OTAY WATER DISTRICT

BOARD OF DIRECTORS MEETING
DISTRICT BOARDROOM

2554 SWEETWATER SPRINGS BOULEVARD
SPRING VALLEY, CALIFORNIA
WEDNESDAY
January 3, 2007
3:30 P.M.

AGENDA

1. SWEARING CEREMONY

2. ROLL CALL

3. PLEDGE OF ALLEGIANCE

4. ELECTION OF BOARD PRESIDENT

   As per Chapter 2, Section 1.03.B, *Procedure for Election*, of the District's Code of Ordinances, the General Manager shall chair the proceedings for election of the President. The newly-elected President shall assume office immediately and shall chair the proceedings for the election of the Vice President and Treasurer.

5. ELECTION OF BOARD VICE PRESIDENT

6. ELECTION OF BOARD TREASURER

7. APPROVAL OF AGENDA

8. **PUBLIC HEARING ON RATE INCREASE**

   THE BOARD WILL BE HOLDING A PUBLIC HEARING BEFORE CONSIDERING THE PROPOSED RATE INCREASE TO BE IMPLEMENTED IN CALENDAR YEAR 2007. THE BOARD INVITES THE PUBLIC TO PROVIDE COMMENTS ON THIS PROPOSED INCREASE.

   a) APPROVE THE IMPLEMENTATION OF THE RATE INCREASE AS PROPOSED BY THE FISCAL YEAR 2006-2007 OPERATING AND CAPITAL BUDGET (BEACHEM)

9. RECESS FOR A PRESENTATION TO OUTGOING BOARD PRESIDENT AND RECEPTION

10. RECONVENE OTAY WATER DISTRICT BOARD MEETING

11. 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

12. RECESS OTAY WATER DISTRICT BOARD MEETING

13. CONVENE OTAY SERVICE CORPORATION BOARD MEETING

14. ROLL CALL

15. ELECTION OF OFFICERS

    a) PRESIDENT
    b) VICE-PRESIDENT
    c) TREASURER

16. APPOINTMENT OF OFFICERS

    a) EXECUTIVE DIRECTOR
    b) CHIEF FINANCIAL OFFICER
    c) SECRETARY

17. ADJOURN OTAY SERVICE CORPORATION BOARD MEETING

18. RECONVENE OTAY WATER DISTRICT BOARD MEETING

CONSENT CALENDAR

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

    a) APPROVE THE PROPOSED PRINCIPLES OF UNDERSTANDING WITH THE SAN DIEGO COUNTY WATER AUTHORITY AND CITY OF SAN DIEGO FOR THE SAN DIEGO 17 PUMP STATION AND FLOW CONTROL FACILITY

    b) AWARD A PROFESSIONAL SERVICES AGREEMENT WITH RBF CONSULTING FOR PROVIDING CONSTRUCTION MANAGEMENT SERVICES FOR THE 640-1 AND 640-2 RESERVOIRS PROJECT FOR AN AMOUNT NOT-TO-EXCEED $1,196,735

INFORMATION / ACTION ITEMS

20. FINANCE AND ADMINISTRATIVE SERVICES

a) ADOPT RESOLUTION NO. 4092 AMENDING THE DEBT POLICY, BOARD OF DIRECTORS POLICY NO. 45 (CUDLIP)

b) RECEIVE THE FINANCING PLAN FISCAL YEAR 2006 UPDATE (BEACHEM)

21. BOARD

a) DISCUSSION OF 2007 BOARD MEETING CALENDAR

REPORTS

22. GENERAL MANAGER'S REPORT

a) UPDATE ON THE 30" RECYCLED WATER PIPELINE PROJECT

b) SAN DIEGO COUNTY WATER AUTHORITY UPDATE

23. DIRECTORS' REPORTS/REQUESTS

24. PRESIDENT'S REPORT

RECESS TO CLOSED SESSION

25. CLOSED SESSION

a) CONFERENCE WITH LEGAL COUNSEL – PENDING LITIGATION [GOVERNMENT CODE §54956.9(a)]

(i) DONNA BARTLETT-MAY, et. al. v. OTAY WATER DISTRICT

RETURN TO OPEN SESSION

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

27. ADJOURNMENT

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

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

Certification of Posting

I certify that on December 29, 2006, I posted a copy of the foregoing agenda near the regular meeting place of the Board of Directors of Otay Water District, said time being at least 72 hours in advance of the regular meeting of the Board of Directors (Government Code Section §54954.2).

Executed at Spring Valley, California on December 29, 2006.

Susan Cruz, District Secretary

AGENDA ITEM 8

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	January 3, 2007
SUBMITTED BY:		W.O./G.F. NO:	DIV. NO. All
APPROVED BY: (Chief)	Joseph R. Beachem, Chief Financial Officer		
APPROVED BY: (Asst. GM):	German Alvarez, Assistant General Manager		
SUBJECT:	Approve the Implementation of the Rate Increase as Proposed by the FY 2006-2007 Operating and Capital Budget		

GENERAL MANAGER'S RECOMMENDATION:

That the Board approve the implementation of the rate increase as proposed by the FY 2006-2007 Operating and Capital Budget.

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To present for the Board's consideration the implementation of the rate increase as proposed by the FY 2006-2007 Operating and Capital Budget.

ANALYSIS:

Approval of the rate changes will increase potable and reclaimed water rates by 5.4%. Staff is recommending a combination of fixed and variable rate changes to accomplish this overall 5.4% rate increase.

The changes would include an increase in the variable water rate to all classes of potable customers of approximately 2.9%. Staff is also recommending an increase in the variable water rate to all classes of recycled customer's of 4.85%. The system fees have not been increased since 1993. This fixed fee component of the District's revenues is important to maintain revenue stability. The system fee for both potable and recycled customers is recommended to increase by 10% from $10.25 to $11.30 for a single-family residence.

Finally, the District also has a fixed fee to potable customers that cover the County Water Authority (CWA) and Metropolitan

Water District (MWD) Fixed Charges. CWA and MWD have increased these charges by $715,000. The individual increases are identified below:

Customer Service Charge	$101,400
Emergency Storage Charge	$272,100
Infrastructure Access Charge	$231,200
Capacity Reservation Charge	$12,500
Readiness-to-Serve Charge	$97,800

This change in costs is passed-through directly to the potable customers via a fixed fee called CWA and MWD Fixed Charges. The fee change needed to cover this increase is 24%, from $2.85 to $3.55 for a single-family residence.

The Board's approval will also implement a 5.8% increase for sewer which includes cost and rate increases from Metro and Spring Valley sewer, new regulations, and operating cost increases.

Staff has prepared a Water/Sewer Rate Fact Sheet (Attachment C). This fact sheet has been prepared to provide a summary of pertinent information that can be shared with customers and other interested parties.

This action item is scheduled following the Prop. 218 public hearing which is set to receive protests from the public regarding the rate changes. Notices of the hearing were sent at least 45 days prior to the hearing and were sent to all customers and property owners affected by the rate changes. With the completion of the hearing the Board will be able to consider all customer input and move forward as they deem appropriate.

FISCAL IMPACT:

The rate changes will support the District's operations, strategic plan initiates, and the District's capital improvement plan. With these changes, the District will be able to maintain reserve level targets and retain its financial strength.

STRATEGIC GOAL:

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

LEGAL IMPACT:

None.

General Manager

Attachments:

A) Committee Action Form
B) Public Hearing Notice Re: Proposed Rate Increases
C) Water/Sewer Rate Increase Fact Sheet
D) Customer Letters

ATTACHMENT A

SUBJECT/PROJECT:	Approve the Implementation of the Rate Increase as Proposed by the FY 2006-2007 Operating and Capital Budget

COMMITTEE ACTION:

The Finance and Administration Committee reviewed this item at a meeting held on December 21, 2006. The following comments were made:

- The rate changes were approved by the board with the approval of the Fiscal Year 2007 budget on May 30, 2006;
- A public hearing is scheduled during the board meeting of January 3, 2007 in compliance with Proposition 218 to support the planned debt issuance;
- Approximately 52,000 notices were sent to all customers and property owners affected by the rate changes. The District has received approximately 40 opposition letters to the proposed rate changes;
- A fact sheet was prepared by staff, as suggested by Director Croucher, and is being utilized by customer service and staff to respond to customer inquiries;
- The committee had an interest in the District's sewer rate and how it compared with Spring Valley Sanitation District's rate. Staff indicated that a chart is prepared each year comparing the sewer rates of the various agencies providing sewer services and that they would forward a copy of the chart.;
- It was discussed that the reclaimed water rate has been subsidizing sewer services and that the sewer rate has been very low for many years. The proposed increase of 5.8% includes cost and rate increases from Metro and Spring Valley sewer, new regulations and operating cost increases.
- The committee inquired if the District was educating customers regarding the reasons for the rate increase. It was noted that the District has published the rate comparison graph in a previous customer *Pipeline Newsletter*, however, it has not forwarded information specifically concerning the rate increase. Staff

indicated that they would publish information on the District's website and in the next customer *Pipeline Newsletter*. Staff will also provide a presentation during the public hearing regarding the reasons for the rate increase and include the rate survey graph in the presentation. For future, staff will forward such information along with the Proposition 218 public hearing notice.;

- There was discussion concerning customers who question the reason for the proposed rate increases when they have done their part to conserve water. It was discussed that Otay's conserving customers receive a discount for utilizing 10 units or less. Otay customers receive further benefit of a low fixed water rate (system fee) of $11.30 compared to other agencies (who on average charge $15.80). Combined with the discounted water rate for conserving water, Otay's bill is the fifth lowest in the county for customers who use 10 units or less. Staff has a strategic plan objective to evaluate the fixed versus variable component with is likely to push more cost to the fixed side of the equation, going counter to these customers desires.
- The committee also requested that future letters of confirmation to customers who write the District to oppose rate increases include an indication that each member of the board receives copies of their letters and is aware of their concerns.

Upon completion of the discussion, the Committee supported staff's recommendation and forwarding to the Board of Directors as an information/action item.

ATTACHMENT B

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

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

Purpose and Summary of Rates: The purpose of the new rate structure is to make it possible for the Otay Water District to maintain the level of service to its customers and a balanced budget. The new rates were determined after performing a detailed six-year analysis of all costs and revenues. This analysis shows a significant portion of the required rate increases are directly related to higher costs for energy and water supply. The proposed rate increases are set forth in the enclosed tables.

Pursuant to currently applicable law, owners of record may respond to proposed rate increases. If you desire to object to the proposed rate increases, you may file a written protest with the Secretary of the Otay Water District at or prior to the time and date set for the public hearing. Under applicable law, protests must be received in writing prior to the close of the public hearing to be considered. A valid protest must contain a description of the real property sufficient to identify the parcel you own within the boundaries of the District (address and or assessor parcel number), the owner(s) name(s), and signature of the owner(s). If the current owner is not shown on the last equalized assessment roll of the County of San Diego, written evidence must be submitted that the person signing the protest is the owner(s). Protests can be mailed or physically delivered to: **Board Secretary, Otay Water District, at the address above.** DO NOT SEND PROTESTS VIA EMAIL.

If a majority of the affected property owners file written protests, the proposed water or sewer rate charges will not be implemented. If you have questions regarding this notice, please visit our Web site at www.otaywater.gov or speak with a Customer Representative at (619) 670-2227 between 8:00 a.m. and 5:00 p.m. Monday through Friday.

Este informe contiene información muy importante sobre su tarifa de agua. Por favor llame servicio al cliente (619-670-2227) se tiene preguntas.

Monthly Charges

Customer Class: Domestic Service

Meter Size	System Charge (Through 12-31-06)	System Charge (Proposed 1-1-07)	MWD & CWA Fixed Charge (Through 12-31-06)	MWD & CWA Fixed Charge (Proposed 1-1-07)
3/4"	10.25	11.30	2.85	3.55
1"	16.50	18.15	4.55	5.65
1-1/2"	32.50	35.75	8.55	10.65
2"	54.20	58.60	14.80	18.45

Customer Classes: Multi Residential, Business, Combined Domestic/Agriculture, Publicly-owned, Commercial Agricultural, Non Agricultural Irrigation, Reclaimed, Irrigation using Non-potable and Reclaimed

Meter Size	System Charge (Through 12-31-06)	System Charge (Proposed 1-1-07)	MWD & CWA Fixed Charge* (Through 12-31-06)	MWD & CWA Fixed Charge* (Proposed 1-1-07)
3/4"	20.00	22.00	2.85	3.55
1"	30.80	33.90	4.55	5.65
1-1/2"	43.30	47.65	8.55	10.65
2"	54.20	59.60	14.80	18.45
3"	87.20	95.90	27.35	34.05
4"	99.80	109.80	46.75	58.20
6"	199.50	219.45	85.50	106.45
10"	380.80	418.90	222.30	276.75

* Not charged to Non Agricultural Irrigation and Reclaimed

Fire Service System Charges - From $21.20 to $23.30

Customer Class: Multi Residential Multiple Unit Charge per meter from $3.21 to $3.53

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

Sewer Charge per ASU - From $30.90 to $32.70

ASU - Assigned Service Unit

Water Unit Charges

Improvement District Additional Water Charges

Service Area	Rate per H.C.F. (Through 12-31-06)	Rate per H.C.F. (Proposed 1-1-07)
ID 3	0.14	0.15
ID 10	0.22	0.23

Customer Class: Domestic Service

Number of H.C.F Furnished	Rate per H.C.F. (Through 12-31-06)	Rate per H.C.F. (Proposed 1-1-07)
*1-5	1.05	1.08
6-10	1.73	1.78
11-35	1.88	1.94
Over 36	2.75	2.83

* Applies if 10 units or less used

Customer Class: Multi Residential and Residential Attached

Number of H.C.F Furnished	Rate per H.C.F. (Through 12-31-06)	Rate per H.C.F. (Proposed 1-1-07)
0-4	1.73	1.78
Over 4-15	1.88	1.94
Over 15	2.75	2.83

Customer Classes: Business, Combined Domestic/Agriculture, Publicly Owned, Commercial, Agricultural, Non Agricultural Irrigation, Special Agreement

Rate per H.C.F. (Through 12-31-06)	Rate per H.C.F. (Proposed 1-1-07)
1.85	1.91

Customer Class: Reclaimed, Irrigation using Non potable and Reclaimed

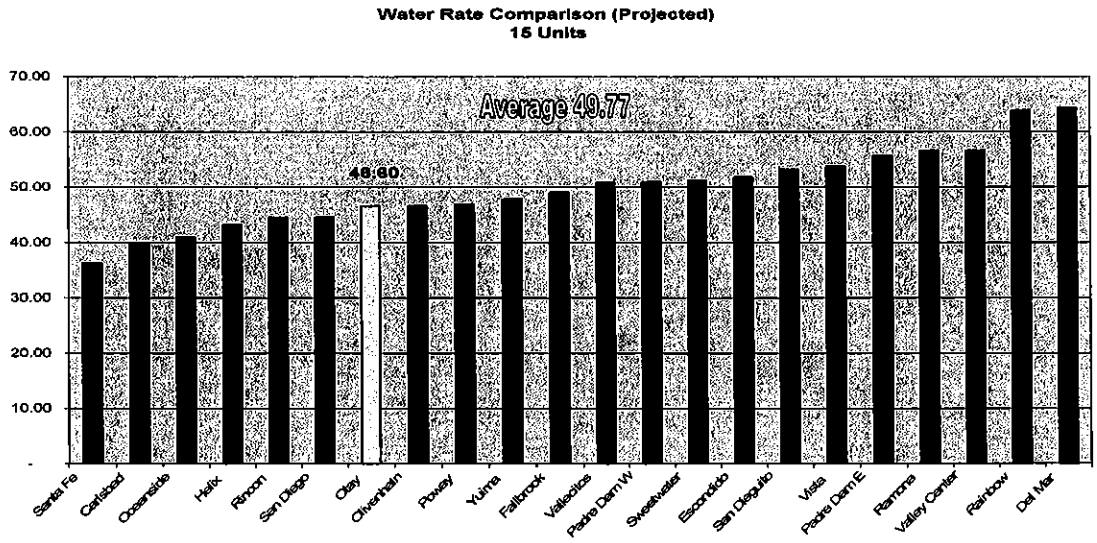
Rate per H.C.F. (Through 12-31-06)	Rate per H.C.F. (Proposed 1-1-07)
1.57	1.65

ATTACHMENT C

Water/Sewer Rate Increase Fact Sheet

- The Otay Water District will be holding a public hearing on January 3, 2007, to consider a 5.4% rate increase that, if approved, would take effect in January 2007.
- If approved, the average customer would see their rates increase by $2.50 per month.
- The increase is mostly a pass-through to our water wholesalers, the San Diego County Water Authority (CWA) and the Metropolitan Water District of Southern California (MWD).
- CWA and MWD will use the funds to pay for higher system costs such as higher energy and water costs, but also to fund system wide facility upgrades such as the Emergency Water Storage Program to improve long-term reliability programs including developing desalination and recycled water projects.
- Approximately 54% of the proposed increase is passed-through to our water wholesalers, the CWA and the MWD.

- The remaining 46% percent (or $1.15) is to cover increased district costs for programs and services such as:
  - To meet new regulatory standards (Health Department's requirements for Air Vac relocations, reservoir covers, and the EPA's new valve exercising program).
  - Higher energy costs to operate district facilities, pump stations, and fleet vehicles.
  - Higher costs for supplies such as pipe, concrete, asphalt, and steel.
  - Programs to reduce future operating expenditures (Automated Meter Reading).
  - Fully funding ongoing maintenance.
- Despite the increase, the Otay Water District's rates are the seventh lowest in San Diego County (based on an average water use of 15 units per month).



- The modest rate increase would also be a part of our long-term rate model that helps the district maintain a balanced budget, meet reserve target levels, ensure financial stability, meet the debt coverage ratio targets, while funding district operations to meet strategic plan objectives.

- If approved, sewer customers would also see an increase of 5.8% or $1.80 per month.
- The increase is primarily a pass-through to cover higher costs from the Metropolitan Wastewater Joint Powers Authority (82%) and the Spring Valley Sanitation District (6%).
- The remaining 12% percent or .22 cents is to cover increased district costs for energy, materials, maintenance, as well as labor costs.

THIS IS REPRESENTATIVE OF THE LETTERS
FORWARDED TO CONSTITUENTS WHO
WROTE TO THE DISTRICT
OPPOSING THE RATE INCREASE

<Date>

Customer Name
Address
City, State Zip Code

Dear <Title Mr./Ms.> <Last Name>:

This is to confirm receipt of your letter of opposition with regard to the District's proposed water rate increase. We appreciate your taking a moment to share with us your thoughts. Your comments will be included as part of the hearing record.

Again, thank you for your letter as your comments are valuable to the District.

Sincerely,

Susan Cruz,
Board Secretary

Letters of Opposition

from Customers of

Division 1

(Number of Letters: 6)

1

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

Otay Mesa Shell
2310 Roll Drive
San Diego, CA 92054

December 7, 2006

Re: Proposed Water and Sewer Rate Increase

To Whom It May Concern:

In regards to your notice for a proposed water and sewer rate increase, we submit the following:

We, Shahin and Nasila Edalatdju, the owners of the real property located at 2310 Roll Drive,
San Diego, CA 92054, would like to protest the proposed water fee increase.

Regards,

Shahin Edalatdju

Nasila Edalatdju

Wanda Kinermon
1517 Apache Dr., Unit C
Chula Vista, Ca. 91910

1

December 5, 2006

Otay Water District
2554 Sweetwater Spring Blvd.
Spring Valley, Ca 91978

Dear Sir or Madam:

This letter is in protest of the January 3, 2007, increase of 5.4% water charges. The economy being as it is, this would be a burden for the working class citizen. If this increase is due to the water energy cost, please explain to me why the Chula Vista is continuing to build more and more homes in south east Chula Vista. My paycheck will not be increased by 5.4%, not even 1%. This 5.4% increase is more than inflation. Please reconsider that if you must increase the water cost, please reduce it by a percentage that's feasible for all.

Thank you for any consideration you might give this letter.

Sincerely,

Wanda Kinermon

November 6, 2006

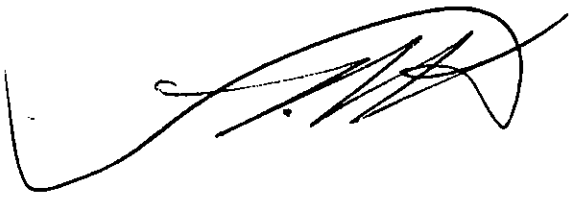
OTAY WATER DISTRICT
2554 SWEETWATER SPRINGS BL
SPRING VALLEY, CALIFORNIA 91978

ATTN: Board Secretary

Dear Secretary of Water District,

I am the owner of 2149 Hamden Dr. in the city of Chula Vista. Every month that I look at my water bill, I am applauded at how high it is. I wanted to let the Board know that I pay more for sewer charges than I do for the actual cost of water. I am opposed to any type of proposed rate structure increase to the water or sewer.

Sincerely,



Michael Cohen

October 28, 2006

Dear Sir,
I object to the proposed water and sewer rate increase. My address is 2209 Rolling Ridge Road, Chula Vista, California 91914. My name is Jo Ann Greenhouse.

Sincerely,

Jo Ann Greenhouse

Jo Ann Greenhouse

Lisa Piancone
605 San Pablo Place
Chula Vista, CA 91914

November 1, 2006

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

RE: Protest of Proposed Increase of Water and Sewer Rates

Dear Board Secretary,

I wish to file a written protest that I, Lisa Piancone, owner of 605 San Pablo Place, Chula Vista, CA 91914, am protesting the proposed increase of water and sewer rates.

Thank you.

Sincerely,

Lisa Piancone
Owner
605 San Pablo Place
Chula Vista, CA 91914
Assessor Parcel Number 595-530-25-00

1

October 30, 2006

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

Subject: Rate Increase

Dear Otay Water District Board Members,

While we are fully in support of the OWD being fiscally sound, we must object to the rate increase at this time. We may ultimately support it once we understand it and believe that certain deficiencies within the process are corrected. We have several significant concerns with the OWD notification letter which leads me to this position.

First and foremost, the letter notifying rate payers of the increase is not clear and does not seem to have the intent to truly inform the average rate payer. In essence, there is an abundance of information provided, but provides too much information for the average rate payer to understand and interpret as to how they will actually be affected. There is a very detailed breakdown of the different areas measured and the corresponding rate increases. However, it is not clear how much our monthly bill will increase. In most other instances we've seen of rate increase notifications by other utilities, there is a clear indication of the actual monthly increase or with a min/max range and an average increase.

A second concern is that only owners of record may respond. This seems quite unrealistic and unjust to the people really paying the bill. While many owners live in their properties, many also rent their property to tenants and either have the renter directly contract and pay for service themselves or the land owner may pay the bill and pass the costs on to the renter. In either case, the resident is the one who ultimately pays for the water. The persons eligible to comment should be the ratepayer of record. In the event that the rate payer is a land lord, notice should be sent to the land lord (at the address he/she receives the bill) and to the resident (at the address to which service is provided). The rate paying landlord's comment should be accepted, but the resident should also be allowed an advisory comment.

Finally, the notification letter does not allow e-mail correspondence on the rate increase to be accepted by the OWD. In this internet age, this is completely unreasonable. As a Planning Commissioner for Chula Vista, we regularly take e-mail comment on projects and it is included in the public record. Citizens are also invited and encouraged to electronically provide their thoughts and opinions to the Mayor, City Council and Staff. E-mail correspondence should be as readily accepted by the OWD as any hard copy e-mail sent through the postal service.

We sincerely hope that the OWD Board Members will seriously consider these points. We think the process for the proposed rate increase is archaic and does not take into account the realities of the world today with respect making the process well communicated and easy to understand, being rate-payer friendly, being just to those really paying the water bill, and in taking advantage of modern communication technology.

Sincerely,

Bryan and Denee' Felber
1455 Appalachian Place

Bryan Felber
1455 Appalachian PL
Chula Vista, CA 91915-1558

SAN DIEGO CA 921

Ronald Reagan
39USA

OTAY WATER DISTRICT
2554 SWEETWATER SPRINGS BLVD
SPRING VALLEY, CA 91978

91978+2004

Letters of Opposition

from Customers of

Division 2

(Number of Letters: 7)

Dan McAllister
San Diego County Treasurer-Tax Collector
P.O. BOX 129009 • San Diego, California 92112

1 TOLL FREE: [illegible]
2 FAX: (619) 531-6056
3 PAY ONLINE: WWW.SDTREASTAX.COM

For Fiscal Year Beginning July 1, 2006 and Ending June 30, 2007

4 PROPERTY ADDRESS - DESCRIPTION - SUBDIVISION

01300 RAVEN AVE

LOT 1

ZENITH II

2

CURRENT OWNER

GERBER GEORGE R JR
1300 RAVEN AVE
CHULA VISTA CA 91911

SPECIAL MESSAGES

5 MAP NO.
008331

7 DOCUMENT NO.
486232

8 DOCUMENT DATE
12/18/03

6 DESCRIPTION — VALUES & EXEMPTIONS

LAND	$	166464
IMPROVEMENTS		171666
TOTAL L&I		338130
PERSONAL PROPERTY		
EXEMPTIONS		
HOMEOWNERS	$	
OTHER		
NET TAXABLE VALUE		338130

OWNER MESSAGES

9 OWNER OF RECORD ON JANUARY 1, 2006: GERBER GEORGE R JR

Z91911 007836 20624 1/1

RETAIN THIS PORTION FOR YOUR RECORDS

10 PARCEL / BILL NO.	11 TAX RATE AREA	12 CORTAC NO.	13 1st Installment 11/1/06		14 2nd Installment 2/1/07		15 TOTAL DUE
[illegible]	01045		1884.00	+	1884.00	=	3768.00

16 YOUR TAX DISTRIBUTION

AGENCY	BASE	RATE	TAX AMOUNT
1% TAX ON NET VALUE		1.00000	3381.30
VOTER APPROVED BONDS:			
ELEMENTARY SCHOOL	NET	0.02662	90.01
HIGH SCHOOL	NET	0.02016	68.16
COMMUNITY COLLEGE	NET	0.01405	47.50
METRO WATER DISTRICT	NET	0.00470	15.89
TOTAL ON NET VALUE		1.06553	3602.86
FIXED CHARGE ASSMTS:	PHONE #		
CO MOSQUITO/RAT CTRL	800-273-5167		2.28
MOSQUITO/DISEASE CTRL	800-273-5167		6.36
OPEN SPACE DIST	800-676-7516		125.00
WATER AVAILABILITY	619-670-2284		10.00
MWD WTR STANDBY CHRG	800-[illegible]		[illegible]

17 YOUR TAX DISTRIBUTION

AGENCY	BASE	RATE	TAX AMOUNT
CWA WTR AVAILABILITY	858-522-6900		10.00
TOTAL AMOUNT			3768.00

23L (Rev 7/06)

SECURED TAX BILL

TO: BOARD SECRETARY, OTAY WATER DISTRICT. 12-6-06

I GEORGE R. GERBER JR.

THE OWNER & OCCUPANT OF THE ABOVE PROPERTY

DO PROTEST & OBJECT TO THE PROPOSED RATE INCREASE.

George R. Gerber Jr

GEORGE R. GERBER JR.

December 1, 2006

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

To Whom It May Concern:

This is a response to the announcement on the public hearing regarding the proposed water and sewer rates increase to be heard on January 3, 2007. We, Jeffrey C. Chua and Jennifer J. Chua, married joint owners of assessor parcel number 5944303400 also known as 548 Almonte Place Chula Vista CA 91910, hereby protest against said proposed water and sewer rates increase. The amount we are currently paying for our water supply and sewerage system is already a great burden on our finances and this proposal to increase the rates will not help us in any way. We hope you will be considerate regarding this matter.

Thank you.

Sincerely,

Jeffrey C. Chua

Jennifer J. Chua

2

Board Secretary,
Otay Water District

Tuesday, October 31, 2006

Re: Protest against proposed
water and/or sewer rate charges

Account **255-1467-14**

I desire to object to the proposed rate increases. Please file this as a written protest with the Secretary of the Otay Water District against the proposed water or sewer rate charges.

Below please find property address and my information.

Thank you

Jorge Cortez
1473 Old Janal Ranch Road,
Chula Vista, CA 91915

ACCT 200 1252-01 23 November 2006 2

Att. Board Secretary Otay Water District

I wish to protest any rate changes to both Water & sewer current Rates as they are NOT needed at this time. I have been a user of Otay Water District for 38 years. You replaced the meters twice in the past (2) years. What's going on? We pay the highest Water bills with the (a) Local Betterment fees $2.42 San Diego (b) CWA Infrastructure fees $2.85 & (c) Water System fees $10.25 in our County. My monthly Water bill have increased from $30-35 dollars a month to $60-$70 dollars a month, that's 100% in the last 4-5 years - Enough is Enough. Maybe we should have an audit of why these rate increases are necessary at this time or, see if the Public Utility's Commission, can't put Otay Water District under their control. With the State of California Assembly & Senate's Actions I will follow up on this issue

William B. Yancey Sr
305 Spruce St
Chula Vista Ca 91911

c file
CRU.

619-420-8253

October 26, 2006

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

Re: Proposed Water and Sewer Rate Increase

To Whom It May Concern:

I hereby officially lodge my objection regarding Otay Water District's proposed water and sewer rate increase.

Residence address: 1001 Calma Drive
Chula Vista, CA 91910

Parcel No. #640-162-39-00

Sincerely,

Patricia Pestka

Patricia Pestka
Owner

~~332 EAST PALOMAR ST., CHULA VISTA, CA 91910~~

2

We are a retired couple on a limited income. We & our daughter takes baths every third day unless we do dirty sweaty work. We load all (DISHWASHER/WASHER) to MAX before operating. We don't have a pool & don't water the backyard. We water the front yard once a week. Yet, our water & Sewer cost as much as our gas & electric (non-renewable energy) even though rain renews, snow renews, and sewer pipes are reusable. Why?

And you want to charge us more! we can't afford it to go up even more.

Sincerely,

Mr & Mrs [illegible]

"Therefore if anyone is in Christ, he is a new creation. The old has gone, the new has come."

2 Corinthians 5:17

2

December 11-2006

Otay Water Distrit

To whom it my concern.

To respond at letter for the increase water fees. I have read the proposal for the year 2007 and I NOT AGREE WITH THIS PROPOSAL .This purpose is wrong because all of us live in tight budgets and we can't afford it.

I live in 1721 melrose ave #16 Chula Vista Ca. 91911
Account no. 208-7015-66
Meter nno. 481255

Thanks for take care of my opinion.

Ramon Dela Tova
1721 melrose ave #16
Chula vista ca. 91911
619 5851378

Letters of Opposition

from Customers of

Division 3

(Number of Letters: 7)

3

December 12, 2006

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

To Whom It May Concern:

I think we pay more than enough for the water at the current rates. Please do not raise the price of the water. Perhaps you should hire an efficacy expert to help you find better ways of running the business.

Sincerely,

Kay Cole

Kay Cole
1362 Darby Street
Spring Valley, CA 91977

Scott Montgomery
2717 Isham Springs Ct
Spring Valley, CA 91977
(619) 549-5780 Cell
(619) 670-6932 Home

3

December 10, 2006

Otay Water District

Subject: Proposed Water and Sewer Rates

Reference: Notice of Public Hearing

Dear Otay Water District,

I protest the proposed increase in water and sewer rates.

The average person is paying about 50% of their income in taxes and various fees. There has to be a limit to everything and stopping this increase would be a place to start!

Most Sincerely,

Scott Montgomery

3

To: Board Secretary,
Otay Water District

Nov. 29, 2006

Fr: Evangeline and Farolito Montenegro
10421 Lake Breeze Dr.
Spring Valley, Ca 91977

Parcel# 505-741-03-00

To whom it may concern:

Please let it be known that we would like to PROTEST/OBJECT to the proposed water rate increase.

Respectfully,

EVANGELINE MONTENEGRO

FAROLITO MONTENEGRO

3

November 9, 2006

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

To whom it may Concern:
I am writing to protest the proposed rate increases. I am a senior citizen living on a meager fixed income and I cannot afford any more increases in my utilities. I do not see any better service coming my way and feel that the cost of doing business should be borne by the company selling the product. If my rates keep increasing, I shall not be able to afford to live here and I cannot afford to go anywhere else ether.

Sincerely,

Charlotte Marshall-Potts

Charlotte Marshall-Potts, consumer

CHARLOTTE POTTS
8338 STANSBURY ST
SPRING VALLEY,CA
91977

SAN DIEGO CA 921

10 NOV 2006PM 8 T

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

91978+2096

12-6-06

To The Secretary, Otay Water District

This is the Letter of Protest against the Rate Increase that The Board secretary Otay Water District has Purpose.

My name is Ernesto Gonzalez
510 Broadview st.
Spring Valley, Ca. 91977
Parcel # 583 643 0500

Thank You

November 21, 2006

TO: BOARD SECRETARY, OTAY WATER DISTRICT
RE: PROPOSED WATER & SEWER RATE INCREASES
FROM: EDWARD & M. CRISTINA del TORO
1312 CORONADO AVENUE
SPRING VALLEY CA 91977
ASSESSOR PARCEL # 579 400 15 00

Please be advised that this is a written protest against the proposed rate increases that the Otay Water District would like to implement that would affect my residence. I consider myself and my household to be conservative water users. My water charge for usage is quite low compared to the water system fee that is charged every month by Otay. This month my water charge is $6.95 and the water system fee is $10.25.

You should reconsider just passing on those rate increases to residents who use excessive amounts of water in proportion to the number of people in their household and their personal needs, e.g. having a pool, sizeable acreage, etc. Conservative water users like myself should be rewarded and not charged the rate increases as an incentive for continuing to be frugal water users.

Thank you.

Sincerely,

Edward del Toro M. Cristina del Toro

Edward & M. Cristina del Toro

I protest the proposed increase in water and sewer rate changes.

(3)

Fred L Province

Fred L. Province
1647 Enfield St.
Spring Valley, CA 91977

Parcel # 577-511-14-00

11-10-06

Letters of Opposition

from Customers of

Division 4

(Number of Letters: 10)

4 12/21/06

To the Board Secretary
of The City Water Dist.

I am not in
favor of the proposed
"Rate Increase"
for Water + Sewer.

Sincerely

Mrs. Florence E. Richardson
1692 Ithaca St.
Chula Vista, CA 91913

4

12/18/06

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

Dear Sir:

I do not agree that the water and sewer increases are necessary. The proposed increases appear to be extreme since the monthly water/sewer bills already include a charge for water and sewer system improvements.

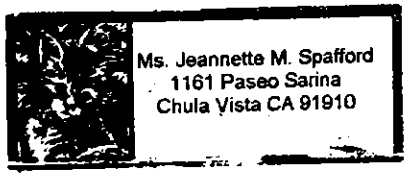
I am a retired person, so finances are important to me.

Yours truly,

Jean Spafford

JEAN SPAFFORD

Acct. No. 622 2771 27



SAN DIEGO CA 921

18 DEC 2006 PM 6 T

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

91978+2004 C010

Attention!!!!!! 4

The Otay Water District will be increasing your water and sewage rates. There will be a public hearing:

When: Wednesday, January 3, 2007
Where: 2554 Sweetwater Springs Blvd.
Spring Valley, CA 91978
Time: 3:30 p.m. in the board meeting room

Owners of property (homes) may **protest these proposed rate hikes**. The protest must be in writing to the Secretary of the Otay Water District at or prior to the date set for the public hearing.

I am protesting the proposed rate increases

Please fill in the necessary information, (note! parcel number is optional), required information flagged with * and send to:
Board Secretary, Otay Water District
2554 Sweetwater Springs Blvd.
Spring Valley, CA 91978

Can't send protest via E mail, must be sent by mail only
* Owners name: DONALD AND JOANNE FAMILY TRUST

* I am protesting the proposed rate increases for water and sewage by Otay Water District. I am the owner of the real property located at (address):
1654 ITHACA ST
CHULA VISTA CA 91913

Not required
My parcel number is (located on your property tax bill (PARCEL/BILL NO. XXX-XXX-XX-XX)
My parcel number is _____

* Signature of owner of Real Property Donald Bodie Joanne Bodie

Send your written protest to:
Board Secretary, Otay Water District
2554 Sweetwater Springs Blvd.
Spring Valley, CA 91978

Very Important:
If a majority of the affected property owners file written protests, the proposed water and sewage rate increases will not be implemented. If you have any questions or concerns see or call (619) 670-2227 between 8:00a.m. and 5p.m.
Thank you for your participation, please attend the public hearing.

Attention!!!!!!

The Otay Water District will be increasing your water and sewage rates. There will be a public hearing:

When: Wednesday, January 3, 2007
Where: 2554 Sweetwater Springs Blvd.
Spring Valley, CA 91978
Time: 3:30 p.m. in the board meeting room

Owners of property (homes) may **protest these proposed rate hikes**. The protest must be in writing to the Secretary of the Otay Water District at or prior to the date set for the public hearing.

I am protesting the proposed rate increases

Please fill in the necessary information, (note! parcel number is optional), required information flagged with * and send to:
Board Secretary, Otay Water District
2554 Sweetwater Springs Blvd.
Spring Valley, CA 91978

Can't send protest via E mail, must be sent by mail only
* Owners name: Phyllis Ann Comer

* I am protesting the proposed rate increases for water and sewage by Otay Water District. I am the owner of the real property located at (address):
1647 Gotham ST.
Chula Vista CA 91913

Not required
My parcel number is (located on your property tax bill (PARCEL/BILL NO. XXX-XXX-XX-XX)
My parcel number is _____

* Signature of owner of Real Property Phyllis Comer

Send your written protest to:
Board Secretary, Otay Water District
2554 Sweetwater Springs Blvd.
Spring Valley, CA 91978

Very Important:
If a majority of the affected property owners file written protests, the proposed water and sewage rate increases will not be implemented. If you have any questions or concerns see or call (619) 670-2227 between 8:00a.m. and 5p.m.
Thank you for your participation, please attend the public hearing.

Otay Water account number: 040-0052-09

4

TO: OTAY WATER DISTRICT
FROM: EDWARD AND EIRA FAHEY.
LONG-TIME CUSTOMERS

WE ARE RESIDENTS OF SPRING VALLEY SINCE 1959. AND HAVE BEEN FAITHFUL USERS OF YOUR WATER DISTRICT SINCE.
NOW THAT WE ARE IN OUR LATE 70'S AND RETIRED, WE ARE BOTH IN POOR HEALTH. OUR RETIREMENT INCOME LEAVES US WITH NO OPTION FOR UTILITY INCREASES (WHICH SEEM TO OCCUR EVERY YEAR).
WE ARE ON A FIXED INCOME AND OUR MEDICAL BILLS ARE ALSO SKY ROCKETING.
WE STRONGLY PROTEST THE PROPOSED RATE INCREASES!

OUR HOME IS LOCATED AT: 1435 WHITESTONE RD., SPRING VALLEY, CA. 91977. THE PARCEL NR. IS: 580-132-03-00. WE, EDWARD F FAHEY AND MY WIFE, EIRA P FAHEY ARE THE LISTED PROPERTY OWNERS

Edward F Fahey
EDWARD F FAHEY

Eira P. Fahey
EIRA P FAHEY

Attention!!!!!!

The Otay Water District will be increasing your water and sewage rates. There will be a public hearing:

4

When: Wednesday, January 3, 2007
Where: 2554 Sweetwater Springs Blvd.
Spring Valley, CA 91978
Time: 3:30 p.m. in the board meeting room

Owners of property (homes) may **protest these proposed rate hikes**. The protest must be in writing to the Secretary of the Otay Water District at or prior to the date set for the public hearing.

I am protesting the proposed rate increases

Please fill in the necessary information, (note! parcel number is optional), required information flagged with * and send to:
Board Secretary, Otay Water District
2554 Sweetwater Springs Blvd.
Spring Valley, CA 91978

Can't send protest via E mail, must be sent by mail only
* Owners name: Richard + Catherine Hibbard

* I am protesting the proposed rate increases for water and sewage by Otay Water District. I am the owner of the real property located at (address):
1651 Gotham St
Chula Vista Ca. 91913

Not required
My parcel number is (located on your property tax bill (PARCEL/BILL NO. XXX-XXX-XX-XX)
My parcel number is 642-120-05-00

* Signature of owner of Real Property Richard E Hibbard

Send your written protest to:
Board Secretary, Otay Water District
2554 Sweetwater Springs Blvd.
Spring Valley, CA 91978

Very Important:
If a majority of the affected property owners file written protests, the proposed water and sewage rate increases will not be implemented. If you have any questions or concerns see or call (619) 670-2227 between 8:00a.m. and 5p.m.
Thank you for your participation, please attend the public hearing.

Attention!!!!!!

The Otay Water District will be increasing your water and sewage rates. There will be a public hearing:

4

When: Wednesday, January 3, 2007
Where: 2554 Sweetwater Springs Blvd.
Spring Valley, CA 91978
Time: 3:30 p.m. in the board meeting room

Owners of property (homes) may **protest these proposed rate hikes**. The protest must be in writing to the Secretary of the Otay Water District at or prior to the date set for the public hearing.

I am protesting the proposed rate increases

Please fill in the necessary information, (note! parcel number is optional), required information flagged with * and send to:
Board Secretary, Otay Water District
2554 Sweetwater Springs Blvd.
Spring Valley, CA 91978

Can't send protest via E mail, must be sent by mail only
* Owners name: BARBARA EDWARDS

* I am protesting the proposed rate increases for water and sewage by Otay Water District. I am the owner of the real property located at (address):
1390 BLUE FALLS DR
CHULA VISTA, CA. 91910

Not required
My parcel number is (located on your property tax bill (PARCEL/BILL NO. XXX-XXX-XX-XX)
My parcel number is _____

* Signature of owner of Real Property Barbara Edwards

Send your written protest to:
Board Secretary, Otay Water District
2554 Sweetwater Springs Blvd.
Spring Valley, CA 91978

Very Important:
If a majority of the affected property owners file written protests, the proposed water and sewage rate increases will not be implemented. If you have any questions or concerns see or call (619) 670-2227 between 8:00a.m. and 5p.m.
Thank you for your participation, please attend the public hearing.

Nov. 27, 2006

4

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

Dear Secretary:

We, the below owners of stated property, Object to the proposed water & sewer rate increases.

Sincerely,
Thomas R. Carter

Thomas and Wendy Carter
960 Camino Del Sol
Chula Vista, CA 91910

December 4, 2006

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

I am sending this letter so that it can be recorded that we:

OBJECT TO THE PROPOSED RATE INCREASES!

Our rates and cost have increased way to much over the past five years. If our systems need to be updated then this cost should be paid by permits for new construction! Between mello roos, taxes sur charges etc. we pay more than our share already!

We have an acre of property and if rates go up again we will have to stop watering this area. Is their any current provisions for credits or rate deductions for undeveloped land? If so pleas let us know.

Sincerely,
Vincent P Matyas
308 Crestview Drive
Bonita, ca 91902

Vincent P. Matyas

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

I formally prokest to raising the water rates. I already pay almost $200.00/month.

Sincerely,

Edgardo Arroyo
2721 Magnolia Point Ct.
Chula Vista, CA 91914
Parcell # 595-740-44-00

Letters of Opposition

from Customers of

Division 5

(Number of Letters: 13)

Dec 15, 2006

Dear Otay Water District,
We are against the proposed rate increases.

John P + Rebecca S. Watson
3778 Alta Loma Dr.
Jamul, CA. 91935
Parcel # 519 140 51 00 5
519 140 50 00

Thank you
John P. Watson
Rebecca S. Watson

December 14, 06

Otay Water District
Board Secretary;

5

We live at 3476 Fern Canyon Rd.
Jamul, Ca. 91935

We are retired so raising the water rate will affect us financially as well as many others.

We are careful with our water use now. We are removing our lawn and redoing landscaping with water wise plants & hopefully "bunny proof" ones!

We know costs are higher for everyone and difficult not to increase but...

appreciate your not raising our water rates. We will be out of town for Public Hearing.

Thank you,

Paul & Virginia Sites
Parcel # 519-141-02
619 401-8895

5

To: Secretary of the Otay Water District:
RE: Proposed rate increases

I would like to object to the proposed rate increases. The address of the real property is,

2420 Starlight Court
Chula Vista, Ca 91915

Owners: Ruben & Heather Martin

Ruben Martin

Heather L. Martin

November 17, 2006

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

Gentlemen:

Regarding your proposed rate hike:

Yes, I protest. We are already paying the highest rates in the area due to Board squabbling and subsequent legal fees. I suggest you reduce the per diems you pay your Board members and cut other wasteful administrative expenses and NOT raise your rates.

Very truly yours,

Connie Crusha

Connie Crusha
1077 Vista Madera Lane
El Cajon, 92019

Acct # 231-6630-22

November 30, 2006
2590 Indigo Drive
El Cajon, CA 92019

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

Attention: Mark Watton
General Manager

Dear Mr. Watton:

I am appalled at the rate increase you are proposing for the Otay Water District customers. I note in your article that you picked a low paying customer to use for your example showing the amount of increase.

I am living in a gated community where we are required to keep our lawns presentable. My water bills this year have been $86.77 last January, $91.33 in February, $58.57 in March, April $50.09, May $84.51, in June $91.31, July, $127.09, August $123.95, September $118.54, October $139.6 4, and $123.95 again in November. I don't know what the bill will be in December. Hardly the $46.60 you used in your example.

While I am writing, I also think it is "highway robbery" to add the sewer charge on 100 % of this water bill as most of it never sees the sewer.

I'm certain that none of this means anything to you but to me, a retiree living on a set budget, it can be devastating.

Sincerely,

Audrey J. Kenney

Audrey J. Kenney

5

ELVIA RUCKER
3236 Ma Lou Drive
Jamul, California 91935
(619) 669-4917

December 4, 2006

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

To whom it may concern:

We are vehemently **opposed** to the rate increase proposed by the Otay Water District. Our water rate is already exorbitant and outpaces other water districts in San Diego County. Our family has taken positive steps in reviewing and curtailing our water usage. We propose that the water district likewise review and curtail its expenditures.

Elvia Rucker
Elvia Rucker

Harold V. Rucker
Harold Rucker

5

Riyadh Makani
11602 Avenida Anacapa
El Cajon, CA 92019
Parcel No. 502-272-75-00

November 28, 2006

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

Dear Sir or Madam

Subject: Rate Increase Proposal

I am writing to you to express my objection to the proposed water and sewer rate increase. My name, address and parcel number are listed above. Thank you.

R. Makani

Riyadh Makani
Property Owner

5

Maher Younan
923 Avenida Del Oceano
El Cajon, CA 92019
Parcel No. 514-470-15-00

November 28, 2006

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

Dear Sir or Madam

Subject: Rate Increase Proposal

I am writing to you to protest the proposed water and sewer rate increase. My name, address and parcel number are listed above. Thank you.

M. Younan

Maher Younan
Property Owner

5

Basil Younan
2450 Sawgrass Street
El Cajon, CA 92019
Parcel No. 518-222-30-00

November 28, 2006

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

Dear Sir or Madam

Subject: Rate Increase Proposal

I am writing to you to express my objection to the proposed water and sewer rate increase. My name, address and parcel number are listed above. Thank you.

Basil Younan

Basil Younan
Property Owner

Division 5

5

11/14/06

Parcel # 519-250-12-00

To the Board Secretary of the Otay Water District:

I object to the proposed rate increases for water and sewer.

Larry W Brown

Larry W Brown

Order No.
Escrow No.
Loan No.
RECORDING REQUESTED BY
WHEN RECORDED MAIL TO:

Larry Brown
13130 Rio Brava Court
Jamul, CA 91935

FR
2P
1C

Parcel # 519-250-12-00

DOC # 2006-0777004

NOV 01, 2006 9:46 AM
OFFICIAL RECORDS
SAN DIEGO COUNTY RECORDER'S OFFICE
GREGORY J. SMITH, COUNTY RECORDER
FEES: 14.00
OC: OC
PAGES: 2

DOCUMENTARY TRANSFER TAX $...0.00 spouse transfer .....

.....Computed on the consideration or value of property conveyed;

.....Computed on the consideration or value less liens or encumbrances remaining at time of sale; OR

.....Exempt from imposition of the Documentary Transfer Tax pursuant to Revenue and Taxation Code § 11927(a), on transferring community, quasi-community, or quasi-marital property assets between spouses, pursuant to a judgment, an order, or a written agreement between spouses in contemplation of any such judgment or order.

Sallie Kay Brown
Signature of declaring grantor or grantee

INTERSPOUSAL TRANSFER GRANT DEED

(Excluded from reappraisal under California Constitution Article 13A § 1 et seq.)

This is an Interspousal Transfer and not a change in ownership under § 63 of the Revenue and Taxation Code and Grantor(s) has(have) checked the applicable exclusion from reappraisal:

☐ A transfer to a trustee for the beneficial use of a spouse, or the surviving spouse of a deceased transferor, or by a trustee of such a trust to the spouse of the trustor;

☐ A transfer to a spouse or former spouse in connection with a property settlement agreement or decree of dissolution of a marriage or legal separation;

☐ A creation, transfer, or termination, solely between spouses, of any co-owner's interest;

☐ The distribution of a legal entity's property to a spouse or former spouse in exchange for the interest of such spouse in the legal entity in connection with a property settlement agreement or a decree of dissolution of a marriage or legal separation;

☐ Other:

☑ **Check when creating separate property interest in grantee spouse: It is the express intent of the grantor, being the spouse of the grantee, to convey all right, title and interest of the grantor, community or otherwise, in and to the herein described property to the grantee as his/her sole and separate property.**

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

SALLIE K. BROWN, SPOUSE OF GRANTEE (who acquired title as Sallie Kay Cottrell trustee of Sallie Kay Cottrell Family Trust

hereby GRANT(S) to

Larry Brown, a married man as his sole and separate property

MAIL TAX STATEMENTS TO:

Same as above

(continued on next page)

the real property in the City of Jamul County of San Diego, State of California, described as

Lot 19 of Rancho San Miguel, In the county of San Diego, State of California, according to map thereof no. 7937, filed in the office of the county recorder of San Diego County, May 16, 1974.
Parcel 2:
An easement 8.00 feet wide for ingress and egress over that portion of Lot 20 of Rancho San Miguel, in the county of San Diego, State of California, according to map thereof no. 7937, filed in the office of the county recorder of San Diego county, May 16, 1974, 8.00 Feet in width, the southeasterly and easterly line of which is described as follows:

Beginning at the most southerly corner of said lot 20; thence north 49 57' 33" east, 173.02 feet of an angle point in the boundary of said lot; thence continuing along said boundary, north 00 07' 42" west, 82 Feet.

Dated @

Sallie K. Brown
SALLIE K. BROWN

STATE OF CALIFORNIA }
COUNTY OF San Diego } ss.

On Oct 31, 06 before me, Reza M. Kaghazchi, Notary, a notary public, personally appeared Sallie K. Brown,
~~personally known to me~~ (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that ~~he/she~~/they executed the same in ~~his/her/their~~ authorized capacity(~~ies~~), and that by his(her/their signature(~~s~~) on the instrument the person(~~s~~) or the entity upon behalf of which the person(~~s~~) acted, executed the instrument.

OFFICIAL SEAL
REZA M. KAGHAZCHI
NOTARY PUBLIC-CALIFORNIA
COMM. NO. 1497282
SAN DIEGO COUNTY
MY COMM. EXP. JUNE. 26, 2008

(This area for official notarial seal)

WITNESS my hand and official seal.

Signature Reza M. Kaghazchi

To whom it may concern,

This letter is to inform you that as a property owner in the Otay Water District I oppose the increase to our water and sewer rates.

Sincerely,
Brian J. Rogers

1706 Bridgehampton Pl.
El Cajon, CA 92019
(619) 444-5415

Brian J. Rogers
1706 Bridgehampton Pl.
El Cajon, CA 92019

SAN DIEGO CA 921

15 NOV 2006 PM 10 T

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

91978+2038

5

November 15, 2006
2560 Brust St.
El Cajon, Ca.
92019

Dear Sirs;

Yes, I would like to protest new water and sewer rates because we pay too much for our water already! These are big properties here, but we in the family are very careful with water use. The parcel number is number 8 if I am reading the plans correctly, but I do believe that it could be part of parcel 7. My husband, Arthur E. Clarke, passed away in 2005 and these kinds of things are a little beyond me!

Sincerely,
(Mrs.) Eula Clarke

December 4, 2006

5

Dear Board Secretary, Otay Water District:

We protest the increase in sewer charges (from $30.90 to $32.70 a month) as proposed by the Otay Water District. It was only a year ago that the sewer rate went up $4.00 a month. You need to cut back on expenses, especially your pension plan.

We do not receive water from the Otay Water District.

Sincerely,

Brenda Post
Gregory Post
owners of parcel # 502-193-07-00
11174 Explorer Road
La Mesa, CA 91941

AGENDA ITEM 19a

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	January 3, 2007
SUBMITTED BY:	Jim Peasley Engineering Manager	PROJECT NO.:	P2425-001101 DIV. NO.: N/A
APPROVED BY: (Chief)	Rod Posada Chief, Engineering		
APPROVED BY: (Asst. GM):	Manny Magaña Assistant General Manager, Engineering and Operations		
SUBJECT:	Principles of Understanding for San Diego 17 Pump Station and Flow Control Facility Execution Authorization		

GENERAL MANAGER'S RECOMMENDATION:

That the Board of Directors authorize the General Manager to execute the Principles of Understanding (POU) for San Diego 17 Pump Station and Flow Control Facility.

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To obtain the Board of Directors authorization for the General Manager to sign the proposed Principles of Understanding (POU) for San Diego 17 Pump Station and Flow Control Facility (SD17). The SD17 POU is to be executed by the San Diego County Water Authority, City of San Diego, and Otay Water District. Please see Attachment B.

ANALYSIS:

The City of San Diego (City) will expand the Alvarado Water Treatment Plant (AWTP) to 200 million gallons per day by 2010 and excess capacity will be available to meet treated water needs of other member agencies of the San Diego County Water Authority (Water Authority). The excess treatment capacity could be used to serve the Otay Water District (Otay). Otay has the largest demand of any Water Authority member agency for treated water south of the AWTP.

The City has long contemplated construction of a new pump station located at the AWTP capable of providing treated water into the Water Authority's aqueduct system, specifically Pipeline No. 4 of the Second San Diego Aqueduct, for delivery

into the City's Mid City Pipeline at the existing San Diego 18 Flow Control Facility.

The City applied for a Proposition 50, Chapter 3 Water Security grant (Prop 50 Grant), via the State Department of Health Services (DHS) to enhance the City's water security system that included construction of the San Diego 17 Pump Station and Flow Control Facility (SD17) at the AWTP, as one of the security components through enhanced reliability for the region. The total capacity of SD17 is approximately 60 million gallons per day. The project cost for SD17 is projected to be approximately $20 million. Approximately $10 million will come from the Prop 50 Grant with the remaining portion of funding to be split between both the City and Otay. The Water Authority will not contribute funds to the SD17 project.

Prior to executing a Prop 50 Grant contract with DHS for grant funding for construction of SD17, the City is required to show DHS that there is an agreement with Otay for a contractual commitment to purchase treated water produced at the AWTP. The City requires an agreement with the Water Authority to gain access to the regional aqueduct system.

As proposed, Otay could purchase untreated water from the Water Authority at the prevailing untreated water rate or potentially from any other untreated water source, and the City would treat untreated water for Otay at the AWTP and then pump treated water into the aqueduct system at SD17. This treated water would then be taken at the existing Otay connections on the Water Authority aqueduct system downstream of the AWTP. It is contemplated that Otay will pay the City for actual costs to produce and pump treated water at the AWTP. The Water Authority will not charge for the treated water produced at the AWTP and pumped into the aqueduct system, if the untreated water is purchased from the Water Authority, since Otay will pay transportation, supply, storage, and customer service charges for all untreated water purchased from the Water Authority. This reflects the intent of the Water Authority rate structure to provide for a single total charge for water anywhere along the aqueduct system.

It is the stated policy of the Water Authority to maximize the use of local facilities and reduce treated water demand on the southern end of the aqueduct system. These principles allow for greater use of local facilities. Maximizing the use of local treatment facilities also provides opportunities to provide treated water to the region during planned shutdowns and emergencies. This is in line with the integrated Water

Resources Plan (IRP) that is currently under preparation. The contemplated SD17 agreement provides the regional benefit of integrating the AWTP into the regional water system.

The Water Authority Board of Directors authorized their General Manager to execute the SD17 POU at their November 30, 2006 Board meeting. The City is not required to request authorization from City Council to execute the SD17 POU. This is the City's typical practice.

Both the SD17 POU and the anticipated final agreement will be three-party arrangements for treatment and pumping by the City, transportation, etc., by the Water Authority, and use by Otay. It is anticipated that the City will maximize its use of the AWTP with no numerical target imposed to allow operational flexibility for the three agencies.

The Water Authority is concerned about aqueduct system reliability, integrity, and security as it relates to the operation of SD17 in coordination with the aqueduct system operations. The City and the Water Authority both have expressed a desire to own SD17. The issue of SD17 ownership will be discussed further and addressed in the final agreement.

Once all parties approve the SD17 POU, staff will begin negotiating the final agreement with the City and Water Authority and return to the Board in the spring of 2007 for approval.

The City projects that the SD17 Pump Station and Flow Control Facility project will cost approximately $20 million. If the City does acquire the Proposition 50, Chapter 3 Water Security grant, then approximately $10 million will come from that source. The remaining portion of funding is planned to be split between the City and Otay in proportion to the SD17 capacity that each agency obtains. It is estimated that Otay should acquire 50 mgd capacity of the 60 mgd SD17 Pump Station to meet projected demands and provide emergency water supply service. The Otay capital cost obligation would be about $8.3 million for 50 mgd of SD17. The Water Authority will not be contributing funds to the SD17 project.

The capital cost for SD17 is not currently within the Otay capital improvement program (CIP). However, there are two capital projects within the current Otay CIP that would not be required if 50 mgd of capacity in SD17 is acquired. The total

capital cost of the two projects are more than triple the $8.3 million for SD17.

FISCAL IMPACT:

As the SD17 POU does not commit the District to any expenditures or benefits, there is no direct fiscal impact. As explained in the above analysis if the subsequent agreement does come to fruition the District stands to benefit by avoiding two substantial CIP projects.

STRATEGIC GOAL:

The SD17 POU supports the Otay Mission Statement, "To provide the best quality of water and wastewater service to the customers of the Otay Water District, in a professional, effective, efficient, and sensitive manner, in all aspects of operation, so that public health, environment and quality of life are enhanced." and the Otay strategic goal, in planning for infrastructure and supply to meet current and future potable water demands.

LEGAL IMPACT:

Legal counsel has reviewed the SD17 POU and takes no exception to the form.

Mark Watton

General Manager

Attachments

JP/RP/MM:jfp

ATTACHMENT A

SUBJECT/PROJECT:	Principles of Understanding for San Diego 17 Pump Station and Flow Control Facility Execution Authorization
PROJECT NO.:	P2425-001101

COMMITTEE ACTION:

The Engineering and Water Operations Committee reviewed this item at a meeting held on December 18, 2006. The following comments were made:

- Staff is requesting that the board authorize the General Manager to execute the Principles of Understanding for the design, construction and maintenance of a new connection (SD17) at the City of San Diego's Alvarado Treatment Plant which will include a Pump Station and Flow Control Facility.

- The total capacity of SD17 is projected to be approximately 60 MGD. The connection will potentially meet the District's treated water requirements through build out for the south and central areas of the District.

- The cost of SD17 is approximately $20 million. $10 million will be covered by a Prop 50 grant from the State Department of Health Services which the City has already received notification of approval. The remaining $10 million will be shared by Otay and the City of San Diego. The County Water Authority will not be contributing funds to the SD17 project.

- Untreated water will be purchased from the County Water Authority and will be pumped to the Alvarado Treatment Plant for treatment. The treated water would then be sent into the aqueduct system at SD17 to connections to Otay's system.

- The project is in-line with the Integrated Water Resources Plan.

- SD17 would also eliminate the need for two CIP projects which would have cost three times the $8.3 million cost for the SD17 project.

- The County Water Authority approved the execution of the POU in November 2006. The City is not required to request authorization from the City Council to execute the SD17 POU.

- After all parties have approved the POU, negotiations will commence on a final agreement. It is expected that the final agreement would be completed around April or May 2007.

- Padre Dam MWD and Helix WD would also benefit from the SD17 project.

- It was also discussed that Otay would become the City's largest water customer with the completion of this project. As the largest customer the City and District will work more closely together which will help strengthen the relationship between the agencies.

Upon completion of the discussion, the Committee supported staff's recommendation and forwarding to the Board of Directors on the consent calendar.

ATTACHMENT B

Principles of Understanding for San Diego 17 Pump Station and Flow Control Facility

November 1, 2006

The Otay Water District (Otay), the San Diego County Water Authority (Water Authority) and the City of San Diego (City) are executing and delivering this Principles of Understanding (POU) to set forth certain goals and understandings in connection with the proposed design, construction, operation, and maintenance of the new connection (SD17), which includes a new pump station and flow control facility (FCF). Otay, Water Authority, and the City recognize the benefits of constructing a pump station at the Alvarado Water Treatment Plant (AWTP), which is owned and operated by the City, to pump treated water produced at the AWTP into the Water Authority's aqueduct system (Aqueduct) for the benefit of Otay and the City. This proposed SD17 will provide Otay and the region with an additional source of treated water available from the AWTP for normal service, routine shutdowns, flow reductions in the treated water system or made available for the region during emergencies.

The City has applied for a Proposition 50, Chapter 3 Water Security grant (Prop 50 Grant), via the State Department of Health Services (DHS) to enhance the City's water security system that included SD17 as one of the security components through enhanced water reliability for the region. In order to meet Otay's additional water needs, the City, contingent upon City Council approval, will enter into an agreement with DHS for the Prop 50 Grant and will design, build and permit SD17 to provide water to Otay. Because of its connection to the Water Authority's regional aqueduct system, the Water Authority will operate SD 17. Issues dealing with the ownership, operation and maintenance of SD17 will be negotiated and resolved in the final agreement.

Prior to executing a contract with DHS that includes grant funding for construction of SD17, the City needs the contractual commitment of Otay to purchase/utilize potable water produced at the AWTP. It is contemplated that Otay will pay the Water Authority for imported untreated water at the prevailing untreated water rate and pay the City for actual costs to produce potable water at the AWTP. Under the contemplated contract, Otay will pay for a portion of the costs of construction of the SD17 facility, and the City in return will reimburse a portion of said costs to Otay with a share of the Prop 50 Grant funds. That portion of said costs will be agreed upon in the subsequent agreement.

Therefore, Otay, Water Authority and the City would like to formalize the SD17 arrangement in an agreement according to the following principles:

1. All three parties agree that it would be beneficial to construct SD 17 at the AWTP site to pump treated water from the AWTP into the Aqueduct to transport it for the use of Otay and the City. SD 17 accomplishes the regional goal of maximizing the use of existing local treated water facilities and also provides a potential benefit to the region in an emergency.
2. Otay, the Water Authority and the City will designate the appropriate staff within two weeks of the date the last party signs this POU to negotiate an agreement as to the terms and conditions for the design, construction, ownership, operation, and maintenance of SD17. The agreement should be presented for approval to the parties' governing bodies by April 1, 2007, with final governing bodies' approval targeted for July 2007.

3. The agreement will include the finalization of the terms of supplying Otay with treated water, including a pricing structure for the sale, at cost, to produce potable water by the City. Steps should be taken to ensure that to the extent possible all costs incurred in connection with SD 17 meet the eligibility requirement for reimbursement as prescribed by the Prop 50 Grant guidelines.
4. Otay will quantify its estimated demand for treated water from SD 17 for the purpose of Water Authority long term planning needs and will update this need annually as part of the regional aqueduct operating plan.
5. The design, construction, operation and maintenance of SD 17 will not adversely impact the operation of the Aqueduct. The Water Authority will approve the design and construction of SD17.
6. Issues dealing with the ownership, operation and maintenance of SD 17 will be negotiated and resolved in the final agreement. The City will work with the Water Authority and Otay to develop a mutually agreeable operating plan. All deliveries to the Aqueduct will be dependant on available Aqueduct capacity.
7. Otay and the City will agree to the estimated cost of SD 17 and will also agree to the reimbursement portion attributed to Prop 50 Grant reimbursement. The reimbursement portion should equal the percentage of dollars invested to construct SD 17, compared to the total dollars invested in the overall security project.
8. The Water Authority has no obligations to contribute to the capital and maintenance costs of SD 17, and as such, the City has, under this agreement, no obligations to provide the Water Authority with any water supply from SD 17.
9. Otay and the City will agree to the apportionment of maintenance costs for SD 17.
10. The intent of this agreement is to treat water at AWTP for delivery to Otay. The City may contract with Water Authority and/or any third party for any portion of the City's capacity in SD 17 not used by Otay. Any new delivery agreement is subject to Water Authority approval.
11. Water treated at the AWTP will not receive an additional charge when reintroduced into the Aqueduct at SD 17 when any of the following conditions apply:
    - The untreated source water had been purchased from and/or delivered through the Water Authority.
    - The local water introduced is specifically used at SD 18/21 per existing agreement between the City and Water Authority dated May 31, 1994, which allows for up to 93 cfs capacity. Local water delivered to any other connection will be charged.
    - There is sufficient capacity within the treated pipeline to deliver the requested flows.
    - Any water delivered under a Metropolitan Water District credit program, which excludes transportation or other service charge will be subject to those charges if reintroduced. The intent is to keep all parties whole.
12. The agreement will address a mutually agreeable accounting process for water delivered into and out of AWTP.
13. In the event that the City does not receive Prop 50 grant funding for SD 17 the agreement will be terminated and with no liabilities or obligations to any of the parties.

This POU is agreed to by the following parties:

Otay Water District Mark Watton General Manager	Date	City of San Diego Anthony Boles Chief Acquisition Officer	Date

Approved by San Diego County Water Authority Board Action Item: _____ Date: _____

AGENDA ITEM 19b

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	January 3, 2007	
SUBMITTED BY:	Ron Ripperger Engineering Manager	C.I.P./ G.F. NO:	P2185	DIV. NO. 5
APPROVED BY: (Chief)	Rod Posada Chief, Engineering			
APPROVED BY: (Asst. GM):	Manny Magaña Assistant General Manager, Engineering and Operations			
SUBJECT:	Award of a Construction Management Services Contract for the 640-1 and 640-2 Reservoirs Project			

GENERAL MANAGER'S RECOMMENDATION:

That the Board authorize the General Manager to enter into a professional services agreement with RBF Consulting (RBF), for providing construction management services for the 640-1 and 640-2 Reservoirs project for a not-to-exceed amount of $1,196,735 (see attached Exhibits A and B for project location).

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To obtain Board authorization to award a construction management contract to RBF for the 640-1 and 640-2 Reservoirs Project.

ANALYSIS:

At the December 2006 Board meeting, Pacific Hydrotech Corporation was awarded the construction contract for the reservoir project. Actual construction of the project is scheduled to start in January 2007 with processing of submittals and clearing and grubbing to be the first items of work. This project is critical to meeting the ultimate demands for the North District.

Consistent with the Otay Water District's (District) practice, a construction management firm (CM) is used on larger projects that have a variety of complex construction activities. The CM augments District staff by providing a team of highly specialized experts and

specialty subconsultants, in addition to the full-time inspection and monitoring that are required on a daily basis. Having a CM managing a project of this magnitude also provides the opportunity for discussion on methods of work and the possibility of cost savings through value engineering and schedule refinements.

The District solicited construction management services from engineering consultant firms by placing an advertisement in the San Diego Daily Transcript from September 14-22, 2006. Seventeen (17) firms submitted a letter of interest and a statement of qualifications. The Request for Proposal was sent to all seventeen (17) firms resulting in eight (8) proposals received on October 18, 2006. They are as follows:

1. Parsons Brinckerhoff
2. Swinerton Management & Consulting, Inc.
3. PBS&J
4. MARRS Services, Inc.
5. RBF Consulting
6. Simon Wong Engineering
7. Jacobs
8. PinnacleOne

The remaining nine (9) firms (G Force; EPC Consultants Inc.; Miller Brooks, Environmental Inc.; MTGL; URS; Infrastructure Engineering Corporation; C2PM; Dudek; and Cornerstone Building Group) chose not to propose or teamed up with another firm to propose. See attached Exhibit C for the survey of rankings by panel members.

In accordance with District Policy 21, staff evaluated and scored all proposals and selected the top three proposers (PBS&J, RBF Consulting, and Jacobs) for a formal interview. The staff interview selection panel was comprised of four individuals from Engineering and one person from Water Operations. The panel interviewed the selected firms on November 29, 2006. After completion of the interviews, the review panel unanimously concluded that RBF was the most qualified consultant. Fee negotiations with RBF for the particular scope of services were concluded on November 30, 2006. The original fee was for $1,415,513 and was negotiated down to $1,196,735.

The District has worked with RBF on the 30-inch Recycled Water Pipeline project and the same proposed team performed the Construction Management work for the 680/944 Recycled Water Reservoir and Pump Station. The District has also used RBF for miscellaneous smaller issues including litigation support. RBF's references were checked and RBF was found to be a highly rated company. Staff is

recommending that the Board authorize the General Manager to enter into a professional services contract with RBF for a not-to-exceed amount of $1,196,735.

FISCAL IMPACT:

The total budget for CIP P2185 is $29,500,000, as revised at the December 6, 2006 Board meeting. The actual costs paid on this project as of November 30, 2006, are $1,791,956. Total expenditures plus outstanding commitment and forecast to date, including this contract, are approximately $29,500,000. Attachment B is a table listing commitments, expenditures, and projected final costs.

Finance has determined that funding for this project will be available from the Expansion Fund 53% and the Betterment Fund 47%.

STRATEGIC GOAL:

This project supports the District's Mission statement, "To provide the best quality of water and wastewater services to the customers of Otay Water District, in a professional, effective, efficient, and sensitive manner...". This project fulfills the District's Strategic Goals No. 1 - Community and Governance, and No. 5 - Potable Water, by maintaining proactive and productive relationships with the project stakeholders and by guaranteeing that the District will provide for current and future water needs.

LEGAL IMPACT:

None

Mark Watton
General Manager

RR:jf
Attachments

P:\WORKING\CIP 00185\Staff Reports\BD 1-03-07, 640-1,2 CM Award.doc

ATTACHMENT A

SUBJECT/PROJECT:	Award of a Construction Management Services Contract for the 640-1 and 640-2 Reservoirs Project (P2185)

COMMITTEE ACTION:

The Engineering and Water Operations Committee reviewed this item at a meeting held on December 18, 2006. The following comments were made:

- Staff noted that the board had awarded the construction contract for the 640-1 and 640-2 Reservoirs Project to Pacific Hydrotech Corporation in the amount of $24.9 million at the December 6, 2006 board meeting.

- Staff is recommending that a Construction Manager Contract be awarded to provide highly specialized expertise and specialty sub-consultants on the project which the District does not have in-house.

- A Request for Proposals (RFP) was solicited for a Construction Management Contractor and requests of interests were received from 17 firms. Of the 17 firms, 8 forwarded a proposal.

- Staff evaluated and scored all eight proposals and unanimously selected RBF Consulting as the most qualified consultant. Staff negotiated their original fee down from $1,415,513 to $1,196,745.

- The District has had positive experience with RBF Consulting. RBF Consulting had performed the construction management work for the 680/944 Recycled Water Reservoir and Pump Station and worked very effectively with the District on the 30-inch Recycled Water Pipeline project. RBF was also the only consultant who had experience working with Pacific Hydrotech Corporation.

- Staff is recommending that the board award the construction contract to RBF Consulting for an amount not to exceed $1,196,745.

- The committee inquired whether contractors who forwarded proposals are sent a note of thanks with some feedback. Staff indicated that the RFP binders are made available to the contractors and the project engineer personally calls each contractor to advise them of the outcome of the RFP and answer and review with them the selection process if they have an interest.

- The committee discussed the benefits of an employee working closely with the contractor to learn the specialized expertise that the contractor provides. It was noted that because much of the expertise that the contractor is hired to perform is something that would only be utilized for the project for which they are hired, it is felt that it is not necessary to try to develop the skill as it will only be utilized once. The District does wish to develop a senior individual to work with the contractors and oversee the work, but not necessarily to learn any specialized skill or expertise.

Upon completion of the discussion, the Committee supported staff's recommendation and forwarding to the Board of Directors on the consent calendar.

ATTACHMENT B

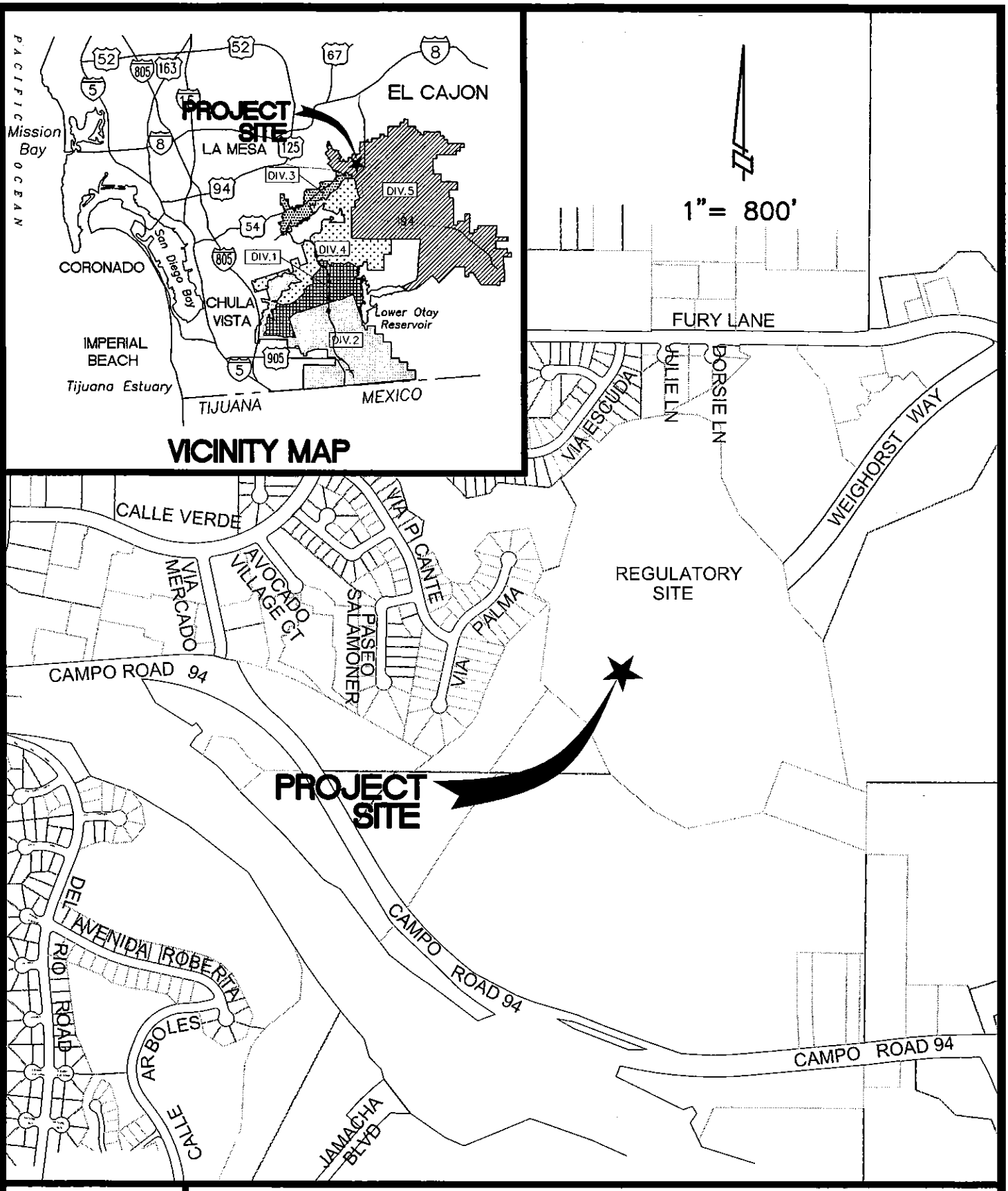
SUBJECT/PROJECT:	Award of a Construction Contract for the 640-1 and 640-2 Reservoirs Project - Budget Detail

Otay Water District

Date Updated: November 30, 2006

P2185 - Res - 640-1 Reservoir 20.0 MG

Budget $27,000,000	*Committed*	*Expenditures*	*Outstanding Commitment & Forecast*	*Projected Final Cost*	*Vendor / Comments*
Planning					
Studies	$ 118,929.39	$ 118,929.39		$ 118,929.39	Boyle Engineering
In House/Labor		$ 102,592.36		$ 102,592.36	
Printing	$ 223.58	$ 223.58		$ 223.58	Tiger Reprographics
Office Supplies	$ 25.05	$ 25.05		$ 25.05	Petty Cash Custodian
Gas & Elelctric	$ 750.00	$ 750.00		$ 750.00	San Diego Gas & Electric
Subcontract	$ 175,783.84	$ 175,783.84		$ 175,783.84	FMS (No Detail)
	$ 153,831.91	$ 153,831.91		$ 153,831.91	FMS (No Detail)
Miscellaneous	$ 362.25	$ 362.25		$ 362.25	Bob Turner's Crane Services Inc.
Chemical Feed Systems	$ 6,169.48	$ 6,169.48		$ 6,169.48	Core-rosion Products
Postage	$ 26.57	$ 26.57		$ 26.57	Fed-Ex
Service Contracts	$ 63.80	$ 63.80		$ 63.80	Sedona Staffing
Land/Easement Acquisition				$ -	
Total Planning	$ 456,165.87	$ 558,758.23	$ -	$ 558,758.23	
Design					
Subcontract	$ 8,499.72	$ 8,499.72		$ 8,499.72	E & J Weed Abatement Co.
Consultant Contracts	$ 822,000.00	$ 740,215.00	$ 81,785.00	$ 822,000.00	Infrasturcture Engineering Corp
	$ 682.01	$ 682.01		$ 682.01	Environmine
	$ 7,800.00	$ 7,800.00		$ 7,800.00	Fire Prevention Services Inc.
	$ 600.00	$ 600.00		$ 600.00	Pacific Sourhwest Biological
	$ 4,720.00		$ 4,720.00	$ 4,720.00	WRA & Associates
	$ 9,711.41	$ 9,711.41		$ 9,711.41	John Powell & Associates
Regulatory Agency Fee	$ 1,250.00	$ 1,250.00		$ 1,250.00	State of California
In House/Labor		$ 340,797.08		$ 340,797.08	
Materials	$ 537.10	$ 537.10		$ 537.10	Traffic Control Services Inc
	$ 152.00	$ 152.00		$ 152.00	Allied Trench Shoring Services
Advertise and Award	$ 7,306.40	$ 26.94	$ 7,279.46	$ 7,306.40	OCB Reprographics
Total Design	$ 863,258.64	$ 1,110,271.26	$ 93,784.46	$ 1,204,055.72	
Construction					
In House/Labor		$ 92,324.55	$ 756,704.54	$ 849,029.09	
Materials	$ 122.40	$ 122.40		$ 122.40	Office Depot
	$ 5,466.34	$ 5,466.34		$ 5,466.34	National Waterworks inc.
Temporary Labor		$ 382.80		$ 382.80	Sedona Staffing
Shipping	$ 20.62	$ 20.62		$ 20.62	Fed-Ex
Construction Contracts	$ 23,377.00	$ 23,377.00		$ 23,377.00	San Diego Gas & Electric
	$ 24,894,000.00		$ 24,894,000.00	$ 24,894,000.00	Pacific Hydrotech Corp
	$ 746,820.00		$ 746,820.00	$ 746,820.00	Contingency @ 3%
Consultant Contract (CM)	$ 1,196,735.00		$ 1,196,735.00	$ 1,196,735.00	Construction Manager
Professional & Legal Fees	$ 96.00	$ 96.00		$ 96.00	Burke Williams & Sorensen LLP
	$ 487.20	$ 487.20		$ 487.20	Garcia,Calderon & Ruiz
Service Contracts	$ 649.60	$ 649.60		$ 649.60	San Diego Daily Scripts
Accpt/close-out			$ 20,000.00	$ 20,000.00	In House Staff
Total Construction	$ 26,867,774.16	$ 122,926.51	$ 27,614,259.54	$ 27,737,186.05	
Grand Total	**$ 28,187,198.67**	**$ 1,791,956.00**	**$ 27,708,044.00**	**$ 29,500,000.00**	



OTAY WATER DISTRICT

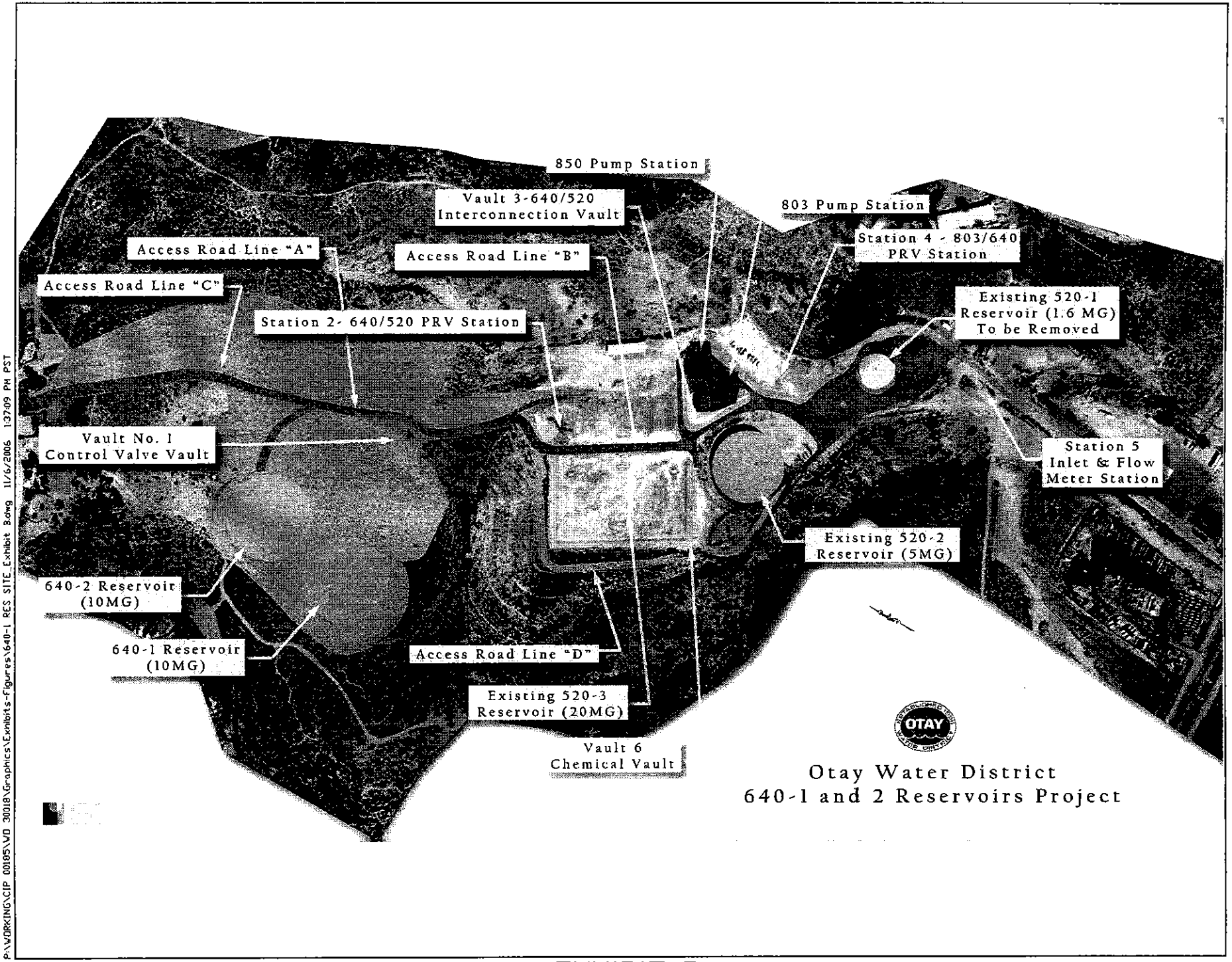
PROPOSED

640-1 AND 640-2 RESERVOIRS

W.O. 30018 LOCATION MAP CIP 2185

EXHIBIT A

P:\WORKING\CIP 00185\WO 30018\Graphics\Exhibits-Figures\640-1 RES SITE.dwg 11/6/2006 11:08:02 AM PST



P:\WORKING\CIP 00185\WD 30018\Graphics\Exhibits-Figures\640-1 RES SITE_Exhibit B.dwg 11/6/2006 1:37:09 PM PST

EXHIBIT B

Exhibit C

SUMMARY OF RANKINGS BY PANEL MEMBERS

640-1 AND 640-2 Reservoirs
CIP P2185 / WO 30018

		WRITTEN								ORAL*					TOTAL SCORE	AVERAGE SCORE
		Qualifications, experience of Consultant's assigned personnel	Experience relevant to type of project being considered	Proposed method to accomplish work	Knowledge of jurisdictional agencies, local area environmental concerns, and regulatory requirements	Proposed Fee	Completeness, addressed requested information	Ability to complete projects on schedule	Consultant's commitment to EBE, DBE, MBE,SBE	Additional creativity, insight to issues	Understanding of scope, schedule, resources	Strength of project manager	Presentation, communication skills	Quality of response to questions		
SCORE		15	15	10	10	20	15	10	5	10	10	10	10	10	150 **	
Parsons Brinckerhoff	M. Magana	13	13	8	9	18	13	9	5						88	87.00
	R. Posada	13	14	8	9	18	13	9	5						89	
	Hossein Juybari	14	13	9	8	18	13	9	5						89	
	Jerry Munoz	14	13	9	9	18	13	9	5						90	
	Ron Ripperger	10	10	7	7	18	13	9	5						79	
Swinerton Management & Consulting, Inc.	M. Magana	10	10	5	5	10	7	4	5						56	56.40
	R. Posada	10	11	5	6	10	7	4	5						58	
	Hossein Juybari	10	12	5	6	10	7	4	5						59	
	Jerry Munoz	10	10	5	6	10	7	4	5						57	
	Ron Ripperger	8	8	5	5	10	7	4	5						52	
PBS&J	M. Magana	14	14	10	9	19	13	9	5	6	6	6	7	7	125	126.80
	R. Posada	13	14	9	9	19	13	9	5	7	7	8	9	8	130	
	Hossein Juybari	14	15	8	10	19	13	9	5	7	7	8	9	7	131	
	Jerry Munoz	14	13	10	9	19	13	9	5	7	7	8	7	7	128	
	Ron Ripperger	13	13	8	7	19	13	9	5	5	6	8	7	7	120	
MARRS Services, Inc.	M. Magana	11	9	6	6	16	12	9	3						72	77.00
	R. Posada	13	13	6	6	16	12	9	3						78	
	Hossein Juybari	13	15	9	8	16	12	9	3						85	
	Jerry Munoz	12	13	6	5	16	12	9	3						76	
	Ron Ripperger	12	10	7	5	16	12	9	3						74	
RBF Consulting	M. Magana	15	15	10	10	16	14	9	5	10	9	10	9	10	142	139.20 *
	R. Posada	15	15	10	10	16	14	9	5	9	9	10	9	10	141	
	Hossein Juybari	15	14	10	10	16	14	9	5	10	10	10	10	10	143	
	Jerry Munoz	15	15	8	10	16	14	9	5	9	9	9	9	10	138	
	Ron Ripperger	14	13	9	8	16	14	9	5	9	8	9	9	9	132	
Simon Wong Engineering	M. Magana	9	9	8	8	16	13	9	5						77	82.20
	R. Posada	10	13	8	9	16	13	9	5						83	
	Hossein Juybari	12	15	7	9	16	13	9	5						86	
	Jerry Munoz	9	12	9	9	16	13	9	5						82	
	Ron Ripperger	13	13	7	7	16	13	9	5						83	
Jacobs	M. Magana	15	14	8	8	19	14	9	5	5	6	6	7	6	122	126.80
	R. Posada	15	15	8	10	19	14	9	5	6	7	7	8	6	129	
	Hossein Juybari	14	15	10	10	19	14	9	5	8	8	7	9	8	136	
	Jerry Munoz	14	14	9	10	19	14	9	5	7	7	7	7	7	129	
	Ron Ripperger	13	13	7	8	19	14	9	5	5	6	6	7	6	118	
PinnacleOne	M. Magana	10	9	6	6	18	10	9	5						73	74.40
	R. Posada	10	11	6	6	18	10	9	5						75	
	Hossein Juybari	10	9	6	7	18	10	9	5						74	
	Jerry Munoz	9	11	6	6	18	10	9	5						74	
	Ron Ripperger	10	10	7	7	18	10	9	5						76	

Not Interviewed

Note: These scores are typical for a particular project. Actual weight scores may vary and will be published as part of the RFP.

*** Oral interviews are for projects with fees over $200,000.**

**** If fees are less than $200,000, then total score is 100 points.**

Signature

11/29/06
Date

AGENDA ITEM 20a

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	January 3, 2007
SUBMITTED BY:	James Cudlip, Finance Manager	W.O./G.F. NO:	DIV. NO. All
APPROVED BY: (Chief)	Joseph R. Beachem, Chief Financial Officer		
APPROVED BY: (Asst. GM):	German Alvarez, Assistant General Manager		
SUBJECT:	Adopt Resolution No. 4092 Amending the Debt Policy (Policy No. 45)		

GENERAL MANAGER'S RECOMMENDATION:

That the Board adopts Resolution No. 4092 amending the Debt Policy (Policy No.45).

COMMITTEE ACTION: _____

See Attachment A.

PURPOSE:

The Debt Policy is being updated in an effort to strengthen our upcoming presentation to the national bond rating agencies, prior to the issuance of new debt by the District, so as to obtain the highest practical credit rating and reduce the cost of debt issuance.

ANALYSIS:

The proposed Debt Policy (Attachment C) revises and expands upon the existing Policy (Attachment D) that was previously approved by the Board on April 13, 2004.

As a part of the review of the existing Debt Policy, we compared our policy to a recommended format that is considered "best practice" by several national accounting and finance organizations. While our current policy already went beyond the minimum requirements mandated by Generally Accepted Accounting Principles (GAAP), the proposed changes have been added to further clarify guidance in the following areas:

- Legal and Regulatory Requirements: Specifies that the CFO will coordinate activities with legal counsel.

- Alternative Funding Sources: Adds State and Federal grants.

- Competitive and Negotiated Sale Criteria: Calculating true interest costs (TIC), and the payment of management fees.

- Continuing Disclosure: Posting copies of financial reports on the internet.

- Investment & Arbitrage Compliance: Investing bond proceeds in accordance with the District's Investment Policy.

- Rating Agency Applications: Obtaining a bond credit rating from more than one rating agency.

- Glossary: Provides additional financial definitions.

To assure the Board that that the currently proposed policy meets best practice standards, it was submitted to the Association of Public Treasurers of the United States & Canada (APT US&C) for review and certification. We recently received notification that this policy was approved in all of the areas addressed, and a copy of APT US&C's congratulatory letter on obtaining the Debt Policy Certificate of Excellence Award is included (Attachment E) to this staff report.

The policy is consistent with the current law and the overall objectives of the policy are being met.

FISCAL IMPACT:

Adoption of this policy will strengthen the District's application to Standard & Poor's for a credit rating higher than that currently issued (A+). Any higher rating (AA- or above) would substantially reduce the costs of issuing new debt.

STRATEGIC GOAL:

Demonstrate financial health through formalized policies, prudent investing, and efficient operations.

LEGAL IMPACT:

None.

Mark Watton

General Manager

Attachments:

A) Committee Action Form
B) Resolution No. 4092
C) Proposed Debt Policy #45
D) Strike-thru Debt Policy
E) APT US&C Debt Policy Certification
F) Copy of Debt Policy Presentation

ATTACHMENT A

SUBJECT/PROJECT:	Adopt Resolution No. 4092 Amending the Debt Policy (Policy No. 45)

COMMITTEE ACTION:

The Finance and Administration Committee reviewed this item at a meeting held on December 21, 2006. The following comments were made:

- It was indicated that the existing Debt Policy, Policy 45, was approved by the Board in April 2004;
- The Debt Policy is being updated to meet best management practices, to obtain a certification of the policy, and to strengthen the District's presentation to the national bond rating agencies. This effort will improve the District's financial management and help to obtain the highest practical credit rating and reduce the cost of the 2007 debt issuance;
- The proposed changes to the policy are to further clarify guidance in the areas that are noted in the staff report to meet "best practice" standards;
- The proposed policy was submitted to the Association of Public Treasurers of the United States and Canada and was awarded the Debt Policy Certificate of Excellence;
- The committee suggested that the language within Section 4.0 under "Funding Sources" be revised to say "reviewed at least annually or more frequently as required" instead of "reviewed periodically".
- It was discussed that staff is 99% certain that they will be recommending a "competitive sale" for the 2007 debt issuance based on current market conditions;
- Prior to the new debt issuance, documents would be presented to the board indicating the sale type (competitive) and will delineate the parameters of the bond issuance;
- It was discussed that in order to issue the new debt, the Board of Directors must approve the sale and the parameters (interest rate, etc.) of the bond issuance;
- The committee also discussed capacity fees and it was noted that capacity fees were adjusted quarterly based on the Engineering News Record (ENR). The committee inquired with regard to ENR changes, if the change can be plugged into a financial model to determine the capacity

change affect on the District's finances. Staff indicated that they could, however, the District did not currently have a model to calculate the capacity fee but that they plan to create a model for this in 2007. Staff also pointed to the benefits of having an outside consultant validate the calculations.

- It was noted that in determining capacity fees agencies such as Padre, Helix, etc. average all past and future CIP costs and all past and future EDU to determine capacity fees. This helps to prevent capacity fee spikes when an agency is nearing built out and has little growth. Because Otay has a lot of growth it does not have problems with capacity fee spikes, so it instead looks at future growth rather than an average of past and future. Staff will be looking at the value of modifying the capacity fees to match the CWA methodology.

Upon completion of the discussion, the Committee supported staff's recommendation and forwarding to the Board of Directors as an information/action item.

ATTACHMENT B

RESOLUTION NO. 4092

A RESOLUTION OF THE BOARD OF DIRECTORS OF
OTAY WATER DISTRICT AMENDING THE DEBT POLICY
(BOARD OF DIRECTORS POLICY NO. 45)

WHEREAS, the Otay Water District Board of Directors have been presented with an amended Debt Policy (Board of Directors Policy No. 45); and

WHEREAS, the amended Debt Policy has been reviewed and considered by the Board, and it is in the interest of the District to adopt the amended Debt Policy; and

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Board of Directors of the Otay Water District that the Debt Policy, incorporated herein by reference, is hereby adopted.

PASSED, APPROVED AND ADOPTED by the Board of Directors of Otay Water District at a board meeting held this 3rd day of January 2007, by the following vote:

Ayes:
Noes:
Abstain:
Absent:

_____
President

ATTEST:

_____
District Secretary

OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY

Subject	Policy Number	Date Adopted	Date Revised
DEBT POLICY	45	4/13/04	1/3/07

1.0: POLICY

It is the policy of the Otay Water District to finance the acquisition of high value assets that have an extended useful life through a combination of current revenues and debt financing. Regularly updated debt policies and procedures are an important tool to insure the use of the District's resources to meet its commitments, to provide the highest quality of service to the District's customers, and to maintain sound financial management practices. These guidelines are for general use and allow for exceptions as circumstances dictate.

2.0: SCOPE

This policy is enacted in an effort to standardize the issuance and management of debt by the Otay Water District. The primary objective is to establish conditions for the use of debt, to minimize the District's debt service requirements and cost of issuance, to retain the highest practical credit rating, maintain full and complete financial disclosure and reporting, and to maintain financial flexibility for the District. This policy applies to all debt issued by the District including general obligation bonds, revenue bonds, capital leases and special assessment debt.

3.0: LEGAL & REGULATORY REQUIREMENTS

The Chief Financial Officer (CFO) and the District's Legal Counsel will coordinate their activities to ensure that all securities are issued in full compliance with Federal and State law.

4.0: CAPITAL FACILITIES FUNDING

Financial Planning

The District maintains a six-year financial projection that identifies operating requirements and public facility and equipment requirements, and has developed a Rate Model for funding the District's 6-Year Capital Improvement Program (CIP). The District's CIP Budget places the capital requirements in order of priority and schedules them for funding and implementation. It identifies a full range of capital needs, provides for the ranking of the importance of such needs, and identifies all the funding sources that are available to cover the costs of the projects. In cases where the program identifies project funding through the use of debt financing, the budget should provide information needed to determine debt capacity. The Rate Model and the

CIP Budget give the Board part of the data needed to make informed judgments concerning the possibility of issuing debt.

Funding Criteria

The Chief Financial Officer (CFO) will evaluate all capital project requests and develop a proposed funding plan. Priority may be given to those projects that can be funded with current resources (annual cash flow, fund balances or reserves). Those projects that cannot be funded with current resources may be deferred or the CFO may recommend that they be funded with debt financing. However, debt financing will not be considered appropriate for any recurring purpose such as current operating and maintenance expenditures. The issuance of short-term cash-flow instruments is excluded from this limitation.

The General Manager will recommend the funding plan to the Board. The General Manager may deem it necessary or desirable in certain circumstances to convene a Finance Committee meeting to evaluate funding options presented by the Chief Financial Officer.

Funding Sources

The District's capital improvements can be classified in three categories: those related to an expansion of the system ("expansion"), those related to upgrading the existing system ("betterment") and those related to repairing or replacing existing infrastructure ("replacement"). In general, capital improvements for betterment or replacement are financed primarily through user charges, availability charges, and betterment charges. Capital improvements for expansion are financed through capacity fees. Accordingly, these fees are reviewed at least annually or more frequently as required and set at levels sufficient to ensure that new development pays its fair share of the costs of constructing necessary infrastructure. Additionally, the District will seek State and Federal grants and other forms of intergovernmental aid wherever possible.

Pay-As-You-Go Projects

The District's capacity fees are the major funding source in financing additions to the water system and the recycled water system. Over time, the fees collected and the cost to construct the capital projects should balance. However, collection of these fees is subject to significant fluctuation based on the rate of new development. Accordingly, the Chief Financial Officer, in developing the funding plan for the CIP, will determine that current revenues and adequate

fund balances are available so project phasing can be accomplished. If this is not the case, the Chief Financial Officer may recommend that:

1. The project be deferred until funds are available, or
2. Based on the priority of the project, long-term debt is issued to finance the project.

Debt Financed Projects

If a project or projects are to be financed with long-term debt, the District should use the following criteria to evaluate the suitability of the financing for the particular project or projects:

1. The life of the project or asset to be financed is 10 years or longer and its useful life is expected to exceed the term of the financing.
2. Revenues available for debt service are deemed to be sufficient and reliable so that long-term financing can be marketed without jeopardizing the credit rating of the District.
3. Market conditions present favorable interest rates and demand for District financing.
4. The project is mandated by State and/or Federal requirements and current resources are insufficient or unavailable.
5. The project is immediately required to meet or relieve capacity needs and current resources are insufficient or unavailable.

5.0: DEBT STRUCTURE

General

The District will normally issue debt with a maturity of not more than 30 years. The structure should approximate level debt service for the term where it is practical or desirable. There will be no debt structures that include increasing debt service levels in subsequent years, with the first and second year of a debt payoff schedule the exception and related to projected additional income to be generated by the project to be funded. There will be no "balloon" debt repayment schedules that consist of low annual payments and one large payment of the balance due at the end of the term. There will always be at least interest paid in the first fiscal year after debt issuance and principal starting no later than the first fiscal year after the

date the facility or equipment is expected to be placed in service. Capitalized interest will not be for a period of more than necessary to provide adequate security for the financing.

Limitations on the Issuance of Variable Rate Debt

The District will normally issue debt with a fixed rate of interest. The District may issue variable rate for the purpose of managing its interest costs. At the same time, the District should protect itself from too much exposure to interest rate fluctuations. In determining that it is in the District's best interest to issue certain debt at variable rates instead of fixed rates, at the time of issuing any variable rate debt, there should be at least a 10% estimated reduction in annual debt costs by issuing variable rate debt when compared to a similar issuance of fixed rate debt. If the estimated overall cost savings from issuing variable rate debt is not at least 10% at the time of issuance, relatively small fluctuations in rates could actually increase the District's financing costs over the life of the bonds compared to a similar fixed rate financing. By using this 10% factor at the time of issuance, the District can be relatively assured that its variable rate financing will be cost-effective over the term of the bonds.

The comparison will be based on the following criteria:

1. The interest rate used to estimate interest costs will be the 10 year average for weekly variable rates.

2. The variable rate debt costs will include an estimate for annual costs such as letter of credit fees, liquidity fees, remarketing fees, monthly draw fees and annual rating fees applicable to the letter of credit.

3. Any potential reserve fund earnings will reduce the fixed rate debt service or variable rate debt service as applicable.

Periodically, using the criteria described above, the Chief Financial Officer will compare the estimated annual debt service costs to maturity of any variable rate debt with estimated debt service if the debt was converted to fixed rates. If this analysis produces a break even in total payments over the life of the issue, the Chief Financial Officer will recommend converting such variable rate debt to fixed rate.

Variable rate debt should not represent more than 25% of the District's total debt portfolio. This level of exposure to interest

rate fluctuations is considered to be manageable in an environment of increasing interest rates. At a higher ratio than this, the District might be faced with an unplanned water rate increase to meet its Rate Covenants. Rating agencies use this ratio in their analysis of the District's overall credit rating.

Further, Rate Covenants applicable to variable rate debt shall not compromise the issuance of additional debt planned by the District and variable rate debt should always contain a provision to allow conversion to a fixed rate at the District's option.

6.0: CREDIT OBJECTIVES

The Otay Water District seeks to maintain the highest possible credit ratings for all categories of long-term debt that can be achieved without compromising delivery of basic services and achievement of District policy objectives.

Factors taken into account in determining the credit rating for a financing include:

1. Diversity of the District's customer base.
2. Proven track record of completing capital projects on time and within budget.
3. Strong, professional management.
4. Adequate levels of staffing for services provided.
5. Reserves.
6. Ability to consistently meet or exceed Rate Covenants.

The District recognizes that external economic, natural, or other events may from time to time affect the creditworthiness of its debt. Nevertheless, the District is committed to ensuring that actions within its control are prudent and well planned.

7.0: COMPETITIVE AND NEGOTIATED SALE CRITERIA

Competitive Sale

The District will use a competitive bidding process in the sale of debt unless the nature of the issue or specific circumstances warrants a negotiated sale. The CFO will determine the best bid in a

competitive sale by calculating the true interest cost (TIC) of each bid.

Negotiated Sale

Types of debt that would typically lend themselves to the negotiated sale format are variable rate debt and unrated debt. Circumstances that might warrant a negotiated sale may occur when the issue is of a limited size that would not attract wide-spread investor interest, during periods of high levels of issuance by other entities in the State, or during periods of market volatility. In the event the District decides to use a negotiated sale, it will pay management fees only to those firms that place orders for bonds.

If the size of the District's proposed issue is not cost effective, the District may also consider issuing its debt though the California Statewide Communities Development Authority, which provides a mechanism for pooling financings with similar issuers to obtain economies of scale.

8.0: REFUNDING DEBT

Purpose

Periodic reviews of all outstanding debt will be undertaken by the Chief Financial Officer to determine refunding (refinancing) opportunities. The purpose of the refinancing may be to:

1. Lower annual debt service by taking advantage of lower current interest rates.

2. Update or revise covenants on outstanding debt issue if a Rate Covenant appears to be too high, has precluded the District from implementing its financing plan, or has caused the District to increase rates to customers.

3. Restructure debt service associated with an issue to facilitate the issuance of additional debt, usually in order to smooth out peaks in total debt service which can occur frequently as one debt issue is layered on top of existing debt issues.

4. Alter bond characteristics such as call provisions or payment dates.

5. Pay for conversion costs such as funding a reserve fund or paying for credit enhancement when converting variable rate debt to fixed rate debt.

Restrictions on Refunding

Tax-exempt bonds typically have provisions that preclude early redemption of the bonds for a period of years after issuance. The number of times a tax-exempt bond can be refinanced prior to its Optional Redemption date (known as Advance Refunding) is limited by the IRS. For debt issued after 1986, issuers may only provide for Advance Refunding of obligations in advance of the Optional Redemption date one time. There is no limit by the IRS on the ability of issuers to redeem bonds early once the Optional Redemption date has been reached.

Savings Criteria

In cases where an Advance Refunding is intended to provide debt service savings, the District may commence the refinancing process if a minimum five percent (5%) present value savings net of issuance costs and any cash contributions can be demonstrated. Since interest rates may fluctuate between the time when a refinancing is authorized and when the debt is issued, beginning the process with at least a 5% savings should provide the District with some level of protection that it can achieve a minimum of three percent (3%) net present value savings of the refunding bonds when and if the debt is issued. These minimum standards are intended to protect the District staff from spending time on refinancings that become marginally cost-effective after the entire issuance process is complete.

The savings target may be waived, however, if sufficient justification for lowering the savings target can be provided by meeting one or more of the other refunding objectives described above.

9.0: SUBORDINATE LIEN DEBT

The District will issue subordinate lien debt only if it is financially beneficial to the District or consistent with creditworthiness objectives. Subordinate lien debt is structured to be payable second in priority to the District's other outstanding debt. Typically, subordinate lien debt might be issued if the District desired a more flexible Rate Covenant with respect to its new obligations and did not want to refinance all of its existing debt to obtain that less restrictive Rate Covenant.

10.0: DERIVATIVES

The District may consider the use of derivative products on a case-by-case basis, consistent with State statute and financial prudence. The

most common derivatives include transactions known as "swaps," in which the District, by contract with an investment bank (known as a "provider"), swaps its fixed rate debt payments for variable rate debt payments or vice versa, and "forwards," in which the District enters into a purchase contract with an underwriter to purchase refunding bonds at a future date at interest rates locked in today (not at today's rates, but at rates locked in today). Derivative products introduce an additional risk factor into a financing, called "third-party risk." Once a derivative product is entered into, the District must rely upon the financial stability of the provider to perform under the contract. Because the nature of derivatives is speculative, that is, the District is assuming that rates will either go up or down over the period of the contract and therefore expects to lock in a financial benefit today based on that assumption, the financial benefits actually obtained from any derivative contract need to be monitored periodically to determine if it is in the District's interest to terminate the contract and what the penalty might be for early termination. This requires a certain level of vigilance, and impartial advice in this area is actually difficult to obtain since the derivative market is not particularly liquid or price-transparent and is currently made up of a small handful of reputable providers.

There must be an overwhelming demonstrable financial benefit to the District based on reasonable assumptions concerning future interest rates in order for the District to use derivative products.

11.0: FINANCING PARTICIPANTS

The District's purchasing guidelines provide the process for securing professional services related to individual debt issues. The solicitation and selection process include encouraging participation from qualified service providers, both local and national, and securing services at competitive prices.

Financial Advisor: The use of a Financial Advisor is necessary for the sale of debt by a competitive bid process and is desirable when issuing debt through a negotiated sale. The Financial Advisor has a fiduciary duty to the District and will seek to structure the District's debt in the manner that is saleable, yet meets the District's objectives for the financing. The Financial Advisor will advise the District on alternative structures for its debt, the cost of different debt structures and potential pricing mechanisms that can be expected from underwriters (such as call features, term bonds and premium and discount bond pricing) and, at the District's direction, will write the offering document (preliminary official statement).

With respect to competitive sales, the Financial Advisor will arrange for distributing the preliminary official statement, accepting bids via the internet, verifying the lowest bid and provide detailed instructions for the flow of funds at closing to the winning Underwriter, the Trustee and the District. In a negotiated sale, the Financial Advisor will provide independent confirmation on the Underwriter's proposed pricing to ensure that interest rates and Underwriter's compensation are appropriate for the credit quality of the issue and competitive in the overall public finance market in California.

Underwriter: The Underwriter markets the bonds for sale to investors. While the District's preference is to select the Underwriter for the debt via sale of the debt at competitive bid, there are circumstances when a negotiated issue is in the best interests of the District. Negotiated sales are preferable if the security features are particularly complex or market conditions are volatile. The Chief Financial Officer will recommend whether the method of sale is competitive or negotiated based on the type of issue and other market conditions. In the case of negotiated sales, the Underwriter will be required to demonstrate sufficient capitalization and sufficient experience related to the specific type of debt issuance.

The Underwriter will work in connection with the District's Financial Advisor on structuring the issue and offering different pricing ideas.

Bond Counsel: The District's Bond Counsel provides the primary legal documents that detail the security for the bonds and the authority under which bonds are issued. The Bond Counsel also provides an opinion to bond holders that the bonds are tax-exempt under both State and Federal law. All closing documents in connection with an issue are also prepared by Bond Counsel.

Disclosure Counsel: The District's Disclosure Counsel provides legal advice to the District regarding the adequacy of the District's disclosure of financial information or risks of investing in the District's debt issue to the investing public. The Disclosure Counsel can prepare the official statement or review the official statement and gives the District an opinion that there is no information missing from the official statement of a material nature that would be necessary for an investor to make an informed decision about investing in the District's bonds.

Trustee: The Trustee is a financial institution selected by the District to administer the collection of revenues pledged to repay the bonds and to distribute those funds to bondholders.

Letter of Credit Bank: The Letter of Credit Bank is a U.S. or foreign bank that has issued a letter of credit providing both credit enhancement (the Letter of Credit Bank will pay the debt in the event that the District defaults on the payment) and liquidity for a variable rate bond issue. These banks have their own short-term credit rating, which is generally higher than the District's short-term credit rating. Liquidity is needed because variable rate bondholders are allowed to "put" their bonds back to the District if they do not like the interest rate currently being offered. The District's Remarketing Agent then finds a new buyer for those bonds, but in the event that no buyer is found, a draw is made under the letter of credit to purchase the bonds that have been "put." As soon as the bonds are remarketed to another buyer, the letter of credit is repaid. The letter of credit fees are paid annually. Letter of credits are typically issued for 5-7 years and must be renewed during the life of the bonds. Credit enhancement is discussed further under the heading "CREDIT ENHANCEMENT."

Municipal Bond Insurer: The Municipal Bond Insurer can be one of several insurance companies that provide municipal bond insurance policies securing payment of the District's debt. These policies provide that the Municipal Bond Insurer will pay the District's debt in the event that the District defaults on its payments. Debt which is insured carries the Municipal Bond Insurer's credit rating, in most cases, AAA. The insurance premium for the bond insurance policy is paid one time at the issuance of the debt and is non-cancelable for the term of the debt. Unlike a letter of credit, bond insurance policies do not provide liquidity and are most typically purchased for fixed rate debt.

Remarketing Agent: The Remarketing Agent is an investment bank that, each week, determines the interest rate for the District's variable rate obligations. The rate is set at the rate at which the obligations could be sold on the open market at 100% of their face value. The Remarketing Agent also finds new buyers for any of the obligations that are "put" back to the District.

Rating Agencies: Currently, there are three rating agencies that rate municipal debt in the United States: Standard & Poor's, Moody's Investors Service, and Fitch Investors Service. Rating agencies establish objective criteria under which each type of financing

undertaken by the District is to be analyzed. Upon request, a rating agency will rate the underlying strength of the District's financings, without regard to the purchase of any credit enhancement. The rating is released to the general public and thereafter, the rating agency will periodically update its analysis of a particular issue, and may raise or lower the rating if circumstances warrant. Investment-grade ratings range from "AAA" to "BBB." A rating below "BBB" is not investment grade. Many mutual funds cannot buy bonds that do not carry an investment grade.

Verification Agent: In a refunding, the District will deposit funds with an escrow agent (usually the trustee) in an amount sufficient, together with earnings thereon, to pay the debt service and redemption price of the debt being refunded through and including the call date. The Verification Agent verifies the mathematical accuracy of calculation of the amount to be deposited in escrow and the bond counsel relies on this verification in giving their opinion that the debt is defeased within the meaning of the indenture and that the lien of the debt on the revenues pledged to the debt being refunded is released.

12.0: CONFLICT OF INTEREST AND STANDARDS OF CONDUCT

Members of the District, the Board of Directors and its consultants, service providers and underwriters shall adhere to standards of conduct and conflict of interest rules as stipulated by the California Political Reform Act or the Municipal Securities Rulemaking Board (MSRB), as applicable. All debt financing participants shall maintain the highest standards of professional conduct at all times, in accordance with MSRB Rules, including Rule G-37. There shall be no conflict of interest with the District with any debt financing participant.

13.0: CONTINUING DISCLOSURE

The District acknowledges the responsibilities of the underwriting community and pledges to make all reasonable efforts to assist underwriters in their efforts to comply with SEC Rule 15c2-12 and MSRB Rule G-36. The District will file its official statements with the MSRB and the nationally recognized municipal securities information repositories. The District will also post copies of its comprehensive financial reports on the Internet and provide hard copies of these documents to interested parties upon request, and will disseminate other information that it deems pertinent to the market in a timely manner. While initial bond disclosure requirements pertain to

underwriters, the District will provide financial information and notices of material events on an ongoing basis throughout the life of the issue. Material events are defined as those events which are considered to likely reflect on the credit supporting the securities. The events considered material according to the SEC are:

1. Rating changes.
2. Non-payment related defaults.
3. Adverse tax opinions or events affecting the tax exempt status.
4. Unscheduled draws on debt service reserves or credit enhancements reflecting financial difficulties.
5. Modifications to the rights of securities holders.
6. Defeasance.
7. Bond calls.
8. Release, substitution, or sale of property securing repayment of the securities.
9. Substitution of credit or liquidity providers, or their failure to perform.
10. Principal and interest payment delinquencies.

14:0 INVESTMENT & ARBITRAGE COMPLIANCE

Tax-exempt bonds are required to meet certain provisions of the federal tax code in order to maintain their tax-exempt status. In order to prevent municipal issuers from borrowing money at tax-exempt rates solely for the purpose of investing the proceeds in higher yielding investments and making a profit ("arbitrage"), the federal tax code contains a provision that requires issuers to compare the interest earned on any bond funds held (such as a reserve fund) with interest that would theoretically be earned if the funds were invested at the yield of the bonds, and to "rebate" to the federal government any interest earned in excess of the theoretical earnings limit.

The Chief Financial Officer shall invest the bond proceeds subject to the District's Investment Policy in a timely manner, to ensure the availability of funds to meet operational requirements. In doing so,

the CFO will maintain a system of record keeping and reporting to meet the arbitrage rebate compliance requirements of the federal tax code.

15.0: TYPES OF DEBT FINANCING

General Obligation Bonds

General obligation bonds are secured by a pledge of the ad-valorem taxing power of the issuer and are also known as a full faith and credit obligations. Bonds of this nature must serve a public purpose to be considered lawful taxation of the property owners within the District and require a two third's majority vote in a general election. The benefit of the improvements or assets constructed and acquired as a result of this type of bond must be generally available to all property owners.

The District can issue general obligation bonds up to but not in excess of 15% of the assessed valuation under Article XVI, Section 18 of the State constitution. An annual amount of the levy necessary to meet debt service requirements is calculated and placed on the tax roll through the County of San Diego. The District also has a policy that the ad-valorem tax to be used to pay debt service on general obligation bonds will not exceed $.10 per $100 of assessed value.

Voters within Improvement District No. 27 of the District authorized $100 million general obligation bonds in 1989. The District issued $11,500,000 general obligation bonds in 1992 and refinanced the bonds in 1998. The District also has approximately $29 million in general obligation bonds authorized between 1960 and 1978 for various Improvement Districts throughout the District, but unissued. General obligation bonds can only be issued under these existing authorizations to the extent necessary to fund the improvements specified by each ballot measure.

General obligation bonds generally are regarded as the broadest and soundest security among tax-secured debt instruments. An unlimited-tax pledge would enable a trustee to invoke mandamus to force the District to raise the tax rate as much as necessary to pay off the bonds. General obligation bonds have other credit strengths as well: the property tax tends to be a steady and predictable revenue source, and when a vote is required to issue them, bondholders have some indication of taxpayers' willingness to pay. General obligation bonds carry the highest credit rating that a public agency can achieve and

therefore, the lowest interest cost. General obligation bonds typically are issued to finance capital facilities and not for ongoing operational or maintenance costs.

The District will use an objective analytical approach to determine whether it can afford to assume new general obligation debt for the improvement districts, or in the case of projects not approved by the original ID 27 vote, prior to any submission of a general obligation bond ballot measure to voters. This process will compare generally accepted standards of affordability to the current values for the District. These standards will include debt per capita, debt as a percent of taxable value, debt service payments as a percent of current revenues and current expenditures, and the level of overlapping net debt of all local taxing jurisdictions. The process will also examine the direct costs and benefits of the proposed expenditures. The decision on whether or not to assume new debt will be based on these costs and benefits, the current conditions of the municipal bond market, and the District's ability to "afford" new debt as determined by the aforementioned standards.

Revenue Bonds

Revenue bonds are limited-liability obligations that pledge net revenues of the District to debt service. The net revenue pledge is after payment of all operating costs. Though revenue bonds are not generally secured by the full faith and credit of the District, the financial markets require coverage ratios of the pledged revenue stream and a covenant to levy rates and charges sufficient to produce net income at some level in excess of debt service (a Rate Covenant).

Also there may be a test required to demonstrate that future revenues will be sufficient to maintain debt service coverage levels after any proposed additional bonds are issued. The District will strive to meet industry and financial market standards with such ratios. Annual adjustments to the District's rate structure may be necessary to maintain these coverage ratios.

The underlying credit of revenue bonds is judged on the ability of the District's existing rates to provide sufficient net income to pay debt service and the perceived willingness of the District to raise rates and charges in accordance with its Rate Covenant. Actual past performance also plays a role in evaluating the credit quality of revenue bonds, as well as the diversity of the customer base. Revenue bonds generally carry a credit rating one or two investment grades below a general obligation bond rating.

The District may use a debt structure called "Certificates of Participation" to finance capital facilities. However, if the certificates contain a pledge of net revenues and a Rate Covenant, they are treated as essentially the same as a revenue bond.

Lease/Purchase Agreements

Over the lifetime of a lease, the total cost to the District will generally be higher than purchasing the asset outright. As a result, the use of lease/purchase agreements in the acquisition of vehicles, equipment and other capital assets will generally be avoided, particularly if smaller quantities of the capital asset(s) can be purchased on a "pay-as-you-go" basis.

The District may utilize lease-purchase agreements to acquire needed equipment and facilities. Criteria for such agreements should be that the asset life is three years or more, the minimum value of the agreement is $50,000 and interest costs must not exceed the interest rate earned by the District's portfolio for the average of the past 6 months. Lease payments of this type are considered operating expenses and would reduce net operating income available to pay any District revenue bonds. There are no coverage requirements or rate covenants associated with lease/purchase agreements.

State Water Loans

The State Water Resources Control Board makes certain funds available to water districts throughout the State. These loans typically carry a below-market rate of interest and are short term in nature. While State loans should be incorporated into the District's debt portfolio for the financing of capital improvements, the payment of the loan should not compromise the District's ability to issue other planned debt or cause the District to violate its rate covenants or make it necessary for the District to increase rates to maintain existing rate covenants.

Land Based Financing

The District may consider developer or property owner initiated applications requesting the formation of community facilities or assessment districts and the issuance of bonds to finance eligible District facilities necessary to serve newly developing commercial, industrial and/or residential projects. Facilities will be financed in accordance with the provisions of the Municipal Improvement Act of

1913 and the Improvement Bond Act of 1915, or the Mello-Roos Community Facilities Act of 1982.

Typically, the bonds issued would be used to prepay, in a lump-sum, the District's capacity fees with respect to a large tract of land under development, or to finance in-tract infrastructure that will eventually be dedicated to the District. The bonds are secured by a special tax or assessment to be levied on property within the boundaries established for the community facilities district (sometimes known as a "Mello-Roos" district) or the assessment district. If the District becomes the sponsoring public agency for such financing district and the issuance of debt, the District will be required to enter into a Funding, Construction and Acquisition agreement for any of the facilities to be dedicated to the District upon completion. This agreement governs the type of facilities to be constructed with bond proceeds and how the facilities will be accepted by the District.

In some cases, the District may not be asked to be the sponsoring agency for the formation of a financing district, rather, the developer or property owner may approach a school district or a city to be the sponsoring agency. Nonetheless, the property owner may want to include lump-sum payment of District fees in the financing or construction of certain facilities to be dedicated to the District upon completion. In this case, if the District desired to participate, the District would enter into a Joint Financing Agreement with the sponsoring agency, again governing the type of facilities to be constructed with bond proceeds and how the facilities will be accepted by the District.

On a case-by-case basis, the Board shall make the determination as to whether a proposed district will proceed under the provisions of the Assessment Acts or the Mello-Roos Community Facilities Act. The Board may confer with other consultants and the applicant to learn of any unique district requirements, such as long-term development phasing, prior to making any final determination.

All District and District consultant costs incurred in the evaluation of new development, district applications and the establishment of districts will be paid by the applicant(s) by advance deposits in those instances where a party or parties other than the District have initiated a proposed district. Expenses not legally reimbursable by the financing district will be borne by the applicant. The District may incur expenses for analyzing proposed assessment or community

facilities districts where the District is the principal proponent of the formation or financing of the district.

Prior to the issuance of any land secured financing and in accordance with State law, the Board will adopt policies and procedures with criteria to be met before any special tax bonds or assessment district bonds may be issued. These criteria include the qualifications of the appraiser, the minimum value to lien ratio to be achieved prior to issuing the land secured debt and the maximum tax to be levied on different categories of property.

16.0: RATING AGENCY APPLICATIONS

The District may seek a rating on all new issues that are being sold in the public market. To ensure a fair rating, more than one rating agency shall be considered to rate the District's issues. These rating agencies include, but are not limited to, Fitch Investors Service, Moody's Investors Service, and Standard and Poor's. When applying for a rating on an issue over $1 million or more, the District shall make a formal presentation of the finances and positive developments within the District to the rating agencies. The District will report all financial information to the rating agencies as they are published and upon request. This information shall include, but shall not be limited to, the District's Comprehensive Annual Financial Report (CAFR), and the Adopted Operating and Capital Budget.

17.0: USE OF CREDIT ENHANCEMENT

Credit enhancement is a generic term that means any third-party guarantee of debt service. Credit enhancement providers include municipal bond insurance companies or financial institutions. The purchase of credit enhancement allows the District's bond issue to carry the same credit rating as the credit provider. The District will seek to use credit enhancement when such credit enhancement proves cost-effective. Selection of credit enhancement providers will be subject to a competitive bid process using the District's purchasing guidelines.

Fixed Rate Bonds

Credit enhancement for fixed rate bonds is obtained by the purchase of bond insurance. With few exceptions, bond insurance companies are rated AAA. If a commitment for bond insurance is obtained for a particular issue, the District will estimate the annual debt service for the issue based on current AAA-rated bond interest rates with the

cost of issuance including the payment of the bond insurance premium. If the estimated debt service on this basis is less than or equal to estimated debt service for the issue based on interest rates for bonds with the District's underlying or stand-alone credit rating, the District will purchase the bond insurance. Any intention of the District to prepay the debt ahead of its scheduled maturity will be taken into account in the analysis. Credit enhancement may be used to improve or establish a credit rating on a District debt obligation even if such credit enhancement is not cost effective if, in the opinion of the Chief Financial Officer, the use of such credit enhancement meets the District's debt financing goals and objectives.

Variable Rate Bonds

Credit enhancement for variable rate bonds is comprised of two components: credit support and liquidity. The interest on variable rate bonds is based on a 7-day investment rate. Any investor can tender their bonds back to the District to be repurchased on 7 days' notice. Because of the short-term nature of the investment, the securities that the District is "competing" with for investors are AAA-rated or AA-rated mutual funds. Therefore, variable debt needs to have credit enhancement to achieve a comparable AAA or AA rating, as well as liquidity support to provide the District with a mechanism to purchase any bonds that are tendered before they can be remarketed to new investors. A limited number of financial institutions offer letters of credit that combine both credit support and liquidity for one fee. An alternative is to purchase bond insurance to provide credit support and enter into a separate purchase agreement with a financial institution to provide liquidity. The difference in cost between the two structures will be analyzed before either alternative is selected for variable rate debt.

18.0: GLOSSARY

Ad Valorem Tax: A tax calculated "according to the value" of property. Such a tax is based on the assessed valuation of tangible personal property. In most jurisdictions, the tax is a lien on the property enforceable by seizure and sale of the property. General restrictions, such as overall restrictions on rates, or the percent of charge allowed, sometimes apply. As a result, ad valorem taxes often function as the balancing element in local budgets.

Advance Refunding: A procedure whereby outstanding bonds are refinanced by the proceeds of a new bond issue prior to the date on

which outstanding bonds become due or are callable. Typically an advance refunding is performed to take advantage of interest rates that are significantly lower than those associated with the original bond issue. At times, however, an advance refunding is performed to remove restrictive language or debt service reserve requirements required by the original issue.

Amortization: The planned reduction of a debt obligation according to a stated maturity or redemption schedule.

Arbitrage: The gain that may be obtained by borrowing funds at a lower (often tax-exempt) rate and investing the proceeds at higher (often taxable) rates. The ability to earn arbitrage by issuing tax-exempt securities has been severely curtailed by the Tax Reform Act of 1986, as amended.

Assessed Valuation: The appraised worth of property as set by a taxing authority through assessments for purposes of ad valorem taxation.

Basis Point: One one-hundredth of one percent.

Bond: A security that represents an obligation to pay a specified amount of money on a specific date in the future, typically with periodic interest payments.

Bond Counsel: An attorney (or firm of attorneys) retained by the issuer to give a legal opinion concerning the validity of the securities. The bond counsel's opinion usually addresses the subject of tax exemption. Bond counsel may prepare, or review and advise the issuer regarding authorizing resolutions or ordinances, trust indentures, official statements, validation proceedings and litigation.

Bond Insurance: A type of credit enhancement whereby a monocline insurance company indemnifies an investor against a default by the issuer. In the event of a failure by the issuer to pay principal and interest in-full and on-time, investors may call upon the insurance company to do so. Once assigned, the municipal bond insurance policy generally is irrevocable. The insurance company receives an up-front fee, or premium, when the policy is issued.

Call Option: A contract through which the owner is given the right but is not obligated to purchase the underlying security or commodity at a fixed price within a limited time frame.

Cap: A ceiling on the interest rate that would be paid.

Capital Lease: The acquisition of a capital asset over time rather than merely paying rent for temporary use. A lease-purchase agreement, in which provision is made for transfer of ownership of the property for a nominal price at the scheduled termination of the lease, is referred to as a capital lease.

Certificate of Participation: A financial instrument representing a proportionate interest in payments such as lease payments by one party (such as the District acting as a lessee) to another party (often a trustee).

CIP: Capital Improvement Program.

Competitive Sale: The sale of securities in which the securities are awarded to the bidder who offers to purchase the issue at the best price or lowest cost.

Continuing Disclosure: The requirement by the Securities and Exchange Commission for most issuers of municipal debt to provide current financial information to the informational repositories for access by the general marketplace.

Debt Service: The amount necessary to pay principal and interest requirements on outstanding bonds for a given year or series of years.

Defeasance: Providing for payment of principal of premium, if any, and interest on debt through the first call date or scheduled principal maturity in accordance with the terms and requirements of the instrument pursuant to which the debt was issued. A legal defeasance usually involves establishing an irrevocable escrow funded with only cash and U.S. Government obligations.

Derivative: A financial product that is based upon another product. Generally, derivatives are risk mitigation tools.

Discount: The difference between a bond's par value and the price for which it is sold when the latter is less than par.

Financial Advisor: A consultant who advises an issuer on matters pertinent to a debt issue, such as structure, sizing, timing, marketing, pricing, terms and bond ratings.

General Obligation Bonds: Debt that is secured by a pledge of the ad valorem taxing power of the issuer. Also known as a full faith and credit obligation.

Municipal Securities Rulemaking Board (MSRB): The MSRB, comprised of representatives from investment banking firms, dealer bank representatives, and public representatives, is entrusted with the responsibility of writing rules of conduct for the municipal securities market.

Negotiated Sale: A sale of securities in which the terms of sale are determined through negotiation between the issuer and the purchaser, typically an underwriter, without competitive bidding.

Official Statement: A document published by the issuer that discloses material information on a new issue of municipal securities including the purposes of the issue, how the securities will be repaid, and the financial, economic and social characteristics of the issuing government. Investors may use this information to evaluate the credit quality of the securities.

Option: A derivative contract. There are two primary types of options (see Put Option and Call Option). An option is considered a wasting asset because it has a stipulated life to expiration and may expire worthless. Hence, the premium could be wasted.

Optional Redemption: The redemption of an obligation prior to its stated maturity, which can only occur on dates specified in the bond indenture.

Overlapping Debt: The legal boundaries of local governments often overlap. In some cases, one unit of government is located entirely within the boundaries of another. Overlapping debt represents the proportionate share of debt that must be borne by one unit of government because another government with overlapping or underlying taxing authority issued its own bonds.

Par Value: The face value or principal amount of a security.

Pay-as-you-go: To pay for capital improvements from current resources and fund balances rather than from debt proceeds.

Put Option: A contract that grants to the purchaser the right but not the obligation to exercise.

Rate Covenant: A covenant between the District and bondholders, under which the District agrees to maintain a certain level of net income compared to its debt payments, and covenants to increase rates if net income is not sufficient to meet such level.

Refunding: A procedure whereby an issuer refinances an outstanding bond issue by issuing new bonds.

Revenue Bonds: A bond which is payable from a specific source of revenue and to which the full faith and credit of an issuer with taxing power is not pledged. Revenue bonds are payable from identified sources of revenue, and do not permit the bondholders to compel a jurisdiction to pay debt service from any other source. Pledged revenues often are derived from the operation of an enterprise. Generally, no voter approval is required prior to issuance.

Special Assessments: A charge imposed against property or parcel of land that receives a special benefit by virtue of some public improvement that is not, or cannot be enjoyed by the public at large. Special assessment debt issues are those that finance such improvements and are repaid by the assessments charged to the benefiting property owners.

Swap: A customized financial transaction between two or more counterparties who agree to make periodic payments to one another. Swaps cover interest rate, equity, commodity and currency products. They can be simple floating for fixed exchanges or complex hybrid products with multiple option features.

True Interest Cost (TIC): A method of calculating the overall cost of a financing that takes into account the time value of money. The TIC is the rate of interest that will discount all future payments so that the sum of their present value equals the issue proceeds.

Underwriter: The term used broadly in the municipal market, to refer to the firm that purchases a securities offering from a governmental issuer.

Yield Curve: Refers to the graphical or tabular representation of interest rates across different maturities. The presentation often starts with the shortest-term rates and extends towards longer maturities. It reflects the market's views about implied inflation/deflation, liquidity, economic and financial activity, and other market forces.

OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY

Subject	Policy Number	Date Adopted	Date Revised
DEBT POLICY	45	4/13/04	1/3/07

~~Introduction~~

~~The following policies and procedures are enacted in an effort to standardize the issuance and management of debt by the Otay Water District. Their primary objective is to establish conditions for the use of debt, to minimize the District's debt service requirements and cost of issuance, to retain the highest practical credit rating, maintain full and complete financial disclosure and reporting and to maintain financial flexibility for the District. The policies apply to all debt issued by the District including general obligation bonds, revenue bonds, capital leases and special assessment debt.~~

~~Regularly updated debt policies and procedures are an important tool to insure the use of the District's resources to meet its commitments, to provide the highest quality of service to the District's customers and to maintain sound financial management practices. These guidelines are for general use and allow for exceptions as circumstances dictate.~~

1.0: POLICY

It is the policy of the Otay Water District to finance the acquisition of high value assets that have an extended useful life through a combination of current revenues and debt financing. Regularly updated debt policies and procedures are an important tool to insure the use of the District's resources to meet its commitments, to provide the highest quality of service to the District's customers, and to maintain sound financial management practices. These guidelines are for general use and allow for exceptions as circumstances dictate.

2.0: SCOPE

This policy is enacted in an effort to standardize the issuance and management of debt by the Otay Water District. The primary objective is to establish conditions for the use of debt, to minimize the District's debt service requirements and cost of issuance, to retain the highest practical credit rating, maintain full and complete financial disclosure and reporting, and to maintain financial flexibility for the District. This policy applies to all debt issued by the District including general obligation bonds, revenue bonds, capital leases and special assessment debt.

3.0: LEGAL & REGULATORY REQUIREMENTS

The Chief Financial Officer (CFO) and the District's Legal Counsel will coordinate their activities to ensure that all securities are issued in full compliance with Federal and State law.

~~**Definitions**~~

~~The following terms are used in this document:~~

~~"Advance Refunding" means to provide for the refinancing of debt prior to its Optional Redemption date by setting aside funds in trust to pay debt service on the debt until the Optional Redemption date is reached and the debt can be paid if full.~~

~~"CIP" means Capital Improvement Program.~~

~~"Optional Redemption" means the redemption of an obligation prior to its stated maturity, which can only occur on dates specified in the bond indenture.~~

~~"Pay-as-you-go" means to pay for capital improvements from current resources and fund balances rather than from debt proceeds.~~

~~"Rate Covenant" means a covenant between the District and bondholders, under which the District agrees to maintain a certain level of net income compared to its debt payments, and covenants to increase rates if net income is not sufficient to meet such level.~~

4.0: CAPITAL FACILITIES FUNDING

Financial Planning

The District maintains a ~~multi~~six-year financial projection that identifies operating requirements and public facility and equipment requirements, and ~~i~~has developed~~ing~~ a ~~Financial Plan~~ Rate Model for funding the District's ~~5~~6-Year Capital Improvement Program (CIP). ~~(the "Financial Plan").~~ The ~~Financial Plan~~ District's CIP Budget places the capital requirements in order of priority and schedules them for funding and implementation. It identifies a full range of capital needs, provides for the ranking of the importance of such needs, and identifies all the funding sources that are available to cover the costs of the projects. In cases where the ~~Financial Plan~~ program identifies project funding through the use of debt financing, the ~~Financial Plan~~ budget should provide information needed to determine debt capacity. The ~~Financial Plan~~ Rate Model and the CIP Budget give~~s~~

the Board part of the data needed to make informed judgments concerning the possibility of issuing debt.

Funding Criteria

The Chief Financial Officer (CFO) will evaluate all capital project requests and develop a proposed funding plan. Priority may be given to those projects that can be funded with current resources (annual cash flow, fund balances or reserves). Those projects that cannot be funded with current resources may be deferred or the ~~Chief Financial Officer~~ CFO may recommend that they be funded with debt financing. However, debt financing will not be considered appropriate for any recurring purpose such as current operating and maintenance expenditures. The issuance of short-term cash-flow instruments is excluded from this limitation.

The General Manager will recommend the funding plan to the Board. The General Manager may deem it necessary or desirable in certain circumstances to convene a Finance ~~Sube~~Committee meeting ~~of the Board~~ to evaluate funding options presented by the Chief Financial Officer.

Funding Sources

The District's capital improvements can be classified in three categories: those related to an expansion of the system ("expansion"), those related to upgrading the existing system ("betterment") and those related to repairing or replacing existing infrastructure ("replacement"). In general, capital improvements for betterment or replacement are financed primarily through user charges, availability charges, and betterment charges. Capital improvements for expansion are financed through capacity fees. ~~and capacity surcharge fees.~~ Accordingly, these fees are reviewed at least annually or more frequently as required and set ~~user charges and capacity fees should be implemented~~ at levels sufficient to ensure that new development pays its fair share of the costs of constructing necessary infrastructure. Additionally, the District will seek State and Federal grants and other forms of intergovernmental aid wherever possible.

Pay-As-You-Go Projects

The District's capacity fees are the major funding source in financing additions to the water system and the recycled water system. Over time, the fees collected and the cost to construct the capital projects should balance. However, collection of these fees ~~are~~ is

subject to significant fluctuation based on the rate of new development. Accordingly, the Chief Financial Officer, in developing the funding plan for the CIP, will determine that current revenues and adequate fund balances are available so project phasing can be accomplished. If this is not the case, the Chief Financial Officer may recommend that:

1. The project be deferred until funds are available, or
2. Based on the priority of the project, long-term debt ~~be~~ is issued to finance the project.

Debt Financed Projects

If a project or projects are to be financed with long-term debt, the District should use the following criteria to evaluate the suitability of the financing for the particular project or projects:

1. The life of the project or asset to be financed is 10 years or longer and its useful life is expected to exceed the term of the financing.
2. Revenues available for debt service are deemed to be sufficient and reliable so that long-term financing can be marketed without jeopardizing the credit rating of the District.
3. Market conditions present favorable interest rates and demand for District financing.
4. The project is mandated by State and/or Federal requirements and current resources are insufficient or unavailable.
5. The project is immediately required to meet or relieve capacity needs and current resources are insufficient or unavailable.

5.0: DEBT STRUCTURE

General

The District will normally issue debt with a maturity of not more than 30 years. The structure should approximate level debt service for the term where it is practical or desirable. There will be no debt structures that include increasing debt service levels in subsequent years, with the first and second year of a debt payoff schedule the exception and related to projected additional income to be generated by the project to be funded. There will be no "balloon" debt repayment schedules that consist of low annual payments and one large

payment of the balance due at the end of the term. There will always be at least interest paid in the first fiscal year after debt issuance and principal starting no later than the first fiscal year after the date the facility or equipment is expected to be placed in service. Capitalized interest will not be for a period of more than necessary to provide adequate security for the financing.

Limitations on the Issuance of Variable Rate Debt

The District will normally issue debt with a fixed rate of interest. The District may issue variable rate for the purpose of managing its interest costs. At the same time, the District should protect itself from too much exposure to interest rate fluctuations. In determining that it is in the District's best interest to issue certain debt at variable rates instead of fixed rates, at the time of issuing any variable rate debt, there should be at least a 10% estimated reduction in annual debt costs by issuing variable rate debt when compared to a similar issuance of fixed rate debt. If the estimated overall cost savings from issuing variable rate debt is not at least 10% at the time of issuance, relatively small fluctuations in rates could actually increase the District's financing costs over the life of the bonds compared to a similar fixed rate financing. By using this 10% factor at the time of issuance, the District can be relatively assured that its variable rate financing will be cost-effective over the term of the bonds.

The comparison will be based on the following criteria:

1. The interest rate used to estimate interest costs will be the 10 year average for weekly variable rates.

2. The variable rate debt costs will include an estimate for annual costs such as letter of credit fees, liquidity fees, remarketing fees, monthly draw fees and annual rating fees applicable to the letter of credit.

3. Any potential reserve fund earnings will reduce the fixed rate debt service or variable rate debt service as applicable.

Periodically, using the criteria described above, the Chief Financial Officer will compare the estimated annual debt service costs to maturity of any variable rate debt with estimated debt service if the debt was converted to fixed rates. If this analysis produces a break even in total payments over the life of the issue, the Chief Financial

Officer will recommend converting such variable rate debt to fixed rate.

Variable rate debt should not represent more than 25% of the District's total debt portfolio. This level of exposure to interest rate fluctuations is considered to be manageable in an environment of increasing interest rates. At a higher ratio than this, the District might be faced with an unplanned water rate increase to meet its Rate Covenants. Rating agencies use this ratio in their analysis of the District's overall credit rating.

Further, Rate Covenants applicable to variable rate debt shall not compromise the issuance of additional debt planned by the District and variable rate debt should always contain a provision to allow conversion to a fixed rate at the District's option.

6.0: CREDIT OBJECTIVES

The Otay Water District seeks to maintain the highest possible credit ratings for all categories of long-term debt that can be achieved without compromising delivery of basic services and achievement of District policy objectives.

Factors taken into account in determining the credit rating for a financing include:

1. Diversity of the District's customer base~~;~~.
2. Proven track record of completing capital projects on time and within budget~~;~~.
3. Strong, professional management~~;~~.
4. Adequate levels of staffing for services provided~~;~~.
5. Reserves~~;~~. ~~and~~
6. Ability to consistently meet or exceed Rate Covenants.

The District recognizes that external economic, natural, or other events may from time to time affect the creditworthiness of its debt. Nevertheless, the District is committed to ensuring that actions within its control are prudent and well planned.

7.0: COMPETITIVE AND NEGOTIATED SALE CRITERIA

Competitive Sale

The District will use a competitive bidding process in the sale of debt unless the nature of the issue or specific circumstances warrants a negotiated sale. The CFO will determine the best bid in a competitive sale by calculating the true interest cost (TIC) of each bid.

Negotiated Sale

Types of debt that would typically lend themselves to the negotiated sale format are variable rate debt and unrated debt. Circumstances that might warrant a negotiated sale may occur when the issue is of a limited size that would not attract wide-spread investor interest, during periods of high levels of issuance by other entities in the State, or during periods of market volatility. In the event the District decides to use a negotiated sale, it will pay management fees only to those firms that place orders for bonds.

If the size of the District's proposed issue is not cost effective, the District may also consider issuing its debt though the California Statewide Communities Development Authority, which provides a mechanism for pooling financings with similar issuers to obtain economies of scale.

8.0: REFUNDING DEBT

Purpose

Periodic reviews of all outstanding debt will be undertaken by the Chief Financial Officer to determine refunding (refinancing) opportunities. The purpose of the refinancing may be to:

1. Lower annual debt service by taking advantage of lower current interest rates.

2. Update or revise covenants on outstanding debt issue if a Rate Covenant appears to be too high, has precluded the District from implementing its financing plan, or has caused the District to increase rates to customers.

3. Restructure debt service associated with an issue to facilitate the issuance of additional debt, usually in order to smooth out peaks in total debt service, which can occur frequently as one debt issue is layered on top of existing debt issues.

4. Alter bond characteristics such as call provisions or payment dates.

5. Pay for conversion costs such as funding a reserve fund or paying for credit enhancement when converting variable rate debt to fixed rate debt.

Restrictions on Refundings

Tax-exempt bonds typically have provisions that preclude early redemption of the bonds for a period of years after issuance. The number of times a tax-exempt bond can be refinanced prior to its Optional Redemption date (known as Advance Refunding) is limited by the IRS. For debt issued after 1986, issuers may only provide for Advance Refunding of obligations in advance of the Optional Redemption date one time. There is no limit by the IRS on the ability of issuers to redeem bonds early once the Optional Redemption date has been reached.

Savings Criteria

In cases where an Advance Refunding is intended to provide debt service savings, the District may commence the refinancing process if a minimum five percent (5%) present value savings net of issuance costs and any cash contributions can be demonstrated. Since interest rates may fluctuate between the time when a refinancing is authorized and when the debt is issued, beginning the process with at least a 5% savings should provide the District with some level of protection that it can achieve a minimum of three percent (3%) net present value savings of the refunding bonds when and if the debt is issued. These minimum standards are intended to protect the District staff from spending time on refinancings that become marginally cost-effective after the entire issuance process is complete.

The savings target may be waived, however, if sufficient justification for lowering the savings target can be provided by meeting one or more of the other refunding objectives described above.

9.0: SUBORDINATE LIEN DEBT

The District will issue subordinate lien debt only if it is financially beneficial to the District or consistent with creditworthiness objectives. Subordinate lien debt is structured to be payable second in priority to the District's other outstanding debt. Typically, subordinate lien debt might be issued if the District desired a more flexible Rate Covenant with respect to its new obligations and did not want to refinance all of its existing debt to obtain that less restrictive Rate Covenant.

10.0: DERIVATIVES

The District may consider the use of derivative products on a case-by-case basis, consistent with State statute and financial prudence. The most common derivatives include transactions known as "swaps," in which the District, by contract with an investment bank (known as a "provider"), swaps its fixed rate debt payments for variable rate debt payments or vice versa, and "forwards," in which the District enters into a purchase contract with an underwriter to purchase refunding bonds at a future date at interest rates locked in today (not at today's rates, but at rates locked in today). Derivative products introduce an additional risk factor into a financing, called "third-party risk." Once a derivative product is entered into, the District must rely upon the financial stability of the provider to perform under the contract. Because the nature of derivatives is speculative, that is, the District is assuming that rates will either go up or down over the period of the contract and therefore expects to lock in a financial benefit today based on that assumption, the financial benefits actually obtained from any derivative contract need to be monitored periodically to determine if it is in the District's interest to terminate the contract and what the penalty might be for early termination. This requires a certain level of vigilance, and impartial advice in this area is actually difficult to obtain~~.~~ since the derivative market is not particularly liquid or price-transparent and is currently made up of a small handful of reputable providers.

There must be an overwhelming demonstrable financial benefit to the District based on reasonable assumptions concerning future interest rates in order for the District to use derivative products.

11.0: FINANCING PARTICIPANTS

The District's purchasing guidelines provide the process for securing professional services related to individual debt issues. The solicitation and selection process include encouraging participation from qualified service providers, both local and national, and securing services at competitive prices.

Financial Advisor~~.~~: The use of a Financial Advisor is necessary for the sale of debt by a competitive bid process and is desirable when issuing debt through a negotiated sale. The Financial Advisor has a fiduciary duty to the District and will seek to structure the District's debt in the manner that is saleable, yet meets the District's objectives for the financing. The Financial Advisor will advise the District on alternative structures for its debt, the cost

of different debt structures and potential pricing mechanisms that can be expected from underwriters (such as call features, term bonds and premium and discount bond pricing) and, at the District's direction, will write the offering document (preliminary official statement). With respect to competitive sales, the Financial Advisor will arrange for distributing the preliminary official statement, accepting bids via the internet, verifying the lowest bid and provide detailed instructions for the flow of funds at closing to the winning Underwriter, the Trustee and the District. In a negotiated sale, the Financial Advisor will provide independent confirmation on the Underwriter's proposed pricing to ensure that interest rates and Underwriter's compensation are appropriate for the credit quality of the issue and competitive in the overall public finance market in California.

Underwriter~~,~~: The Underwriter markets the bonds for sale to investors. While the District's preference is to select the Underwriter for the debt via sale of the debt at competitive bid, there are circumstances when a negotiated issue is in the best interests of the District. Negotiated sales are preferable if the security features are particularly complex or market conditions are volatile. The Chief Financial Officer will recommend whether the method of sale is competitive or negotiated based on the type of issue and other market conditions. In the case of negotiated sales, the Underwriter will be required to demonstrate sufficient capitalization and sufficient experience related to the specific type of debt issuance.

The Underwriter will work in connection with the District's Financial Advisor on structuring the issue and offering different pricing ideas.

Bond Counsel~~,~~: The District's Bond Counsel provides the primary legal documents that detail the security for the bonds and the authority under which bonds are issued. The Bond Counsel also provides an opinion to bond holders that the bonds are tax-exempt under both State and ~~f~~Federal law. All closing documents in connection with an issue are also prepared by Bond Counsel.

Disclosure Counsel~~,~~: The District's Disclosure Counsel provides legal advice to the District regarding the adequacy of the District's disclosure of financial information or risks of investing in the District's debt issue to the investing public. The Disclosure Counsel can prepare the official statement or review the official statement and gives the District an opinion that there is no information missing from the official statement of a material nature that would be

necessary for an investor to make an informed decision about investing in the District's bonds.

Trustee~~,~~: The Trustee is a financial institution selected by the District to administer the collection of revenues pledged to repay the bonds and to distribute those funds to bondholders.

Letter of Credit Bank~~,~~: The Letter of Credit Bank is a U.S. ~~and~~ or foreign bank that has issued a letter of credit providing both credit enhancement (the Letter of Credit Bank will pay the debt in the event that the District defaults on the payment) and liquidity for a variable rate bond issue. These banks have their own short-term credit rating, which is generally higher than the District's short-term credit rating. Liquidity is needed because variable rate bondholders are allowed to "put" their bonds back to the District if they do not like the interest rate currently being offered. The District's Remarketing Agent then finds a new buyer for those bonds, but in the event that no buyer is found, a draw is made under the letter of credit to purchase the bonds that have been "put." As soon as the bonds are remarketed to another buyer, the letter of credit is repaid. The letter of credit fees are paid annually. Letter of credits are typically issued for 5-7 years and must be renewed during the life of the bonds. Credit enhancement is discussed further under the heading "CREDIT ENHANCEMENT."

Municipal Bond Insurer~~,~~: The Municipal Bond Insurer can be one of several insurance companies that provide municipal bond insurance policies securing payment of the District's debt. These policies provide that the Municipal Bond Insurer will pay the District's debt in the event that the District defaults on its payments. Debt which is insured carries the Municipal Bond Insurer's credit rating, in most cases, AAA. The insurance premium for the bond insurance policy is paid one time at the issuance of the debt and is non-cancelable for the term of the debt. Unlike a letter of credit, bond insurance policies do not provide liquidity and are most typically purchased for fixed rate debt.

Remarketing Agent~~,~~: The Remarketing Agent is an investment bank that, each week, determines the interest rate for the District's variable rate obligations. The rate is set at the rate at which the obligations could be sold on the open market at 100% of their face value. The Remarketing Agent also finds new buyers for any of the obligations that are "put" back to the District.

Rating Agencies: Currently, there are three rating agencies that rate municipal debt in the United States: Standard & Poor's, Moody's Investors Service, and Fitch Investors Service. Rating agencies establish objective criteria under which each type of financing undertaken by the District is to be analyzed. Upon request, a rating agency will rate the underlying strength of the District's financings, without regard to the purchase of any credit enhancement. The rating is released to the general public and thereafter, the rating agency will periodically update its analysis of a particular issue, and may raise or lower the rating if circumstances warrant. Investment-grade ratings range from "AAA" to "BBB." A rating below "BBB" is not investment grade. Many mutual funds cannot buy bonds that do not carry an investment grade.

Verification Agent: In a refunding, the District will deposit funds with an escrow agent (usually the trustee) in an amount sufficient, together with earnings thereon, to pay the debt service and redemption price of the debt being refunded through and including the call date. The Verification Agent verifies the mathematical accuracy of calculation of the amount to be deposited in escrow and the bond counsel relies on this verification in giving their opinion that the debt is defeased within the meaning of the indenture and that the lien of the debt on the revenues pledged to the debt being refunded is released.

12.0: CONFLICT OF INTEREST AND STANDARDS OF CONDUCT

Members of the District, the Board of Directors and its consultants, service providers and underwriters shall adhere to standards of conduct and conflict of interest rules as stipulated by the California Political Reform Act or the Municipal Securities Rulemaking Board (MSRB), as applicable. All debt financing participants shall maintain the highest standards of professional conduct at all times, in accordance with MSRB Rules, including Rule G-37. There shall be no conflict of interest with the District with any debt financing participant.

13.0: CONTINUING DISCLOSURE

The District acknowledges the responsibilities of the underwriting community and pledges to make all reasonable efforts to assist underwriters in their efforts to comply with SEC Rule 15c2-12 and MSRB Rule G-36. The District will file its official statements with the MSRB and the nationally recognized municipal securities information repositories. The District will also ~~provide a copy~~ post copies of

its comprehensive financial reports on the Internet and provide hard copies of these documents to interested parties upon request, and will disseminate other information that it deems pertinent to the market in a timely manner. While initial bond disclosure requirements pertain to underwriters, the District will provide financial information and notices of material events on an ongoing basis throughout the life of the issue. Material events are defined as those events which are considered to likely reflect on the credit supporting the securities. The events considered material according to the SEC are:

1. Rating changes.
2. Non-payment related defaults.
3. Adverse tax opinions or events affecting the tax exempt status.
4. Unscheduled draws on debt service reserves or credit enhancements reflecting financial difficulties.
5. Modifications to the rights of securities holders.
6. Defeasance.
7. Bond calls.
8. Release, substitution, or sale of property securing repayment of the securities.
9. Substitution of credit or liquidity providers, or their failure to perform.
10. Principal and interest payment delinquencies.

14:0 INVESTMENT & ARBITRAGE COMPLIANCE

Tax-exempt bonds are required to meet certain provisions of the federal tax code in order to maintain their tax-exempt status. In order to prevent municipal issuers from borrowing money at tax-exempt rates solely for the purpose of investing the proceeds in higher yielding investments and making a profit ("arbitrage"), the federal tax code contains a provision that requires issuers to compare the interest earned on any bond funds held (such as a reserve fund) with interest that would theoretically be earned if the funds were invested at the yield of the bonds, and to "rebate" to the federal government any interest earned in excess of the theoretical earnings limit.

The Chief Financial Officer shall invest the bond proceeds subject to the District's Investment Policy in a timely manner, to ensure the availability of funds to meet operational requirements. In doing so, ~~T~~the ~~Chief Financial Officer~~ CFO will maintain a system of record keeping and reporting to meet the arbitrage rebate compliance requirements of the federal tax code.

15.0: TYPES OF DEBT FINANCING

General Obligation Bonds

General obligation bonds are secured by a pledge of the ad-valorem taxing power of the issuer and are also known as a full faith and credit obligations. Bonds of this nature must serve a public purpose to be considered lawful taxation of the property owners within the District and require a two third's majority vote in a general election. The benefit of the improvements or assets constructed and acquired as a result of this type of bond must be generally available to all property owners.

The District can issue general obligation bonds up to but not in excess of 15% of the assessed valuation under Article XVI, Section 18 of the ~~s~~State constitution. An annual amount of the levy necessary to meet debt service requirements is calculated and placed on the tax roll through the County of San Diego. The District also has a policy that the ad-valorem tax to be used to pay debt service on general obligation bonds will not exceed $.10 per $100 of assessed value.

Voters within Improvement District No. 27 of the District authorized $100 million general obligation bonds in 1989. The District issued $11,500,000 general obligation bonds in 1992 and refinanced the bonds in 1998. The District also has approximately $29 million in general obligation bonds authorized between 1960 and 1978 for various Improvement Districts throughout the District, but unissued. General obligation bonds can only be issued under these existing authorizations to the extent necessary to fund the improvements specified by each ballot measure.

General obligation bonds generally are regarded as the broadest and soundest security among tax-secured debt instruments. An unlimited-tax pledge would enable a trustee to invoke mandamus to force the District to raise the tax rate as much as necessary to pay off the bonds. General obligation bonds have other credit strengths as well:

the property tax tends to be a steady and predictable revenue source, and when a vote is required to issue them, bondholders have some indication of taxpayers' willingness to pay. General obligation bonds carry the highest credit rating that a public agency can achieve and therefore, the lowest interest cost. General obligation bonds typically are issued to finance capital facilities and not for ongoing operational or maintenance costs.

The District will use an objective analytical approach to determine whether it can afford to assume new general obligation debt for the improvement districts, or in the case of projects not approved by the original ID 27 vote, prior to any submission of a general obligation bond ballot measure to voters. This process will compare generally accepted standards of affordability to the current values for the District. These standards will include debt per capita, debt as a percent of taxable value, debt service payments as a percent of current revenues and current expenditures, and the level of overlapping net debt of all local taxing jurisdictions. The process will also examine the direct costs and benefits of the proposed expenditures. The decision on whether or not to assume new debt will be based on these costs and benefits, the current conditions of the municipal bond market, and the District's ability to "afford" new debt as determined by the aforementioned standards.

Revenue Bonds

Revenue bonds are limited-liability obligations that pledge net revenues of the District to debt service. The net revenue pledge is after payment of all operating costs. Though revenue bonds are not generally secured by the full faith and credit of the District, the financial markets require coverage ratios of the pledged revenue stream and a covenant to levy rates and charges sufficient to produce net income at some level in excess of debt service (a Rate Covenant).

Also there may be a test required to demonstrate that future revenues will be sufficient to maintain debt service coverage levels after any proposed additional bonds are issued. The District will strive to meet industry and financial market standards with such ratios. Annual adjustments to the District's rate structure may be necessary to maintain these coverage ratios.

The underlying credit of revenue bonds is judged on the ability of the District's existing rates to provide sufficient net income to pay debt service and the perceived willingness of the District to raise rates and charges in accordance with its Rate Covenant. Actual past

performance also plays a role in evaluating the credit quality of revenue bonds, as well as the diversity of the customer base. Revenue bonds generally carry a credit rating one or two investment grades below a general obligation bond rating.

The District may use a debt structure called "Certificates of Participation" to finance capital facilities. However, if the certificates ~~of participation~~ contain a pledge of net revenues and a Rate Covenant, they are treated as essentially the same as a revenue bond.

Lease/Purchase Agreements

Over the lifetime of a lease, the total cost to the District will generally be higher than purchasing the asset outright. As a result, the use of lease/purchase agreements in the acquisition of vehicles, equipment and other capital assets will generally be avoided, particularly if smaller quantities of the capital asset(s) can be purchased on a "pay-as-you-go" basis.

The District may utilize lease-purchase agreements to acquire needed equipment and facilities. Criteria for such agreements should be that the asset life is three years or more, the minimum value of the agreement is $50,000 and interest costs must not exceed the interest rate earned by the District's portfolio for the average of the past 6 months. Lease payments of this type are considered operating expenses and would reduce net operating income available to pay any District revenue bonds. There are no coverage requirements or rate covenants associated with lease/purchase agreements.

State Water Loans

The State Water Resources Control Board makes certain funds available to water districts throughout the State. These loans typically carry a below-market rate of interest and are short term in nature. While State loans should be incorporated into the District's debt portfolio for the financing of capital improvements, the payment of the loan should not compromise the District's ability to issue other planned debt or cause the District to violate its rate covenants or make it necessary for the District to increase rates to maintain existing rate covenants.

Land Based Financing

The District may consider developer or property owner initiated applications requesting the formation of community facilities or

assessment districts and the issuance of bonds to finance eligible District facilities necessary to serve newly developing commercial, industrial and/or residential projects. Facilities will be financed in accordance with the provisions of the Municipal Improvement Act of 1913 and the Improvement Bond Act of 1915, or the Mello-Roos Community Facilities Act of 1982.

Typically, the bonds issued would be used to prepay, in a lump-sum, the District's capacity fees with respect to a large tract of land under development, or to finance in-tract infrastructure that will eventually be dedicated to the District. The bonds are secured by a special tax or assessment to be levied on property within the boundaries established for the community facilities district (sometimes known as a "Mello-Roos" district) or the assessment district. If the District becomes the sponsoring public agency for such financing district and the issuance of debt, the District will be required to enter into a Funding, Construction and Acquisition agreement for any of the facilities to be dedicated to the District upon completion. This agreement governs the type of facilities to be constructed with bond proceeds and how the facilities will be accepted by the District.

In some cases, the District may not be asked to be the sponsoring agency for the formation of a financing district, rather, the developer or property owner may approach a school district or a city to be the sponsoring agency. Nonetheless, the property owner may want to include lump-sum payment of District fees in the financing or construction of certain facilities to be dedicated to the District upon completion. In this case, if the District desired to participate, the District would enter into a Joint Financing Agreement with the sponsoring agency, again governing the type of facilities to be constructed with bond proceeds and how the facilities will be accepted by the District.

On a case-by-case basis, the Board shall make the determination as to whether a proposed district will proceed under the provisions of the Assessment Acts or the Mello-Roos Community Facilities Act. The Board may confer with other consultants and the applicant to learn of any unique district requirements, such as long-term development phasing, prior to making any final determination.

All District and District consultant costs incurred in the evaluation of new development, district applications and the establishment of districts will be paid by the applicant(s) by advance deposits in those instances where a party or parties other than the District have

initiated a proposed district. Expenses not legally reimbursable by the financing district will be borne by the applicant. The District may incur expenses for analyzing proposed assessment or community facilities districts where the District is the principal proponent of the formation or financing of the district.

Prior to the issuance of any land secured financing and in accordance with State law, the Board will adopt policies and procedures with criteria to be met before any special tax bonds or assessment district bonds may be issued. These criteria include the qualifications of the appraiser, the minimum value to lien ratio to be achieved prior to issuing the land secured debt and the maximum tax to be levied on different categories of property.

16.0: RATING AGENCY APPLICATIONS

The District may seek a rating on all new issues that are being sold in the public market. To ensure a fair rating, more than one rating agency shall be considered to rate the District's issues. These rating agencies include, but are not limited to, Fitch Investors Service, Moody's Investors Service, and Standard and Poor's. When applying for a rating on an issue over $1 million or more, the District shall make a formal presentation of the finances and positive developments within the District to the rating agencies. The District will report all financial information to the rating agencies as they are published and upon request. This information shall include, but shall not be limited to, the District's Comprehensive Annual Financial Report (CAFR), and the Adopted Operating and Capital Budget.

17.0: USE OF CREDIT ENHANCEMENT

Credit enhancement is a generic term that means any third-party guarantee of debt service. Credit enhancement providers include municipal bond insurance companies or financial institutions. The purchase of credit enhancement allows the District's bond issue to carry the same credit rating as the credit provider. The District will seek to use credit enhancement when such credit enhancement proves cost-effective. Selection of credit enhancement providers will be subject to a competitive bid process using the District's purchasing guidelines.

Fixed Rate Bonds

Credit enhancement for fixed rate bonds is obtained by the purchase of bond insurance. With few exceptions, bond insurance companies are

rated AAA. If a commitment for bond insurance is obtained for a particular issue, the District will estimate the annual debt service for the issue based on current AAA-rated bond interest rates with the cost of issuance including the payment of the bond insurance premium. If the estimated debt service on this basis is less than or equal to estimated debt service for the issue based on interest rates for bonds with the District's underlying or stand-alone credit rating, the District will purchase the bond insurance. Any intention of the District to prepay the debt ahead of its scheduled maturity will be taken into account in the analysis. Credit enhancement may be used to improve or establish a credit rating on a District debt obligation even if such credit enhancement is not cost effective if, in the opinion of the Chief Financial Officer, the use of such credit enhancement meets the District's debt financing goals and objectives.

Variable Rate Bonds

Credit enhancement for variable rate bonds is comprised of two components~~,~~: credit support and liquidity. The interest on variable rate bonds is based on a 7-day investment rate. Any investor can tender their bonds back to the District to be repurchased on 7 days' notice. Because of the short-term nature of the investment, the securities that the District is "competing" with for investors are AAA-rated or AA-rated mutual funds. Therefore, variable debt needs to have credit enhancement to achieve a comparable AAA or AA rating, as well as liquidity support to provide the District with a mechanism to purchase any bonds that are tendered before they can be remarketed to new investors. A limited number of financial institutions offer letters of credit that combine both credit support and liquidity for one fee. An alternative is to purchase bond insurance to provide credit support and enter into a separate purchase agreement with a financial institution to provide liquidity. The difference in cost between the two structures will be analyzed before either alternative is selected for variable rate debt.

18.0: GLOSSARY

Ad Valorem Tax: A tax calculated "according to the value" of property. Such a tax is based on the assessed valuation of tangible personal property. In most jurisdictions, the tax is a lien on the property enforceable by seizure and sale of the property. General restrictions, such as overall restrictions on rates, or the percent of charge allowed, sometimes apply. As a result, ad valorem taxes often function as the balancing element in local budgets.

Advance Refunding: A procedure whereby outstanding bonds are refinanced by the proceeds of a new bond issue prior to the date on which outstanding bonds become due or are callable. Typically an advance refunding is performed to take advantage of interest rates that are significantly lower than those associated with the original bond issue. At times, however, an advance refunding is performed to remove restrictive language or debt service reserve requirements required by the original issue.

Amortization: The planned reduction of a debt obligation according to a stated maturity or redemption schedule.

Arbitrage: The gain that may be obtained by borrowing funds at a lower (often tax-exempt) rate and investing the proceeds at higher (often taxable) rates. The ability to earn arbitrage by issuing tax-exempt securities has been severely curtailed by the Tax Reform Act of 1986, as amended.

Assessed Valuation: The appraised worth of property as set by a taxing authority through assessments for purposes of ad valorem taxation.

Basis Point: One one-hundredth of one percent.

Bond: A security that represents an obligation to pay a specified amount of money on a specific date in the future, typically with periodic interest payments.

Bond Counsel: An attorney (or firm of attorneys) retained by the issuer to give a legal opinion concerning the validity of the securities. The bond counsel's opinion usually addresses the subject of tax exemption. Bond counsel may prepare, or review and advise the issuer regarding authorizing resolutions or ordinances, trust indentures, official statements, validation proceedings and litigation.

Bond Insurance: A type of credit enhancement whereby a monocline insurance company indemnifies an investor against a default by the issuer. In the event of a failure by the issuer to pay principal and interest in-full and on-time, investors may call upon the insurance company to do so. Once assigned, the municipal bond insurance policy generally is irrevocable. The insurance company receives an up-front fee, or premium, when the policy is issued.

Call Option: A contract through which the owner is given the right but is not obligated to purchase the underlying security or commodity at a fixed price within a limited time frame.

Cap: A ceiling on the interest rate that would be paid.

Capital Lease: The acquisition of a capital asset over time rather than merely paying rent for temporary use. A lease-purchase agreement, in which provision is made for transfer of ownership of the property for a nominal price at the scheduled termination of the lease, is referred to as a capital lease.

Certificate of Participation: A financial instrument representing a proportionate interest in payments such as lease payments by one party (such as the District acting as a lessee) to another party (often a trustee).

CIP: Capital Improvement Program.

Competitive Sale: The sale of securities in which the securities are awarded to the bidder who offers to purchase the issue at the best price or lowest cost.

Continuing Disclosure: The requirement by the Securities and Exchange Commission for most issuers of municipal debt to provide current financial information to the informational repositories for access by the general marketplace.

Debt Service: The amount necessary to pay principal and interest requirements on outstanding bonds for a given year or series of years.

Defeasance: Providing for payment of principal of premium, if any, and interest on debt through the first call date or scheduled principal maturity in accordance with the terms and requirements of the instrument pursuant to which the debt was issued. A legal defeasance usually involves establishing an irrevocable escrow funded with only cash and U.S. Government obligations.

Derivative: A financial product that is based upon another product. Generally, derivatives are risk mitigation tools.

Discount: The difference between a bond's par value and the price for which it is sold when the latter is less than par.

Financial Advisor: A consultant who advises an issuer on matters pertinent to a debt issue, such as structure, sizing, timing, marketing, pricing, terms and bond ratings.

General Obligation Bonds: Debt that is secured by a pledge of the ad valorem taxing power of the issuer. Also known as a full faith and credit obligation.

Municipal Securities Rulemaking Board (MSRB): The MSRB, comprised of representatives from investment banking firms, dealer bank representatives, and public representatives, is entrusted with the responsibility of writing rules of conduct for the municipal securities market.

Negotiated Sale: A sale of securities in which the terms of sale are determined through negotiation between the issuer and the purchaser, typically an underwriter, without competitive bidding.

Official Statement: A document published by the issuer that discloses material information on a new issue of municipal securities including the purposes of the issue, how the securities will be repaid, and the financial, economic and social characteristics of the issuing government. Investors may use this information to evaluate the credit quality of the securities.

Option: A derivative contract. There are two primary types of options (see Put Option and Call Option). An option is considered a wasting asset because it has a stipulated life to expiration and may expire worthless. Hence, the premium could be wasted.

Optional Redemption: The redemption of an obligation prior to its stated maturity, which can only occur on dates specified in the bond indenture.

Overlapping Debt: The legal boundaries of local governments often overlap. In some cases, one unit of government is located entirely within the boundaries of another. Overlapping debt represents the proportionate share of debt that must be borne by one unit of government because another government with overlapping or underlying taxing authority issued its own bonds.

Par Value: The face value or principal amount of a security.

Pay-as-you-go: To pay for capital improvements from current resources and fund balances rather than from debt proceeds.

Put Option: A contract that grants to the purchaser the right but not the obligation to exercise.

Rate Covenant: A covenant between the District and bondholders, under which the District agrees to maintain a certain level of net income compared to its debt payments, and covenants to increase rates if net income is not sufficient to meet such level.

Refunding: A procedure whereby an issuer refinances an outstanding bond issue by issuing new bonds.

Revenue Bonds: A bond which is payable from a specific source of revenue and to which the full faith and credit of an issuer with taxing power is not pledged. Revenue bonds are payable from identified sources of revenue, and do not permit the bondholders to compel a jurisdiction to pay debt service from any other source. Pledged revenues often are derived from the operation of an enterprise. Generally, no voter approval is required prior to issuance.

Special Assessments: A charge imposed against property or parcel of land that receives a special benefit by virtue of some public improvement that is not, or cannot be enjoyed by the public at large. Special assessment debt issues are those that finance such improvements and are repaid by the assessments charged to the benefiting property owners.

Swap: A customized financial transaction between two or more counterparties who agree to make periodic payments to one another. Swaps cover interest rate, equity, commodity and currency products. They can be simple floating for fixed exchanges or complex hybrid products with multiple option features.

True Interest Cost (TIC): A method of calculating the overall cost of a financing that takes into account the time value of money. The TIC is the rate of interest that will discount all future payments so that the sum of their present value equals the issue proceeds.

Underwriter: The term used broadly in the municipal market, to refer to the firm that purchases a securities offering from a governmental issuer.

Yield Curve: Refers to the graphical or tabular representation of interest rates across different maturities. The presentation often starts with the shortest-term rates and extends towards longer maturities. It reflects the market's views about implied inflation/deflation, liquidity, economic and financial activity, and other market forces.

ATTACHMENT E

ASSOCIATION OF PUBLIC TREASURERS
UNITED STATES & CANADA
962 Wayne Avenue • Suite 910 • Silver Spring, MD 20910
Telephone: 301-495-5560 • Fax: 301-495-5561
www.aptusc.org

December 11, 2006

Joseph R. Beachem
Chief Financial Officer
Otay Water District
2554 Sweetwater Springs Blvd.
Spring Valley, CA 91978-2004

Dear Mr. Beachem:

The Association of Public Treasurers of the United States and Canada is pleased to present the Otay Water District of California with the Association's Debt Policy Certification. Members of the Association's Debt Management Committee congratulate your government for its success in developing a comprehensive written debt policy that meets the criteria set forth by the Association's Debt Management Committee.

Our review of your debt policy is limited to the documentation submitted. This Certification recognizes that the recipient currently has policies in place that are consistent with sound debt issuance and management practices. However, the existence of such policies does not fully insulate the recipient from changing economic circumstances, volatile market conditions, or human behavior. The Certification is not a guarantee that investors in the recipient's debt instruments will receive full and timely payment. Governments are welcome to submit their debt policies for review on an annual basis. However, the Debt Management Committee recommends that a certified government submit its debt policy once every three years or sooner if major revisions are made to the existing policy.

As the Association's Debt Management Committee Chairman, I will be presenting the Debt Policy Certification Award to all recipients at the Association's 2007 Annual Conference, August 11-15, in San Diego, California. Your District will be recognized during the Awards Luncheon at this conference.

As a treasury/financial officer from a government whose debt policy has been certified by the Association, you are eligible to apply to become a reviewer for the Debt Management Committee. Please contact the Association's headquarters at (301) 495-5560 if you are interested.

The Otay Water District is to be commended for this meaningful enhancement of its financial management program.

Sincerely,

Kent Rock

Kent Rock, CPFA
Chairman, Debt Management Committee

Attachment F

DISTRICT DEBT POLICY

Policy No. 45

January 3, 2007

POLICY REVIEW GOALS

- To Improve Financial Policies, Procedures, and Reports
- To Obtain the Highest Practical Debt Credit Rating
- To Reduce the Cost of Debt Issuance

INVESTMENT POLICY GUIDELINES

Professional Finance Organizations:

- Government Finance Officers Association (GFOA)
- Association of Public Treasurers of the United States & Canada (APT US&C)
- California Municipal Treasurers Association (CMTA)
- California Society of Municipal Finance Officers (CSMFO)

INVESTMENT CODE CHANGES

- 3.0: Legal and Regulatory Requirements
- 4.0: Alternative Funding Sources
- 7.0: Competitive & Negotiated Sale Criteria
- 13.0: Continuing Disclosure
- 14.0: Investment & Arbitrage Compliance
- 16.0: Rating Agency Applications
- 18.0: Glossary

DEBT POLICY CERTIFICATION

Association of Public Treasurers of the United States & Canada

- Certificate of Excellence

REQUESTED BOARD ACTION

The Finance and Administration Committee reviewed the updated Debt Policy (Board of Directors Policy No. 45) and recommends adoption of Resolution 4092 amending the policy as presented.

AGENDA ITEM 20b

STAFF REPORT

TYPE MEETING:	Regular Board Meeting	MEETING DATE:	January 3, 2007
SUBMITTED BY:	Joseph R. Beachem Chief Financial Officer	W.O./G.F. NO:	DIV. NO. All
APPROVED BY: (Chief)			
APPROVED BY: (Asst. GM):	German Alvarez, Assistant General Manager		
SUBJECT:	Presentation of the Financing Plan (2006 Update)		

GENERAL MANAGER'S RECOMMENDATION:

That the Board receive the Financing Plan (2006 Update), an independent review of the District's plan to finance the pending infrastructure.

COMMITTEE ACTION: _____

PURPOSE:

The Financing Plan is a third party review of the District's financial direction and status. Its primary purpose is to:

1. Update the Board on the preferred means of financing the District's Capital Improvement Program (CIP).
2. Evaluate the appropriateness of the pending and future debt issuances.
3. Evaluate increased debt financing due to the higher level of CIP accomplishment.
4. Insure that the plan maintains the District's financial strength.

ANALYSIS:

At the December Board meeting, the Board was presented with an overview of the Bond Sale Process that included the following:

- Financing participants and the roles of each party
- Estimated costs and selection process of each party
- The tentative timeline of the bond sale

At that same Board meeting, the Board approved the selection of the Bond Co-Counsels, Bond Disclosure Counsel, and the Trustee. This completed the financing team needed to prepare for the bond sale.

The Financial Advisor (FA) plays a key role in the financing team. In the October Board meeting the Board approved Harrell & Company as the FA for the pending debt issuance. A part of this engagement is to prepare an update to the District's Financing Plan. This plan reviews a number of issues surrounding the pending and future debt. The "Financing Plan Update" (Attachment B) details the Financial Advisor's findings. The findings are largely consistent with prior staff recommendations. The presentation of this plan is also attached (Attachment C) for the Board's review.

The following summary points provide the highlights of the Financing Plan.

ABILITY TO FUND THE CIP - That the District is financially capable of funding the CIP through a combination of debt issuances, funding from reserves, grants, and water revenues.

MAINTAINING FINANCIAL STRENGTH - The District can maintain adequate debt coverage ratios and reserve balances by continued implementation of rate increases projected in the Rate Model.

FUNDING PREFERENCE - The issuance of $42 million in debt is financially preferable over the drawing down of reserves. Drawing down of reserves would put significant pressure on rate increases limiting the District's short-term financial flexibility.

CHANGE IN BOND TERM - For the 2007 debt issuance a 30-year term is recommended instead of 20 years. This reduces the annual debt payments in the short-term reducing pressure to raise rates. While this is a change from staff's prior recommendations, staff supports this change as the debt coverage ratio rebounds more quickly without a significant decrease in future flexibility.

MONITOR EXISTING DEBT - In the past, the conversion of the variable rate COPs to a fixed rate has not been recommended. Currently, this position has softened somewhat as the two options are becoming more financially comparable when considering the risk avoidance provided by a fixed rate.

This third-party review of the plan to finance the District's CIP validates the planned direction of the District's Rate Model. The financing team is scheduled to present the financing

document to the Board on February 7, 2007, authorizing the bond sale.

FISCAL IMPACT:

There is no direct financial impact resulting from this document as it is a planning tool.

STRATEGIC GOAL:

The strategic goal is to accomplish sound financing of infrastructure. This will help the District meet the overall strategy to ensure financial health through formalized policies, prudent investing, and efficient operations.

LEGAL IMPACT:

None.

Mark Watton
General Manager

Attachments:

A) Committee Action Form
B) Financing Plan (2006 Update)
C) Financing Plan (2006 Update) Presentation

ATTACHMENT A

SUBJECT/PROJECT:	Presentation of the Financing Plan (2006 Update)

COMMITTEE ACTION:

The Finance and Administration Committee reviewed this item at a meeting held on December 21, 2006. The following comments were made:

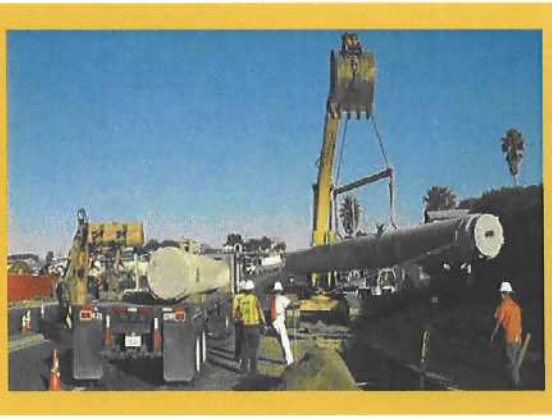
- It was indicated that the Financing Plan was being updated to demonstrate the District's capacity to fund the approved six year CIP budget;
- The Financing Plan approved in 2004 was developed in preparation for the financing of a portion of the approved six year CIP. At that time, it was anticipated that the District would need to issue $27.5 million Certificate of Participation (COPs) in 2007 based on the rate model developed in 2003;
- The current CIP in development includes large-scale, regional projects that are either on budget of ahead of schedule (the CIP is funding at 100% and will continue to do so next fiscal year). This is creating short-term cash flow demands as the rate model was based on 80% funding.;
- It was noted that the CIP budget did not increase, but that funds are needed sooner than anticipated;
- Staff is recommending that the planned 2007 debt issuance be increased from $27.5 million to $42 million to fund the six year CIP budget with 30-year maturity.;
    - It was noted that the $42 million brings the total debt financing up to approximately 34% of the 6 year CIP budget.
- It was indicated that the increase in the debt issuance would help maintain the reserves at the policy target levels which is an important component of the District's long-term financial strength;
- The debt will also soften the impact on near-term rates allowing steady rate increases over time, allowing the District to collect the additional $14 million debt over the term of the financing (30 years).;

- It will also provide more flexibility for future rate setting and would provide a cushion for rate increases for unforeseen expenditures should they be needed.;
- The committee inquired why the District would not want to use its reserves to fund the CIP needs. It was discussed that if the District utilized its reserves it would affect the District's rating as the District must demonstrate that it can finance operations from current revenues and does not require the use of its reserves. It will also be important that the District have a set rate increase planned to cover the debt issuance. The District does have a plan which proposes a 5.4% increase in the years 2007 thru 2009 and a 5.1% (up from the originally proposed increase of 3.9%) increase in 2010 thru 2012.
- It was also discussed that the implementation of the rate increase would assist the District's credit strength as it would allow the District to maintain an adequate ratio of revenues to debt service. With the planned rate increases, at the end of the 6 year rate model the District's coverage ratio will be above the target level of 150%.
- The committee inquired what the differential would be between an "A" versus an "A+" rating. It was noted that it was approximately 5 basis points, which represents substantial interest savings over the life of the bonds.
- The committee discussed how the District's bond rating compared with other water agencies. It was stated that the District has an equal (A+) or better rating than other water districts in the County with the exception of County Water Authority (AA) as it is a larger organization with a more diversified customer base. It also very well run and is a quality organization.
- The committee discussed the total debt service difference between a 20 year term and 30 year term. It was indicated that total debt service for 20 years would be approximately $65 million and $70 million for 30 years. Staff is recommending a 30 year term as a 20 year term would be demanding on the District's finances.
- It was noted that the current rate for a 30 year term is 4.57% and 4.55% for a 20 year term. It was discussed that the District is currently investing at just over 5% interest. The interest charged on the debt would be approximately 4.57%. The District will be earning at a higher interest rate on reserves than it would pay for debt.

- The committee inquired if the District could replace the funding prior to the end of the term. It was noted that 99% of issuers of variable rate debt do not convert to fixed as there is a cost to convert. It also provides the flexibility to follow the market by holding variable rate debt.

Upon completion of the discussion, the Committee supported staff's recommendation and forwarding to the Board of Directors as an information/action item.

OTAY WATER DISTRICT



FINANCING PLAN UPDATE

2007 Certificates of Participation

December 2006

December 21, 2006

Otay Water District
2554 Sweetwater Springs Boulevard
Spring Valley, California 91978

EXECUTIVE SUMMARY

The District adopted a Financing Plan in 2004 in anticipation of significant capital investment needs between 2004 and 2008. The 2004 Financing Plan demonstrated that the District could, using a combination of net operating income and existing reserves, fund planned capital projects from these sources through fiscal year 2006. The 2004 Financing Plan concluded that $27.5 million bond financing would be required in 2007 to timely implement the District's capital improvement plan, while maintaining sufficient operating and capital reserves. Further, the 2004 Financing Plan concluded that the implementation of a series of rate increases would be necessary to provide sufficient income to issue the debt in 2007. These rate increases were estimated using the District's Rate Model program. The projected rate increases have been implemented.

The purpose of this Financing Plan Update ("Update") is to again summarize the funding of the capital improvement program from among available resources, with a time horizon of the six year period from fiscal year 2007 through 2012. This is consistent with the District's current 2007-2012 Capital Improvement Program (CIP) Budget. The District's CIP is somewhat accelerated from the projected CIP in 2004. Many of the projects are regional in nature and ahead of schedule, putting additional short-term demands on District cashflow. As a result, the debt financing recommended in 2007 included in this Update has increased to $42 million. The increased financing is recommended in lieu of drawing down the District reserves.

This Update will demonstrate that, after meeting the debt service requirements for current and anticipated long-term debt, sufficient cashflow remains to pay for pay-as-you-go CIP, ongoing operations and to maintain the targeted reserve levels specified in the District's Reserve Policy adopted in March 2006. The Reserve Policy outlines best-practices reserve levels for operations and maintenance and the District's expansion, betterment and replacement capital project funds.

Specifically, the goals of this Update are:

- Fund the District's immediate capital financing needs, as well the overall Six-Year Capital Improvement Program for each of Water System, Recycled Water System and Sewer System:

Expansion	$162,674,000
Betterment	26,605,000
Replacement	29,859,000
	$219,138,000

This Update provides for funding of capital improvements at 100% of the estimated budget for 2007 and 2008, and 80% thereafter.

- Provide for the required debt service on outstanding and anticipated debt payable from Net Operating Revenues of the Water and Recycled Water Systems and analyze the impact of rate increases projected in the Rate Model on the District's ability to continue to meet its rate covenants.
- Provide $26 million in the Replacement Reserve, $1.8 million in the Betterment Reserve and $10 million in the Expansion Reserve required by the District's Reserve Policy by the end of the six year period.
- Maintain an operating cash reserve equal to 90 days of expenses for each of the three operational components required by the District's Reserve Policy.
- Analyze the economics of converting the District's existing variable rate 1996 Certificates of Participation to a fixed rate of interest in accordance with the District's Debt Policy (adopted in 2004 and updated in September 2006).

Recommendation

Debt Financing. This Update recommends the District issue approximately $42 million in fixed rate debt to be used toward the District's overall CIP Budget in the next 24 months. Further series of debt issuance are recommended in 2009 ($20.2 million) and 2011 ($12.1 million).

The proposed term of the 2007 debt is 30 years. Future debt is expected to have a term of 20 years. This Update recommends a longer term for this first series of debt in order to allow the District flexibility to meet certain coverage ratios in anticipation of the debt to be issued over the next four years. The term for subsequent issues can be shortened or lengthened depending on the actual versus projected results of operations going forward. A conversion of the 1996 Certificates of Participation to a fixed rate is not recommended at this time, however, monitoring of the economics of conversion should continue on a regular basis.

Reserves. This Update recommends that the District target the reserve levels outlined in its Reserve Policy rather than draw down reserves to finance a greater portion of the CIP Budget at this time. Since Reserves would typically be replenished over a shorter time frame than the 20 to 30 years of debt repayment, significant additional rate increases would be needed over and above those contained in the Rate Model to accomplish this by the end of the six year CIP Program currently being funded. Further, if rates were increased to replenish the Reserves, and the District had some unforeseen expenditures, additional rate increases to pay for such costs could drive rate increases (as a percentage) extremely high. Financing the additional CIP costs through debt provides some future rate setting flexibility.

Rate Increases. This Update is based on the rate increases calculated in the District's Rate Model. The Rate Model was recently updated to reflect the actual results of the first quarter of 2006/07 and the best estimate of CIP expenditures for the next 24 months. As was the case in 2004, continued implementation of these rate increases is crucial to the District's ability to

fund the CIP over the next six years without compromising its reserve levels. The first planned 5.4% rate increase is scheduled for public hearing on January 3, 2007. The recommended rate increases are 5.4% for the next two years, followed by 5.1% for three years, and 3.9% thereafter.

PURPOSE OF THE FINANCING PLAN UPDATE

This Update summarizes the timing and method of funding capital improvements over the next five years based on the current CIP and the current Rate Model. The CIP is separated into improvement categories – Expansion, Betterment and Replacement. Each improvement category contains the combined CIP for each operational area – Water, Recycled Water, and (if applicable) Sewer. Each category of improvements is designed to be funded with operational net cashflow, bond proceeds, transfers within operational areas, other capital related charges or a combination of these sources.

PROPOSED FUNDING SOURCES

The proposed funding for each improvement category is shown below. Transfers from the operating funds are discussed later in the Update. The ending balance shown at the end of the six year period is not less than the minimum requirements of the Reserve Policy.

Expansion CIP

(in $Thousands)	2007	2008	2009	2010	2011	2012
Beginning Fund Balance	$ 2,398.0	$18,112.0	$10,433.6	$20,870.0	$16,462.0	$ 5,972.0
Capacity Fees & Surcharges	7,331.4	8,173.8	11,922.0	10,694.5	10,873.5	20,083.7
Grants	4,240.0	1,616.0	3,592.0	3,592.0	2,080.0	1,520.0
General Fund Transfers	-	4,350.0	6,900.0	4,550.0	6,450.0	8,450.0
Temporary Meter Revenues	799.8	803.8	811.8	819.9	828.1	836.4
Interest	407.1	708.4	821.1	1,012.5	646.3	486.1
Betterment Fund Transfers	320.9	619.4	511.0	610.1	331.6	257.4
Bond Financing	30,550.0	-	12,950.0	-	8,150.0	-
Total Annual Sources	43,649.2	16,271.4	37,507.9	21,279.0	29,359.5	31,633.6
Expansion Projects[1]	24,066.3	19,300.9	21,334.0	19,885.4	33,343.1	20,869.6
Debt Service [2]	2,868.7	3,643.7	4,722.2	4,776.1	5,470.7	5,474.4
Developer Services	1,000.2	1,005.2	1,015.3	1,025.5	1,035.8	1,046.2
Total Uses	27,935.2	23,949.8	27,071.5	25,687.0	39,849.6	27,390.2
Ending Fund Balance	**$18,112.0**	**$10,433.6**	**$20,870.0**	**$16,462.0**	**$ 5,972.0**	**$10,215.3**

(1) Beginning in 2009, the District expects that 80% of the projected CIP costs will be expended in the fiscal year budgeted.

(2) Debt Service is secured by Net Operating Income, Property Taxes and Capacity Fees.

Grants from the Bureau of Reclamation represent a significant source of funding for the Expansion CIP relating to the Recycled System. The District will need to monitor the grant program closely in order to achieve the funding plan for this system component.

Betterment CIP

(in $Thousands)	2007	2008	2009	2010	2011	2012
Beginning Fund Balance	$(3,414.2)	$ 5,444.0	$ 4,243.3	$ 3,686.8	$ 1,824.9	$ 2,483.7
Availability	546.3	561.5	584.4	605.3	625.4	652.7
Betterment Charges	948.9	1,017.2	1,054.3	1,092.9	1,132.9	1,174.2
General Fund Transfers	2,650.0	6,539.0	(1,295.2)	2,117.0	1,543.0	1,187.0
Interest	39.8	236.3	204.7	147.5	121.5	125.5
Bond Financing	8,500.0	-	6,800.0	-	-	-
Total Annual Sources	12,685.0	8,354.0	7,348.1	3,962.7	3,422.8	3,139.4
Betterment Projects	2,905.9	8,029.6	5,769.8	3,757.2	948.5	2,073.2
Exp/Rep Projects	356.3	704.8	536.9	674.1	422.9	334.5
Debt Service [2]	564.6	820.3	1,597.9	1,393.3	1,392.5	1,392.3
Total Uses	3,826.8	9,554.7	7,904.6	5,824.6	2,763.9	3,800.0
Ending Fund Balance	$ 5,444.0	$ 4,243.3	$ 3,686.8	$ 1,824.9	$ 2,483.7	$ 1,823.1

(1) Beginning in 2009, the District expects that 80% of the projected CIP costs will be expended in the fiscal year budgeted.
(2) Debt Service is secured by Net Operating Income and Property Taxes.

Replacement CIP

(in $Thousands)	2007	2008	2009	2010	2011	2012
Beginning Fund Balance	$22,249.9	$28,037.2	$26,220.8	$25,980.6	$25,804.8	$29,939.3
General Fund Transfers	9,850.0	2,740.0	1,370.0	1,470.0	1,570.0	1,600.0
Interest	986.0	1,323.3	1,347.6	1,385.9	1,571.0	1,637.6
Betterment Fund Transfers	35.4	85.4	25.9	64.0	91.3	77.1
Bond Financing	2,950.0	-	450.0	-	3,900.0	-
Total Annual Sources	13,821.4	4,148.7	3,193.5	2,919.9	7,132.3	3,314.7
Replacement Projects	7,561.6	5,405.5	2,833.8	2,483.0	2,185.2	6,018.0
Debt Service [2]	472.5	559.6	599.9	612.7	812.6	948.9
Total Uses	8,034.1	5,965.1	3,433.7	3,095.7	2,997.8	6,966.9
Ending Fund Balance	$28,037.2	$26,220.8	$25,980.6	$25,804.8	$29,939.3	$26,287.1

(1) Beginning in 2009, the District expects that 80% of the projected CIP costs will be expended in the fiscal year budgeted.
(2) Debt Service is secured by Net Operating Income and Property Taxes.

FINANCING THE CIP

The primary sources of funding the CIP are net operating revenues, capacity fees, betterment fees and spending down certain replacement reserves. The first two sources provide security for the District's bonded debt, as well as providing direct cashflow to the capital funds. Bonding capacity is achieved by capitalizing the cashflow from the Water and Recycled Water Systems over a period of time, in the case of the 2007 debt, 30 years, which provides the funding that the District needs to complete the proposed CIP in conjunction with the other sources of funds. *The Sewer System operations are not included in the pledge to debt financing.*

The charts in "Proposed Funding Sources" above show that the District will need to issue debt in 2007 to fund approximately $42,000,000 (including issuance costs) in capital projects, allocated as follows:

- $30,550,000 in Expansion Projects
- $17,500,000 in Betterment Projects
- $2,950,000 in Replacement Projects

Additional financing projected in 2009 would provide a total of $20,200,000 for the CIP and financing projected in 2011 would provide a total of $12,050,000 for the CIP. The combination of the three financings fund $74,500,000 of the total anticipated $219,000,000 CIP budget, or 34% of total expected costs.

General Financing Considerations

To determine the optimum debt issuance for the District, several factors are analyzed. The type of debt issued the District may vary depending on circumstances and the following factors.

- **Rate Covenants**

  Legal provisions contained in the bond indenture make clear the District's responsibilities and the bondholder's recourse in the event of the District's non-compliance. Legal provisions generally refer to the District's "rate covenant." A rate covenant is the District's pledge to bondholders that it will increase service charges sufficient to provide an adequate "coverage ratio" for the debt service. In most cases, this will result in the District pledging to generate net income of at least 120% of debt service through a combination of operations and other pledged revenue such as capacity fees, and often may require the District to demonstrate a higher actual ratio, 125% when issuing additional debt.

  The rate covenant is analyzed in conjunction with an assessment the District's customer base, rate competitiveness, operational flexibility, management, financial strength and regulatory pressures. When these assessments indicate that the District's expected ongoing performance will be well in excess of the minimum

levels guaranteed by the rate covenant, the degree of strength granted by the rate covenant becomes much less relevant to the District's credit rating. In contrast, when future performance is expected to be closer to levels guaranteed by the rate covenant, the rate covenant itself becomes important to the assumptions of continued stability at that level. In such cases, the rate covenant can play an important role in the rating.

Based on the current Rate Model projections of revenues, operating expenses and capacity and annexation fees ("Pledged Net Revenues"), Pledged Net Revenues available for debt service are expected to exceed 3 times the debt service obligation. However, in the short term, debt service will not be completely covered in full using only pledged operating income (this excludes non-operating income and one-time sources such as capacity fees). This can be expected to play a role in determining the District's credit rating, since future rate increases are needed to replace the ultimate loss over time of one-time capacity fee revenues. Continuing to increase rates will be crucial to maintaining the rate covenants in the future as the one-time revenues decline over time. This is detailed in the section "Rate Covenant" below.

- **Maturity**

The District has two outstanding issues payable from the Pledged Net Revenues. The 2004 COPs mature in 2023 and the 1996 COPs mature in 2026. Both of these issues have approximately level debt service each year. When the two issues are combined, the combined debt service is approximately equal for all years until 2023 and then drops off in 2024 after the final maturity of the 2004 COPs. The District's objective for structuring future debt should be to maintain approximately level debt service on an aggregate basis as much as possible, while still amortizing a sufficient amount of the principal of the new debt. This provides the District with level expenditures and more stability in the rate setting.

- **Interest Rate Risk**

Variable rate debt still may look attractive in the current interest rate environment. An objective analysis should be made using reasonable assumptions as to future interest rates and the other costs associated with variable rate debt -- discussed below under "Credit Risk" – when analyzing whether or not to issue variable rate debt. The District's Debt Policy requires a comparison of debt service based on variable rates with a comparable fixed rate issue and a minimum 10% estimated reduction in the anticipated costs of financing before deciding to issue variable rate debt. This criteria is intended to offset future interest rate risk by making sure there are enough debt service savings in the early years to minimize rises in future interest rates.

Credit Risk

Variable rate bonds require both credit support and a liquidity facility. The interest on variable rate bonds is based on a 7-day investment rate for the reason that any investor can tender their bonds back to the District to be repurchased on 7 days' notice. Because of the short-term nature of the investment, the securities that the District is "competing" with for investors are AAA-rated or AA-rated mutual funds. Therefore, variable debt needs to have credit enhancement to achieve a comparable AAA or AA rating, as well as liquidity support to provide the District with a mechanism to purchase any bonds that are tendered before they can be remarketed to new investors.

Typically credit support and liquidity can be obtained in one instrument – a letter of credit. Letters of credit normally expire in five years and must be renewed several times throughout the term of the debt. This exposes the District to three different risks. First, the bank's own credit rating can be downgraded, and correspondingly, the District's bond rating will be lowered. This generally will increase the interest rate associated with a variable rate issue. Second, at the time of renewal, the letter of credit bank can renegotiate its fees. This exposes the District to the possibility of increased annual credit fees. In either of these situations, the District has the option of changing banks. However, there are a limited number of banks in this market, and the District may not be able to find a replacement letter of credit at the same fee it was charged in the past. Therefore, so-called "credit risk" is an important component of any analysis of fixed versus variable rate debt. The annual credit fees for the District's 1996 Variable Rate Certificates of Participation increased from .25% to .30% of the outstanding debt at the first renewal, to .40% of the outstanding debt at the second renewal and to .50% of the outstanding debt at the third renewal.

Sale Method

The Debt Policy states that the District will use a competitive bidding process in the sale of debt unless the nature of the issue or specific circumstances warrants a negotiated sale. Types of debt that would typically lend themselves to the negotiated sale format are variable rate debt and unrated debt. Circumstances that might warrant a negotiated sale may occur when the issue is of a limited size that would not attract wide-spread investor interest, during periods of high levels of issuance by other entities in the State or during periods of market volatility. None of the factors that would warrant a negotiated sale are present for the purpose of this Update, and the recommendation is to sell the debt outlined in this Update on a competitive basis.

Existing Debt

The District currently has three outstanding debt issues. The terms of the issues are summarized in the table below. The Rate Covenant applicable to the 1996 COPs and the 2004 COPs must be complied with before issuing any additional debt secured by the Pledged Net Revenues. The Rate Covenant is detailed in the section "Rate Covenant" below.

Issue	Issue Date	Average Interest Rate	Final Maturity	Optional Call Date	Security
2004 Certificates of Participation	August 2004	4.10%	2023	9/1/14	District-wide Net Income
1996 Variable Rate Demand Certificates of Participation	June 1996	Variable - Currently 3.38%	2026	Any Date	District-wide Net Income
General Obligation Refunding Bonds, Series 1998	June 1998	4.8%	2022	9/1/2008	ID 27 *Ad Valorem* Taxes

The District has also entered into a loan with the State Water Board. The loan matures in 2010 and bears interest at 3.5%.

Voters within Improvement District No. 27 of the District authorized $100 million general obligation bonds in 1989. The District issued $11,500,000 general obligation bonds in 1992 and refinanced the bonds in 1998. The District also has approximately $29 million in general obligation bonds authorized between 1960 and 1978 for various Improvement Districts throughout the District, but unissued. General obligation bonds can only be issued under these existing authorizations to the extent necessary to fund the improvements specified by each ballot measure.

The General Obligation Bonds are secured by ad valorem taxes levied in ID 27. These taxes are only available to pay the General Obligation Bonds and not for any other operational purpose. As such, the taxes and debt service on these bonds have been excluded from Rate Covenant. It is also not proposed that the District use any of its existing General Obligation Bond authority to fund the current 6 year CIP.

Conversion of the 1996 COPs to Fixed Rate

The District's Debt Policy outlines a formula for determining if it is in the District's best interest to issue certain debt at variable rates instead of fixed rates, by requiring that at the time of issuing any variable rate debt, there should be at least a 10% estimated reduction in annual debt costs by issuing variable rate debt when compared to a similar issuance of fixed rate debt.

Using this 10% factor at the time of issuance will allow the District to be relatively assured that its variable rate financing will be cost-effective over the term of the bonds.

Since the 1996 COPs already bear interest at a variable, periodic assessments should be made to determine if or when to convert the 1996 COPs to a fixed rate. Since the District has already reaped the benefits of extremely low interest rates over the last three years, it is not necessary to demonstrate the same level of savings (10%) for the remaining term of the financing. Instead, at this point, the District should focus on the risk of rates increasing in the future and should be able to demonstrate that the variable rate 1996 COPs are at least as cost-effective as a comparable fixed rate issue going forward.

The following chart compares the estimated debt service and additional costs associated with the 1996 COPs with a fixed rate issue based on today's rates. Variable rate bonds require some form of credit enhancement to be marketable. Credit enhancement is comprised of two components, credit support and liquidity. The cost of credit enhancement is paid annually. Other annual costs associated with variable rate issues include the fees of a remarketing agent as well as rating fees. All of these annual costs are added to the estimated principal and interest to determine the total annual debt service requirements. Pursuant to the Debt Policy, the interest rate used to calculate the debt service is the average interest rate for the last 10 years. However, since it is unlikely that this rate will be reached in the next three years, a lower rate was used initially increases progressively until the average rate is reached. The rates used are shown below:

Through 9/1/2007	3.50%
Next 12 months	3.60%
Thereafter	3.75%

The annual credit enhancement costs are assumed to be the same as the existing fee, .50% of the outstanding principal. The remarketing fees are based on .125% of the outstanding principal and the rating fees are estimated to be $3,000 annually. The analysis for the fixed rate bonds assumes that the District purchases bond insurance.

This analysis was last completed in June 2006 and showed that there were $220,000 cost savings to leaving the 1996 COPs in their variable rate mode. This represented about a 2% savings in overall costs by leaving the debt in a variable rate mode. Recently, however, short-term interest rates have continued to rise (affecting the variable rates), while long term fixed rates have held steady and in some cases, declined. Due to this anomaly in the yield curve, the chart on the following page demonstrates that a conversion of the 1996 COPs to fixed rate is much closer to a break even at this time continued monitoring of the economics of converting should occur regularly. Since short term variable rates plateau at today's level (3.4%) and letter of credit fees do not increase, the cost to the District would be $625,000 from conversion today.

Complete cashflow schedules relating to the conversion of the 1996 COPs can be found in Appendix B.

Year End	1996 COP Prin/Int	Annual Costs	1996 COP Total	Fixed Rate Refinancing	Difference
9/1/2008	850,000	87,925	937,925	1,005,000	(67,075)
9/1/2009	853,750	80,425	934,175	1,005,000	(70,825)
9/1/2010	838,750	77,925	916,675	1,005,000	(88,325)
9/1/2011	823,750	75,425	899,175	1,005,000	(105,825)
9/1/2012	908,750	72,925	981,675	1,005,000	(23,325)
9/1/2013	890,000	69,800	959,800	1,005,000	(45,200)
9/1/2014	871,250	66,675	937,925	1,005,000	(67,075)
9/1/2015	952,500	63,550	1,016,050	1,005,000	11,050
9/1/2016	930,000	59,800	989,800	1,005,000	(15,200)
9/1/2017	907,500	56,050	963,550	1,005,000	(41,450)
9/1/2018	985,000	52,300	1,037,300	1,005,000	32,300
9/1/2019	958,750	47,925	1,006,675	1,005,000	1,675
9/1/2020	932,500	43,550	976,050	1,005,000	(28,950)
9/1/2021	1,006,250	39,175	1,045,425	1,005,000	40,425
9/1/2022	976,250	34,175	1,010,425	1,005,000	5,425
9/1/2023	1,046,250	29,175	1,075,425	1,005,000	70,425
9/1/2024	1,012,500	23,550	1,036,050	1,005,000	31,050
9/1/2025	1,078,750	17,925	1,096,675	1,005,000	91,675
9/1/2026	1,141,250	4,800	1,146,050	1,005,000	141,050
	$ 17,963,750	$1,003,075	$ 18,966,825	$ 19,095,000	$ (128,175)

This chart demonstrates that a conversion of the 1996 COPs to fixed rate is very close to a break even at this time and a conversion to fixed rates should be monitored regularly. Complete cashflow schedules relating to the conversion of the 1996 COPs can be found in Appendix B.

Rate Covenant

Assuming that the 1996 COPs are converted to fixed rates as part of the 2007 COPs, the Rate Covenant applicable to the 2004 COPs must be complied with when issuing the 2007 Certificates of Participation and all future debt. The Rate Covenant requires Pledged Net Revenues (which includes the 1% Property Tax) be at least equal to 125% of Debt Service. The following definitions are also used in the Rate Covenant:

Net Revenues equal Gross Revenues less O&M Expenses

Gross Revenues are defined as:

(i) All water availability charges not exceeding $10 per acre per year

(ii) All income, rents, rates, fees, charges and other money derived by the District from the ownership or operation of the Water System, including, without limitation:

(a) Income, rents, rates, fees, charges and other money derived from the sale, furnishing and supplying of water and other services, facilities and commodities sold, furnished or supplied through the facilities of the Water System, including connection fees;

(b) The earnings on and income from investment of such income, rents, rates, fees, charges and other money; and

(c) The proceeds derived by the District directly or indirectly from the sale, lease or disposition of a part of the Water System

Water System is defined as all properties and assets, real and personal, tangible and intangible, of the District now or hereafter existing, used or pertaining to the production, treatment, transmission, distribution and sale of water, including all additions, extensions, expansions, improvements and betterments thereto, and equipping thereof.

Debt Service payment for variable rate debt (if the 1996 COPs are not converted, or additional variable rate debt is issued in the future) are calculated using the 25 Year Revenue Bond Index as the interest rate to compute annual debt service. Currently the 25 Yr RBI Index is 4.55%.

The table on the following page demonstrates the calculation of Pledged Net Revenues and the compliance with the Rate Covenant for the 2007 COPS and the future financings in 2009 and 2011. First, an analysis of coverage solely from operations (which excludes non-operating income such as rental income) is provided to give the District a sense of the coverage from rates and charges. A further analysis is done combining the operating income with one-time pledged revenues such as capacity fees and annexation fees. This combined coverage ratio demonstrates the District's legal compliance with the Rate Covenant. However, the ability to demonstrate coverage from operations only will play a role in the rating process and is shown to highlight again how crucial it is for the District to continue to implement planned rate increases to provide the ability for future series of financing.

Calculation of Net Pledged Revenue and Rate Covenant Compliance

	2006	2007	2008	2009	2010	2011	2012
Pledged Operating Revenue							
Potable Sales - Existing Rates	$40,512,879	$42,161,400	$43,131,200	$44,597,700	$45,935,600	$47,194,300	$48,940,500
Recycled Sales - Existing Rates	3,242,731	3,776,000	3,970,100	4,147,600	4,272,000	4,429,100	4,666,800
	43,755,610	45,937,400	47,101,300	48,745,300	50,207,600	51,623,400	53,607,300
Potable Sales - Rate Increases	-	1,024,500	3,433,800	6,150,500	9,085,100	12,217,000	15,811,000
Recycled Sales - Rate Increases	-	85,600	309,300	564,600	837,200	1,138,300	1,498,500
Total Revenue from Sales	43,755,610	47,047,500	50,844,400	55,460,400	60,129,900	64,978,700	70,916,800
1% Property Taxes	1,420,049	2,802,700	2,852,700	2,902,700	2,952,700	3,002,700	3,052,700
Portion of Construction Revenue	1,089,700	799,800	803,800	811,800	819,900	828,100	836,400
Availability Fees	609,099	574,800	590,800	614,900	636,800	658,000	686,700
Portion of Capacity Fees (1)	1,222,200	1,000,200	1,005,200	1,015,300	1,025,500	1,035,800	1,046,200
Meter Fees	428,900	278,500	286,200	293,300	293,500	306,400	328,000
MWD/CWA Rebate (Recycled)	372,172	633,000	1,794,800	1,785,200	1,758,800	1,772,200	1,801,000
Investment Earnings	3,173,752	2,705,900	3,515,400	3,564,000	3,842,200	3,762,700	3,776,600
Total Operating Revenue and Taxes	**52,071,482**	**55,842,400**	**61,693,300**	**66,447,600**	**71,459,300**	**76,344,600**	**82,444,400**
Total Operational and Maintenance Costs	**(47,520,682)**	**(51,872,400)**	**(54,764,200)**	**(58,289,500)**	**(62,044,100)**	**(65,985,200)**	**(70,566,000)**
Net Operating Income	**4,550,800**	**3,970,000**	**6,929,100**	**8,158,100**	**9,415,200**	**10,359,400**	**11,878,400**
Maximum Annual Debt Service:							
1996 COP	1,112,000	1,112,000	1,112,000	1,112,000	1,112,000	1,112,000	1,112,000
2004 COP	944,000	944,000	944,000	944,000	944,000	944,000	944,000
2007 COP		925,000	2,625,000	2,625,000	2,625,000	2,625,000	2,625,000
2009 and 2011 COP	-	-	-	600,000	1,565,000	1,965,000	2,890,000
Total Debt Service	2,056,000	2,981,000	4,681,000	5,281,000	6,246,000	6,646,000	7,171,000
Coverage from Pledged Operating Income	**221%**	**133%**	**148%**	**154%**	**151%**	**156%**	**157%**
Net Revenues	4,550,800	3,970,000	6,929,100	8,158,100	9,415,200	10,359,400	11,878,400
Annexation Fees	1,262,146	1,216,900	1,305,900	1,416,500	1,530,400	1,650,400	1,795,300
Capacity Fees	6,983,579	6,330,800	7,168,000	10,976,700	9,669,500	9,838,200	19,037,800
Total Pledged Revenue	**$12,796,525**	**$11,517,700**	**$15,403,800**	**$20,551,300**	**$20,615,100**	**$21,848,000**	**$32,711,500**
Coverage from Total Pledged Revenue	**622%**	**386%**	**329%**	**389%**	**330%**	**329%**	**432%**

(1) A portion of Capacity Fees allocable to CIP Project Costs included in O&M.

CONCLUSION

Implementation of the financing recommended in this Update will allow the District to meet its current six-year strategy to complete needed infrastructure, to maintain appropriate reserves for future CIP, to meet emergencies and to provide predicable rate increases. If the District continues to implement the rate increases project in the Rate Model, it will position itself favorably for the issuance of the additional debt described herein that is anticipated in 2009 and 2011 in accordance with Rate Covenants and other requirement for issuance of such debt. The balancing debt financing, maintenance of reserves and meeting targeted debt coverage levels serves to keep the District on sound financial footing as it moves forward in its capital budgeting for future periods, while maintaining flexibility to the greatest extent possible with respect to its rates and charges and to meet any unforeseen challenge.

APPENDIX A
2007 CERTIFICATES OF PARTICIPATION

SOURCES AND USES OF FUNDS

Otay Water District
2007 Certificates of Participation

APPENDIX A

Sources:	
Bond Proceeds:	
Par Amount	42,000,000.00
Net Premium	270,553.30
	42,270,553.30

Uses:	
Delivery Date Expenses:	
Cost of Issuance	215,000.00
Underwriter's Discount	462,000.00
Bond Insurance	230,612.80
Reserve Fund Surety Bond	52,431.45
	960,044.25
Other Uses of Funds:	
Water CIP	40,900,000.00
Contingency	410,509.05
	41,310,509.05
	42,270,553.30

Note: AAA Rates as of December 8, 2006 Plus 10 BP

BOND PRICING

Otay Water District
2007 Certificates of Participation

APPENDIX A

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Call Date	Call Price	Premium (-Discount)
Serial Bonds:								
	09/01/2008	765,000	4.100%	3.520%	100.840			6,426.00
	09/01/2009	795,000	4.100%	3.550%	101.304			10,366.80
	09/01/2010	825,000	4.100%	3.570%	101.729			14,264.25
	09/01/2011	860,000	4.100%	3.600%	102.060			17,716.00
	09/01/2012	895,000	4.100%	3.620%	102.374			21,247.30
	09/01/2013	935,000	4.100%	3.640%	102.641			24,693.35
	09/01/2014	970,000	4.100%	3.670%	102.797			27,130.90
	09/01/2015	1,010,000	4.100%	3.700%	102.894			29,229.40
	09/01/2016	1,055,000	4.100%	3.750%	102.775			29,276.25
	09/01/2017	1,095,000	4.100%	3.830%	102.316			25,360.20
	09/01/2018	1,140,000	4.100%	3.950%	101.375			15,675.00
	09/01/2019	1,185,000	4.100%	4.080%	100.194			2,298.90
	09/01/2020	1,235,000	4.100%	4.200%	98.977			-12,634.05
	09/01/2021	1,285,000	4.250%	4.250%	100.000			
	09/01/2022	1,340,000	4.300%	4.300%	100.000			
	09/01/2023	1,400,000	4.550%	4.550%	100.000			
	09/01/2024	1,460,000	4.550%	4.550%	100.000			
	09/01/2025	1,530,000	4.550%	4.550%	100.000			
	09/01/2026	1,600,000	4.550%	4.550%	100.000			
	09/01/2027	1,670,000	4.550%	4.550%	100.000			
		23,050,000						211,050.30
Term Bond:								
	09/01/2036	18,950,000	4.600%	4.550%	100.314 C	09/01/2014	100.000	59,503.00
		42,000,000						270,553.30

BOND PRICING

Otay Water District
2007 Certificates of Participation

APPENDIX A

Dated Date	03/01/2007	
Delivery Date	03/01/2007	
First Coupon	09/01/2007	
Par Amount	42,000,000.00	
Premium	270,553.30	
Production	42,270,553.30	100.644175%
Underwriter's Discount	-462,000.00	-1.100000%
Purchase Price	41,808,553.30	99.544175%
Accrued Interest		
Net Proceeds	41,808,553.30	

Note: AAA Rates as of December 8, 2006 Plus 10 BP

BOND SUMMARY STATISTICS

Otay Water District
2007 Certificates of Participation

APPENDIX A

Dated Date	03/01/2007
Delivery Date	03/01/2007
Last Maturity	09/01/2036
Arbitrage Yield	4.479821%
True Interest Cost (TIC)	4.526602%
Net Interest Cost (NIC)	4.532571%
All-In TIC	4.628625%
Average Coupon	4.507822%
Average Life (years)	18.418
Duration of Issue (years)	12.048
Par Amount	42,000,000.00
Bond Proceeds	42,270,553.30
Total Interest	34,870,933.75
Net Interest	35,062,380.45
Total Debt Service	76,870,933.75
Maximum Annual Debt Service	2,621,572.50
Average Annual Debt Service	2,605,794.36
Underwriter's Fees (per $1000)	
Average Takedown	
Other Fee	11.000000
Total Underwriter's Discount	11.000000
Bid Price	99.544175

Bond Component	Par Value	Price	Average Coupon	Average Life
Serial Bonds	23,050,000.00	100.916	4.350%	12.350
Term Bond	18,950,000.00	100.314	4.600%	25.800
	42,000,000.00			18.418

	TIC	All-In TIC	Arbitrage Yield
Par Value	42,000,000.00	42,000,000.00	42,000,000.00
+ Accrued Interest			
+ Premium (Discount)	270,553.30	270,553.30	270,553.30
- Underwriter's Discount	-462,000.00	-462,000.00	
- Cost of Issuance Expense		-215,000.00	
- Other Amounts		-283,044.25	-230,612.80
Target Value	41,808,553.30	41,310,509.05	42,039,940.50
Target Date	03/01/2007	03/01/2007	03/01/2007
Yield	4.526602%	4.628625%	4.479821%

BOND DEBT SERVICE

Otay Water District
2007 Certificates of Participation

APPENDIX A

Period Ending	Principal	Coupon	Interest	Debt Service
09/01/2007			927,913.75	927,913.75
09/01/2008	765,000	4.100%	1,855,827.50	2,620,827.50
09/01/2009	795,000	4.100%	1,824,462.50	2,619,462.50
09/01/2010	825,000	4.100%	1,791,867.50	2,616,867.50
09/01/2011	860,000	4.100%	1,758,042.50	2,618,042.50
09/01/2012	895,000	4.100%	1,722,782.50	2,617,782.50
09/01/2013	935,000	4.100%	1,686,087.50	2,621,087.50
09/01/2014	970,000	4.100%	1,647,752.50	2,617,752.50
09/01/2015	1,010,000	4.100%	1,607,982.50	2,617,982.50
09/01/2016	1,055,000	4.100%	1,566,572.50	2,621,572.50
09/01/2017	1,095,000	4.100%	1,523,317.50	2,618,317.50
09/01/2018	1,140,000	4.100%	1,478,422.50	2,618,422.50
09/01/2019	1,185,000	4.100%	1,431,682.50	2,616,682.50
09/01/2020	1,235,000	4.100%	1,383,097.50	2,618,097.50
09/01/2021	1,285,000	4.250%	1,332,462.50	2,617,462.50
09/01/2022	1,340,000	4.300%	1,277,850.00	2,617,850.00
09/01/2023	1,400,000	4.550%	1,220,230.00	2,620,230.00
09/01/2024	1,460,000	4.550%	1,156,530.00	2,616,530.00
09/01/2025	1,530,000	4.550%	1,090,100.00	2,620,100.00
09/01/2026	1,600,000	4.550%	1,020,485.00	2,620,485.00
09/01/2027	1,670,000	4.550%	947,685.00	2,617,685.00
09/01/2028	1,745,000	4.600%	871,700.00	2,616,700.00
09/01/2029	1,830,000	4.600%	791,430.00	2,621,430.00
09/01/2030	1,910,000	4.600%	707,250.00	2,617,250.00
09/01/2031	2,000,000	4.600%	619,390.00	2,619,390.00
09/01/2032	2,090,000	4.600%	527,390.00	2,617,390.00
09/01/2033	2,185,000	4.600%	431,250.00	2,616,250.00
09/01/2034	2,290,000	4.600%	330,740.00	2,620,740.00
09/01/2035	2,395,000	4.600%	225,400.00	2,620,400.00
09/01/2036	2,505,000	4.600%	115,230.00	2,620,230.00
	42,000,000		34,870,933.75	76,870,933.75

Note: AAA Rates as of December 8, 2006 Plus 10 BP

APPENDIX B
1996 VARIABLE RATE DEMAND CERTIFICATES OF PARTICIPATION

DETAILED BOND DEBT SERVICE

Otay Water District
1996 Certificates of Participation

APPENDIX B
Left in Variable Rate Mode
Based on Estimated Future Variable Rates

Term Bond

Period Ending	Principal	Interest	Debt Service
09/01/2008	400,000	450,000	850,000
09/01/2009	400,000	453,750	853,750
09/01/2010	400,000	438,750	838,750
09/01/2011	400,000	423,750	823,750
09/01/2012	500,000	408,750	908,750
09/01/2013	500,000	390,000	890,000
09/01/2014	500,000	371,250	871,250
09/01/2015	600,000	352,500	952,500
09/01/2016	600,000	330,000	930,000
09/01/2017	600,000	307,500	907,500
09/01/2018	700,000	285,000	985,000
09/01/2019	700,000	258,750	958,750
09/01/2020	700,000	232,500	932,500
09/01/2021	800,000	206,250	1,006,250
09/01/2022	800,000	176,250	976,250
09/01/2023	900,000	146,250	1,046,250
09/01/2024	900,000	112,500	1,012,500
09/01/2025	1,000,000	78,750	1,078,750
09/01/2026	1,100,000	41,250	1,141,250
	12,500,000	5,463,750	17,963,750

Bond Variable Rate Table

Begin Date	End Date	Interest Rate
09/01/2006	09/01/2007	3.500%
09/01/2007	09/01/2008	3.600%
09/01/2008	09/01/2009	3.750%
09/01/2009	09/01/2026	3.750%

NET DEBT SERVICE

Otay Water District
1996 Certificates of Participation

APPENDIX B
Left in Variable Rate Mode
Based on Estimated Future Variable Rates

Period Ending	Total Debt Service	Letter of Credit Fees	Remarketing Fees	Rating Fees	Draw Fees	Net Debt Service
09/01/2008	850,000	62,500	15,625	6,000	3,600	937,725
09/01/2009	853,750	60,500	15,125	3,000	1,800	934,175
09/01/2010	838,750	58,500	14,625	3,000	1,800	916,675
09/01/2011	823,750	56,500	14,125	3,000	1,800	899,175
09/01/2012	908,750	54,500	13,625	3,000	1,800	981,675
09/01/2013	890,000	52,000	13,000	3,000	1,800	959,800
09/01/2014	871,250	49,500	12,375	3,000	1,800	937,925
09/01/2015	952,500	47,000	11,750	3,000	1,800	1,016,050
09/01/2016	930,000	44,000	11,000	3,000	1,800	989,800
09/01/2017	907,500	41,000	10,250	3,000	1,800	963,550
09/01/2018	985,000	38,000	9,500	3,000	1,800	1,037,300
09/01/2019	958,750	34,500	8,625	3,000	1,800	1,006,675
09/01/2020	932,500	31,000	7,750	3,000	1,800	976,050
09/01/2021	1,006,250	27,500	6,875	3,000	1,800	1,045,425
09/01/2022	976,250	23,500	5,875	3,000	1,800	1,010,425
09/01/2023	1,046,250	19,500	4,875	3,000	1,800	1,075,425
09/01/2024	1,012,500	15,000	3,750	3,000	1,800	1,036,050
09/01/2025	1,078,750	10,500	2,625	3,000	1,800	1,096,675
09/01/2026	1,141,250			3,000	1,800	1,146,050
	17,963,750	725,500	181,375	60,000	36,000	18,966,625

SOURCES AND USES OF FUNDS

Otay Water District
Certificates of Participation - Convert 1996 COPS

APPENDIX B
Variable Rate Conversion to Fixed Rate on Sept 1, 2007

Sources:	
Bond Proceeds:	
Par Amount	12,820,000.00
Net Premium	116,413.45
	12,936,413.45
Uses:	
Delivery Date Expenses:	
Cost of Issuance	215,000.00
Underwriter's Discount	141,020.00
Bond Insurance	57,000.00
Reserve Fund Surety Bond	20,000.00
	433,020.00
Other Uses of Funds:	
Repay 1996 COPs on 9/1/07	12,500,000.00
Rounding	3,393.45
	12,503,393.45
	12,936,413.45

Note: AAA Rates as of December 8, 2006 Plus 10 BP

BOND DEBT SERVICE

Otay Water District
Certificates of Participation - Convert 1996 COPS

APPENDIX B
Variable Rate Conversion to Fixed Rate on Sept 1, 2007

Period Ending	Principal	Coupon	Interest	Debt Service
09/01/2008	460,000	4.100%	544,540.00	1,004,540.00
09/01/2009	475,000	4.100%	525,680.00	1,000,680.00
09/01/2010	495,000	4.100%	506,205.00	1,001,205.00
09/01/2011	515,000	4.100%	485,910.00	1,000,910.00
09/01/2012	540,000	4.100%	464,795.00	1,004,795.00
09/01/2013	560,000	4.100%	442,655.00	1,002,655.00
09/01/2014	585,000	4.100%	419,695.00	1,004,695.00
09/01/2015	605,000	4.100%	395,710.00	1,000,710.00
09/01/2016	630,000	4.100%	370,905.00	1,000,905.00
09/01/2017	655,000	4.100%	345,075.00	1,000,075.00
09/01/2018	685,000	4.100%	318,220.00	1,003,220.00
09/01/2019	710,000	4.100%	290,135.00	1,000,135.00
09/01/2020	740,000	4.100%	261,025.00	1,001,025.00
09/01/2021	770,000	4.250%	230,685.00	1,000,685.00
09/01/2022	805,000	4.300%	197,960.00	1,002,960.00
09/01/2023	840,000	4.550%	163,345.00	1,003,345.00
09/01/2024	875,000	4.550%	125,125.00	1,000,125.00
09/01/2025	915,000	4.550%	85,312.50	1,000,312.50
09/01/2026	960,000	4.550%	43,680.00	1,003,680.00
	12,820,000		6,216,657.50	19,036,657.50

Note: AAA Rates as of December 8, 2006 Plus 10 BP

BOND PRICING

Otay Water District
Certificates of Participation - Convert 1996 COPS

APPENDIX B
Variable Rate Conversion to Fixed Rate on Sept 1, 2007

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Premium (-Discount)
Serial Bonds:						
	09/01/2008	460,000	4.100%	3.520%	100.565	2,599.00
	09/01/2009	475,000	4.100%	3.550%	101.052	4,997.00
	09/01/2010	495,000	4.100%	3.570%	101.495	7,400.25
	09/01/2011	515,000	4.100%	3.600%	101.847	9,512.05
	09/01/2012	540,000	4.100%	3.620%	102.177	11,755.80
	09/01/2013	560,000	4.100%	3.640%	102.459	13,770.40
	09/01/2014	585,000	4.100%	3.670%	102.633	15,403.05
	09/01/2015	605,000	4.100%	3.700%	102.748	16,625.40
	09/01/2016	630,000	4.100%	3.750%	102.652	16,707.60
	09/01/2017	655,000	4.100%	3.830%	102.225	14,573.75
	09/01/2018	685,000	4.100%	3.950%	101.327	9,089.95
	09/01/2019	710,000	4.100%	4.080%	100.188	1,334.80
	09/01/2020	740,000	4.100%	4.200%	99.006	-7,355.60
	09/01/2021	770,000	4.250%	4.250%	100.000	
	09/01/2022	805,000	4.300%	4.300%	100.000	
	09/01/2023	840,000	4.550%	4.550%	100.000	
	09/01/2024	875,000	4.550%	4.550%	100.000	
	09/01/2025	915,000	4.550%	4.550%	100.000	
	09/01/2026	960,000	4.550%	4.550%	100.000	
		12,820,000				116,413.45

Dated Date	09/01/2007	
Delivery Date	09/01/2007	
First Coupon	09/01/2008	
Par Amount	12,820,000.00	
Premium	116,413.45	
Production	12,936,413.45	100.908061%
Underwriter's Discount	-141,020.00	-1.100000%
Purchase Price	12,795,393.45	99.808061%
Accrued Interest		
Net Proceeds	12,795,393.45	

Note: AAA Rates as of December 8, 2006 Plus 10 BP

OTAY WATER DISTRICT

FINANCING PLAN UPDATE

2007 Certificates of Participation
December 2006

Financing Plan Update

- **Update of 2004 Financing Plan**
- **Purpose is to Demonstrate Capacity to Fund the Next 6 Year CIP Budget**
  - Demonstrate Adequate Coverage Ratio from Operations and Capacity Fees
  - Maintain Targeted Reserve Levels
  - Provide Sound Financial Foundation for Future CIP

Financing Plan Update

- **First Financing Plan Completed in 2004**
  - Recommended Implementation of a Series of Rate Increases in Anticipation of Future Financing of a Portion of the CIP
  - Anticipated $27.5 Million COPs to be Issued in 2007
  - Based on Rate Model Developed in 2003

Current CIP Requirement

- Current CIP Underway are Large-Scale, Regional Projects
- Construction on Budget or Ahead of Schedule
- Creates Additional Short-Term Cashflow Demands
  - Result is to Increase Recommended Amount of Financing in 2007 to $42 Million

Future Requirements

Future Financing in 2009 ($20 Million)
and 2011 ($12 Million)
will Result in Approximately 34% of
2007-2012 CIP Budget
Funded with Debt Financing

Maintenance of Reserves

- Maintaining Reserves at Policy Target is an Important Component of District Long-Term Financial Strength
- Recommend Increasing the 2007 Financing from Earlier Estimates Rather Than Draw Upon Reserves

Maintenance of Reserves

- Softens Impact on Near-Term Rates
  - Increase Rates Slowly over Time, Rather than Try to Replenish Reserves during the 6 Year CIP Budget Period
  - More Flexibility if Future Rate Setting
  - Provides Cushion for Rate Increases for Unforeseen Expenditures if Needed

Rate Covenants

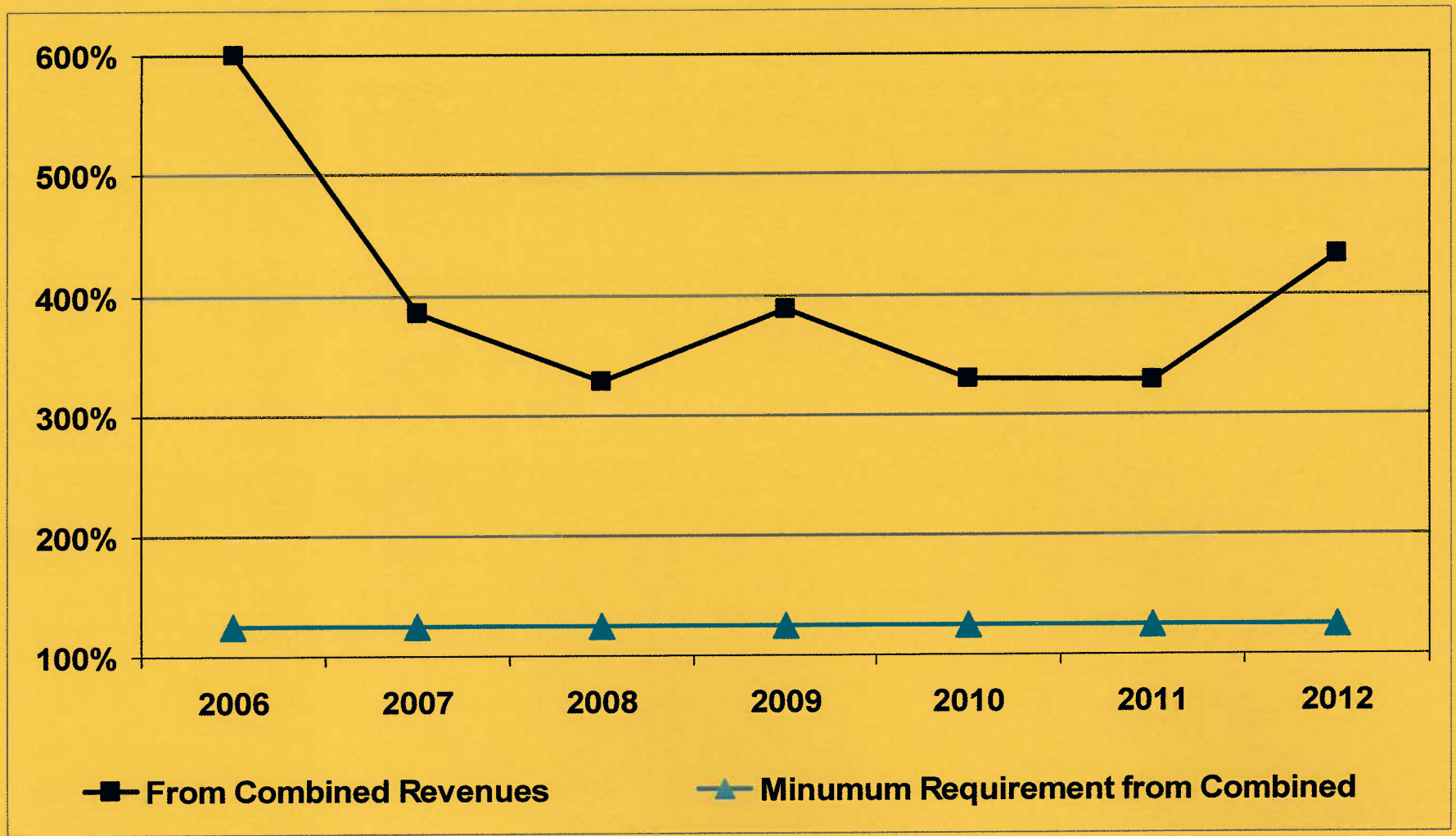
- Credit Strength Also Based on Ability of the District to Implement Rates to Maintain Adequate Ratio of Revenues to Debt Service
  - Rates Should Produce a Minimum Ratio of Operating Net Revenues to Debt Service should be 100%
  - Rates and Capacity Fees Should Produce a Minimum Ratio of 120%
  - Higher Coverage (125%) Needs to Be Demonstrated to Issue Additional Debt

Anticipated Rate Increases

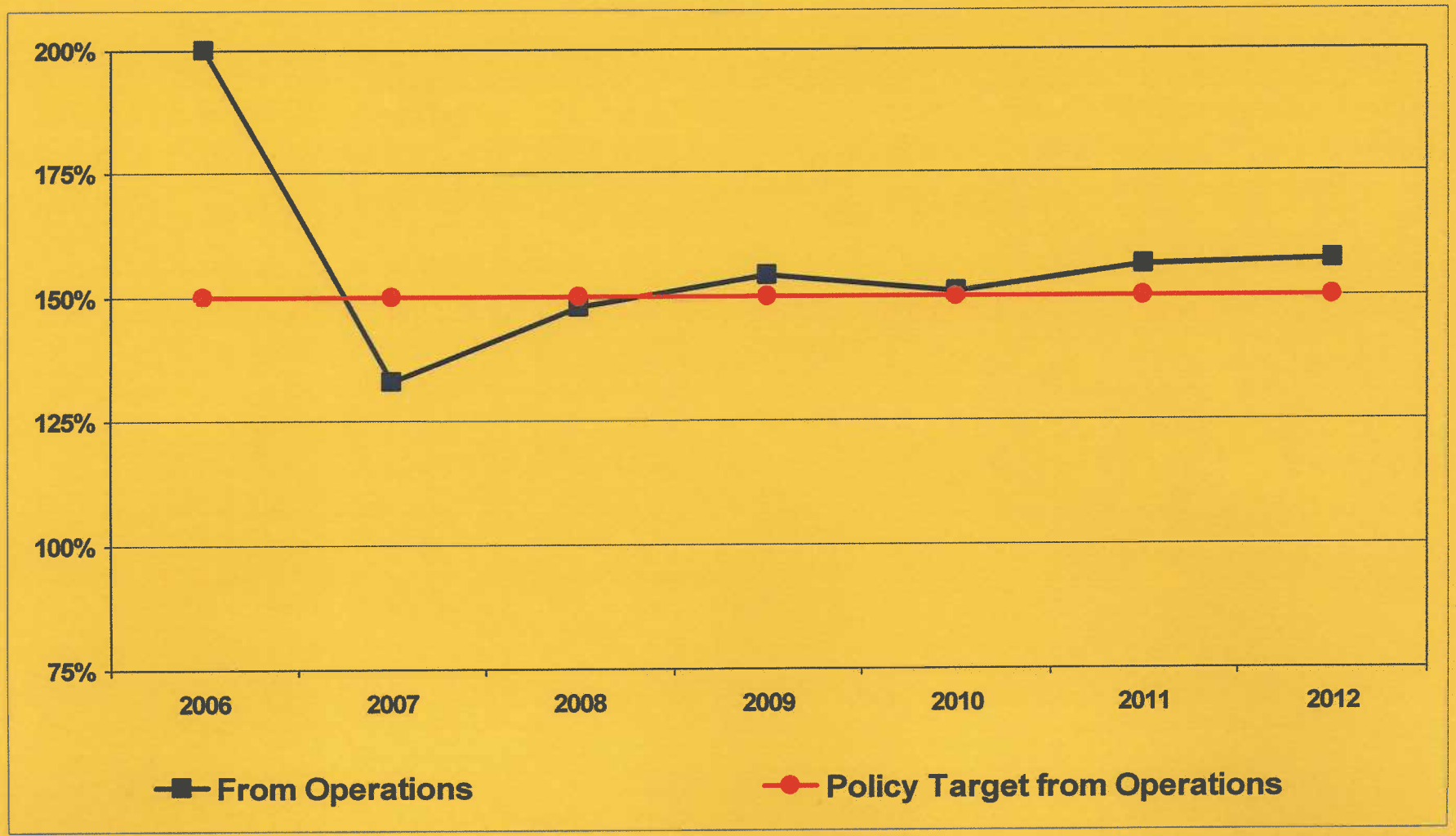
- Rate Model Estimates Future Increases Based on Analysis of Operations, Reserves, Rate Covenants and CIP

2007	5.4%	2010	5.1%
2008	5.4%	2011	5.1%
2009	5.4%	2012	5.1%

Anticipated Coverage Ratios



Anticipated Coverage Ratios



Recommendation

- 2007 Financing in the Amount of $42 Million
  - 30 Year Maturity To Provide More Flexibility For Rate Setting
- Continued Implementation of Rate Increases Projected in Rate Model
- Maintenance of Targeted Reserve Levels

AGENDA ITEM 21

STAFF REPORT

TYPE MEETING:	Regular Board Meeting	MEETING DATE:	January 3, 2007
SUBMITTED BY:	Mark Watton, General Manager	W.O./G.F. NO:	DIV. NO.
SUBJECT:	Board of Directors 2007 Calendar of Meetings		

GENERAL MANAGER'S RECOMMENDATION:

At the request of the Board, the attached Board of Director's meeting calendar for 2007 is being presented for discussion.

PURPOSE:

This staff report is being presented to provide the Board the opportunity to review the 2007 Board of Director's meeting calendars and amend the schedules as needed.

COMMITTEE ACTION:

N/A

ANALYSIS:

The Board requested that this item be presented at each meeting so they may have an opportunity to review the Board meeting calendar schedule and amend it as needed.

STRATEGIC GOAL:

N/A

FISCAL IMPACT:

None.

LEGAL IMPACT:

None.

General Manager

Attachments: Calendar of Meetings for 2007

G:\UserData\DistSec\WINWORD\STAFRPTS\Board Meeting Calendar 12-6-06.doc

Board of Directors, Workshops and Committee Meetings 2007

Regular Board Meetings:

January 3, 2007
February 7, 2007
March 7, 2007
April 4, 2007
May 2, 2007
June 6, 2007
July 4, 2007 **(4th of July Holiday)**
August 1, 2007
September 5, 2007
October 3, 2007
November 7, 2007
December 5, 2007

Special Board or Committee Meetings (3rd Wednesday of Each Month or as Noted)

January 17, 2007
February 21, 2007
March 21, 2007
April 18, 2007
May 16, 2007
June 20, 2007
July 18, 2007
August 15, 2007
September 19, 2007
October 17, 2007
November 21, 2007
December 19, 2007

Board Workshops:

Budget Workshop, TBD
Board Retreat Workshop, TBD

Committee Meetings:

CWA/*Water Resources and Security Committee (Tuesday before the CWA board meeting):*

Water Resource and Security Committee Chair
Gary Croucher
Mark Watton, CWA Board Representative

January 23, 2007
February 20, 2007
March 20, 2007
April 24, 2007
May 22, 2007
June 26, 2007
July 24, 2007
August 21, 2007
September 25, 2007
October 23, 2007
November – No Meeting
December 4, 2007

AGENDA ITEM 22

STAFF REPORT

TYPE MEETING:	Regular Board Meeting	MEETING DATE:	January 3, 2007
SUBMITTED BY:	Mark Watton, General Manager	W.O./G.F. NO:	N/A DIV. NO. N/A
SUBJECT:	General Manager's Report		

GENERAL MANAGER:

- Update on the 30-inch Recycled Water Pipeline, 450-1 Reservoir, and 680-1 Pump Station Projects:

  - Ortiz Construction has completed installation of the pipeline. Final paving, testing, and installation of appurtenances is complete. Walk-throughs are complete. Pipeline filling and flushing is being coordinated with the City of San Diego.

  - The reservoir interior coating is underway.

  - Installation of the pump station's electrical and signal components is complete. Startup and testing is expected to begin mid to late January 2007.

ADMINISTRATIVE SERVICES AND FINANCE:

Administrative Services:

- There were no new hires for the month of December.

- The District will be hosting it's Annual Recognition Luncheon on January 31, 2007 at the San Diego Country Club in Chula Vista. Three new awards will be added to this year's event based on the recently updated Employee Recognition Program. The following awards will be presented: The Employee Excellence Award; The Management Excellence Award; and the Team of Excellence Award. These awards recognize employees for their accomplishments.

- The Ad Hoc Negotiations Committee met on December 20, 2006, to review progress and for preparation for upcoming

negotiations. The Ad Hoc Negotiations Committee provided feedback and requested additional information which will be provided at the next meeting of The Ad Hoc Committee on January 17, 2006.

- The Compensation Consultant provided a preliminary draft of the Compensation Study results in mid-November. Human Resources worked with the Senior Management Team and Managers to conduct a review of the findings and provided a list of questions and follow-up to the consultants. All follow-up has been completed and the results were presented at the Ad Hoc Negotiations Committee held on December 20th, 2006. The results of the represented classifications were sent to the Association in late December for their review and input.

- The District hosted an informational meeting December 13th on the CalPERS Pension Plan to assist employees to better understand the CalPERS Pension Plan. Over 50 employees were in attendance and we received positive feedback from employees regarding the sessions.

- Safety & Risk Administration is working with Cuyamaca College to provide a custom Defensive Driving class for high-mileage drivers that will include a driver behind the wheel assessment. The plan is to roll it out in January 07.

- "Monte Sereno" in Otay Ranch Village 12 and Brookfield's "Trellis" at Windingwalk have installed a total of 105 high efficiency toilets through our new construction program over the last two months. This is the first significant activity we have had in this program since the District and the Water Authority started offering $70 per HET installed in new developments. These two developments, in addition to Shea's "Agave" at Windingwalk, plan to install at least another 280 HETs by the end of this fiscal year.

- School Program Activity: Staff conducted three school tours at the Water Conservation Garden this month, involving 135 students and 24 adults from McMillin Elementary School. Staff and the District's poster contest winner and her parent attended MET's 2006 Student Art Exhibit, Recognition and Luncheon.

- The District submitted its FY 05 and FY 06 Annual Water Conservation Best Management Practice reports to the California Urban Water Conservation Council (CUWCC)before

the December 8th deadline. Grant funding opportunities from the federal Bureau of Reclamation and the Department of Water Resources are linked to the District's submittal of BMP reports.

- Marketing the District's Programs: The District mailed letters this month promoting the end of the ULFT voucher program for single family customers; 1000 letters sent to date. Staff also sent letters promoting the residential survey program and the large landscape water budget program. Additionally, the District mailed letters to developers and consultants promoting sponsorship opportunities with the upcoming Spring Garden Festival.

- The FY 2006 Water Conservation and Recycling Update was finalized and distributed to Otay developers and local elected officials at the end of this month.

- In the month of December there were 122 purchase orders issued for a total of $253,125.70.

Information Technology and Strategic Planning:

- The computer center build-out is complete. The servers, air conditioning, and UPS have been installed. The key entry security has been upgraded to FOB access. The population of the application software and client testing is ready to start.

- The 1st Qtr. strategic plan data will be available for management review in mid-December. The review meeting has been postponed until the week of January 3rd due to scheduling conflicts.

- We have received the preliminary benchmarking data from Qualserve, but need to validate some data before releasing the results.

- Additional reports have been added to report manager. In particular, an easy-to-read budget variance report for section and department heads.

- Staff was recognized in 2 industry publications this month highlighting our infrastructure management systems and our Microsoft Volume License Agreement. Both are very positive images of the District as a leader in best business practice.

Finance:

- Bond Sale - With the December Board actions, the bond financing team is in place and working on the $42 million bond issuance. The two co-bond counsels are Garcia, Calderon, and Ruiz (GCR), and Sidley Austin; disclosure counsel is Stradling, Yocca, Carlson & Rauth; Union Bank of California is the trustee; and Suzanne Harrell is the financial advisor. Over the next two months staff and the rest of the financing team will perform all the required work to issue the debt, bringing forward to the Board in February the bond documents for approval to move forward with the sale.

- Additional Debt/IRP - Staff estimates that as a result of additional debt needed to fund 100% of the CIP, for this year and next, the estimated rate increases over the next six years would be 5.4%, 5.4%, 5.4%, 5.1%, 5.1%, and 5.1% for Jan. 1, 2007 through 2012, respectively. This is a moderate increase over the prior estimation of 5.4%, 5.4%, 5.4%, 3.9%, 3.9%, and 3.9%. This does not include any rate changes resulting from negotiations or salary survey. The impact of the IRP on this rate scenario has yet to be determined. Any increase in the capacity fee resulting from expansion related IRP projects would offset the need to issue IRP related debt and offset the corresponding rate changes to support that debt.

- Budget Policy - Staff is currently reviewing numerous budget policies and looking to incorporate those "Best Practices" that best fit the District's preferred form of operations. Staff is now looking to schedule meetings with the GM, AGMs, and Chiefs to work on various scenarios for budget control before rolling this out to staff.

- Debt Policy - The debt policy has been revised and submitted to GFOA for "Certification" and has received that certification. This has been brought to the December Finance and Administration Committee for review and is being presented at this Board meeting.

- IVR - Payments with credit card by phone are nearing implementation. The phone line is in place and ready and the system is being tested by staff to verify that it is functioning properly. The testing is going smoothly. Staff is recommending some modifications, but with this up-front work, the implementation should occur quickly

once a few contract issues are resolved. Staff anticipates that the implementation will be complete before the next Board meeting.

The financial reporting for November 2006 is as follows:

- For the five months ended November 30, 2006, there are total revenues of $26,410,414 and total expenses of $25,712,527. The revenues exceeded expenses by $697,887.

The financial reporting for investments for November 30, 2006 is as follows:

- The market value of the Portfolio Master Summary and the Investment Portfolio Details as of November 30, 2006 total $69,635,162.48 with an average yield to maturity of 4.809%. The total earnings year-to-date are $1,384,574.98. The effective duration is .278 of a year.

ENGINEERING AND WATER OPERATIONS:

Engineering:

- Staff received two new improvement plans from developers for potable/recycled plan checks.

- The required disbursement documentation for the third progress payment related to the State Water Resources Control Board's (SWRCB) $4.0 million Proposition 50 grant was sent to the SWRCB. The total received to date is $2,929,425.00. Upon completion of the three recycled water projects that will link the South Bay Water Reclamation Plant supply to Otay Water District's recycled water system, staff will submit a final disbursement request for the total of $4.0 million grant. It is expected that the final grant request will be submitted after March 2007.

- Thirty (30) meters were sold as of December 19, 2006, generating $1,014,674 in revenue. Total meters sold to date in FY06-07 was 379, which generated $5,426,554 for the District.

- The Construction Division received one new project which will be constructed by developers and performed five pre-construction meetings. In addition, one project was completed and no projects were released from warranty.

- Approximately 243 linear feet of both CIP and developer project pipelines were installed totaling 23,543 feet since July 2006. The Construction Division performed quality assurance for these pipelines.

- 171 underground facilities were located, 12 hydrostatic pressure tests, 10 wet taps and tie-ins, 20 meter set inspections, and 4 project walk-throughs were performed during the month.

- The following table summarizes purchase and change orders issued during the period of November 28, 2006 - December 19, 2006 that are within staff signatory authority:

Date	Action	Amount	Contractor/ Consultant	Project
12/1/06	P.O.	$3,091.10	OCB Reprographics	Ralph W. Chapman Wastewater Facility
12/1/06	C.O. #5	$46,505.00	T.C. Construction	450-1 Reservoir 680-1 Pump Station
12/6/06	P.O.	$45,000.00	J.C. Heden & Associates, Inc.	As Needed Engineering Drafting Services
12/6/06	P.O.	$45,000.00	RBF Consulting	As Needed Engineering Services
12/12/06	P.O.	$6,680.00	California Commercial	Appraisal Services for Calavo Sewer Lift
12/13/06	C.O.	$26,900.00	HDR Engineering	SR905 Utility Relocations
12/14/06	C.O. #1	$853.38	OCB Reprographics	Ralph W. Chapman Wastewater Facility
12/18/06	C.O. #2	$1,154.78	OCB Reprographics	Ralph W. Chapman Wastewater Facility

Water Operations:

- Water purchased for the month of November was 3,380.5 acre-feet. Beginning FY 06/07, July 1, 2006 to November 30, 2006 there has been 21,046.30 acre-feet of water purchased. This is a 1.3 percent increase from the same period last year, July 1, 2005 to November 30, 2005.

- The AMR change-out program is progressing. The District's contractor, Underground Utility, Inc. (UUI), has replaced 4,314 RAMAR/Badger units as of

October 31, 2006, leaving 2,497 RAMAR units still in use.

- There were 20 new Automated Meter Reading (AMR) meters installed, 459 meters were replaced with new AMR meters and 182 meters were retrofitted to AMR meters for the month of November.

  Total number of potable water accounts is 47,351.

- Recycled water consumption for the month of November is as follows:

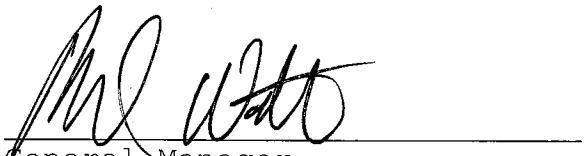
  Total flow was 348 acre-feet or 113,352,668 gallons and the average daily flow was 3,778,422 gallons per day.

  Total number of recycled water accounts is 550.

- Wastewater flows for the month of November were as follows:

  Total basin flow, gallons per day: 2,071,000.
  Total Otay flow, gallons per day: 1,368,000.
  Flow Processed at the Ralph W. Chapman Water Recycling Facility, gallons per day: 1,210,000.
  Flow to Metro from Otay Water District, gallons per day: 157,000.

  Total number of sewer connections is 5,843.



General Manager

G:\UserData\DistSec\WINWORD\STAFRPTS\GM Report 1-3-07.doc

AGENDA ITEM 22

Exhibit A

OTAY WATER DISTRICT
COMPARATIVE BUDGET SUMMARY
FOR FIVE MONTHS ENDED NOVEMBER 30, 2006

	Annual Budget	YTD Actual	YTD Budget	YTD Variance	Var %
REVENUE:					
Water Sales	$ 29,866,000	$ 14,639,574	$ 14,582,000	$ 57,574	0.4%
Energy Charges	1,853,000	958,504	951,000	7,504	0.8%
System Charges	8,529,300	3,417,796	3,416,300	1,496	0.0%
Penalties	704,500	296,115	294,500	1,615	0.5%
MWD & CWA Fixed Charges	2,178,000	799,013	798,200	813	0.1%
Total Water Sales	43,130,800	20,111,003	20,042,000	69,003	0.3%
Reclamation Sales	4,485,400	2,114,844	2,112,000	2,844	0.1%
Sewer Charges	2,568,100	1,027,261	1,017,500	9,761	1.0%
Meter Fees	278,500	115,148	116,000	(852)	(0.7%)
Capacity Fee Revenues	1,000,200	630,562	417,000	213,562	51.2%
Annexation Fees	1,216,900	943,301	507,100	436,201	86.0%
Non-Operating Revenues	1,674,100	589,844	609,900	(20,056)	(3.3%)
Tax Revenues	3,427,400	243,373	230,400	12,973	5.6%
Interest	1,005,600	516,878	419,000	97,878	23.4%
General Fund Draw Down	283,600	118,200	118,200	-	0.0%
Total Revenue	$ 59,070,600	$ 26,410,414	$ 25,589,100	$ 821,314	3.2%
EXPENSES:					
Water Purchases	$ 22,954,900	$ 11,380,227	$ 11,343,100	$ (37,127)	(0.3%)
CWA-Infrastructure Access Charge	1,003,900	406,980	407,000	20	0.0%
CWA-Customer Service Charge	846,800	338,650	338,500	(150)	(0.0%)
CWA-Emergency Storage Charge	1,230,600	492,660	492,500	(160)	(0.0%)
MWD-Capacity Res Charge	514,800	214,660	214,500	(160)	(0.1%)
MWD-Readiness to Serve Charge	512,200	213,420	213,300	(120)	(0.1%)
Subtotal Water Purchases	27,063,200	13,046,597	13,008,900	(37,697)	(0.3%)
Power Charges	2,677,800	1,186,843	1,178,200	(8,643)	(0.7%)
Payroll & Related Costs	14,606,300	6,061,768	6,213,851	152,083	2.4%
Material & Maintenance	4,623,700	1,695,099	1,926,545	231,446	12.0%
Administrative Expenses	4,888,600	1,653,195	2,050,515	397,320	19.4%
Legal Fees	671,000	177,325	279,583	102,258	36.6%
Replacement Reserve	4,540,000	1,891,700	1,891,700	-	0.0%
Total Expenses	$ 59,070,600	$ 25,712,527	$ 26,549,294	$ 836,767	3.2%
Excess Revenue (Expense)	**$ -**	**$ 697,887**	**$ (960,194)**	**$ 1,658,081**	

OTAY WATER DISTRICT
INVESTMENT PORTFOLIO REVIEW
NOVEMBER 30, 2006

INVESTMENT OVERVIEW & MARKET STATUS:

The Federal Reserve Board's federal funds rate remains unchanged since its Jun-06 rise to 5.25%, and investment analysts continue to predict the Feds will maintain this level through year-end. However, analysts have now extended out their projection of rates potentially dropping to 5.0% to the second quarter of 2007. Because of this stability, bond yields have edged down slightly from levels seen during the summer. This forecast is uncertain enough that long-term interest rates remain very close to short-term rates, with very little reward for investing in securities beyond 12 – 18 months. There currently is an inverted yield curve with some bonds in the 2 – 3 year maturity range having a lower yield than shorter term bonds (sometimes by as much as 20 basis points). Based on this assessment, we plan to maintain our current strategy of investing in short-term Federal Agency securities until longer term investments become more attractive.

The District's overall return on investment continues to increase, while the LAIF return on deposits appears to have stabilized at about 12 – 14 basis points below the federal funds rate. The District's yield should continue to rise due to the upcoming maturity over the next 4 months of investments which are locked in at rates between 3.0% - 4.5%.

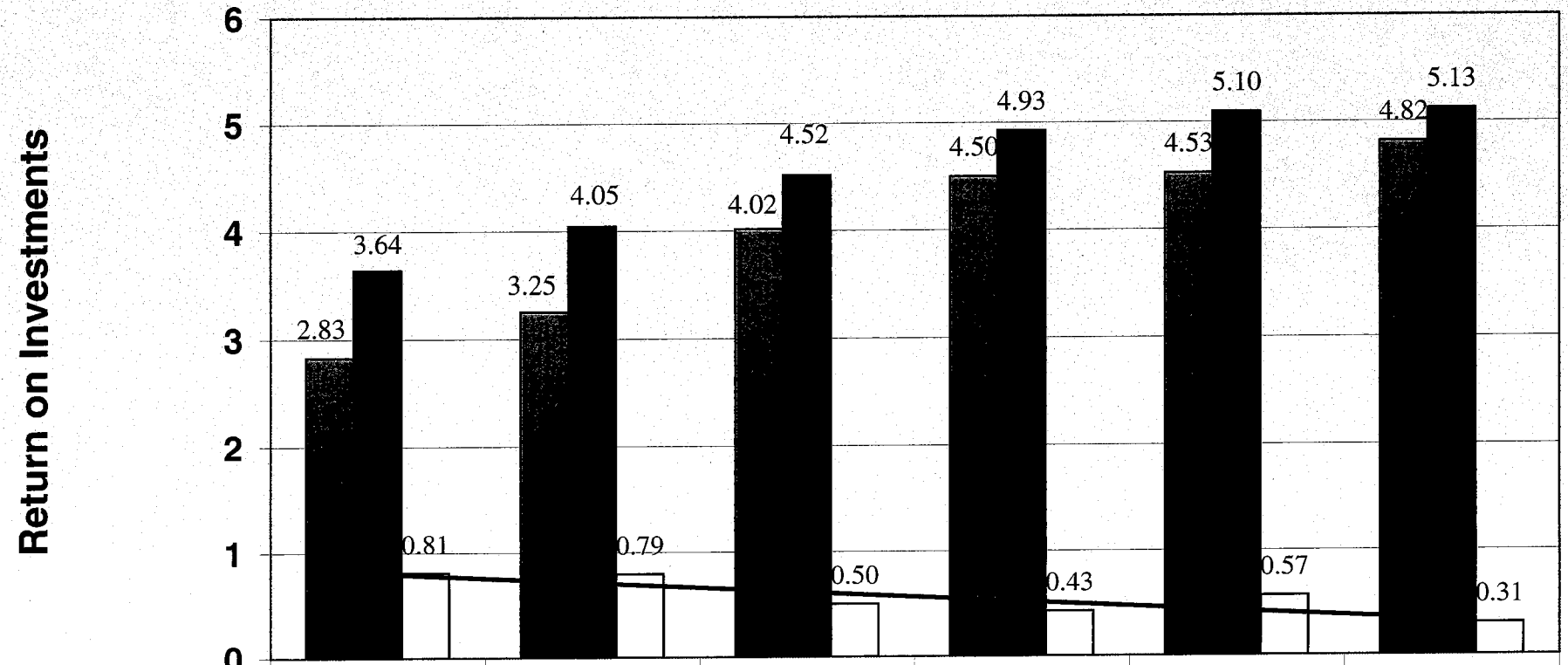
In accordance with the District's Investment Policy, all District funds continue to be managed based on the objectives, in priority order, of safety, liquidity, and return on investment.

PORTFOLIO COMPLIANCE: November 30, 2006

	Investment	State Limit	Otay Limit	Otay Actual
8.01:	Treasury Securities	100%	100%	8.61%
8.02:	Local Agency Investment Fund (LAIF)	$40 Million	$40 Million	$14.8 Million
8.03:	Federal Agency Issues	100%	100%	68.85%
8.04:	Certificates of Deposit	30%	15%	0.11%
8.05:	Short-Term Commercial Notes	25%	15%	0
8.06:	Medium-Term Commercial Debt	30%	15%	0
8.07:	Money Market Mutual Funds	20%	15%	0
8.08:	San Diego County Pool	100%	100%	0.15%
12.0:	Maximum Single Financial Institution	100%	50%	1.10%

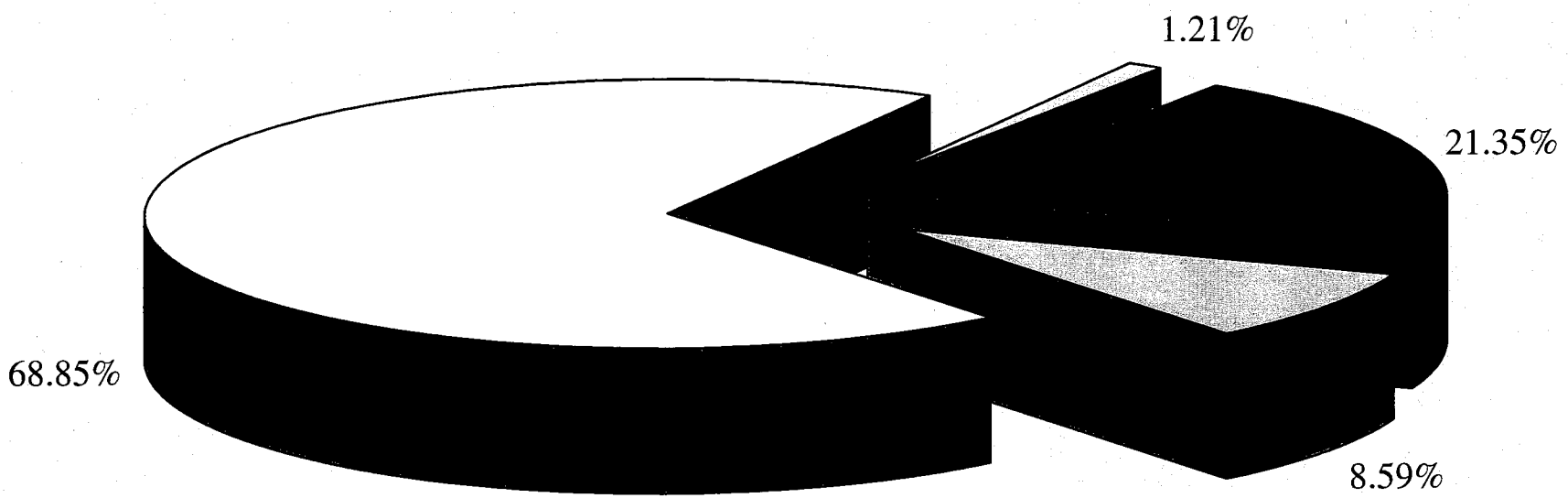
Performance Measure F-12
Return on Investment

Target: Meet or Exceed 100% of LAIF



	2nd Qtr FY06	3rd Qtr FY06	4th Qtr FY06	1st Qtr FY07	Oct FY07	Nov FY07
Otay	2.83	3.25	4.02	4.50	4.53	4.82
LAIF	3.64	4.05	4.52	4.93	5.10	5.13
Difference	0.81	0.79	0.50	0.43	0.57	0.31

Otay Water District
Investment Portfolio



OTAY
Portfolio Management
Portfolio Summary
November 30, 2006

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Federal Agency Issues- Callable	48,000,000.00	47,948,117.99	47,968,983.40	69.61	488	191	4.785	4.852
Treasury Securities - Coupon	6,000,000.00	5,977,500.00	5,986,620.97	8.69	399	90	4.404	4.465
Certificates of Deposit - Bank	79,108.00	79,108.00	79,108.00	0.11	730	417	3.880	3.934
Local Agency Investment Fund (LAIF)	14,770,270.84	14,760,454.55	14,770,270.84	21.43	1	1	5.055	5.125
San Diego County Pool	102,885.03	102,765.27	102,885.03	0.15	1	1	4.756	4.822
	68,952,263.87	**68,867,945.81**	**68,907,868.24**	**100.00%**	**376**	**142**	**4.809**	**4.875**
Investments								
Cash								
Passbook/Checking (not included in yield calculations)	767,216.67	767,216.67	767,216.67		1	1	0.057	0.058
Total Cash and Investments	**69,719,480.54**	**69,635,162.48**	**69,675,084.91**		**376**	**142**	**4.809**	**4.875**

Total Earnings	November 30 Month Ending	Fiscal Year To Date
Current Year	284,705.39	1,384,574.98
Average Daily Balance	**71,822,298.56**	**72,313,153.43**
Effective Rate of Return	**4.82%**	**4.57%**

I hereby certify that the investments contained in this report are made in accordance with the District Investment Policy Number 27 adopted by the Board of Directors on January 19, 2000. The market value information provided by Interactive Data Corporation. The investments provide sufficient liquidity to meet the cash flow requirements of the District for the next six months of expenditures.

12-20-06

Joseph Beachem, Chief Financial Officer

OTAY
Portfolio Management
Portfolio Details - Investments
November 30, 2006

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 360	Days to Maturity	Maturity Date
Federal Agency Issues- Callable												
3133X8KE1	1988	Federal Home Loan Bank		09/29/2004	3,000,000.00	2,994,375.00	3,000,000.00	3.025		2.982	28	12/29/2006
3133XASF5	1991	Federal Home Loan Bank		03/08/2005	3,000,000.00	2,999,062.50	3,000,000.00	3.500		3.450	7	12/08/2006
3133XARK5	1992	Federal Home Loan Bank		03/08/2005	3,000,000.00	2,999,062.50	3,000,000.00	3.510		3.460	7	12/08/2006
3133XEMS5	1998	Federal Home Loan Bank		02/28/2006	3,000,000.00	2,995,312.50	3,000,000.00	5.000		4.943	362	11/28/2007
3133XEP45	1999	Federal Home Loan Bank		03/02/2006	3,000,000.00	2,997,187.50	3,000,000.00	5.000		4.932	91	03/02/2007
3133XETX7	2001	Federal Home Loan Bank		03/14/2006	3,000,000.00	2,998,125.00	3,000,000.00	5.125		5.055	287	09/14/2007
3133XF2C9	2002	Federal Home Loan Bank		04/25/2006	3,000,000.00	3,003,750.00	3,000,000.00	5.250		5.175	306	10/03/2007
3133XFBX3	2003	Federal Home Loan Bank		05/04/2006	3,000,000.00	3,000,000.00	3,000,000.00	5.250		5.178	154	05/04/2007
3133XFS72	2007	Federal Home Loan Bank		06/28/2006	3,000,000.00	3,000,937.50	3,000,000.00	5.350		5.277	392	12/28/2007
3133XGCU6	2008	Federal Home Loan Bank		07/28/2006	3,000,000.00	3,000,937.50	3,000,000.00	5.450		5.375	59	01/29/2007
3133XHDA	2009	Federal Home Loan Bank		10/20/2006	3,000,000.00	2,999,062.50	3,000,000.00	5.150		5.076	130	04/10/2007
3128X4K67	2000	Federal Home Loan Mortgage		03/07/2006	3,000,000.00	2,995,950.17	3,000,000.00	5.250		5.178	462	03/07/2008
3128X4DY4	2004	Federal Home Loan Mortgage		05/18/2006	3,000,000.00	2,978,867.80	2,978,631.83	4.000		5.129	224	07/13/2007
3128X4CE9	2005	Federal Home Loan Mortgage		05/18/2006	3,000,000.00	2,990,175.02	2,990,351.57	3.625		5.161	76	02/15/2007
3128X5CC0	2006	Federal Home Loan Mortgage		06/01/2006	3,000,000.00	3,000,000.00	3,000,000.00	5.340		5.263	208	06/27/2007
31359MG31	1997	Federal National Mortage Assoc		02/24/2006	3,000,000.00	2,995,312.50	3,000,000.00	5.000		4.932	266	08/24/2007
		Subtotal and Average	**47,965,697.17**		**48,000,000.00**	**47,948,117.99**	**47,968,983.40**			**4.785**	**191**	
Treasury Securities - Coupon												
912828DJ6	1993	US TREASURY		01/26/2006	3,000,000.00	2,990,625.00	2,993,570.27	3.125		4.376	61	01/31/2007
912828DQ0	1994	US TREASURY		01/26/2006	3,000,000.00	2,986,875.00	2,993,050.70	3.750		4.431	120	03/31/2007
		Subtotal and Average	**5,984,252.88**		**6,000,000.00**	**5,977,500.00**	**5,986,620.97**			**4.404**	**90**	
Certificates of Deposit - Bank												
2050003183R	1996	California Bank & Trust		01/22/2006	79,108.00	79,108.00	79,108.00	3.880		3.880	417	01/22/2008
		Subtotal and Average	**79,108.00**		**79,108.00**	**79,108.00**	**79,108.00**			**3.880**	**417**	
Local Agency Investment Fund (LAIF)												
LAIF	9001	STATE OF CALIFORNIA		07/01/2004	14,770,270.84	14,760,454.55	14,770,270.84	5.125		5.055	1	
		Subtotal and Average	**15,970,270.84**		**14,770,270.84**	**14,760,454.55**	**14,770,270.84**			**5.055**	**1**	
San Diego County Pool												
SD COUNTY POOL	9007	STATE OF CALIFORNIA		07/01/2004	102,885.03	102,765.27	102,885.03	4.822		4.756	1	
		Subtotal and Average	**102,505.87**		**102,885.03**	**102,765.27**	**102,885.03**			**4.756**	**1**	

OTAY
Portfolio Management
Portfolio Details - Investments
November 30, 2006

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 360	Days to Maturity
		Total and Average	71,822,298.56		68,952,263.87	68,867,945.81	68,907,868.24			4.809	142

OTAY
Portfolio Management
Portfolio Details - Cash
November 30, 2006

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 360	Days to Maturity
Union Bank											
UNION BANK	9002	STATE OF CALIFORNIA		07/01/2004	10,195.94	10,195.94	10,195.94	1.150		1.134	1
PETTY CASH	9003	STATE OF CALIFORNIA		07/01/2004	2,800.00	2,800.00	2,800.00			0.000	1
CALIF BANK & TR	9004	STATE OF CALIFORNIA		07/01/2004	690,659.60	690,659.60	690,659.60			0.000	1
PAYROLL	9005	STATE OF CALIFORNIA		07/01/2004	56,423.18	56,423.18	56,423.18			0.000	1
UNION IOC	9008	STATE OF CALIFORNIA		05/01/2006	7,137.95	7,137.95	7,137.95	4.550		4.488	1
		Average Balance	**0.00**								1
		Total Cash and Investmentss	**71,822,298.56**		**69,719,480.54**	**69,635,162.48**	**69,675,084.91**			**4.809**	**142**

OTAY
Activity Report
Sorted By Issuer
July 1, 2006 - November 30, 2006

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value Beginning Balance	Current Rate	Transaction Date	Par Value Purchases or Deposits	Par Value Redemptions or Withdrawals	Par Value Ending Balance
Issuer: STATE OF CALIFORNIA									
Union Bank									
UNION BANK	9002	STATE OF CALIFORNIA			1.150		20,691,917.12	20,736,739.46	
CALIF BANK & TR	9004	STATE OF CALIFORNIA					3,102,211.18	3,307,635.15	
PAYROLL	9005	STATE OF CALIFORNIA					7,524.25	0.00	
UNION IOC	9008	STATE OF CALIFORNIA			4.550		9,626,749.60	9,650,304.62	
		Subtotal and Balance		**1,033,493.75**			**33,428,402.15**	**33,694,679.23**	**767,216.67**
Local Agency Investment Fund (LAIF)									
LAIF	9001	STATE OF CALIFORNIA			5.125		15,402,750.49	13,200,000.00	
		Subtotal and Balance		**12,567,520.35**			**15,402,750.49**	**13,200,000.00**	**14,770,270.84**
San Diego County Pool									
SD COUNTY POOL	9007	STATE OF CALIFORNIA			4.822		3,793.30	0.00	
		Subtotal and Balance		**99,091.73**			**3,793.30**	**0.00**	**102,885.03**
		Issuer Subtotal	**22.433%**	**13,700,105.83**			**48,834,945.94**	**46,894,679.23**	**15,640,372.54**
Issuer: California Bank & Trust									
Certificates of Deposit - Bank									
		Subtotal and Balance		**79,108.00**					**79,108.00**
		Issuer Subtotal	**0.113%**	**79,108.00**			**0.00**	**0.00**	**79,108.00**
Issuer: Federal Home Loan Bank									
Federal Agency Issues- Callable									
3133X5ZG6	1977	Federal Home Loan Bank			2.510	07/28/2006	0.00	3,000,000.00	
3133X6LN4	1980	Federal Home Loan Bank			2.650	08/10/2006	0.00	3,000,000.00	
3133X8KC5	1989	Federal Home Loan Bank			3.000	09/28/2006	0.00	3,000,000.00	
3133XARM1	1990	Federal Home Loan Bank			3.470	09/08/2006	0.00	3,000,000.00	
3133XGCU6	2008	Federal Home Loan Bank			5.450	07/28/2006	3,000,000.00	0.00	

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value Beginning Balance	Current Rate	Transaction Date	Par Value Purchases or Deposits	Par Value Redemptions or Withdrawals	Par Value Ending Balance
Issuer: Federal Home Loan Bank									
Federal Agency Issues- Callable									
3133XHDA	2009	Federal Home Loan Bank			5.150	10/20/2006	3,000,000.00	0.00	
		Subtotal and Balance		**39,000,000.00**			**6,000,000.00**	**12,000,000.00**	**33,000,000.00**
		Issuer Subtotal	**47.333%**	**39,000,000.00**			**6,000,000.00**	**12,000,000.00**	**33,000,000.00**
Issuer: Federal Home Loan Mortgage									
Federal Agency Issues- Callable									
		Subtotal and Balance		**12,000,000.00**					**12,000,000.00**
		Issuer Subtotal	**17.212%**	**12,000,000.00**			**0.00**	**0.00**	**12,000,000.00**
Issuer: Federal National Mortage Assoc									
Federal Agency Issues- Callable									
		Subtotal and Balance		**3,000,000.00**					**3,000,000.00**
		Issuer Subtotal	**4.303%**	**3,000,000.00**			**0.00**	**0.00**	**3,000,000.00**
Issuer: US TREASURY									
Treasury Securities - Coupon									
912827Z62	1995	US TREASURY			6.500	10/15/2006	0.00	3,000,000.00	
		Subtotal and Balance		**9,000,000.00**			**0.00**	**3,000,000.00**	**6,000,000.00**
		Issuer Subtotal	**8.606%**	**9,000,000.00**			**0.00**	**3,000,000.00**	**6,000,000.00**
		Total	**100.000%**	**76,779,213.83**			**54,834,945.94**	**61,894,679.23**	**69,719,480.54**

OTAY
Duration Report
Sorted by Investment Type - Investment Type
Through 11/30/2006

Security ID	Investment #	Fund	Issuer	Investment Class	Book Value	Par Value	Market Value	Current Rate	YTM 365	Current Yield	Maturity/ Call Date	Effective Duration
3133XF2C9	2002	99	Federal Home Loan Bank	Fair	3,000,000.00	3,000,000.00	3,003,750.00	5.250	5.247	5.104	10/03/2007	0.805
3133XHDA	2009	99	Federal Home Loan Bank	Fair	3,000,000.00	3,000,000.00	2,999,062.50	5.150	5.146	5.214	04/10/2007	0.356
3133XEP45	1999	99	Federal Home Loan Bank	Fair	3,000,000.00	3,000,000.00	2,997,187.50	5.000	5.000	5.192	03/02/2007	0.249
3133XEMS5	1998	99	Federal Home Loan Bank	Fair	3,000,000.00	3,000,000.00	2,995,312.50	5.000	5.012	5.321c	02/28/2007	0.243
3133XETX7	2001	99	Federal Home Loan Bank	Fair	3,000,000.00	3,000,000.00	2,998,125.00	5.125	5.125	5.217	09/14/2007	0.753
3133X8KE1	1988	99	Federal Home Loan Bank	Fair	3,000,000.00	3,000,000.00	2,994,375.00	3.025	3.024	3.406	12/29/2006	0.076
3128X4CE9	2005	99	Federal Home Loan Mortgage	Fair	2,990,351.57	3,000,000.00	2,990,175.02	3.625	5.232	4.294	02/15/2007	0.208
3133XFBX3	2003	99	Federal Home Loan Bank	Fair	3,000,000.00	3,000,000.00	3,000,000.00	5.250	5.250	5.250c	02/04/2007	0.000
3133XFS72	2007	99	Federal Home Loan Bank	Fair	3,000,000.00	3,000,000.00	3,000,937.50	5.350	5.350	5.286c	12/28/2006	0.073
3128X4DY4	2004	99	Federal Home Loan Mortgage	Fair	2,978,631.83	3,000,000.00	2,978,867.80	4.000	5.200	5.447c	01/13/2007	0.117
3128X5CC0	2006	99	Federal Home Loan Mortgage	Fair	3,000,000.00	3,000,000.00	3,000,000.00	5.340	5.336	0.000c	12/01/2006	0.000
3133XGCU6	2008	99	Federal Home Loan Bank	Fair	3,000,000.00	3,000,000.00	3,000,937.50	5.450	5.450	5.301	01/29/2007	0.157
3128X4K67	2000	99	Federal Home Loan Mortgage	Fair	3,000,000.00	3,000,000.00	2,995,950.17	5.250	5.250	5.368	03/07/2008	1.196
31359MG31	1997	99	Federal National Mortage Assoc	Fair	3,000,000.00	3,000,000.00	2,995,312.50	5.000	5.000	5.321c	02/24/2007	0.232
3133XASF5	1991	99	Federal Home Loan Bank	Fair	3,000,000.00	3,000,000.00	2,999,062.50	3.500	3.498	3.564	12/08/2006	0.019
3133XARK5	1992	99	Federal Home Loan Bank	Fair	3,000,000.00	3,000,000.00	2,999,062.50	3.510	3.508	3.574	12/08/2006	0.019
912828DQ0	1994	99	US TREASURY	Fair	2,993,050.70	3,000,000.00	2,986,875.00	3.750	4.492	4.645	03/31/2007	0.328
912828DJ6	1993	99	US TREASURY	Fair	2,993,570.27	3,000,000.00	2,990,625.00	3.125	4.437	3.762	01/31/2007	0.167
2050003183R	1996	99	California Bank & Trust	Amort	79,108.00	79,108.00	79,108.00	3.880	3.934	3.880	01/22/2008	1.114 †
				Report Total	**54,034,712.37**	**54,079,108.00**	**54,004,725.99**			**4.514**		**0.278†**

† = Duration can not be calculated on these investments due to incomplete Market price data.

AGENDA ITEM 22

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	January 3, 2007
SUBMITTED BY:	Sean Prendergast, Principal Accountant	W.O./G.F. NO:	DIV. NO.
APPROVED BY: (Chief)	Joseph Beachem, Chief Financial Officer		
APPROVED BY: (Asst. GM):	German Alvarez, Assistant General Manager		
SUBJECT:	Accounts Payable Demand List		

PURPOSE:

Attached is the list of demands for the Board's information.

FISCAL IMPACT:

SUMMARY	NET DEMANDS
CHECKS (2003760-2004203)	$4,186,176.05
WIRE TO:	
LANDESBANK - CERTIFICATES OF PARTICIPATION	$36,324.96
PLAN HANDLERS - MEDICAL CLAIMS	$200,000.00
SAN DIEGO COUNTY WATER AUTHORITY - OCTOBER	$2,362,057.22
UNION BANK - PAYROLL TAXES	$348,132.84
TOTAL CASH DISBURSEMENTS	**$7,132,691.07**

RECOMMENDED ACTION:

That the Board receive the attached list of demands.

jb

Attachment

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2003760 THROUGH 2004203
RUN DATES 12/6/2006 TO 12/28/2006

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2003760	12/06/06	01910	ABCANA INDUSTRIES	783948	11/13/06	SODIUM HYPOCHLORITE	1,377.67	
				783949	11/13/06	SODIUM HYPOCHLORITE	196.99	
				783950	11/13/06	SODIUM HYPOCHLORITE	678.37	2,253.03
2003761	12/06/06	06560	ADAM WILLIAMS	Ref002369922	12/05/06	UB Refund Cst #0000081418	47.64	47.64
2003762	12/06/06	06550	ALEJANDRA LUNA	Ref002369912	12/05/06	UB Refund Cst #0000071545	75.00	75.00
2003763	12/06/06	06203	ALLAN ALEXANDER	Ref002369908	12/05/06	UB Refund Cst #0000070024	75.00	75.00
2003764	12/06/06	05414	AMARR ENTERPRISES	015478	11/16/06	EMPLOYEE RECOGNITION SHIRTS	499.96	499.96
2003765	12/06/06	06624	AMERICAN ASPHALT SOUTH	Ref002369986	12/05/06	UB Refund Cst #0000091099	582.46	582.46
2003766	12/06/06	06166	AMERICAN MESSAGING	L1109570GL	12/01/06	PAGER SERVICES	514.11	
				L1034315GL	11/01/06	PAGER SERVICES	85.76	599.87
2003767	12/06/06	02730	AMERICAN PAYROLL ASSOCIATION	412160	11/29/06	SEMINAR REGISTRATION FEE	359.00	359.00
2003768	12/06/06	03446	AMERICAN SOCIETY OF CIVIL	015489	11/30/06	MEETING RESERVATIONS	25.00	25.00
2003769	12/06/06	00107	AMERICAN WATER WORKS	2000509313	08/07/06	MEMBERSHIP RENEWAL	71.00	71.00
2003770	12/06/06	00108	ASSOCIATION OF CALIFORNIA	AG07	11/06/06	AGENCY DUES & MEMBERSHIP	16,025.00	16,025.00
2003771	12/06/06	06599	AZITA GRADY	Ref002369961	12/05/06	UB Refund Cst #0000039432	46.83	46.83
2003772	12/06/06	00145	BARRETT ENGINEERED PUMPS	053085	11/15/06	HYDROMATIC PUMP	4,838.25	
				053075	11/14/06	HYDROMATIC FLOAT BALL	63.14	4,901.39
2003773	12/06/06	06285	BARTEL ASSOCIATES, LLC	06417	11/10/06	ACTUARIAL CONSULTING SERVICES	10,250.00	10,250.00
2003774	12/06/06	06545	BENJAMIN BROOKER	Ref002369906	12/05/06	UB Refund Cst #0000069531	128.51	128.51
2003775	12/06/06	06616	BERNADETTE MORGAN	Ref002369978	12/05/06	UB Refund Cst #0000087735	56.05	56.05
2003776	12/06/06	02570	BEST LIFE & HEALTH INSURANCE	015495	12/05/06	VOLUNTARY LIFE INSURANCE	215.65	215.65
2003777	12/06/06	02787	BEST RENTALS INC	R30705	09/19/06	CONCRETE	150.85	150.85
2003778	12/06/06	02197	BLUE CROSS OF CALIFORNIA	40484	12/01/06	EMPLOYEE ASSISTANCE PROGRAM	575.39	575.39
2003779	12/06/06	04250	BONITA PIPELINE INC	8026	06/20/06	980-2 PUMP STATION PROJECT	3,116.00	3,116.00
2003780	12/06/06	01232	BRODING'S BATTERY WAREHOUSE	42900	11/09/06	AUTOMOTIVE BATTERIES	131.35	131.35
2003781	12/06/06	05115	BROOKFIELD SHEA OTAY LLC	015494	12/04/06	WORK ORDER REFUND D0017-XX9537	18,628.72	18,628.72
2003782	12/06/06	06567	BRYAN PEEPLES	Ref002369929	12/05/06	UB Refund Cst #0000083445	6.72	6.72

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2003760 THROUGH 2004203
RUN DATES 12/6/2006 TO 12/28/2006

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2003783	12/06/06	03721	BULLET LOGISTICS INC	11150603350	11/15/06	COURIER SERVICES	227.70	227.70
2003784	12/06/06	00223	C W MCGRATH INC	22723	11/16/06	CRUSHED ROCK	68.27	
				22658	11/13/06	CRUSHED ROCK	65.34	133.61
2003785	12/06/06	02401	CAJON VALLEY UNION SCHOOL DIST	7368	11/29/06	FIELD TRIP BUS FUNDING	71.00	71.00
2003786	12/06/06	01060	CALIFORNIA SOCIETY OF	52373	11/15/06	ANNUAL MEMBERSHIP RENEWAL	110.00	110.00
2003787	12/06/06	00557	CALIFORNIA SPECIAL	606	12/01/06	MEMBERSHIP DUES	3,162.00	3,162.00
2003788	12/06/06	01004	CALOLYMPIC SAFETY	010880	11/15/06	SAFETY APPAREL	134.13	134.13
2003789	12/06/06	06578	CENTEX HOMES	Ref002369940	12/05/06	UB Refund Cst #0000000112	4,437.91	4,437.91
2003790	12/06/06	06579	CENTEX HOMES	Ref002369941	12/05/06	UB Refund Cst #0000000363	539.29	539.29
2003791	12/06/06	06587	CENTEX HOMES	Ref002369949	12/05/06	UB Refund Cst #0000010608	311.42	311.42
2003792	12/06/06	06586	CHARLES ALBRECHT	Ref002369948	12/05/06	UB Refund Cst #0000008440	65.85	65.85
2003793	12/06/06	00234	CITY TREASURER	C454104	11/21/06	WATER DELIVERIES	23,129.60	23,129.60
2003794	12/06/06	06554	CONSTANCE JOHNSTON	Ref002369916	12/05/06	UB Refund Cst #0000074696	124.21	124.21
2003795	12/06/06	03307	CONSTRUCTION MANAGEMENT	0826207	11/21/06	MEMBERSHIP DUES	120.00	
				015493	12/05/06	MEMBERSHIP DUE	120.00	240.00
2003796	12/06/06	03706	CONSUMERS PIPE & SUPPLY CO	S1010700001	11/14/06	COUPLINGS, BRASS NIPPLES	172.53	
				S1010700003	11/14/06	HARDWARE	17.67	
				S1010700002	11/14/06	COUPLINGS	15.17	
				S1010644001	11/15/06	CAMLOK FITTINGS	882.04	
				S1010700004	11/16/06	PVC NIPPLE	5.34	1,092.75
2003797	12/06/06	03802	CORRALES, ALBERTO	015499	12/05/06	REIMBURSE CERTIFICATION EXAM	100.00	100.00
2003798	12/06/06	06557	DEBORAH GADDY	Ref002369919	12/05/06	UB Refund Cst #0000079292	17.38	17.38
2003799	12/06/06	06605	DEE A MARTIN	Ref002369967	12/05/06	UB Refund Cst #0000058971	100.00	100.00
2003800	12/06/06	03428	DEL MAR OFFICE PRODUCTS	C9372570	11/27/06	CREDIT MEMO	(13.24)	
				9342570	11/15/06	OFFICE SUPPLIES	289.25	
				C9345180	11/20/06	CREDIT MEMO	(9.67)	
				9368500	11/13/06	OFFICE SUPPLIES	8.07	274.41
2003801	12/06/06	02603	DELL MARKETING LP	R83641840	11/15/06	FLAT PANEL MONITORS	2,694.56	2,694.56
2003802	12/06/06	03744	DEPARTMENT OF JUSTICE	599054	11/14/06	FINGERPRINT ANALYSIS SERVICES	96.00	96.00

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2003760 THROUGH 2004203
RUN DATES 12/6/2006 TO 12/28/2006

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2003803	12/06/06	06565	DICTIONARY HILL DEVELOPERS	Ref002369927	12/05/06	UB Refund Cst #0000082040	669.50	669.50
2003804	12/06/06	02519	DIEHL, EVANS & COMPANY LLP	015496	12/05/06	SEMINAR REGISTRATION	225.00	225.00
2003805	12/06/06	06592	EASTLAKE III	Ref002369954	12/05/06	UB Refund Cst #0000027075	836.92	836.92
2003806	12/06/06	06539	EASTLAKE VILLAGE LIMITED	015487	11/30/06	CAPACITY FEE REFUND	119,275.00	119,275.00
2003807	12/06/06	06544	EDDIE J LAZAGA	Ref002369905	12/05/06	UB Refund Cst #0000069305	39.98	39.98
2003808	12/06/06	06593	EDWARD T MORRISON	Ref002369955	12/05/06	UB Refund Cst #0000029610	27.70	27.70
2003809	12/06/06	06568	ELENITA ESCUDERO	Ref002369930	12/05/06	UB Refund Cst #0000083820	215.56	215.56
2003810	12/06/06	06602	ELIZABETH W TARNOW	Ref002369964	12/05/06	UB Refund Cst #0000052034	13.10	13.10
2003811	12/06/06	06570	ERIC BORGSTROM	Ref002369932	12/05/06	UB Refund Cst #0000084360	15.09	15.09
2003812	12/06/06	06528	ESTES EXPRESS LINES	3383298	11/16/06	SHIPPING CHARGES	119.70	119.70
2003813	12/06/06	02639	EW TRUCK & EQUIPMENT	174586	10/19/06	REPAIR PARTS	153.77	
				175230	10/30/06	REPAIR PARTS	146.85	
				175805	11/07/06	REPAIR PARTS	243.41	
				175145	10/27/06	REPAIR PARTS	68.00	612.03
2003814	12/06/06	02039	EXUM, SIMMIE E	13582152097	12/04/06	SAFETY BOOTS REIMBURSEMENT	123.90	123.90
2003815	12/06/06	00645	FEDEX	853000188	11/17/06	OVERNIGHT PICK-UP & DELIVERY MAIL SVCS	17.28	17.28
2003816	12/06/06	03546	FERGUSON WATERWORKS	0180913	11/14/06	INVENTORY	1,411.96	
				01824841	11/13/06	WAREHOUSE SUPPLIES	175.75	1,587.71
2003817	12/06/06	06606	FIELDSTONE	Ref002369968	12/05/06	UB Refund Cst #0000060210	850.00	850.00
2003818	12/06/06	06580	FIRST INTERNATIONAL BANK	Ref002369942	12/05/06	UB Refund Cst #0000000560	50.56	50.56
2003819	12/06/06	03109	FOLEY & LARDNER	27101111	11/08/06	LEGAL SERVICES OCTOBER 2006	1,261.95	1,261.95
2003820	12/06/06	03094	FULLCOURT PRESS	15929	11/14/06	PRINTING SERVICES	601.25	601.25
2003821	12/06/06	03537	GHA TECHNOLOGIES INC	402710	11/16/06	MULTIMEDIA CARD READER/PHOTO	104.57	104.57
2003822	12/06/06	06614	GLEN BUNDICK	Ref002369976	12/05/06	UB Refund Cst #0000087077	32.54	32.54
2003823	12/06/06	06581	GRAHAM LESTER	Ref002369943	12/05/06	UB Refund Cst #0000003489	30.90	30.90
2003824	12/06/06	06546	GWENDOLYN TAYLOR	Ref002369907	12/05/06	UB Refund Cst #0000069627	41.10	41.10

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2003760 THROUGH 2004203
RUN DATES 12/6/2006 TO 12/28/2006

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2003825	12/06/06	02630	HAAKER EQUIPMENT COMPANY	C50759	11/07/06	DEBRIS HOSE CLAMPS	99.84	
				C50757	11/07/06	HOSE REEL LOCK CYLINDER PARTS	71.27	171.11
2003826	12/06/06	06623	HAI QUOC TRAN	Ref002369985	12/05/06	UB Refund Cst #0000090470	623.42	623.42
2003827	12/06/06	06628	HAZARD CONSTRUCTION CO	Ref002369990	12/05/06	UB Refund Cst #0000091542	602.40	602.40
2003828	12/06/06	06597	HORTON CONTINENTAL	Ref002369959	12/05/06	UB Refund Cst #0000034072	21.20	21.20
2003829	12/06/06	01649	IDEXX DISTRIBUTION INC	222645714	11/15/06	LABORATORY SUPPLIES	150.79	150.79
2003830	12/06/06	03280	INFRASTRUCTURE ENGINEERING	2261	11/03/06	640-1 RESERVOIR (20 MG) PROJECT	3,521.00	3,521.00
2003831	12/06/06	03250	INTERNATIONAL PERSONNEL	015486	11/30/06	MEETING RESERVATIONS	30.00	30.00
2003832	12/06/06	06595	ISABEL SECUNDINO	Ref002369957	12/05/06	UB Refund Cst #0000031821	75.00	75.00
2003833	12/06/06	06625	JAESCHKE INC	Ref002369987	12/05/06	UB Refund Cst #0000091148	584.99	584.99
2003834	12/06/06	06626	JAESCHKE INC	Ref002369988	12/05/06	UB Refund Cst #0000091149	592.61	592.61
2003835	12/06/06	06629	JAMACHA PARK HOA	015498	12/05/06	CASH FOR PLANTS PROG REIMB	6,536.50	6,536.50
2003836	12/06/06	06594	JAMACHA POINT	Ref002369956	12/05/06	UB Refund Cst #0000030629	767.41	767.41
2003837	12/06/06	06585	JARON HAYNES	Ref002369947	12/05/06	UB Refund Cst #0000008428	75.00	75.00
2003838	12/06/06	06553	JASON HUBBARD	Ref002369915	12/05/06	UB Refund Cst #0000074576	30.02	30.02
2003839	12/06/06	06621	JEFFREY CORNTHWAITE	Ref002369983	12/05/06	UB Refund Cst #0000090321	256.19	256.19
2003840	12/06/06	06571	JENNIE MCALISTER	Ref002369933	12/05/06	UB Refund Cst #0000084559	47.45	47.45
2003841	12/06/06	06563	JENNIFER BAKER	Ref002369925	12/05/06	UB Refund Cst #0000081806	44.24	44.24
2003842	12/06/06	06542	JEREMY LARSON	Ref002369903	12/05/06	UB Refund Cst #0000068763	75.00	75.00
2003843	12/06/06	06588	JOHN C MOLINA	Ref002369950	12/05/06	UB Refund Cst #0000015827	10.14	10.14
2003844	12/06/06	06549	JUAN CRUZ	Ref002369911	12/05/06	UB Refund Cst #0000070916	76.57	76.57
2003845	12/06/06	06512	K-T CORP	16652001	11/16/06	TRAFFIC CONES	1,894.38	1,894.38
2003846	12/06/06	00056	KAMAN INDUSTRIAL TECHNOLOGIES	Z648179	11/15/06	SEW DRIVE WWTP	471.78	471.78
2003847	12/06/06	06619	KANG/CHOI LLC	Ref002369981	12/05/06	UB Refund Cst #0000088707	30.48	30.48
2003848	12/06/06	06596	KATIE LANE	Ref002369958	12/05/06	UB Refund Cst #0000032108	113.00	113.00

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2003760 THROUGH 2004203
RUN DATES 12/6/2006 TO 12/28/2006

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2003849	12/06/06	04996	KNOX ATTORNEY SERVICE INC	209581	11/15/06	DELIVERY OF BOARD & COMMITTEE PACKETS	25.00	
				209579	11/15/06	DELIVERY OF BOARD & COMMITTEE PACKETS	25.00	
				209580	11/15/06	DELIVERY OF BOARD & COMMITTEE PACKETS	25.00	75.00
2003850	12/06/06	06558	KOIKE KIKUKO	Ref002369920	12/05/06	UB Refund Cst #0000079506	129.24	129.24
2003851	12/06/06	00491	LIGHTHOUSE INC, THE	1824533	11/07/06	ELECTRICAL SUPPLIES	67.28	67.28
2003852	12/06/06	03784	LIVESCAN SAN DIEGO	06100658	11/11/06	FINGERPRINTING SERVICES	40.00	40.00
2003853	12/06/06	05220	LOGICALIS INTEGRATION SOLUTION	0111222IN	10/12/06	DATA CENTER UPGRADE	1,746.33	
				S612099	10/31/06	DATA CENTER UPGRADE	13,800.78	
				S611946	10/24/06	DATA CENTER UPGRADE	9,790.00	25,337.11
2003854	12/06/06	06543	LORENZO PARTIDA	Ref002369904	12/05/06	UB Refund Cst #0000068971	36.24	36.24
2003855	12/06/06	06564	LUSARDI CONSTRUCTION CO	Ref002369926	12/05/06	UB Refund Cst #0000081896	839.68	839.68
2003856	12/06/06	06569	LYNDALL PHILLIPS	Ref002369931	12/05/06	UB Refund Cst #0000084318	40.33	40.33
2003857	12/06/06	06617	MANUEL BAZZI	Ref002369979	12/05/06	UB Refund Cst #0000088308	475.37	475.37
2003858	12/06/06	06566	MARIA COKER	Ref002369928	12/05/06	UB Refund Cst #0000083249	15.62	15.62
2003859	12/06/06	06590	MARIE TY	Ref002369952	12/05/06	UB Refund Cst #0000023996	22.52	22.52
2003860	12/06/06	06604	MARILYN SALERNO	Ref002369966	12/05/06	UB Refund Cst #0000056591	71.91	71.91
2003861	12/06/06	06622	MARIO GONZALES	Ref002369984	12/05/06	UB Refund Cst #0000090338	47.15	47.15
2003862	12/06/06	06601	MARITZA SNOWDEN	Ref002369963	12/05/06	UB Refund Cst #0000050377	32.22	32.22
2003863	12/06/06	06582	MATTHEW REMMERS	Ref002369944	12/05/06	UB Refund Cst #0000003882	49.04	49.04
2003864	12/06/06	06612	MAYER SAAD	Ref002369974	12/05/06	UB Refund Cst #0000085987	33.13	33.13
2003865	12/06/06	01183	MCMASTER-CARR SUPPLY CO	54138804	11/13/06	GREASE FITTING HEADER BLOCK	91.14	91.14
2003866	12/06/06	06610	MICHAEL R WILLIAMS	Ref002369972	12/05/06	UB Refund Cst #0000067532	282.93	282.93
2003867	12/06/06	06552	MICHELE CAMPBELL	Ref002369914	12/05/06	UB Refund Cst #0000074356	49.11	49.11
2003868	12/06/06	06573	MILLICENT BOUCREE	Ref002369935	12/05/06	UB Refund Cst #0000084915	59.81	59.81
2003869	12/06/06	03172	MOONEY, JONES AND STOKES	0036619	10/14/06	REVEGETATION MONITORING & MAINT. SVCS	405.15	405.15
2003870	12/06/06	06559	MORTON WILLIAMSON	Ref002369921	12/05/06	UB Refund Cst #0000080614	28.50	28.50
2003871	12/06/06	06591	NANCY WICHAM	Ref002369953	12/05/06	UB Refund Cst #0000025401	75.00	75.00

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2003760 THROUGH 2004203
RUN DATES 12/6/2006 TO 12/28/2006

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2003872	12/06/06	04676	NAPA AUTO PARTS	050512	11/07/06	REPAIR PARTS	117.65	
				051275	11/07/06	REPAIR PARTS	15.09	
				051116	11/06/06	REPAIR PART	297.13	
				050775	11/03/06	REPAIR PART	11.16	
				050679	11/02/06	REPAIR PART	105.78	
				050668	11/02/06	REPAIR PART	17.23	
				050755	11/02/06	REPAIR PART	13.76	
				050743	11/02/06	REPAIR PART	14.32	
				050543	11/01/06	REPAIR PARTS	385.36	977.48
2003873	12/06/06	06609	NASHWAN KATTOULA	Ref002369971	12/05/06	UB Refund Cst #0000067483	75.00	75.00
2003874	12/06/06	03571	NEXTLEVEL INTERNET	11541	11/14/06	INTERNET WEB HOSTING	357.00	357.00
2003875	12/06/06	06562	NICOLAS MARTINEZ	Ref002369924	12/05/06	UB Refund Cst #0000081708	60.42	60.42
2003876	12/06/06	06574	NICOLE DEBOER	Ref002369936	12/05/06	UB Refund Cst #0000084924	5.61	5.61
2003877	12/06/06	00510	OFFICE DEPOT INC	361235353001	11/15/06	OFFICE SUPPLIES	154.56	
				361499200001	11/15/06	OFFICE SUPPLIES	37.81	
				360686482001	11/15/06	PAPER SHREDDERS	329.68	
				361953279001	11/15/06	OFFICE SUPPLIES	126.62	
				362512714001	11/15/06	OFFICE SUPPLIES	23.23	
				361290779001	11/15/06	OFFICE SUPPLIES	75.60	747.50
2003878	12/06/06	01837	OFFICE TEAM	17342186	11/27/06	TEMPORARY SERVICES - METER DEPT	50.16	
				17342185	12/05/06	TEMPORARY SERVICES - METER DEPT	476.52	526.68
2003879	12/06/06	03149	ON SITE LASER	38248	11/14/06	Warehouse 8150DN printer~	348.07	348.07
2003880	12/06/06	05118	OTIS ELEVATOR CO	SD37024002	11/16/06	ELEVATOR SERVICE & MAINT	3,436.00	
				SD37020001	11/16/06	ELEVATOR SERVICE & MAINT	760.00	4,196.00
2003881	12/06/06	04463	PACIFIC GREEN LANDSCAPE INC	0041463IN	11/15/06	LANDSCAPING SERVICES	7,850.00	7,850.00
2003882	12/06/06	00227	PELL MELL SUPPLY	43437800	11/16/06	HARDWARE	696.00	696.00
2003883	12/06/06	03790	PENHALL COMPANY	4146	10/26/06	FLAT SAW RENTAL	267.50	267.50
2003884	12/06/06	02786	PIONEER AMERICAS LLC	5538763533	11/15/06	CHLORINE	1,458.38	1,458.38
2003885	12/06/06	05333	PITTMAN, TINA	015497	12/04/06	TUITION REIMBURSEMENT	100.00	100.00
2003886	12/06/06	05499	PRAXAIR DISTRIBUTION INC	24551136	11/10/06	CYLINDERS RENTAL	192.92	192.92
2003887	12/06/06	02976	PRE-PAID LEGAL SERVICES INC	015491	11/01/06	PRE-PAID LEGAL SERVICES	141.50	141.50
2003888	12/06/06	01733	PRICE, TRONCONE & ASSOC INC	11555	11/13/06	DISTRICT RADIO REPEATER SITE RENTAL	3,234.00	3,234.00

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2003760 THROUGH 2004203
RUN DATES 12/6/2006 TO 12/28/2006

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2003889	12/06/06	00078	PUBLIC EMPLOYEES RETIREMENT	Ben2369702	11/28/06	PERS CONTRIBUTION	105,976.99	105,976.99
2003890	12/06/06	06561	QUYEN LAI	Ref002369923	12/05/06	UB Refund Cst #0000081553	84.16	84.16
2003891	12/06/06	06615	RACHELLE HERRERA	Ref002369977	12/05/06	UB Refund Cst #0000087726	26.97	26.97
2003892	12/06/06	03367	RELIABLE SPRING & SUSPENSION	21693	11/09/06	REBUILD PARTS	1,925.66	1,925.66
2003893	12/06/06	06583	RICHARD C ROMERO	Ref002369945	12/05/06	UB Refund Cst #0000004377	5.80	5.80
2003894	12/06/06	06600	ROBERT LUSTER	Ref002369962	12/05/06	UB Refund Cst #0000041538	75.00	75.00
2003895	12/06/06	06556	ROBERTO MEDINA	Ref002369918	12/05/06	UB Refund Cst #0000078870	26.05	26.05
2003896	12/06/06	06598	RONALD FORSMAN	Ref002369960	12/05/06	UB Refund Cst #0000037501	29.63	29.63
2003897	12/06/06	06607	ROSEMARIEMARTIN	Ref002369969	12/05/06	UB Refund Cst #0000061613	68.71	68.71
2003898	12/06/06	06541	RSB HOMES INC	Ref002369902	12/05/06	UB Refund Cst #0000068161	2,075.00	2,075.00
2003899	12/06/06	06572	SALVADOR RIVERA	Ref002369934	12/05/06	UB Refund Cst #0000084614	28.65	28.65
2003900	12/06/06	00121	SAN DIEGO GAS & ELECTRIC	015492	11/30/06	UTILITY EXPENSES	218.38	
				015485	11/24/06	UTILITY EXPENSES	99,793.09	
				015490	11/30/06	UTILITY EXPENSES	259.92	100,271.39
2003901	12/06/06	06618	SARA CHHENGTO	Ref002369980	12/05/06	UB Refund Cst #0000088475	16.02	16.02
2003902	12/06/06	06555	SELINA FORTE	Ref002369917	12/05/06	UB Refund Cst #0000076246	5.31	5.31
2003903	12/06/06	06589	SHANNEL HONORE	Ref002369951	12/05/06	UB Refund Cst #0000018985	72.09	72.09
2003904	12/06/06	06620	SHAWMUT DESIGN & CONSTRUCTION	Ref002369982	12/05/06	UB Refund Cst #0000089177	364.35	364.35
2003905	12/06/06	05983	SIEMENS WATER	7818257	11/15/06	BIOXIDE	484.87	484.87
2003906	12/06/06	05627	SIGNA DIGITAL SOLUTIONS INC	ARS05240	11/30/06	COPIER MAINTENANCE	24.00	
				ARS05217	11/29/06	COPIER MAINTENANCE	101.00	125.00
2003907	12/06/06	02687	SOUTHWEST CONTROLS INC	I0396192DD	11/15/06	GE PLC MODULES	462.65	462.65
2003908	12/06/06	00590	SPECIALTY SEALS & ACCESSORIES	24300	11/16/06	REBUILD SEAL 711-1 #1 PUMP	353.58	353.58
2003909	12/06/06	06548	STEVE BAZURTO	Ref002369910	12/05/06	UB Refund Cst #0000070887	73.91	73.91
2003910	12/06/06	06603	SYLVIA ARANGURE	Ref002369965	12/05/06	UB Refund Cst #0000053931	157.55	157.55
2003911	12/06/06	06526	SYNDICATE PRODUCTION	015461	11/16/06	DJ FOR HOLIDAY EVENT	800.00	800.00

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2003760 THROUGH 2004203
RUN DATES 12/6/2006 TO 12/28/2006

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2003912	12/06/06	06551	TARA KRUGER	Ref002369913	12/05/06	UB Refund Cst #0000073312	25.00	25.00
2003913	12/06/06	06576	TAYLOR CONSTRUCTION	Ref002369938	12/05/06	UB Refund Cst #0000085122	243.43	243.43
2003914	12/06/06	06575	TC CONSTRUCTION COMPANY	Ref002369937	12/05/06	UB Refund Cst #0000085107	689.57	689.57
2003915	12/06/06	06613	TFW CONSTRUCTION	Ref002369975	12/05/06	UB Refund Cst #0000086616	539.42	539.42
2003916	12/06/06	06584	TONY STRUYK	Ref002369946	12/05/06	UB Refund Cst #0000008000	30.91	30.91
2003917	12/06/06	02613	UNITED RENTALS NORTHWEST INC	60957756001	11/15/06	CONCRETE	118.53	118.53
2003918	12/06/06	03190	VALCO INSTRUMENTS CO INC	90007418	11/15/06	ANALYZER PARTS VALVE ROTOR/STATOR	2,654.61	2,654.61
2003919	12/06/06	03329	VERIZON WIRELESS	2092204417	11/21/06	CELL PHONE SERVICE	4,897.56	4,897.56
2003920	12/06/06	06611	VIKKI THOMAS	Ref002369973	12/05/06	UB Refund Cst #0000085490	23.29	23.29
2003921	12/06/06	06547	VINJE & MIDDLETON ENGINEERING	Ref002369909	12/05/06	UB Refund Cst #0000070844	850.00	850.00
2003922	12/06/06	06627	VWE LLC	Ref002369989	12/05/06	UB Refund Cst #0000091415	830.87	830.87
2003923	12/06/06	00101	W W GRAINGER INC	9236024221	11/16/06	PAINT SUPPLIES	361.78	
				9230518160	11/09/06	SHOP TOOL	96.01	
				9234389352	11/15/06	ACCESS DOOR	33.61	491.40
2003924	12/06/06	00347	WALL STREET JOURNAL	015301	12/01/06	SUBSCRIPTION RENEWAL	214.42	214.42
2003925	12/06/06	01343	WE GOT YA PEST CONTROL	38593	11/13/06	PEST CONTROL SERVICES	950.00	950.00
2003926	12/06/06	03692	WESTIN ENGINEERING INC	26970	11/10/06	SCADA DOCUMENTATION PROJECT	7,875.00	7,875.00
2003927	12/06/06	06608	WILLIAM ALTIZER	Ref002369970	12/05/06	UB Refund Cst #0000067288	75.00	75.00
2003928	12/06/06	06577	YVONNE CROMER	Ref002369939	12/05/06	UB Refund Cst #0000085409	40.34	40.34
2003929	12/13/06	01910	ABCANA INDUSTRIES	7842287	11/20/06	HYPOCHLORITE SOLUTION	1,231.16	1,231.16
2003930	12/13/06	01704	AHLEE BACKFLOW SERVICE	2933	11/17/06	BACKFLOW REPAIRS	300.50	300.50
2003931	12/13/06	03787	ALLIED TRENCH SHORING SERVICE	735478	11/21/06	STEEL PLATES RENTAL	234.00	234.00
2003932	12/13/06	06633	AMERICAN ASSETS INC	015503	12/05/06	WORK ORDER REFUND - WO 1808	14,735.75	14,735.75
2003933	12/13/06	03143	ASIAN BUSINESS ASSOCIATION	015512	12/07/06	2007 MEMBERSHIP DUES	500.00	500.00
2003934	12/13/06	06272	AT&T/MCI	T5853227	11/16/06	PHONE SERVICE	735.26	735.26

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2003760 THROUGH 2004203
RUN DATES 12/6/2006 TO 12/28/2006

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2003935	12/13/06	04385	BEACH KING INC	015515	12/07/06	WORK ORDER REFUND - D0170-XX8936	5,946.10	5,946.10
2003936	12/13/06	01940	BERRYMAN & HENIGAR INC WEST	63133	10/27/06	RECYCLED WATER PLAN CHECK & INSPECTION	24,916.13	24,916.13
2003937	12/13/06	06635	BORDER BUSINESS PARK INC	015506	12/05/06	WORK ORDER REFUND - WO 1955	6,163.65	
				015507	12/05/06	WORK ORDER REFUND - WO 2232	3,277.41	
				015508	12/05/06	WORK ORDER REFUND - WO 2235	1,892.32	
				015509	12/05/06	WORK ORDER REFUND - WO 1855	305.34	
				015510	12/05/06	WORK ORDER REFUND - WO 2237	147.52	11,786.24
2003938	12/13/06	03450	BUELNA, ARMANDO F	16041206	12/07/06	HOLIDAY PARTY GIFTS REIMBURSEMENT	447.77	447.77
2003939	12/13/06	00223	C W MCGRATH INC	22798	11/22/06	CRUSHED ROCK	101.54	101.54
2003940	12/13/06	00192	CALIFORNIA WATER ENVIRONMENT	015521	12/06/06	RENEWAL FEES	166.00	
				015520	12/04/06	CERTIFICATION RENEWAL	56.00	222.00
2003941	12/13/06	05008	CINGULAR WIRELESS	015500	11/29/06	WIRELESS PHONE SERVICE	14.89	14.89
2003942	12/13/06	06634	COUNTY OF SAN DIEGO	015504	12/05/06	WORK ORDER REFUND - WO 2747	93.46	93.46
2003943	12/13/06	03354	DATAPROSE INC	38003A	11/09/06	PRINTING SERVICES	640.91	640.91
2003944	12/13/06	01797	DELL ENTERPRISES	181276	11/21/06	NAME PLATES & HOLDERS	59.57	59.57
2003945	12/13/06	00993	DIVE/CORR INC	06207	11/20/06	RESERVOIR UNDERWATER SURVEY	2,200.00	2,200.00
2003946	12/13/06	06632	DOLORES M. BOUCHER	015502	12/05/06	WORK ORDER REFUND - WO 655	960.05	960.05
2003947	12/13/06	06639	EASTLAKE DEVELOPMENT CO	015519	12/07/06	WORK ORDER REFUND - WO 2459	1,009.86	1,009.86
2003948	12/13/06	03546	FERGUSON WATERWORKS	0183909	11/17/06	INVENTORY	921.48	
				01809131	11/22/06	INVENTORY	686.15	1,607.63
2003949	12/13/06	03513	FRANKLIN COVEY	015513	12/07/06	CALENDAR	56.52	56.52
2003950	12/13/06	05626	GAME 7 CONSULTING	Template 1445	12/07/06	CONSULTING SERVICES - IS DEPT	5,840.00	
				1472	12/13/06	CONSULTING SERVICES - IS DEPT	5,804.50	11,644.50
2003951	12/13/06	06291	GARCIA CALDERON & RUIZ	1106	11/30/06	LEGAL SERVICES NOVEMBER 2006	51,395.38	51,395.38
2003952	12/13/06	06276	GIFFORD ENGINEERING INC	3159	11/20/06	TWO-WAY RADIO REPAIR	250.63	250.63
2003953	12/13/06	06636	HALFERTY DEVELOPMENT CO	015514	12/07/06	WORK ORDER REFUND - WO 01852	800.00	800.00
2003954	12/13/06	04217	HATCH & PARENT	411432	11/28/06	LEGISLATIVE ADVOCACY OCT 2006	827.03	
				411433	11/28/06	LEGISLATIVE ADVOCACY OCT 2006	762.50	1,589.53
2003955	12/13/06	03615	I.M.P.A.C. GOVERNMENT SERVICES	015525	11/22/06	DISTRICT EXPENSES	3,417.09	3,417.09

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2003760 THROUGH 2004203
RUN DATES 12/6/2006 TO 12/28/2006

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2003956	12/13/06	03797	INSTITUTE FOR SUPPLY	0000091923	09/12/06	CPM DIAGNOSTIC KITS	100.75	100.75
2003957	12/13/06	04197	INTEGRITY STAFFING INC	3326	12/12/06	TEMPORARY SERVICES - HR DEPT	1,931.85	
				3342	12/13/06	TEMPORARY SERVICES - HR DEPT	2,015.33	3,947.18
2003958	12/13/06	02267	INTERNAL REVENUE SERVICE	Ben2370185	12/12/06	PAYROLL DEDUCTION	50.00	50.00
2003959	12/13/06	04077	INTERNAL REVENUE SERVICE	Ben2370195	12/12/06	PAYROLL DEDUCTION	64.00	64.00
2003960	12/13/06	02902	MARSTON & MARSTON INC	1005	12/01/06	PROFESSIONAL SERVICES	2,700.00	
				RB2	12/01/06	PROFESSIONAL SERVICES	2,500.00	5,200.00
2003961	12/13/06	05329	MASTER METER INC	0116391IN	11/20/06	INVENTORY	36,009.28	36,009.28
2003962	12/13/06	04851	MCGRAW-HILL CONSTRUCTION	00072013	09/22/06	BID ADVERTISEMENT	2,228.00	2,228.00
2003963	12/13/06	01183	MCMASTER-CARR SUPPLY CO	54487284	11/17/06	SUPPLIES	153.60	153.60
2003964	12/13/06	01363	MISSION LINEN & UNIFORM	18036018	11/01/06	UNIFORMS, MATS, TOWELS & SUPPLIES	587.05	
				18036882	11/01/06	UNIFORMS, TOWELS & SUPPLIES	556.75	
				18037756	11/01/06	UNIFORMS, TOWELS & SUPPLIES	537.40	
				18035148	11/01/06	UNIFORMS, TOWELS & SUPPLIES	526.23	
				18034288	11/01/06	UNIFORMS, MATS, TOWELS & SUPPLIES	236.81	
				18035146	11/01/06	UNIFORMS, MATS, TOWELS & SUPPLIES	198.34	
				18036880	11/01/06	UNIFORMS, MATS, TOWELS & SUPPLIES	193.43	
				18037754	11/01/06	UNIFORMS, MATS, TOWELS & SUPPLIES	183.06	
				18035149	11/01/06	MATS, TOWELS & SUPPLIES	130.52	
				18036019	11/01/06	MATS, TOWELS & SUPPLIES	130.52	
				18036883	11/01/06	MATS, TOWELS & SUPPLIES	130.52	
				18037757	11/01/06	MATS, TOWELS & SUPPLIES	130.52	
				S41613	11/01/06	UNIFORM REPLACEMENT	91.65	
				18035147	11/01/06	TOWELS & SUPPLIES	46.61	
				18036017	11/01/06	TOWELS & SUPPLIES	46.61	
				18036881	11/01/06	TOWELS & SUPPLIES	46.61	
				18037755	11/01/06	TOWELS & SUPPLIES	38.70	
				S56013	11/01/06	UNIFORM REPLACEMENT	20.75	
				S56012	11/01/06	UNIFORM REPLACEMENT	8.30	
				18036016	11/01/06	UNIFORMS, MATS, TOWELS & SUPPLIES	191.80	4,032.18
2003965	12/13/06	01729	MYERS, ANGELA E	015524	12/12/06	HOLIDAY PARTY ENTERTAINMENT	250.00	250.00
2003966	12/13/06	03523	NATIONAL DEFERRED COMPENSATION	Ben2370181	12/12/06	DEFERRED COMP PLAN	10,471.20	10,471.20
2003967	12/13/06	01136	NATIONAL SOCIETY OF	124552	12/07/06	MEMBERSHIP RENEWAL	245.00	245.00
2003968	12/13/06	00510	OFFICE DEPOT INC	362783631001	11/22/06	OFFICE EQUIPMENT	177.46	
				361351298001	11/22/06	SIGN PENS	64.78	242.24

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2003760 THROUGH 2004203
RUN DATES 12/6/2006 TO 12/28/2006

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2003969	12/13/06	01837	OFFICE TEAM	17398507	12/04/06	TEMPORARY SERVICES - METER DEPT	827.64	
				17135036	10/31/06	TEMPORARY SERVICES - METER DEPT	720.55	
				17398500	12/04/06	TEMPORARY SERVICES - METER DEPT	50.16	1,598.35
2003970	12/13/06	03101	OTAY WATER DISTRICT	Ben2370183	12/12/06	PAYROLL DEDUCTION - ASSN DUES	756.00	756.00
2003971	12/13/06	00138	PEARSON FORD CO	749565		CREDIT MEMO	1,077.50	
				748591	11/17/06	REPAIR PARTS	3,407.39	
				749484	11/22/06	MASTER CYLINDER	201.01	4,685.90
2003972	12/13/06	00227	PELL MELL SUPPLY	43472400	12/04/06	BOLTS	370.40	370.40
2003973	12/13/06	02932	PESTICIDE APPLICATORS	015511	12/07/06	ANNUAL MEMBERSHIP RENEWAL - QC 21968	40.00	40.00
2003974	12/13/06	00137	PETTY CASH CUSTODIAN	015527	12/13/06	PETTY CASH REIMBURSEMENT	952.40	952.40
2003975	12/13/06	02786	PIONEER AMERICAS LLC	5538765644	11/22/06	CHLORINE	1,458.38	1,458.38
2003976	12/13/06	02127	PROFESSIONAL FIRST AID SERVICE	11150	11/16/06	FIRST AID KIT REPLACEMENT ITEMS	162.70	162.70
2003977	12/13/06	02476	PROGRESSIVE BUSINESS	4051744	05/09/06	SUBSCRIPTION RENEWAL	230.00	230.00
2003978	12/13/06	06638	RANCHO DEL REY	015518	12/08/06	WORK ORDER REFUND - WO 6003	2,000.00	2,000.00
2003979	12/13/06	02041	RBF CONSULTING	6100238	11/22/06	CONSTRUCTION MGT/INSPEC SVCS	55,561.00	55,561.00
2003980	12/13/06	00247	SAN DIEGO DAILY TRANSCRIPT	30050	11/20/06	BID ADVERTISEMENT	783.00	
				22947	09/15/06	BID ADVERTISEMENT	527.80	
				23070	09/18/06	ENG CONSULTING SERVICES AD	348.00	
				26368	10/18/06	ENG CONSULTING SERVICES AD	72.50	1,731.30
2003981	12/13/06	00121	SAN DIEGO GAS & ELECTRIC	015501	11/30/06	UTILITY EXPENSES	68,932.55	
				015505	11/30/06	UTILITY EXPENSES	5,079.95	74,012.50
2003982	12/13/06	06637	SEARS HOLDING CO	015516	12/08/06	WORK ORDER REFUND - WO 5006	1,500.00	
				015517	12/08/06	WORK ORDER REFUND - WO 8030	599.72	2,099.72
2003983	12/13/06	02040	SEDONA STAFFING SERVICES	463724	12/13/06	TEMPORARY SERVICES - ENGG DEPT	951.36	951.36
2003984	12/13/06	01651	SHARP REES-STEALY MEDICAL CTRS	182A	11/18/06	HEALTH EXAM	198.00	
				182	11/18/06	HEALTH EXAM	88.00	
				182B	11/18/06	HEALTH EXAM	15.00	301.00
2003985	12/13/06	05421	SHERWIN WILLIAMS	42651	11/21/06	CREDIT MEMO	(58.19)	
				4265A	11/21/06	PAIL LINERS	61.79	
				79441	10/26/06	PAIL LINERS	58.19	61.79
2003986	12/13/06	05983	SIEMENS WATER	1974584	11/02/06	PARTS FOR ENCORE 700 METERING PUMPS	520.05	520.05

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2003760 THROUGH 2004203
RUN DATES 12/6/2006 TO 12/28/2006

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2003987	12/13/06	03592	SOFTCHOICE CORPORATION	1226144	10/26/06	ADOBE ACROBAT LICENSES	15,672.01	
				1149706	07/24/06	MAIL SECURITY SOFTWARE	2,551.52	
				1189544	09/13/06	SYMANTEC GHOST MAINTENANCE	1,493.42	
				1179564	08/30/06	MAINTENANCE SUPPORT	795.69	20,512.64
2003988	12/13/06	06295	STATE DISBURSEMENT UNIT	Ben2370191	12/12/06	PAYROLL DEDUCTION	294.46	294.46
2003989	12/13/06	06299	STATE DISBURSEMENT UNIT	Ben2370189	12/12/06	PAYROLL DEDUCTION	237.69	237.69
2003990	12/13/06	06303	STATE DISBURSEMENT UNIT	Ben2370193	12/12/06	PAYROLL DEDUCTION	482.76	482.76
2003991	12/13/06	02261	STATE STREET BANK & TRUST CO	Ben2370179	12/12/06	DEFERRED COMP PLAN	4,239.23	4,239.23
2003992	12/13/06	00408	SWEETWATER AUTHORITY	015472	11/20/06	TEMPORARY WATER SERVICE	611.43	611.43
2003993	12/13/06	00075	UNION TRIBUNE PUBLISHING CO	C060903148	09/30/06	BID ADVERTISEMENTS	3,136.00	3,136.00
2003994	12/13/06	02613	UNITED RENTALS NORTHWEST INC	60884036001	11/20/06	BOOM TRUCK	796.71	
				61063118001	11/20/06	CONCRETE	99.13	895.84
2003995	12/13/06	05417	UNITED STATES DEPARTMENT	Ben2370197	12/12/06	PAYROLL DEDUCTION	100.00	100.00
2003996	12/13/06	00350	UNITED STATES POSTAL SERVICE	015522	12/11/06	REIMBURSE POSTAGE MACHINE	1,500.00	1,500.00
2003997	12/13/06	00853	UNIVAR USA INC	SD623466	11/18/06	AMMONIUM HYDROXIDE	1,651.29	1,651.29
2003998	12/13/06	05416	UNIVERSITY MECHANICAL &	12637	06/30/06	CA WASTEWATER PROCESS OPTIMIZATION PR	28,080.00	28,080.00
2003999	12/13/06	05207	VALVE AUTOMATION AND CONTROLS	4103723901A	12/09/05	MAINTENANCE ON ROTORK VALVES	765.00	765.00
2004000	12/13/06	01095	VANTAGEPOINT TRANSFER AGENTS	Ben2370187	12/12/06	DEFERRED COMP PLAN	5,874.47	5,874.47
2004001	12/13/06	06414	VANTAGEPOINT TRANSFER AGENTS	Ben2370215	12/15/06	401A PLAN: Payment	32,844.18	
				Ben2370206	12/12/06	401A PLAN	17,078.03	49,922.21
2004002	12/13/06	00101	W W GRAINGER INC	9240121054	11/22/06	FLEX CONNECTORS / FLEXIBLE CONDUIT	10.33	10.33
2004003	12/13/06	02700	WATER CONSERVATION GARDEN	091506	09/15/06	BOARD SECRETARY SERVICES	5,000.00	5,000.00
2004004	12/13/06	00190	WEST PAYMENT CENTER	1000461957	11/20/06	LEGAL LIBRARY UPDATES & SUBS SVC	537.16	537.16
2004005	12/13/06	03437	WIENHOFF DRUG TESTING INC	200786	12/01/06	2007 ANNUAL CONSORTIUM FEE	1,150.00	1,150.00
2004006	12/20/06	04469	A COPY WORLD	00014380	11/21/06	BINDING SERVICES	90.51	90.51
2004007	12/20/06	01910	ABCANA INDUSTRIES	784532	11/27/06	SODIUM HYPOCHLORITE	1,583.27	1,583.27
2004008	12/20/06	00132	AIRGAS WEST	103243191	11/30/06	COMPRESSED AIR	21.08	
				103130228	06/30/06	COMPRESSED AIR	21.08	42.16

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2003760 THROUGH 2004203
RUN DATES 12/6/2006 TO 12/28/2006

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2004009	12/20/06	02901	ALL AMERICAN SEWER TOOLS	61362	11/01/06	INSPECTION CAMERA	9,692.61	9,692.61
2004010	12/20/06	03787	ALLIED TRENCH SHORING SERVICE	731273	11/03/06	STEEL PLATE RENTALS	403.00	403.00
2004011	12/20/06	02362	ALLIED WASTE SERVICES	0509002562257	11/25/06	TRASH REMOVAL SERVICES	621.83	
				0509002564958	11/25/06	TRASH REMOVAL SERVICES FOR TP	63.38	
				0509002563831	11/25/06	ASBESTOS DISPOSAL CONTAINER RENTAL	171.23	856.44
2004012	12/20/06	06165	ANITA FIRE HOSE COMPANY, ETC.	02313	11/30/06	FIRE EXTINGUISHER SERVICE	196.08	196.08
2004013	12/20/06	05758	AT&T	015532	12/07/06	PHONE SERVICE	33.48	33.48
2004014	12/20/06	06296	AT&T LONG DISTANCE	8093779951206	12/04/06	LONG DISTANCE EXPENSES	91.87	91.87
2004015	12/20/06	06272	AT&T/MCI	T5857438	12/08/06	PHONE SERVICE	6,753.83	6,753.83
2004016	12/20/06	03543	AUDIO ASSOCIATES OF	8359	11/30/06	BOARDROOM PROJECTOR MAINT	134.00	134.00
2004017	12/20/06	05420	AWBREY COOK MCGILL ARCHITECTS	0543300061031	10/31/06	METER SHOP & TREATMENT PLANT BLDG	107.91	107.91
2004018	12/20/06	00145	BARRETT ENGINEERED PUMPS	053262	11/28/06	PUMP REPAIR PARTS	615.25	615.25
2004019	12/20/06	02787	BEST RENTALS INC	R31202	11/30/06	CONCRETE	188.56	188.56
2004020	12/20/06	03404	BLAIR RASMUSSEN CONSTRUCTION	4	11/29/06	METER SHOP REMODEL	13,193.82	13,193.82
2004021	12/20/06	02342	BOOT WORLD INC	1032310IN	11/26/06	SAFETY BOOTS	106.65	106.65
2004022	12/20/06	03679	BRG CONSULTING INC	06110818	11/30/06	1296-3 RESERVOIR PROJECT	3,919.85	3,919.85
2004023	12/20/06	01232	BRODING'S BATTERY WAREHOUSE	42688	11/03/06	ALTERNATOR	179.94	179.94
2004024	12/20/06	00223	C W MCGRATH INC	22887	11/30/06	CRUSHED ROCK	171.28	171.28
2004025	12/20/06	03572	CARLTON, DISANTE &	43323	11/17/06	LEGAL SERVICES	6,191.50	
				43322	11/17/06	LEGAL SERVICES	4,409.00	10,600.50
2004026	12/20/06	03232	CDW GOVERNMENT INC	CRH3106	11/29/06	STANDARD CASSETTE RECORDER	38.55	38.55
2004027	12/20/06	02026	CHULA VISTA ELEMENTARY SCHOOL	30368	12/11/06	FIELD TRIP BUS FUNDING	245.00	245.00
2004028	12/20/06	00234	CITY TREASURER	015528	12/21/06	CAPACITY RESERVATION CHARGE	1,800,000.00	1,800,000.00
2004029	12/20/06	00234	CITY TREASURER	452191	12/18/06	WATER DELIVERIES	44,624.43	44,624.43
2004030	12/20/06	04119	CLARKSON LAB & SUPPLY INC	31897	11/30/06	BACTERIOLOGICAL ANALYSIS	816.00	
				32066	11/30/06	BACTERIOLOGICAL ANALYSIS	399.00	
				32173	11/30/06	BACTERIOLOGICAL ANALYSIS	378.00	1,593.00

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2003760 THROUGH 2004203
RUN DATES 12/6/2006 TO 12/28/2006

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2004031	12/20/06	01666	COMMERCIAL PRINTING CENTRE	42253	11/28/06	PRINTING SERVICES	597.54	597.54
2004032	12/20/06	03774	CONSTRUCTION RESIDUE RECYCLING	974308	11/30/06	DUMPING SERVICES	60.00	60.00
2004033	12/20/06	00099	COUNTY OF SAN DIEGO	42686	10/04/06	EXCAVATION PERMITS	1,197.57	1,197.57
2004034	12/20/06	05125	CUDLIP, JAMES	015533	12/19/06	TUITION REIMBURSEMENT	141.26	141.26
2004035	12/20/06	04073	DATA BUSINESS SYSTEMS INC	62734	11/27/06	1099 FORMS FOR 2006	205.46	205.46
2004036	12/20/06	04550	DATATREE	900340116	11/30/06	MAP PURCHASING SERVICE	99.00	99.00
2004037	12/20/06	00852	DEC CONSULTANTS INC	U112097	11/30/06	2005-2007 CP PROGRAM	4,405.30	4,405.30
2004038	12/20/06	03428	DEL MAR OFFICE PRODUCTS	9388870	11/27/06	OFFICE SUPPLIES	10.33	
				9389040	11/27/06	OFFICE SUPPLIES	24.32	34.65
2004039	12/20/06	01797	DELL ENTERPRISES	181311	11/30/06	PLAQUES	146.54	146.54
2004040	12/20/06	02603	DELL MARKETING LP	R64921264	11/02/06	SCADA SERVER	4,005.35	
				R67527966	11/03/06	SCADA SERVER	375.62	4,380.97
2004041	12/20/06	01205	DIONEX CORPORATION	413784	11/29/06	LABORATORY SUPPLIES	63.76	63.76
2004042	12/20/06	03417	DIRECTV	469217543	12/06/06	SATELLITE TV SERVICE	46.96	46.96
2004043	12/20/06	00230	EDP PRODUCTS INC	804765	11/30/06	CARTRIDGE STORAGE/RETRIEVAL	206.20	206.20
2004044	12/20/06	06525	ELECTRIC MOTOR SPECIALISTS INC	1583	11/30/06	RUSSELL SQ PUMP REBUILD	1,679.82	1,679.82
2004045	12/20/06	02259	ENVIRONMENTAL RESOURCE ASSOC	468918	11/16/06	LABORATORY SUPPLIES	476.51	476.51
2004046	12/20/06	03546	FERGUSON WATERWORKS	0180922	11/28/06	INVENTORY	7,352.65	
				0184371	11/22/06	SWIVEL ADAPTORS	1,069.31	8,421.96
2004047	12/20/06	04564	FIRE ETC	90152	12/14/06	4" FIRE HOSE SWIVELS	1,097.50	1,097.50
2004048	12/20/06	04066	FIRST CHOICE SERVICES-SD	273117	11/27/06	COFFEE SUPPLIES	294.77	
				273840	12/11/06	COFFEE SUPPLIES	255.47	550.24
2004049	12/20/06	00035	FISHER SCIENTIFIC	6837108	11/10/06	LABORATORY SUPPLIES	1,954.51	
				6895277	11/14/06	LABORATORY SUPPLIES	123.97	2,078.48
2004050	12/20/06	03109	FOLEY & LARDNER	27106711	11/17/06	LEGAL SERVICES	147.50	147.50
2004051	12/20/06	03703	FORCE FLOW	13491	11/30/06	FORCE FLOW ULTRASONIC SENSOR (CHEMICA	1,054.33	1,054.33
2004052	12/20/06	02028	FT INTERACTIVE DATA CORP	05688116	11/30/06	DIAL-UP SERVICE FOR INVESTMENTS	85.00	85.00

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2003760 THROUGH 2004203
RUN DATES 12/6/2006 TO 12/28/2006

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2004053	12/20/06	03094	FULLCOURT PRESS	15999	11/30/06	BROCHURES	1,034.40	1,034.40
2004054	12/20/06	05626	GAME 7 CONSULTING	1475	12/20/06	CONSULTING SERVICES - IS DEPT	5,414.00	5,414.00
2004055	12/20/06	03773	GTC SYSTEMS INC	25851	11/30/06	TECHNICAL SUPPORT FOR CITRIX	918.57	
				25826	11/21/06	SHIPPING CHARGES	15.00	
				25825	11/21/06	KEYBOARDS	1,012.85	1,946.42
2004056	12/20/06	02630	HAAKER EQUIPMENT COMPANY	C50758	11/15/06	HOSE REEL LOCK CYLINDER PARTS	5.73	
				C50879	11/15/06	REPAIR PARTS	1,109.07	1,114.80
2004057	12/20/06	00169	HAWTHORNE POWER SYSTEMS	PS100023675	11/30/06	BLOCK HEATER FOR GEN SET AT THE PLANT	274.57	274.57
2004058	12/20/06	03561	HDR INC	M170316	06/05/06	GENERAL UTILITY CONFLICTS	11,085.03	11,085.03
2004059	12/20/06	04472	HECTOR I MARES-COSSIO	20	11/01/06	CONSULTANT CONTRACT	3,000.00	3,000.00
2004060	12/20/06	00062	HELIX WATER DISTRICT	174639861206	12/06/06	WATER BILL-RUSSELL SQ	35.97	
				178540011206	12/06/06	WATER BILL-AVOCADO BLVD	59.30	
				327453	11/27/06	LOAN OF WATER TRUCK	100.00	195.27
2004061	12/20/06	01109	HOME DEPOT CREDIT SERVICES	1150487	12/06/06	BUILDING MAINT SUPPLIES	107.59	
				0019765	12/07/06	BUILDING MAINT SUPPLIES	38.37	
				1150486	12/06/06	BUILDING MAINT SUPPLIES	105.60	251.56
2004062	12/20/06	06540	HORIZON CRANE SERVICE	3422	11/27/06	CRANE RENTAL	500.00	500.00
2004063	12/20/06	05496	IDENTICARD	382047	11/15/06	ID PLASTIC POUCHES	180.20	180.20
2004064	12/20/06	01649	IDEXX DISTRIBUTION INC	222645715	11/15/06	LABORATORY SUPPLIES	3,566.76	3,566.76
2004065	12/20/06	03280	INFRASTRUCTURE ENGINEERING	2269	11/03/06	PROF DESIGN & ENV SVCS FOR 36" PIPELINE	15,558.25	15,558.25
2004066	12/20/06	02372	INTERIOR PLANT SERVICE INC	23075	11/30/06	PLANT SERVICE	181.00	181.00
2004067	12/20/06	01591	IRON MOUNTAIN RECORDS	FZ55911	11/30/06	OFFSITE RECORDS STORAGE	816.44	
				FZ55910	11/30/06	OFFSITE RECORDS STORAGE	0.61	817.05
2004068	12/20/06	00646	JACKSON-HIRSH INC	0635303	11/29/06	LAMINATION SERVICE	205.27	205.27
2004069	12/20/06	03673	KISSINGER TRUCKING & EQUIPMENT	0611015	11/30/06	MOVED D-6 BULLDOZER	178.00	178.00
2004070	12/20/06	04996	KNOX ATTORNEY SERVICE INC	212346	11/30/06	DELIVERY OF BOARD & COMMITTEE PACKETS	27.50	
				212345	11/30/06	DELIVERY OF BOARD & COMMITTEE PACKETS	27.50	
				211426	11/24/06	DELIVERY OF BOARD & COMMITTEE PACKETS	27.50	
				211425	11/24/06	DELIVERY OF BOARD & COMMITTEE PACKETS	27.50	
				211427	11/24/06	DELIVERY OF BOARD & COMMITTEE PACKETS	27.50	
				212347	11/30/06	DELIVERY OF BOARD & COMMITTEE PACKETS	27.50	165.00

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2003760 THROUGH 2004203
RUN DATES 12/6/2006 TO 12/28/2006

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2004071	12/20/06	05220	LOGICALIS INTEGRATION SOLUTION	0112721CM	11/16/06	CREDIT MEMO	(2,477.04)	
				S611545CN	10/24/06	CREDIT MEMO	(31,190.00)	
				S612396	11/30/06	CONSULTING SERVICES - IS DEPT	19,110.00	
				S612100	10/31/06	CONSULTING SERVICES - IS DEPT	19,760.00	5,202.96
2004072	12/20/06	01054	LYNN'S LOCKSMITH SERVICE	247460	11/29/06	LOCKSMITH SERVICE	95.66	95.66
2004073	12/20/06	00628	MANHATTAN NAT'L LIFE INS CO	015530	12/18/06	VOLUNTARY LIFE INSURANCE	433.80	433.80
2004074	12/20/06	05329	MASTER METER INC	0116783IN	11/30/06	INVENTORY	72,018.54	72,018.54
2004075	12/20/06	01183	MCMASTER-CARR SUPPLY CO	55053260	11/29/06	WAREHOUSE SUPPLY	108.56	108.56
2004076	12/20/06	00271	METTLER TOLEDO INC	15500162791	11/08/06	ANNUAL CALIBRATION	165.50	165.50
2004077	12/20/06	00887	MIRAMAR TRUCK CENTER-SAN DIEGO	201490	11/08/06	BRAKE PARTS	454.40	
				CM192660	06/06/06	CREDIT MEMO	(1.02)	
				CM202092	11/28/06	CREDIT MEMO	(266.96)	
				CM201490	11/28/06	CREDIT MEMO	(74.35)	112.07
2004078	12/20/06	03393	MOBILE MINI LLC - CA	90459549	11/26/06	RENTAL 40' STORAGE CONTAINERS	164.90	164.90
2004079	12/20/06	03172	MOONEY, JONES AND STOKES	0037773	11/17/06	HABITAT MANAGEMENT ENVIRON. SERVICES	14,771.74	14,771.74
2004080	12/20/06	03172	MOONEY, JONES AND STOKES	0037782	11/21/06	REVEGETATION MONITORING & MAINT SVCS	573.90	573.90
2004081	12/20/06	03172	MOONEY, JONES AND STOKES	0037783	11/21/06	ON-CALL ENVIRONMENTAL SVCS	140.00	
				0037787	11/21/06	ON-CALL ENVIRONMENTAL SVCS	243.05	
				0037786	11/21/06	ON-CALL ENVIRONMENTAL SVCS	448.75	831.80
2004082	12/20/06	03623	MWH AMERICAS INC	1077186	11/26/06	450-1 RESERVOIR & 680-1 PUMP STATION	6,574.69	6,574.69
2004083	12/20/06	04676	NAPA AUTO PARTS	052469	11/16/06	REPAIR PARTS	46.30	
				051564	11/09/06	REPAIR PARTS	9.48	
				051575	11/09/06	REPAIR PARTS	10.04	
				052051	11/13/06	REPAIR PARTS	15.40	
				052036	11/13/06	REPAIR PARTS	77.06	
				052012	11/13/06	REPAIR PARTS	10.87	
				052198	11/14/06	REPAIR PARTS	3.69	
				052402	11/15/06	REPAIR PARTS	23.77	
				052320	11/15/06	REPAIR PARTS	27.07	
				052300	11/15/06	REPAIR PARTS	116.20	
				052407	11/15/06	REPAIR PARTS	138.07	
				052326	11/15/06	REPAIR PARTS	50.99	
				052610	11/17/06	REPAIR PARTS	25.73	
				052543	11/16/06	REPAIR PARTS	159.19	
				052515	11/16/06	REPAIR PARTS	61.29	
				052513	11/16/06	REPAIR PARTS	215.26	

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2003760 THROUGH 2004203
RUN DATES 12/6/2006 TO 12/28/2006

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
				052481	11/16/06	REPAIR PARTS	102.24	
				050272	10/30/06	REPAIR PARTS	30.58	
				051373	11/08/06	REPAIR PARTS	43.52	
				051385	11/08/06	REPAIR PARTS	9.61	
				051386	11/08/06	REPAIR PARTS	21.33	
				051384	11/08/06	REPAIR PARTS	18.88	
				051409	11/08/06	REPAIR PARTS	12.88	
				053661	11/27/06	CREDIT MEMO	(10.87)	
				053663	11/27/06	CREDIT MEMO	(102.24)	
				053658	11/27/06	CREDIT MEMO	(12.49)	
				053659	11/27/06	CREDIT MEMO	(17.23)	
				053660	11/27/06	CREDIT MEMO	(138.07)	
				053148	11/21/06	CREDIT MEMO	(215.26)	
				053662	11/27/06	CREDIT MEMO	(116.15)	
				051454	11/08/06	REPAIR PARTS	27.52	
				051436	11/08/06	REPAIR PARTS	19.56	
				051413	11/08/06	REPAIR PARTS	17.81	
				051562	11/09/06	REPAIR PARTS	3.79	
				051563	11/09/06	REPAIR PARTS	5.69	691.51
2004084	12/20/06	03733	NEC UNIFIED SOLUTIONS INC	VSH10229444	11/25/06	LABOR FOR PHONES SVCS	247.50	247.50
2004085	12/20/06	03487	NETWORK INSIGHT	NISD200601959	11/30/06	NETWORK MONITORING SERVICES	2,400.00	2,400.00
2004086	12/20/06	05494	NEXTEL COMMUNICATIONS	901500243003	12/12/06	MAINT FOR GIS (AIR-TRAK) DEVICES	31.13	31.13
2004087	12/20/06	03299	OCB REPROGRAPHICS	4528167	11/30/06	REPROGRAPHICS SERVICES	2,237.72	
				4517265	11/27/06	REPROGRAPHICS SERVICES	4,172.92	6,410.64
2004088	12/20/06	00510	OFFICE DEPOT INC	365840448001	12/13/06	CREDIT MEMO	(47.51)	
				361290968001	11/29/06	HUB AND CABLES	42.65	
				364000480001	11/29/06	OFFICE SUPPLIES	60.30	
				363995374001	11/29/06	OFFICE SUPPLIES	95.02	150.46
2004089	12/20/06	01002	PACIFIC PIPELINE SUPPLY	111661	11/15/06	ADAPTERS	907.26	907.26
2004090	12/20/06	05497	PAYPAL INC	3789320	11/30/06	ON-LINE PAYMENT SERVICES	349.40	349.40
2004091	12/20/06	03308	PBS&J	0311456	11/15/06	WASTE DISCHARGE PERMIT REVISION	5,774.00	5,774.00
2004092	12/20/06	03790	PENHALL COMPANY	4624	11/30/06	FLAT SAW CUTTING SERVICES	193.00	193.00
2004093	12/20/06	00593	PEPPER OIL COMPANY INC	600293	11/27/06	DIESEL FUEL	5,371.65	
				600527	12/06/06	UNLEADED FUEL	12,206.69	17,578.34
2004094	12/20/06	03180	PERFORMANCE METER INC	0011740IN	11/15/06	TEMP CONSTRUCTION METERS	4,525.50	4,525.50
2004095	12/20/06	02786	PIONEER AMERICAS LLC	5538706656	03/08/06	CHLORINE	1,282.62	1,282.62

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2003760 THROUGH 2004203
RUN DATES 12/6/2006 TO 12/28/2006

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2004096	12/20/06	05499	PRAXAIR DISTRIBUTION INC	24729914	11/27/06	WELDING TORCH	429.27	
				24729913	11/27/06	SILVER SOLDER	206.73	
				24729912	11/27/06	WELDING SUPPLIES	247.81	883.81
2004097	12/20/06	00078	PUBLIC EMPLOYEES RETIREMENT	Ben2370177	12/12/06	PERS CONTRIBUTION	103,245.57	103,245.57
2004098	12/20/06	06163	RANDALL H. BLAESI, ASA	610009	11/30/06	REAL ESTATE APPRAISAL & VALUATION	6,000.00	6,000.00
2004099	12/20/06	00766	RANROY PRINTING COMPANY	087122	11/30/06	LETTERHEAD ENVELOPE	1,122.76	1,122.76
2004100	12/20/06	00021	RCP BLOCK & BRICK INC	4310359	11/30/06	RCP GRAVEL 3/8	105.06	105.06
2004101	12/20/06	06405	RCP BLOCK & BRICK INC	4310632	12/09/06	CONCRETE	759.64	759.64
2004102	12/20/06	04552	REA & PARKER RESEARCH	015529	12/06/06	CUSTOMER SATISFACTION SURVEY	13,167.00	13,167.00
2004103	12/20/06	06642	RICHARD CHAVEZ	RF622311314	12/18/06	CUST OVERPAYMENT REFUND	939.59	939.59
2004104	12/20/06	04542	ROBAK, MARK	70141006	10/31/06	REIMBURSE MILEAGE EXPENSE	47.62	
				70141106	11/30/06	REIMBURSE MILEAGE EXPENSE	45.39	93.01
2004105	12/20/06	02620	ROTORK CONTROLS INC	CI01808	11/28/06	ROTORK ACTUATORS	4,370.47	4,370.47
2004106	12/20/06	03687	SAFETY-KLEEN SYSTEMS INC	0032955275	11/21/06	SERVICE	151.85	151.85
2004107	12/20/06	00121	SAN DIEGO GAS & ELECTRIC	015531	12/14/06	UTILITY EXPENSES	332.33	332.33
2004108	12/20/06	02040	SEDONA STAFFING SERVICES	463816	12/15/06	TEMPORARY SERVICE-ENG DEPT	1,297.79	1,297.79
2004109	12/20/06	05627	SIGNA DIGITAL SOLUTIONS INC	ARS05223	11/29/06	COPIER MAINTENANCE	100.00	100.00
2004110	12/20/06	06493	SIGNIFICANT DIGITS INC	07H176012	10/30/06	HANDHELD DOCKING STATIONS	861.60	861.60
2004111	12/20/06	03103	SOUTHCOAST HEATING &	C31127	11/10/06	HEATING & AIR MAINTENANCE	857.00	857.00
2004112	12/20/06	02687	SOUTHWEST CONTROLS INC	I0394149DD	11/09/06	GE PLC MODULES	1,197.12	1,197.12
2004113	12/20/06	03760	SPANKY'S PORTABLE SERVICES INC	553752	11/27/06	PORTABLE TOILET RENTAL	67.02	
				553605	11/24/06	PORTABLE TOILET RENTAL	67.02	
				553604	11/24/06	PORTABLE TOILET RENTAL	67.02	
				553603	11/24/06	PORTABLE TOILET RENTAL	68.62	
				553602	11/24/06	PORTABLE TOILET RENTAL	67.02	336.70
2004114	12/20/06	03516	SPECIAL DISTRICT RISK	0019459IN	12/08/06	WORKER'S COMP PREMIUM	62,478.56	62,478.56
2004115	12/20/06	00590	SPECIALTY SEALS & ACCESSORIES	24252	10/27/06	SEAL EFFLUENT#6 PUMP	468.71	468.71
2004116	12/20/06	02354	STANDARD ELECTRONICS	8737	11/28/06	SECURITY SERVICE & REPAIRS	127.50	
				8736	11/28/06	SECURITY SERVICE & REPAIRS	127.50	

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2003760 THROUGH 2004203
RUN DATES 12/6/2006 TO 12/28/2006

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
				8738	11/28/06	SECURITY SERVICE & REPAIRS	127.50	382.50
2004117	12/20/06	03563	UNDERGROUND UTILITIES INC	116491	11/30/06	METER REPLACEMENT/RETROFIT TO RTR	30,832.00	30,832.00
2004118	12/20/06	05416	UNIVERSITY MECHANICAL &	13079	11/30/06	CA WASTEWATER PROCESS OPTIMIZATION PR	7,352.00	7,352.00
2004119	12/20/06	00101	W W GRAINGER INC	9243097871	11/29/06	NON-METALLIC CONDUIT	167.83	
				9220519624	10/26/06	SIGNAL HORN & FUSES	454.86	
				9243043545	11/29/06	METER SHOP VISE	106.63	
				9243013365	11/29/06	WAREHOUSE SUPPLIES	248.43	
				9243043537	11/29/06	NON-METALLIC CONDUIT	192.29	1,170.04
2004120	12/20/06	02700	WATER CONSERVATION GARDEN	1219063	12/19/06	OPERATING COSTS	18,750.00	18,750.00
2004121	12/20/06	00014	WAXIE SANITARY SUPPLY	69775022	11/30/06	SANITARY SUPPLIES	1,363.79	1,363.79
2004122	12/20/06	00125	WESTERN PUMP	0055848IN	11/30/06	APCD TESTING	150.00	
				0055367IN	11/30/06	APCD TESTING	523.84	673.84
2004123	12/20/06	02725	WILLIAMS SCOTSMAN	67405660	11/08/06	28' TRAILER RENTAL	310.51	310.51
2004124	12/20/06	06288	ZONDIROS CORPORATION	1	11/29/06	I 905 UTILITY RELOCATIONS	106,979.40	106,979.40
2004125	12/27/06	02267	INTERNAL REVENUE SERVICE	Ben2370528	12/27/06	PAYROLL DEDUCTION	50.00	50.00
2004126	12/27/06	04077	INTERNAL REVENUE SERVICE	Ben2370538	12/27/06	PAYROLL DEDUCTION	64.00	64.00
2004127	12/27/06	03523	NATIONAL DEFERRED COMPENSATION	Ben2370524	12/27/06	DEFERRED COMP PLAN	9,851.18	9,851.18
2004128	12/27/06	03101	OTAY WATER DISTRICT	Ben2370526	12/27/06	PAYROLL DEDUCTION - ASSN DUES	735.00	735.00
2004129	12/27/06	06295	STATE DISBURSEMENT UNIT	Ben2370534	12/27/06	PAYROLL DEDUCTION	294.46	294.46
2004130	12/27/06	06299	STATE DISBURSEMENT UNIT	Ben2370532	12/27/06	PAYROLL DEDUCTION	237.69	237.69
2004131	12/27/06	06303	STATE DISBURSEMENT UNIT	Ben2370536	12/27/06	PAYROLL DEDUCTION	482.76	482.76
2004132	12/27/06	02261	STATE STREET BANK & TRUST CO	Ben2370522	12/27/06	DEFERRED COMP PLAN	4,328.23	4,328.23
2004133	12/27/06	05417	UNITED STATES DEPARTMENT	Ben2370540	12/27/06	PAYROLL DEDUCTION	100.00	100.00
2004134	12/27/06	03212	UNUM LIFE INSURANCE	Ben2370518	12/27/06	LONG TERM DISABILITY	5,529.81	5,529.81
2004135	12/27/06	01095	VANTAGEPOINT TRANSFER AGENTS	Ben2370530	12/27/06	DEFERRED COMP PLAN	5,874.47	5,874.47
2004136	12/28/06	01910	ABCANA INDUSTRIES	784205	11/20/06	HYPOCHLORITE SOLUTION	1,492.16	
				784808	12/04/06	SODIUM HYPOCHLORITE	1,131.44	
				784809	12/04/06	SODIUM HYPOCHLORITE	1,121.58	
				782362	10/12/06	HYPOCHLORITE SOLUTION	859.35	4,604.53

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2003760 THROUGH 2004203
RUN DATES 12/6/2006 TO 12/28/2006

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2004137	12/28/06	03787	ALLIED TRENCH SHORING SERVICE	738438	12/06/06	STEEL PLATE RENTALS	195.00	195.00
2004138	12/28/06	02518	AMERICAN WATER WORKS ASSN	015534	12/20/06	AWWA WATER OPERATOR FIELD GUIDE	69.50	69.50
2004139	12/28/06	00434	AQUA CONTROLS INC	1655	12/06/06	REPAIR TONE EQUIPMENT	1,212.50	1,212.50
2004140	12/28/06	01940	BERRYMAN & HENIGAR INC WEST	63133A	10/27/06	PLANCHECKS & INSPECTION SERVICES	5,576.00	5,576.00
2004141	12/28/06	02787	BEST RENTALS INC	R31238	12/05/06	CONCRETE	188.56	
				R31240	12/05/06	CONCRETE	75.43	263.99
2004142	12/28/06	03458	BREITFELDER, LARRY	70131006	10/01/06	REIMBURSE MILEAGE EXPENSE	50.73	
				70131206	12/20/06	REIMBURSE MILEAGE EXPENSE	37.38	
				70131106	11/30/06	REIMB MILEAGE EXPENSE	68.53	156.64
2004143	12/28/06	01232	BRODING'S BATTERY WAREHOUSE	43042	11/14/06	AUTOMOTIVE BATTERY	232.58	
				44304	12/22/06	CREDIT MEMO	(35.56)	197.02
2004144	12/28/06	00223	C W MCGRATH INC	22992	12/07/06	CRUSHED ROCK	81.29	
				22928	12/04/06	ROCK GRANITE	70.90	152.19
2004145	12/28/06	04215	CAMP DRESSER & MCKEE INC	802440797	12/05/06	IRP PROJECT	47,548.99	47,548.99
2004146	12/28/06	03684	CANON BUSINESS SOLUTIONS-WEST	3624250	12/06/06	COPIER MAINTENANCE	639.40	
				3620962	12/01/06	COPIER MAINTENANCE	428.13	
				3624250A	12/06/06	COPIER MAINTENANCE	83.19	1,150.72
2004147	12/28/06	02758	CARMEL BUSINESS SYSTEMS INC	6386	12/01/06	STORAGE & DESTRUCTION OF DOCUMENTS	2,040.20	2,040.20
2004148	12/28/06	03491	CASA DE ORO CARWASH	308	11/02/06	CAR WASH SERVICES	1,590.99	1,590.99
2004149	12/28/06	06519	CHULA VISTA POLICE DEPT	0627990	12/22/06	TRAFFIC COLLISION REPORT	10.00	10.00
2004150	12/28/06	03354	DATAPROSE INC	38533	12/07/06	NOVEMBER POSTAGE	14,655.24	
				38532	12/07/06	BILLING PRINT SERVICES	9,143.68	23,798.92
2004151	12/28/06	06535	EAGLE MICROSYSTEMS, INC.	0627011	12/05/06	EI 2000 EAGLE TON SCALE DISPLAY PANEL	982.19	982.19
2004152	12/28/06	03757	FANDEL ENTERPRISES	1223	12/04/06	TELECOMMUNICATIONS CONSULTING SERVICE	2,940.00	2,940.00
2004153	12/28/06	03546	FERGUSON WATERWORKS	CM013222	12/06/06	CREDIT MEMO	(1,430.81)	
				0185884	12/01/06	INVENTORY	7,238.99	
				0185887	12/01/06	INVENTORY	4,516.15	
				0186269	12/07/06	HYDRANT PARTS	1,933.69	
				0170237	10/06/06	VALVE REPAIR PARTS	1,604.48	
				0174745	10/19/06	HYCHECK PARTS	1,439.51	
				01858891	12/05/06	INVENTORY	651.52	
				0185889	12/01/06	INVENTORY	241.17	16,194.70

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2003760 THROUGH 2004203
RUN DATES 12/6/2006 TO 12/28/2006

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2004154	12/28/06	06647	FIELDING, JOLENE	015535	12/15/06	REIMB M FELLEY GIFT/FOOD/CAKE	181.48	181.48
2004155	12/28/06	00035	FISHER SCIENTIFIC	7321464	12/06/06	LABORATORY SUPPLIES	298.80	298.80
2004156	12/28/06	02591	FITNESS TECH INC	3705	12/01/06	MAINTENANCE FOR FITNESS EQUIPMENT	100.00	100.00
2004157	12/28/06	01327	FRANK & SON PAVING INC	17001	12/06/06	PAVING SERVICES	20,267.70	20,267.70
2004158	12/28/06	00174	HACH COMPANY	4956140	12/05/06	CHLORINE & AMMONIA ANALYZER	1,829.36	
				4957079	12/06/06	SILICONE TUBING	834.39	
				WI212012	12/06/06	REPAIR OF SAMPLER UNIT	535.06	3,198.81
2004159	12/28/06	02350	HARPER & ASSOCIATES	ENG3476	12/04/06	RWCWRF R.O. BUILDING REMODEL	600.00	600.00
2004160	12/28/06	01109	HOME DEPOT CREDIT SERVICES	6029927	12/01/06	PAINT SUPPLIES	166.74	166.74
2004161	12/28/06	01033	HOMESTEAD TREE SERVICE	5396	12/07/06	LANDSCAPE TREE TRIMMING	2,600.00	2,600.00
2004162	12/28/06	03743	HYDROTEX	527078	11/17/06	GREASE	828.43	828.43
2004163	12/28/06	03615	I.M.P.A.C. GOVERNMENT SERVICES	015538	11/22/06	DISTRICT EXPENSES	2,151.46	
				015537	11/22/06	DISTRICT EXPENSES	107.15	2,258.61
2004164	12/28/06	03280	INFRASTRUCTURE ENGINEERING	2341	11/30/06	36" PIPELINE PROJECT, SDCWA	36,110.64	36,110.64
2004165	12/28/06	03077	JANI KING OF CALIFORNIA INC	SDO12060425	12/01/06	JANITORIAL SERVICES	3,905.00	
				SDO12060434	12/01/06	OFF-SITE JANITORIAL SERVICES	990.00	4,895.00
2004166	12/28/06	02449	JOSEPH G POLLARD CO INC	1186162IN	12/07/06	DE-CHLOR DIFFUSERS & HYDRANT RINGS	157.03	157.03
2004167	12/28/06	04996	KNOX ATTORNEY SERVICE INC	213460	12/07/06	DELIVERY OF BOARD & COMMITTEE PACKETS	27.50	
				213458	12/07/06	DELIVERY OF BOARD & COMMITTEE PACKETS	27.50	
				213457	12/07/06	DELIVERY OF BOARD & COMMITTEE PACKETS	27.50	
				213459	12/07/06	DELIVERY OF BOARD & COMMITTEE PACKETS	27.50	110.00
2004168	12/28/06	06538	LASER SAVER	191292	12/08/06	TONERS	802.25	
				191168	12/05/06	TONER CARTRIDGES	646.28	
				191167	12/05/06	COLOR TONER CARTRIDGES	290.76	1,739.29
2004169	12/28/06	03607	LEE & RO INC	83035	12/04/06	30" RECYCLED WATER & RESERVOIR 450-1	2,119.54	2,119.54
2004170	12/28/06	00491	LIGHTHOUSE INC, THE	1839765	12/08/06	ROTATOR	202.57	202.57
2004171	12/28/06	05220	LOGICALIS INTEGRATION SOLUTION	0110782IN	09/30/06	DATA CENTER UPGRADE	21,765.50	
				S612395	11/30/06	DATA CENTER UPGRADE	2,092.50	23,858.00
2004172	12/28/06	03015	LORMAN EDUCATION SERVICES	015539	12/21/06	SEMINAR REGISTRATION	329.00	329.00

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2003760 THROUGH 2004203
RUN DATES 12/6/2006 TO 12/28/2006

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2004173	12/28/06	06648	MEASUREMENT CONTROL	126871	12/01/06	METER TESTING SERVICES	43.94	43.94
2004174	12/28/06	00887	MIRAMAR TRUCK CENTER-SAN DIEGO	202092	11/16/06	REPAIR PARTS	486.84	
				202228	11/17/06	REPAIR PART	251.64	
				CM202092A	12/04/06	CREDIT MEMO	(99.13)	639.35
2004175	12/28/06	03393	MOBILE MINI LLC - CA	90464104	12/04/06	RENTAL 40' STORAGE CONTAINERS FOR METEI	170.88	170.88
2004176	12/28/06	03487	NETWORK INSIGHT	NINMS200600458	12/01/06	NETWORK MONITORING SERVICES	17,005.00	17,005.00
2004177	12/28/06	00761	NINYO & MOORE	122630	10/24/06	GEOTECHNICAL ENGINEERING SERVICES	8,770.00	8,770.00
2004178	12/28/06	00510	OFFICE DEPOT INC	365586908001	12/06/06	OFFICE SUPPLIES	39.11	
				365213179001	12/06/06	OFFICE SUPPLIES	1,353.18	
				365587669001	12/06/06	OFFICE SUPPLIES	74.65	1,466.94
2004179	12/28/06	01837	OFFICE TEAM	17444521	12/11/06	TEMPORARY SERVICES - METER DEPT	702.24	
				17444522	12/11/06	TEMPORARY SERVICES - METER DEPT	25.08	727.32
2004180	12/28/06	03101	OTAY WATER DISTRICT	Ben2370580	12/29/06	PAYROLL DEDUCTION - ASSN DUES: Payment	7.00	7.00
2004181	12/28/06	00137	PETTY CASH CUSTODIAN	015540	12/28/06	PETTY CASH REIMBURSEMENT	538.19	538.19
2004182	12/28/06	02786	PIONEER AMERICAS LLC	5538768192	12/06/06	CHLORINE	2,187.55	2,187.55
2004183	12/28/06	00053	PITNEY BOWES INC	686348	12/03/06	POSTAL SECURITY DEVICE RENTAL	206.88	206.88
2004184	12/28/06	05499	PRAXAIR DISTRIBUTION INC	0121566500	12/15/06	WELDING SUPPLIES	186.37	186.37
2004185	12/28/06	01342	R J SAFETY SUPPLY CO INC	23142100	12/06/06	WAREHOUSE SAFETY	693.38	693.38
2004186	12/28/06	02891	RED WING SHOE STORE	8270000000764	12/04/06	SAFETY BOOTS	138.65	138.65
2004187	12/28/06	02948	ROCKHURST UNIVERSITY	400772138001	12/07/06	SEMINAR REGISTRATION	358.00	358.00
2004188	12/28/06	00362	RYAN HERCO PRODUCTS CORP	5968286	12/06/06	CPVC GLUE AND PRIMER	83.38	
				5968288	12/06/06	CPVC GLUE AND PRIMER	43.16	
				5968285	12/06/06	CPVC GLUE AND PRIMER	30.84	157.38
2004189	12/28/06	03803	SAN DIEGO CLIPPING SERVICE INC	439061204	12/04/06	NEWSPAPER CLIPPING SERVICE	83.00	83.00
2004190	12/28/06	00121	SAN DIEGO GAS & ELECTRIC	015536	12/18/06	UTILITY EXPENSES	17,449.33	17,449.33
2004191	12/28/06	05983	SIEMENS WATER	1970602	11/28/06	PARTS METERING PUMPS	1,709.58	
				1975782	12/01/06	PARTS FOR ENCORE 700 METERING PUMPS	627.28	2,336.86
2004192	12/28/06	05627	SIGNA DIGITAL SOLUTIONS INC	ARS05348	12/05/06	COPIER MAINTENANCE	454.88	
				ARS05349	12/05/06	COPIER MAINTENANCE	101.00	555.88

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2003760 THROUGH 2004203
RUN DATES 12/6/2006 TO 12/28/2006

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2004193	12/28/06	06537	SOUTHLAND TECHNOLOGY, INC.	SI18783	12/07/06	BOARD ROOM PROJECTOR SERVICE	1,446.09	1,446.09
2004194	12/28/06	03760	SPANKY'S PORTABLE SERVICES INC	555985	12/07/06	PORTABLE TOILET RENTAL	84.13	
				555795	12/06/06	PORTABLE TOILET RENTAL	55.64	139.77
2004195	12/28/06	02799	TARULLI TIRE INC - SAN DIEGO	20027611	10/30/06	TIRES & REPAIR SERVICES	302.10	
				20027981	12/05/06	TIRE REPAIR SERVICES	20.47	
				20028044	12/08/06	TIRE REPAIR SERVICES	20.47	
				20027601	10/30/06	TIRE REPAIR SERVICES	14.00	
				20028041	12/08/06	TIRES & REPAIR SERVICES	228.17	
				20027828	11/17/06	TIRES & REPAIR SERVICES	219.88	
				20027736	11/10/06	TIRES & REPAIR SERVICES	157.86	
				20028043	12/08/06	TIRES & REPAIR SERVICES	147.45	
				20027720	11/08/06	TIRES & REPAIR SERVICES	106.19	
				20027737	11/10/06	TIRE REPAIR SERVICES	44.00	
				20027783	11/14/06	TIRE REPAIR SERVICES	32.78	
				20027738	11/10/06	TIRE REPAIR SERVICES	30.00	
				20027984	12/05/06	TIRE REPAIR SERVICES	29.54	
				20028042	12/08/06	TIRES & REPAIR SERVICES	1,142.49	
				20027811	11/16/06	TIRES & REPAIR SERVICES	431.14	
				20027982	12/05/06	TIRES & REPAIR SERVICES	411.43	3,337.97
2004196	12/28/06	01834	TC CONSTRUCTION INC	18037	12/01/06	450-1 RW RESERVOIR & 680-1 RW P STATION	403,205.75	403,205.75
2004197	12/28/06	00427	UNDERGROUND SERVICE ALERT OF	1120060459	12/01/06	UNDERGROUND TRENCH SERVICE ALERTS	345.60	345.60
2004198	12/28/06	02613	UNITED RENTALS NORTHWEST INC	61437732001	12/07/06	CONCRETE	99.13	99.13
2004199	12/28/06	06414	VANTAGEPOINT TRANSFER AGENTS	Ben2370578	12/29/06	401A PLAN: Payment	10,433.42	10,433.42
2004200	12/28/06	03567	VERISIGN INC	1130409321	12/04/06	ONLINE PMTS SECURITY CERTIFICATES	4,175.00	4,175.00
2004201	12/28/06	00101	W W GRAINGER INC	9245870408	12/04/06	HAND TOOLS #139	258.78	
				9245623807	12/04/06	WAREHOUSE SUPPLIES	34.65	293.43
2004202	12/28/06	03437	WIENHOFF DRUG TESTING INC	12773	12/01/06	HEALTH TESTS	220.00	220.00
2004203	12/28/06	02725	WILLIAMS SCOTSMAN	68199263	12/08/06	MOBILE OFFICE RENTAL	310.52	
				68050021	12/02/06	MOBILE OFFICE RENTAL	296.15	606.67
			GRAND TOTAL				**4,186,176.05**	**4,186,176.05**