3	4	5	6	7	1	2	3	4	5	6	7		

b. The management team demonstrates effective leadership skills.

Highly Disagree							Highly Agree		Very Unimportant							Very Important							
1	2	3	4	5	6	7	1		2	3	4	5	6	7	1	2	3	4	5	6	7		

For questions 4c through 4g and Sections 6 and 8, please consider your supervisor to be that person to whom you directly report and conducts your performance review.

c. My supervisor/manager provides me an opportunity to express my thoughts and concerns.

Highly Disagree							Highly Agree		Very Unimportant							Very Important							
1	2	3	4	5	6	7	1		2	3	4	5	6	7	1	2	3	4	5	6	7		

d. My supervisor/manager treats me with respect.

Highly Disagree					Highly Agree		5-point scale	Very Unimportant				Very Important		
1	2	3	4	5	6	7		1	2	3	4	5	6	7

e. My supervisor/manager encourages me to learn new skills.

Highly Disagree					Highly Agree		5-point scale	Very Unimportant				Very Important		
1	2	3	4	5	6	7		1	2	3	4	5	6	7

f. My supervisor/manager has good work habits and sets a good example.

Highly Disagree					Highly Agree		5-point scale	Very Unimportant				Very Important		
1	2	3	4	5	6	7		1	2	3	4	5	6	7

g. My supervisor/manager emphasizes strong customer service on a regular basis.

Highly Disagree					Highly Agree		5-point scale	Very Unimportant				Very Important		
1	2	3	4	5	6	7		1	2	3	4	5	6	7

5. Employee Interaction

a. The employees in my department work well as a team.

Highly Disagree					Highly Agree		5-point scale	Very Unimportant				Very Important		
1	2	3	4	5	6	7		1	2	3	4	5	6	7

b. Employees in the District are generally supportive of each other.

Highly Disagree					Highly Agree		5-point scale	Very Unimportant				Very Important		
1	2	3	4	5	6	7		1	2	3	4	5	6	7

c. Employees in my department share relevant work-related information.

Highly Disagree					Highly Agree		5-point scale	Very Unimportant				Very Important		
1	2	3	4	5	6	7		1	2	3	4	5	6	7

d. Employees in my department are held accountable for their work.

Highly Disagree					Highly Agree		5-point scale	Very Unimportant				Very Important		
1	2	3	4	5	6	7		1	2	3	4	5	6	7

e. My ideas and opinions are taken into consideration at work.

Highly Disagree							Highly Agree							Very Unimportant							Very Important						
1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7

6. Feedback and Employee Evaluation

NOTE: Question 6b has a "Not Applicable" option for those respondents to this survey who are new to the District and have not received a performance evaluation.

a. I receive constructive feedback from my supervisor/manager that helps me improve my performance.

Highly Disagree							Highly Agree							Very Unimportant							Very Important						
1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7

b. Overall my employee performance evaluation is fair.

Highly Disagree							Highly Agree							Very Unimportant							Very Important							NA
1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7	NA

c. I am recognized by my supervisor/manager when I do a good job.

Highly Disagree							Highly Agree							Very Unimportant							Very Important						
1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7

d. I understand how my work contributes to the success of the District.

Highly Disagree							Highly Agree							Very Unimportant							Very Important						
1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7

7. Morale

a. Morale in my department is generally good.

Highly Disagree							Highly Agree							Very Unimportant							Very Important						
1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7

b. My morale at work is generally good.

Highly Disagree							Highly Agree							Very Unimportant							Very Important						
1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7

c. I feel that the contributions I make are valued.

Highly Disagree					Highly Agree			Very Unimportant				Very Important		
1	2	3	4	5	6	7		1	2	3	4	5	6	7

d. The District has practices that are supportive of balancing work and personal life.

Highly Disagree					Highly Agree			Very Unimportant				Very Important		
1	2	3	4	5	6	7		1	2	3	4	5	6	7

e. I feel that I have job security.

Highly Disagree					Highly Agree			Very Unimportant				Very Important		
1	2	3	4	5	6	7		1	2	3	4	5	6	7

f. I am optimistic about my future success with the District.

Highly Disagree					Highly Agree			Very Unimportant				Very Important		
1	2	3	4	5	6	7		1	2	3	4	5	6	7

8. Communication:

NOTE: Questions 8h, 8i, and 8j have a “Don’t Know” option for those respondents to this survey who are new to the District and do not know the answer to any or all of those questions.

a. My supervisor/manager does a good job of sharing information with department employees.

Highly Disagree					Highly Agree			Very Unimportant				Very Important		
1	2	3	4	5	6	7		1	2	3	4	5	6	7

b. I understand my work goals and objectives.

Highly Disagree					Highly Agree			Very Unimportant				Very Important		
1	2	3	4	5	6	7		1	2	3	4	5	6	7

c. I am encouraged to provide input regarding work-related matters.

Highly Disagree					Highly Agree			Very Unimportant				Very Important		
1	2	3	4	5	6	7		1	2	3	4	5	6	7

d. I am encouraged to communicate openly.

Highly Disagree					Highly Agree			Very Unimportant				Very Important	
1	2	3	4	5	6	7		1	2	3	4	5	6

e. I feel comfortable sharing my honest opinion about work-related matters with my supervisor/manager.

Highly Disagree					Highly Agree			Very Unimportant				Very Important	
1	2	3	4	5	6	7		1	2	3	4	5	6

f. I receive timely responses from my supervisor/manager to issues that are most important to me.

Highly Disagree					Highly Agree			Very Unimportant				Very Important	
1	2	3	4	5	6	7		1	2	3	4	5	6

g. I am afforded an opportunity to participate in goal setting for my department.

Highly Disagree					Highly Agree			Very Unimportant				Very Important	
1	2	3	4	5	6	7		1	2	3	4	5	6

h. Communication is effective within the District.

Highly Disagree					Highly Agree			Very Unimportant				Very Important		DK
1	2	3	4	5	6	7		1	2	3	4	5	6	

i. Employee information meetings are helpful to keep me informed about District matters.

Highly Disagree					Highly Agree			Very Unimportant				Very Important		DK
1	2	3	4	5	6	7		1	2	3	4	5	6	

j. The Employee PIPELINE Newsletter is a valuable form of communication.

Highly Disagree					Highly Agree			Very Unimportant				Very Important		DK
1	2	3	4	5	6	7		1	2	3	4	5	6	

k. The District does a good job in sharing information with its employees about the District.

Highly Disagree					Highly Agree			Very Unimportant				Very Important	
1	2	3	4	5	6	7		1	2	3	4	5	6

Section B Overall Employee Satisfaction

9. Overall, how satisfied are you as an employee of the District?

Highly Dissatisfied						Highly Satisfied
1	2	3	4	5	6	7

10. What is the best example of something that is going well at the District?

11. What would be the one thing that could be improved at the District?

12. Would you recommend the District as a place of employment?

1. Yes 2. No

Section C General Information

Please provide the following information as it relates to you. This information is used for data comparison purposes only.

13. Department within the Otay Water District

1. Administrative Services/General Manager/Information Technology
2. Engineering
3. Finance
4. Operations

14. Length of service with Otay Water District

1. 0 to 1 year
2. 1 year to 3 years
3. 3 years to 5 years
4. 5 years to 10 years
5. 10 years to 15 years
6. 15 years to 20 years
7. 20 years or more

15. Position Type

1. Non-supervisory employee, including crew leader
2. Supervisor
3. Manager/Department Chief/AGM/GM

16. Age

1. Under 25
2. 25 and under 30
3. 30 and under 35
4. 35 and under 40
5. 40 and under 45
6. 45 and under 50
7. 50 and under 55
8. 55 and over

17. Gender

1. Female
2. Male



AGENDA ITEM 4

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	October 6 2010
SUBMITTED BY:	<i>JS</i> Geoffrey Stevens, Chief Information Officer	W.O./G.F. NO:	DIV. NO. ALL
APPROVED BY:			
(Chief)			
APPROVED BY:	German Alvarez <i>GA</i> Assistant General Manager, Administration and (Asst. GM): Finance		
SUBJECT:	Asset Management FY 2011 Contract Approvals		

GENERAL MANAGER'S RECOMMENDATION:

That the Board authorizes the General Manager to negotiate and enter into an agreement with:

1. Westin Engineering Inc. for asset management project consulting services in an amount not to exceed \$220,000, and
2. Spatial Wave for software development and modification to the Field Mapplet application and related software to accommodate asset management process improvements in an amount not to exceed \$200,000.

COMMITTEE ACTION: _____

See attachment A.

PURPOSE:

To authorize the purchase of services necessary to support the asset management project (P2486) as identified in the District Strategic Plan.

BACKGROUND:

The asset management program was initiated in FY 2009 with the purpose of establishing an industry best practices approach to managing the over the half billion dollar in ground assets the District maintains. To that end the District solicited proposals from leading consulting firms to provide assistance over the life of the project. Westin Engineering was the successful and lowest cost bidder. During FY 2009 an overall plan was developed and an asset hierarchy and inventory were created. In FY 2010 an asset criticality rankings were developed and a set of pilot projects were

initiated to develop the most effective methods to collect and process the huge amount of data required to manage over 250,000 assets. This work was completed and in FY 2011 we anticipate a full scale data collection and storage effort as well as additional work improving asset management business practices.

ANALYSIS:

Developing and improving the District's ability to manage assets is becoming increasingly critical to the District's future success and fiscal health. The District maintains upwards of 250,000 separate items, from pipes to pump stations, all of which need to be managed in order to obtain the best value over their lifecycle. While the book value of District assets is approximately \$551 million that does not represent the replacement cost - which may be as high as \$750 million. The asset management project was initiated in FY 2009 and will likely continue through FY 2013. In FY 2009 and FY 2010 staff developed an overall asset management plan, and completed work on several pilot projects to determine how best to identify, capture, and manage detailed asset data. The pilot projects proved that the data is largely available and can be efficiently gathered and processed. In addition, detailed criticality rankings for assets have been developed to prioritize future work or replacements. We are now ready to expand our efforts from our initial pilot area (Copp's Lane Pump Station) to the entire District in a phased approach. We are also ready to develop the life expectancy and cost replacement estimates, as well as develop the detailed and asset specific methodology for condition assessment.

This project also explores how to improve the business processes that maintain and support assets. For example, our pilot efforts in valve exercising, a task we do over 3000 times a year, allowed us to cut overall costs nearly 50% and to outsource non-value added tasks like painting. We also modified our Field Mapplet software to allow us to streamline data entry giving the crews more productive work time.

In conclusion, the pilot projects to establish the feasibility and test the methodology to collect asset data and improve asset related business processes have been successful. We are now ready to expand from proven pilot level to the enterprise level. The following contracts are essential to completing this effort as planned.

Westin Engineering

This contract will allow the District to obtain consulting assistance from Westin Engineering to assist in enterprise wide data capture of asset data, determine expected service levels for assets, complete the calculation for replacement costs for assets like reservoirs and pump stations, and assist in the development of methodologies to conduct detailed condition assessments. The original consulting

services for this work was competitively bid and stated that we anticipated using the same consultant through the initial and middle phases of this project. While this contract is not competitively bid, we are using the same rates as the earlier contract and have received a reduction in rates of approximately \$45 per hour over the original pricing for the bulk of the labor in this contract. We did compare these costs to other engineering consulting firms and found the costs to be appropriate and competitive. We recommend the Board authorize the General Manager negotiate and enter into a contract with Westin Engineering for the needed consulting services in an amount not to exceed \$220,000.

Spatial Wave

The District requires that the data systems and field applications be modified to support enhanced and streamlined asset management business practices and processes. For FY 2011 and FY 2012 we are recommending that \$200,000 be allocated for these tasks. This will complete a major piece of work associated with improving the efficiency and lowering the per unit costs of expensive repetitive business processes that are required to support the large installed asset base we maintain. This is a sole source contract because Spatial Wave is modifying proprietary software that is not supported through other license providers. This work will enhance the existing off-the-shelf Field Mapplet application by allowing the District to capture data and information in a simplified form while maintain the capabilities of the existing software.

FISCAL IMPACT:



The total budget for CIP 2486, as approved in the FY 2011 budget is \$1,214,295. Total expenditures to date are \$262,028 leaving a balance of \$952,266. The items referenced above request a total of \$420,000 and will leave a balance of \$532,266.

The Project Manager anticipates that, based upon the above information, the CIP budgets will be sufficient to support the project.

Finance has determined that funding will be available for CIP P2486. Funding for CIP P2486 will be 100% replacement.

STRATEGIC GOAL:

These items are in support of the District's Strategic Plan,

- Develop and implement an Asset Management Program Plan to extend useful life of capital assets.
- Develop optimized field work processing using integrated technology.

- Develop information systems support for asset management program. Specifically the strategy of Business Efficiency.

LEGAL IMPACT: NA

None.

General Manager



ATTACHMENT A

SUBJECT/PROJECT:	Asset Management FY 2010 Contract Approvals
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COMMITTEE ACTION:

This item will be presented to the Finance, Administration and Communications Committee.

Asset Management Project Board Committees Presentation September 16th, 2010

Geoffrey Stevens
Shamala Saripalli
Otay Water District

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Agenda

- Project Goals and Objectives
- Major Project Milestones for FY10
- FY11 Objectives Draft
- Funding Request

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Project Goals and Objectives

- **Goal**

Reduce operating expenses by maintaining assets effectively and efficiently over their life cycle through industry best practices.

- **Objectives**

- Develop asset inventory
- Create asset hierarchy structure
- Define asset attributes
- Collect and digitize asset data
- Develop streamlined, technology enhanced business processes
- Create decision support systems for management

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Major Project Milestones for FY10

- **Asset Data Collection**
 - Finalize asset attribute list for sewer, recycled and reclamation plant - **Completed**
 - Determine criticality ranking for level 1 and level 2 enterprise assets - **Completed**
 - Determine criticality method for level 3 enterprise assets - **Completed**
 - Determine age of pilot assets - **Completed**
- **Business Process Improvement**
 - Develop As-Is and To-Be Process (Valve Exercising) - **Completed**
 - Develop implementation plan- **Completed**
- **Database Architecture Design**
 - Programming for vertical asset naming convention - **Completed**
 - Update potable water model - **Completed**
 - QC/validate relationships - **Completed**
 - Transfer potable water model updates from development to production - **In progress and On Plan**



FY 11 Objectives

Asset Data Collection:

- Complete data collection for all assets
- Determine District's desired service levels
- Determine the useful life for the pilot assets
- Determine replacement value for pilot assets
- Determine failure for pilot assets
- Determine condition assessment ranking process for pilot assets
- Determine conditions-based useful life escalation process
- Determine age of pilot assets
- Complete criticality for remaining level 3 assets

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FY 11 Objectives

Business Process:

- Implement valve exercising Field Mapplet solution
- Develop as-is and to-be workflow for second business process
- Start third – fifth business process

Database Architecture Design:

- Transfer Potable water system database from Test to Production
- Create Recycle water system database in test
- Transfer Recycle water system database to production

Decision Support

- Develop and Design Pilot Structure



FY11 Asset Management Funding

- Westin - \$219K
 - Data Capture and Consulting on condition assessment methodology
 - On-Site 2x/wk for 30 weeks
 - Condition assessment approaches
 - SCADA documentation validation
 - Facility histories
 - R&R Costs (subcontract to HDR)
 - Expected average life of assets
 - Projected replacement costs
- Software Development for Business Process Change -\$200K approx (Spatial Wave)
 - Analysis and development of 6 more processes
 - Meter Related Processes are Next

OTAYWATERDISTRICT



Open Discussion

OTAYWATERDISTRICT



AGENDA ITEM 5



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	October 6, 2010
SUBMITTED BY:	David Charles <i>DC</i> Public Services Manager	PROJECT NO./	P1438- DIV. NO. 2
		SUBPROJECT:	010000
APPROVED BY:	Rod Posada (Chief) Chief, Engineering		
APPROVED BY:	Manny Magaña <i>M Magaña</i> (Asst. GM): Assistant General Manager, Engineering and Operations		
SUBJECT:	Execution of a Promissory Note with Mr. Jesus H. Kuroda-San for the OWD Capacity Fee for a 3/4-inch Meter and the Water Supply Fee for the property located at 8649 Avenida De La Fuente, San Diego, California 92154		

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) approves the execution of a Promissory Note in the amount of \$8,521 between Mr. Jesus H. Kuroda-San (Mr. Kuroda) and the District for the OWD Capacity Fee for a 3/4-inch Meter and the Water Supply Fee for the property located at 8649 Avenida De La Fuente, San Diego, California 92154 (see Exhibit A).

COMMITTEE ACTION: _____

Please see Attachment A.

PURPOSE:

To obtain Board approval for the General Manager to execute a Promissory Note (Note) in the amount of \$8,521 between Mr. Kuroda and the District (see Exhibit A). Mr. Kuroda has requested a 12-month payment plan (see Exhibit C) for the OWD Capacity Fee for a 3/4-inch Meter and the Water Supply Fee for the property located at 8649 Avenida De La Fuente, San Diego, California 92154.

ANALYSIS:

On July 13, 2010, staff provided Mr. Kuroda a quote (QTE-10-094) for a 3/4-inch meter for the property located at 8649 Avenida De La Fuente, San Diego, California 92154, in the amount of \$13,279 (see Exhibit B). Mr. Kuroda stated that due to financial hardship, he is inquiring if the District would entertain monthly installment payments.

Staff provided Mr. Kuroda with District Policy 7, Conditions for Installment or Deferred Payment to the District (see Exhibit D), and informed him that the only fees that would be considered for deferral are the OWD Capacity Fee and the New Water Supply Fee. These fees represent \$8,521 of the total \$13,279 quoted.

In addition, staff also informed Mr. Kuroda that all other fees indicated in QTE-10-094, plus an administrative fee of \$500 for the establishment of the Note (included in Exhibit C), would have to be paid to the District at the time of application, should the Board approve the execution of the Note.

FISCAL IMPACT: 

The District will receive an administrative fee of \$500 and interest as compensation for the Promissory Note. Due to the relative small amount of the Note, this does not present a financial hardship for the District.

STRATEGIC GOAL:

This project supports the District's Mission statement, "To provide the best quality of water and wastewater service to the customers of the Otay Water District in a professional, effective, and efficient manner," and the District's Strategic Goal, "To satisfy current and future water needs for potable, recycled, and wastewater services.

LEGAL IMPACT: _____

None. 

General Manager

P:\Public-s\STAFF REPORTS\2010\BD 10-06-10, Staff Report, Kuroda Promissory Note, (DC-RP).doc
DC/RP:jf

- Attachments: Attachment A
- Exhibit A - Promissory Note
- Exhibit B - Public Services Quote QTE-10-094
- Exhibit C - Twelve Month Payment Schedule
- Exhibit D - Policy 7



ATTACHMENT A

SUBJECT/PROJECT: P1438-010000	Execution of a Promissory Note with Mr. Jesus H. Kuroda-San for the OWD Capacity Fee for a 3/4-inch Meter and the Water Supply Fee for the property located at 8649 Avenida De La Fuente, San Diego, California 92154
-----------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

COMMITTEE ACTION:

The Finance, Administration, and Communications Committee reviewed this item at a meeting held on September 16, 2010. The Committee supported Staff's recommendation.

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.

EXHIBIT A

PROMISSORY NOTE BETWEEN JESUS H KURODA-SAN AND OTAY WATER DISTRICT

Amount: \$8,521.00

Date: _____, 2010

INSTALLMENT NOTE

FOR VALUE RECEIVED, specifically (1) one 3/4-inch meter OWD Capacity Fee and Water Supply Fee. The meter purchases will be installed and available for service at 8649 Avenida De La Fuente, San Diego, CA 92154; the undersigned, Jesus H Kuroda-San, hereby promises to pay to the order of the Otay Water District (hereinafter "Otay"), as specified below, the principal sum of Eight Thousand Five Hundred Twenty One Dollars (\$8,521.00), together with interest at the monthly rate in accordance with Otay Policy (5% over the Federal Discount Rate - currently .25%).

- (1) An initial installment of \$852.10 shall be due on the date of the execution of this Note.
- (2) Thereafter, twelve (12 consecutive **monthly installments** of \$657.00 shall be due on the 25th day of each month beginning the 25th day of the month immediately following the execution of this Note.
- (3) The principal and interest shall be payable at 2554 Sweetwater Springs Blvd., Spring Valley, CA 91978-2004, until the entire indebtedness is fully paid.
- (4) This Note may be prepaid in whole or in part, without premium, penalty or discount, at any time, at the option of Jesus H Kuroda-San, together with accrued interest on the amount prepaid.

Late Charge

If any installment under this Note is not received by Otay within five (5) business days after the installment is due, Jesus H Kuroda-San agrees to a payment delinquency charge of 5% of the total amount delinquent. When a payment delinquency charge is made, such shall be added to the delinquent account as of the date the account becomes delinquent and such charges shall become an inseparable part of the amount due as of that time. In the event of delinquency, a notice shall be mailed to Jesus H Kuroda-San notifying Jesus H Kuroda-San that service will be turned off unless payment is made. The notice shall indicate the amount due, including delinquency charges, and that the total amount must be paid within fifteen (15) calendar days from the date of mailing or presentation of the notice to Jesus H Kuroda-San to avoid disruption of service.

Acceleration

At its option, Otay may determine that Jesus H Kuroda-San is in default and may, consequently, accelerate the maturity of all installments, making the unpaid balance of the Note (the total of the unpaid monthly installments and any unpaid delinquency charges) due immediately without presentment for payment or any notice, if:

- (1) Jesus H Kuroda-San fails to pay an installment when due.
- (2) Jesus H Kuroda-San or any endorser, surety, or guarantor of this Note:
 - (i) Makes an assignment for the benefit of creditors.
 - (ii) Offers settlement to any creditors.
 - (iii) Fails to pay any obligation when due.

- (3) Otay discovers that any misrepresentation was made to Otay on behalf of Jesus H Kuroda-San to obtain credit or an extension of credit.
- (4) Any legal action is commenced against Jesus H Kuroda-San or any endorser, surety, or guarantor, including:
 - (i) Entry of judgment.
 - (ii) Issuance of writ of attachment, order of garnishment, order or subpoena in supplementary proceedings, execution or similar process.
- (5) A receiver is appointed for Jesus H Kuroda-San or any endorser, surety, or guarantor.

Otay, at its option, may accelerate the maturity of all installments to become due immediately if, in the sole opinion of Otay, the financial responsibility of Jesus H Kuroda-San becomes unsatisfactory.

Attorneys' Fees

Jesus H Kuroda-San agrees that if any referral to an attorney for collection or any action at law or in equity is brought to enforce this Note for nonpayment at maturity, the prevailing party will be entitled to reasonable attorneys' fees in addition to any other relief that the prevailing party may be entitled to.

Waivers

No waiver by Otay of any rights or remedies under this Note shall be considered a waiver of any other subsequent right or remedy.

Jesus H Kuroda-San waives presentment for payment, notice of nonpayment, and notice of dishonor of this Note.

Jesus H Kuroda-San waives trial by jury in any litigation arising out of or relating to this Note in which Otay or a holder of this Note is an adverse party, and further waives the right to interpose any defense, set-off, or counterclaim of any nature or description, which rights are expressly waived except as provided by law.

IN WITNESS WHEREOF the parties hereto have entered into this agreement as of the executed date _____, 2010.

JESUS H. KURODA-SAN

By: _____
Property Owner of 8649 Avenida De La Fuente
San Diego, CA 92154

OTAY WATER DISTRICT

By: _____
General Manager

APPROVED AS TO FORM

EXHIBIT B

Public Services Quote



Dedicated to Community
 2001 STATE WATER RESOURCES BLVD, SPRING VALLEY, CA 92126
 TELEPHONE: (619) 870-2241

PUBLIC SERVICES QUOTE

District Ref #: QTE-10-094

CUSTOMER		PROPERTY INFO	
OWNER: JESUS H KURODA-SAN CONTACT: YOLANDA LOPEZ ADDRESS: 8649 AVENIDA DE LA FUENTE SAN DIEGO, CA 92154-6267 PHONE: (619) 661-1972 FAX: (619) 661-1988 CELL: (619) 719-3114 DATE: 7/13/2010		PROJECT #: TRIAD: No MAP PAGE: QTY: 1 METER SIZE: .75" ACCT TYPE/DESC: C/COMMERCIAL DEVELOPMENT: OTAY MESA PROJECT:	
SEWER FEE	WATER FEE	UNIT PRICE	EXTENDED
Sewer Annex Fee = 0.0 EDU @ \$0.00 per EDU: \$ 0.00 Russell Square Service Fee: \$ 0.00 Reimbursements: \$ 0.00 Sub-Total for Sewer: \$ 0.00	Installation: \$ 60.00 Meter Fee: \$ 59.00 Capacity Fee: \$ 7,641.00 Water Supply Fee: \$ 880.00 *SDCWA (System) Fee: \$ 4,326.00 *SDCWA (Water Treatment) Fee: \$ 166.00 AMR Fee: \$ 147.00 Meter Box: \$ 0.00 Annexation Fee: \$ 0.00 Water Reimbursement: \$ 0.00 Charges for 1 Meter: \$ 13,279.00 Credits: \$ 0.00 Sub-Total for Water Meter: \$ 13,279.00 Sub-Total for Sewer: \$ 0.00 Sub-Total for Deposit: \$ 0.00 GRAND TOTAL: \$ 13,279.00		
DEPOSITS			
Sewer SIR Deposit: \$ 0.00 Water GIR Deposit: \$ 0.00 Inspection Deposit: \$ 0.00 Temporary Meter Deposit N/A: \$ 0.00 Sub-Total for Deposit: \$ 0.00			
Maximum flow allowed through a .75" meter is 24 gpm.			

COMMENTS
 ACCT TYPE: C, WATER ID: 7, PZ: 871, ASBUILT: 64-7.
 PUBLIC SERVICES PROVIDING QUOTE FOR 1-3/4" POTABLE METER TO BE LOCATED AT (STA 26+20) 8649 AVENIDA DE LA FUENTE SAN DIEGO CA 92154. SEE MAP FOR LOCATION. STATION AND METER SIZE WILL NEED TO BE VERIFIED BY CUSTOMER. THIS METER SHALL REPLACE THE TEMPORARY HYDRANT METER #46481. PROOF OF SEWER CAPACITY FEES PAID TO THE CITY OF SAN DIEGO AND BUILDING PERMIT MUST BE PROVIDED AT THE TIME OF METER PURCHASE. CUSTOMER MUST INSTALL AN R/P DEVICE, A LIST OF APPROVED TESTERS WILL BE PROVIDED UPON REQUEST.

REMARKS
 THE FEES & CHARGES ARE SUBJECT TO CHANGE. CUSTOMER WILL BE REQUIRED TO CONTACT OTAY WATER DISTRICT FOR CURRENT FEES AND CHARGES. CALL (619) 870-2241.
 *SDCWA FEES MAY BE SUBJECT TO CHANGE.
 CALL (858) 522-6600 FOR INFORMATION ON RATE CHANGE.

*Building permit is required for potable meter purchase.
 Quote assumes a lateral exists for the property.*

For lateral installation deposits, the customer shall deposit the estimated costs with the District prior to commencement of work. If actual costs incurred are less than the amount deposited, the District shall refund the balance of the deposit to the customer. If actual costs incurred exceed the amount deposited, the customer shall reimburse the District for the additional costs.

QUOTE PROVIDED BY: Tanya Romero
 TANYA ROMERO

Voice: (619) 870-2241
 Fax: (619) 870-8184
 Appd By: [Signature]

EXHIBIT C

Jesus H Kuroda-San
 CC#298
 Date: _____, 2010
 As per District Policy # 07

<u>Meter/Service</u>	<u>Qty</u>	<u>Unit Price</u>	<u>Total</u>
OWD Cap Fee for 3/4-Inch Meter	1	7,641.00	7,641.00
Water Supply Fee	1	880.00	880.00
			8,521.00

ORIGINAL BALANCE	\$ 8,521.00	
NO. OF PAYMENTS	13	Inc. down payment
INTEREST RATE	5.25%	
INITIAL DOWNPAYMENT (10%)	\$852.10	
ADMINISTRATIVE FEE	\$500.00	Establishment of Note
DOWNPAYMENT	9/30/2010	
INITIAL MONTHLY PAYMENT	\$657.00	
FINAL PAYMENT	9/25/2011	
FINAL PAYMENT AMT.	\$655.53	

PAYMENT	DATE	PAYMENT	PRINCIPAL	INTEREST	BALANCE
					\$8,521.00
	9/30/2010	\$852.10	\$852.10		\$7,668.90
1	10/25/2010	\$657.00	\$629.42	\$27.58	\$7,039.48
2	11/25/2010	\$657.00	\$625.61	\$31.39	\$6,413.86
3	12/25/2010	\$657.00	\$629.32	\$27.68	\$5,784.54
4	1/25/2011	\$657.00	\$631.21	\$25.79	\$5,153.33
5	2/25/2011	\$657.00	\$634.02	\$22.98	\$4,519.31
6	3/25/2011	\$657.00	\$638.80	\$18.20	\$3,880.51
7	4/25/2011	\$657.00	\$639.70	\$17.30	\$3,240.82
8	5/25/2011	\$657.00	\$643.02	\$13.98	\$2,597.80
9	6/25/2011	\$657.00	\$645.42	\$11.58	\$1,952.38
10	7/25/2011	\$657.00	\$648.58	\$8.42	\$1,303.81
11	8/25/2011	\$657.00	\$651.19	\$5.81	\$652.62
12	9/25/2011	\$655.53	\$652.62	\$2.91	\$0.00
	TOTAL PAYMENTS	\$8,734.63	\$8,521.00	\$213.63	

EXHIBIT D

OTAY WATER DISTRICT BOARD OF DIRECTORS POLICY

Subject	Policy Number	Date Adopted	Date Revised
CONDITIONS FOR INSTALLMENT OR DEFERRED PAYMENTS TO THE DISTRICT	07	10/15/84	5/7/2008

PURPOSE

To establish a policy regarding conditions for making installment or deferred payments to the District.

BACKGROUND

Occasionally the District receives requests to allow payment of certain connection charges on an installment or deferred basis. Approval of these agreements will occur in very limited circumstances where it is in the District's best interest that the agreement be made. In addition, if the District is to consider such requests, the District must not be in a position of risk of loss in the event of non-payment.

POLICY

The following procedures, terms and conditions shall apply to requests and arrangements for payment to the District on an installment or deferred basis:

1. Requests for installment or deferred payments shall be reviewed by the District. Each request shall indicate the terms desired with a maximum term of 12 months. The person or party making the request shall furnish all financial information or data deemed necessary by the District to review the request.
2. The General Manager shall have authority to negotiate and execute deferral agreements with residential customers where the value of the agreement does not exceed the General Manager's signatory authority as established in Chapter 2, Section 2.01-D of the Code of Ordinance. Deferral agreements requested by non-residential customers shall be presented to the Board prior to execution.
3. Where the value of the proposed agreement exceeds the General Manager's authority, the District shall make a recommendation to the Board of Directors for approval or disapproval, with reasons for the recommendation.
4. In emergency situations, the General Manager is authorized to enter into a deferral agreement exceeding his/her authority to allow a customer to connect to the District system. The General Manager shall submit all such deferral agreements to the Board for ratification at the next regularly scheduled Board meeting.

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
CONDITIONS FOR INSTALLMENT OR DEFERRED PAYMENTS TO THE DISTRICT	07	10/15/84	5/7/2008

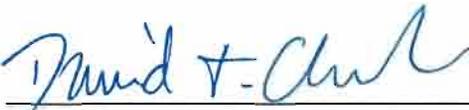
5. A minimum down payment of ten percent (10%) of the total amount to be paid in installments or on a deferred basis is required and is nonrefundable.
6. Any increases in rates, fees, or charges shall apply to all connections which have not been made at the time the increase is adopted, including but not limited to capacity fees and annexation fees.
7. The only fees that will be considered for deferral are Otay Capacity Fees and Annexations fees. All labor and materials costs will not be considered for deferral as this would place the District in a position of risk in the event of default. In addition, the District will not make arrangements for deferral of fees collected by the District on behalf of other governmental entities. These fees must be paid prior to the execution of the agreement or payment arrangements must be obtained from the CWA or MWD by the applicant.
8. For each installment or deferred payment arrangement a promissory note, payable to the District, shall be executed to provide for terms of payment of the balance of principal due, with interest payable monthly at a rate equal to five percent (5%) per annum over the Federal Reserve Discount Rate.
9. In addition to execution of a promissory note for the balance of the payment, the District will consider requiring security to guarantee payment of the promissory note, such as but not limited to, a letter of credit, performance bond, lien contract, certificate of deposit, or other security satisfactory to the District.
10. An administrative fee for the establishment of a deferral agreement of \$500.00 will be charged for all such agreements.

Quality Assurance Approval Sheet

Subject: Execution of a Promissory Note with Mr. Jesus H. Kuroda-San for the OWD Capacity Fee for a 3/4-inch Meter and the Water Supply Fee for the property located at 8649 Avenida De La Fuente, San Diego, California 92154

Project No.: P1438-010000

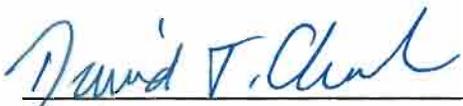
Document Description: Staff Report for October 6, 2010 Board Meeting.

Author:  9/7/10
Signature Date

David T Charles
Printed Name

QA Reviewer:  9/7/10
Signature Date

GARY P. SILVERMAN
Printed Name

Manager:  9/7/10
Signature Date

David T Charles
Printed Name

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

AGENDA ITEM 6



TYPE MEETING:	Regular Board	MEETING DATE:	October 6, 2010
SUBMITTED BY:	Yuri Calderon, General Counsel Aerobel Banuelos, Esq.	W.O./G.F. NO:	DIV. NO.
APPROVED BY:	Mark Watton, General Manager German Alvarez, Assistant General Manager		
SUBJECT:	Revision of Certain Code of Ordinance Provisions Regarding the Use of Ratio Billing Systems in Multiunit Structures		

RECOMMENDATIONS:

That the Board adopt Ordinance 525 enacting the proposed amendments to certain provisions of the Code of Ordinance.

PURPOSE:

To present to the Board certain Code of Ordinance provisions to clarify and update the District's policies regarding the resale of water and the use of Ratio Utility Billing Systems.

ANALYSIS:

The District's Code of Ordinance is currently silent on the use of Ratio Utility Billing Systems and alternative billing methods by owners of multiunit structures.

Under the existing provisions of the Code of Ordinance, the resale of District water is prohibited with the exception that owners or operators of mobile home parks, apartments, condominium complexes, industrial complexes and land used for agricultural purposes may resell water furnished by the District through the use of a submetering system as outlined in Section 27.04.

Many multiunit structures in the District are not fitted with submeters and the owners and operators of such properties are either unable to recover the actual costs of water usage from tenants or are reselling District water in violation of the Code of Ordinances. Because many multiunit structures are not equipped to bill water usage through submetering, District staff and the General Counsel believe it would be appropriate to clarify in the Code of Ordinance that, to the extent permissible by law, the owners of such properties may utilize Ratio Utility Billing systems or other alternative billing methods to pass-through water charges to their tenants. As such, the District staff and the General

Counsel believe that it would be in the best interest of the District to incorporate language under Article 27, Requirements and Limitations for Obtaining Water Service.

The Staff and the General Counsel recommend that the Board adopt revisions to Section 27.04, as set forth on the attachment to Ordinance 525.

FISCAL IMPACT: _____

None at this time.

LEGAL IMPACT: _____

None at this time.

General Counsel

Attachment A: Ordinance 525, with the following attachments:

- Attachment 1 – Section 27 of the Code of Ordinance, marked

ORDINANCE NO. 525

AN ORDINANCE OF THE BOARD OF DIRECTORS
OF THE OTAY WATER DISTRICT AMENDING THE
CODE OF ORDINANCES SECTION 27, REQUIREMENTS AND
LIMITATIONS FOR OBTAINING WATER SERVICE

BE IT ORDAINED by the Board of Directors of Otay Water District that the language in Section 27, Requirements and Limitations for Obtaining Water Service, of the District's Code of Ordinances be amended as per Attachment 1 to this ordinance.

NOW, THEREFORE, BE IT RESOLVED that the amendments to Section 27 of the Code of Ordinances shall become effective immediately upon adoption.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Otay Water District at a regular meeting duly held this 6th day of October 2010, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

President

ATTEST:

District Secretary

Attachment 1

SECTION 27 REQUIREMENTS AND LIMITATIONS FOR OBTAINING WATER SERVICE

27.01 REQUIREMENT FOR WATER/SEWER PERMIT AND PAYMENT OF FEES, CHARGES, AND DEPOSITS

A. Requirement for Water/Sewer Permits. Water meters shall not be installed nor water service furnished until an application, in the form of a water/sewer permit, has been executed by the customer at the District office.

B. Requirement for Payment of Fees, Charges and Deposits. Payment of all required fees, charges and deposits shall be made by the customer at the time the water meter is purchased. A customer requesting water service shall pay the fees, charges, and deposits as set forth in Section 28 of this Code.

C. Requirement for a Building Permit. A customer requesting permanent water service shall be required to present a valid building permit for the property issued by the appropriate governmental agency, except that a building permit is not required by a customer requesting permanent water service to: 1) install and maintain landscaping prior to the construction of a building; 2) perform mass grading operations; or 3) to satisfy conditions imposed by other government agencies, including a single meter for grading for four lots or less which are part of the same parcel map. Government agencies shall be exempt from the requirement of presenting a valid building permit.

D. Requirement for a Service Lateral. The customer requesting water service shall either have an existing service lateral or purchase a new lateral installation at the time of the meter purchase.

E. Commercial Parcels - 5,000 square feet or Larger Irrigated Landscape. When a customer requests water service on a parcel of land with irrigated landscape equal to 5,000 square feet or more, a separate meter will be required for irrigation purposes on the site.

F. Reclaimed Water Service Areas. In areas designated as reclaimed water service areas, the customer shall be required to install a separate reclaimed water service lateral and meter to supply irrigation to the parcel.

G. Second Meter For Indoor Use. Any customer who obtained a single meter prior to October 17, 1990, a second meter for indoor use may be obtained, without paying water capacity fees, San Diego County Water Authority fees and applicable zone charges on the second meter, if the following criteria are met:

1. The additional meter is solely for the purpose of isolating current domestic (indoor) water use from that used for outdoor landscaping. The additional meter shall be on a separate lateral.

2. All costs of on-site plumbing changes, including approved back-flow prevention devices, will be the responsibility of the customer.

3. The customer acknowledges that adding a second meter will result in a second water bill and associated monthly system fee.

4. The customer will be required to pay all fees and charges prior to meter installation.

27.02 SIZE OF WATER METER

A water meter shall be sized to ensure that the maximum demand (in gallons per minute) will not exceed 80% of the manufacturer's recommended maximum flow rate, as shown in Section 27.03. In no case shall the water meter size be less than $\frac{3}{4}$ -inch. The size of the water meter and service lateral required for water service shall be determined by the General Manager as follows:

A. Detached Single-Family Residential Dwelling Unit. The customer may submit calculated maximum demand (in gallons per minute), provided that maximum demand must be more than twenty four (24) gallons per minute.

B. Apartments, Condominiums, Mobile Home Parks and other Multiple Family Residential Dwelling Units with Individual Meters. The calculated maximum demand shall be per Section 27.02A.

C. Business, Commercial, Industrial, Apartments, Condominiums, Mobile Home Parks and other Multiple-Family Residential Dwelling Units. The customer shall submit building plans signed by a licensed building architect. The plans shall list the number of fixture units, the parcel size (in acres), and the calculated maximum demand (in gallons per minute) to be placed on each water meter.

D. Irrigation. The customer shall submit irrigation plans signed by a licensed landscape architect. The plans shall indicate the calculated maximum demand (in gallons per minute) to be placed on each water meter and the total area to be irrigated (in square feet). The plans must also be in compliance with the requirements of Section 27.05.

E. Other. In the case of other types of service not included above, the customer shall submit information as

requested by the General Manager. Any customer may request and purchase a separate meter to isolate landscaping from indoor use.

F. Requirement for Multiple Meters. The General Manager may require multiple meters when it is in the best interest of the District.

27.03 MANUFACTURERS RECOMMENDED MAXIMUM FLOW RATE FOR DISTRICT METERS

Customers are cautioned to control the rates of flow of water through District meters. Operation of a meter at flows in excess of the manufacturer's recommendations will cause severe damage to operating parts. Rated capacities for meters used in this District are as follows:

ORDINARY METERS

<u>Meter Size Recommended</u> <u>In Inches</u>	<u>Manufacturer's</u> <u>Maximum Rate in U. S. Gallons</u> <u>per Minute</u>
3/4	30
1	50
1-1/2	100
2	160
3	530
4	1350
6	2700
8	3500
10	6500

COMPOUND METERS
(Multi-family, Apartments etc.)

2	285
3	480
4	750
6	1700

27.04 ~~USE OF SUBMETERS FOR~~ RESALE OR DISTRIBUTION OF WATER

No customer may resell or redistribute any portion of the water furnished by the District except as provided below:

A. Use of Submeters for Resale or Redistribution of water. Owners or operators of mobile home parks, apartments, condominium complexes, industrial complexes and land used for agricultural purposes may resell water furnished by the District through the use of a submetering system under the following conditions: (1) owners and operators shall comply

with State law (California Code of Regulations Section 4090) prohibiting any surcharge on the water rate; (2) the water system on the private property side of the master meter, including the submeters, shall be solely the responsibility of the owner or operator; and (3) the owner or operator shall clearly delineate on the bill that any cost associated with the submeters is a cost imposed by the property owner or operator and not by Otay Water District.

B. Ratio Utility Billing Systems. To the extent permitted under law, owners or operators of multiunit structures where submeters have not been installed may elect to implement a Ratio Utility Billing System (RUBS) or alternative billing system to determine proportionate shares of water charges and bill tenants accordingly.

27.05 CONSERVATION AND LOCAL SUPPLY USE REQUIREMENTS

The requirements below apply to all new residential and commercial developments or redevelopments. The landscape requirements also apply to any re-landscaping that is subject to review by the District, the County of San Diego, City of Chula Vista or the City of San Diego.

1. Indoor Fixtures and Appliances. All water fixtures and appliances installed, including the ones in the following list, must be high-efficiency:

- Toilets and urinals
- Faucets
- Showerheads
- Clothes Washers
- Dishwashers

"High-efficiency" means fixtures and appliances that comply with the most efficient specifications under the EPA WaterSense® or Energy Star programs,¹ as in effect at the time installation commences.

2. Landscape requirements. Only "Smart" irrigation controllers² may be installed and only low-water use plants may be used in non recreational landscapes. All landscapes

¹ Certified EPA WaterSense products, and Energy Star products, are at least 20% more efficient than the applicable federal standards.

² Smart Irrigation Controller means a controller that uses real time, soil moisture or weather data to automatically adjust irrigation run-times. Furthermore, to qualify as a Smart Irrigation Controller, the device must be certified by the Irrigation Association and/or the EPA WaterSense program.

must also be designed and managed consistent with requirements of the local agency within which the property is located, be it the County of San Diego, the City of Chula Vista or the City of San Diego.

a. Installed smart irrigation controllers shall be properly programmed/scheduled according to the manufacturer's instructions and/or site specific conditions based on soil type, plant type, irrigation type, weather and/or reference evapotranspiration data.

b. Two irrigation schedules shall be prepared, one for the initial establishment period of three months or until summer hardened, and one for the established landscape, which incorporates the specific water needs of the plants and turf throughout the calendar year. The schedules shall be continuously available on site to those responsible for the landscape maintenance and posted at the smart controller.

c. Any Covenants, Conditions, and Restrictions (CC&Rs) pertaining to a new subdivision/development shall not limit or prohibit the use and maintenance of low water use plant materials and the use of artificial turf, and shall require property owners to design and maintain their landscapes consistent with the applicable City and County's regulations.

d. Dedicated irrigation meters shall be installed in:

- All parks and common areas with 5,000 square feet or more of irrigated landscape
- Commercial sites with 5,000 square feet or more of irrigated landscape

e. In compliance with Section 23.03 of this Code of Ordinance, pressure regulators must be installed when and where appropriate to maximize the life expectancy and efficiency of the irrigation system.

5. New commercial developments must install separate, dual-distribution systems for potable and recycled water.

6. The requirements of this Section shall not be interpreted in any way to limit the owner's obligation to comply with any other applicable federal, state, or local laws or regulations.



AGENDA ITEM 7

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	October 6, 2010
SUBMITTED BY:	Geoffrey Stevens, Chief Information Technology and Strategic Planning	W.O./G.F. NO:	DIV. NO.
APPROVED BY: (Chief)			
APPROVED BY: (Asst. GM):	German Alvarez, Assistant General Manager, Administration and Finance		
SUBJECT:	FY 2010 Strategic Plan and Performance Measures Report		

GENERAL MANAGER'S RECOMMENDATION:

No recommendation. This is an informational item only.

COMMITTEE ACTION:

See Attachment A.

PURPOSE:

To provide a fiscal year-end report on the District's Strategic Performance Plan.

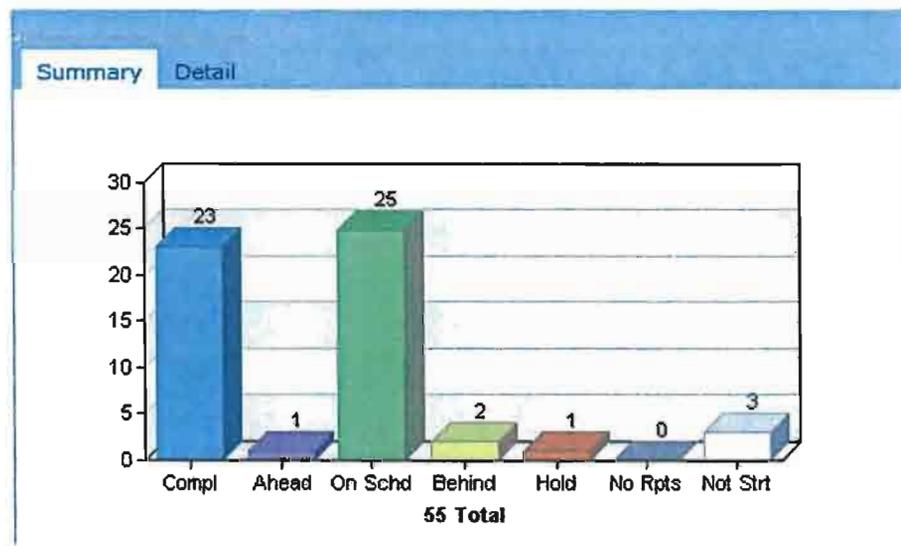
ANALYSIS:

The District has completed the second year of the Strategic Plan for FY 2009 to FY 2011. Overall, results continue to be positive with the District exceeding its target for both strategic plan objectives (at least 90% complete or on track) and performance measures (at least 75% on target). Detailed information on each objective and measure is also available electronically on the Board Extranet. Looking at these results in more detail:

Strategic Plan Objectives - Changing to Meet Future Needs

Strategic plan objectives are designed to ensure we are making the appropriate high-level changes necessary to move the agency in the planned direction to meet new challenges and opportunities. Overall performance of strategic plan objectives is positive with 49 of 51 objectives (96%) complete, ahead, or on schedule and two items behind schedule. Of the objectives that are behind, both expect to be back on track by next quarter. Three items are not scheduled to start and one items is on hold; therefore, these four objectives have been excluded from the calculation.

Objectives: All Scorecard Areas

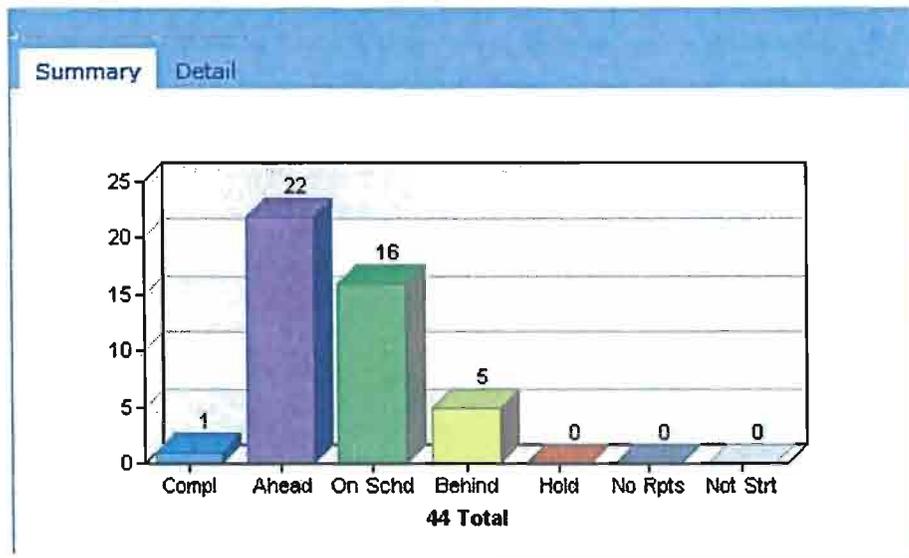


49/51 Objectives complete, ahead, or on schedule (96%).
Target is 90%.

Performance Measures - Monitoring Day-To-Day Performance

Performance measures are designed to track the day-to-day performance of the District. Sometimes referred to as a "dash board", these items attempt to measure the effectiveness and efficiency of daily operations. The overall goal is that at least 75% of these measures be rated "on target". District results in this area are also positive with 39 of 44 (89%) items achieving the desired level or better.

Measures: All Scorecard Areas



39/44 Measures on or ahead of schedule (89%).
Target is 75%.

Balanced Scorecard - External View

The Balanced Scorecard methodology is designed to ensure that a company is performing consistently on a wide range of measures necessary to ensure both short-term and long-term improvements. From this perspective the results are also positive. In six of the eight categories the District is on or ahead of schedule or target. The areas where we are behind (Learning and Growth-Objectives and Customer-Measures) should be back on track next quarter.

Balanced Scorecard

FY 2010 • Qtr 4 • All Departments



Green = meets or exceeds/ Red = does not meet

Departmental Perspective - Internal View of Performance

The departmental perspective, that is breaking down performance objectives and measures by the responsible internal departments, is also positive. Most departments meet or exceed expectations in both areas. The single objective that is behind for Finance will be back on schedule by next quarter.

Department View

FY 2010 • Qtr 4 • All Scorecard Areas

Departments	Objectives	Measures
1-Administrative Services	Green	Green
2-Engineering	Green	Green
3-Finance	Red	Green
4-Information Technology	Green	Green
5-Operations	Green	Blue

Green = meets or exceeds/ Red = does not meet

Next Steps

The District will begin developing the FY12-14 Strategic Plan in the second quarter of FY11.

FISCAL IMPACT: _____

None at this time.

STRATEGIC GOAL:

Strategic Plan and Performance Measure reporting is a critical element in providing performance reporting to the Board and staff.

LEGAL IMPACT: _____

None



General Manager



ATTACHMENT A

SUBJECT/PROJECT:	FY 2010 Strategic Plan and Performance Measures Report
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COMMITTEE ACTION:

The Administration and Finance Committee and the Engineering and Operations Committee met in September and reviewed this item. Based upon this discussion the Committees recommend that the Board receive the attached information.

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.



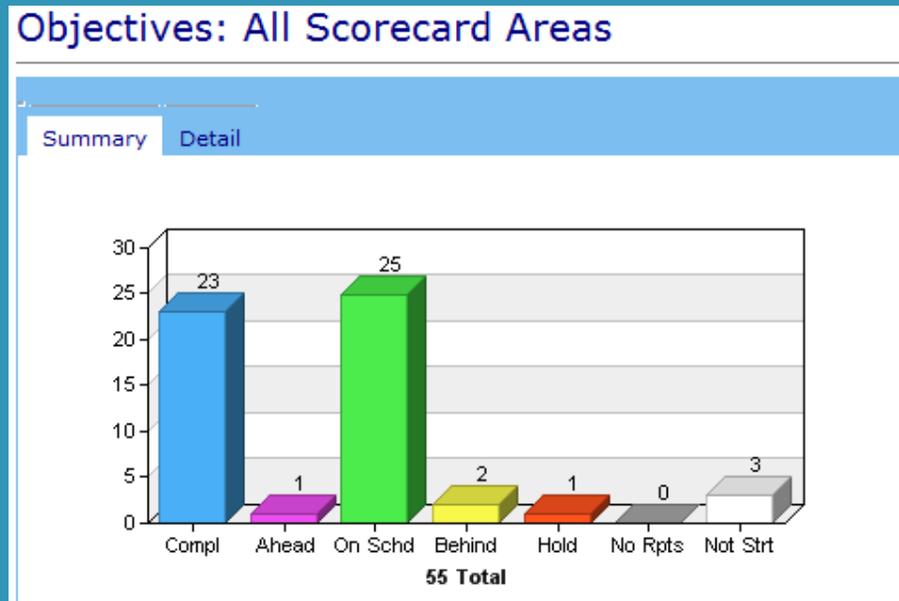
FY 2010 Year End Strategic Plan Review

Board Committees
September 16th, 2010

Strategic / Business Planning Process



Objective Status Summary

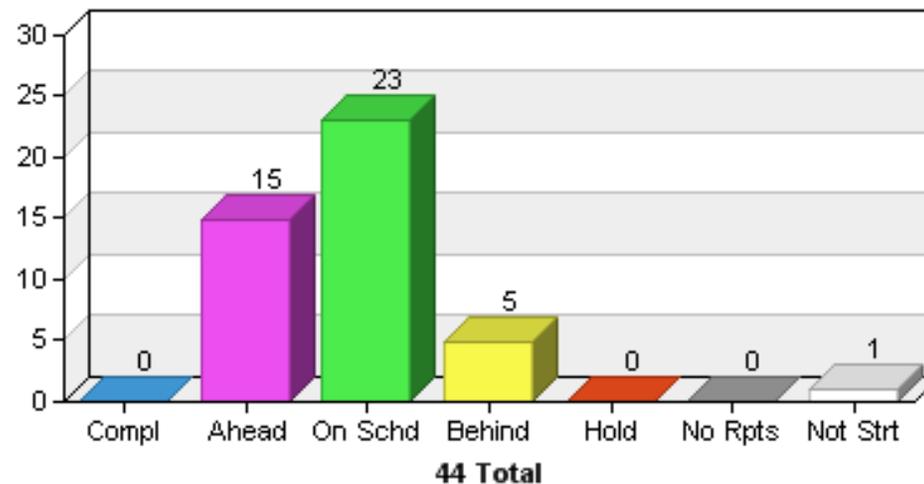


49/51 Complete, Ahead, or On Schedule

Performance Measure Status Summary

Measures: All Scorecard Areas

Summary Detail



88% Complete, Ahead, or On Schedule

Balanced Scorecard View

FY 2010 • Qtr 4 • All Departments



In 6 of 8 categories of our balanced scorecard, the District is on or ahead of schedule or on target

Departmental View

FY 2010 • Qtr 4 • All Scorecard Areas

Departments	
1-Administrative Services	■ Objectives ■ Measures
2-Engineering	■ Objectives ■ Measures
3-Finance	■ Objectives ■ Measures
4-Information Technology	■ Objectives ■ Measures
5-Operations	■ Objectives ■ Measures

Almost all departments meet or exceed the expectations for objectives and performance measures.

Next Steps

- Major plan revisions for FY 2012-2014
- Themes of efficiency and effectiveness
- Coordinated effort with asset management
- Leverage existing system investments already in place

Key Objective Achievements

- ❑ Developed a comprehensive outreach plan for customers related to the drought, recycled water, and water conservation.
- ❑ Worked with Home Owners Associations to devise a transfer program for users of potable water for irrigation to convert to recycled.
- ❑ Standards & Poor's notified the District that it was upgrading the District's credit rating from AA- to AA.
- ❑ 218 process completed-notices were mailed out in October to all Otay customers.
- ❑ Successful implementation of SharePoint in Customer Service.
- ❑ Moving forward with AWWA District-wide Self-Assessment evaluation.
- ❑ Operations coordinated with Customer Service (meter readers) and IT to properly set up a recorded meter testing program.

Results Available On the Board Extranet!

www.otaywater.gov/extranet/login.aspx



AGENDA ITEM 8

STAFF REPORT

TYPE MEETING: Finance, Administration, and Communications Committee Meeting

MEETING DATE: September 16, 2010

SUBMITTED BY:  W.O./G.F. NO: DIV. NO. All

APPROVED BY: Joseph R. Beachem, Chief Financial Officer
(Chief)

APPROVED BY: German Alvarez, Assistant General Manager, Administration and Finance
(Asst. GM): 

SUBJECT: Informational Item Regarding Customer Notices of the Approved Rate Increases Effective January 1, 2011

GENERAL MANAGER'S RECOMMENDATION:

Informational item regarding customer notices of the approved rate increases effective January 1, 2011.

COMMITTEE ACTION: _____

Please see Attachment A.

PURPOSE:

To present to the Board the attached notices that will be mailed to customers in October outlining the approved January 1, 2011 water and sewer rate increases.

ANALYSIS:

At a Special Board meeting held on May 17, 2010, the Board approved the Fiscal Year 2010-2011 Operating and Capital Budget. At that time, the Board also approved an average water rate increase of 10.9% and an average sewer rate increase of 6.8%. At that meeting draft copies of the rate increase notices were provided.

The District has always sent notices of rate increases to its customers to ensure that customers are well informed of rate changes. Not only are these notices customary but they are now required by Proposition 218. The attached notices of the rate increases effective January 1, 2011, will be inserted in the

monthly customer bills beginning October 7th running through October 27, 2010.

The following table outlines the 5 different notices and the count of the notices that the District's bill print vendor will insert into the customer bills and mail:

Type of Notice	Total
Residential - Water Only	40,638
Commercial/Public - Water	1,251
Landscape, Ag., Construction - Water	1,313
Residential - Sewer Only	1,178
Residential - Water and Sewer	3,409

Following are the notices which Otay staff will print and mail:

Type of Notice	Total
Commercial - Sewer	58
Schools - Sewer	9
Outside Services	4
Multi-Res - Water	261
Reclaimed - Water	132

Notices will be mailed in October to insure that all customers will receive this notice at least 30 days prior to when service will be priced at the new rates. Proposition 218 requires a minimum notice period of 30 days.

FISCAL IMPACT:



None.

STRATEGIC GOAL:

Ensure financial health through formalized policies, long-term financial planning, and efficient operations.

LEGAL IMPACT:

None.



General Manager

Attachments:

- A) Committee Action Form
- B) Residential Water Rate Increase Notice
- C) Residential Sewer Rate Increase Notice
- D) Public and Commercial Water Rate Increase Notice
- E) Commercial Sewer Rate Increase Notice
- F) Master Metered Water Rate Increase Notice
- G) Recycled Water Rate Increase Notice
- H) Landscape, Agricultural and Construction Water Rate Increase Notice
- I) Water Rate Comparison
- J) Sewer Rate Comparison



ATTACHMENT A

SUBJECT/PROJECT:	Informational Item Regarding Customer Notices of the Approved Rate Increases Effective January 1, 2011
-------------------------	--------------------------------------------------------------------------------------------------------

COMMITTEE ACTION:

This is an informational item only.

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 Residential Water Rate Increase

Dear Customer,

INCREASED WATER RATES AND CHARGES WILL BE REFLECTED ON YOUR BILL BEGINNING JANUARY 1, 2011

An overall rate increase of 10.9% was approved by the Otay Water District's (the "District") Board of Directors as part of the annual budget adoption process completed in May 2010. For a typical residential water customer using 15 units of water per month, your residential water bill will increase by \$5.63. The new water rates and charges will apply to water billed beginning January 1, 2011 and depending on your billing cycle may apply to water usage as early as the beginning of December 2010. **This letter serves as a 30-day notice of rate increases.**

The District is a revenue neutral public agency. To continue providing reliable, high-quality water services, the District must implement rate increases and must pass-through to its customers higher costs imposed by water wholesalers, the Metropolitan Water District of Southern California (MWD) and the San Diego County Water Authority (CWA).

On August 24, 2009, the District adopted a five-year schedule of rates in compliance with applicable provisions of law. The rate increases herein noticed reflect a District rate increase of 3.8% and pass-through increase of 7.1%. Both increases are within the limits contemplated in the five-year schedule of rates.

Water wholesalers are raising their water rates to obtain new and more reliable supplies of water. Potential supplies include seawater desalination, more reliable emergency resources, canal lining projects, and agricultural to urban water transfers. In addition, rate increases cover the cost of acquiring imported water from the Colorado River and Northern California.

For its part, the District has worked diligently to reduce internal costs, including reducing the number of full-time employees and corresponding salaries and benefits, and instituted efficiency programs, such as automated meter reading and online bill pay services, to minimize the impact of higher water costs from wholesalers.

For more information, please visit www.otaywater.gov or contact us via email at info@otaywater.gov.

Otay Water District
2554 Sweetwater Springs Blvd.
Spring Valley, CA 91978
619-670-2777

www.otaywater.gov

Dedicated to Community Service

Typical Bill at 15 Units per Month

For a typical single-family residential customer, your bill will increase by \$5.63. Your bill will vary based on meter size, water consumption and geographic location.

	MWD/CWA ¹	System Fee ¹	Water Rate ²	Energy Charge ⁴	Water Charge by Improvement District ⁵	Total
Current	\$9.77	\$14.58	\$34.65	\$2.24	\$0.85	\$62.09
New	\$11.82	\$14.58	\$38.10	\$2.34	\$0.88	\$67.72
				Increase in monthly water bill		\$5.63

Consumption Blocks and System Fees by Meter Size

Single Family Consumption Blocks (units) ²			Current	New
Conservation Tier ³			\$1.35	\$1.49
6	10		\$2.10	\$2.31
11	22		\$2.73	\$3.00
23+			\$4.21	\$4.63

Meter Size	Current			New		
	System Fee	MWD/CWA	Total	System Fee	MWD/CWA	Total
0.75"	\$14.58	\$9.77	\$24.35	\$14.58	\$11.82	\$26.40
1"	\$18.52	\$16.28	\$34.80	\$18.52	\$19.69	\$38.21
1.5"	\$28.37	\$32.61	\$60.98	\$28.37	\$39.44	\$67.81
2"	\$40.18	\$52.15	\$92.33	\$40.18	\$63.07	\$103.25

Other Charges

	Current	New
Energy Charges ⁴	\$0.038	\$0.044
Improvement District ⁵ No. 3	\$0.18	\$0.19
Improvement District ⁵ No. 10	\$0.26	\$0.27
La Presa ⁵	\$0.07	\$0.08

Footnotes

- These fees are based on the meter size. The MWD/CWA fee is increasing to reflect the full pass-through of this cost by the District's water suppliers.
- This cost varies based on water usage and can be calculated using the consumption block tables. One unit of consumption equals 748 gallons of water.
- The Conservation Tier discount applies toward the first five units when overall consumption is ten units or less.
- The Energy Charge represents the cost of energy required to pump each unit of water 100 feet in elevation. This is charged proportionately for every foot of elevation over 450 feet. This increase is necessary due to increased power costs to the District.
- This charge is a per unit charge and your bill will vary based on water consumption. Improvement district charges do not apply to the first five units of water per month.

This information reflects only changes to rates. For a comprehensive listing of rates, please see the Otay Water District's Code of Ordinances at www.otaywater.gov.



Notice of Residential and Multi-Residential Sewer Rate Increase

Dear Customer,

INCREASED SEWER RATES AND CHARGES WILL BE REFLECTED ON YOUR BILL BEGINNING JANUARY 1, 2011

An overall rate increase of 6.8% was approved by the Otay Water District's (the "District") Board of Directors as part of the annual budget adoption process completed in May, 2010. The new sewer rates and charges will apply to service billed beginning January 1, 2011 and depending on your billing cycle may apply to service as early as the beginning of December 2010. For a typical residential sewer customer whose water usage is approximately 15 units per month, your sewer bill will increase by \$2.18 per month. **This letter serves as a 30-day notice of rate increases.**

The District is a revenue neutral public agency. Your sewer bill reflects only those charges sufficient to support your sewer service. To continue providing sewer services, the District must implement certain rate increases and must pass-through higher costs to its customers from the District's public sewage treatment and disposal agency providers, including the City of San Diego and the County of San Diego.

On August 24, 2009, the District adopted a five-year schedule of rates in compliance with applicable provisions of law. The rate increases herein noticed reflect a pass-through increase of 6.8% and no increase due to the District. Both increases are within the limits contemplated in the five-year schedule of rates.

For its part, the District has worked diligently to reduce internal costs to minimize the impact of higher costs from sewage treatment providers.

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Residential Sewer Rate Increase

The monthly sewer service charge for a typical single-family residential customer with a winter average of 15 units will be calculated as follows:

Usage Fee Rate x Winter Average + a Monthly Base Fee

	Usage Fee	Base Fee	Total
Current	\$19.89	\$10.80	\$30.69
New	\$21.30	\$11.57	\$32.87
Meter Size	Current	New	
.75"	\$10.80	\$11.57	
1.00"	\$15.75	\$16.87	
Usage Fee	\$1.56	\$1.67	

A typical bill is based on 12.75 units (15 units - 2.25 units). This 15% discount is an acknowledgement that all water purchased does not go to the sewer system. The maximum bill for a .75" meter is \$61.70. The maximum bill for a 1.0" meter (based on 30 units per month, after the 15% discount) would be \$67.00.

New customers will have a Winter Average assigned of 15 units and pay \$32.87 per month until a Winter Average can be established.

Multi-Residential

The total sewer bill for multiple residential customers is calculated just like a residential customer with the exception that the base fee is multiplied by the number of dwelling units, and the Winter Average, after being reduced by 15%, has no maximum. Multi-Residential accounts are charged \$54 per dwelling unit for sewer debt.

This information reflects only changes to rates. For a comprehensive listing of rates, please see the Otay Water District's Code of Ordinances at www.otaywater.gov.



Notice of Public and Commercial Water Rate Increase

Dear Customer,

INCREASED WATER RATES AND CHARGES WILL BE REFLECTED ON YOUR BILL BEGINNING JANUARY 1, 2011

An overall rate increase of 10.9% was approved by the Otay Water District's (the "District") Board of Directors as part of the annual budget adoption process completed in May 2010. The new water rates and charges will apply to water billed beginning January 1, 2011 and depending on your billing cycle may apply to water usage as early as the beginning of December 2010. **This letter serves as a 30-day notice of rate increases.**

The District is a revenue neutral public agency. To continue providing reliable high-quality water services, the District must implement rate increases and must pass-through to its customers higher costs imposed by water wholesalers, the Metropolitan Water District of Southern California (MWD) and the San Diego County Water Authority (CWA).

On August 24, 2009, the District adopted a five-year schedule of rates in compliance with applicable provisions of law. The rate increases herein noticed reflect a District rate increase of 3.8% and pass-through increase of 7.1%. Both increases are within the limits contemplated in the five-year schedule of rates.

Water wholesalers are raising their water rates to obtain new and more reliable supplies of water. Potential supplies include seawater desalination, more reliable emergency resources, canal lining projects, and agricultural to urban water transfers. In addition, rate increases cover the cost of acquiring imported water from the Colorado River and Northern California.

For its part, the District has worked diligently to reduce internal costs, including reducing the number of full-time employees and corresponding salaries and benefits, and instituted efficiency programs, such as automated meter reading and online bill pay services, to minimize the impact of higher water costs from wholesalers.

For more information, please visit www.otaywater.gov or contact us via email at info@otaywater.gov.

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Dedicated to Community Service

Consumption Blocks and System Fees by Meter Size

Public and Commercial Water Usage Fee (<10" meter)

Consumption Blocks (units) ¹	Current	New
0 - 173	\$2.22	\$2.44
174 - 831	\$2.27	\$2.50
832 or more	\$2.31	\$2.54

Public and Commercial Water Usage Fee (10" meter)

Consumption Blocks (units) ¹	Current	New
0 - 7,426	\$2.22	\$2.44
7,427 - 14,616	\$2.27	\$2.50
14,617 or more	\$2.31	\$2.54

Meter Size	Current			New		
	System Fee ²	MWD/CWA ²	Total	System Fee ²	MWD/CWA ²	Total
3/4"	\$14.58	\$9.77	\$24.35	\$14.58	\$11.82	\$26.40
1"	\$18.52	\$16.28	\$34.80	\$18.52	\$19.69	\$38.21
1 1/2"	\$28.37	\$32.61	\$60.98	\$28.37	\$39.44	\$67.81
2"	\$40.18	\$52.15	\$92.33	\$40.18	\$63.07	\$103.25
3"	\$71.68	\$104.30	\$175.98	\$71.68	\$126.14	\$197.82
4"	\$107.13	\$162.98	\$270.11	\$107.13	\$197.11	\$304.24
6"	\$205.59	\$325.92	\$531.51	\$205.59	\$394.17	\$599.76
8"	\$323.73	\$521.51	\$845.24	\$323.73	\$630.71	\$954.44
10"	\$461.57	\$749.61	\$1,211.18	\$461.57	\$903.58	\$1,365.15

Other Charges

	Current	New
Energy Charges ³	\$0.038	\$0.044
Improvement District ⁴ No. 3	\$0.18	\$0.19
Improvement District ⁴ No. 10	\$0.26	\$0.27
La Presa ⁴	\$0.07	\$0.08

Footnotes

1. This cost varies based on water usage and can be calculated using the consumption block tables. One unit of consumption equals 748 gallons of water.
2. These Fixed Charges are based on the meter size. The MWD/CWA fee is increasing to reflect the full pass-through of this cost by the District's water suppliers.
3. The Energy Charge represents the cost of energy required to pump each unit of water 100 feet in elevation. This is charged proportionately for every foot of elevation over 450 feet. This increase is necessary due to increased power costs to the District.
4. This charge is a per unit charge and your bill will vary based on water consumption.

This information reflects only changes to rates. For a comprehensive listing of rates, please see the Otay Water District's Code of Ordinances at www.otaywater.gov.



Notice of Commercial Sewer Rate Increase

Dear Customer,

INCREASED SEWER RATES AND CHARGES WILL BE REFLECTED ON YOUR BILL BEGINNING JANUARY 1, 2011

An overall rate increase of 6.8% was approved by the Otay Water District's (the "District") Board of Directors as part of the annual budget adoption process completed in May, 2010. The new sewer rates and charges will apply to service billed beginning January 1, 2011 and depending on your billing cycle may apply to service as early as the beginning of December 2010. **This letter provides a 30-day prior notice of rate increases.**

The District is a revenue neutral public agency. Your sewer bill reflects only those charges sufficient to support your sewer service.

To continue providing sewer services, the District must implement certain rate increases and must pass-through to its customers higher costs from the District's public sewage treatment and disposal agency providers, including the City of San Diego and the County of San Diego. On August 24, 2009, the District adopted a five-year schedule of rates in compliance with applicable provisions of law. The rate increases herein noticed reflect a pass-through increase of 6.8% and no increase due to the District. Both increases are within the limits contemplated in the five-year schedule of rates.

For its part, the District has worked diligently to reduce internal costs to minimize the impact of higher costs from public sewage treatment and disposal agencies.

For more information, please visit www.otaywater.gov or contact us via email at info@otaywater.gov.

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Rate Increase Notice

To Calculate Non-Residential Sewer Rates

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 whether the strength factor is high, medium, or low, consistent with 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

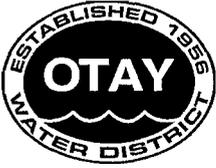
1.0	Churches
1.0	Low Strength Commercial
1.238	Medium Strength Commercial
2.203	High Strength Commercial

	Current	New
Rate per ASU	\$ 36.88	\$39.39

The sewer bill is then calculated by multiplying the ASUs by the rate per ASU. This charge is increasing by \$2.51 per ASU from \$36.88 to \$39.39.

A \$54 per ASU assessment is collected on the property tax bill for sewer debt. The state sewer loan will be paid in full by 2012.

This information reflects only changes to rates. For a comprehensive listing of rates, please see the Otay Water District's Code of Ordinances at www.otaywater.gov.



Notice of Master Metered Water Rate Increase

Dear Customer,

INCREASED WATER RATES AND CHARGES WILL BE REFLECTED ON YOUR BILL BEGINNING JANUARY 1, 2011

An overall rate increase of 10.9% was approved by the Otay Water District's (the "District") Board of Directors as part of the annual budget adoption process completed in May 2010. The new water rates and charges will apply to water billed beginning January 1, 2011 and depending on your billing cycle may apply to water usage as early as the beginning of December 2010. **This letter serves as a 30-day notice of rate increases.**

The District is a revenue neutral public agency. To continue providing reliable, high-quality water services, the District must implement rate increases and must pass-through to its customers higher costs imposed by water wholesalers, the Metropolitan Water District of Southern California (MWD) and the San Diego County Water Authority (CWA).

On August 24, 2009, the District adopted a five-year schedule of rates in compliance with applicable provisions of law. The rate increases herein noticed reflect a District rate increase of 3.8% and pass through increase of 7.1%. Both increases are within the limits contemplated in the five-year schedule of rates.

Water wholesalers are raising their water rates to obtain new and more reliable supplies of water. Potential supplies include seawater desalination, more reliable emergency resources, canal lining projects, and agricultural to urban water transfers. In addition, rate increases cover the cost of acquiring imported water from the Colorado River and Northern California.

For its part, the District has worked diligently to reduce internal costs, including reducing the number of full-time employees and corresponding salaries and benefits, and instituted efficiency programs, such as automated meter reading and online bill pay services, to minimize the impact of higher water costs from wholesalers.

For more information, please visit www.otaywater.gov or contact us via email at info@otaywater.gov.

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Consumption Blocks and System Fees by Meter Size

Master Metered

Consumption Blocks (units) ¹	Current	New
0 - 4	\$2.08	\$2.29
5 - 9	\$2.70	\$2.97
10 or more	\$4.15	\$4.57

Meter Size	Current			New		
	System Fee ²	MWD/CWA ²	Total	System Fee ²	MWD/CWA ²	Total
3/4"	\$14.58	\$9.77	\$24.35	\$14.58	\$11.82	\$26.40
1"	\$18.52	\$16.28	\$34.80	\$18.52	\$19.69	\$38.21
1 1/2"	\$28.37	\$32.61	\$60.98	\$28.37	\$39.44	\$67.81
2"	\$40.18	\$52.15	\$92.33	\$40.18	\$63.07	\$103.25
3"	\$71.68	\$104.30	\$175.98	\$71.68	\$126.14	\$197.82
4"	\$107.13	\$162.98	\$270.11	\$107.13	\$197.11	\$304.24
6"	\$205.59	\$325.92	\$531.51	\$205.59	\$394.17	\$599.76
8"	\$323.73	\$521.51	\$845.24	\$323.73	\$630.71	\$954.44
10"	\$461.57	\$749.61	\$1,211.18	\$461.57	\$903.58	\$1,368.15

Other Charges

	Current	New
Energy Charges ³	\$0.038	\$.044
Improvement District ⁴ No. 3	\$0.18	\$.019
Improvement District ⁴ No. 10	\$0.26	\$.027
La Presa ⁴	\$0.07	\$.08

Footnotes

1. Consumption is the water usage divided by the number of dwellings served. This charge is a per unit charge based on water consumption. A unit of consumption is equal to 748 gallons of water.
2. These fees are based on the meter size. The MWD/CWA fee is increasing to reflect the full pass-through of this cost by the District's water suppliers.
3. The Energy Charge represents the cost of energy required to pump each unit of water 100 feet in elevation. This is charged proportionally for every foot of elevation over 450 feet. This increase is necessary due to increased power cost to the District.
4. This charge is a per unit charge and your bill will vary based on water consumption.

This information reflects only changes to rates. For a comprehensive listing of rates, please see the Otay Water District's Code of Ordinances at www.otaywater.gov.



Notice of Recycled Water Rate Increase

Dear Customer,

INCREASED WATER RATES AND CHARGES WILL BE REFLECTED ON YOUR BILL BEGINNING JANUARY 1, 2011

An overall rate increase of 10.9% was approved by the Otay Water District's (the "District") Board of Directors as part of the annual budget adoption process completed in May 2010. The new water rates and charges will apply to water billed beginning January 1, 2011 and depending on your billing cycle may apply to water usage as early as the beginning of December 2010. **This letter serves as a 30-day notice of rate increases.**

The District is a revenue neutral public agency. To continue providing reliable, high-quality recycled water services, the District must implement rate increases and must pass-through to its customers higher costs for recycled water. On August 24, 2009, the District adopted a five-year schedule of rates in compliance with applicable provisions of law. The rate increases herein noticed reflect a District rate increase of 3.8% and pass-through increase of 7.1%. Both increases are within the limits contemplated in the five-year schedule of rates.

For its part, the District has worked diligently to reduce internal costs, including reducing the number of full-time employees and corresponding salaries and benefits, and instituted efficiency programs, such as automated meter reading and online bill pay services, to minimize the impact of higher costs from wholesalers.

For more information, please visit www.otaywater.gov or contact us via email at info@otaywater.gov.

Otay Water District
2554 Sweetwater Springs Blvd.
Spring Valley, CA 91978
619-670-2777
www.otaywater.gov

Dedicated to Community Service

Consumption Fees by Meter Size

Recycled Water Usage Fee ¹ (.75" to 1.0" meter)			Recycled Water Usage Fee ¹ (1.5" to 2.0" meter)		
Consumption Blocks (units) ¹	Current	New	Consumption Blocks (units) ¹	Current	New
0-42	\$2.58	\$2.84	0-168	\$2.58	\$2.84
43-97	\$2.62	\$2.88	169-402	\$2.62	\$2.88
98 or more	\$2.67	\$2.94	403 or more	\$2.67	\$2.94

Recycled Water Usage Fee ¹ (3" & 4" meter)			Recycled Water Usage Fee ¹ (> 6" meter)		
Consumption Blocks (units) ¹	Current	New	Consumption Blocks (units) ¹	Current	New
0-403	\$2.58	\$2.84	0-7,916	\$2.58	\$2.84
404-820	\$2.62	\$2.88	7,917-16,357	\$2.62	\$2.88
821 or more	\$2.67	\$2.94	16,358 or more	\$2.67	\$2.94

Other Charges

	Current	New
Energy Charges ²	\$0.038	\$0.044

Footnotes

1. Recycled water rates are based on meter size and the number of recycled water units used each month. A unit of recycled water equals 748 gallons.
2. The Energy Charge represents the cost of energy required to pump each unit of recycled water 100 feet in elevation. This is charged proportionately for every foot of elevation over 450 feet. This increase is necessary due to increased power costs to the District.

This information reflects only changes to rates. For a comprehensive listing of rates, please see the Otay Water District's Code of Ordinances at www.otaywater.gov.



Notice of Landscape, Agricultural and Construction Water Rate Increase

Dear Customer,

INCREASED WATER RATES AND CHARGES WILL BE REFLECTED ON YOUR BILL BEGINNING JANUARY 1, 2011

An overall rate increase of 10.9% was approved by the Otay Water District's (the "District") Board of Directors as part of the annual budget adoption process completed in May 2010. The new water rates and charges will apply to water billed beginning January 1, 2011 and depending on your billing cycle may apply to water usage as early as the beginning of December 2010. **This letter serves as a 30-day notice of rate increases.**

The District is a revenue neutral public agency. To continue providing reliable, high-quality water services, the District must implement rate increases and must pass-through to its customers higher costs imposed by water wholesalers, the Metropolitan Water District of Southern California (MWD) and the San Diego County Water Authority (CWA).

On August 24, 2009, the District adopted a five-year schedule of rates in compliance with applicable provisions of law. The rate increases herein noticed reflect a District rate increase of 3.8% and pass-through increase of 7.1%. Both increases are within the limits contemplated in the five-year schedule of rates.

Water wholesalers are raising their water rates to obtain new and more reliable supplies of water. Potential supplies include seawater desalination, more reliable emergency resources, canal lining projects, and agricultural to urban water transfers. In addition, rate increases cover the cost of acquiring imported water from the Colorado River and Northern California.

For its part, the District has worked diligently to reduce internal costs, including reducing the number of full-time employees and corresponding salaries and benefits, and instituted efficiency programs, such as automated meter reading and online bill pay services, to minimize the impact of higher water costs from wholesalers.

For more information, please visit www.otaywater.gov or contact us via email at info@otaywater.gov.

Otay Water District
2554 Sweetwater Springs Blvd.
Spring Valley, CA 91978
619-670-2777
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Consumption Blocks, System Fees by Meter Size

Water Usage Fee¹ - Landscape, Agricultural, and Construction Water (.75" to 1" meter)

Consumption Blocks (units) ¹	Current	New
0 - 49	\$3.02	\$3.32
50 - 132	\$3.08	\$3.39
133 or more	\$3.14	\$3.45

Water Usage Fee¹ - Landscape, Agricultural, and Construction Water (1.5" to 2" meter)

Consumption Blocks (units) ¹	Current	New
0 - 144	\$3.02	\$3.32
145 - 355	\$3.08	\$3.39
356 or more	\$3.14	\$3.45

Water Usage Fee¹ - Landscape, Agricultural, and Construction Water (3"+ meter)

Consumption Blocks (units) ¹	Current	New
0 - 1,044	\$3.02	\$3.32
1,045 - 8,067	\$3.08	\$3.39
8,068 or more	\$3.14	\$3.45

Meter Size	Current			New		
	System Fee ²	MWD/CWA ²	Total	System Fee ²	MWD/CWA ²	Total
3/4"	\$14.58	\$9.77	\$24.35	\$14.58	\$11.82	\$26.40
1"	\$18.52	\$16.28	\$34.80	\$18.52	\$19.69	\$38.21
1 1/2"	\$28.37	\$32.61	\$60.98	\$28.37	\$39.44	\$67.81
2"	\$40.18	\$52.15	\$92.33	\$40.18	\$63.07	\$103.25
3"	\$71.68	\$104.30	\$175.98	\$71.68	\$126.14	\$197.82
4"	\$107.13	\$162.98	\$270.11	\$107.13	\$197.11	\$304.24
6"	\$205.59	\$325.92	\$531.51	\$205.59	\$394.17	\$599.76
8"	\$323.73	\$521.51	\$845.24	\$323.73	\$630.71	\$954.44
10"	\$461.57	\$749.61	\$1,211.18	\$461.57	\$903.58	\$1,368.15

Other Charges

	Current	New
Energy Charges ³	\$0.038	\$0.044
Improvement District ⁴ No. 3	\$0.18	\$0.19
Improvement District ⁴ No. 10	\$0.26	\$0.27
La Presa ⁴	\$0.07	\$0.08

Footnotes

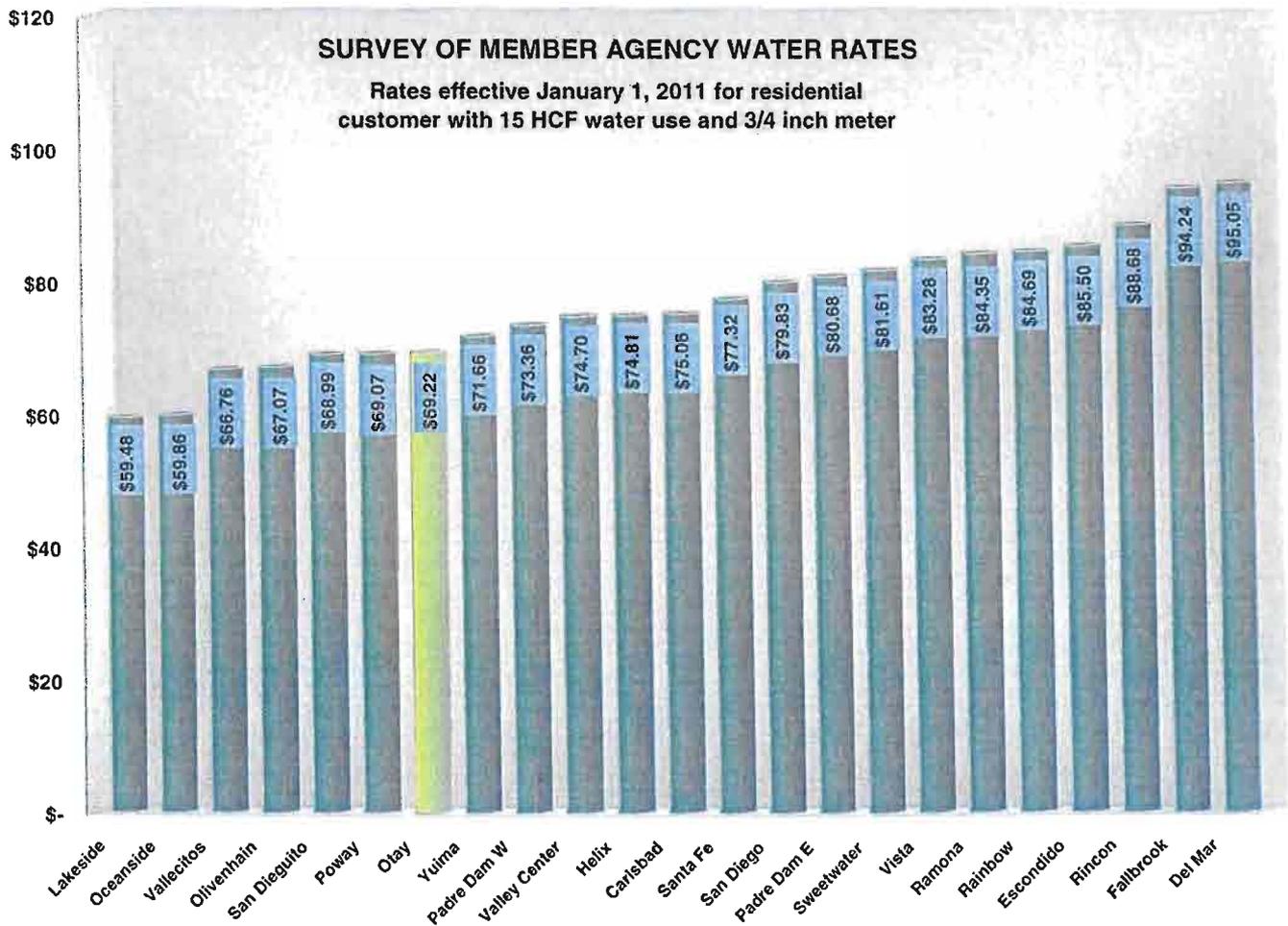
- This rate is a per unit charge. Customers using temporary meters pay two times this rate. One unit of consumption equals 748 gallons of water.
- These Fixed Charges are based on the meter size. The MWD/CWA fee is increasing to reflect the full pass-through of this cost by the District's water suppliers.
- The Energy Charge represents the cost of energy required to pump each unit of water 100 feet in elevation. This is charged proportionately for every foot of elevation over 450 feet. This increase is necessary due to increased power costs to the District.
- This charge is a per unit charge and your bill will vary based on water consumption.

This information reflects only changes to rates. For a comprehensive listing of rates, please see the Otay Water District's Code of Ordinances at www.otaywater.gov.

Water Rate Comparison

The District strives to remain cost effective in its rate setting, by controlling operating cost, yet passing through the full cost of supply. The following two charts show how the District compares in rates with its neighboring water and sewer providers.

**Water Rate Comparison of Water Providers
in San Diego County**



Sewer Rate Comparison

Sewer Rate Comparison of Sewer Providers in San Diego County

