

OTAY WATER DISTRICT

BOARD OF DIRECTORS MEETING
DISTRICT BOARDROOM

2554 SWEETWATER SPRINGS BOULEVARD
SPRING VALLEY, CALIFORNIA

WEDNESDAY
February 2, 2011
3:30 P.M.

AGENDA

1. ROLL CALL
2. PLEDGE OF ALLEGIANCE
3. APPROVAL OF AGENDA
4. APPROVE THE MINUTES OF THE SPECIAL MEETING OF MAY 17, 2010
5. PUBLIC PARTICIPATION – OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO SPEAK TO THE BOARD ON ANY SUBJECT MATTER WITHIN THE BOARD'S JURISDICTION BUT NOT AN ITEM ON TODAY'S AGENDA
6. PRESENTATION OF CERTIFICATES OF RECOGNITION TO LEE & RO, INC., RBF CONSULTING, CCL CONTRACTING, INC. AND HARRIS & ASSOCIATES, INC. FOR THEIR WORK AND PROFESSIONALISM IN THE SUCCESSFUL COMPLETION OF THE JAMACHA PIPELINE PROJECT (RIPPERGER)

CONSENT CALENDAR

7. ITEMS TO BE ACTED UPON WITHOUT DISCUSSION, UNLESS A REQUEST IS MADE BY A MEMBER OF THE BOARD OR THE PUBLIC TO DISCUSS A PARTICULAR ITEM:
 - a) APPROVE THE REIMBURSEMENT AGREEMENT BETWEEN THE DISTRICT AND THE COUNTY OF SAN DIEGO FOR THE RELOCATION OF AN 8-INCH SEWER MAIN
 - b) APPROVE AN ENGAGEMENT LETTER WITH THE AUDITING FIRM OF DIEHL, EVANS & COMPANY, LLP TO PROVIDE AUDIT SERVICES TO THE DISTRICT FOR THE FISCAL YEAR ENDING JUNE 30, 2011
 - c) AUTHORIZE THE GENERAL MANAGER TO NEGOTIATE AND ENTER INTO AN AGREEMENT WITH DMI DIGITAL MAPPING INC. IN AN AMOUNT NOT TO EXCEED \$68,000 FOR ORTHOPHOTOGRAPHY SERVICES

ACTION ITEM

8. ENGINEERING AND WATER OPERATIONS
 - a) APPROVE THE WATER SUPPLY ASSESSMENT REPORT, AS REQUIRED BY SENATE BILL 610, FOR THE SAN DIEGO-TIJUANA CROSS BORDER FACILITY PROJECT (KENNEDY)

INFORMATIONAL ITEMS

9. THIS ITEM IS PROVIDED TO THE BOARD FOR INFORMATIONAL PURPOSES ONLY. NO ACTION IS REQUIRED ON THE FOLLOWING AGENDA ITEMS:
 - a) FISCAL YEAR 2011 FIRST QUARTER CAPITAL IMPROVEMENT PROJECT UPDATE REPORT (KAY)
10. BOARD
 - a) DISCUSSION OF 2011 BOARD MEETING CALENDAR

REPORTS

11. GENERAL MANAGER'S REPORT
 - a) SAN DIEGO COUNTY WATER AUTHORITY UPDATE
12. DIRECTORS' REPORTS/REQUESTS
13. PRESIDENT'S REPORT

RECESS TO CLOSED SESSION

14. CLOSED SESSION
 - a. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION [GOVERNMENT CODE §54956.9(a)]
 - (I) INFRASTRUCTURE ENGINEERING CORP. v. OTAY WATER DISTRICT, COUNTY OF SAN DIEGO, SUPERIOR COURT, CASE NO. 37-2008-00093876-CU-BC-CTL

RETURN TO OPEN SESSION

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

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

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

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

Certification of Posting

I certify that on January 28, 2011, 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 January 28, 2011.



Susan Cruz, District Secretary

AGENDA ITEM 4

MINUTES OF THE BOARD OF DIRECTORS MEETING OF THE OTAY WATER DISTRICT May 17, 2010

1. The meeting was called to order by President Bonilla at 3:30 p.m.

2. ROLL CALL

Directors Present: Bonilla, Breitfelder, Croucher, Lopez and Robak

Director Absent: None

Staff Present: General Manager Mark Watton, Assistant General Manager of Administration and Finance German Alvarez, Assistant General Manager of Engineering and Water Operations Manny Magana, General Counsel Yuri Calderon, Chief of Information Technology Geoff Stevens, Chief Financial Officer Joe Beachem, Chief of Engineering Rod Posada, Chief of Operations Pedro Porras, Chief of Administration Rom Sarno, District Secretary Susan Cruz and others per attached list.

3. PLEDGE OF ALLEGIANCE

4. APPROVAL OF AGENDA

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

Ayes:	Directors Bonilla, Breitfelder, Croucher, Lopez and Robak
Noes:	None
Abstain:	None
Absent:	None

to approve the agenda.

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

No one wished to be heard.

WORKSHOP

6. ADOPT RESOLUTION NO. 4159, APPROVING THE FISCAL YEAR 2010-2011 OPERATING AND CAPITAL BUDGETS AND ADOPT WATER AND SEWER RATE INCREASES; APPROVE FUND TRANSFERS FOR POTABLE, RECYCLED, AND SEWER; ADOPT ORDINANCE NO. 525 TO AMEND APPENDIX A OF THE CODE OF ORDINANCES WITH THE PROPOSED WATER AND SEWER RATE

INCREASES AS PRESENTED IN THE FY 2010-2011 OPERATING AND CAPITAL BUDGET; AND DIRECT STAFF TO SEND CUSTOMERS NOTICE OF THE RATE INCREASES (BEACHEM)

Chief Financial Officer Joe Beachem indicated that staff would be presenting a PowerPoint presentation discussing and recommending approval of the Fiscal Year 2011 Operating Budget of \$77 million, the Capital Improvement Program (CIP) Budget of \$28.5 million, a 10.9% rate increase for potable and recycled customers, a 6.8% rate increase for sewer customers, and associated fund transfers. Mr. Beachem stated that upon the board's approval, the District will provide a 30-day notice of the rate increases to its customers. He noted that the District has approved a five-year rate plan and the notice is provided to customers to make them aware of the proposed increase. Mr. Beachem stated that the proposed water and sewer rate increases will be implemented on January 1, 2011.

Chief Financial Officer Beachem discussed the District's rate model which was utilized to determine the rate increases for the FY 2011 Operating and CIP budgets. The model includes information such as the District's beginning balances, anticipated County Water Authority (CWA) and Metropolitan Water District (MWD) increases, a number of assumptions, as well as targets for debt coverage and reserves. He indicated that the rate increase is primarily due to external factors which include increases from the District's wholesale suppliers; CWA, MWD and the City of San Diego. MWD and CWA have increased their rates which has increased the District's costs by \$1.6 million (MWD increased its cost to CWA 12.2% and CWA increased its cost to the District 11.3%). He noted that 65% of the District's budget would go towards these increases. He also indicated that staff has estimated that the reclaimed rate increase from the City of San Diego would be approximately 4.5% per year from 2007 forward and is expected to become effective about six (6) months into the fiscal year. Staff also noted that increases for sewer services will be approximately 5.9% or \$57,600 from the Public Utilities Department of the San Diego Metropolitan Wastewater Commission and 14.7% or \$33,900 from the Spring Valley Sanitation District. These increases have also been incorporated into the budget. He stated that the District's Proposition 218 notice to its customers last year had authorized the District to pass-thru rate increases from the District's wholesale suppliers to its customers.

The District's CIP Plan will require funding for improvements to the District's system and replacing infrastructure to meet customer needs which also pushes rates up. Also, impacting rates is reduced water sales due to rainfall, conservation and economic difficulties. However, through Strategic Planning, the District has increased its efficiency and staff has been able to reduce its Operations and Material (O&M) costs by \$349,500. These internal efficiencies have helped offset the impact of the external increases, reducing the proposed rate increase to 10.9% instead of 12.7%.

Chief Financial Officer Beachem discussed the District's reserve policy and presented a chart that showed its FY 2011 projected beginning reserve balances of \$97.2 million and target of \$53.8 million. He indicated that reserves will be slightly above its target levels primarily because of the debt issuance that the Board recently approved to fund the District's CIP over the next few years. He stated that each year the District's

reserve balance will remain above its target level and will be built into the rate structure. To balance out the District's reserve target, he stated that staff is recommending a transfer of \$14.9 million and indicated that this request is in compliance of the District's reserve policy.

In response to a question from Director Breitfelder, Chief Financial Officer Beachem stated that the reserve balances are much above target levels due to the issuance of debt to cover the cost of CIP projects for a few years. By issuing debt to cover a few years of CIP projects as opposed to one year, the District is more cost efficient as it reduces the cost of issuing debt.

Chief Financial Officer Beachem discussed the District's debt coverage ratio and indicated that the District's target is 150% with a minimum of 125%. He stated that this target excludes growth revenues, as rating agencies want to assure that when there is no growth that the agency can stay above its minimum coverage ratio with operating revenues alone. He stated that maintaining a ratio near 150% is important especially when issuing debt and becoming a viable partner for significant contracts. He also discussed the District's Other Post Employment Benefits (OPEB) fund. He indicated that the bi-annual actuarial evaluation is complete and is being used to calculate the District's Annual Required Contribution (ARC) to PERS. The OPEB payments are budgeted to be consistent with prior years, accounting rules and Board direction. The District's OPEB fund will be utilized to fund any liabilities that were incurred from the past. It is anticipated that with the market recovery, when the PERS OPEB Fund and the District's OPEB Fund are combined, the District's OPEB liability will be fully funded. This is an advantage in terms of credit rating. Currently, the District's credit rating is a solid AA from both Fitch Ratings (upgraded in April 2010) and Standards & Poors (upgraded in September 2008).

He presented a slide showing the results of a member agency water rates survey for customers utilizing 10-15 units of water per month. The slide indicated that the District is the 7th lowest water cost provider of the 23 agencies throughout the San Diego region. At the request of Director Robak, Chief Financial Officer Beachem stated that staff would provide to the Board the results of the District's position among the 23 agencies for customers utilizing 20 to 30 units of water per month.

Chief Financial Officer Beachem discussed sewer rates and indicated that staff is proposing a 6.8% sewer rate increase because of increased charges from the City of San Diego's Public Utilities Department – Wastewater Branch (\$57,600), Spring Valley Sanitation District (\$33,900), and other factors. Helping to offset the sewer cost increases, the District had reduced its labor and benefits costs by approximately \$213,000. A slide showing the results of a survey of a comparison of sewer rates indicated that the District was the 10th lowest cost provider among the 32 agencies in the County providing wastewater services.

Chief of Information Technology Geoff Stevens indicated that the District's Strategic Planning process has been in place for ten years now. The process is made up of three 3-year cycles (FYs 2003-05, 2006-08, and 2009-2011) and the District is in its third year of FY 2009-11. He stated that the District has been receiving the benefits of the plan through increased efficiency. He presented a graph that showed a 12%

increase in the ratio of customers per employee and indicated that the District has reduced 16 staff positions since FY 2007. Chief of Information Technology Stevens indicated that a combination of reducing staff and outsourcing some staff positions have resulted in an overall total savings of \$1.8 million in the District's FY 2011 Operating Budget.

Chief of Information Technology Stevens stated that the Information Technology (IT) Department is currently focusing on an Asset Management Plan which will assist staff to increase the efficiency of maintaining and monitoring the District's fixed assets (infrastructure, pipelines, reservoirs, etc.) worth approximately \$600 million. In addition, the District has implemented a report manager system, called SharePoint, which constantly collects information from all of District systems from which customized reports may be generated much more easily. SharePoint has improved the efficiency of producing reports and has made data more immediately available to staff.

Chief of Administrative Services Rom Sarno reported that the District has implemented NEOGOV, a system that automates and streamlines the recruitment process. The new system now allows applicants to apply online through the system and staff is able to rate the experience and education of all applicants in the system. The system then provides a rating for each applicant which eliminates a lot of data input for staff. He also indicated that the Administrative Services Department eliminated two staff positions, a warehouse/delivery worker and a facilities maintenance technician. In collaboration with the Engineering Department, he reported that the District's landscaping standards have been revised and will be referred to for the design and development of the District's facilities. It was indicated that the landscaping standards include the removal of some of the bushes and plants at District facilities to increase water conservation and lower the cost of maintenance. The District has, thus far, saved over 60% in landscape maintenance costs compared to FY 2007-08. In addition, he noted that the removal of the bushes and plants has improved the security of the facilities by allowing neighbors to clearly see and report any unusual activity. Security standards for the design of new facilities were also revised and implemented to include uniform templates and hardware which assists in expediting maintenance and repairs. Chief of Administrative Services Sarno further shared that the District's Human Resources Department now contracts with a mobile unit to perform employee drug tests. This eliminates travel-time and minimizes down-time for the approximately 72 employees each year who are randomly selected to be tested.

In the Finance Department, Chief Financial Officer Joe Beachem indicated that the Finance Department has been reduced by one (1) full-time employee, and that due to the District's automated meter reading (AMR) program and the outsourcing of meter cleanouts, the District was able to reduce the number of Meter Reader positions from nine (9) to five (5). Mr. Beachem also reported that the implementation of e-billing and bill warehousing has reduced printing, mailing, and postage costs. He stated that bill warehousing has also improved the District's collection process allowing staff to act earlier and take more efficient action on delinquencies.

Chief of Water Operations Pedro Porras reported that the Operations Department outsourced a laboratory analysis position that was vacated through an employee's

early retirement. The outsourcing of this position saved the District a net of \$71,000 per year and also eliminated the need for one (1) District vehicle. In addition, the Operations Department reallocated staff which resulted in a reduction of one (1) crew leader position. Mr. Porras also reported that there was a net savings of \$29,000 in chlorine costs due to a competitive bidding process and savings have also been realized through the District's Fleet Management Program which has saved approximately \$46,300 in FY 2010 through a 20% reduction in fuel use.

Chief of Engineering Rod Posada reported that the Inspection and Survey Division is now using an IMS Integration System that enables staff to file inspection reports real time. The system has reduced workload and has allowed the District to reduce Inspection staff from five (5) full-time positions to three (3). It was also reported that the Public Services technicians are now providing administrative assistance to the Engineering Construction Department by taking over the duties of CIP development reports. This change will allow Engineering Technicians to focus on the drafting and designing of District facilities.

Chief of Engineering Posada provided an update of the District's CIP program and indicated that growth has slowed due to the recession. He indicated that the housing market will remain flat in the next year, but an up-turn is anticipated in a couple of years. It was noted that one positive aspect is that 42% of the new industrial land and 20% of the new residential land in San Diego County are all located within the District's boundaries and provides an excellent opportunity for growth in the future. Chief of Engineering Posada stated that with the assumption of growth remaining flat in FY 2011, the District's six-year CIP expenditure plan is as level as possible and will include a couple of projects that will require a considerable amount of expenditures in FY 2011 and 2012. In addition, it is expected that between January 2010 and December 2011 the District will have an increase in construction cost of approximately 7.3% based on the CWA's Construction Cost Index increase of 9.6% for the next two (2) years. He discussed several planning documents that were used to develop the District's CIP program, which include the following: Integrated Water Resources Plan, Water Resources Master Plan, Sewer System Management Plan, Sub-Area Master Plan, Urban Water Management Plan, Strategic Plan, Asset Management Plan, and Waste Water Master Plan. It was indicated that last fiscal year staff requested approximately \$222 million for the six-year CIP Budget, but this year staff is requesting \$181.4 million for the six-year CIP Budget. This is a substantial reduction of approximately \$40 million due to new water resources that will no longer require some facilities, such as pipelines and reservoirs, to be built. Graphs were provided that showed the expenditures for the \$181.4 million dollar projects over the next six (6) years and high profile CIP projects for FY 2011 that totaled \$28.5 million dollars.

Finance Manager Rita Bell discussed the District's Operating Budget, which included the process, highlights and details of the budget. She indicated that each year the District's budget process involves the alignment of the rate model, Operating and CIP budgets and consideration of growth and cost changes in labor and the CIP program. Input from staff members is also reviewed; different budget methodologies and past projections are analyzed, and the Operating and CIP Budget requests are reviewed and adjustments are made where necessary. She stated the challenges in developing the budget are the increase in wholesale water costs, the decrease in water sales,

focusing the CIP on new supplies of water, the revised capacity and annexation fees, maintaining the reserve levels and debt coverage ratio, and maintaining the District's water and sewer rate position relative to other agencies in the region. A chart was presented that compared the actual growth in FY 2008-09 and the projected growth in FY 2010-13. It was indicated that individual water customer accounts will increase in the future, but at a much slower rate than in the past.

Finance Manager Bell stated that although meter sales are gradually increasing, the District's potable water volume has decreased approximately 10.3% (3,426 AF) and potable water sales revenues decreased .2% (\$140,600) to about \$1.3 million. In addition, she stated that MWD's and CWA's fixed fees have increased and indicated that those charges will be a 100% direct pass-thru to the District's customers. To be in compliance with Best Management Practices (BMP) 11, Finance Manager Bell noted that the District's fees are set to collect 28% of sales in fixed and the remaining in variable.

She indicated that the District's sales volume for recycled water has decreased about 5.7%, but recycled water sales are up .2% (\$18,100) because of the District's rate increases. System fees remain relatively flat. It was also reported that energy fees have decreased because of low volume, and penalty fees have remained the same.

Finance Manager Bell discussed the District's sewer revenues and stated that staff is proposing a 6.8% rate increase for sewer services. Sewer fees for residential and multi-residential customers will be based on their average water consumption in the winter, and sewer fees for the remaining sewer customers will be based on their annual water consumption. She discussed other District revenues which include capacity fee revenues which have decreased due to decreased development within the District and betterment fees have increased to about \$86,000 due to an increase in the workload for maintaining District facilities. Annexation fees are not expected in FY 2011, but staff does anticipate annexations in the future. Property tax revenues have decreased about 1% and the County of San Diego Assessor's Office reported that Chula Vista's assessed property values have decreased about 3.4% this year.

She indicated that the District's potable and recycled water costs have decreased \$798,300 (2.2%), due to a combination of cost increases and volume decreases. The District's fixed cost increases include MWD and CWA fixed increases of \$1.1 million which will be passed-thru to District customers. Staffing has been reduced from 166 to 159 full-time equivalent (FTE) employees resulting in a decrease in salaries and benefits of \$463,400 (2.7%). It was noted that staff plans to charge more labor to the District's CIP budget, which will reduce its Operating budget by \$557,900. She stated that administrative expenses have increased approximately \$262,400, but will be reduced by \$10,000 as President Bonilla requested that the directors' fees be reduced by \$10,000. This request will reduce the administrative budget by \$252,400 which will be reflected in the District's final budget. The District's budget for materials and maintenance has decreased by \$32,100. She presented a slide which summarized that total revenues from potable, recycled and sewer which is expected to be \$77,003,900.

Chief Financial Officer Beachem indicated that the District's FY 2010-2011 balanced budget meets the needs of its customers and is supported by a 10.9% potable and recycled water rate increase, and a 6.8% sewer rate increase. He stated that staff was recommending that the board:

- 1) Adopt Resolution No. 4159 to approve the FY 2010-2011 Operating and CIP Budget;
- 2) Approve the fund transfers;
- 3) Approve Ordinance No. 525 to amend Appendix A of the Code of Ordinances with the proposed water and sewer rate increases; and
- 4) Direct staff to send notices of the rate increases to the District's customers

In response to a question from Director Breitfelder, Finance Manager Bell stated that the District's recycled water volume has decreased about 8% because its customers are conserving water. The District's largest recycled water customer is the City of Chula Vista who is undergoing budget constraints and consequently has reduced its water consumption and implemented changes to its irrigation patterns. In addition, South Bay Expressway is also watching their budget and, as a result, is using less recycled water for the SR 125 landscaping area. She indicated that weather is also a factor in the decrease of the District's recycled water sales due to increased rain this season.

In response to a question from Director Breitfelder, Chief of Engineering Posada stated that the CIP Budget was affected by the increase in material costs. President Bonilla also noted that inflation has affected the District's CIP Budget.

In response to a question from Director Croucher, Chief Information Officer Stevens stated that nine (9) of the 16 FTE reductions were from the Engineering Department. He further shared that a historical chart comparing the District's in-house versus outsourcing of employees is available for the board's review.

Director Robak stated that the District's FY 2010-2011 Budget includes a budgeted 4.5% inflator for the City of San Diego's water supply fee and inquired if that fee was retroactive. Chief Financial Officer Beachem stated yes and that the inflator was built into the budget each year since 2007, increasing the cost per AF from \$350 in FY 2008 to \$417 in FY 2011. Staff indicated that the budget reflects that the new rate would only be implemented by the City for water sold from January 1, 2011 and forward.

In response to a question from Director Robak, staff indicated that the District's water purchase from CWA is an allocation, not an entitlement, and is based on a five-year rolling average. It was indicated that it is expected that after a number of years, CWA would adjust the allocation based on updated consumption numbers. As the District's consumption is dropping, it is expected that the allocation from CWA would also drop which could expose the District to some penalties (double or triple our rate from CWA).

At the request of Director Robak, Chief Financial Officer Beachem provided additional details of the District's debt coverage ratio and indicated that it should be at or above 150%. In addition, it was noted that staff has taken a conservative approach by not

depending on growth in the future, so capacity fees are not calculated into the District's debt coverage ratio.

Director Robak inquired if the vacant full-time positions, which were not actively being recruited for, were vacated by retirees or employees who decided to leave. General Manager Watton stated that the positions were vacated by both retirees and employees who left. He indicated that the vacated positions were re-evaluated and the District decided not to recruit for the positions.

In response to a question from Director Robak, Finance Manager Bell stated that no net labor savings were reported in the efficiency savings chart for FY 2008 because it included an estimated \$150,000 landscaping contract at that time. The actual cost of the contract came in at \$85,000 annually for the next three (3) fiscal years. So the savings was based on what staff estimated at that time. She stated that sometimes, staff is also shifted to other positions where there is a need and not laid off.

Director Robak inquired if the increased efficiencies in each department were a result of collaborated ideas from the District's management team or employees. General Manager Watton stated that ideas and input from both the management team and the employees helped increase the District's efficiencies. Also, the District's Strategic Plan played a role with increased efficiencies in reporting and outsourcing wherever possible. Chief Financial Officer Beachem added that the District's Strategic Plan was a district-wide evaluation and was prepared by many ideas across-the-board (management and line staff).

Director Robak inquired about the North and South Interconnection Project, wherein General Manager Watton stated that after further staff review, it was decided that it would be more feasible to develop the project in the Sweetwater area instead of Proctor Valley. He stated that the Sweetwater area will increase the facility's flow of water and will not be subject to the growth curve in the Proctor Valley area. He also indicated that the District's budget shows what next year's expenditures will be, which will be significant because of the project's design work and the environmental impact report.

In response to a question from Director Robak regarding the District's tax revenue decrease, General Manager Watton stated that assessed values for properties in Chula Vista was reduced by 3.4%. It was noted that the County of San Diego's Tax Collector automatically reviews tax evaluations and is only 18% through its re-assessment of properties in Chula Vista. The District receives rental for several rental properties such as cell sites and the golf course.

In response to a question from President Bonilla, Finance Manager Bell indicated that budgeted water sales was \$49 million in FY 2009, \$56.3 million in FY 2010, and \$56.4 million in FY 2011.

President Bonilla stated that he expected to see a higher savings in the District's annual energy expenses. Finance Manager Bell stated that the pricing of energy is difficult to project and noted that the District's energy costs for each of its facilities are different and depends on when pumping is taking place. To get an estimated cost of

the District's annual energy expenses, staff averages out the expense from the prior fiscal year and adjusts it for volume and pricing. She noted that the District's FY 2009 energy costs were lower than anticipated by about \$117,000 because of the reduced volume.

President Bonilla stated that while efficiency seems to be the District's main focus, particularly with the reduction of personnel as the District's informational technology and data-driven systems become more sophisticated, the District acknowledges that the employees are its most valuable and essential asset. The District also recognizes that investing in its employees and providing them with support and an opportunity to promote will enhance efficiencies even more.

General Manager Watton stated that within the past year, the District has demonstrated its support to its employees by promoting three staff members: 1) a warehouse employee was promoted to a purchasing position, 2) a lead man was promoted to a supervisor position, and 3) a meter reader was promoted to a water operator position. Each member attended training courses to obtain certification that was required to fill the promotional positions.

President Bonilla stated that the full board has the utmost respect and support for its staff members. He indicated that it is important for the District to have a balanced budget and place its emphasis and resources where needed, but more importantly are the employees who serve and take pride in the District.

On behalf of the District's employees, General Manager Watton stated that the board's support for staff, from management to line staff, is greatly appreciated.

Chief of Information Technology Beachem thanked all staff members, especially the District's accountants, for their assistance with the development of the proposed FY 2010-11 Budget.

A motion was made by President Bonilla, seconded by Director Robak and carried unanimously with the following votes:

Ayes:	Directors Bonilla, Breifelder, Croucher, Lopez and Robak
Noes:	None
Abstain:	None
Absent:	None

to approve staffs' recommendations.

7. ADJOURNMENT

With no further business to come before the Board, President Bonilla adjourned the meeting at 4:55 p.m.

President

ATTEST:

District Secretary



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	February 2, 2011	
SUBMITTED BY:	Daniel Kay <i>DK</i> Associate Civil Engineer	PROJECT/ SUBPROJECT:	S2023-001103	DIV. NO. 5
	Ron Ripperger <i>✓</i> Engineering Manager			
APPROVED BY: (Chief)	Rod Posada <i>[Signature]</i> Chief, Engineering			
APPROVED BY: (Asst. GM):	Manny Magaña <i>[Signature]</i> Assistant General Manager, Engineering and Operations			
SUBJECT:	Approval of a Reimbursement Agreement Between Otay Water District and the County of San Diego for the Relocation of an 8-Inch Sewer Main			

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) authorizes the General Manager to execute a Reimbursement Agreement between the District and the County of San Diego (County) for the relocation of an 8-inch sewer main (see Exhibit A for Project location).

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To obtain Board authorization for the General Manager to enter into a Reimbursement Agreement (see Exhibit B) with the County to relocate an existing 8-inch sewer main due to the construction of a new drainage culvert in Calavo Drive, Spring Valley.

ANALYSIS:

The County has identified an undersized culvert for storm water drainage in Calavo Drive and has developed plans to construct a new larger culvert to increase the capacity. The District currently owns an 8-inch sewer main that crosses the drainage culvert perpendicularly and is within the County's Right-of-Way (ROW). The County owns prior and superior rights as their ROW was established before the District's sewer main was installed. Therefore, the District must reimburse the County for the work required to relocate the existing sewer main.

The nature of the work is to relocate 160 linear feet of 8-inch sewer to cross above the new storm drain culvert and install two new manholes. The County plans to bid the work in May, begin construction in June, and complete the Project by October 2011. The County estimates the relocation construction will cost approximately \$40,000.

FISCAL IMPACT:



Funding for the Project comes from CIP project, S2023, "Calavo Drive Sewer Main Utility Relocation."

The total budget for CIP S2023, as approved in the FY 2011 budget, is \$65,000. Total expenditures, plus outstanding commitment and forecast to date, are \$64,185. See Attachment B for budget detail.

Based on a review of the financial budgets, the Project Manager has determined that the budget is sufficient to support the Project.

Finance has determined that funding will be available for CIP S2023. Funding will be 100% from the Replacement Fund.

STRATEGIC GOAL:

This Project supports the District's Mission statement, "To provide the best quality of water and wastewater service to the customers of the Otay Water District in a professional, effective, and efficient manner," and the District's Strategic Goal to, "Design and construct new infrastructure - satisfy current and future water needs for Potable, Recycled, and Wastewater Services."

LEGAL IMPACT:

The Districts' previous legal counsel and the current legal counsel have reviewed the Reimbursement Agreement.



General Manager

P:\WORKING\CIP S2023 Calavo Dr. Sewer Main Utility Relocation\Staff Reports\BD-02-11, Staff Report, Calavo Dr. Sewer Agreement, (DK-RR).doc

DK/RR:jf

Attachments: Attachment A - Committee Action
Attachment B - Budget Detail
Exhibit A - Project Location Map
Exhibit B - Reimbursement Agreement



ATTACHMENT A

SUBJECT/PROJECT: S2023-001103	Approval of a Reimbursement Agreement Between Otay Water District and the County of San Diego for the Relocation of an 8-Inch Sewer Main
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COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a Committee Meeting held on January 18, 2011 and the following comments were made:

- Staff is requesting that the Board authorize the General Manager to execute a Reimbursement Agreement between the District and the County of San Diego (County) for the relocation of an 8-inch sewer main.
- Staff indicated that the County plans to increase the capacity for storm water drainage in Calavo Drive by constructing a new larger culvert. An 8-inch sewer main, owned by the District, crosses the culvert and is within the County's Right-of-Way (ROW).
- It was noted that the County has superior rights to the ROW as it was established prior to the installation of the District's 8-inch sewer. Staff indicated that the District will have to reimburse the County for the work that is required to relocate the sewer main.
- Staff stated that the work will cost approximately \$40,000 and involves relocating 160 linear feet of 8-inch sewer to cross above the County's new culvert, and also includes the installation of two new manholes. Staff indicated that work will begin in June 2011 and is anticipated to be completed by October 2011.

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



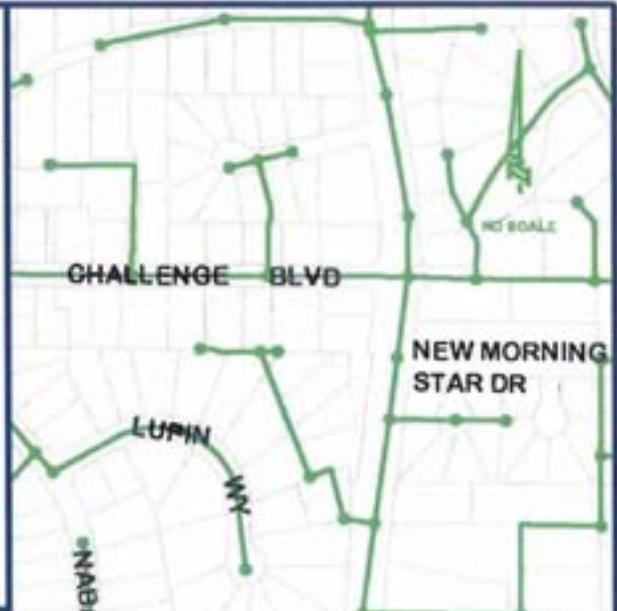
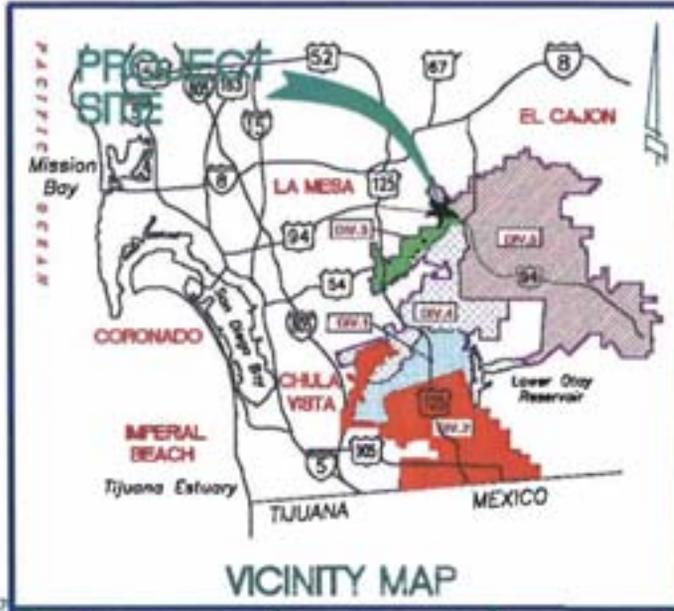
ATTACHMENT B

SUBJECT/PROJECT: S2023-001103	Approval of a Reimbursement Agreement Between Otay Water District and the County of San Diego for the Relocation of an 8-Inch Sewer Main
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Otay Water District
S2023 - Calavo Drive Sewer Main Utility Relocation

Date Updated: January 04, 2011

<i>Budget</i>	<i>Committed</i>	<i>Expenditures</i>	<i>Outstanding Commitment & Forecast</i>	<i>Projected Final Cost</i>	<i>Vendor/Comments</i>
65,000					
Planning					
Labor	1,480	1,480	-	1,480	STAFF
Professional Legal Fees	520	520	-	520	GARCIA CALDERON & RUIZ LLP
Consultant Contracts	2,185	2,185	-	2,185	LEE & RO INC
Total Planning	4,185	4,185	-	4,185	
Design					
Labor	10,000	6,325	3,675	10,000	STAFF
Total Design	10,000	6,325	3,675	10,000	
Construction					
Labor	10,000	-	10,000	10,000	STAFF
Construction	40,000	-	40,000	40,000	COUNTY OF SAN DIEGO - DPW
Total Construction	50,000	-	50,000	50,000	
Grand Total	64,185	10,510	53,675	64,185	



- LEGEND**
- EXISTING SEWER MANHOLE
 - EXISTING SEWER MAIN



OTAY WATER DISTRICT

CALAVO DRIVE SEWER MAIN
UTILITY RELOCATION
LOCATION MAP

CIP S2023

EXHIBIT A

P:\WORKING\CIP S2023 Calavo Dr. Sewer Main Utility Relocation\Graphics\Exhibits-Figures\Exhibit A.dwg

EXHIBIT B

REIMBURSEMENT AGREEMENT BETWEEN THE COUNTY OF SAN DIEGO AND OTAY WATER DISTRICT FOR RELOCATION OF UTILITIES IN CONNECTION WITH THE CALAVO DRIVE IMPROVEMENT PROJECT

THIS AGREEMENT executed this ____ day of _____, 20__, by and between the County of San Diego, a political subdivision of the State of California, hereinafter referred to as "COUNTY", and the Otay Water District, a municipal water district having its office and principal place of business at 2554 Sweetwater Springs Blvd, Spring Valley, California, hereinafter referred to as "DISTRICT."

WHEREAS, the County of San Diego, Board of Supervisors, authorized the design and construction of drainage structure improvements within Calavo Drive, south of the intersection of Louisa Drive and Calavo Drive in the vicinity of Valle De Oro (hereinafter referred to as "Project"); and

WHEREAS, COUNTY has informed DISTRICT that certain existing sewer facilities of DISTRICT located within Calavo Drive conflict with the Project and that, since the COUNTY has prior rights in the area covered by the Project, DISTRICT must relocate or be responsible for the costs of relocation of said facilities to accommodate the Project improvements; and

WHEREAS, DISTRICT has requested that COUNTY include within the construction contract for the Project, bid items related to the relocation and installation of the sewer facilities at issue, which relocation will generally include new sewer pipe, manholes, private service laterals with right-of-way cleanouts and related appurtenances all as more particularly detailed in the Plans for Construction of Calavo Drive, RS 2249 dated _____, as revised and finally approved by District on _____ and provided to County on _____.(hereinafter "District Sewer Facilities"); and

WHEREAS, the COUNTY has included or is prepared to include the relocation of the District Sewer Facilities in the plans and specifications for the Project and has agreed to include these facilities as part of the contract to be awarded and managed by the COUNTY for the Project, provided that DISTRICT reimburses COUNTY for the cost to relocate the District Sewer Facilities and assumes ownerships and responsibility for the facilities once they are constructed.

AGREEMENT

NOW THEREFORE, for mutual and valuable consideration and in consideration of the covenants and agreements contained herein, it is agreed between the Parties hereto as follows:

1. COUNTY Responsibilities. COUNTY shall competitively bid, award, and administer a contract (hereinafter the "Contract") to construct the Project. The bid documents for the Contract shall include the District Sewer Facilities as a separate bid line item.

2. DISTRICT Responsibilities. DISTRICT will furnish engineering, plans, specifications, an engineer's estimate, administration, and other support and documentation as is reasonably required by COUNTY to coordinate the design and construction of the District Sewer Facilities into the COUNTY's bid documents for the Project. Following award of the Contract, DISTRICT shall provide timely inspection, engineering support, and other documents and services reasonably requested by COUNTY to avoid any delay or increased cost in the completion of the Project as a result of the inclusion of the District Sewer Facilities in the Project.

3. Communications with Project Contractor. All communications between the Project contractor and DISTRICT will be coordinated through the County Resident Engineer.

4. Change Orders. DISTRICT shall approve all change orders necessary to relocate and construct the District Sewer Facilities. DISTRICT shall not unreasonably condition, delay or deny the approval of any change orders. Change orders for the District Sewer Facilities may be initiated by the DISTRICT or the COUNTY, but shall not be issued to the contractor unless approved by DISTRICT. DISTRICT shall participate with COUNTY in the negotiation (unless prohibited from doing so by the Project contract) of the price of any change orders with the Project contractor.

(a) COUNTY Initiated Change Orders: In those instances where the COUNTY requests a change order, the COUNTY shall submit a written request for changes to the DISTRICT for the DISTRICT'S written approval. Such changes, once approved by DISTRICT, shall be paid for by DISTRICT and made at no cost to the COUNTY. Nothing herein shall be construed as granting a right to the Project contractor to demand acceptance of such changes.

(b) DISTRICT Initiated Change Orders: DISTRICT may seek a change in the plans, specifications, character of work, or quantity of work for the District Sewer Facilities by change order provided the proposed change order is consistent with any limits on change orders imposed by State law, County ordinances or County policy. Proposed change orders shall be in writing and state the dollar value of the change, any adjustment in contract time, and shall provide for the DISTRICT's, COUNTY's, and Project contractor's signatures indicating acceptance. DISTRICT shall be solely responsible for the cost of all DISTRICT-initiated change orders, including but not limited to any increased costs to COUNTY resulting from the implementation of the change order. DISTRICT shall provide all DISTRICT initiated change orders to the County Resident Engineer to thereafter be forwarded by County to the Project contractor. COUNTY may decline to forward a DISTRICT-initiated change order to the Project contractor if COUNTY determines that inclusion of the change order could increase the COUNTY's Project costs.

5. Extra Work: In the event DISTRICT should request that extra work be performed in connection with the District Sewer Facilities, DISTRICT shall forward the request for extra work to the County Resident Engineer. The COUNTY shall determine if the extra work can be added to the scope of work for the Project. COUNTY shall not unreasonably delay, condition or deny the inclusion of extra work into the scope of work for the Project. COUNTY shall forward the request for extra work

to the Project contractor for consideration and possible acceptance. DISTRICT shall participate with COUNTY in the negotiation of the price of any extra work with the Project contractor. DISTRICT shall be solely responsible for the cost of the extra work and for any increased Project costs attributable to the extra work.

6. Notice of Differing Site Conditions: The COUNTY shall promptly notify the DISTRICT of the following work site conditions upon their discovery by COUNTY and the COUNTY's determination that the conditions may adversely impact the completion of the District Sewer Facilities (hereinafter called "changed conditions").

- (a) Subsurface or latent physical conditions differing materially from those represented in the contract.
- (b) Unknown physical conditions of an unusual nature differing materially from those ordinarily encountered and generally recognized as inherent in work of the character being performed; and
- (c) Material differing from that represented in the Project contract which the COUNTY believes maybe hazardous waste, as defined in Section 25117 of the Health and Safety Code that is required to be removed to a Class I, Class II, or Class III disposal site in accordance with provisions of existing law.

7. DISTRICT Responsibility for Cost of Changed Conditions: The DISTRICT shall promptly investigate the conditions which appear to be changed conditions. DISTRICT shall promptly initiate any change orders or extra work necessary to address the changed conditions. DISTRICT shall be solely responsible for all increased costs to complete the District Sewer Facilities and any costs incurred by COUNTY in connection with addressing the changed conditions.

8. Project Completion, Inspection and Ownership. DISTRICT and COUNTY anticipate that the Project will be completed on or about January 2012. The Project, however, will not be deemed completed or accepted until both COUNTY and DISTRICT have accepted their respective facilities or improvements.

- (a) Inspection by DISTRICT. Upon receipt of notice of completion of the District Sewer Facilities, DISTRICT shall promptly inspect the facilities and shall not unreasonably condition, delay or refuse acceptance of the facilities as built. Whether DISTRICT accepts the District Sewer Facilities or not, COUNTY assumes no responsibility for the ownership or maintenance of the facilities. The facilities shall at all times be deemed to be owned and operated by DISTRICT.
- (b) Compliance with Specifications. COUNTY will include provisions in the Project contract that require all District Sewer Facilities furnished, constructed, and installed by COUNTY's contractor to be in strict compliance with the DISTRICT approved plans and specifications, that all materials furnished by the contractor must conform to DISTRICT's approved material list, and that any and all deviations from said plans and

specifications must be approved by DISTRICT, in writing, prior to being incorporated into the Project.

9. Right to Enforce. DISTRICT shall be considered a third-party beneficiary of the County's construction contract with regard to the District Sewer Facilities only and shall have any rights available to a third-party beneficiary under California law to enforce the contract against the County's contractor. COUNTY shall have no obligation to enforce the contract against its contractor with regard to the District Sewer Facilities.

10. Warranty. The COUNTY's contractor shall warrant all work, including without limitation the District Sewer Facilities, for a period of no less than one year from the date of acceptance, which shall be deemed to be the later of the dates COUNTY or DISTRICT accept their respective facilities. Acceptance will be evidenced by the filing of a Notice of Completion, signed by the applicable party, with the County of San Diego Recorder.

11. Payment. COUNTY shall notify DISTRICT of the award of the Project contract. Upon receipt of notice of the award, DISTRICT shall pay to County the full amount of all items as bid, without any setoff or deduction, for the District Sewer Facilities. DISTRICT shall promptly pay the full amount of any change order or extra work for the District Sewer Facilities. Any additional sums needed to fully compensate COUNTY for the cost to relocate and construct the District Sewer Facilities shall be paid by DISTRICT. DISTRICT shall pay the full invoiced amount without any setoff or deduction within thirty (30) days of the receipt of an invoice. COUNTY will refund to DISTRICT any excess payments made by DISTRICT, together with any interest earned on DISTRICT's payment, while on deposit with the COUNTY upon the completion of the District Sewer Facilities and expiration of any warranty period for which withholdings have been made.

(a) Invoices. As the Project progresses, COUNTY shall invoice the DISTRICT for costs related to the District Sewer Facilities following the receipt of an invoice from its contractor on which such costs appear. The County invoice shall include the following: (i) a copy of the contractor's invoice; (ii) identification of those costs attributable to the District Sewer Facilities; (iii) net total charge against DISTRICT Project deposits; and iv) requests for additional funds to complete the relocation and construction of the District Sewer Facilities.

(b) For purposes of invoicing, costs not apportioned by the contractor on its billings between the District Sewer Facilities and other work may be apportioned in the following manner:

(i) If a percentage of work attributable to the District Sewer Facilities based on the total amount billed can be reasonably determined, the costs shall be apportioned based on the percentage (e.g. If contractor states that 75% of the work billed was for the District Sewer Facilities and this appears reasonable based on work included in the contractor's invoice, DISTRICT shall pay 75% of the amount billed).

- (ii) If a percentage cannot easily be determined or the parties can't agree on a percentage of allocation, but the work billed is equally beneficial to both, the cost shall be divided equally (e.g., the contractor digs a single trench to place both a DISTRICT sewer pipe and a COUNTY culvert and the pipes have identical trenching requirements).
 - (iii) If no other method applies, the costs may be divided in accordance with any other method agreed to by the COUNTY and the DISTRICT.
- (c) DISTRICT Approval. DISTRICT shall review and approve the COUNTY invoice within (30) calendar days of its receipt. If DISTRICT determines that all relevant documents have not been submitted, DISTRICT shall inform the COUNTY of the need for additional information and specify the needed documents/information. If DISTRICT fails to approve the County invoice or request additional information within the 30-day review period, the charges on the COUNTY invoice shall be deemed approved. DISTRICT disapproval shall not alleviate DISTRICT from the obligation to promptly pay all costs incurred by COUNTY for the District Sewer Facilities. DISTRICT may pay under protest.
- (d) Withholding/Retention: From each payment to the Project contractor, COUNTY shall withhold a minimum of ten (10) percent of the amount of the contractor's invoice. Payment thereof shall not be made until final approval and acceptance of the facilities by both the DISTRICT and the COUNTY has been received by COUNTY.

12. Termination: Before the issuance of the Notice of Intent to Award (NOI) by COUNTY for the Project contract, DISTRICT may terminate this Agreement and exclude from the Project contract the District Sewer Facilities if the bid for construction of the facilities exceeds by five percent (5%) or more the engineer's estimate prepared by District for the facilities. DISTRICT shall provide COUNTY with a "Final Engineer's Estimate" at the time it supplies to COUNTY plans and specification for the District Sewer Facilities for inclusion in the bid package for the Project. The Final Engineer's Estimate shall be the only engineer's estimate used by DISTRICT in determining if this Agreement may be terminated. COUNTY shall send a copy of the NOI to DISTRICT at the same time that is sent to the Project contractor.

13. Records Retention. Detailed records, which form the basis of the COUNTY invoice(s), shall be retained by the County for a period of four (4) years from the date of the final statement and shall be available for verification by DISTRICT auditors. Notwithstanding the foregoing, COUNTY shall have no liability to DISTRICT for failing to maintain such records.

14. DISTRICT Indemnification. DISTRICT agrees to indemnify, defend and save COUNTY harmless from and against all demands, claims, suits, cost of defense, attorney's fees, witness fees, liabilities, or other expenses of any kind resulting from COUNTY's inclusion of the District Sewer Facilities in the Project, including but not limited to any claim for damage or damages to property or for injury or injuries to, or death of any person, or persons, including but not limited to any

employee, statutory employee, agent or servant of COUNTY, except liability arising from sole negligence, willful act or breach of this Agreement by COUNTY, or the agents employees or independent contractors of COUNTY.

15. COUNTY Indemnification. COUNTY agrees to indemnify, defend and save DISTRICT harmless from and against all demands, claims, suits, cost of defense, attorney's fees, witness fees, liabilities, or other expenses of any kind, including but not limited to any claim for damage or damages to property of for injury or injuries to, or death of any person, or persons, including but not limited to any employee, statutory employee, agent or servant of the DISTRICT in any way arising from the Project, except to the extent relating to the District Sewer Facilities or arising from the sole negligence, willful act or breach of this Agreement by DISTRICT, or the agents, employees or independent contractors of DISTRICT.

16. Entire Agreement. This Agreement contains the entire understanding of the parties. No party is relying on any other representation or promises not contained in this Agreement. This Agreement may be changed only by a written amendment signed by both parties.

17. Notices. All notices to be given pursuant to this Agreement shall be in writing and either: i) sent by certified mail, return receipt requested, in which case notice shall be deemed delivered three (3) business days after deposit, postage prepaid in the United States mail, (ii) sent by a nationally recognized overnight courier, in which case notice shall be deemed delivered one (1) business day after deposit with this courier, or (iii) by facsimile (fax) or similar means, if a copy of the notice is also sent by United States Certified mail, in which case notice shall be deemed delivered on transmittal by facsimile (fax) or other similar means provided that a transmission report is generated reflecting the accurate transmissions of the notices, as follows:

OTAY WATER DISTRICT

2554 Sweetwater Springs Blvd
Spring Valley, CA 91978
Attn: Mark Watton
General Manager

Telephone: (619) 670-2222

Fax: (619) 670-8920

COUNTY OF SAN DIEGO

5555 Overland Avenue, Ste 6101
San Diego, California 92123
Attn: Lawrence Hirsch
Utilities Coordinator

Telephone: (858) 694-2215

Fax: (858) 694-2499

These addresses and telephone numbers may be changed by written notice to the other Party. Copies of notices are for informational purposes only, and a failure to give or receive copies of any notice shall not be deemed a failure to give notice.

18. Partial Invalidity. If for any reason it should be determined by a court of competent jurisdiction that part of this Agreement is invalid or unenforceable, all other provisions shall remain valid and enforceable.

19. No Construction against Drafter. If for any reason a dispute should arise between the parties relative to the enforcement of this Agreement, no ambiguities in the Agreement shall be resolved in favor of one party and against another by reason of the fact that one party drafted the Agreement, supplied a copy of the Agreement to the other, or had the assistance of legal counsel in preparing or reviewing it.

20. Authority to Execute and Further Assurances. The parties hereby acknowledge that the party executing the Agreement on its behalf has the authority to sign the Agreement on its behalf and that by virtue of said signature the entity is bound by the terms of this Agreement. The parties further agree to work together in a cooperative manner to further the purpose of this Agreement.

21. Primary Intent. This Agreement is intended to help facilitate the DISTRICT's relocation of the District Sewer Facilities at the DISTRICT's expense and is in no way intended to shift responsibility for the cost of this work from DISTRICT to COUNTY. This Agreement shall be interpreted and applied in strict conformance with this understanding.

IN WITNESS WHEREOF, the Parties hereto have read and understand this Agreement and have caused this Agreement to be executed on the date first written above.

OTAY WATER DISTRICT

By _____

Date _____

Mark Watton, General Manager

Approved As To Form:
District Counsel

By _____

Date _____

COUNTY OF SAN DIEGO

By _____
Clerk of the Board of Supervisors

Date _____

Quality Assurance Approval Sheet

Subject: Approval of a Reimbursement Agreement Between
Otay Water District and the County of San Diego for
the Relocation of an 8-Inch Sewer Main

Project No.: S2023-001103

Document Description: Staff Report for the February 2, 2011 Board Meeting

Author:	 _____ Signature	<u>1/6/11</u> _____ Date
	<u>Daniel Kay</u> _____ Printed Name	
QA Reviewer:	 _____ Signature	<u>1/4/11</u> _____ Date
	<u>Gary Silverman</u> _____ Printed Name	
Manager:	 _____ Signature	<u>1/7/11</u> _____ Date
	<u>Ron Ripperger</u> _____ Printed Name	

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



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	February 2, 2011
SUBMITTED BY:	James Cudlip, Finance Manager	W.O./G.F. NO:	DIV. NO. All
APPROVED BY: (Chief)	Joseph R. Beahm, Chief Financial Officer		
APPROVED BY: (Asst. GM):	German Alvarez, Assistant General Manager, Administration and Finance		
SUBJECT:	Appointment of Auditor for Fiscal Year Ending June 30, 2011		

GENERAL MANAGER'S RECOMMENDATION:

That the Board approve an engagement letter from the auditing firm of Diehl, Evans & Company, LLP, to provide audit services to the District for the fiscal year ending June 30, 2011.

COMMITTEE ACTION: _____

Please see Attachment A.

PURPOSE:

To retain the services of Diehl, Evans & Company to serve as the District's auditors for the fiscal year ending June 30, 2011.

ANALYSIS:

The District is required to retain the services of an independent accounting firm to perform an audit of the District's financial records each year. At the Board meeting on March 9, 2009, the Board approved Diehl, Evans & Company as the District's auditors for a one-year contract, with four one-year options, with each option year subject to Board review and approval. In March 2010, the Board subsequently approved the first contract option to perform the FY-2010 audit.

Staff is again recommending the appointment of Diehl, Evans & Company based on their knowledge of the District's operations and finances, their technical qualifications, and their performance as the District's auditors during the FY-2009 and FY-2010 audits. Also, at the conclusion of these audits, the Diehl, Evans staff provided significant advice and review of staff's draft Comprehensive Annual Financial Report (CAFR) prior

to submission to the Government Finance Officers Association (GFOA) for award consideration.

The following is a tentative planning schedule for the major activities involved in completing the FY-10 financial audit:

- Apr-11: Pre-audit (3 - 4 days).
- Aug-11: Year-end audit (4 - 5 days).
- Nov-11: Board presentation of audited financials.
- Dec-11: Completed CAFR.

The audit will consist of four major components: 1) standard audit services, to provide an audit opinion on the District's financial statements; 2) review of the District's Investment Policy procedures; 3) a State Controllers Report, required by the State of California; and 4) assistance in preparation of the District's CAFR.

In response to earlier discussions with members of the Finance, Administration, and Communications Committee, the audit firm has also proposed a rotation of the senior partner assigned to the audit. The new partner will be Mr. Nitin Patel, from the firm's Irvine office. This will provide a continuing fresh perspective concerning both audit methodology and review, at no additional cost for the overall auditing services.

FISCAL IMPACT: 

The fee for auditing services for the fiscal year ending June 30, 2011, will not exceed \$33,000. This maintains audit fees at the same amount as each of the last two year's fees.

STRATEGIC GOAL:

Required by law.

LEGAL IMPACT: _____

None.



General Manager

Attachments:

- A) Committee Action Form
- B) Audit Engagement Letters



ATTACHMENT A

SUBJECT/PROJECT:	Appointment of Auditor for Fiscal Year Ending June 30, 2011
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COMMITTEE ACTION:

The Finance, Administration and Communications Committee discussed this item at a meeting held on January 18, 2011 and the following comments were made:

- Staff indicated that the District is preparing for the annual year-end audit. The District's current audit firm is Diehl, Evans & Company, LLP (DE). The District has three (3) more option years on DE's contract. Staff has been pleased with their services and is requesting that the board approve DE to continue to provide audit services to the District for fiscal year ending June 30, 2011 (FY2011).
- Staff indicated that Director Bonilla had recommended that the District request that DE rotate the partner in charge of the audit to allow a fresh perspective on the audit process.
- Staff introduced Mr. Nitin Patel, a Sr. Partner from DE, who has been assigned to oversee the FY2011 audit. Mr. Patel has been a partner at DE for 15 years and works out of their Irvine office. He has 25 years of experience and has been in charge of audits for special districts and local municipalities. He oversees approximately 20 audits on an annual basis and sits on the State Economy and Auditing Committee for governmental audits and is his firm's Audit Quality Control Partner for state and local governments.
- It was noted that this fiscal year will be the third year that DE has performed the District's audit which will leave two option years on the contract. The recommendation has been that the District change audit firms every five years and, in two years, the District will be publishing an RFP to appoint a new auditing firm.
- The committee inquired if there were any changes in the requirements from the State and Federal Government for this

year's audit compared to the last couple years. Mr. Patel indicated that the audit standards are issued by the American Institute of CPA's and they did not issue any new audit standards. This year, however, reporting of "Cash and Advancements," which was an option in the past, will be a requirement. The State may have changes, such as, new qualifications for CPA firms allowed to do audits or they may require a new process. It is not known, at this time, if the State will issue any changes.

- Staff reviewed the audit process and indicated that the document attached to staffs' report is the Audit Engagement letter which includes three separate letters:
 - A letter for the general audit describing the audit services that DE will provide the District.
 - The second letter reviews the agreed upon procedures for the review of the District's investment policy and indicates the eight specific procedures they will perform to assure that the policy is being followed. It was noted that this additional review of the District's policy is in reponse to the board's request.
 - The third letter is the State Controllers Report which is a separate audit report that is essentially an extract of the annual audit and is filed with the State of California. This filing is required by law.
- The total audit services cost is \$33,000 which is the same cost for the past two years.
- Should the board approve engaging DE to perform the FY2011 audit:
 - An interim audit will be performed by DE either in the last week of April or first week of May. The interim audit is the testing of the District's procedures and documentation to assure that they (DE) can rely on the District's records. This process take about three to four days typically.
 - About the third week of August, DE would perform the full audit of FY2011.

- Once the audit is complete and DE has published their opinion letter, the District's audited financial statements will be presented to the board. The presentation will include the results of the audit and any audit recommendations.

- In mid-December, staff plans to submit to the Government Finance Officers Association (GFOA) the District's Consolidated Annual Financial Report (CAFR) for consideration for their Excellence in Financial Reporting award. Notification of award success is forwarded to applicants around April 2011.

- Staff indicated that DE works closely with staff to assure that the District's CAFR satisfies all the GFOA requirements for their award.

- It was discussed that this committee (the District's Finance, Administration & Communications Committee [FA&C Committee]) is the District's *Audit Committee*. The audit is under the board's purview and is a critical management tool for the board to ascertain how staff is conducting its financial affairs and meeting State and Federal requirements. It was noted that if the committee had other areas that they wish DE to review, the audit can include these areas. The additional review may increase the cost of the audit, but they can be included in the audit. DE can also review with committee the audit process. They will not indicate specifically what they will look at and evaluate, but can review the overall process.

- Mr. Patel indicated that prior to the start of the audit (around August), he would meet with members of the FA&C Committee and receive their feedback of additional areas that the committee may like the auditors to review and would also ask members of the board if they are aware of any potential fraud.

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



DIEHL, EVANS & COMPANY, LLP
 CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

A PARTNERSHIP INCLUDING ACCOUNTANCY CORPORATIONS

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 CARLSBAD, CALIFORNIA 92008-2389
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 KENNETH R. AMES, CPA
 WILLIAM C. PENTZ, CPA
 MICHAEL R. LUDDIN, CPA
 CRAIG W. SPRAKER, CPA
 NITIN P. PATEL, CPA
 ROBERT J. CALLANAN, CPA

* A PROFESSIONAL CORPORATION

January 10, 2011

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

Dear Mr. Beachem:

We are pleased to confirm our understanding of the services we are to provide Otay Water District (the District) for the year ending June 30, 2011. We will audit the financial statements of Otay Water District as of and for the year ending June 30, 2011. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Otay Water District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Otay Water District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted principles and will be subjected to certain procedures, but will not be audited:

1. Management's Discussion and Analysis
2. Schedule of Funding Progress for PERS
3. Schedule of Funding Progress for DPHP

If a Single Audit is required, supplementary information other than RSI also would accompany Otay Water District's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole:

1. Schedule of Expenditures of Federal Awards

OTHER OFFICES AT:

613 W. VALLEY PARKWAY, SUITE 330
 ESCONDIDO, CALIFORNIA 92025-2598
 (760) 741-3141 • FAX (760) 741-9890

5 CORPORATE PARK, SUITE 100
 IRVINE, CALIFORNIA 92606-4906
 (949)-399-0600 • FAX (949) 399-0610

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and for which our auditor's report will not provide an opinion or any assurance.

1. Introductory Section
2. Statistical Section

Audit Objective

The objective of our audit is the expression of an opinion as to whether your basic financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America and to report on the fairness of the supplemental information referred to in the second paragraph when considered in relation to the basic financial statements taken as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such an opinion. If our opinion on the financial statements is other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to express an opinion, we may decline to express an opinion or may not issue a report as a result of this engagement.

If the District is subject to a Single Audit the objective of our audit also includes reporting on:

- Internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The reports on internal control and compliance will each include a statement that the report is intended solely for the information and use of management, the body or individuals charged with governance, others within the District, specific legislative or regulatory bodies, federal awarding agencies, and if applicable, pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

If the District is subject to a Single Audit, our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133, and will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133, and other procedures we consider necessary to enable us to express such opinions and to render the required reports. If our opinions on the financial statements or the Single Audit compliance opinions are other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. If the District is subject to a Single Audit, management is also responsible for identifying government award programs and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal awards in accordance with the requirements of OMB Circular A-133. As part of the audit, we will assist with preparation of your financial statements and related notes. You are responsible for making all management decisions and performing all management functions relating to the financial statements and related notes and for accepting full responsibility for such decisions. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you are required to designate an individual with suitable skill, knowledge, or experience to oversee our assistance with the preparation of your financial statements and related notes and any nonaudit services we provide and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met and that there is reasonable assurance that government programs are administered in compliance with compliance requirements. You are also responsible for the selection and application of accounting principles; for the fair presentation in the financial statements of the financial position of the Otay Water District and the respective changes in financial position and, where applicable, cash flows in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for ensuring that management and financial information is reliable and properly recorded. Your responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the District complies with applicable laws, regulations, contracts, agreements, and grants. Additionally, if a Single Audit is required, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Audit Procedures - General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the District or to acts by management or employees acting on behalf of the District. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable, but not absolute assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit (if required). Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures - Internal Controls

Our audit will include obtaining an understanding of the District and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

If a Single Audit is required, as required by OMB Circular A-133, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133.

Audit Procedures - Internal Controls (Continued)

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and OMB Circular A-133.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with applicable laws and regulations and the provisions of contracts and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

OMB Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Circular A-133 Compliance Supplement* and related addenda for the types of compliance requirements that could have a direct and material effect on each of the District's major programs. The purpose of these procedures will be to express an opinion on the District's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Circular A-133.

Audit Administration Fees, and Other

Noted below is a listing of work required by District staff to assist in the audit.

1. Preparation of trial balances for all funds, after posting of all year end journal entries.
2. Preparation of schedules supporting all major balance sheet accounts, and selected revenue and expense accounts.
3. Typing of all confirmation requests.
4. Pulling and refiling of all supporting documents required for audit verification.
5. Preparation of the Management's Discussion and Analysis.

The workpapers for this engagement are the property of Diehl, Evans and Company, LLP and constitute confidential information. However, we may be requested to make certain workpapers available to grantor agencies pursuant to authority given to it by law or regulation. If requested, access to such workpapers will be provided under the supervision of our personnel. Furthermore, upon request, we may provide photocopies of selected workpapers to the grantor agencies. The grantor agencies may intend, or decide, to distribute the photocopies or information contained therein to others, including other governmental agencies.

In accordance with our firm's current record retention policy, all of your original records will be returned to you at the conclusion of this engagement. Our accounting workpaper files will be kept for a period of seven years. All other files will be kept for as long as you retain us as your accountants. However, upon termination of our service, all records will be destroyed after a period of seven years. Physical deterioration or catastrophic events may further shorten the life of these records. The working papers and files of our firm are not a substitute for your original records.

Audit Administration Fees, and Other (Continued)

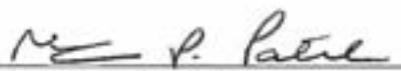
We expect to begin our audit on approximately April 25, 2011 and to issue our reports no later than October 31, 2011. Nitin Patel is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign them. Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, for the year ending June 30, 2011 will not exceed \$33,000. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2010 peer review accompanies this letter.

We appreciate the opportunity to be of service to the Otay Water District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

DIEHL, EVANS & COMPANY, LLP

By: 
Nitin P. Patel, CPA
Engagement Partner

RESPONSE:

This letter correctly sets forth the understanding of the Otay Water District

By: 

Title: CHIEF FINANCIAL OFFICER

Date: 1-10-2011

HEIDENREICH & HEIDENREICH, CPAs, PLLC

10201 S. 51st Street #170
Phoenix, AZ 85044
(480)704-6301 fax 785-4619

System Review Report

January 28, 2009

To the Owners of
Diehl, Evans & Company, LLP
and the Peer Review Committee of the CA Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Diehl, Evans & Company, LLP (the firm) in effect for the year ended September 30, 2008. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Diehl, Evans & Company, LLP in effect for the year ended September 30, 2008, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Diehl, Evans & Company, LLP has received a peer review rating of *pass*.

Heidenreich & Heidenreich

Heidenreich & Heidenreich, CPAs, PLLC



DIEHL, EVANS & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

A PARTNERSHIP INCLUDING ACCOUNTANCY CORPORATIONS

2965 ROOSEVELT STREET
CARLSBAD, CALIFORNIA 92008-2389
(760) 729-2343 • FAX (760) 729-2234
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*THOMAS M. PERLOWSKI, CPA
*HARVEY J. SCHROEDER, CPA
KENNETH R. AMES, CPA
WILLIAM C. PENTZ, CPA
MICHAEL R. LUDIN, CPA
CRAIG W. SPRAKER, CPA
NITIN P. PATEL, CPA
ROBERT J. CALLANAN, CPA

* A PROFESSIONAL CORPORATION

January 10, 2011

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

Dear Mr. Beachem:

We are pleased to confirm our understanding of the nature and limitations of the services we are to provide for the Otay Water District.

We will apply the agreed-upon procedures which the District's senior management has specified, listed in Attachment A solely to assist the District's senior management in evaluating the investments of the District for the fiscal year ending June 30, 2011. Our engagement to apply agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described in the attached schedule either for the purpose for which this report has been requested or for any other purpose. If, for any reason, we are unable to complete the procedures, we will describe any restrictions on the performance of the procedures in our report, or will not issue a report as a result of this engagement.

Because the agreed-upon procedures listed in the attached schedule do not constitute an examination, we will not express an opinion on the evaluation of the investments of the District. In addition, we have no obligation to perform any procedures beyond those listed in Attachment A.

We will submit a report listing the procedures performed and our findings. This report is intended solely for the use of District senior management, and should not be used by anyone other than these specified parties. Our report will contain a paragraph indicating that had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

You are responsible for the presentation of the evaluation of the investments of the District; and for selecting the criteria and determining that such criteria are appropriate for your purposes. You are also responsible for making all management decisions and performing all management functions; and for evaluating the adequacy and results of those services and accepting responsibility for them.

OTHER OFFICES AT:

613 W. VALLEY PARKWAY, SUITE 330
ESCONDIDO, CALIFORNIA 92025-2598
(760) 741-3141 • FAX (760) 741-9890

5 CORPORATE PARK, SUITE 100
IRVINE, CALIFORNIA 92606-5165
(949)-399-0600 • FAX (949) 399-0610

Nitin P. Patel, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

We plan to begin our procedures on approximately September 1, 2011 and, unless unforeseeable problems are encountered, the engagement should be completed by September 30, 2011. At the conclusion of our engagement, we will require a representation letter from management that, among other things, will confirm management's responsibility for the presentation of the evaluation of the investment of the District.

Our fee to prepare the report is included in the \$33,000 maximum fee quoted in the engagement letter to conduct the June 30, 2011 financial audit of the District dated January 10, 2011. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs, Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

We appreciate the opportunity to assist you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us. If the need for additional procedures arises, our agreement with you will need to be revised. It is customary for us to enumerate these revisions in an addendum to this letter. If additional specified parties of the report are added, we will require that they acknowledge in writing their responsibility for the sufficiency of procedures.

Very truly yours,

DIEHL, EVANS & COMPANY, LLP

By Nitin P. Patel
Nitin P. Patel CPA
Engagement Partner

RESPONSE:

This letter correctly sets forth the understanding
of the Otay Water District.

By [Signature]

Title CHIEF FINANCIAL OFFICER

Date 1-10-2011

Attachment A

Agreed Upon Procedures

1. Obtain a copy of the District's investment policy and determine that it is in effect for the time period under review.
2. Select 4 investments held at year end and determine if they are allowable investments under the District's Investment Policy.
3. For the four investments selected in #2 above, determine if they are held by a third party custodian designated by the District.
4. Confirm the par or original investment amount and market value for the four investments selected above with the custodian or issuer of the investments.
5. Select two investment earnings transactions that took place during the year and recompute the earnings to determine if the proper amount was received.
6. Trace amounts received for transactions selected at #5 above into the District's bank accounts.
7. Select five investment transactions (buy, sell, trade or maturity) occurring during the year under review and determine that the transactions are permissible under the District's investment policy.
8. Review the supporting documents for the five investments selected at #7 above to determine if the transactions were appropriately recorded in the District's general ledger.



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NITIN P. PATEL, CPA
ROBERT J. CALLANAN, CPA

* A PROFESSIONAL CORPORATION

January 10, 2011

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

Dear Mr. Beachem:

This letter is to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services that we will provide.

We will compile and provide the Special Districts Financial Transaction Report and Supplement to the Annual Report of the Otay Water District (District) for the year ending June 30, 2011 to be included in the form prescribed by the California State Controller's Office. Our report is presently expected to read:

"We have compiled the accompanying Annual Report of Financial Transactions of Otay Water District for the year ending June 30, 2011, included in the accompanying prescribed form and as filed electronically with the California State Controller's Office, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Our compilation was limited to presenting in the form prescribed by the California State Controller information that is the representation of management. We have not audited or reviewed the financial statements referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements are presented in accordance with the requirements of the State Controller of California, which differ from generally accepted accounting principles. These financial statements omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the District's financial position and results of operations. Accordingly, these financial statements are not designed for those who are not informed about such matters."

OTHER OFFICES AT:

613 W. VALLEY PARKWAY, SUITE 330
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(760) 741-3141 • FAX (760) 741-9890

5 CORPORATE PARK, SUITE 100
IRVINE, CALIFORNIA 92606-4906
(949)-399-0600 • FAX (949) 399-0610

Our fee to prepare the report is included in the \$33,000 maximum fee quoted in the engagement letter to conduct the June 30, 2011 financial audit of the District dated January 10, 2011. This fee contemplates that conditions satisfactory to the normal progress and completion of the Report will be encountered and that the District personnel will furnish assistance in connection with the Report preparation.

We appreciate the opportunity to be of service to the Otay Water District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

DIEHL, EVANS & COMPANY, LLP

By 
Nitin P. Patel, CPA
Engagement Partner

RESPONSE:

This letter correctly sets forth the understanding
of the Otay Water District.

By 

Title CHIEF FINANCIAL OFFICER

Date 1-10-2011



AGENDA ITEM 7c

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	February 2, 2011
SUBMITTED BY:	Geoff Stevens Chief Information Officer	W.O./G.F. NO:	DIV. NO.
APPROVED BY:	German Alvarez (Asst. GM): Assistant General Manager, Finance and Administration		
SUBJECT:	PURCHASING DIGITAL COLOR ORTHOPHOTOGRAPHY FOR GIS		

GENERAL MANAGER'S RECOMMENDATION:

That the Board of Directors authorize the General Manager to negotiate and enter into an agreement with DMI Digital Mapping Inc. in an amount not to exceed \$68,000 for orthophotography services.

COMMITTEE ACTION: _____

See Attachment "A".

PURPOSE:

To authorize the purchase of orthophotography services to update the District's land-based images in GIS for the District's service territory.

ANALYSIS:

The District regularly updates its orthophotographic imagery in its GIS system to provide accurate information for use in planning, preliminary design, assessment of easements and hazards, and in general to support daily operations. Five years ago, the District was able to work with a consortium of regional utilities and cities to purchase imagery to a 6" pixel level accuracy. Within the last five years the new standard is now a 4" pixel, which appears to be a diminutive difference but it is important in identifying detailed items like valves or hydrants. During the same period many physical changes have occurred to the parcels in the District's boundary like new buildings, roads, and other infrastructure. Consequently, the time has come again to participate with a group of local agencies, headed by the Sweetwater Authority, to purchase updated ortho images.

IT, Operations, and Engineering (as part of the 2011 budget), have all agreed that the updates were necessary to provide required

services. The total cost for the updates for Otay is \$68,000. This comprises 53% of the total area and cost of the larger contract. Otay is one of at least four agencies that are participating in this group purchase. Aside from Sweetwater, the other organizations are National City and the City of Chula Vista. Sweetwater, as the lead agency, negotiated the combined agreement which included a thorough analysis and competitive assessment of orthophotography vendors. The actual imagery will be flown in within the next few months and following post processing will be available to the District by July 1st. GIS staff will review all deliverables for quality and accuracy.

FISCAL IMPACT: 

This project is budgeted. The total expenditures requested are for a not-to-exceed amount of \$68,000 with funds from the Capital Improvement Program CIP 2470. The approved FY 2011 budget is \$408,000 for CIP P2470. Expenditures to date are \$161,600. This project will leave a balance of \$178,840. The Project Manager anticipates, based on financial analysis, that the budget will be sufficient to support this project. Finance has determined that 40% of the funding for the project is available from the "Expansion Fund" and 60% from the "Replacement Fund".

STRATEGIC GOAL:

This project will achieve in total or part the following goals and objectives in the 2011 Strategic Plan.

- 3.2.2.3. Enhance the District's data management, data update process, and data architecture including enterprise standard data. Update process for ensuring GIS data is accurate.

- 3.3.3.5 Develop optimized field work processing using integrated technology

LEGAL IMPACT: _____

None.



General Manager



ATTACHMENT A

SUBJECT/PROJECT:	PURCHASING DIGITAL COLOR ORTHOPHOTOGRAPHY FOR GIS
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COMMITTEE ACTION:

The Finance, Administration and Communications Committee discussed this item at a meeting held on January 18, 2011 and the following comments were made:

- Staff is requesting that the board authorize an agreement with DMI Digital Mapping, Inc. to provide orthophotography services.
- It was indicated that the District partners with other regional agencies to update its orthophotography periodically to provide accurate parcel information. It was indicated that it has been five years since the last update.
- The regional orthophotography project partners will include:
 - Otay Water District
 - Sweetwater Authority
 - City of National City
 - City of Chula Vista
- It was indicated that the Port Authority may also partner in this project, but their participation has not yet been finalized. It was noted that whether the Port Authority participates or not, it would not affect the details of the proposed contract with DMI Digital Mapping, Inc.
- Staff indicated that the contract was competitively bid by a consortium of utilities which was lead by George Silva of Sweetwater Authority.
- It was discussed that the ortho images will be a higher level of resolution than past images (from 6" to 4" pixel

level of accuracy). The updated ortho photography will show changes to the parcels within the District's boundaries, such as, new roads, new buildings, new infrastructure, structures that may have been built recently in a District easement, etc. that will be helpful for use in planning and in support of daily operations.

- The ortho images may also be utilized for preliminary design and engineering of new infrastructure as the photos will include topography for all parcels within the District's service area.
- It is expected that the photos will be taken in the next several months and the photo data will be available to the District around July 1, 2011.
- It was noted that the photos will be placed in the District's GIS system.
- The committee inquired if Helix WD or Padre Dam MWD had participated in the last regional orthophotography update. Staff clarified that neither Helix nor Padre had allocated funding and neither agency is facing much new development. Also in the case of Helix, their GIS system is different and is not as "land based" as Otay's or Sweetwater's GIS systems.
- The committee discussed that Homeland Security is investing federal funds into updating the orthophotography for the San Diego region and SANDAG has been identified as the lead agency for the project. It was inquired if the District is participating in this regional effort and if so, was there any opportunity to receive funding from the Homeland Security project for this effort. Staff did investigate this and while the Homeland Security project did participate in the initial discussions, their need for detail was not as high as agencies that maintain specific infrastructure. Consequently the 4" pixel was not cost effective for their needs and they withdrew from the consortium.

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



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	February 2, 2011
SUBMITTED BY:	Bob Kennedy <i>BK</i> Associate Civil Engineer	W.O./G.F. No.:	D0738- DIV. NO. 2 090062
	Ron Ripperger <i>rr</i> Engineering Manager		
APPROVED BY: (Chief)	Rod Posada <i>R Posada</i> Chief, Engineering		
APPROVED BY: (Asst. GM)	Manny Magaña <i>m magaña</i> Assistant General Manager, Engineering and Operations		
SUBJECT:	Approval of Water Supply Assessment Report (December 2010) for the San Diego-Tijuana Cross Border Facility		

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) approve the Water Supply Assessment Report (WSA Report) dated December 2010 for the San Diego-Tijuana Cross Border Facility (Cross Border Project), as required by Senate Bill 610 (see Exhibit A for Project location).

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To obtain Board approval of the December 2010 WSA Report for the Cross Border Project, as required by Senate Bill 610 (SB 610).

ANALYSIS:

SB 610 requires a city or county to evaluate whether total water supplies will meet the projected water demand for certain "projects" that are otherwise subject to the requirement of the

California Environmental Quality Act (CEQA). SB 610 provides its own definition of "project" in Water Code Section 10912. The City of San Diego (City) submitted a request for a WSA to the District pursuant to SB 610. SB 610 requires that, upon request of the city or county, a water purveyor, such as the District, prepare a water supply assessment to be included in the CEQA documentation.

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

For the Cross Border Project, the City is the responsible land use agency that requested the SB 610 water supply assessment from the District, as the water purveyor for the proposed Cross Border Project. The request for the WSA Report, in compliance with SB 610 requirements, was made by the City because the Cross Border Project meets or exceeds one or both of the following SB 610 criteria:

- A proposed industrial, manufacturing or processing plant, or industrial park planned to house more than 1,000 persons, occupying more than 40 acres of land, or having more than 650,000 square feet of area.
- A project that would demand an amount of water equivalent to, or greater than, the amount of water required by a 500 dwelling unit project.

The Cross Border Project is a 63.8 acre development and is planned to include approximately 78,500 square feet of retail space, two 150-room hotels, a cargo facility, a parking garage, industrial lots, and a cross border terminal facility providing secure air-passenger access to the passenger terminals of the General Abelardo L. Rodriguez International Airport.

The District, as the proposed water purveyor for the Cross Border Project, does not have to comply with the requirements of Senate Bill 221 (SB 221) because the Project is an industrial subdivision and SB 221 applies to residential subdivisions.

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

the WSA Report in consultation with PBS&J and the Water Authority, which demonstrates and documents that sufficient water supplies are planned for and are intended to be made available over a 20-year planning horizon under normal supply conditions and in single and multiple dry years to meet the projected demand of the Cross Border Project and other planned development projects within the District.

The expected demand for the Cross Border Project is 95 acre-feet per year. As originally included in the District's Water Resources Master Plan, dated October 2008, and approved by the District on February 3, 2010, the projected demand for this property was 60 acre-feet per year. Therefore, there is an increase of 35 acre-feet per year due to a proposed increase in development intensity and the future International Business and Trade (IBT) land use proposed for the remaining undeveloped lots. The City is proposing the IBT land use zone for this portion of Otay Mesa in the Otay Mesa Community Plan Update. The projected recycled water demand for the proposed Cross Border Project is 11 acre-feet per year, representing about 11 percent of the total water demand.

Metropolitan's Integrated Resource Plan (IRP) identifies a mix of resources (imported and local) that, when implemented, will provide 100 percent reliability for full-service demands through the attainment of regional targets set for conservation, local supplies, State Water Project supplies, Colorado River supplies, groundwater banking, and water transfers. Metropolitan's 2010 update to the IRP (2010 IRP Update) includes a water supply planning buffer to mitigate the risk associated with implementation of local and imported supply programs. The planning buffer identifies an additional increment of water that could potentially be developed if other supplies are not implemented as planned. As part of the establishment of the planning buffer, Metropolitan periodically evaluates supply development to ensure that the region is not under- or over-developing supplies. If managed properly, the planning buffer, along with other alternative supplies, will help ensure that the Southern California region, including San Diego County, will have adequate supplies to meet future demands.

The County Water Authority Act, Section 5, Subdivision 11, states the Water Authority, "as far as practicable, shall provide each of its member agencies with adequate supplies of water to meet their expanding and increasing needs."

The intent of the SB 610 legislation is that the land use agencies and the water agencies coordinate their efforts in planning for new development and thus plan for sufficient water supplies to meet the needs.

As per the requirements of SB 610, if the water supply assessment finds that the supply is sufficient, then the governing body of the water supplier (District) must approve the water supply assessment and deliver it to the lead agency (City) within 90 days. The City's WSA request letter dated December 10, 2010 was received by the District December 14, 2010.

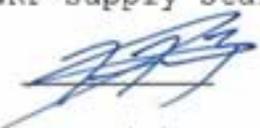
Pursuant to SB 610, if the water supply assessment finds overall supplies are insufficient, the water supplier shall provide to the lead agency "its plans for acquiring additional water supplies, setting forth measures that are being undertaken to acquire and develop those water supplies," and the water supplier governing body must approve the assessment and deliver it to the lead agency within 90 days. If the water supplier does conclude that additional water supplies are required, the water supplier should indicate the status or stage of development of the actions identified in the plans it provides. Identification of a potential future action in such plans does not by itself indicate that a decision to approve or to proceed with the action has been made.

Once either of the two actions listed above are accomplished, the District's SB 610 water supply assessment responsibilities are complete.

SB 610 provides that if the SB 610 water supply assessment is not received by the lead agency from the water supplier within the prescribed 90 day period, and any requested time extension, the lead agency may seek legal relief, such as writ of mandamus. The City's request letter dated December 10, 2010 was received by the District December 14, 2010 so the 90 day deadline for the District to provide the WSA Report to the City is March 13, 2011.

Water supply agencies throughout California continue to face climatological, environmental, legal, and other challenges that impact water source supply conditions, such as the court ruling regarding the Sacramento-San Joaquin Delta issues. Challenges such as these are always present. The regional water supply agencies, the Water Authority, Metropolitan, and the District nevertheless fully intend to have sufficient, reliable supplies to serve the Cross Border Project.

With the initiation of the South Bay Water Reclamation Plant (SBWRP) recycled water supply on May 18, 2007 the District has reduced the annual take of potable water from the Water Authority, once used to supplement the recycled water supply shortfall, in excess of 3,200 acre-feet per year. The Cross Border Project estimate of an additional 35 acre-feet per year potable water demand is about 1 percent of the potable water saved with the SBWRP supply start up.

FISCAL IMPACT: 

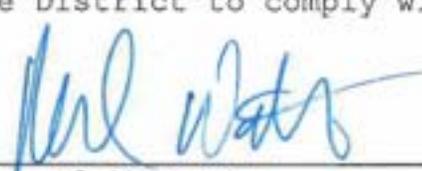
The District has been reimbursed \$15,900 for all costs associated with the preparation of the Cross Border Project WSA Report. The reimbursement was accomplished via a \$18,800 deposit the Project proponents placed with the District.

STRATEGIC GOAL:

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

LEGAL IMPACT: _____

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



General Manager

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Attachments: Attachment A - Committee Actions
Exhibit A - Project Location Map
Exhibit B - Explanation of the Intent of SB 610
Exhibit C - Cross Border Project WSA Report



ATTACHMENT A

SUBJECT/PROJECT: D0738-090062	Approval of Water Supply Assessment Report (December 2010) for the San Diego-Tijuana Cross Border Facility
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COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a Committee Meeting held on January 18, 2011 and the following comments were made:

- Staff is requesting that the Otay Water District (District) Board of Directors (Board) approve the December 2010 Water Supply Assessment Report for the San Diego-Tijuana Cross Border Facility (Cross Border Project), as required by Senate Bill 610.
- Staff indicated that on December 14, 2010, the District received a request from the City of San Diego to prepare the WSA Report for the Cross Border Project that is part of the Otay Mesa Community Plan Update. It was noted that SB 610 requires that the District honor the City's request, and that board approval for the submittal of the WSA Report to the City of San Diego is required. An exhibit was provided to the Committee that showed the location of the project site.
- Staff stated that the Cross Border Project is a 63.8-acre industrial subdivision development that includes the following:
 - 78,500 square-feet of retail space
 - Two 150-room hotels
 - A cargo facility
 - A parking garage
 - Industrial lots
 - A cross border terminal facility that will provide, an estimated 4.5 million people annually, secure air-

passenger access to the passenger terminals of the General Abelardo L. Rodriguez International Airport

- Staff indicated that the Cross Border Project's expected demand is 95 acre-feet per year for potable water, and 11 acre-feet per year for recycled water.
- It was indicated that staff consulted with PBS&J and the Water Authority to prepare the December 2010 WSA Report.
- A PowerPoint presentation was provided to the Committee that included the following:
 - Background of Senate Bill 610, which became effective on January 1, 2002, and its intent and how it relates to the WSA Report
 - Land use plan and description for the Cross Border Project
 - Potable demand estimates for the Cross Border Project
 - City of San Diego's Otay Mesa Community Plan Update Modified Scenario 3B, and SANDAG's 2050 Regional Growth Forecast
 - Otay Water District's, San Diego County Water Authority's, and Metropolitan Water District's Urban Water Management Plan
- Staff indicated that the City's Otay Mesa Community Plan Update Modified Scenario 3B was forwarded to SANDAG who updated its Series 12 and was made available to the Metropolitan Water District for their use in updating their Integrated Resource Plan and their Urban Water Management Plan, and to CWA to update their Urban Water Management Plan. Staff noted that the information will also be used in the District's Urban Water Management Plan scheduled to be completed by the end of this Fiscal Year.
- Staff indicated that the WSA Report states the following:

"The regional and local water supply agencies acknowledge the challenges of supply and fully intend to develop sufficient reliable supplies to meet demands. Water

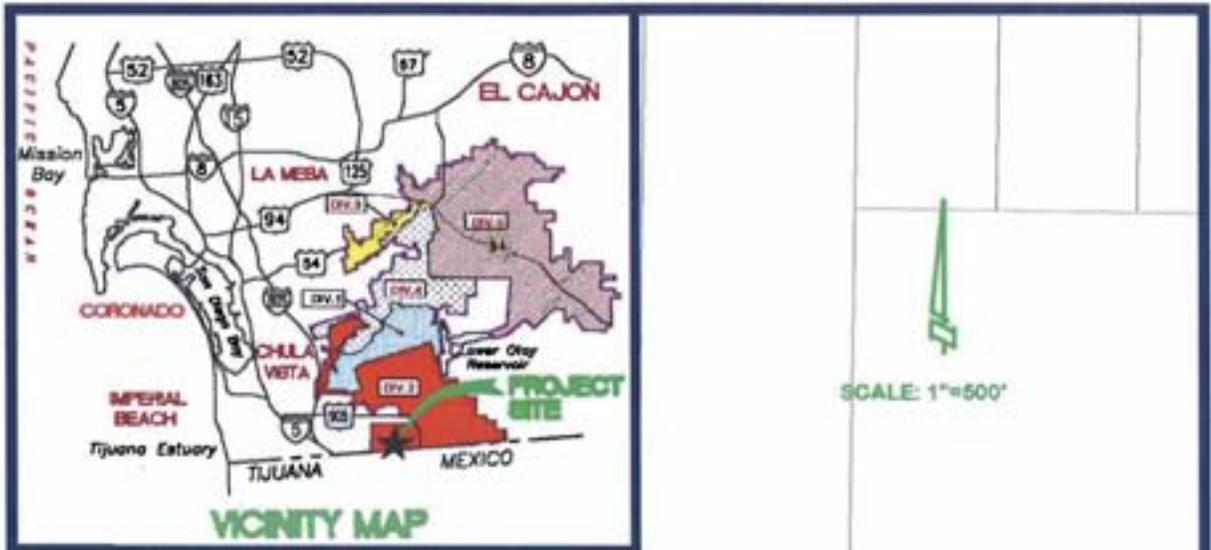
suppliers recognize additional water supplies are necessary and portfolios need to be reassessed and redistributed with intent to serve existing and future needs.”

- Staff indicated that the status of the current water supply situation is documented in the WSA Report with the intent that the water agencies plan to develop sufficient water supplies to meet demands. Staff believes that the Board has met the intent of SB 610 statute in that Land use agencies and water suppliers have demonstrated strong linkage. The Cross Border Project WSA Report clearly documents the current water supply situation. Staff believes that based on existing documentation, the WSA Report demonstrates and documents that sufficient water supplies are planned for and are intended to be acquired and also identifies the actions necessary to develop the supplies for a 20-year planning horizon.
- It was noted that the Cross Border Project WSA Report includes (3) three other Otay Water District Planned Local Water Supply Projects:
 - Rancho Del Rey Groundwater Well (500-600 AFY)
 - Rosarito Ocean Desalination Project (24,000-50,000 AFY)
 - Otay Mesa Lot 7 Groundwater Well (300-400 AFY)
- A slide was presented that showed the Projected Balance of Potable Water Supplies and Demands in Normal Year Conditions (AFY). Staff indicated that the projection is based on collective data and the Otay Water District’s 2005 Urban Water Management which is updated every 5 years with projected water demands. It was noted that the Projected Demands shown on the slide was recently updated and will be replaced with updated information at the end of the fiscal year when the District’s 2010 Urban Management Plan is completed.
- The Committee commended staff for preparing the Cross Border Project WSA Report as it can be used as a tool to help keep development in perspective.
- The Committee inquired if the projected water supply demands, documented in the District’s WSA Reports for

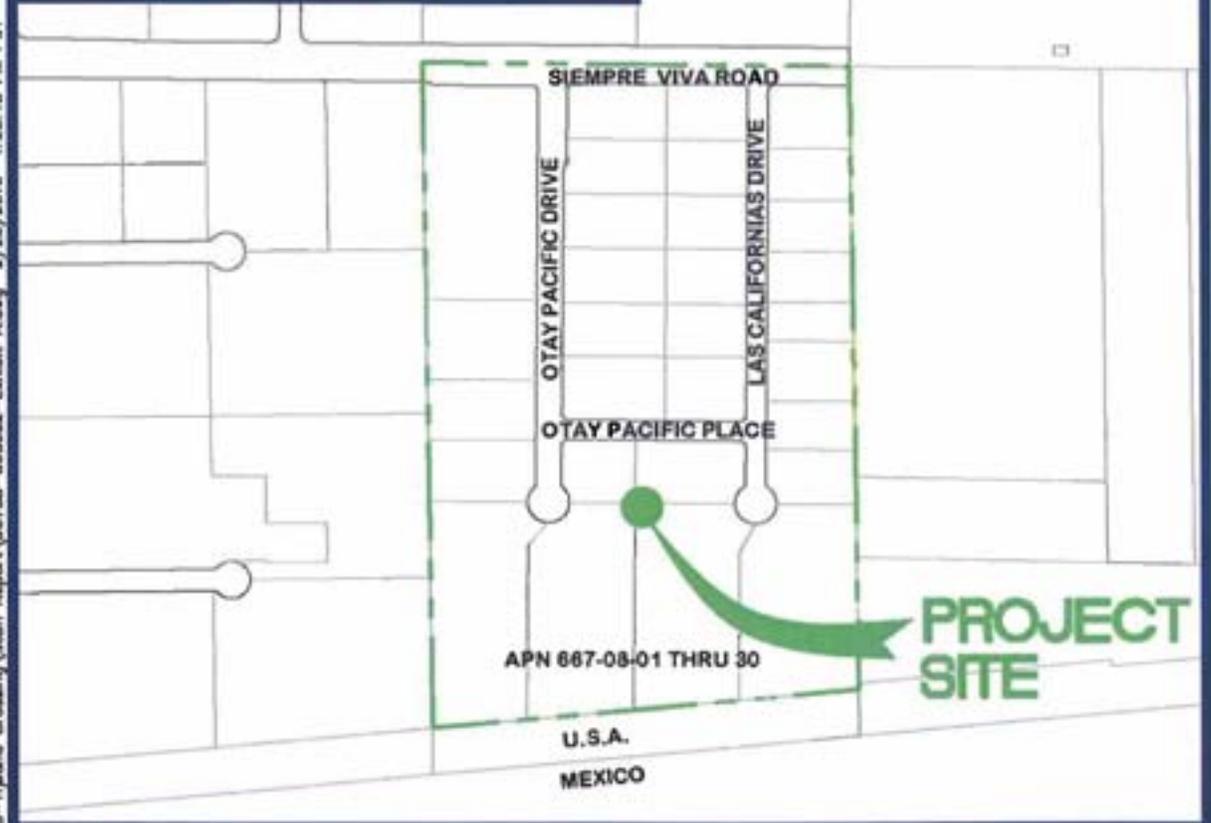
future developments, can be considered as reserves/credits if the water supply is not used. Staff stated that the projected water supplies in the District's WSA Reports are not dedicated to or owned by the District and is only an estimated figure of the amount of water that is needed for future developments. Staff further indicated that the Water Supply Assessment Report is not intended to reserve or guarantee water supply for future developments. Its intention is to determine if there is sufficient water supplies for future developments and that those supplies will be available over the next 20 years.

- The Committee inquired if unused water purchased by the District, from MET, CWA, and the City of San Diego, can be considered as a reserve or credit. Staff stated that the District does not receive any credit or offset for unused water it purchases and indicated that it is reported as a reduction in the District's water sales.

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



SCALE: 1"=500'



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OTAY WATER DISTRICT
 SAN DIEGO - TIJUANA CROSS BORDER FACILITY

LOCATION MAP

D0738-090062

EXHIBIT A

EXHIBIT B

Background Information

The Otay Water District (District) prepared the December 2010 Water Supply Assessment Report (WSA Report) for the San Diego-Tijuana Cross Border Facility (Cross Border Project) development proposal at the request of the City of San Diego (City). The City's WSA request letter dated December 10, 2010 was received by the District on December 14, 2010 so the 90 day deadline for the District to provide the Board approved WSA Report to the City ends March 13, 2011. The Otay-Tijuana Ventures, LLC submitted an entitlement application to the City for the development of the Cross Border Project.

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

The Cross Border Project entitlement approval is independent of the City's eventual adoption of land use Scenario 3B to their planned update to the Otay Mesa Community Plan (OMCP). The OMCP Update as planned will introduce a new land use designation known as International Business and Trade (IBT). The IBT land use designation combines the current Business Park and Light Industrial land use designations and allows for single and multiple tenant office, research and development, light manufacturing, and storage and distribution uses. The City is proposing to apply the IBT designation to portions of land adjacent to the border, other ports of entry, and lands in transition to higher intensity industries. Due to delays in the OMCP Update preparation and hearing schedule, Otay - Tijuana Ventures, LLC entitlement application includes a separate Community Plan Amendment (CPA) and a Planned Development Permit (PDP) to allow for the development of the Cross Border Project hotels, retail centers, cargo facility, parking garage, cross border terminal facility, and the industrial lots prior to adoption of the OMCP Update. The IBT land use will be applied to the industrial lots with this entitlement application.

The WSA Report for the Cross Border Project has been prepared by the District in consultation with PBS&J, the Water Authority, and the City pursuant to Public Resources Code Section 21151.9 and California Water Code Sections 10631, 10656, 10910, 10911, 10912, and 10915 referred to as Senate Bill (SB) 610. SB 610 amended state law, effective January 1, 2002, intending to improve the link between information on water supply availability and certain land use decisions made by cities and counties. SB 610 requires that the water purveyor of the public water system prepare a water supply assessment to be included in the California Environmental Quality Act (CEQA) environmental documentation and approval process of certain

proposed projects. The requirements of SB 610 are addressed in the December 2010 WSA Report for the Cross Border Project.

The Otay - Tijuana Ventures, LLC proposed development concept for the approximately 63.8 acre Cross Border Project consists of a combination of land uses including retail space, industrial lots, two 150-room hotels, a cargo facility, a parking garage, and a cross-border terminal facility providing secure air-passenger access to the passenger terminals of the General Abelardo L. Rodriguez International Airport.

This entitlement demand for the Cross Border Project with the IBT land use will increase the expected demand to approximately 84,800 gpd or about 95 acre feet per year (ac-ft/yr). This is 31,100 gpd or 35 ac-ft/yr higher than the demand estimate in the District's 2009 WRMP.

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

The District's Urban Water Management Plan (UWMP) relies heavily on the UWMP's and Integrated Water Resources Plans (IRPs) of the Water Authority and Metropolitan for documentation of supplies available to meet projected demands. These plans are developed to manage the uncertainties and variability of multiple supply sources and demands over the long term through preferred water resources strategy adoption and resource development target approvals for implementation.

The new uncertainties that are significantly affecting California's water resources include:

- A Federal Court ruling that sets operational limits on Sacramento-San Joaquin Delta pumping from December to June to protect the Delta smelt. Water agencies are still trying to determine what effect the ruling will have on state water project deliveries. Actual supply curtailments for Metropolitan are contingent upon fish distribution, behavioral patterns, weather, Delta flow conditions, and how water supply reductions are divided between state and federal projects.
- Extended drought conditions.

These uncertainties have rightly caused concern among Southern California water supply agencies regarding the validity of the current water supply documentation.

Metropolitan's October 9, 2007 IRP Implementation Report acknowledges that significant challenges in some resource areas will likely require changes in strategies and implementation approaches in order to reach long-term IRP water supply targets. Significant progress in program implementation is being realized in most resource areas. However, a further examination of the uncertainty of State Water Project supplies, among other uncertainties, will be required to assess the ability of achieving the long-term IRP targets.

Metropolitan is currently involved in several proceedings concerning Delta operations to evaluate and address environmental concerns. In addition, at the State level, the Delta Vision and Bay-Delta Conservation Plan processes are defining long-term solutions for the Delta. Metropolitan is actively engaged in these processes and in October 2010, approved the update of their IRP. An approved implementation strategy update may not be forthcoming for a year or more.

The State Water Project (SWP) represents approximately 9% of Metropolitan's 2025 Dry Resources Mix with the supply buffer included. A 22% cutback in SWP supply represents an overall 2% (22% of 9% is 2%) cutback in Metropolitan supplies in 2025. Neither the Water Authority nor Metropolitan has stated that there is insufficient water for future planning in Southern California. Each agency is in the process of reassessing and reallocating their water resources.

Under preferential rights, Metropolitan can allocate water without regard to historic water purchases or dependence on Metropolitan. Therefore, the Water Authority and its member agencies are taking measures to reduce dependence on Metropolitan through development of additional supplies and a water supply portfolio that would not be jeopardized by a preferential rights allocation.

For Fiscal Year 2006 the Water Authority's preferential right was 16.56% of Metropolitan's supply. So Metropolitan could theoretically take an 8.5% cut out of the Water Authority's supply and theoretically, the Water Authority should have alternative water supply sources to make up for the difference.

In the Water Authority's 2005 UWMP, they had already planned to reduce reliance on Metropolitan supplies to 372,922 acre-feet per year by 2030, which is a 28% reduction from the Fiscal Year 2005 Water Authority purchase from Metropolitan. This reduction is planned to be achieved through diversification of their water supply portfolio. This reduction would more than compensate for the Metropolitan predicted 22% reduction in water supply available from the State Water Project, which could be an overall 2% cutback in Metropolitan total supplies in 2025.

The Water Authority's Drought Management Plan (May 2006) provides the Water Authority and its member agencies with a series of potential actions to engage when faced with a shortage of imported water supplies due to prolonged drought conditions. Such actions help avoid or minimize impacts of shortages and ensure an equitable allocation of supplies throughout the San Diego County region.

The District Board of Directors should acknowledge the ever-present challenge of balancing water supply with demand and the inherent need to possess a flexible and adaptable water supply implementation strategy that can be relied upon during normal and dry weather conditions. The responsible regional water supply agencies have and will continue to adapt their resource plans and strategies to meet climatological, environmental, and legal challenges so that they may continue to provide water supplies to their service areas. The regional water suppliers (i.e., the

Water Authority and Metropolitan), along with the District, fully intend to maintain sufficient reliable supplies through the 20-year planning horizon under normal, single, and multiple dry year conditions to meet projected demand of the Cross Border Project, along with existing and other planned development projects within the District's service area.

If the regional water suppliers determine additional water supplies will be required, or in this case, that water supply portfolios need to be reassessed and redistributed with the intent to serve the existing and future water needs throughout Southern California, the agencies must indicate the status or stage of development of actions identified in the plans they provide. Metropolitan's 2010 IRP update will then cause the Water Authority to update its IRP and UWMP, which will then provide the District with the necessary water supply documentation. Identification of a potential future action in such plans does not by itself indicate that a decision to approve or to proceed with the action has been made. The District's Board approval of the Cross Border Project WSA Report does not in any way guarantee water supply to the Cross Border Project.

Alternatively, if the WSA Report is written to state that water supply is or will be unavailable; the District must include, in the assessment, a plan to acquire additional water supplies. At this time, the District should not state there is insufficient water supply.

So the best the District can do right now is to state the current water supply situation clearly, indicating intent to provide supply through reassessment and reallocation by the regional, as well as, the local water suppliers. In doing so, it is believed that the Board has met the intent of the SB 610 statute, that the land use agencies and the water agencies are coordinating their efforts in planning water supplies for new development.

With District Board approval of the Cross Border Project WSA Report, the Project proponents can proceed with the draft environmental documentation required for the CEQA review process. The water supply issues will be addressed in these environmental documents, consistent with the WSA Report.

The District, as well as others, can comment on the draft EIR with recommendations that water conservation measures and actions be employed on the Cross Border Project.

Some recent actions regarding water supply assessments and verification reports by entities within Southern California are as follows:

- The City approved water supply assessment reports for both the La Jolla Crossings Project and the Quarry Falls Project in September 2007.

- Padre Dam Municipal Water District approved a water supply assessment report for the City of Santee's Fanita Ranch development project in April 2006. In October 2007, a follow-up letter was prepared stating the current uncertainties associated with the regional water supply situation. However, the letter concludes that sufficient water exists over the long run in reliance upon the assurances, plans, and projections of the regional water suppliers (Metropolitan and Water Authority).
- The District unanimously approved in July 2007 the Eastern Urban Center Water Supply and Assessment Report. The Board also approved the Judd Company Otay Crossings Commerce Park WSA Report on December 5, 2007 and the Otay Ranch L.P. Otay Ranch Preserve and Resort Project Water Supply Assessment and Verification Report on February 4, 2009.
- The District approved water supply assessment and verification reports for the City of Chula Vista Village 8 West Sectional Plan Area and Village 9 Sectional Plan Area. Staff is also working with the City of San Diego on a WSA for Scenario 3B Otay Mesa Community Plan Update. The Pio Pico Power Plant on Alta Road within the County of San Diego may also require a WSA for the temporary use of potable water to serve the power plant.

Water supplies necessary to serve the demands of the proposed Cross Border Project, along with existing and other projected future users, as well as the actions necessary to develop these supplies, have been identified in the water supply planning documents of the District, the Water Authority, and Metropolitan.

The WSA Report includes, among other information, an identification of existing water supply entitlements, water rights, water service contracts, or agreements relevant to the identified water supply needs for the proposed Cross Border Project. The WSA Report demonstrates and documents that sufficient water supplies are planned and are intended to be available over a 20-year planning horizon, under normal conditions and in single and multiple dry years to meet the projected demand of the proposed Cross Border Project and the existing and other planned development projects within the District.

Accordingly, after approval of a WSA Report for the Cross Border Project by the District's Board of Directors, the WSA Report may be used to comply with the requirements of the legislation enacted by Senate Bills 610 as follows:

Senate Bill (SB) 610 Water Supply Assessment: The District's Board of Directors approved WSA Report may be incorporated into the California Environmental Quality Act (CEQA) compliance process for the Cross Border Project as a water supply assessment report consistent with the requirements of the legislation enacted by SB 610. The City, as lead agency under the CEQA for the Cross Border Project environmental documentation, may cite the approved WSA Report

as evidence that a sufficient water supply is planned and intended to be available to serve the Cross Border Project.

EXHIBIT C



OTAY WATER DISTRICT

WATER SUPPLY ASSESSMENT REPORT
for the
San Diego - Tijuana Cross Border Facility

Prepared by:

Bob Kennedy, P.E.
Associate Civil Engineer
Otay Water District
in consultation with
PBS&J
and
San Diego County Water Authority

December 2010

**Otay Water District
Water Supply Assessment Report
December 2010**

San Diego - Tijuana Cross Border Facility

Table of Contents

Executive Summary.....	1
Section 1 - Purpose.....	6
Section 2 - Findings.....	7
Section 3 - Project Description	9
Section 4 – Otay Water District.....	11
Section 5 – Historical and Projected Water Demands	13
5.1 Demand Management (Water Conservation).....	20
Section 6 - Existing and Projected Supplies	22
6.1 Metropolitan Water District of Southern California 2005 Regional Urban Water Management Plan	22
6.2 San Diego County Water Authority Regional Water Supplies	25
6.2.1 Availability of Sufficient Supplies and Plans for Acquiring Additional Supplies	26
6.3 Otay Water District.....	37
6.3.1 Availability of Sufficient Supplies and Plans for Acquiring Additional Supplies	37
Section 7 – Conclusion: Availability of Sufficient Supplies	52
<i>Source Documents</i>	59

Appendices

Appendix A: San Diego – Tijuana Cross Border Facility Vicinity Map

Appendix B: San Diego – Tijuana Cross Border Facility Development Plan

**Otay Water District
Water Supply Assessment Report
December 2010**

San Diego – Tijuana Cross Border Facility

Executive Summary

The Otay Water District (WD) prepared this Water Supply Assessment Report (WSA Report) at the request of the City of San Diego (City) for the San Diego - Tijuana Cross Border Facility (Cross Border) Project. Otay - Tijuana Ventures, LLC submitted an entitlement application to the City for the development of the Cross Border Project.

The Cross Border Project is located within the jurisdictions of the Otay WD, the San Diego County Water Authority (Water Authority), and the Metropolitan Water District of Southern California (Metropolitan). To obtain permanent imported water supply service, land areas are required to be within the jurisdictions of the Otay WD, Water Authority, and Metropolitan.

The Otay - Tijuana Ventures, LLC proposed development concept for the approximately 63.8 acre Cross Border Project consists of a combination of land uses including retail space, industrial lots, two 150-room hotels, a cargo facility, a parking garage, and a cross-border terminal facility providing secure air-passenger access to the passenger terminals of the Tijuana Rodriguez International Airport.

The Cross Border Project entitlement approval is independent of the City's eventual adoption of land use Scenario 3B to their planned update to the Otay Mesa Community Plan (OMCP). The OMCP Update as planned will introduce a new land use designation known as International Business and Trade (IBT). The IBT land use designation combines the current Business Park and Light Industrial land use designations and allows for single and multiple tenant office, research and development, light manufacturing, and storage and distribution uses. The City is proposing to apply the IBT designation to portions of land adjacent to the border, other ports of entry, and lands in transition to higher intensity industries. Due to delays in the OMCP Update preparation and hearing schedule, Otay - Tijuana Ventures, LLC entitlement application includes a separate Community Plan Amendment (CPA) and a Planned Development Permit (PDP) to allow for the development of the Cross Border Project hotels, retail centers, cargo facility, parking garage, cross border terminal facility, and the industrial lots prior to adoption of the OMCP Update. This will include the new IBT land use designation on the industrial lots.

The expected demands for the Cross Border Project is 84,800 gallons per day (gpd) or about 95 acre feet per year (ac-ft/yr). This is 31,100 gpd or 35 ac-ft/yr higher than the demand estimate in the District's 2009 Water Resource Master Plan (WRMP). Otay - Tijuana Venture retained PBS&J to update the 2009 WRMP to include the entitlement densities and intensities of development proposed with the Otay Mesa Community Plan Update. The District's 2009 WRMP updated November, 2010 now includes the 95 ac-ft/yr demand estimate in the District's demand projections that was forwarded to the Water Authority for inclusion in their UWMP update. The projected recycled water demand for the proposed Cross Border Project is approximately 9,900 gpd or 11 ac-ft/yr, representing about 11% of the total Cross Border Project water demand.

The Cross Border Project development proponents are required to use recycled water for irrigation and other potential purposes. The primary benefit of using recycled water is that it will offset the potable water demand by an estimated 11 ac-ft/yr. The Otay WD 2009 WRMP and 2005 Urban Water Management Plan (UWMP) anticipated that the Cross Border Project site would use both potable and recycled water.

Planned Imported Water Supplies from the Water Authority and Metropolitan

The Water Authority and Metropolitan have an established process that ensures supplies are being planned to meet future growth. Any annexations and revisions to established land use plans are captured in the San Diego Association of Governments (SANDAG) updated forecasts for land use planning, demographics, and economic projections. SANDAG serves as the regional, intergovernmental planning agency that develops and provides forecast information. The Water Authority and Metropolitan update their demand forecasts and supply needs based on the most recent SANDAG forecast approximately every five years to coincide with preparation of their Urban Water Management Plans (UWMP). Prior to the next forecast update, local jurisdictions with land use authority may require water supply assessment and/or verification reports for proposed land developments that are not within the Otay WD, Water Authority, or Metropolitan jurisdictions (i.e. pending or proposed annexations) or that have revised land use plans with either lower or higher development intensities than reflected in the existing growth forecasts. Proposed land areas with pending or proposed annexations, or revised land use plans, typically result in creating higher demand and supply requirements than previously anticipated. The Otay WD, Water Authority, and Metropolitan next demand forecast and supply requirements and associated planning documents would then capture any increase or decrease in demands and required supplies as a result of annexations or revised land use planning decisions.

The California Urban Water Management Planning Act (Act), which is included in the California Water Code, requires all urban water suppliers within the state to prepare an UWMP and update it every five years. The purpose and importance of the UWMP has evolved since it was first required 25 years ago. State agencies and the public frequently use the document to determine if agencies are planning adequately to reliably meet future

demands. As such, UWMPs serve as an important element in documenting supply availability for the purpose of compliance with state laws, Senate Bill 610, linking water supply sufficiency to large land-use development approval. Agencies must also have a UWMP prepared, pursuant to the Act, in order to be eligible for state funding and drought assistance.

The Water Authority has started their update to their 2005 UWMP however a new legislative mandate, SBX 7-7 (2009) requires retail agencies to report their target for a 20 percent reduction in urban per capita use by December 31, 2020. To address the new per capita water use reduction measures, the bill grants a 6-month extension to urban retail water suppliers to submit their approved UWMP to the California Department of Water Resources (DWR) by July 1, 2011. As a wholesale supplier, the Water Authority did not receive the extension and is currently required to submit its UWMP to DWR by December 31, 2010. However, Senate Bill 1478 corrected language in SBX 7-7 to grant wholesale suppliers the same 6-month extension on their UWMPs.

The District's 2009 WRMP updated November, 2010 now includes the 95 acre-foot per year demand estimate in the District's demand projections that was forwarded to the Water Authority for inclusion in their UWMP update. SANDAG and the City of San Diego have also confirmed the land use Scenario 3B of the Otay Mesa Community Plan Update that forms the basis for the Cross Border Project entitlement was included in the Series 12 update that has been forwarded to both Metropolitan and the Water Authority for their future UWMP updates. The Series 12 update was also made available to Metropolitan for their use to develop demand projections in to their 2010 Integrated Resource Plan (IRP) Update.

Metropolitan's IRP identifies a mix of resources (imported and local) that, when implemented, will provide 100 percent reliability for full-service demands through the attainment of regional targets set for conservation, local supplies, State Water Project supplies, Colorado River supplies, groundwater banking, and water transfers. The 2004 update to the IRP (2004 IRP Update) includes a planning buffer supply intended to mitigate against the risks associated with implementation of local and imported supply programs and for the risk that future demands could be higher than projected. The planning buffer identifies an additional increment of water that could potentially be developed when needed and if other supplies are not fully implemented as planned. As part of implementation of the planning buffer, Metropolitan periodically evaluates supply development, supply conditions, and projected demands to ensure that the region is not under or over developing supplies. Managed properly, the planning buffer will help ensure that the southern California region, including San Diego County, will have adequate water supplies to meet long-term future demands.

Water supply agencies throughout California continue to face climate, environmental, legal, and other challenges that impact water source supply conditions, such as the court rulings regarding the Sacramento-San Joaquin Delta issues and the current ongoing drought impacting the western states. Challenges such as these essentially always will be present.

The regional water supply agencies, the Water Authority and Metropolitan, along with Otay WD nevertheless fully intend to have sufficient, reliable supplies to serve demands.

In Section II.4 of their 2005 Regional Urban Water Management Plan (RUWMP), Metropolitan states that through effective management of its water supply, they fully expect to be 100 percent reliable in meeting all non-discounted non-interruptible demands throughout the next twenty-five years. Metropolitan's 2005 RUWMP identifies potential reserve supplies in the supply capability analysis (Tables II-7, II-8, and II-9), which could be available to meet the unanticipated demands such as those related to the densification of the Cross Border Project.

The County Water Authority Act, Section 5 subdivision 11, states that the Water Authority "as far as practicable, shall provide each of its member agencies with adequate supplies of water to meet their expanding and increasing needs."

As part of preparation of a written water supply assessment report, an agency's shortage contingency analysis should be considered in determining sufficiency of supply. Section 9 of the Water Authority's 2005 Updated UWMP contains a detailed shortage contingency analysis that addresses a regional catastrophic shortage situation and drought management. The analysis demonstrates that the Water Authority and its member agencies, through the Emergency Response Plan, Emergency Storage Project, and Drought Management Plan (DMP) are taking actions to prepare for and appropriately handle an interruption of water supplies. The DMP, completed in May 2006, provides the Water Authority and its member agencies with a series of potential actions to take when faced with a shortage of imported water supplies from Metropolitan due to prolonged drought or other supply shortfall conditions. The actions will help the region avoid or minimize the impacts of shortages and ensure an equitable allocation of supplies.

Otay WD Water Supply Development Program

In evaluating the availability of sufficient water supply, the Cross Border Project development proponents will be required to participate in the water supply development program being implemented by the Otay WD. This is intended to be achieved through financial participation in several local and/or regional water supply development projects envisioned by the Otay WD. These water supply projects are in addition to those identified as sustainable supplies in the current Water Authority and Metropolitan UWMP, IRP, Master Plans, and other planning documents. These new water supply projects are in response to the regional water supply issues. These new additional water supply projects are not currently developed and are in various stages of the planning process. Imported water supplies along with the Otay WD water supply development projects supplies are planned to be developed and are intended to increase water supplies to serve the Cross Border Project water supply needs and that of other similar situated development projects. The Otay WD water supply development program includes but is not limited to projects such as the Middle Sweetwater River Basin Groundwater Well project, the North District Recycled Water Supply Concept, the Rosarito

Ocean Desalination Facility project, and the Rancho del Rey Groundwater Well project. The Water Authority and Metropolitan's next forecasts and supply planning documents would capture any increase in water supplies resulting from any new water resources developed by the Otay WD.

Findings

This WSA Report for the Cross Border Project has been prepared by the Otay WD in consultation with PBS&J, the Water Authority, and the City pursuant to Public Resources Code Section 21151.9 and California Water Code Sections 10631, 10656, 10657, 10910, 10911, 10912, and 10915 referred to as Senate Bill (SB) 610. SB 610 amended state law, effective January 1, 2002, to improve the link between information on water supply availability and certain land use decisions made by cities and counties. SB 610 requires that the water purveyor of the public water system prepare a water supply assessment to be included in the California Environmental Quality Act (CEQA) environmental documentation and approval process of certain proposed projects. The City requested that Otay WD prepare a water supply assessment as per the requirements of SB 610. The requirements of SB 610 are being addressed by this WSA Report.

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

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

This WSA Report includes, among other information, an identification of existing water supply entitlements, water rights, water service contracts, water supply projects, or agreements relevant to the identified water supply needs for the proposed Cross Border Project. This WSA Report demonstrates, and documents that sufficient water supplies are planned for and are intended to be available over a 20-year planning horizon, under normal conditions and in single and multiple dry years to meet the projected demand of the proposed Cross Border Project and the existing and other planned development projects to be served by the Otay WD.

Accordingly, after approval of a WSA Report for the Cross Border Project by the Otay WD Board of Directors (Board), the WSA Report may be used to comply with the requirements of the legislation enacted by Senate Bill 610 as follows:

Senate Bill 610 Water Supply Assessment: The Otay WD Board approved Cross Border Project WSA Report may be incorporated into the California Environmental Quality Act (CEQA) compliance process for the Cross Border Project as a water supply assessment report consistent with the requirements of the legislation enacted by SB 610. The City, as lead agency under CEQA for the Cross Border Project EIR, may cite the approved WSA Report as evidence that a sufficient water supply is planned for and is intended to be made available to serve the Cross Border Project.

Section 1 - Purpose

Otay - Tijuana Ventures, LLC submitted an entitlement application to the City of San Diego (City) for the development of the San Diego - Tijuana Cross Border Facility (Cross Border) Project. The City requested that the Otay Water District (WD) prepare a Water Supply Assessment (WSA) Report for the Cross Border Project. The Cross Border Project description is provided in Section 3 of this WSA Report.

This WSA Report for the Cross Border Project has been prepared by the Otay WD in consultation with PBS&J, the San Diego County Water Authority (Water Authority), and the City pursuant to Public Resources Code Section 21151.9 and California Water Code Sections 10631, 10656, 10910, 10911, 10912, and 10915 referred to as Senate Bill (SB) 610. SB 610 amended state law, effective January 1, 2002, intending to improve the link between information on water supply availability and certain land use decisions made by cities and counties. SB 610 requires that the water purveyor of the public water system prepare a water supply assessment to be included in the California Environmental Quality Act (CEQA) environmental documentation and approval process of certain proposed projects. The requirements of SB 610 are being addressed by this WSA Report.

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

This WSA Report evaluates water supplies that are planned to be available during normal, single dry year, and multiple dry water years during a 20-year planning horizon to meet existing demands, expected demands of the Cross Border Project, and reasonably foreseeable planned future water demands to be served by Otay WD. The Otay WD Board of Directors

approved WSA Report is planned to be used by the City in its evaluation of the Cross Border Project under the CEQA approval process procedures.

Section 2 - Findings

The Otay WD prepared this WSA Report at the request of the City for the Cross Border Project. Otay - Tijuana Ventures, LLC submitted an entitlement application to the City for the development of the Cross Border Project.

The Cross Border Project is located within the jurisdictions of the Otay WD, the Water Authority, and the Metropolitan Water District of Southern California (Metropolitan). To obtain permanent imported water supply service, land areas are required to be within the jurisdictions of the Otay WD, Water Authority, and Metropolitan to utilize imported water supply.

The Cross Border Project entitlement approval is **independent of the City's eventual adoption** of land use Scenario 3B to their planned update to the Otay Mesa Community Plan (OMCP). The OMCP Update as planned will introduce a new land use designation known as International Business and Trade (IBT). The IBT land use designation combines the current Business Park and Light Industrial land use designations and allows for single and multiple tenant office, research and development, light manufacturing, and storage and distribution uses. The City is proposing to apply the IBT designation to portions of land adjacent to the border, other ports of entry, and lands in transition to higher intensity industries. Due to delays in the OMCP Update preparation and hearing schedule, Otay - Tijuana Ventures, LLC entitlement application includes a separate Community Plan Amendment (CPA) and a Planned Development Permit (PDP) to allow for the development of the Cross Border Project hotels, retail centers, cargo facility, parking garage, cross border terminal facility, and the industrial lots prior to adoption of the OMCP Update. This will include the new IBT land use designation on the industrial lots.

Upon approval of the project, the IBT land use will increase the expected demand to approximately 84,800 gpd or about 95 acre feet per year (ac-ft/yr). This is 31,100 gpd or 35 ac-ft/yr higher than the demand estimate in the District's 2009 WRMP. Otay - Tijuana Venture retained PBS&J to update the 2009 WRMP to include the entitlement densities and intensities of development proposed with the Otay Mesa Community Plan Update. The District's 2009 WRMP updated November, 2010 now includes the 95 ac-ft/yr demand estimate in the District's demand projections that was forwarded to the Water Authority for inclusion in their UWMP update. The projected recycled water demand for the proposed Cross Border Project is approximately 9,900 gpd or 11 ac-ft/yr, representing about 11% of the total Cross Border Project water demand.

The Cross Border Project development proponents are required to use recycled water for irrigation and appropriate uses. The primary benefit of using recycled water is that it will offset the potable water demands by an estimated 11 ac-ft/yr. The Otay WD 2009 WRMP updated November, 2010 and 2005 Urban Water Management Plan (UWMP) anticipated that the land area to be utilized for the Cross Border Project would use both potable and recycled water.

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

The Water Authority and Metropolitan have an established process that ensures supplies are being planned to meet future growth. Any annexations and revisions to established land use plans are captured in the San Diego Association of Governments (SANDAG) updated forecasts for land use planning, demographics, and economic projections. SANDAG serves as the regional, intergovernmental planning agency that develops and provides forecast information. The Water Authority and Metropolitan update their demand forecasts and supply needs based on the most recent SANDAG forecast approximately every five years to coincide with preparation of their urban water management plans. Prior to the next forecast update, local jurisdictions may require water supply assessment and/or verification reports for proposed land developments that are not within the Otay WD, Water Authority, or Metropolitan jurisdictions (i.e. pending or proposed annexations) or that have revised land use plans with lower or higher land use intensities than reflected in the existing growth forecasts. Proposed land areas with pending or proposed annexations, or revised land use plans, typically result in creating higher demand and supply requirements than anticipated. The Otay WD, the Water Authority, and Metropolitan next demand forecast and supply requirements and associated planning documents would then capture any increase or decrease in demands and required supplies as a result of annexations or revised land use planning decisions.

This process is utilized by the Water Authority and Metropolitan to document the water supplies necessary to serve the demands of any proposed development project, along with

existing and other projected future users, as well as the actions necessary to develop any required water supplies. Through this process the necessary demand and supply information is thus assured to be identified and incorporated within the water supply planning documents of the Water Authority and Metropolitan.

This WSA Report includes, among other information, an identification of existing water supply entitlements, water rights, water service contracts, proposed water supply projects, and agreements relevant to the identified water supply needs for the proposed Cross Border Project. This WSA Report incorporates by reference the current Urban Water Management Plans and other water resources planning documents of the Otay WD, the Water Authority, and Metropolitan. The Otay WD prepared this WSA Report to assess and document that sufficient water supplies are planned for and are intended to be acquired to meet projected water demands of the Cross Border Project as well as existing and other reasonably foreseeable planned development projects within the Otay WD for a 20-year planning horizon, in normal supply years and in single dry and multiple dry years.

Based on a normal water supply year, the five-year increments for a 20-year projection indicate projected potable and recycled water supply is being planned for and is intended to be acquired to meet the estimated water demand of the Otay WD (49,812 acre-feet (ac-ft) in 2010 to 82,405 ac-ft in 2030 per the Otay WD 2005 UWMP). Based on dry year forecasts, the estimated water supply is also being planned for and is intended to be acquired to meet the projected water demand, during single dry and multiple dry year scenarios. On average, the dry-year demands are about 7% higher than the normal demands. The Otay WD recycled water supply is assumed to be drought-proof and not subject to reduction during dry periods.

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

Section 3 - Project Description

The Cross Border Project is located within the Otay Mesa Community Plan (OMCP) area in the City of San Diego. Refer to Appendix A for a vicinity map of the proposed Cross Border Project. The Cross Border Project is bounded by Siempre Viva Road to the north and the U.S./Mexico international border to the south. The Cross Border Project is within the jurisdictions of the Otay WD, the Water Authority, and Metropolitan Water District of Southern California (Metropolitan). Although the proposed development is located within the municipal boundaries of the City and subject to the City's land use jurisdiction, the Otay WD is the potable and recycled water purveyor.

The Cross Border Project entitlement approval is independent of the City’s eventual adoption of land use Scenario 3B to their planned update to the Otay Mesa Community Plan (OMCP). The OMCP Update as planned will introduce a new land use designation known as International Business and Trade (IBT). The IBT land use designation combines the current Business Park and Light Industrial land use designations and allows for single and multiple tenant office, research and development, light manufacturing, and storage and distribution uses. The City is proposing to apply the IBT designation to portions of land adjacent to the border, other ports of entry, and lands in transition to higher intensity industries. Due to delays in the OMCP Update preparation and hearing schedule, Otay - Tijuana Ventures, LLC entitlement application includes a separate Community Plan Amendment (CPA) and a Planned Development Permit (PDP) to allow for the development of the Cross Border Project hotels, retail centers, cargo facility, parking garage, cross border terminal facility, and the industrial lots prior to adoption of the OMCP Update. This will include the new IBT land use designation on the industrial lots.

The City’s OMCP Update is currently in the development planning process phase and is scheduled for adoption in 2011. The OMCP area is a dynamic and rapidly developing area of the City. The OMCP Update will establish goals and objectives for future development that will implement the vision and policies while enhancing the image of the Otay Mesa.

The proposed development concept for the approximately 63.8 acre Cross Border Project is planned as a combination of land uses as shown in Table 1.

Table 1
Cross Border Project Proposed Land Uses

Project Element	Land Use	Gross Area	Dwelling Units
Cross Border Facility (73,500 sq. ft.)	Industrial/Commercial	9.1 acres	0
Parking Garage	Industrial/Commercial	9.0 acres	0
Cargo	Industrial/Commercial	5.0 acres	0
International Business & Trade	Industrial	17.1 acres	0
Retail Shops (78,500 sq. ft.)	Commercial	5.2 acres	0
Hotels (2)	Commercial	10.1 acres	300 Rooms
Streets/Detention Basin	Public Facility	8.3 acres	0
	Totals	63.8 acres	300 Rooms

Source: Latitude 33, San Diego - Tijuana Cross Border Facility Lot Area Exhibit, September 24, 2009 (Appendix B)

The Cross Border Project is on approximately 63.8 acres and is planned to include retail space, industrial lots, two 150-room hotels, a cargo facility, a parking garage, and a cross-

border terminal facility providing secure air-passenger access to the passenger terminals of the Tijuana Rodriguez International Airport. The terminal facility does not plan to utilize cooling towers for air conditioning purposes. Additionally, the site proposed to develop two 150-room hotels and approximately 78,500 square feet of retail space that will serve the crossing facility customer needs. The remaining industrial lots do not include any specific development plans. As each of these lots develops in the future, it would be subject to the project approval and permitting processes of the City and Otay WD. Refer to Appendix B for the proposed development plan of the Cross Border Project.

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

Section 4 – Otay Water District

The Otay WD is a municipal water district formed in 1956 pursuant to the Municipal Water District Act of 1911 (Water Code §§ 71000 et seq.). The Otay WD joined the Water Authority as a member agency in 1956 to acquire the right to purchase and distribute imported water throughout its service area. The Water Authority is an agency responsible for the wholesale supply of water to its 24 public agency members in San Diego County.

The Otay WD currently relies on the Water Authority for 100 percent of its treated water supply. The Water Authority is the agency responsible for the supply of imported water into San Diego County through its membership in Metropolitan. The Water Authority currently obtains the vast majority of its imported supply from Metropolitan, but is in the process of further diversifying its available supplies.

The Otay WD provides water service to residential, commercial, industrial, and agricultural customers, and for environmental and fire protection uses. In addition to providing water throughout its service area, Otay WD also provides sewage collection and treatment services to a portion of its service area known as the Jamacha Basin. The Otay WD also owns and operates the Ralph W. Chapman Water Reclamation Facility (RWCWRF) which has an effective treatment capacity of 1.2 million gallons per day (mgd) or about 1,300 acre feet per year (ac-ft/yr) to produce recycled water. On May 18, 2007 an additional source of recycled water supply, at least 6 mgd, or about 6,720 ac-ft/yr, became available to Otay WD from the City of San Diego's South Bay Water Reclamation Plant (SBWRP).

The Otay WD jurisdictional area is generally located within the south central portion of San Diego County and includes approximately 125 square miles. The Otay WD serves portions of the unincorporated communities of southern El Cajon, La Mesa, Rancho San Diego, Jamul, Spring Valley, Bonita, and Otay Mesa, the eastern portion of the City of Chula Vista and a portion of the City of San Diego on Otay Mesa. The Otay WD jurisdiction boundaries are roughly bounded on the north by the Padre Dam Municipal Water District, on the northwest by the Helix Water District, and on the west by the South Bay Irrigation District (Sweetwater Authority) and the City of San Diego. The southern boundary of Otay WD is the international border with Mexico.

The planning area addressed in the Otay WD 2009 Water Resources Master Plan (2009 WRMP) and the Otay WD revised 2005 Urban Water Management Plan (2005 UWMP) includes the land within the jurisdictional boundary of the Otay WD and those areas outside of the present Otay WD boundaries considered to be in the Area of Influence of the Otay WD. Figure 2-1 contained within the Otay WD 2009 WRMP shows the jurisdictional boundary of the Otay WD and the Area of Influence. The planning area is approximately 143 square miles, of which approximately 125 square miles are within the Otay WD current boundaries and approximately 18 square miles are in the Area of Influence. The area east of Otay WD is rural and currently not within any water purveyor jurisdiction and potentially could be served by the Otay WD in the future if the need for imported water becomes necessary, as is the case for the Area of Influence.

The City of Chula Vista, the City of San Diego, and the County of San Diego are the three land use planning agencies within the Otay WD jurisdiction. Data on forecasts for land use planning, demographics, economic projections, population, and the future rate of growth within Otay WD were obtained from the San Diego Association of Governments (SANDAG). SANDAG serves as the regional, intergovernmental planning agency that develops and provides forecast information through the year 2050. Population growth within the Otay WD service area is expected to increase from the 2005 figure of approximately 179,000 to an estimated 268,000 by 2025, and is estimated to be 277,000 at ultimate build out. Land use information used to develop water demand projections are based upon Specific or Sectional Planning Areas, the Otay Ranch General Development Plan/Sub-regional Plan, East Otay Mesa Specific Plan Area, San Diego County Community Plans, and City of San Diego, City of Chula Vista, and County of San Diego General Plans.

The Otay WD long-term historic growth rate has been approximately 3% per year. Up until the recent economic downturn, growth was occurring at a faster rate due to accelerated residential development in the eastern portion of the City of Chula Vista. The growth rate has significantly slowed due to the current economic conditions and it is expected to slow as the inventory of developable land is diminished.

Climatic conditions within the Otay WD service area are characteristically Mediterranean near the coast, with mild temperatures year round. Inland areas are both hotter in summer and cooler in winter, with summer temperatures often exceeding 90 degrees and winter

temperatures occasionally dipping to below freezing. Most of the region's rainfall occurs during the months of December through March. Average annual rainfall is approximately 9.4 inches per year.

Historic climate data were obtained from the Western Regional Climate Center for Station 042706 (El Cajon). This station was selected because its annual temperature variation is representative of most of the Otay WD service area. While there is a station in the City of Chula Vista, the temperature variation at the City of Chula Vista station is more typical of a coastal environment than the conditions in most of the Otay WD service area.

Urban Water Management Plan

In accordance with the California Urban Water Management Planning Act, the Otay WD Board of Directors adopted an Urban Water Management Plan in December 2005 and subsequently submitted the plan to the California Department of Water Resources (DWR). DWR required Otay WD to make revisions to the submitted plan. The Otay WD Board of Directors adopted the revised Otay WD 2005 UWMP in July 2007. As required by law, the Otay WD 2005 UWMP includes projected water supplies required to meet future demands through 2030. In accordance with Water Code Section 10910 (c)(2) and Government Code Section 66473.7 (c)(3), information from the Otay WD 2005 UWMP along with supplemental information from the Otay WD 2009 WRMP updated November, 2010 have been utilized to prepare this WSA Report and are incorporated herein by reference.

Section 5 – Historical and Projected Water Demands

The projected demands for Otay WD are based on Specific or Sectional Planning Areas, the Otay Ranch General Development Plan/Sub-regional Plan, the East Otay Mesa Specific Plan Area, San Diego County Community Plans, and City of San Diego, City of Chula Vista, and County of San Diego General Plans. This land use information is also used by SANDAG as the basis for its most recent forecast data. This land use information is utilized in the preparation of the Otay WD 2009 WRMP updated November, 2010 and Otay WD 2005 UWMP to develop the forecasted demands and supply requirements.

In 1994, the Water Authority selected the Institute for Water Resources-Municipal and Industrial Needs (MAIN) computer model to forecast municipal and industrial water use for the San Diego region. The MAIN model uses demographic and economic data to project sector-level water demands (i.e. residential and non-residential demands). This econometric model has over a quarter of a century of practical application and is used by many cities and water agencies throughout the United States. The Water Authority's version of the MAIN model was modified to reflect the San Diego region's unique parameters and is known as CWA-MAIN.

The foundation of the water demand forecast is the underlying demographic and economic projections. This was a primary reason, why, in 1992 the Water Authority and SANDAG entered into a Memorandum of Agreement (MOA), in which the Water Authority agreed to use the SANDAG current regional growth forecast for water supply planning purposes. In addition, the MOA recognizes that water supply reliability must be a component of San Diego County's regional growth management strategy required by Proposition C, as passed by the San Diego County voters in 1988. The MOA ensures a strong linkage between local general plan land use forecasts and water demand projections and resulting supply needs for the San Diego region.

Consistent with the previous CWA-MAIN modeling efforts, on February 26, 2010, the SANDAG Board of Directors accepted the Series 12: 2050 Regional Growth Forecast. The 2050 Regional Growth Forecast will be used by SANDAG as the foundation for the next Regional Comprehensive Plan update. SANDAG forecasts also are used by local governments for planning, including the San Diego County Water Authority 2010 Urban Water Management Plan update. The SANDAG Series 12: 2050 Regional Growth Forecast included the land use Scenario 3B of the Otay Mesa Community Plan Update that forms the basis for the entitlement densities and intensities of development for this project.

The municipal and industrial forecast also included an updated accounting of projected conservation savings based on projected regional implementation of the California Urban Water Conservation Council (CUWCC) Best Management Practices and SANDAG demographic information for the period 2005 through 2030. These savings estimates were then factored into the baseline municipal and industrial demand forecast.

A separate agricultural model, also used in prior modeling efforts, was used to forecast agricultural water demands within the Water Authority service area. This model estimates agricultural demand to be met by the Water Authority's member agencies based on agricultural acreage projections provided by SANDAG, crop distribution data derived from the Department of Water Resources and the California Avocado Commission, and average crop-type watering requirements based on California Irrigation Management Information System data.

The Water Authority and Metropolitan update their water demand and supply projections within their jurisdictions utilizing the SANDAG most recent growth forecast to project future water demands. This provides for the important strong link between demand and supply projections to the land use plans of the cities and the county. This provides for consistency between the retail and wholesale agencies water demand projections, thereby ensuring that adequate supplies are and will be planned for the Otay WD existing and future water users. Existing land use plans, any revisions to land use plans, and annexations are captured in the SANDAG updated forecasts. The Water Authority and Metropolitan will update their demand forecasts based on the SANDAG most recent forecast approximately every five years to coincide with preparation of their urban water management plans. Prior to the next forecast update, local jurisdictions may require water supply assessment and/or verification reports

consistent with Senate Bills 610 and 221 for proposed land use developments that either have pending or proposed annexations into the Otay WD, Water Authority, and Metropolitan or that have revised land use plans than originally anticipated. The Water Authority and Metropolitan's next forecasts and supply planning documents would then capture any increase or decrease in demands caused by annexations or revised land use plans.

The state of California Business and Professions Code Section 11010 and Government Code Sections 65867.5, 66455.3, and 66473.7, are referred to as SB 221, requires affirmative written verification from the water purveyor of the public water system that sufficient water supplies are to be available for certain residential subdivisions of property prior to approval of a tentative map. SB 221 compliance does not apply to the Cross Border Project as it is an industrial subdivision.

In evaluating the availability of sufficient water supply, the Cross Border Project development proponents will be required to participate in the development of alternative water supply project(s). This can be achieved through payment of the New Water Supply Fee adopted by the Otay Water District Board in May 2010. These water supply projects are in addition to those identified as sustainable supplies in the current Water Authority and Metropolitan UWMP, IRP, Master Plans, and other planning documents. These new water supply projects are in response to the regional water supply issues related to climatological, environmental, legal, and other challenges that impact water source supply conditions, such as the court rulings regarding the Sacramento-San Joaquin Delta and the current ongoing western states drought conditions. These new additional water supply projects are not currently developed and are in various stages of the planning process. The Otay WD water supply development program includes but is not limited to projects such as the Middle Sweetwater River Basin Groundwater Well project, the North District Recycled Water Supply Concept, the Rosarito Ocean Desalination Facility project, and the Rancho del Rey Groundwater Well project. The Water Authority and Metropolitan's next forecasts and supply planning documents would capture any increase in water supplies resulting from any new water resources developed by the Otay WD.

In addition, Metropolitan's 2005 Regional Urban Water Management Plan identified potential reserve supplies in the supply capability analysis (Tables II-7, II-8, and II-9), which could be available to meet any unanticipated demands. The Water Authority and Metropolitan's next forecasts and supply planning documents would capture any increase in necessary supply resources resulting from any new water supply resources.

Demand Methodology

The Otay WD water demand projection methodology utilizes a component land use approach. This is done by applying representative values of water use to the acreage of each land use type and then aggregating these individual land use demand projections into an overall total demand for the Otay WD. This is called the water duty method, and the water duty is the amount of water used in gallons per day per acre per year. This approach is used for all the

land use types except residential development where a demand per dwelling unit was applied. In addition, commercial and industrial water use categories are further subdivided by type including separate categories for golf courses, schools, jails, prisons, hospitals, etc. where specific water demands are established.

To determine water duties for the various types of land use, the entire water meter database of the Otay WD is utilized and sorted by the appropriate land use types. The metered consumption records are then examined for each of the land uses, and water duties are determined for the various types of residential, commercial, industrial, and institutional land uses. For example the water duty factors for commercial and industrial land uses are estimated using 1,785 and 893 gallons per day per acre (gpd/acre) respectively. Residential water demand is established based on the same data but computed on a per-dwelling unit basis. The focus is to ensure that for each of the residential land use categories (very low, low, medium, and high densities), the demand criteria used is adequately represented based upon actual data. This method is used because residential land uses constitute a substantial percentage of the total developable planning area of the Otay WD.

The future underlying land use designation for the Cross Border Project industrial lots will be the IBT land use designation, which combines uses permitted in both the Business Park and light industrial designations. The designation allows for single- and multi-tenant office, research and development, light manufacturing, and storage and distribution uses. Because there is no water demand rate established for IBT in the Series 11 employment data, City staff established an employee density of 30 employees per acre and a water demand factor of 60 gpd per employee for a demand of 1,800 gpd per acre. The IBT Rate assumes a mixture of 1/3 heavy industrial, 1/3 light industrial, and 1/3 industrial parks.

Given the unusual nature of the terminal building, the development of reasonable and supportable estimates of water demand in this instance merits a customized approach. After carefully considering the proposed design and function of the facility, including its passenger counts and employee counts, water use for the terminal building is evaluated on a per passenger and per employee based projection of water demands.

The 2009 WRMP calculates potable water demand by taking the gross acreage of a site and applying a potable water reduction factor (PWRF), which is intended to represent the percentage of acreage to be served by potable water and that not served by recycled water for irrigation. For industrial land use, as an example, the PWRF is 0.95 (i.e., 95% of the site is assumed to be served by potable water, 5% of the site is assumed to be irrigated with recycled water). The potable net acreage is then multiplied by the unit demand factor corresponding to its respective land use. This approach is used in the 2009 WRMP for all the land use types except residential development where a demand per dwelling unit is applied. In addition, commercial and industrial water use categories are further subdivided by type including separate categories for golf courses, schools, jails, prisons, hospitals, etc. where specific water demands are allocated.

Otay WD Projected Demand

By applying the established water duties to the proposed land uses, the projected water demand for the entire Otay WD planning area at ultimate development is determined. Projected water demands for the intervening years were determined using growth rate projections consistent with data obtained from SANDAG and the experience of the Otay WD.

The historical and projected potable water demands for Otay WD are shown in Table 2.

Table 2
Historical and Projected Potable Water Fiscal Year Demands (acre-feet)
Incorporating Water Conservation BMP Efforts¹

Water Use Sectors	1995	2000	2005	2010	2015	2020	2025	2030
Single Family Residential	10,604	15,331	19,850	25,442	29,130	33,316	37,211	42,089
Multi-Family Residential	1,880	1,986	2,893	3,708	4,245	4,855	5,423	6,134
Commercial & Industrial	1,650	3,043	1,549	1,986	2,274	2,600	2,904	3,285
Institutional & Governmental	1,680	2,089	2,115	2,711	3,104	3,550	3,965	4,485
Landscape	3,983	6,256	8,512	10,910	12,491	14,286	15,956	18,048
Agricultural	487	171	2,268	2,907	3,328	3,806	4,251	4,809
Known Losses	*	*	511	655	749	857	957	1,083
System Losses	*	1,733	1,076	1,494	1,711	1,957	2,186	2,472
Totals	20,284	30,609	38,774	49,813	57,032	65,227	72,853	82,405

¹ Source: Otay WD 2005 UWMP.

* Known losses (i.e. unaccounted for water in the Otay WD 2005 UWMP) and system losses unavailable.

The historical and projected recycled water demands for Otay WD are shown in Table 3.

Table 3
Historical and Projected Recycled Water Fiscal Year Demands (acre-feet)
Incorporating Water Conservation BMP Efforts¹

Water Use Sector	1995	2000	2005	2010	2015	2020	2025	2030
Landscape	614	1,274	1,155	4,040	4,684	5,430	6,294	7,297
Totals	614	1,274	1,155	4,040	4,684	5,430	6,294	7,297

¹ Source: Otay WD 2005 UWMP.

Cross Border Project Projected Water Demand

Using the land use demand projection noted above, the projected potable water demand and projected recycled water demand for the proposed Cross Border Project are shown in Table 4 and Table 5 respectively. The projected potable water demand is 84,800 gpd, or about 95 ac-ft/yr. The projected recycled water demand is 9,900 gpd, or about 11 ac-ft/yr, representing about 11% of the total Cross Border Project demand.

Table 4
Cross Border Facility Project Projected Potable
Water Annual Average Demands

Location (Land Use)	Gross Acreage	Potable Water Factor	Net Potable Acreage/Units	Unit Rate	Average Demand
Cross Border Facility (73,500 sq. ft. of Industrial/Commercial) ¹	9.1	--			
Passengers			6,500 persons	2.1 gpd/person	13,700 gpd
Employees			69 persons	23 gpd/person	1,600 gpd
Parking Garage (Industrial/Commercial) ²	9.0	100%	9.0 ac	45 gpd/ac	400 gpd
Cargo (Industrial/Commercial)	5.0	95%	4.8 ac	893 gpd/ac	4,300 gpd
Industrial Lots ³	17.1	95%	16.8 ac	1,800 gpd/ac	30,300 gpd
Retail Shops (78,500 sq. ft. of Commercial) ⁴	5.2	80%	4.2 ac	1,785 gpd/ac	7,500 gpd
Hotels (Commercial) ⁵	10.1	--	300 rooms	90 gpd/room	27,000 gpd
Streets/Detention Basin (Public Facility)	8.3	--	--	--	--
Totals	63.8 acres				84,800 gpd

¹ The employee unit use factor based on scheduled air transportation employee water use from the “Commercial and Industrial End Uses of Water” report by the American Wastewater Association Research Foundation.

² Parking garage demands assumed to be equivalent to 5% of industrial land use unit demands.

³ Industrial demands use IBT unit use factors.

⁴ Commercial demands are per criteria from the 2009 WRMP.

⁵ Hotel indoor water use based on industry references from the American Wastewater Association Research Foundation “Commercial and Industrial End Uses of Water”, 2000.

The Cross Border Project development proponents are required to use recycled water for irrigation and for other appropriate uses. The primary benefit of using recycled water is that it will offset the potable water demands by an estimated 11 ac-ft/yr. The 2009 WRMP and 2005 UWMP anticipated that the Cross Border Project site would use both potable and recycled water.

Table 5
Cross Border Project Projected Recycled
Water Average Demands

Location (Land Use)	Gross Acreage	Recycled Water Factor	Net Recycled Acreage	Unit Rate	Average Demand
Cross Border Facility	9.1 acres	5%	0.46 acres	2,155 gpd/acre	1,000 gpd
Parking Garage	9.0 acres	0%	0.00 acres	2,155 gpd/acre	0 gpd
Cargo	5.0 acres	5%	0.25 acres	2,155 gpd/acre	500 gpd
Industrial Lots	17.1 acres	5%	0.85 acres	2,155 gpd/acre	1,800 gpd
Retail Shops	5.2 acres	20%	1.04 acres	2,155 gpd/acre	2,200 gpd
Hotels	10.1 acres	20%	2.02 acres	2,155 gpd/acre	4,400 gpd
Streets/Detention Basin	8.3 acres	--	--	--	--
Totals	63.8 acres				9,900 gpd

The Otay WD 2009 WRMP projected a potable water demand for the project site based on land uses prior to the IBT designation. Using the Otay WD unit demand factors, the projected potable water demand is approximately 53,700 gpd, or approximately 60 ac-ft/yr. Assuming that all supply for the Cross Border Project would be from imported water resources, the projected potable water demand of the Cross Border Project exceeds the imported water planned supply to the site by approximately 31,100 gpd, or approximately 35 ac-ft/yr as summarized in Table 6. The projected recycled water demand for the proposed Cross Border Project is approximately 9,900 gpd or 11 ac-ft/yr, representing about 10% of the total Cross Border Project water demand.

Table 6
Cross Border Facility Project Projected Potable
Water Demand/Supply Comparison

Demand/Supply Projection	Water Demand/Supply	
	Gallons per day	Acre feet per year
Cross Border Project Projection	90,400	95
Otay WD 2009 WRMP Projection	53,700	60
Difference	36,700	35

5.1 Demand Management (Water Conservation)

Demand management, or water conservation is a critical part of the Otay WD 2005 UWMP and its long term strategy for meeting water supply needs of the Otay WD customers. Water conservation, is frequently the lowest cost resource available to any water agency. The goals of the Otay WD water conservation programs are to:

- Reduce the demand for more expensive, imported water.
- Demonstrate continued commitment to the Best Management Practices (BMP).
- Ensure a reliable water supply.

The Otay WD is signatory to the Memorandum of Understanding (MOU) Regarding Urban Water Conservation in California, which created the California Urban Water Conservation Council (CUWCC) in 1991 in an effort to reduce California's long-term water demands. Water conservation programs are developed and implemented on the premise that water conservation increases the water supply by reducing the demand on available supply, which is vital to the optimal utilization of a region's water supply resources. The Otay WD participates in many water conservation programs designed and typically operated on a shared cost participation program basis among the Water Authority, Metropolitan, and their member agencies. The demands shown in Tables 2, 3, 4, and 5 take into account implementation of water conservation measures within Otay WD.

As one of the first signatories to the MOU Regarding Urban Water Conservation in California, the Otay WD has made BMP implementation for water conservation the cornerstone of its conservation programs and a key element in its water resource management strategy. As a member of the Water Authority, Otay WD also benefits from regional programs performed on behalf of its member agencies. The BMP programs implemented by Otay WD and regional BMP programs implemented by the Water Authority that benefit all their member agencies are addressed in the Otay WD 2005 UWMP. In partnership with the Water Authority, the County of San Diego, City of San Diego, City of Chula Vista, and developers, the Otay WD water conservation efforts are expected to grow and expand. The resulting savings directly relate to additional available water in the San Diego County region for beneficial use within the Water Authority service area, including the Otay WD.

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

Supervisory Control and Data Acquisition System

The Otay WD implemented and has operated for many years a Supervisor Control and Data Acquisition (SCADA) system to control, monitor, and collect data regarding the operation of the water system. The major facilities that have SCADA capabilities are the water flow control supply sources, transmission network, pumping stations, and water storage reservoirs. The SCADA system allows for many and varied useful functions. Some of these functions provide for operating personnel to monitor the water supply source flow rates, reservoir levels, turn on or off pumping units, etc. The SCADA system aids in the prevention of water reservoir overflow events and increases energy efficiency.

Water Conservation Ordinance

California Water Code Sections 375 et seq. permit public entities which supply water at retail to adopt and enforce a water conservation program to reduce the quantity of water used by the people therein for the purpose of conserving water supplies of such public entity. The Otay WD Board of Directors established a comprehensive water conservation program pursuant to California Water Code Sections 375 et seq., based upon the need to conserve water supplies and to avoid or minimize the effects of any future shortage. A water shortage could exist based upon the occurrence of one or more of the following conditions:

1. A general water supply shortage due to increased demand or limited supplies.
2. Distribution or storage facilities of the Water Authority or other agencies become inadequate.
3. A major failure of the supply, storage, and distribution facilities of Metropolitan, Water Authority, and/or Otay WD.

The Otay WD water conservation ordinance finds and determines that the conditions prevailing in the San Diego County area require that the available water resources be put to maximum beneficial use to the extent to which they are capable, and that the waste or unreasonable use, or unreasonable method of use, of water be prevented and that the conservation of such water be encouraged with a view to the maximum reasonable and beneficial use thereof in the interests of the people of the Otay WD and for the public welfare.

As a signatory to the MOU Regarding Urban Water Conservation in California, the Otay WD is required to submit biannual reports that detail the implementation of current water conservation practices. The Otay WD voluntarily agreed to implement the fourteen water conservation Best Management Practices beginning in 1992. The Otay WD submits its report to the CUWCC every two years. The Otay WD BMP Reports for 2001 to 2004, as well as the BMP Coverage Report for 2003-04, are included in the Otay WD 2005 UWMP.

The Cross Border Project will implement the CUWCC Best Management Practices for water conservation such as installation of ultra low flow toilets, development of a water conservation plan, and potential beneficial use of recycled water, all of which are typical requirements of development projects within the City of San Diego.

Section 6 - Existing and Projected Supplies

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

The Water Authority through two delivery pipelines, referred to as Pipeline No. 4 and the La Mesa Sweetwater Extension Pipeline, currently supply the Otay WD with 100 percent of its potable water. The Water Authority in turn, currently purchases the majority of its water from Metropolitan. Due to the Otay WD reliance on these two agencies, this WSA Report includes referenced documents that contain information on the existing and projected supplies, supply programs, and related projects of the Water Authority and Metropolitan. The Otay WD, Water Authority, and Metropolitan are actively pursuing programs and projects to further diversify their water supply resources.

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

6.1 Metropolitan Water District of Southern California 2005 Regional Urban Water Management Plan

In November 2005, Metropolitan adopted its 2005 Regional Urban Water Management Plan (RUWMP). The 2005 RUWMP provides Metropolitan's member agencies, retail water utilities, cities, and counties within its service area with, among other things, a detailed evaluation of the supplies necessary to meet future demands, and an evaluation of reasonable and practical efficient water uses, recycling, and conservation activities. During the preparation of the 2005 RUWMP, Metropolitan also utilized the previous SANDAG regional growth forecast in calculating regional water demands for the Water Authority service area.

6.1.1 Availability of Sufficient Supplies and Plans for Acquiring Additional Supplies

Metropolitan is a wholesale supplier of water to its member public agencies and obtains its supplies from two primary sources: the Colorado River, via the Colorado River Aqueduct (CRA), which it owns and operates, and Northern California, via the State Water Project (SWP). The 2005 RUWMP documents the availability of these existing supplies and additional supplies necessary to meet future demands.

6.1.1.1 Metropolitan Supplies

Metropolitan's Integrated Resources Plan (IRP) identifies a mix of resources (imported and local) that, when implemented, will provide 100 percent reliability for full-service demands through the attainment of regional targets set for conservation, local supplies, State Water Project supplies, Colorado River supplies, groundwater banking, and water transfers. The 2010 update to the IRP (2010 IRP Update) includes a planning buffer supply intended to mitigate against the risks associated with implementation of local and imported supply programs and for the risk that future demands could be higher than projected. The planning buffer identifies an additional increment of water that could potentially be developed when needed and if other supplies are not fully implemented as planned. As part of implementation of the planning buffer, Metropolitan periodically evaluates supply development, supply conditions, and projected demands to ensure that the region is not under or over developing supplies. Managed properly, the planning buffer will help ensure that the southern California region, including San Diego County, will have adequate water supplies to meet future demands.

In November 2005, Metropolitan adopted its 2005 RUWMP in accordance with state law. The resource targets included in the preceding 2004 IRP Update serve as the foundation for the planning assumptions used in the 2005 RUWMP. Metropolitan's 2005 RUWMP contains a water supply reliability assessment that includes a detailed evaluation of the supplies necessary to meet demands over a 25-year period in average, single dry year, and multiple dry year periods. As part of this process, Metropolitan also uses the current SANDAG regional growth forecast in calculating regional water demands for the Water Authority's service area.

As stated in Metropolitan's 2005 RUWMP, that plan may be used as a source document for meeting the requirements of SB 610 and SB 221 until the next scheduled update is completed in 2010. The 2005 RUWMP includes a "Justifications for Supply Projections" in Appendix A.3, that provides detailed documentation of the planning, legal, financial, and regulatory basis for including each source of supply in the plan. A copy of Metropolitan's 2005 RUWMP can be found on the internet at the following site address:
http://www.mwdh2o.com/mwdh2o/pages/yourwater/RUWMP/RUWMP_2005.pdf

SANDAG has included the increase in density from this project in their latest Series 12 Update. Now that Metropolitan has updated their IRP, both Metropolitan and the Water Authority will be updating their UWMPs. The UWMP for both Metropolitan and the Water Authority will include the increase in demand projections included in SANDAG's Series 12 Update and from the projections from Otay WD 2009 WRMP updated November, 2010.

Water supply agencies throughout California continue to face climate, environmental, legal, and other challenges that impact water source supply conditions, such as the court rulings regarding the Sacramento-San Joaquin Delta and the current western states drought conditions. Challenges such as these essentially always will be present. The regional water

supply agencies, the Water Authority and Metropolitan, along with Otay WD nevertheless fully intend to have sufficient, reliable supplies to serve demands.

6.1.1.2 Pipeline 6

Metropolitan completed its System Overview Study (SOS) in fall 2005. The SOS determines if Metropolitan's current system is capable of delivering the supplies to meet the demands shown in its 2004 IRP Update.

Pipeline 6 is included in the SOS as an untreated water pipeline to deliver additional Metropolitan supplies to the San Diego County region. The addition of Pipeline 6 would allow the Water Authority and Metropolitan to convert one of the existing untreated water pipelines to a treated water pipeline. With the conversion, the capacity to import both treated and untreated water would increase significantly, thereby enabling Metropolitan to increase both treated and untreated imported water delivery capacity to the San Diego County region.

Based on current planning assumptions of the Water Authority and Metropolitan, new imported supplies delivered through Pipeline 6 would be required no earlier than 2018, absent development of new supplies from seawater desalination or some combination of new local supplies, totaling 56,000 ac-ft/yr (see Section 6.2.1 below). With development of 56,000 ac-ft/yr, Pipeline 6 would not be needed until 2023. Based on a nine-year lead time requested by Metropolitan, a decision to proceed with Pipeline 6 would need to be communicated to Metropolitan by 2009. Activities associated with implementation of Pipeline 6 include the following:

- Coordination between Metropolitan and the Water Authority regarding planning and design of Pipeline 6 is ongoing.
- An alignment for the entire approximately 30-mile pipeline was identified in the original 1993 Environmental Impact Report. Metropolitan is conducting a feasibility study to revisit the 1993 alignment and evaluate alternative alignments north of the San Luis Rey River in light of changed conditions since 1993. The Water Authority plans to conduct a similar feasibility study of Pipeline 6 alignments south of the San Luis Rey River. Based on these updated feasibility studies, an updated environmental analysis for the project is also planned.

6.1.2 Metropolitan Capital Investment Plan

Metropolitan prepares a Capital Investment Plan as part of its annual budget approval process. The cost, purpose, justification, status, progress, etc. of Metropolitan's infrastructure projects to deliver existing and future supplies are documented in the Capital Investment Plan. The financing of these projects is addressed as part of the annual budget approval process.

Metropolitan's Capital Investment Plan includes a series of projects identified from Metropolitan studies of projected water needs, which, when considered along with operational demands on aging facilities and new water quality regulations, identify the capital projects needed to maintain infrastructure reliability and water quality standards, improve efficiency, and provide future cost savings. All projects within the Capital Investment Plan are evaluated against an objective set of criteria to ensure they are aligned with the Metropolitan's goals of supply reliability and quality.

6.2 San Diego County Water Authority Regional Water Supplies

The Water Authority has adopted plans and is taking specific actions to develop adequate water supplies to help meet existing and future water demands within the San Diego region. This section contains details on the supplies being developed by the Water Authority. A summary of recent actions pertaining to development of these supplies includes:

- In accordance with the Urban Water Management Planning Act, the Water Authority adopted their 2005 UWMP in November 2005 and updated the 2005 UWMP in April 2007. The updated Water Authority 2005 UWMP identifies a diverse mix of local and imported water supplies to meet future demands. A copy of the updated Water Authority 2005 UWMP can be found on the internet at <http://www.sdcwa.org>
- Deliveries of conserved agricultural water from the Imperial Irrigation District (IID) to San Diego County have increased annually since 2003, with 70,000 ac-ft of deliveries in Fiscal Year (FY) 2010.
- As part of the October 2003 Quantification Settlement Agreement (QSA), the Water Authority was assigned Metropolitan's rights to 77,700 ac-ft/yr of conserved water from the All-American Canal (AAC) and Coachella Canal (CC) lining projects. The Water Authority has nearly completed implementation of these projects, with the CC project now complete and deliveries being made to the San Diego County region.

Through implementation of the Water Authority and member agency planned supply projects, along with reliable imported water supplies from Metropolitan, the region anticipates having adequate supplies to meet existing and future water demands.

To ensure sufficient supplies to meet projected growth in the San Diego region, the Water Authority uses the SANDAG most recent regional growth forecast in calculating regional water demands. The SANDAG regional growth forecast is based on the plans and policies of the land-use jurisdictions with San Diego County. The existing and future demands of the member agencies are included in the Water Authority's projections.

6.2.1 Availability of Sufficient Supplies and Plans for Acquiring Additional Supplies

The Water Authority currently obtains imported supplies from Metropolitan, conserved water from the AAC and CC lining projects, and an increasing amount of conserved agricultural water from IID. Of the twenty-seven member agencies that purchase water supplies from Metropolitan, the Water Authority is Metropolitan's largest customer. In FY 2006, the Water Authority purchased 577,944 ac-ft from Metropolitan, an increase of approximately 4,000 ac-ft over the FY 2005 amount.

Section 135 of Metropolitan's Act defines the preferential right to water for each of its member agencies. As calculated by Metropolitan, the Water Authority's FY 2006 preferential right is 16.46% of Metropolitan's supply, while the Water Authority accounted for approximately 25% of Metropolitan's water sales. Under preferential rights, Metropolitan could allocate water without regard to historic water purchases or dependence on Metropolitan. The Water Authority and its member agencies are taking measures to reduce dependence on Metropolitan through development of additional supplies and a water supply portfolio that would not be jeopardized by a preferential rights allocation. Metropolitan has stated, consistent with Section 4202 of its Administrative Code that it is prepared to provide the Water Authority's service area with adequate supplies of water to meet expanding and increasing needs in the years ahead. When and as additional water resources are required to meet increasing needs, Metropolitan stated it will be prepared to deliver such supplies. In Section II.4 of their 2005 RUWMP, Metropolitan states that through effective management of its water supply, they fully expect to be 100 percent reliable in meeting all non-discounted non-interruptible demands throughout the next twenty-five years.

The Water Authority has made large investments in Metropolitan's facilities and will continue to include imported supplies from Metropolitan in the future resource mix. As discussed in the Water Authority's 2005 UWMP, the Water Authority and its member agencies are planning to diversify the San Diego regions supply portfolio and reduce purchases from Metropolitan.

As part of the Water Authority's diversification efforts, the Water Authority is now taking delivery of conserved agricultural water from IID and water saved from the AAC and CC lining projects. The CC lining project is complete and the Water Authority has essentially completed construction of the AAC lining project. Table 7 summarizes the Water Authority's supply sources with detailed information included in the sections to follow. Deliveries from Metropolitan are also included in Table 7, which is further discussed in Section 6.1 above. The Water Authority's member agencies provided the verifiable local supply targets for groundwater, groundwater recovery, recycled water, and surface water, which are discussed in more detail in Section 5 of the Water Authority's 2005 UWMP.

Table 7
Projected Verifiable Water Supplies – Water Authority Service Area
Normal Year (acre feet)

Water Supply Sources	2010	2015	2020	2025	2030
Water Authority Supplies					
Metropolitan Supplies	445,858	399,855	331,374	342,870	372,922
Water Authority/IID Transfer	70,000	100,000	190,000	200,000	200,000
AAC and CC Lining Projects	77,700	77,700	77,700	77,700	77,700
Member Agency Supplies					
Local Surface Water	59,649	59,649	59,649	59,649	59,649
Recycled Water	33,668	40,662	45,548	46,492	47,584
Seawater Desalination	0	34,689	36,064	37,754	40,000
Groundwater	17,175	18,945	19,775	19,775	19,775
Groundwater Recovery	11,400	11,400	11,400	11,400	11,400
Total Projected Supplies	715,450	742,900	771,510	795,640	829,030

Source: The Water Authority 2005 Urban Water Management Plan.

Section 5 of the Water Authority’s 2005 UWMP also includes a discussion on the local supply target for seawater desalination. Seawater desalination supplies represent a significant **future local resource in the Water Authority’s service area**. Poseidon Resources is pursuing the development of a local, privately owned desalination project located adjacent to the Encina Power Station. As of June 2007, Poseidon has contracted with the Carlsbad Municipal Water District (MWD) (up to 28,000 ac-ft/yr depending on demands), Valley Center MWD (7,500 ac-ft/yr), Rincon Del Diablo MWD (4,000 ac-ft/yr), and Sweetwater Authority (2,400 ac-ft/yr) to supply up to 41,900 ac-ft/yr of desalinated seawater. The verifiable seawater desalination figure is based on the contract amounts and projected seawater desalination deliveries to Carlsbad MWD. As shown in Table 7, the verifiable projected local seawater desalination supplies vary each year based on the Carlsbad MWD demands (which are less than their desalinated seawater contract amount of 28,000 ac-ft/yr). There are several **contingencies related to Poseidon’s agreements** with these member agencies and the Water Authority that must be satisfied before implementation of the project and its ultimate yield can be determined. These contingencies include obtaining legal entitlements for construction of the project, determination of a mutually acceptable delivery interconnection points and delivery charge, and engagement of a third party exchange agency partner where physical delivery to the contracting agency is not practical. The Water Authority is negotiating specific elements for a water purchase agreement with Poseidon which include water purchase price, allocation of risk and options to **eventually purchase the project’s pipeline and the entire desalination plant**. This agreement will supersede the contracts Poseidon has negotiated with the four Districts. Before negotiations begin on a final agreement, Poseidon must secure sufficient financial commitments from private investors to meet requirements for fully funding project construction. In addition, Poseidon must execute all agreements for

construction and operation of the project and finalize the documents needed to finance the project in the bond market.

The Water Authority's existing and planned supplies from the IID transfer and canal lining projects are considered "drought-proof" supplies and should be available at the yields shown in Table 7 in normal, single dry, and multiple dry year scenarios. For dry year yields from Metropolitan supplies, refer to Metropolitan's 2005 RUWMP, discussed in Section 6.1 above.

As part of preparation of a written water supply assessment and/or verification report, an agency's shortage contingency analysis should be considered in determining sufficiency of supply. Section 9 of the Water Authority's 2005 UWMP contains a detailed shortage contingency analysis that addresses a regional catastrophic shortage situation and drought management. The analysis demonstrates that the Water Authority and its member agencies, through the Emergency Response Plan, Emergency Storage Project, and Drought Management Plan (DMP) are taking actions to prepare for and appropriately handle an interruption of water supplies. The DMP, completed in May 2006, provides the Water Authority and its member agencies with a series of potential actions to take when faced with a shortage of imported water supplies from Metropolitan due to prolonged drought or other supply shortfall conditions. The actions will help the region avoid or minimize the impacts of shortages and ensure an equitable allocation of supplies throughout the San Diego region.

6.2.1.1 Water Authority-Imperial Irrigation District Water Conservation and Transfer Agreement

The QSA was signed in October 2003, and resolves long-standing disputes regarding priority and use of Colorado River water and creates a baseline for implementing water transfers. With approval of the QSA, the Water Authority and IID were able to implement their Water Conservation and Transfer Agreement. This agreement not only provides reliability for the San Diego region, but also assists California in reducing its use of Colorado River water to its legal allocation.

On April 29, 1998, the Water Authority signed a historic agreement with IID for the long-term transfer of conserved Colorado River water to San Diego County. The Water Authority-IID Water Conservation and Transfer Agreement (Transfer Agreement) is the largest agriculture-to-urban water transfer in United States history. Colorado River water will be conserved by Imperial Valley farmers who voluntarily participate in the program and then transferred to the Water Authority for use in San Diego County.

Implementation Status

On October 10, 2003, the Water Authority and IID executed an amendment to the original 1998 Transfer Agreement. This amendment modified certain aspects of the 1998 Agreement to be consistent with the terms and conditions of the QSA and related agreements. It also modified other aspects of the agreement to lessen the environmental impacts of the transfer of conserved

water. The amendment was expressly contingent on the approval and implementation of the QSA, which was also executed on October 10, 2003.

On November 5, 2003, IID filed a complaint in Imperial County Superior Court seeking validation of 13 contracts associated with the Transfer Agreement and the QSA. Imperial County and various private parties filed additional suits in Superior Court, alleging violations of the California Environmental Quality Act (CEQA), the California Water Code, and other laws related to the approval of the QSA, the water transfer, and related agreements. The lawsuits have been coordinated for trial. The IID, Coachella Valley Water District, Metropolitan, the Water Authority, and State are defending these suits and coordinating to seek validation of the contracts. Implementation of the transfer provisions is proceeding during litigation. For further and the latest information regarding the litigation and current progress, please contact the Water Authority's General Counsel.

Expected Supply

Deliveries into San Diego County from the transfer began in 2003 with an initial transfer of 10,000 ac-ft. The Water Authority received 20,000 ac-ft in 2004, 30,000 in 2005, and 40,000 in 2006. The quantities will increase annually to 200,000 ac-ft by 2021 then remain fixed for the duration of the Transfer Agreement. The initial term of the Transfer Agreement is 45 years, with a provision that either agency may extend the agreement for an additional 30-year term.

During dry years, when water availability is low, the conserved water will be transferred under the IID Colorado River rights, which are among the most senior in the Lower Colorado River Basin. Without the protection of these rights, the Water Authority could suffer delivery cutbacks. In recognition for the value of such reliability, the 1998 contract required the Water Authority to pay a premium on transfer water under defined regional shortage circumstances. The shortage premium period duration is the period of consecutive days during which any of the following exist: 1) a Water Authority shortage; 2) a shortage condition for the Lower Colorado River as declared by the Secretary; and 3) a Critical Year. Under terms of the October 2003 amendment, the shortage premium will not be included in the cost formula until Agreement Year 16.

Transportation

The Water Authority entered into a water exchange agreement with Metropolitan on October 10, 2003, to transport the Water Authority-IID transfer water from the Colorado River to San Diego County. Under the exchange agreement, Metropolitan will take delivery of the transfer water through its Colorado River Aqueduct. In exchange, Metropolitan will deliver to the Water Authority a like quantity and quality of water. The Water Authority will pay Metropolitan's applicable wheeling rate for each acre-foot of exchange water delivered. According to the water exchange agreement, Metropolitan will make delivery of the transfer water for 35 years, unless the Water Authority elects to extend the agreement another 10 years for a total of 45 years.

Cost/Financing

The costs associated with the transfer are proposed to be financed through the Water Authority's rates and charges. In the agreement between the Water Authority and IID, the price for the transfer water started at \$258 per acre-foot and increases by a set amount for the first five years. The 2005 price for transfer water is \$276 per acre-foot. Procedures are in place to evaluate and determine market-based rates following the first five-year period.

In accordance with the October 2003 amended exchange agreement between Metropolitan and the Water Authority, the initial cost to transport the conserved water was \$253 per acre-foot. Thereafter, the price would be equal to the charge or charges set by Metropolitan's Board of Directors pursuant to applicable laws and regulation, and generally applicable to the conveyance of water by Metropolitan on behalf of its member agencies. The transportation charge in 2005 is \$258 per acre-foot.

The Water Authority is providing \$10 million to help offset potential socioeconomic impacts associated with temporary land fallowing. IID will credit the Water Authority for these funds during years 16 through 45. At the end of the fifth year of the transfer agreement (2007), the Water Authority will prepay IID an additional \$10 million for future deliveries of water. IID will credit the Water Authority for this up-front payment during years 16 through 30.

As part of implementation of the QSA and water transfer, the Water Authority also entered into an environmental cost sharing agreement. The agreement specifies that the Water Authority will contribute \$64 million for the purpose of funding environmental mitigation costs and contributing to the Salton Sea Restoration Fund.

Written Contracts or Other Proof

The supply and costs associated with the transfer are based primarily on the following documents:

Agreement for Transfer of Conserved Water by and between IID and the Water Authority (April 29, 1998). This Agreement provides for a market-based transaction in which the Water Authority would pay IID a unit price for agricultural water conserved by IID and transferred to the Water Authority.

Revised Fourth Amendment to Agreement between IID and the Water Authority for Transfer of Conserved Water (October 10, 2003). Consistent with the executed Quantification Settlement Agreement (QSA) and related agreements, the amendments restructure the agreement and modify it to minimize the environmental impacts of the transfer of conserved water to the Water Authority.

Amended and Restated Agreement between Metropolitan and Water Authority for the Exchange of Water (October 10, 2003). This agreement was executed pursuant to the QSA and provides for delivery of the transfer water to the Water Authority.

Environmental Cost Sharing, Funding, and Habitat Conservation Plan Development Agreement among IID, Coachella Valley Water District (CVWD), and Water Authority (October 10, 2003). This Agreement provides for the specified allocation of QSA-related environmental review, mitigation, and litigation costs for the term of the QSA, and for development of a Habitat Conservation Plan.

Quantification Settlement Agreement Joint Powers Authority Creation and Funding Agreement (October 10, 2003). The purpose of this agreement is to create and fund the QSA Joint Powers Authority and to establish the limits of the funding obligation of CVWD, IID, and Water Authority for environmental mitigation and Salton Sea restoration pursuant to SB 654 (Machado).

Federal, State, and Local Permits/Approvals

Federal Endangered Species Act Permit. The U.S. Fish and Wildlife Service (USFWS) issued a Biological Opinion on January 12, 2001, that provides incidental take authorization and certain measures required to offset species impacts on the Colorado River regarding such actions.

State Water Resources Control Board (SWRCB) Petition. SWRCB adopted Water Rights Order 2002-0016 concerning IID and Water Authority's amended joint petition for approval of a long-term transfer of conserved water from IID to the Water Authority and to change the point of diversion, place of use, and purpose of use under Permit 7643.

Environmental Impact Report (EIR) for Conservation and Transfer Agreement. As lead agency, IID certified the Final EIR for the Conservation and Transfer Agreement on June 28, 2002.

U. S. Fish and Wildlife Service Draft Biological Opinion and Incidental Take Statement on the Bureau of Reclamation's Voluntary Fish and Wildlife Conservation Measures and Associated Conservation Agreements with the California Water Agencies (12/18/02). The U. S. Fish and Wildlife Service issued the biological opinion/incidental take statement for water transfer activities involving the Bureau of Reclamation and associated with IID/other California water agencies' actions on listed species in the Imperial Valley and Salton Sea (per the June 28, 2002 EIR).

Addendum to EIR for Conservation and Transfer Agreement. IID as lead agency and Water Authority as responsible agency approved addendum to EIR in October 2003.

Environmental Impact Statement (EIS) for Conservation and Transfer Agreement. Bureau of Reclamation issued a Record of Decision on the EIS in October 2003.

CA Department of Fish and Game California Endangered Species Act Incidental Take Permit #2081-2003-024-006. The California Department of Fish and Game issued this permit (10/22/04) for potential take effects on state-listed/fully protected species associated with IID/other California water agencies' actions on listed species in the Imperial Valley and Salton Sea (per the June 28, 2002 EIR).

California Endangered Species Act (CESA) Permit. A CESA permit was issued by California Department of Fish and Game (CDFG) on April 4, 2005, providing incidental take authorization for potential species impacts on the Colorado River.

6.2.1.2 All-American Canal and Coachella Canal Lining Projects

As part of the QSA and related contracts, the Water Authority was assigned Metropolitan's rights to 77,700 ac-ft/yr of conserved water from projects that will line the All-American Canal (AAC) and Coachella Canal (CC). The projects will reduce the loss of water that currently occurs through seepage, and the conserved water will be delivered to the Water Authority. This conserved water will provide the San Diego region with an additional 8.5 million acre-feet over the 110-year life of the agreement.

Implementation Status

The Coachella Canal lining project is complete and operational and the All-American Canal lining project is operational complete with some remaining construction activities to be concluded.

Earthwork for the Coachella Canal lining project began in November 2004 and involves approximately 37 miles of canal. National Environmental Policy Act (NEPA) and CEQA documentation is complete, including an amended Record of Decision by the U.S. Bureau of Reclamation (USBR). The amendment was required after revising the project design: instead of lining the canal in place, the project entailed the construction of a parallel canal. The project was completed in 2006, and deliveries of conserved water started in 2007.

The construction related activities are neatly complete on the AAC lining project with construction to be 100 percent complete in 2010. The lining project consists of constructing a concrete-lined canal parallel to 24 miles of the existing AAC from Pilot Knob to Drop 3.

In July 2005, a lawsuit (*CDEM v United States*, Case No. CV-S-05-0870-KJD-PAL) was filed in the U. S. District Court for the District of Nevada on behalf of U.S. and Mexican groups challenging the lining of the AAC. The lawsuit, which names the Secretary of the Interior as a defendant, claims that seepage water from the canal belongs to water users in Mexico. California water agencies note that the seepage water is actually part of California's Colorado River allocation and not part of Mexico's allocation. The plaintiffs also allege a failure by the United States to comply with environmental laws. Federal officials have stated that they intend to vigorously defend the case.

Expected Supply

The AAC lining project will yield 67,700 acre-feet per year of Colorado River water for allocation upon completion of construction. The CC lining project will yield 26,000 acre-feet of Colorado River water each year available for allocation upon completion of construction. The October 10, 2003, Allocation Agreement states that 16,000 acre-feet per year of conserved CC lining water will be allocated to the San Luis Rey Indian Water Rights Settlement Parties. The remaining amount, 10,000 acre-feet per year from the CC lining conserved water plus the 67,700 acre-feet per year AAC lining conserved water totaling 77,700 acre-feet per year, will be available to the Water Authority. According to the Allocation Agreement, IID has call rights to a portion (5,000 acre-feet per year) of the conserved water upon termination of the QSA for the remainder of the 110 years of the Allocation Agreement and upon satisfying certain conditions. The term of the QSA is for up to 75 years.

Transportation

The October 10, 2003, Exchange Agreement between the Water Authority and Metropolitan also provides for the delivery of the conserved water from the canal lining projects. The Water Authority will pay Metropolitan's applicable wheeling rate for each acre-foot of exchange water delivered. In the Agreement, Metropolitan will deliver the canal lining water for the term of the Allocation Agreement (110 years).

Cost/Financing

Under California Water Code Section 12560 et seq., the Water Authority will receive \$200 million in state funds for construction of the projects. In addition, under California Water Code Section 79567, \$20 million from Proposition 50 is also available for the lining projects. Additionally, the Water Authority will receive \$35 million for groundwater conjunctive use projects as part of the agreement. The Water Authority would be responsible for additional expenses above the funds provided by the state.

The rate to be paid to transport the canal lining water will be equal to the charge or charges set by Metropolitan's Board of Directors pursuant to applicable law and regulation and generally applicable to the conveyance of water by Metropolitan on behalf of its member agencies.

In accordance with the Allocation Agreement, the Water Authority will also be responsible for a portion of the net additional Operation, Maintenance, and Repair (OM&R) costs for the lined canals. Any costs associated with the lining projects as proposed, are to be financed through the Water Authority's rates and charges.

Written Contracts or Other Proof

The expected supply and costs associated with the lining projects are based primarily on the following documents:

U.S. Public Law 100-675 (1988). Authorized the Department of the Interior to reduce seepage from the existing earthen AAC and CC. The law provides that conserved water will be made available to specified California contracting water agencies according to established priorities.

California Department of Water Resources - Metropolitan Funding Agreement (2001). Reimburse Metropolitan for project work necessary to construct the lining of the CC in an amount not to exceed \$74 million. Modified by First Amendment (2004) to replace Metropolitan with the Authority. Modified by Second Amendment (2004) to increase funding amount to \$83.65 million, with addition of funds from Proposition 50.

California Department of Water Resources - IID Funding Agreement (2001). Reimburse IID for project work necessary to construct a lined AAC in an amount not to exceed \$126 million.

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

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

Allocation Agreement among the United States of America, The Metropolitan Water District of Southern California, Coachella Valley Water District, Imperial Irrigation District, San Diego County Water Authority, the La Jolla, Pala, Pauma, Rincon, and San Pasqual Bands of Mission Indians, the San Luis Rey River Indian Water Authority, the City of Escondido, and Vista Irrigation District (October 10, 2003). This agreement includes assignment of Metropolitan's rights and interest in delivery of 77,700 acre-feet of Colorado River water previously intended to be delivered to Metropolitan to the Water Authority. Allocates water from the AAC and CC lining projects for at least 110 years to the Water Authority, the San Luis Rey Indian Water Rights Settlement Parties, and IID, if it exercises its call rights.

Amended and Restated Agreement between Metropolitan and Water Authority for the Exchange of Water (October 10, 2003). This agreement was executed pursuant to the QSA and provides for delivery of the conserved canal lining water to the Water Authority.

Agreement between Metropolitan and Water Authority regarding Assignment of Agreements related to the AAC and CC Lining Projects. This agreement was executed in April 2004 and assigns Metropolitan's rights to the Water Authority for agreements that had been executed to facilitate funding and construction of the AAC and CC lining projects:

Assignment and Delegation of Construction Obligations for the Coachella Canal Lining Project under the Department of Water Resources Funding Agreement No. 4600001474 from the San Diego County Water Authority to the Coachella Valley Water District, dated September 8, 2004.

Agreement Regarding the Financial Arrangements between the San Diego County Water Authority and Coachella Valley Water District for the Construction Obligations for the Coachella Canal Lining Project, dated September 8, 2004.

Agreement No. 04-XX-30-W0429 Among the United States Bureau of Reclamation, the Coachella Valley Water District, and the San Diego County Water Authority for the Construction of the Coachella Canal Lining Project Pursuant to Title II of Public Law 100-675, dated October 19, 2004.

California Water Code Section 12560 et seq. This Water Code Section provides for \$200 million to be appropriated to the Department of Water Resources to help fund the canal lining projects in furtherance of implementing California's Colorado River Water Use Plan.

California Water Code Section 79567. This Water Code Section identifies \$20 million as available for appropriation by the California Legislature from the Water Security, Clean Drinking Water, Coastal, and Beach Protection Fund of 2002 (Proposition 50) to DWR for grants for canal lining and related projects necessary to reduce Colorado River water use. According to the Allocation Agreement, it is the intention of the agencies that those funds will be available for use by the Water Authority, IID, or CVWD for the AAC and CC lining projects.

California Public Resources Code Section 75050(b1). This section identifies up to \$36 million as available for water conservation projects that implement the Allocation Agreement as defined in the Quantification Settlement Agreement.

Federal, State, and Local Permits/Approvals

AAC Lining Project Final EIS/EIR (March 1994). A final EIR/EIS analyzing the potential impacts of lining the AAC was completed by the Bureau of Reclamation (Reclamation) in March 1994. A Record of Decision was signed by Reclamation in July 1994, implementing the preferred alternative for lining the AAC. A re-examination and analysis of these environmental compliance documents by Reclamation in November 1999 determined that these documents continued to meet the requirements of the NEPA and the CEQA and would be valid in the future.

CC Lining Project Final EIS/EIR (April 2001). The final EIR/EIS for the CC lining project was completed in 2001. Reclamation signed the Record of Decision in April 2002. An amended Record of Decision has also been signed to take into account revisions to the project description.

Mitigation, Monitoring, and Reporting Program for Coachella Canal Lining Project, SCH #1990020408; prepared by Coachella Valley Water District, May 16, 2001.

Environmental Commitment Plan for the Coachella Canal Lining Project, approved by the US Bureau of Reclamation (Boulder City, NV) on March 4, 2003.

Environmental Commitment Plan and Addendum to the All-American Canal Lining Project EIS/EIR California State Clearinghouse Number SCH 90010472 (June 2004, prepared by IID).

Addendum to Final EIS/EIR and Amendment to Environmental Commitment Plan for the All-American Canal Lining Project (approved June 27, 2006, by IID Board of Directors).

6.2.2 Water Authority Capital Improvement Program and Financial Information

The Water Authority's capital improvement program (CIP) budget document includes a description of each of the projects and programs being implemented to ensure existing and future facilities are adequate to deliver water supplies throughout the region. The project costs, along with information on the activities that need to be completed, are included in the CIP document. The Water Authority's Master Plan identifies future facilities and other improvements to the Water Authority's system that are necessary to maintain reliability throughout the region. A programmatic environmental impact report was certified by the Water Authority Board of Directors for the Master Plan in November 2003. Projects identified in the Master Plan will be included in the CIP based on Water Authority Board of Directors' approval. Information on the Water Authority's most recent CIP can be found on the internet at www.sdcwa.org/infra/cip.phtml.

One of the highest priority projects identified in the Master Plan is the development of additional treatment capacity within the region. During recent summers, the Water Authority experienced peak-demand conditions that have exceeded the region's rated treatment capacity. The Master Plan recommended development of an additional 50 mgd of treatment capacity immediately and another 50 mgd capacity by 2010. In response to this recommendation, the Water Authority board of directors in September 2005, approved construction of a 100 mgd water treatment plant. The water treatment plant was completed and placed into operation in 2008.

The Master Plan also identified carryover storage as a way to improve water supply reliability for the region. The Water Authority identified the three main benefits of carryover storage as: 1) enhance water supply reliability by providing a reliable and readily available source of water during periods of potential shortage, such as during dry years; 2) increase system efficiency by providing operational flexibility to serve above normal demands, such as those occurring in dry years, from storage rather than by the over-sizing of the Water Authority's imported water transmission facilities; and 3) better management of water supplies to allow the Water Authority to accept additional imported deliveries during periods of availability, such as during wet years, to ensure water availability during dry years. The Water Authority

prepared an EIR/EIS for a carryover storage project, with the preferred alternative being an expansion of the San Vicente Reservoir.

The Water Authority Board of Directors is provided a semi-annual and annual report on the status of development of the CIP projects. As described in the Water Authority's biennial budget, a combination of long and short term debt and cash (pay-as-you-go) will provide funding for capital improvements. Additional information is included in the Water Authority's biennial budget, which also contains selected financial information and summarizes the Water Authority's investment policy.

6.3 Otay Water District

The Otay WD 2009 Urban Water Management Plan updated November, 2010 and the revised 2005 Urban Water Management Plan contains comparisons of projected supply and demands through the year 2030. Projected potable water resources to meet planned demands as documented were planned to be supplied entirely with imported water received from the Water Authority. Recycled water resources to meet projected demands are planned to be supplied from local wastewater treatment plants. The Otay WD currently has no local supply of raw water, potable water, or groundwater resources.

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

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

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

6.3.1 Availability of Sufficient Supplies and Plans for Acquiring Additional Supplies

The availability of sufficient potable water supplies and plans for acquiring additional potable water supplies to serve existing and future demands of the Otay WD is founded upon the preceding discussions regarding Metropolitan's and the Water Authority's water supply resources and water supplies to be acquired by the Otay WD. Historic imported water

deliveries from the Water Authority to Otay WD and recycled water deliveries from the Otay WD Ralph W. Chapman Water Reclamation Facility (RWCWRF) are shown in Table 8. Since the year 2000 through mid May 2007, recycled water demand has exceeded the recycled water supply capability typically in the summer months. The RWCWRF is limited to a maximum production of about 1,300 ac-ft/yr. The recycled water supply shortfall had been met by supplementing with potable water into the recycled water storage system as needed by adding potable water supplied by the Water Authority. On May 18, 2007 an additional source of recycled water supply from the City of San Diego’s South Bay Water Reclamation Plant (SBWRP) became available. The supply of recycled water from the SBWRP is a result of essentially completing construction and commencement of operations of the transmission, storage, and pump station systems necessary to link the SBWRP recycled water supply source to the existing Otay WD recycled water system.

Table 8
Otay Water District
Historic Imported and Local Water Supplies

Calendar Year	Imported Water (acre-feet)	Recycled Water (acre-feet)	Total (acre-feet)
1980	12,558	0	12,558
1985	14,529	0	14,529
1990	23,200	0	23,200
1995	20,922	614	21,536
2000	30,936	948	31,884
2005	40,322	1,227	41,549
2009	37,566	4,533	42,099

Source: Otay WD operational records.

6.3.1.1 Imported and Regional Supplies

The availability of sufficient imported and regional potable water supplies to serve existing and planned uses within Otay WD is demonstrated in the above discussion on Metropolitan and the Water Authority’s water supply reliability. The County Water Authority Act, Section 5 subdivision 11, states that the Water Authority “as far as practicable, shall provide each of its member agencies with adequate supplies of water to meet their expanding and increasing needs.” The Water Authority provides between 75 to 95 percent of the total supplies used by its 24 member agencies, depending on local weather and supply conditions. In calendar year 2009 the supply to Otay WD was 37,566 ac-ft of supply from the Water Authority. An additional 4,533 ac-ft of recycled water from the City of San Diego and from the District’s Ralph W. Chapman Water Reclamation Facility. The demand for potable water within the Otay WD is expected to increase to about 72,900 ac-ft by 2025 as per the Otay WD 2005 UWMP. These figures take into account the amount of local supply (i.e. groundwater, conservation, recycling, etc.) that is expected to meet demands within Otay WD service area.

Potable Water System Facilities

The Otay WD continues to pursue diversification of its water supply resources to increase reliability and flexibility. The Otay WD also continues to plan, design, and construct potable water system facilities to obtain these supplies and to distribute potable water to meet customer demands. The Otay WD has successfully negotiated two water supply diversification agreements that enhance reliability and flexibility, which are briefly described as follows.

- The Otay WD entered into an agreement with the City of San Diego, known as the Otay Water Treatment Plant (WTP) Agreement. The Otay WTP Agreement provides for raw water purchase from the Water Authority and treatment by the City of San Diego at their Otay WTP for delivery to Otay WD. The supply system link to implement the Otay WTP Agreement to access the regions raw water supply system and the local water treatment plant became fully operational in August 2005. This supply link consists of the typical storage, transmission, pumping, flow measurement, and appurtenances to receive and transport the treated water to the Otay WD system. The City of San Diego obligation to supply 10 mgd of treated water under the Otay WTP Agreement is contingent upon there being available 10 mgd of surplus treatment capacity in the Otay WTP until such time as Otay WD pays the City of San Diego to expand the Otay WTP to meet the Otay WD future needs. In the event that the City of San Diego's surplus is projected to be less than 10 mgd the City of San Diego will consider and not unreasonably refuse the expansion of the Otay WTP to meet the Otay WD future needs. The Otay WTP existing rated capacity is 40 mgd with an actual effective capacity of approximately 34 mgd. The City of San Diego's typical demand for treated water from the Otay WTP is approximately 20 mgd. It is at the City of San Diego's discretion to utilize either imported raw water delivered by the Water Authority Pipeline No. 3 or local water stored in Lower Otay Reservoir for treatment to supply the Otay WD demand.
- The Otay WD entered into an agreement with the Water Authority, known as the East County Regional Treated Water Improvement Program (ECRTWIP Agreement). The ECRTWIP Agreement provides for transmission of raw water to the Helix WD R. M. Levy WTP for treatment and delivery to Otay WD. The supply system link to implement the ECRTWIP Agreement is complete allowing access to the regions raw water supply system and the local water treatment plant. This supply link consists of the typical transmission, pumping, storage, flow control, and appurtenances to receive and transport the potable water from the R. M. Levy WTP to Otay WD. The Otay WD is required to take a minimum of 10,000 ac-ft/yr of treated water from the R.M. Levy WTP supplied from the regions raw water system.

Cost and Financing

The capital improvement costs associated with water supply and delivery are financed through the Otay WD water meter capacity fee and user rate structures. The Otay WD potable water sales revenue are used to pay for the wholesale cost of the treated water supply and the operating and maintenance expenses of the potable water system facilities.

Written Agreements, Contracts, or Other Proof

The supply and cost associated with deliveries of treated water from the Otay WTP and the R.M. Levy WTP is based on the following documents.

Agreement for the Purchase of Treated Water from the Otay Water Treatment Plant between the City of San Diego and the Otay Water District. The Otay WD entered into an agreement dated January 11, 1999 with the City of San Diego that provides for 10 mgd of surplus treated water to the Otay WD from the existing Otay WTP capacity. The agreement allows for the purchase of treated water on an as available basis from the Otay WTP. The Otay WD pays the Water Authority at the prevailing raw water rate for raw water and pays the City of San Diego at a rate equal to the actual cost of treatment to potable water standards.

Agreement between the San Diego County Water Authority and Otay Water District Regarding Implementation of the East County Regional Treated Water Improvement Program. The ECRTWIP Agreement requires the purchase of at least 10,000 ac-ft per year of potable water from the Helix WD R.M. Levy WTP at the prevailing Water Authority treated water rate. The ECRTWIP Agreement is dated April 27, 2006.

Agreement between the San Diego County Water Authority and Otay Water District for Design, Construction, Operation, and Maintenance of the Otay 14 Flow Control Facility Modification. The Otay WD entered into the Otay 14 Flow Control Facility Modification Agreement dated January 24, 2007 with the Water Authority to increase the physical capacity of the Otay 14 Flow Control Facility. The Water Authority and Otay WD to 50% share the capital cost to expand its capacity from 8 mgd to 16 mgd.

Federal, State, and Local Permits/Approvals

The Otay WD acquired all the permits for the construction of the pipeline and pump station associated with the Otay WTP supply source and for the 640-1 and 640-2 water storage reservoirs project associated with the ECRTWIP Agreement through the typical planning, environmental approval, design, and construction processes.

The transmission main project constructed about 26,000 feet of a 36-inch diameter steel pipeline from the Otay 14 Flow Control Facility to the 640-1 and 640-2 Reservoirs project. The Otay 14 Flow Control Facility modification increased the capacity of the existing systems

from 8 mgd to 16 mgd. CEQA documentation is complete for both projects. Construction of both of these projects was completed October 2010.

The City of San Diego and the Helix Water District are required to meet all applicable federal, state, and local health and water quality requirements for the potable water produced at the Otay WTP and the R.M. Levy WTP respectively.

6.3.1.2 Recycled Water Supplies

Wastewater collection, treatment, and disposal services provided by the Otay WD is limited to a relatively small area within what is known as the Jamacha Basin, located within the Middle Sweetwater River Basin watershed upstream of the Sweetwater Reservoir and downstream of Loveland Reservoir. Water recycling is defined as the treatment and disinfection of municipal wastewater to provide a water supply suitable for non-potable reuse. The Otay WD owns and operates the Ralph W. Chapman Water Reclamation Facility, which produces recycled water treated to a tertiary level for landscape irrigation purposes. The recycled water market area of the Otay WD is located primarily within the eastern area of the City of Chula Vista and on the Otay Mesa. The Otay WD distributes recycled water to a substantial market area that includes but is not limited to the U.S. Olympic Training Center, the EastLake Golf Course, Otay Ranch, and other development projects.

The Otay WD projects that annual average demands for recycled water will increase to about 6,294 ac-ft/yr by 2025 and are estimated to approach 10,000 ac-ft/yr at ultimate build out for irrigation purposes. About 1,300 ac-ft/yr of supply is generated by the RWCWRF, with the remainder planned to be supplied to Otay WD by the City of San Diego's SBWRP.

North District Recycled Water Concept

The Otay WD is a recognized leader in the use of recycled water for irrigation and other commercial uses. The Otay WD continues the quest to investigate all viable opportunities to expand the successful recycled water program into areas that are not currently served. One of these areas is in the portion of the service area designated as the North District, located within the Middle Sweetwater River Basin watershed upstream of the Sweetwater River. The close proximity of the recycled water markets in the North District to the Otay WD source of recycled water, the RWCWRF, means that the distribution system to serve this area could be constructed relatively cost effectively. This makes the North District a logical location for the expansion of the Otay WD recycled water system and market area.

The purpose of the North District Recycled Water System Development Project, Phase I Concept Study, is to identify the feasibility of using recycled water in the North District and to investigate and assess any limitations or constraints to its use. The Phase I study components of the North District Recycled Water Concept encompassed the preparation of six technical memorandums including the project definition, a discussion of the regulatory process, a discussion of the protection of the watershed that would be affected by recycled

water use in the North District, identification of stakeholders, public outreach, and an implementation plan.

Several opportunities that could be realized with the implementation of the use of recycled water in the North District were identified. These include a reduction of demand on the potable water system and maximizing recycled water resources which in turn minimizes treated wastewater discharges to the local ocean outfall. Other opportunities are a possible partnership with Sweetwater Authority to monitor any benefits and impacts of increased recycled water use in the watershed and stakeholder outreach to resolve any water quality concerns and to retain consumer confidence. Also identified were two major constraints associated with the North District Recycled Water System Development Project. One constraint is the water quality objectives for the Middle Sweetwater Basin that will affect the effluent limitations for the recycled water produced at the RWCWRF. At this time, the effluent limit that is of concern is total nitrogen. An examination as to how the treatment process might be modified to enhance nitrogen removal and a design is underway to remedy the total nitrogen issue. The other major constraint is the cost of the infrastructure needed to convey and store recycled water in the North District. These costs are estimated to be in the range of \$14 to \$15 million dollars.

There are two additional phases proposed for the North District Recycled Water System Development Project. Phase II would include further investigation of the issues identified in Phase I as requiring further study. These include stakeholder outreach, regulatory issues, and facility planning. The third phase of the effort would include the facility planning, permitting, environmental compliance, design, and construction of the improvements necessary for delivery of recycled water to the North District markets.

The estimated amount of imported water saved at full implementation of the North District Recycled Water System Development Project is 1,200 ac-ft/yr. This saved imported water could than be used to offset new potable water demands.

Recycled Water System Facilities

The Otay WD has and continues to construct recycled water storage, pumping, transmission, and distribution facilities to meet projected recycled water market demands. For nearly 20 years, millions of dollars of capital improvements have been constructed. The supply link consisting of a transmission main, storage reservoir, and a pump station to receive and transport the recycled water from the City of San Diego's SBWRP are complete and recycled water deliveries began on May 18, 2007.

Cost and Financing

The capital improvement costs associated with the recycled water supply and distribution systems are financed through the Otay WD water meter capacity fee and user rate structures. The Otay WD recycled water sales revenue, along with Metropolitan and the Water

Authority's recycled water sales incentive programs are used to help offset the costs for the wholesale purchase and production of the recycled water supply, the operating and maintenance expenses, and the capital costs of the recycled water system facilities.

Written Agreements, Contracts, or Other Proof

The supply and cost associated with deliveries of recycled water from the SBWRP is based on the following document.

Agreement between the Otay Water District and the City of San Diego for Purchase of Reclaimed Water from the South Bay Water Reclamation Plant. The agreement provides for the purchase of at least 6,721 ac-ft per year of recycled water from the SBWRP at an initial price of \$350 per acre-foot. The Otay WD Board of Directors approved the final agreement on June 4, 2003 and the San Diego City Council approved the final agreement on October 20, 2003.

Federal, State, and Local Permits/Approvals

The Otay WD has in place an agreement with Metropolitan for their recycled water sales incentive program for supplies from the RWCWRF and the SBWRP. Also, the Otay WD has in place an agreement with the Water Authority for their recycled water sales incentive program for supplies from the RWCWRF and the SBWRP. The Water Authority sales incentive agreement was approved by Water Authority on July 26, 2007 and by Otay WD on August 1, 2007. All permits for the construction of the recycled water facilities to receive, store, and pump the SBWRP supply have been acquired through the typical planning, environmental approval, design, and construction processes.

The California Regional Water Quality Control Board San Diego Region (RWQCB) "Master Reclamation Permit for Otay Water District Ralph W. Chapman Reclamation Facility" was adopted on May 9, 2007 (Order No. R9-2007-0038). This order establishes master reclamation requirements for the production, distribution, and use of recycled water in the Otay WD service area. The order includes the use of tertiary treated water produced and received from the City of San Diego's SBWRP. Recycled water received from and produced by the SBWRP is regulated by Regional Board Order No. 2000-203 and addenda. The City of San Diego is required to meet all applicable federal, state, and local health and water quality requirements for the recycled water produced at the SBWRP and delivered to Otay WD in conformance with Order No. 2000-203.

6.3.1.3 Potential Groundwater Supplies

The Otay WD 2009 WRMP, 2005 UWMP, and the Otay WD March 2007 Integrated Water Resources Plan (2007 IRP) both contain a description of the development of potential groundwater supplies. Over the past several years, Otay WD has studied numerous potential groundwater supply options that have shown, through groundwater monitoring well activities, poor quality water and/or insufficient yield from the basins at a cost effective level. The Otay

WD has developed capital improvement program projects to continue the quest to develop potential groundwater resources. Local Otay WD groundwater supply development is currently considered as a viable water supply resource to meet projected demands.

The development and/or acquisition of potential groundwater supply projects by the Otay WD have evolved and have been resurrected in response to the regional water supply issues related to water source supply conditions. Local ground water supply projects will allow for less reliance upon imported water, achieve a level of independence of the regional wholesale water agencies, and diversify the Otay WD water supply portfolio consistent the Otay WD 2007 IRP.

In recognition of the need to develop sufficient alternative water supplies, the Otay WD has taken the appropriate next steps towards development of production groundwater well projects.

There are four groundwater well projects that the Otay WD is actively pursuing to develop as new local water supplies. They are known as the Middle Sweetwater River Basin Groundwater Well, the Otay Mesa Lot 7 Groundwater Well, the Rancho del Rey Groundwater Well, and the Otay River Groundwater Well Desalination project.

Middle Sweetwater River Basin Groundwater Well

The Middle Sweetwater River Basin Groundwater Well is a new additional water supply project had been thoroughly studied and documented in the 1990's. The Middle Sweetwater River Basin is located within the Sweetwater River watershed and is that reach of the river from Sweetwater Reservoir to the upstream Loveland Reservoir. The next step in development of the Middle Sweetwater River Basin Groundwater Well is the implementation of a pilot well project.

The Otay WD in cooperation with Sweetwater Authority and the Water Authority prepared a water resources audit for the Middle Sweetwater River Groundwater Basin in June 1991. The document was prepared by NBS Lowry and is entitled "Middle Sweetwater River System Study Water Resources Audit". The report was prepared as part of an overall study to identify and evaluate water management alternatives within the Middle Sweetwater River System (MSRS). The report graphically summaries water resources data for the MSRS.

The Otay WD in cooperation with Sweetwater Authority and the Water Authority prepared an alternatives evaluation study of the Middle Sweetwater River System Study Water Resources Audit in May 1993. The document was prepared by Michael R. Welch and is entitled "Middle Sweetwater River System Study Alternatives Evaluation". The overall goal of the study was to identify physical projects and/or management strategies which could enhance the availability and quality of surface and ground waters within the MSRS.

The Otay WD prepared potential conjunctive use strategies for the Middle Sweetwater River Basin in September 1994. A report was prepared by Michael R. Welch and is entitled “Middle Sweetwater River Basin Conjunctive Use Alternatives”. The report was prepared for the consideration of the Otay WD and Sweetwater Authority. The conceptual level planning information within report identifies and evaluates eight conjunctive use alternatives within the Middle Sweetwater River Basin.

The ultimate objective of the Otay WD is to develop a groundwater well production system within the Middle Sweetwater River Basin capable of producing a sustainable yield of potable water as a local supply.

The purpose of the Middle Sweetwater River Basin Groundwater Well Pilot project is to identify the feasibility of developing a groundwater resource production system and to determine and assess any limitations or constraints that may arise.

The Middle Sweetwater River Basin Groundwater Well Pilot Project scope of work will accomplish six primary goals as follows:

- Update project setting
- Update applicable project alternatives analysis
- Prepare groundwater well pilot project implementation plan
- Construct and test pilot monitoring and extraction wells
- Provide recommendations regarding costs and feasibility to develop a groundwater well production system within the Middle Sweetwater River Basin capable of producing a sustainable yield of potable water
- Prepare groundwater well production project implementation plan and scope of work

The groundwater conjunctive use concept planned to be developed is described as the extraction of the quantity of water from the groundwater basin that was placed there by customers of the Otay WD by means of their use of imported treated water that contributed to the overall volume of groundwater within the basin. This quantity has been estimated to be on the order of 12.5% of the total consumption of the Otay WD customers within that basin as measured by their water meters. In the 1994/1995 time frame 810 ac-ft/yr was the estimated quantity that was placed into the groundwater basin. Currently, that 12.5% quantity could be on the order of 1,000 ac-ft/yr. The consultant contract scope of work will address this Phase I concept while further development of the groundwater basin as an additional supply resource is appropriately considered.

Further development of the groundwater basin to enhance the total groundwater production could be accomplished by the Otay WD by means of additional extraction of water from the basin that is placed there by means of either injection and/or spreading basins using imported untreated water as the resource supply (Phase II). The existing La Mesa Sweetwater Extension Pipeline, owned by the Water Authority, once converted to an untreated water

deliver system, could be the conveyance system to transport untreated water for this conjunctive use concept.

These two distinct water resource supply conjunctive use concepts will be addressed so they may coexist and to allow for their development as separate phases.

The scope of work to complete Middle Sweetwater River Basin Groundwater Well Pilot Project consists of many major tasks and is to address the groundwater supply concepts outlined above. It is anticipated that the cost for the entire scope of work, will be on the order of \$2,000,000, which includes a contingency and may take up to one and a half years to complete.

The primary desired outcome of the Middle Sweetwater River Basin Groundwater Well Pilot Project is for the engineering consultant to determine and make recommendations if it is financially prudent and physically feasible to develop a Phase I groundwater well production system within the Middle Sweetwater River Basin capable of producing a sustainable yield of up to 1,500 ac-ft/yr of potable water for the Otay WD. If it is deemed that a Middle Sweetwater River Basin Groundwater Well Production Project is viable than the consultant will develop and provide a groundwater well production project implementation plan and related scope of work.

Otay Mesa Lot 7 Groundwater Well

In early 2001 the Otay WD was approached by a landowner representative about possible interest in purchasing an existing well or alternatively, acquiring groundwater supplied from the well located on Otay Mesa. The landowner, National Enterprises, Inc., reportedly stated that the well could produce 3,200 ac-ft/yr with little or no treatment required prior to introducing the water into the Otay WD potable water system or alternatively, the recycled water system. In March 2001 authorization to proceed with testing of the Otay Mesa Lot 7 Groundwater Well was obtained and the Otay WD proceeded with the investigation of this potential groundwater supply opportunity.

The May 2001 Geoscience Support Services, Inc. completed for the Otay WD the preparation of a report entitled, "Otay Mesa Lot 7 Well Investigation," to assess the Otay Mesa Lot 7 Well. The scope of work included a geohydrologic evaluation of the well, analyses of the water quality samples, management and review of the well video log, and documentation of well pump testing.

The primary findings, as documented in the report, formed the basis of the following recommendations:

- For the existing well to be use as a potable water supply resource, a sanitary seal must be installed in accordance with the CDPH guidelines.
- Drawdown in the well must be limited to avoid the possibility of collapsing the casing.

- Recover from drawdown from pumping is slow and extraction would need to be terminated for up to 2 days to allow for groundwater level recovery.
- The well water would need to be treated and/or blended with potable water prior to introduction into the potable water distribution system.

In October 2001, the outcome and recommendations of the Geoscience Support Services, Inc. Otay Mesa Lot 7 Well efforts were presented to the Otay WD Board of Directors. The existing Otay Mesa Lot 7 Well, based upon the above findings, was determined not to be a reliable municipal supply of potable water and that better water quality and quantity perhaps could be discovered deeper or at an alternative location within the San Diego Formation.

The Otay WD is continuing to pursue the Otay Mesa groundwater well opportunity with due consideration of the recommendations of the existing report and plans to develop a groundwater well production facility to extract perhaps at least 600 ac-ft/yr. The steps necessary to put such a well into production are as follows:

- Review the results of available water quality data, video survey for casing and screen condition, and pump testing.
- Investigate, discover, and confirm a reliable sufficient quality and quantity of source water.
- Establish feasibility and cost effectiveness of a production well system.
- Negotiate the purchase of a well site.
- Proceed with the planning, environmental compliance, permitting, design, and construction of a groundwater well production system.

Rancho del Rey Groundwater Well

In 1991, the McMillin Development Company drilled the Rancho del Rey Groundwater Well to augment grading water supplies for their Rancho del Rey development projects. Although the well was considered a “good producer,” little was known regarding its water quality and sustainable yield for the water was used solely for earthwork (i.e. dust control and soil compaction). The well was drilled to 865 feet, with a finished depth of 830 feet and produced approximately 400 ac-ft/yr of low quality water for four years until its use was discontinued in April 1995 as McMillin Development Company no longer needed the well. McMillin Development Company had previously notified the Otay WD of its intent to sell off the groundwater well asset.

The Otay WD continued discussions with McMillin Development Company and decided to determine if the Otay WD could use the water from the well and establish if purchase the property along with the existing well were appropriate. The Otay WD retained Quality Assurance Laboratories to conduct water quality testing in February 1995. It was established that the water from the well had a high total dissolved solids levels that exceeded well over 2,000 milligrams per liter. The Otay WD also retained engineering and well drilling firms, Barrett Consulting Group and Multi Water Systems respectively, which performed pump

draw down tests in December 1995. The results of these efforts established the well's long term yield to be about 629 ac-ft/yr. In February 1996 the Otay WD retained Boyle Engineering Corporation to prepare a feasibility study to compare alternatives for treating and using the groundwater and to provide a benefit/cost analysis. The September 1996 Boyle Engineering Corporation, "Groundwater Treatment Feasibility Study Rancho del Rey Well Site," report concluded that a Rancho del Rey Groundwater Well project could be feasible. It was established that both capital and operation and maintenance costs would require the well to produce at least 700 ac-ft/yr for a minimum of ten years to make the project economically viable. In October 1997 the Otay WD became owners of the property and well.

In May 1997 the Otay WD prepared and submitted to CDPH an Application for an Amended Operating Permit to add as a source water supply the Rancho del Rey Groundwater Well. The CDPH established that it would not issue an amended permit for the operation of the Rancho del Rey Groundwater Well and any related treatment facilities until the system design and specifications have reviewed and approved and the facilities must pass field inspection following construction.

In April 1998 the Otay WD received four proposals from consultants interested in designing the project. These proposals came in at almost double the estimated cost and in March 2000 the Otay WD decided to suspend further work on the developing the Rancho del Rey Groundwater Well until the project becomes economically viable or other circumstance would make it desirable to pursue development of the well.

In 2008 the Otay WD decided to reestablish the pursuit of the Rancho del Rey Groundwater Well project based upon the current water supply and water pricing conditions. The steps necessary to put such a well into production are as follows:

- Review the results of available data, tests, reports, etc.
- Reevaluate the cost effectiveness of a production well system.
- Proceed with the planning, environmental compliance, permitting, design, and construction of a groundwater well production system.

Otay River Groundwater Desalination Facility

Many local entities in San Diego County have studied the San Diego Formation and are interested in its potable water supply potential. These include the Sweetwater Authority, the Water Authority, City of San Diego, Otay WD, and the United States Geological Service. The San Diego Formation extends from the California-Mexico border to near Mission Bay in San Diego County, a distance of approximately 16 miles and from the coast to approximately six miles inland.

What is known about the San Diego Formation is that the geology is complex, and at present, only partly understood. The heterogeneity of the aquifer makes it extremely difficult to accurately predict groundwater flow or well performance. Few, if any, investigations have

been performed on the San Diego Formation in the Otay River Valley. Most of the knowledge is based in the Sweetwater River Valley and the Tijuana River Valley. Therefore, the Otay River Groundwater Desalination Facility (Otay River) project would produce valuable and useful data to aid in characterizing the San Diego Formation that could ultimately lead to the production of potable water.

The objective of Otay WD and Sweetwater Authority is to plan, and potentially permit, design, and construct an Otay River project within the Lower Otay River Basin capable of producing a sustainable yield of potable water as a local supply. The Lower Otay River Basin is located within the Otay River watershed and is that reach of the river below the Lower Otay Reservoir. The San Diego Formation is the principal aquifer in the South San Diego Bay area and underlies the Otay River Basin and other river basins.

The purpose of the Otay River project is to increase the quantity of local water supply within the South San Diego Bay region by development of a brackish groundwater well and desalination production system to extract, to the maximum extent practical, groundwater from the San Diego Formation; thereby, reducing imported and treated water demand from the Water Authority and Metropolitan.

The development of the Otay River project is being developed in a phased approach. The Sweetwater Authority and Otay WD are proceeding with the Otay River project and are participating in all phases of development and intend share equally all aspects and outcomes such as costs, risks, water supply, benefits, etc.

The Otay River project effort is currently being accomplished in two phases. Phase I, which is well underway, is envisioned as the planning and feasibility aspects of the project intended to determine the viability of extracting brackish groundwater from the San Diego Formation with the purpose to eventually construct brackish groundwater desalination treatment and transport facilities. Phase II is envisioned as proceeding with a pilot project, environmental compliance, permitting, design, construction, operation, maintenance, and other requirements of the Otay River project production and transport facilities to treat the groundwater and deliver the produced potable water to customers of both Sweetwater Authority and Otay WD. Proceeding with Phase II is dependent upon the outcomes of the Phase I efforts.

In 2006, Sweetwater Authority, in partnership with Otay WD received notification from the California Department of Water Resources (DWR) that Sweetwater Authority had been selected to receive a matching grant for the Otay River Basin Brackish Groundwater Desalination Study. The grant amount from DWR is \$242,000. The combined Sweetwater Authority and Otay WD contribution is \$357,000, for a total of \$599,000 to accomplish the DWR grant study. Through the Otay River Basin Brackish Groundwater Desalination Study, Sweetwater Authority and Otay WD will determine the feasibility of extracting brackish groundwater from the San Diego Formation. A portion of the work involves the United States Geological Society (USGS) services to construct multi-depth monitoring wells near the Otay River. The monitoring wells have been constructed.

In 2007, Sweetwater Authority, in partnership with Otay WD received notification from the Water Authority that Sweetwater Authority had been selected to receive a matching grant from the Water Authority Local Investigations and Studies Assistance (LISA) grant funding program for the USGS Study of the San Diego Formation for Potential In-lieu Conjunctive Use concept. The grant amount is \$1,500,000. The combined Sweetwater Authority and Otay WD contribution is \$1,500,000, for a total of \$3,000,000 to complete the LISA grant study.

The USGS Study of the San Diego Formation for Potential In-lieu Conjunctive Use effort has two primary objectives as follows.

- Develop an integrated, comprehensive understanding of the geology and hydrology of the San Diego Formation and the overlying alluvial deposits. With this understanding, the sustainable yield of the San Diego Formation can be determined founded upon good science.
- Use this understanding to evaluate use of the alluvial deposits and the San Diego Formation for an in-lieu conjunctive use project for expanded extraction.

The study phase, Phase I, of the Otay River project is to collect necessary geologic, groundwater, and water quality data that can be used to determine the safe yield from the aquifer and to develop a solidified plan for completing an Otay River project that could potentially yield at least 4,500 ac-ft/yr of desalinated potable water.

The achievable goals of the Otay River project are as follows:

- Obtain valuable well data that can be used to determine the hydro geological condition of the San Diego Formation in the Otay River Basin.
- Determine the water quality of the aquifer in this region.
- Conceptually layout the facilities needed to collect, treat, and deliver desalinated water to potable water customers of Sweetwater Authority and Otay WD.
- Develop a long-range monitoring program for well development and an implementation plan that clearly identifies the steps needed to complete the ultimate project.

The Otay River project will allow the partnering each agency to complete a significant step towards developing a new potable water source from brackish groundwater that is currently not used.

6.3.1.4 Potential Ocean Desalination Supplies

The Otay WD is currently investigating the feasibility of purchasing desalinated water from a seawater reverse osmosis plant that is planned to be located in Rosarito, Mexico. This project is known as the Rosarito Ocean Desalination Facility (Rosarito) project. The treatment

facility is intended to be designed, constructed, and operated in Mexico by a third party. On June 21, 2010 a report was prepared for the Otay WD by Camp Dresser & McKee, Inc. entitled Rosarito Desalination Facility Conveyance and Disinfection System Project.

The Rosarito Desalination Facility Conveyance and Disinfection System Project report discusses the likely issues to be considered in terms of water treatment and monitoring, potential conveyance options within the United States from the international border to potential delivery points, and environmental, institutional, and permitting considerations for Otay WD to import the Rosarito project product water as a new local water supply resource.

The three main treatment considerations addressed are:

- Treatment required for a reliable, high quality source, which blends effectively with the existing water supply.
- Treatment and monitoring required for compliance with the California Department of Public Health (CDPH) regulations.
- Treatment required for public perception concerns.

While the treatment facility for the Rosarito project will likely not be designed or operated by the Otay WD as the lead agency, it is important that Otay WD maintain involvement with the planning, design, and construction of the facility to ensure that the implemented processes provide a product water of acceptable quality for distribution and use within the Otay WD system as well as potentially in other agencies' systems in the region that may use the product water, e.g. City of San Diego, the Water Authority, etc. A seawater reverse osmosis treatment plant removes constituents of concern from the seawater, producing a water quality that far exceeds established United States and California drinking water regulations for most parameters, however, a two-pass treatment system may be required to meet acceptable concentrations of boron and chlorides, similar to the levels seen within the existing Otay WD supply sources. The Rosarito Desalination Facility Conveyance and Disinfection System Project report addresses product water quality that is considered acceptable for public health and distribution.

The Otay WD, or any other potential participating agencies, will be required to get approval from the CDPH in order to use the desalinated seawater as a water source. Three alternatives approaches are identified for getting this approval: 1) Certification of the Rosarito project in Mexico by CDPH; 2) Disinfection treatment only in the United States, receiving a waiver of specific filtration requirements through CDPH; and 3) Full filtration and disinfection treatment of water entering the United States with waiver of certain typical Watershed Sanitary Survey requirements. These alternatives vary in their cost and their likelihood of meeting CDPH approval.

The Rosarito Desalination Facility Conveyance and Disinfection System Project report addresses two supply targets for the desalinated water (i.e. local and regional). The local alternative assumes that only Otay WD would participate and receive desalinated water, while

the regional alternative assumes that other regional and/or local agencies would also participated in the Rosarito project.

On November 3, 2010, the District authorized the General Manager to enter into an agreement with AECOM for the engineering design, environmental documentation, and the permitting for the construction of the conveyance pipeline, pump station, and disinfection facility to be constructed within the District. The supply target is assumed to be 50 mgd.

The Otay WD is proceeding with negotiations among the parties to establish water supply resource acquisition terms through development of a Principles of Understanding document.

6.3.2 Otay WD Capital Improvement Program

The Otay WD plans, designs, constructs, and operates water system facilities to acquire sufficient supplies and to meet projected ultimate demands placed upon the potable and recycled water systems. In addition, the Otay WD forecasts needs and plans for water supply requirements to meet projected demands at ultimate build out. The necessary water facilities and water supply projects are implemented and constructed when development activities proceed and require service to achieve timely and adequate cost effective water service.

New water facilities that are required to accommodate the forecasted growth within the entire Otay WD service area are defined and described within the Otay WD 2009 WRMP updated November, 2010. These facilities are incorporated into the annual Otay WD Six Year Capital Improvement Program (CIP) for implementation when required to support development activities. As major development plans are formulated and proceed through the land use jurisdictional agency approval processes, Otay WD prepares water system requirements specifically for the proposed development project consistent with the Otay WD 2009 WRMP updated November, 2010. These requirements document, define, and describe all the potable water and recycled water system facilities to be constructed to provide an acceptable and adequate level of service to the proposed land uses, as well as the financial responsibility of the facilities required for service. The Otay WD funds the facilities identified as CIP projects. Established water meter capacity fees and user rates are collected to fund the CIP project facilities. The developer funds all other required water system facilities to provide water service to their project.

Section 7 – Conclusion: Availability of Sufficient Supplies

The Cross Border Project is currently located within the jurisdictions of the Otay WD, Water Authority, and Metropolitan. To obtain permanent imported water supply service, land areas are required to be within the jurisdictions of the Otay WD, Water Authority, and Metropolitan to utilize imported water supply.

The Water Authority and Metropolitan have an established process that ensures supplies are being planned to meet future growth. Any annexations and revisions to established land use plans are captured in the San Diego Association of Governments (SANDAG) updated forecasts for land use planning, demographics, and economic projections. SANDAG serves as the regional, intergovernmental planning agency that develops and provides forecast information. The Water Authority and Metropolitan update their demand forecasts and supply needs based on the most recent SANDAG forecast approximately every five years to coincide with preparation of their urban water management plans. Prior to the next forecast update, local jurisdictions with land use authority may require water supply assessment and/or verification reports for proposed land developments that are not within the Otay WD, Water Authority, or Metropolitan jurisdictions (i.e. pending or proposed annexations) or that have revised land use plans with either lower or higher development intensities than reflected in the existing growth forecasts. Proposed land areas with pending or proposed annexations, or revised land use plans, typically result in creating higher demand and supply requirements than previously anticipated. The Otay WD, Water Authority, and Metropolitan next demand forecast and supply requirements and associated planning documents would then capture any increase or decrease in demands and required supplies as a result of annexations or revised land use planning decisions.

Metropolitan's Integrated Resources Plan (IRP) identifies a mix of resources (imported and local) that, when implemented, will provide 100 percent reliability for full-service demands through the attainment of regional targets set for conservation, local supplies, State Water Project supplies, Colorado River supplies, groundwater banking, and water transfers. The 2010 update to the IRP includes a planning buffer supply intended to mitigate against the risks associated with implementation of local and imported supply programs and for the risk that future demands could be higher than projected. The planning buffer identifies an additional increment of water that could potentially be developed when needed and if other supplies are not fully implemented as planned. As part of implementation of the planning buffer, Metropolitan periodically evaluates supply development, supply conditions, and projected demands to ensure that the region is not under or over developing supplies. Managed properly, the planning buffer will help ensure that the southern California region, including San Diego County, will have adequate water supplies to meet long-term future demands.

In Section II.4 of their 2005 Regional Urban Water Management Plan (RUWMP), Metropolitan states that through effective management of its water supply, they fully expect to be 100 percent reliable in meeting all non-discounted non-interruptible demands throughout the next twenty-five years. Metropolitan's 2005 RUWMP identifies potential reserve supplies in the supply capability analysis (Tables II-7, II-8, and II-9), which could be available to meet the unanticipated demands.

The County Water Authority Act, Section 5 subdivision 11, states that the Water Authority "as far as practicable, shall provide each of its member agencies with adequate supplies of water to meet their expanding and increasing needs."

As part of preparation of a written water supply assessment report, an agency's shortage contingency analysis should be considered in determining sufficiency of supply. Section 9 of the Water Authority's 2005 Updated UWMP contains a detailed shortage contingency analysis that addresses a regional catastrophic shortage situation and drought management. The analysis demonstrates that the Water Authority and its member agencies, through the Emergency Response Plan, Emergency Storage Project, and Drought Management Plan (DMP) are taking actions to prepare for and appropriately handle an interruption of water supplies. The DMP, completed in May 2006, provides the Water Authority and its member agencies with a series of potential actions to take when faced with a shortage of imported water supplies from Metropolitan due to prolonged drought or other supply shortfall conditions. The actions will help the region avoid or minimize the impacts of shortages and ensure an equitable allocation of supplies.

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

This WSA Report includes, among other information, an identification of existing water supply entitlements, water rights, water service contracts, water supply projects, or agreements relevant to the identified water supply needs for the proposed Cross Border Project. This WSA Report assesses, demonstrates, and documents that sufficient water supplies are planned for and are intended to be available over a 20-year planning horizon, under normal conditions and in single and multiple dry years to meet the projected demand of the proposed Cross Border Project and the existing and other planned development projects to be served by the Otay WD.

Table 9 presents the forecasted balance of water demands and required supplies for the Otay WD service area under average or normal year conditions. The OWD 2005 UWMP demand projection for FY 2010 of 49,812 acre feet is substantially higher than the actual demand for that fiscal year. The total actual demand for FY 2010 was 36,500 acre feet. The demand for FY 2010 is 6,500 acre feet lower than the peak demand of FY 2006 of 43,000 acre feet. The drop in demand is a result of the unit price of water, the conservation efforts of users as a result of the prolonged drought, and the economy.

Table 10 presents the forecasted balance of water demands and supplies for the Otay WD service area under single dry year conditions. Table 11 presents the forecasted balance of water demands and supplies for the Otay WD service area under multiple dry year conditions for the five year period ending in 2015. Multiple dry year conditions for periods ending 2020, 2025, and 2030 are provided in the Otay WD revised 2005 UWMP. The projected potable

demand and supply requirements shown the Tables 9, 10, and 11 are from the Otay WD revised 2005 UWMP adjusted to reflect the additional 35 ac-ft/yr for the Cross Border Project and groundwater supply development of 600 ac-ft/yr by the Otay WD. Hot, dry weather may generate urban water demands that are about 7 percent greater than normal. This percentage was utilized to generate the dry year demands shown in Tables 10 and 11. The recycled water and groundwater supplies are assumed to experience no reduction in a dry year.

Table 9
Projected Balance of Water Demands and Supplies
Normal Year Conditions (acre feet)

Description	FY 2010	FY 2015	FY 2020	FY 2025	FY 2030
Demands					
Otay WD Demand	49,812	57,033	65,229	72,854	82,405
Cross Border Demand Increase	0	35	35	35	35
Total Demand	49,812	57,068	65,264	72,889	82,440
Supplies					
Water Authority Supply	45,772	51,784	59,234	65,995	74,543
Recycled Water Supply	4,040	4,684	5,430	6,294	7,297
Otay WD Groundwater Supply	0	600	600	600	600
Total Supply	49,812	57,068	65,264	72,889	82,440
Supply Surplus/(Deficit)	0	0	0	0	0

Table 10 presents the forecasted balance of water demands and supplies for the Otay WD service area under single dry year conditions as from the Otay WD revised 2005 UWMP adjusted to reflect the additional 38 ac-ft/yr for the Cross Border Facility Project and groundwater supply development of 600 ac-ft/yr by the Otay WD.

Table 10
Projected Balance of Water Demands and Supplies
Single Dry Year Conditions (acre feet)

Description	FY 2010	FY 2015	FY 2020	FY 2025	FY 2030
Demands					
Otay WD Demand	53,299	61,025	69,795	77,954	88,173
Cross Border Demand Increase	0	38	38	38	38
Total Demand	53,299	61,063	69,833	77,992	88,211
Supplies					
Water Authority Supply	49,253	55,779	63,803	71,098	80,314
Recycled Water Supply	4,040	4,684	5,430	6,294	7,297
Otay WD Groundwater Supply	0	600	600	600	600
Total Supply	53,299	61,063	69,832	77,992	88,211
Supply Surplus/(Deficit)	0	0	0	0	0

Dry year demands assumed to generate a 7% increase in demand over normal conditions for each year in addition to new demand growth.

Table 11 presents the forecasted balance of water demands and supplies for the Otay WD service area under multiple dry year conditions for the five year period ending in 2015 as from the Otay WD revised 2005 UWMP adjusted to reflect the additional 38 ac-ft/yr for the Cross Border Project and groundwater supply development of 600 ac-ft/yr by the Otay WD. The multiple dry year conditions for periods ending 2020, 2025, and 2030 are provided in the Otay WD revised 2005 UWMP.

Table 11
Projected Balance of Water Demands and Supplies
Multiple Dry Year Conditions (acre feet)

Description	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Demands					
Otay WD Demand	54,844	56,389	57,935	59,480	61,025
Cross Border Demand Increase	0	38	38	38	38
Total Demand	54,844	56,427	57,973	59,518	61,063
Supplies					
Water Authority Supply	50,8048	51,143	51,943	52,624	53,168
Recycled Water Supply	4,040	4,684	5,430	6,294	7,297
Otay WD Groundwater Supply	0	600	600	600	600
Total Supply	54,844	56,427	57,973	59,518	61,063
Supply Surplus/(Deficit)	0	0	0	0	0

Dry year demands assumed to generate a 7% increase in demand over normal conditions for each year in addition to new demand growth.

In evaluating the availability of sufficient water supply, the Cross Border Project development proponents will be required to participate in the development of alternative water supply project(s). This can be achieved through payment of the New Water Supply Fee adopted by the Otay Water District Board in May 2010. These water supply projects are in addition to those identified as sustainable supplies in the current Water Authority and Metropolitan UWMP, IRP, Master Plans, and other planning documents. These new water supply projects are in response to the regional water supply issues related to climatological, environmental, legal, and other challenges that impact water source supply conditions, such as the court rulings regarding the Sacramento-San Joaquin Delta and the current ongoing western states drought conditions. These new additional water supply projects are not currently developed and are in various stages of the planning process. The Otay WD water supply development program includes but is not limited to projects such as the Middle Sweetwater River Basin Groundwater Well project, the North District Recycled Water Supply Concept, the Rosarito Ocean Desalination Facility project, and the Rancho del Rey Groundwater Well project. The Water Authority and Metropolitan’s next forecasts and supply planning documents would capture any increase in water supplies resulting from any new water resources developed by the Otay WD.

The Otay WD acknowledges the ever-present challenge of balancing water supply with demand and the inherent need to possess a flexible and adaptable water supply implementation strategy that can be relied upon during normal and dry weather conditions.

The responsible regional water supply agencies have and will continue to adapt their resource plans and strategies to meet climate, environmental, and legal challenges so that they may continue to provide water supplies to their service areas. The regional water suppliers along with Otay WD fully intend to maintain sufficient reliable supplies through the 20-year planning horizon under normal, single, and multiple dry year conditions to meet projected demand of the Cross Border Project, along with existing and other planned development projects within the Otay WD service area.

This WSA Report assesses, demonstrates, and documents that sufficient water supplies are planned for and are intended to be acquired, as well as the actions necessary and status to develop these supplies, to meet projected water demands of the Cross Border Project as well as existing and other reasonably foreseeable planned development projects within the Otay WD for a 20-year planning horizon, in normal and in single and multiple dry years.

Source Documents

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Camp Dresser & McKee, Inc., "Otay Water District Integrated Water Resources Plan," March 2007

San Diego County Water Authority, "Urban Water Management Plan 2005 Update," November 2005 amended May 2007.

Metropolitan Water District of Southern California, "Regional Urban Water Management Plan," November 2005.

Camp Dresser & McKee, Inc., "Rosarito Desalination Facility Conveyance and Disinfection System Project," June 21, 2010.

PBS&J, "Draft Otay Water District North District Recycled Water System Development Project, Phase I Concept Study," December 2008.

NBS Lowry, "Middle Sweetwater River System Study Water Resources Audit," June 1991.

Michael R. Welch, "Middle Sweetwater River System Study Alternatives Evaluation," May 1993.

Michael R. Welch, "Middle Sweetwater River Basin Conjunctive Use Alternatives," September 1994.

Geoscience Support Services, Inc., "Otay Mesa Lot 7 Well Investigation," May 2001.

Boyle Engineering Corporation, "Groundwater Treatment Feasibility Study Ranch del Ray Well Site," September 1996.

Agreement for the Purchase of Treated Water from the Otay Water Treatment Plant between the City of San Diego and the Otay Water District.

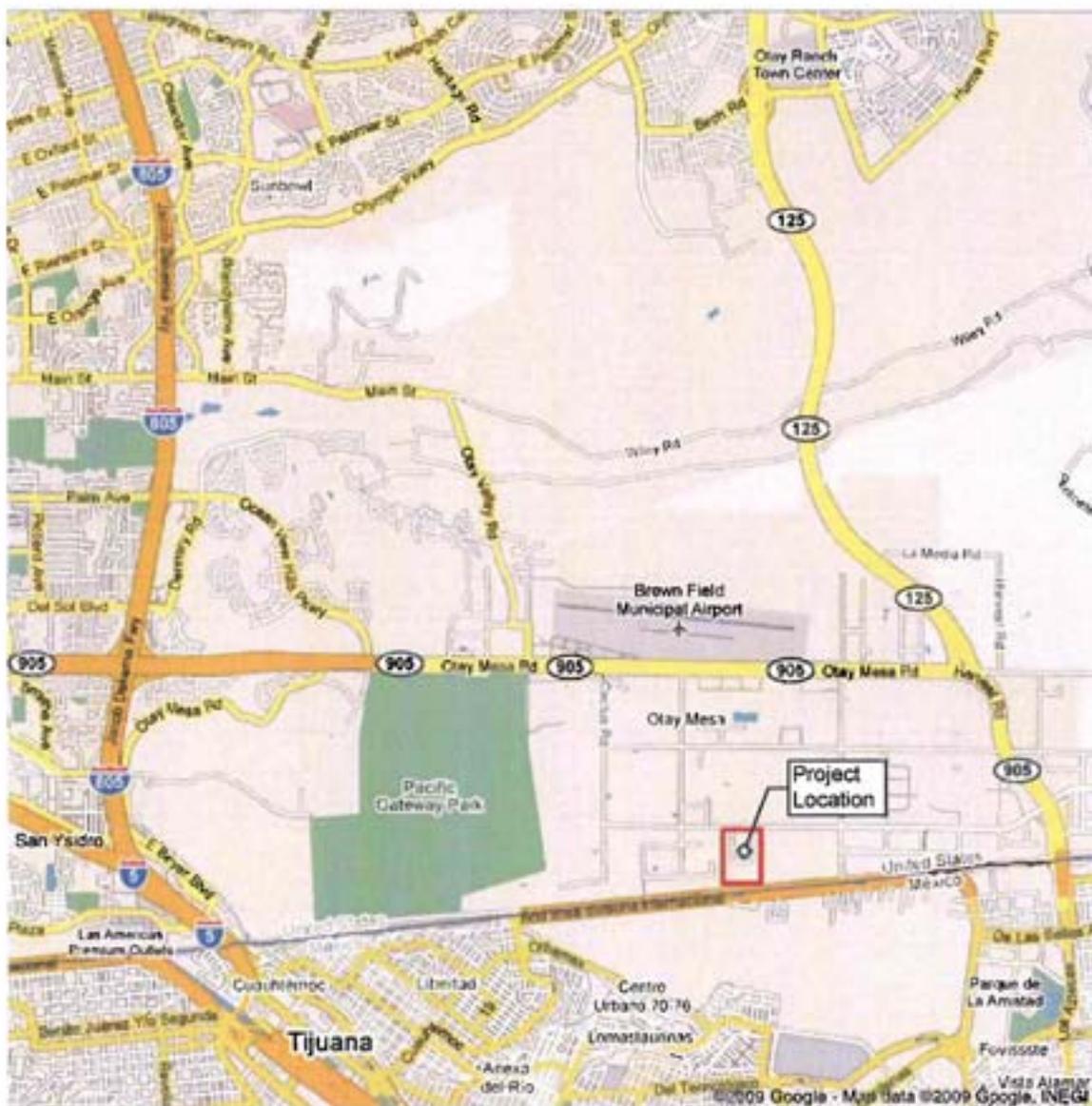
Agreement between the San Diego County Water Authority and Otay Water District regarding Implementation of the East County Regional Treated Water Improvement Program.

Agreement between the San Diego County Water Authority and Otay Water District for Design, Construction, Operation, and Maintenance of the Otay 14 Flow Control Facility Modification.

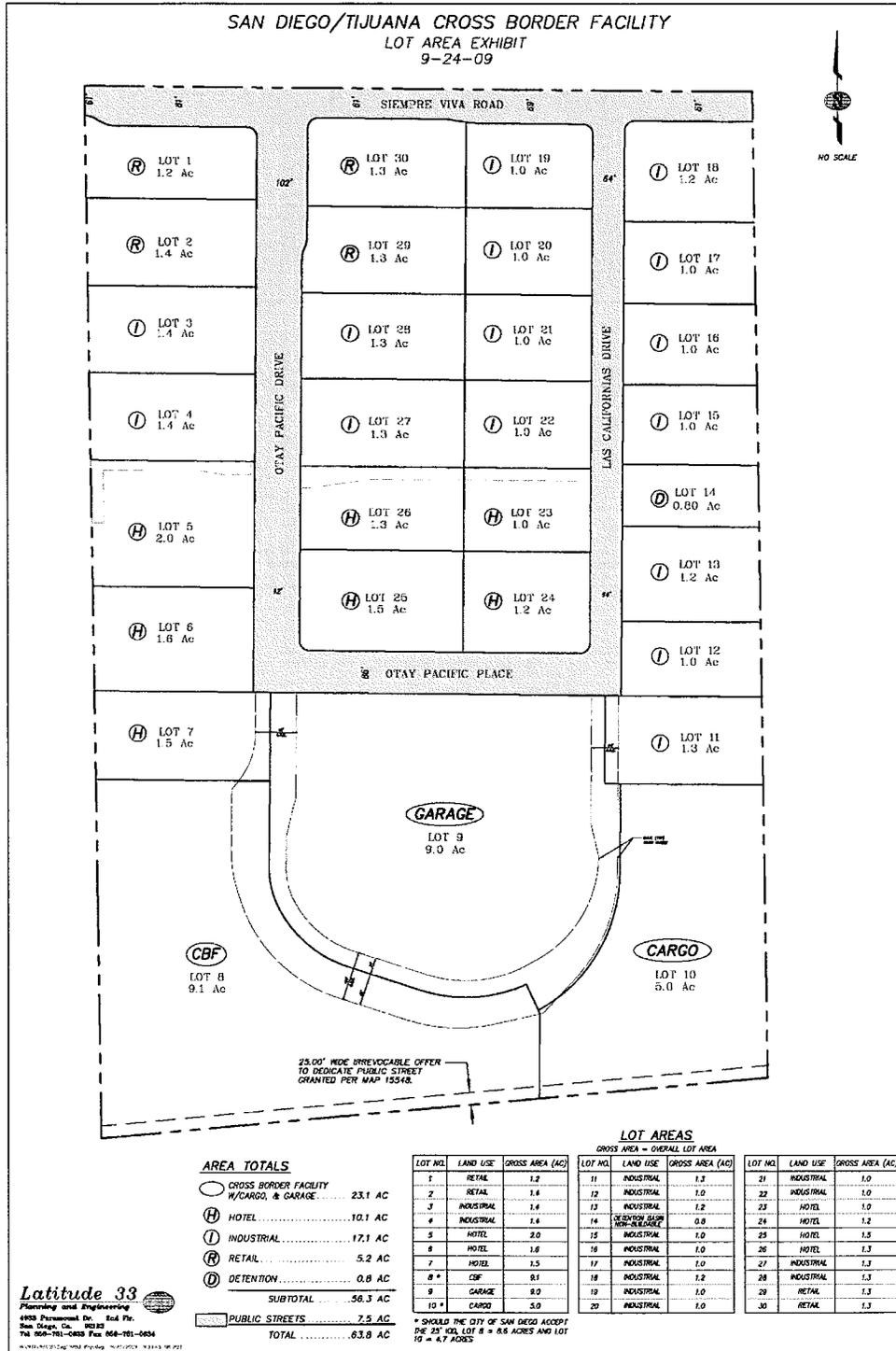
Agreement between the Otay Water District and the City of San Diego for Purchase of Reclaimed Water from the South Bay Water Reclamation Plant.

Appendix A

San Diego – Tijuana Cross Border Facility Vicinity Map

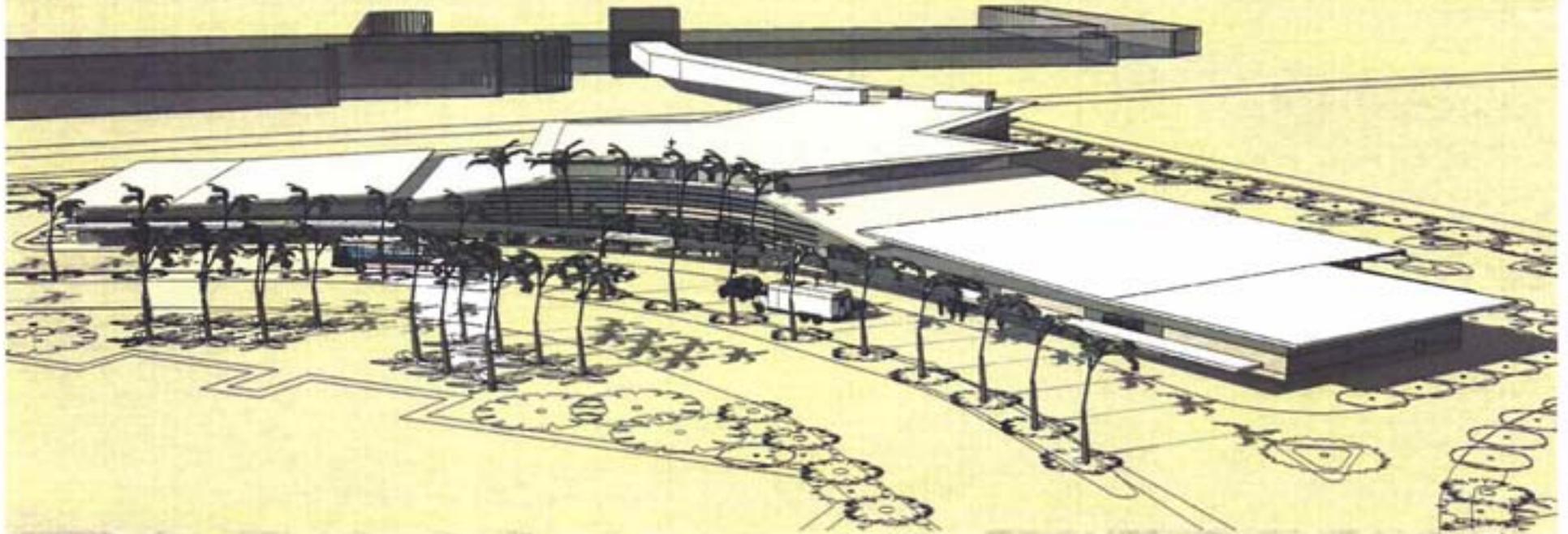


Appendix B San Diego – Tijuana Cross Border Facility Development Plan



Otay Water District Board of Directors Meeting

February 2, 2011



**Water Supply Assessment Report for the
San Diego-Tijuana Cross Border Facility
SB 610 Compliance**



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Imagery © 2010 Google Earth

Background

Senate Bills 610 and 221 became effective on January 1, 2002, with the primary intent to improve the link between water supply availability and land use decisions.

SB 610 Water Supply Assessment (WSA):

- Requires water purveyor to prepare a Water Supply Assessment report for inclusion in land use agency CEQA documentation.

SB 221 Water Supply Verification:

- Does not apply to the Cross Border project for it is an industrial subdivision.

Cross Border project Water Supply Assessment Report

- Board approval required for submittal of the WSA to the City of San Diego.

Cross Border Project Description

- **New International Business and Trade land use.**
- **Approximately 63.8 acres.**



Image U.S. Geological Survey

Cross Border Project Description

Land Use:

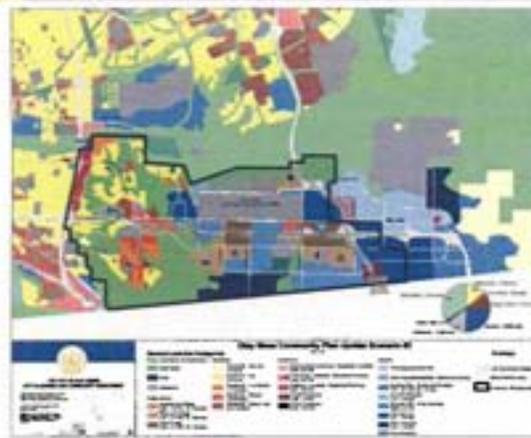
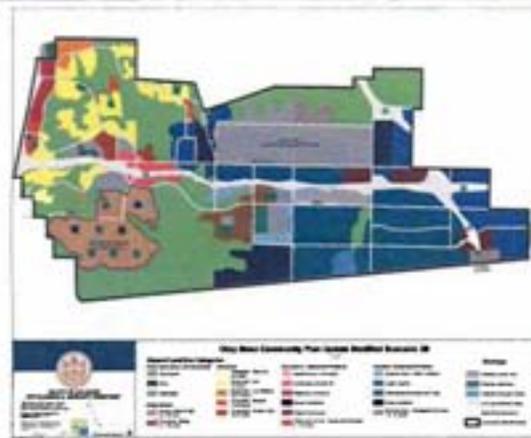
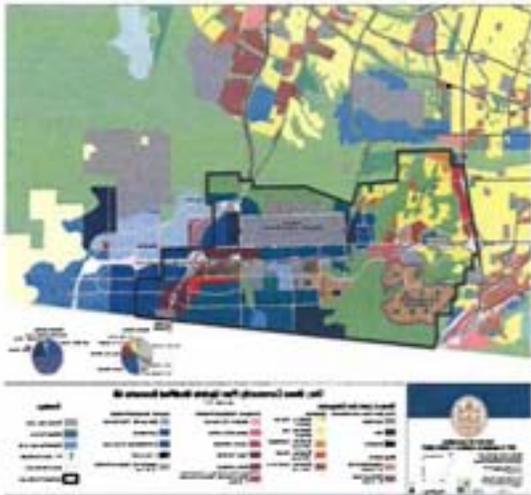
- Two 150 Room Hotels
- 78,500 Sq. Ft. Retail
- Parking Garage
- Cargo Facility and Cross Border Terminal Facility (4.5 Million People per Year)

Demand:

- 95 AFY Potable
- 11 AFY Recycled (11 % of demand)
- Increase in Potable Demand: 35 AFY above current approved land use



Image U.S. Geological Survey



BOARD OF DIRECTORS
MEETING 26, 2010

AGENDA ITEM NO. 16
ACTION REQUESTED - ADOPT

2010 REGIONAL URBAN WATER MANAGEMENT PLAN

1/16/2010

MEMORANDUM

RECOMMENDATION

During the past 18 months, SANDAG staff and representatives of various local water agencies in the San Diego region have worked together to develop a long-range plan for the San Diego region and its regionals. The results of this effort are contained in this memorandum.

The Regional Planning Committee recommends that the Board of Directors approve the 2010 Regional Urban Water Management Plan for use in the 2010 Regional Urban Water Management Plan and other planning efforts.

Background

Goals and Purposes of the 2010 Forecast

The purpose of the 2010 Regional Urban Forecast is to provide a starting point for regional planning. The forecast is not intended to be a prescription for future growth. Rather, it is based on the best possible future development pattern to be used in regional programs and forecasts.

The 2010 Regional Urban Forecast is one of the first steps in developing the 2010 Regional Urban Water Management Plan. It is a key component of the 2010 Regional Urban Water Management Plan, which is a key component of the 2010 Regional Urban Water Management Plan. It is a key component of the 2010 Regional Urban Water Management Plan, which is a key component of the 2010 Regional Urban Water Management Plan.

The 2010 Regional Urban Forecast is a key component of the 2010 Regional Urban Water Management Plan. It is a key component of the 2010 Regional Urban Water Management Plan, which is a key component of the 2010 Regional Urban Water Management Plan.



INTEGRATED WATER RESOURCES PLAN
Report No. 1224
Final Draft
2010
UPDATE



DRAFT

THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

**2010 REGIONAL URBAN
WATER MANAGEMENT PLAN**

THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Prepared by:
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
Water Resources Management Group
300 North Harbor Street
San Diego, CA 92101

**Otay Water District
Water Resources Master Plan Update**

OCTOBER 2008

OTAY
WATER DISTRICT

Approved by Otay Water District
on February 3, 2010

2005

UPDATED REGIONAL WATER MANAGEMENT PLAN

Cross Border Project Water Supply Assessment

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

Cross Border Project Water Supply Assessment

- **The state of the current water supply situation is documented in the WSA Report, with the intent that the water agencies plan to develop sufficient water supplies to meet demands.**
- **It is believed that the Board has met the intent of SB 610 statute in that:**
 - 1) Land use agencies and water suppliers have demonstrated strong linkage.**
 - 2) The Cross Border Project Water Supply Assessment clearly documents the current water supply situation.**

Cross Border Project Water Supply Assessment

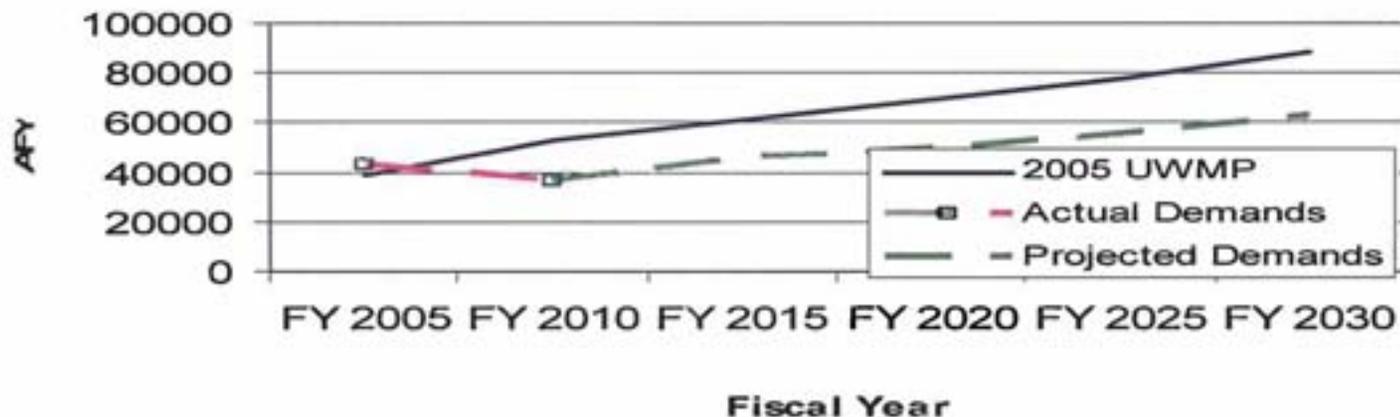
- **Based on existing documentation, the WSA Report demonstrates and documents that sufficient water supplies are planned for and are intended to be acquired.**
- **The WSA Report documents the planned water supply projects and the actions necessary to develop the supplies.**
- **Water supply for the Cross Border project and for existing and future developments within the District for a 20-year planning horizon, under normal and in single and multiple dry years are planned for and are intended to be made available.**

Projected Balance of Potable Water Supplies and Demands Normal Year Conditions (AFY)

Description	FY 2010	FY 2015	FY 2020	FY 2025	FY 2030
Demands					
Otay WD Demand	49,812	57,033	65,229	72,854	82,405
Cross Border Demand Increase	0	35	35	35	35
Total Demand	49,812	57,068	65,264	72,889	82,440
Supplies					
Water Authority Supply	45,772	51,784	59,234	65,995	74,543
Recycled Water Supply	4,040	4,684	5,430	6,294	7,297
Otay WD Groundwater Supply	0	600	600	600	600
Total Supply	49,812	57,068	65,264	72,889	82,440

Source: Table 9 Cross Border Facility WSA Report (From Otay WD 2005 UWMP Update).

Actual Demand vs. 2005 UWMP



Conclusion

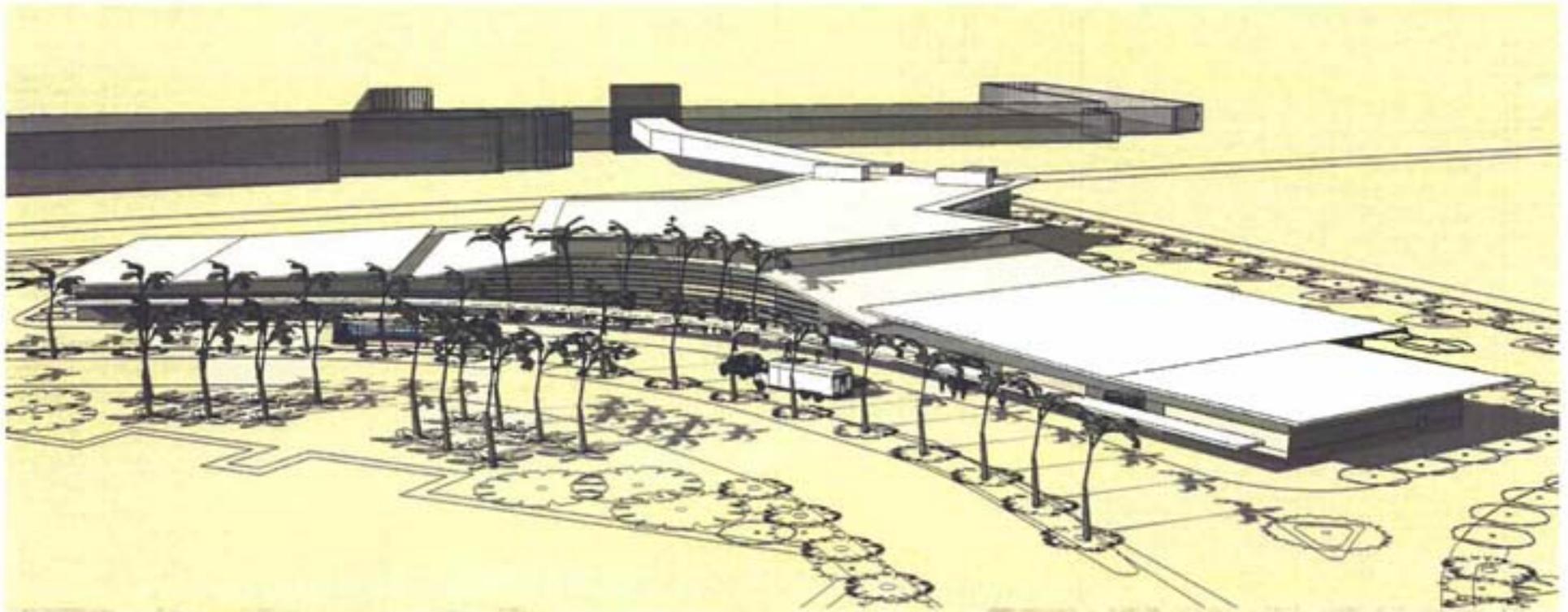
- **Water demand and supply forecasts are included in the planning documents of Metropolitan, Water Authority, and the Otay Water District.**
- **Actions necessary to develop the identified water supplies are documented.**
- **Cross Border SB 610 WSA demonstrates and documents that sufficient water supplies are planned for and are intended to be available over the next 20 years.**



Staff Recommendation

That the Board of Directors approve the Senate Bill 610 Water Supply Assessment Report dated December 2010 for the San Diego-Tijuana Cross Border Facility.

Questions?



Water Supply Assessment Report for the San Diego-Tijuana Cross Border Facility SB 610 Compliance



© 2010, 2009
AECOM

San Diego-Tijuana Cross Border Facility

Quality Assurance Approval Sheet

Subject: Approval of Water Supply Assessment Report
(December 2010) for the San Diego-Tijuana Cross
Border Facility

Project No.: D0738-090062

Document Description: Staff Report for February 2, 2011 Board Meeting

Author:	 Signature	<u>1/11/11</u> Date
	<u>Bob Kennedy</u> Printed Name	
QA Reviewer:	 Signature	<u>1/11/11</u> Date
	<u>Gary Silverman</u> Printed Name	
Manager:	 Signature	<u>1/11/11</u> Date
	<u>Ron Ripperger</u> Printed Name	

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



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	February 2, 2011
SUBMITTED BY:	Daniel Kay <i>DK</i> Associate Civil Engineer	PROJECT:	Various DIV. NO. ALL
	Ron Ripperger <i>RR</i> Engineering Manager		
APPROVED BY: (Chief)	Rod Posada <i>R. Posada</i> Chief, Engineering		
APPROVED BY: (Asst GM)	Manny Magaña <i>M. Magaña</i> Assistant General Manager, Engineering and Operations		
SUBJECT:	Informational Item - First Quarter Fiscal Year 2011 Capital Improvement Program Report		

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) accepts the First Quarter Fiscal Year 2011 Capital Improvement Program (CIP) Report for review and receives a summary via PowerPoint presentation.

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

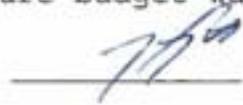
To update the Board about the status of all CIP project expenditures and to highlight significant issues, progress, and milestones on major projects.

ANALYSIS:

To keep up with growth and to meet our ratepayers' expectations to adequately deliver safe, reliable, cost-effective, and quality water, each year the District Staff prepares a six-year CIP Plan that identifies the District infrastructure needs. The CIP is comprised of four categories consisting of backbone capital facilities, replacement/renewal projects, developer's reimbursement projects, and capital purchases.

The First Quarter Fiscal Year 2011 update is intended to provide a detailed analysis of progress in completing these projects within the allotted time and budget. Expenditures through the First Quarter totaled approximately \$4.4 million. Approximately 16% of the Fiscal Year 2011 expenditure budget was spent.

FISCAL IMPACT:



None.

STRATEGIC GOAL:

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

LEGAL IMPACT:

None.



General Manager

RR/RP:jf

Attachments: Attachment A - Committee Action
Presentation



ATTACHMENT A

SUBJECT/PROJECT:	Informational Item - First Quarter Fiscal Year 2011 Capital Improvement Program Report
Various	

COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a Committee Meeting held on January 18, 2011 and the following comments were made:

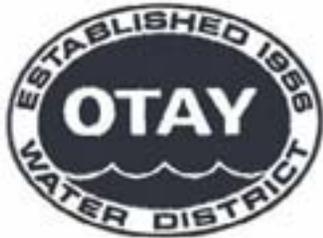
- Staff provided a PowerPoint presentation to the Committee and indicated that expenditures through the First Quarter totaled approximately \$4.4 million, which is about 16% of the District's Fiscal Year 2011 expenditure budget.
- Staff indicated that the District's FY 2011 CIP budget consists of 82 projects that total \$28.5 million and is divided into four categories:
 - Capital Facilities= \$16.2 million
 - Replacement/Renewal= \$10 million
 - Capital Purchases= \$2.3 million
 - Developer Reimbursement= \$0 million
- The PowerPoint presentation included the following:
 - Total Life-to-Date Expenditures thru September 30, 2010
 - Major CIP Projects
 - CIP Projects in Construction
 - Consultant Contract Status of contract amounts, approve payments to date, change orders, dates when contracts were signed and the end date of contracts.
 - Construction Contract Status thru September 30, 2010 of projects, contract amount, and percent of project completion
 - Expenditures
- Staff stated that the 36-Inch Pipeline from FCF No. 14 to Regulatory Site Project (P2009) is complete and in full operation.

- It was indicated that the Otay Lakes Road 12-Inch Recycled Water Pipeline and Potable Utility Relocation Project (R2094 & P2496) is already tied into the District's recycled water system and will be operating soon. Staff noted that this project is in relation to the District's Recycled Water Retrofit Program that will help save approximately 300 acre-feet of potable water annually by converting potable irrigation accounts to use recycled water. Staff noted that the project's expenditures and impacts were minimized by collaborating with the City of Chula Vista who planned to expand the corridor along Otay Lakes Road. The Southwestern College, Bonita Vista High School, and several Homeowners Associations are all participating in the District's retrofit program.
- The Committee inquired about the District's CIP budget process as to how funding sources (i.e. Capital Facilities, Replacement/Renewal, Capital Purchases, Developer Reimbursement) for CIP projects are determined and justified. Staff indicated that CIP projects and their funding sources are proposed by the Engineering Department and forwarded to the Chief of Finance, Legal Counsel, Assistant General Manager, General Manager, and Board for approval. Staff noted that the CIP Budget process adheres to the District's policies and procedures and is substantiated by a variety of documentations (general plans, environmental impact reports, studies, etc.), which all are available to the public for review.

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

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

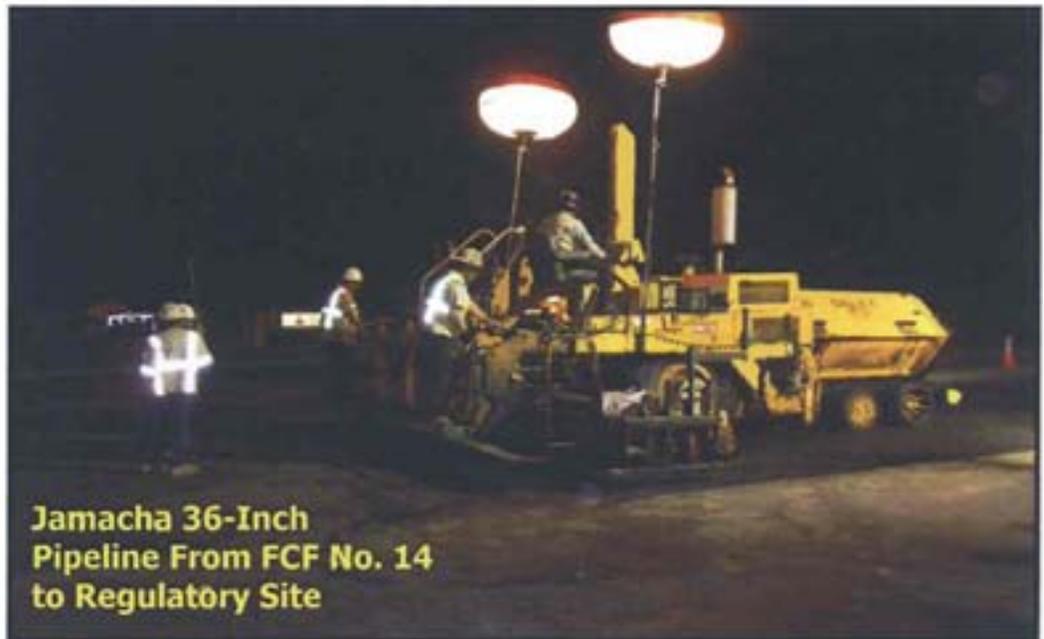
CAPITAL IMPROVEMENT PROGRAM



First Quarter
Fiscal Year 2011
(through September 30, 2010)



**1296-1 & 2 Reservoirs
Coating Project**



**Jamacha 36-Inch
Pipeline From FCF No. 14
to Regulatory Site**

Background

The approved CIP budget for Fiscal Year 2011 consists of 82 projects that total \$28.5 million. These projects are broken down into four categories:

- | | |
|-----------------------------|-----------------|
| 1. Capital Facilities: | \$ 16.2 million |
| 2. Replacement/Renewal: | \$ 10.0 million |
| 3. Capital Purchases: | \$ 2.3 million |
| 4. Developer Reimbursement: | \$ 0.0 million |

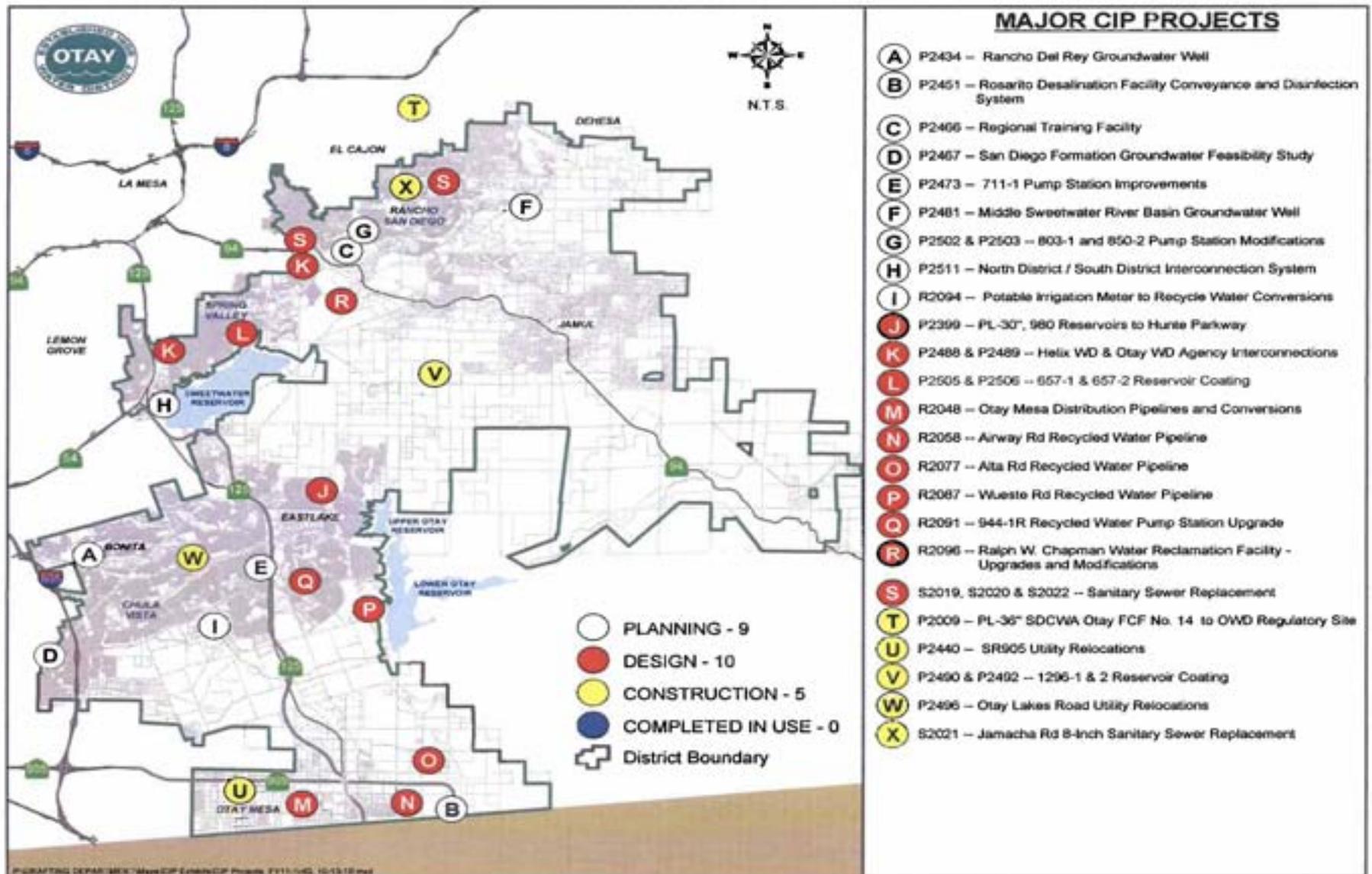
Overall expenditures through the First Quarter Fiscal Year 2011 totaled \$4.4 million which is 16% of the Fiscal Year 2011 budget.

Fiscal Year 2011 Report

(through September 30, 2010)

CIP CAT	Description	FY 2011 Budget	FY 2011 Expenditures	% FY 2011 Budget Spent	Total Life-to- Date Budget	Total Life-to-Date Expenditures	% Life-to- Date Budget Spent
1	Capital Facilities	\$16,181,000	\$3,038,000	19%	\$180,949,000	\$43,220,000	24%
2	Replacement/ Renewal	\$10,006,000	\$1,119,000	11%	\$44,053,000	\$15,574,000	35%
3	Capital Purchases	\$2,249,000	\$267,000	12%	\$13,450,000	\$6,023,000	45%
4	Developer Reimbursement	\$12,000	\$0	0%	\$7,882,000	\$1,000	0%
	Total:	\$28,448,000	\$4,424,000	16%	\$246,334,000	\$64,818,000	26%

Major CIP Projects



CIP Projects in Construction



36-Inch Pipeline from FCF No. 14 to Regulatory Site (P2009)

This project was awarded to CCL Contracting in June 2009.
This project consists of construction of approximately 27,300 feet of 36-inch pipeline to upgrade FCF No. 14 to a capacity of 16 million gallons per day.

CIP Projects in Construction

□ 36-Inch Pipeline From FCF No. 14 to Regulatory Site Project:

Key Component: **Approximately 5 miles of 36-inch pipeline for potable water from Otay's FCF No. 14 to the Regulatory Site.**

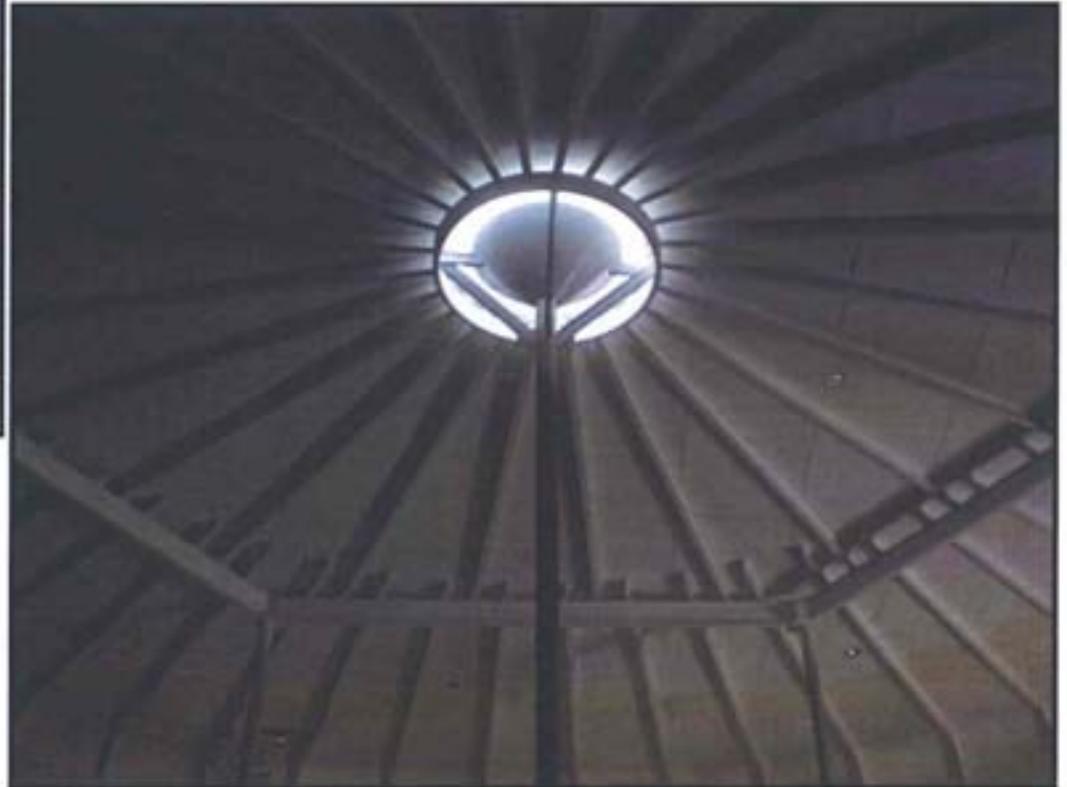
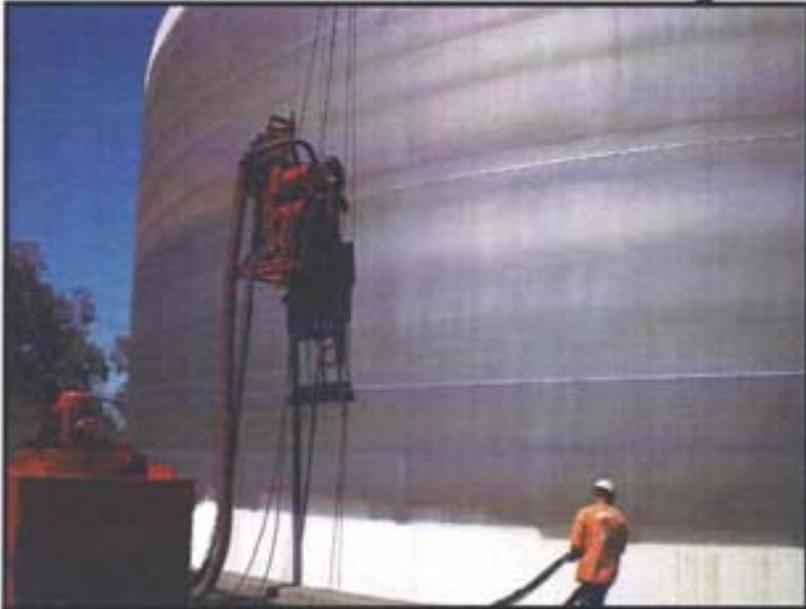
Schedule: **A construction contract was awarded to CCL Contracting (CCL) on June 3, 2009. Project is complete.**

Cost: **The FY 2011 project budget is \$2.2 million, of which \$2.1 million, or 94% has been spent. The life-to-date project budget is \$21 million, of which \$19 million, or 91%, has been spent.**

Significant Issues: **None.**

Highlights: **Installation of the 36-inch pipe is complete with only pipeline bacteria testing and minor pavement remaining. The pavement and striping are complete.**

CIP Projects in Construction



1296-1 & 2 Reservoirs Coating (P2490 & P2492)

This project was awarded to West Coast Industrial Coating, Inc. in February 2010. This project includes an assessment of the facilities to assure compliance to all applicable codes and OSHA standards as well as for the interior and exterior coatings of the 1296-1 & 2 Reservoirs.

CIP Projects in Construction

□ 1296-1&2 Reservoirs Coating Projects

Key

Component: Interior and exterior coatings on the 1296-1 & 2 Reservoirs.

Schedule: A construction contract was awarded to West Coast Industrial Coating, Inc., on February 3, 2010. Project is approximately 55% complete. Project completion is anticipated for February 2011.

Cost: The combined FY 2011 project budgets for CIPs P2490 and P2492 are \$680,000, of which \$206,000, or 30.3% was spent. The life-to-date project budgets are \$900,000, of which \$418,000, or 46%, have been spent.

Significant

Issues: None.

Highlights: None.

CIP Projects in Construction



Otay Lakes Road 12-Inch Recycled Water Pipeline and Potable Utility Relocation Project (R2094 & P2496)

This project consists of installing a 12-inch recycled pipeline along Otay Lakes Rd., from Telegraph Canyon Rd. to Bonita Vista High School on 'H' Street. This will provide recycled water to Southwestern College, a condo complex, and Bonita Vista High School. This project also includes relocating a few District facilities for the City of Chula Vista's road improvement project.

CIP Projects in Construction

□ Potable Irrigation Meters to Recycled Water Conversions

Key

Component: Installation of a 12-inch recycled pipeline along Otay Lakes Rd. and converting existing potable water irrigation systems to use recycled water.

Schedule: Construction started in May 2010. Southland Paving completed the 12-inch recycled water main in front of Bonita Vista High School, along with the roadway improvements along Otay Lakes Rd. (approx. 750 LF of the proposed 4,200 LF). They are currently working on the potable Pressure Reducing Station and will continue with the recycled pipeline installation. Project completion is anticipated for February 2011.

Cost: A Reimbursement Agreement, executed between the City of Chula Vista (City) and the District dated March 2, 2010, required the District to submit a deposit to the City for the estimated construction costs of \$1,100,000 (which includes a 10% contingency).

The combined FY 2011 project budgets for CIPs R2094 and P2496 are \$695,000, of which \$79,000, or 11.4% was spent. The life-to-date project budgets are \$3,350,000, of which \$1,397,000, or 42%, have been spent.

Significant

Issues: None.

Highlights: None.

Consultant Contract Status

(through September 30, 2010)

Consultant	CIP No.	Project Title	Original Contract Amount	Total Change Orders	Revised Contract Amount	Approved Payment To Date	% Change Orders	% Project Complete	Date of Signed Contract	End Date of Contract
PLANNING										
AECOM	P2434	RANCHO DEL REY GROUNDWATER WELL DEVELOPMENT	\$ 1,561,625.00	\$ -	\$ 1,561,625.00	\$ 623,268.90	0.0%	39.9%	1/20/2010	12/31/2010
MWH AMERICAS INC.	P2010	NORTH-SOUTH SERVICES AREA INTERTIE STUDY	\$ 119,505.00	\$ 11,500.00	\$ 131,005.00	\$ 118,314.41	9.6%	90.3%	10/22/2009	6/30/2011
SALVADOR LOPEZ-CORDOVA	P2451	DESALINATION PROJECT	\$ 45,000.00	\$ -	\$ 45,000.00	\$ -	0.0%	0.0%	9/15/2010	8/14/2011
TRAN CONSULTING ENGINEERS	S1201	SANITARY SEWER CCTV INSPECTION AND CONDITION ASSESSMENT	\$ 560,025.00	\$ -	\$ 560,025.00	\$ 238,146.92	0.0%	42.5%	1/20/2010	6/30/2013
DESIGN										
CALIFORNIA CENTER FOR SUSTAINABLE ENERGY	Varies	SOLAR POWER FEASIBILITY STUDY	\$ 34,400.00	\$ -	\$ 34,400.00	\$ 2,700.00	0.0%	7.8%	5/18/2010	6/30/2011
CPM PARTNERS	Varies	AS-NEEDED SCHEDULING SERVICES	\$ 175,000.00	\$ -	\$ 175,000.00	\$ 53,255.00	0.0%	30.4%	5/18/2010	6/30/2012
DARNELL & ASSOCIATES	Varies	AS-NEEDED TRAFFIC ENGINEERING SERVICES FOR FY2010 AND FY2011	\$ 175,000.00	\$ -	\$ 175,000.00	\$ 128,517.50	0.0%	73.4%	1/20/2010	6/30/2011
ENGINEERING PARTNERS INC, THE	Varies	ELECTRICAL SERVICES	\$ 100,000.00	\$ -	\$ 100,000.00	\$ 85,930.00	0.0%	85.9%	3/19/2007	6/30/2011
ENGINEERING PARTNERS INC, THE	Varies	AS-NEEDED ELECTRICAL DESIGN SERVICES	\$ 100,000.00	\$ -	\$ 100,000.00	\$ 22,765.00	0.0%	22.8%	10/7/2009	6/30/2011
HDR	Varies	TEMPORARY LABOR SERVICES	\$ 150,000.00	\$ 35,000.00	\$ 185,000.00	\$ 156,275.00	23.3%	84.5%	6/30/2010	6/30/2011
HVAC ENGINEERING INC	P2502, P2503	HVAC SERVICES FOR 850-2 PS & 803-1 PS	\$ 19,421.00	\$ -	\$ 19,421.00	\$ -	0.0%	0.0%	9/17/2010	12/31/2011
LEE & RO INC	P2009	DESIGN OF 36-INCH PIPELINE	\$ 580,183.00	\$ 61,629.00	\$ 641,812.00	\$ 624,320.35	10.6%	97.3%	9/11/2008	12/31/2010
LEE & RO INC	Varies	AS-NEEDED ENGINEERING DESIGN SERVICES	\$ 175,000.00	\$ -	\$ 175,000.00	\$ -	0.0%	0.0%	6/30/2010	6/30/2012
MTGL INC.	Varies	AS-NEEDED GEOTECHNICAL CONSULTING SERVICES	\$ 175,000.00	\$ -	\$ 175,000.00	\$ 6,030.00	0.0%	3.4%	6/23/2010	6/30/2012
MWH AMERICAS INC.	R2096, R2095, S2018	RWCWRF UPGRADE PROJECT	\$ 458,813.00	\$ -	\$ 458,813.00	\$ 116,473.07	0.0%	25.4%	10/14/2009	6/30/2011
PBS&J	Varies	HYDRAULIC MODELING SERVICES	\$ 45,000.00	\$ -	\$ 45,000.00	\$ 19,560.55	0.0%	43.5%	11/20/2009	6/30/2011
PHOTO GEODETIC CORPORATION	P2399	SURVEYING SERVICES	\$ 3,425.63	\$ -	\$ 3,425.63	\$ 3,150.00	0.0%	92.0%	8/24/2010	9/29/2010 COMPLETE
REPROHAUS	Varies	AS-NEEDED REPROGRAPHIC SERVICES	\$ 20,000.00	\$ -	\$ 20,000.00	\$ 7,056.15	0.0%	35.3%	2/16/2010	12/31/2011
SCHIFF & ASSOCIATES	Varies	PROFESSIONAL CORROSION SERVICES	\$ 250,000.00	\$ -	\$ 250,000.00	\$ 134,169.62	0.0%	53.7%	11/20/2009	6/30/2011
SOUTHERN CALIFORNIA SOIL	Varies	AS-NEEDED GEOTECHNICAL SERVICES	\$ 175,000.00	\$ 11,761.37	\$ 186,761.37	\$ 145,643.50	6.7%	78.0%	10/7/2009	6/30/2011
SUPERIOR TANK SOLUTIONS	P2491	803-2 Reservoir Visual Inspection	\$ 250.00	\$ -	\$ 250.00	\$ 250.00	0.0%	100.0%	7/15/2010	8/11/2010 COMPLETE

Consultant Contract Status (continued)

Consultant	CIP No.	Project Title	Original Contract Amount	Total Change Orders	Revised Contract Amount	Approved Payment To Date	% Change Orders	% Project Complete	Date of Signed Contract	End Date of Contract
CONSTRUCTION SERVICES										
BRADLEY CONSULTING GROUP	P2172	1485-1 PUMP STATION - TREE CONSULTING SERVICE	\$ 500.00	\$ -	\$ 500.00	\$ 500.00	0.0%	100.0%	9/7/2010	9/8/2010 COMPLETE
MWH CONSTRUCTORS INC	Varies	TEMPORARY LABOR SERVICES	\$ 150,000.00	\$ 130,000.00	\$ 280,000.00	\$ 260,925.00	86.7%	93.2%	1/5/2009	12/31/2010
PROWEST APPRAISALS	P2172	APPRAISAL SERVICES	\$ 2,827.50	\$ -	\$ 2,827.50	\$ 2,600.00	0.0%	92.0%	8/12/2010	8/25/2010 COMPLETE
RBF CONSULTING	P2009	36-INCH PIPELINE	\$ 1,088,785.00	\$ 46,956.00	\$ 1,135,741.00	\$ 1,129,656.75	4.3%	99.5%	1/28/2008	3/1/2011
RBF CONSULTING	R2058, R2077, R2087	CONSTRUCTION MANAGEMENT SERVICES FOR THE OTAY MESA RECYCLED WATER SUPPLY LINK	\$ 708,560.00		\$ 708,560.00	\$ 12,730.00	0.0%	1.8%	3/24/2010	12/31/2011
RBF CONSULTING	S2019, S2021	CONSTRUCTION MANAGEMENT	\$ 5,000.00	\$ -	\$ 5,000.00	\$ 4,640.00	0.0%	92.8%	8/5/2010	10/6/2010
VALLEY CONSTRUCTION MANAGEMENT	Varies	AS-NEEDED CONSTRUCTION MANAGEMENT AND INSPECTION SERVICES	\$ 175,000.00		\$ 175,000.00	\$ 65,040.00	0.0%	37.2%	3/17/2010	6/30/2012
ENVIRONMENTAL										
A.D. HINSHAW	Varies	CONSULTING SERVICES FOR JWA's CEQA	\$ 34,625.25	\$ -	\$ 34,625.25	\$ 5,084.56	0.0%	14.7%	3/25/2010	6/30/2012
BRG CONSULTING INC	P2143	1296-3 RESERVOIR ENV SVCS	\$ 125,000.00	\$ -	\$ 125,000.00	\$ 112,502.54	0.0%	90.0%	4/11/2006	12/31/2010
FORENSIC ENTOMOLOGY SERVICES	P2494	SCIENCE ADVISOR REVIEW	\$ 4,000.00	\$ -	\$ 4,000.00	\$ -	0.0%	0.0%	9/30/2010	6/30/2011
ICF INTERNATIONAL (aka JONES & STOKES ASSOCIATES)	P1253	SAN MIGUEL HABITAT MANAGEMENT AREA	\$ 987,807.00	\$ -	\$ 987,807.00	\$ 520,342.45	0.0%	52.7%	2/3/2009	12/31/2011
ICF INTERNATIONAL (aka JONES & STOKES ASSOCIATES)	R2058/ R2077/ R2087	OTAY MESA RECYCLED WATER SUPPLY LINK PIPELINES	\$ 213,087.00	\$ 9,115.00	\$ 222,202.00	\$ 213,077.42	4.3%	95.9%	5/1/2009	6/30/2011
ICF INTERNATIONAL	Varies	AS-NEEDED ENVIRONMENTAL CONSULTING SERVICES	\$ 375,000.00	\$ -	\$ 375,000.00	\$ 5,343.52	0.0%	1.4%	9/9/2010	6/30/2013
DR. MARY ANNE HAWKE	P2494	SCIENCE ADVISOR REVIEW	\$ 4,350.00	\$ -	\$ 4,350.00	\$ -	0.0%	0.0%	9/9/2010	6/30/2011
PHOTO GEODETIC CORPORATION	R2096	AERIAL MAPPING	\$ 2,400.00	\$ -	\$ 2,400.00	\$ 2,400.00	0.0%	100.0%	9/15/2010	10/12/2010 COMPLETE
RAHN CONSERVATION CONSULTING	P2494	SCIENCE ADVISOR REVIEW	\$ 4,000.00	\$ -	\$ 4,000.00	\$ -	0.0%	0.0%	9/15/2010	6/30/2011
RECON	P1253	PREPARATION OF THE SUBAREA PLAN	\$ 270,853.00	\$ -	\$ 270,853.00	\$ 115,296.53	0.0%	42.6%	3/28/2008	3/28/2011
TECHNOLOGY ASSOCIATES	Varies	CONSULTING SERVICES FOR JWA's NCCP	\$ 34,625.25	\$ -	\$ 34,625.25	\$ 18,892.13	0.0%	54.6%	4/5/2010	6/30/2012
WATER RESOURCES										
AECOM	P2481	MIDDLE SWEETWATER RIVER BASIN GROUNDWATER WELL PILOT PROJECT	\$ 1,065,037.00	\$ -	\$ 1,065,037.00	\$ 251,013.17	0.0%	23.6%	5/21/2009	5/31/2011
CAMP DRESSER & McKEE INC	P2451	BI-NATIONAL DESALINATION FEASIBILITY STUDY	\$ 94,552.00	\$ 18,005.00	\$ 112,557.00	\$ 98,209.84	19.0%	87.3%	3/19/2008	6/30/2011
CITY OF CHULA VISTA	R2093	WASTEWATER RECLAMATION FACILITY STUDY	\$ 150,000.00	\$ -	\$ 150,000.00	\$ -	0.0%	0.0%	9/24/2009	2/28/2011
MICHAEL R. WELCH	P2481	ENGINEERING PLANNING SVCS.	\$ 40,000.00	\$ -	\$ 40,000.00	\$ 15,660.00	0.0%	39.2%	3/25/2009	6/30/2011
PUBLIC SERVICES										
AEGIS ENGINEERING MANAGEMENT	Varies	RECYCLED WATER PLAN CHECKING, RETROFIT, AND INSPECTION SERVICES FOR DEVELOPER PROJECTS	\$ 300,000.00	\$ -	\$ 300,000.00	\$ 105,990.00	0.0%	35.3%	1/20/2010	6/30/2012
TOTALS:			\$ 10,758,656.63	\$ 324,906.37	\$ 11,083,563.00	\$ 5,425,731.84	3.0%			

Construction Contract Status

(through September 30, 2010)

CIP NO.	PROJECT TITLE	CONTRACTOR	ORIGINAL CONTRACT AMOUNT	TOTAL CHANGE ORDERS	REVISED CONTRACT AMOUNT	TOTAL EARNED TO DATE	% OF CHANGE ORDERS *	% PROJECT COMPLETE	EST. COMP. DATE
P2009/ P2038	Jamacha Rd. 36-Inch Pipeline & 12-Inch Pipeline Replacement	CCL Contracting	\$16,189,243	(\$307,266)	\$15,881,977	\$14,282,403	-1.90%	90%	Complete
P2490 & P2492	1296-1 & 1296-2 Reservoir Coating & Upgrades	West Coast Industrial	\$690,000	\$0	\$690,000	\$376,731	0.00%	55%	February 2011
S2021	Jamacha Rd. 8-Inch Sewer Replacement	A.B. Hashmi	\$91,320	(\$2,226)	\$89,094	\$89,094	-2.44%	100%	Complete
	TOTALS:		\$16,970,563	(\$309,492)	\$16,661,071	\$14,748,228	-1.82%		

Expenditures

(through September 30, 2010)

(\$000)

CIP No.	Description	Project Manager	FISCAL YEAR-TO-DATE, 09/30/10				LIFE-TO-DATE		Comments
			FY 2011 Budget	Expenses	Balance	Expense to Budget %	Budget	Balance	
CAPITAL FACILITY PROJECTS									
P2009	PL - 36-inch, SDCWA Otay FCF No. 14 to Regulatory Site	Ripperger	\$ 2,200	\$ 2,075	\$ 125	94%	\$ 21,000	\$ 1,984	Project in construction.
P2033	PL - 16-inch, 1296 Zone, Melody Road - Campo/Presilla	Ripperger	-	-	-	0%	1,826	1,821	Developer driven.
P2038	PL - 12-inch, 978 Zone, Hidden Mesa Road	Key	130	30	100	23%	2,378	196	Construction complete (Part of P2009).
P2083	PS - 870-2 Pump Station Replacement (28,000 GPM)	Ripperger	50	-	50	0%	12,581	12,001	Moved to Phase III.
P2143	Res - 1296-3 Reservoir 2 MG	Key	5	41	(36)	820%	3,540	125	Construction complete.
P2172	PS - 1485-1 Pump Station Replacement	Ripperger	5	10	(5)	200%	2,475	6	Project accepted; finalizing last easement.
P2191	Res - 850-4 Reservoir 2.2 MG	Key	5	7	(2)	140%	3,410	11	Project complete.
P2267	36-inch Main Pumpouts and Air/Vacuum Ventilation Installations	Vasquez	-	-	-	0%	435	201	Nothing to update.
P2318	PL - 20-inch, 657 Zone, Summit Cross-Tie and 36-inch Main Connections	Cameron	100	2	98	2%	600	528	Project in preliminary design.
P2357	PS - 657-1/850-1 Pump Station Demolition	Silverman	50	3	47	6%	300	297	In design; to be combined with P2471.
P2370	Res - Dorchester Reservoir and Pump Station Demolition	Silverman	67	-	67	0%	150	137	In design; to be combined with P2471.
P2391	PS - Perdue WTP Pump Station (10,000 GPM)	Silverman	5	14	(9)	280%	11,900	11,861	11.
P2399	PL - 30-inch, 980 Zone, 980 Reservoirs to Hurst Parkway	Silverman	209	25	175	13%	3,600	839	In design.
P2431	Res - 980-4 Reservoir 5 MG	Ripperger	5	-	5	0%	5,900	5,900	Moved to Phase III.
P2434	Rancho Del Rey Groundwater Well Development	Silverman	1,000	114	886	11%	4,250	2,870	The Board authorized execution of a professional services agreement for engineering and development of the Rancho del Rey Groundwater monitoring and production well. Well drilling activities have been completed. Working with AECOM to address extra costs due to Otay reducing or limiting the work hours and days responding to concerns about vibration and noise from homeowners in the area.
P2451	Rosario Desalination Facility Conveyance and Disinfection System	Kennedy	1,000	88	912	9%	30,000	29,437	FY-11 budget revised. Project on hold until third quarter FY-11.
P2466	Regional Training Facility	Coburn-Boyd	24	10	14	42%	252	6	This project budget has been expended, may be increased to cover some minor future expenses. This project is jointly funded by SWA and Otay.
P2467	San Diego Formation Groundwater Feasibility Study	Peasley	600	-	600	0%	1,800	1,041	The SDCWA awarded a LISA grant to SWA to fund up to 50% of the cost of the effort. Monitoring wells in the Otay River have been completed by USGS. Data gathering on well information within the San Diego Formation continues. Otay River participation agreement between SWA and Otay has been approved.
P2471	850/857 PRS at La Presa Pump Station	Silverman	240	4	236	2%	310	259	In design.
P2472	Water Supply Feasibility Studies	Peasley	30	-	30	0%	175	149	This project is for water supply feasibility study efforts. MWH completed the preparation a brief study including cost estimates for supply from the SWA Perdue WTP and the North District to South District interconnection.
P2473	PS - 711-1 Pump Station Improvement	Cameron	200	13	187	7%	500	441	PDR complete.
P2474	Fuel Storage Covers and Containment	Cameron	50	8	42	16%	120	91	PDR complete.
P2475	Pump Station Fire Hydrant Installations	Cameron	45	10	35	22%	55	2	Project complete.

Expenditures (Continued)

CIP No.	Description	Project Manager	FISCAL YEAR-TO-DATE, 09/30/10				LIFE-TO-DATE		Comments	
			FY 2011 Budget	Expenses	Balance	Expense to Budget %	Budget	Balance		
CAPITAL FACILITY PROJECTS										
P2481	Middle Sweetwater River Basin Groundwater Well Feasibility	Peasley	50	10	40	20%	1,820	1,437	Groundwater development planning efforts continue on the Middle Sweetwater River Basin Groundwater Well Pilot Project including preparation of a draft community outreach plan and analysis of imported supplied into the basin. Meetings with SVA have occurred with staff agreement on the quantity of imported water contributed to the groundwater supply. The Rosarito Desal project precludes the need for this project hence little expenditures are planned for in the remaining FY-11.	
P2488	Del Rio Road Helix and Otay Agency Interconnection	Kay	120	10	110	8%	150	79	Design complete; project out to bid.	
P2489	Gilispie Drive Helix and Otay Agency Interconnection	Kay	125	11	124	8%	150	110	Design complete; project out to bid.	
P2497	Solar Power Feasibility Study	Kennedy	150	6	144	4%	250	215	On schedule. In process of selecting candidate site for construction.	
P2502	803-1 Pump Station Modifications	Silverman	50	13	37	26%	200	167	PDR updated; HVAC design in process.	
P2503	850-2 Pump Station Modifications	Silverman	150	18	132	12%	650	632	PDR updated; HVAC design in process.	
P2510	Operations Yard Improvements	Kay	25	-	25	0%	370	370	PDR complete.	
P2611	North District - South District Interconnection System	Silverman	600	66	734	8%	37,300	37,234	Project in preliminary design.	
R2034	RecRes - 860-1 Reservoir 4 MG	Kay	200	-	200	0%	3,800	3,776	Project on hold.	
R2048	RecPL - Otay Mesa Distribution Pipelines and Conversions	Ripperger	250	61	189	24%	2,200	2,066	In design.	
R2058	RecPL - 16-Inch, 860 Zone, Airway Road - Otay Mesa/Alta	Kennedy	1,000	77	923	8%	3,500	2,482	Reimbursement Agreement will consume most of this budget.	
R2077	RecPL - 24-Inch, 860 Zone, Alta Road - Alta Gate/Airway	Kennedy	1,750	57	1,693	3%	4,500	3,734	Reimbursement Agreement will consume most of this budget.	
R2087	RecPL - 24-Inch, 927 Zone, Wueste Road - Olympic/Otay WTP	Kennedy	3,378	71	3,307	2%	7,000	6,212	Easement acquisition budget for the City of Chula Vista and the City of San Diego.	
R2088	RecPL - 30-Inch, 860 Zone, County Jail - Roll Reservoir/860-1 Reservoir	Kennedy	240	4	236	2%	3,500	3,438	Revise Budget to \$20K for FY-11.	
R2091	RecPS - 927-1 Pump Station Upgrade (10,000 GPM) and System Enhancements	Ripperger	1,250	48	1,202	4%	3,950	3,653	60% design complete.	
R2092	Dis - 450-1 Reservoir Disinfection Facility	Ripperger	2	(16)	16	-800%	742	3	In warranty.	
R2093	MBR City of Chula Vista Feasibility Study	Peasley	120	75	45	63%	210	90	The City of Chula Vista City Counsel and Otay Board of Directors have approved the MBR participation agreement to focus on the treatment facility and related requirements. The City of Chula Vista awarded a consulting contract to RMC to accomplish the scope of work is well underway. A draft report has been prepared for review and comment.	
R2094	Potable Irrigation Meters to Recycled Water Conversions	Charles	500	73	427	15%	3,100	1,808	On budget.	
Total Capital Facility Projects			Total:	16,181	3,038	13,143	19%	180,940	137,729	
REPLACEMENT/RENEWAL PROJECTS										
P2366	APCD Engine Replacements and Retrofits	Rahjers	442	-	442	0%	3,213	1,453	Currently \$136K on the January Board report; awaiting approval.	
P2382	Safety and Security Improvements	Munoz	102	72	30	71%	1,638	250	Plan to spend the full amount.	
P2416	SR-125 Utility Relocations	Kennedy	50	-	50	0%	963	49	GCR collecting from SBX.	
P2440	I-905 Utility Relocations	Silverman	100	31	69	31%	1,600	47	50% construction complete.	
P2453	SR-11 Utility Relocations	Kay	50	1	49	2%	155	151	CallTrans driven.	
P2456	Air and Vacuum Valve Upgrades	Acuna	450	185	265	41%	2,722	485	On track.	
P2458	AMR Manual Meter Replacement	Keenan	1,500	215	1,285	14%	10,448	6,217	On track.	
P2477	Res - 624-1 Reservoir Cover Replacement	Kennedy	5	1	4	20%	450	422	On budget and on schedule.	
P2484	Large Water Meter Replacement Program	Keenan	100	12	88	12%	575	402	On track.	

Expenditures (Continued)

CIP No.	Description	Project Manager	FISCAL YEAR-TO-DATE, 09/30/10				LIFE-TO-DATE		Comments
			FY 2011 Budget	Expenses	Balance	Expense to Budget %	Budget	Balance	
REPLACEMENT/RENEWAL PROJECTS									
P2485	SCADA Communication System and Software Replacement	Staker	350	26	324	7%	1,325	1,018	Plan to spend the full amount.
P2486	Asset Management Plan Condition Assessment and Data Acquisition	Stevens	600	49	551	8%	1,150	866	Plan to spend the full amount.
P2490	1296-1 Reservoir Interior/Exterior Coating	Kay	240	10	230	4%	350	280	Project under construction.
P2491	850-3 Reservoir Exterior Coating	Kay	10	1	9	10%	300	298	Project to be done in FY-12.
P2492	1296-2 Reservoir Interior/Exterior Coating	Kay	440	196	244	45%	550	202	Project in construction.
P2493	624-2 Reservoir Interior Coating	Kay	5	-	5	0%	950	949	Project to be done in FY-12.
P2494	Multiple Species Conservation Plan	Coburn-Boyd	170	41	129	24%	830	248	This budget will be spent this fiscal year.
P2495	San Miguel Habitat Management/Mitigation Area	Coburn-Boyd	250	35	215	14%	1,725	1,412	This budget will be spent this fiscal year.
P2496	Otay Lakes Road Utility Relocations	Kay	195	6	189	3%	250	145	Project under construction.
P2504	Regulatory Site Access Road and Pipeline Relocation	Ripperger	200	-	200	0%	600	600	Developer driven.
P2505	657-1 Reservoir Interior/Exterior Coating	Cameron	325	4	321	1%	375	371	Design complete; project out to bid.
P2506	657-2 Reservoir Interior/Exterior Coating	Cameron	325	3	322	1%	375	372	Design complete; project out to bid.
P2507	East Palomar Street Utility Relocation	Cameron	20	2	18	10%	500	498	CalTrans driven.
P2508	Pipeline Cathodic Protection Replacement Program	Kennedy	50	-	50	0%	150	150	Selection for cathodic as needed required to start.
P2509	R.J. Donovan Prison Water Meter Upgrade	Ripperger	-	-	-	0%	60	60	In the process of replacing the meter.
R2096	RWCWRF - Upgrades and Modifications	Coburn-Boyd	1,200	54	1,146	5%	2,500	2,206	The project schedule has changed so that not all of the projected budget will be spent this fiscal year.
S2012	SVSD Outfall and RSD Replacement and OM Reimbursement	Peasley	642	1	641	0%	4,292	3,798	The expenditures are typically billed by SVSD and paid within the fourth quarter of the fiscal year.
S2019	Avocado Boulevard 8-inch Sewer Main Improvement	Cameron	1,519	53	1,467	3%	1,730	1,533	Design 90% complete.
S2020	Calavo Drive 8-inch Sewer Main Replacement	Cameron	360	4	356	1%	420	381	Design 90% complete.
S2021	Jamacha Road 8-inch Sewer Main Replacement	Kay	40	105	(65)	262%	160	8	Project complete.
S2022	Hidden Mesa Drive 8-inch Sewer Main Rehabilitation	Cameron	120	4	116	3%	150	134	Design 90% complete.
S2023	Calavo Drive Sewer Main Utility Relocation	Cameron	50	1	49	2%	65	65	County of San Diego driven.
S2024	Campo Road Sewer Main Replacement	Cameron	75	2	73	3%	3,250	3,248	To be assessed in the Sewer Master Plan.
S2025	Wiegborst Way Sewer Main Replacement	Cameron	25	5	20	20%	175	170	County Project.
Total Replacement/Renewal Projects			Total:	10,006	1,119	8,887	11%	44,053	28,479
CAPITAL PURCHASE PROJECTS									
P2282	Vehicle Capital Purchases	Rahders	540	59	481	11%	4,945	2,882	\$25K encumbered, awaiting vehicle delivery; \$100K on the January Board report; awaiting approval.
P2285	Office Equipment and Furniture Capital Purchases	Dobrawa	-	-	-	0%	481	42	Nothing to update.
P2286	Field Equipment Capital Purchases	Rahders	201	25	176	12%	1,927	764	Plan to spend the full amount by year end.
P2443	Information Technology Mobile Services	Jenkins	250	19	231	8%	1,552	885	Plan to spend the full amount by year end.
P2461	Records Management System Upgrade	Stevens	150	-	150	0%	406	201	Plan to spend the full amount by year end.
P2469	Information Technology Network and Hardware	Jenkins	300	69	231	23%	1,921	1,116	Plan to spend the full amount by year end.
P2470	Application Systems Development and Integration	Stevens	408	95	313	23%	2,238	1,337	Plan to spend the full amount by year end.
P2501	Telecommunications Equipment Upgrade	Jenkins	400	-	400	0%	400	400	Plan to spend the full amount by year end.
Total Capital Purchase Projects			Total:	2,249	267	1,982	12%	13,450	7,427

Expenditures (Continued)

CIP No.	Description	Project Manager	FISCAL YEAR-TO-DATE, 09/30/10				LIFE-TO-DATE		Comments
			FY 2011 Budget	Expenses	Balance	Expense to Budget %	Budget	Balance	
DEVELOPER REIMBURSEMENT PROJECTS									
P2104	PL - 12-Inch, 711 Zone, La Media Road - BirchRock Mountain	Charles	-	-	-	0%	833	833	Nothing to update.
P2107	PL - 12-Inch, 711 Zone, Rock Mountain Road - La Media/SR 125	Charles	-	-	-	0%	722	722	Nothing to update.
P2325	PL - 10" to 12" Oversize, 1296 Zone, PB Road - Rolling Hills Hydro PS/PB Bndy	Charles	1	-	1	0%	50	50	Awaiting Developer's request for reimbursement.
P2402	PL - 12-Inch, 624 Zone, La Media Road - Village 7/Otay Valley	Charles	-	-	-	0%	444	444	Nothing to update.
P2403	PL - 12-Inch, 624 Zone, Heritage Road - Olympic/Otay Valley	Charles	-	-	-	0%	925	925	Nothing to update.
R2028	RecPL - 8-Inch, 680 Zone, Heritage Road - Santa Victoria/Otay Valley	Charles	-	-	-	0%	600	600	Nothing to update.
R2042	RecPL - 8-Inch, 927 Zone, Rock Mountain Road - SR-125/EastLake	Charles	-	-	-	0%	140	140	Nothing to update.
R2047	RecPL - 12-Inch, 680 Zone, La Media Road - BirchRock Mountain	Charles	-	-	-	0%	450	450	Nothing to update.
R2082	RecPL - 24-Inch, 680 Zone, Olympic Parkway - Village 2/Heritage	Charles	5	-	5	0%	1,747	1,747	Awaiting Developer's request for reimbursement.
R2083	RecPL - 20-Inch, 680 Zone, Heritage Road - Village 2/Olympic	Charles	5	-	5	0%	400	400	Awaiting Developer's request for reimbursement.
R2084	RecPL - 20-Inch, 680 Zone, Village 2 - Heritage/La Media	Charles	1	-	1	0%	971	970	Awaiting Developer's request for reimbursement.
R2085	RecPL - 20-Inch, 680 Zone, La Media - State/Olympic	Charles	-	-	-	0%	600	600	Nothing to update.
Total Developer Reimbursement Projects		Total	12	-	12	0%	7,882	7,881	
GRAND TOTAL			\$ 28,448	\$ 4,424	\$ 24,024	16%	\$ 246,334	\$ 181,516	

Quality Assurance Approval Sheet

Subject: Informational Item – First Quarter Fiscal Year
2011 Capital Improvement Program Report

Project No.: Various

Document Description: Staff Report for February 2, 2011 Board Meeting

Author:	 _____ Signature	<u>1/10/11</u> _____ Date
	Daniel Kay _____ Printed Name	
QA Reviewer:	 _____ Signature	<u>1/10/11</u> _____ Date
	Gary Silverman _____ Printed Name	
Manager:	 _____ Signature	<u>1/10/11</u> _____ Date
	Ron Ripperger _____ Printed Name	

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



STAFF REPORT

TYPE MEETING:	Regular Board Meeting	MEETING DATE:	February 2, 2011
SUBMITTED BY:	Mark Watton, General Manager	W.O./G.F. NO:	DIV. NO.
SUBJECT:	Board of Directors 2011 Calendar of Meetings		

GENERAL MANAGER'S RECOMMENDATION:

At the request of the Board, the attached Board of Director's meeting calendar for 2011 is being presented for discussion.

PURPOSE:

This staff report is being presented to provide the Board the opportunity to review the 2011 Board of Director's meeting calendars and amend the schedule as needed.

COMMITTEE ACTION:

N/A

ANALYSIS:

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

STRATEGIC GOAL:

N/A

FISCAL IMPACT:

None. _____

LEGAL IMPACT:

None. _____

General Manager

Attachments: Calendar of Meetings for 2011

**Board of Directors, Workshops
and Committee Meetings
2011**

Regular Board Meetings:

January 5, 2011
February 2, 2011
March 2, 2011
April 6, 2011
May 4, 2011
June 1, 2011
July 6, 2011
August 3, 2011
September 7, 2011
October 5, 2011
November 2, 2011
December 7, 2011

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

January 19, 2011
February 16, 2011
March 16, 2011
April 20, 2011
May 18, 2011
June 15, 2011
July 20, 2011
August 17, 2011
September 21, 2011
October 19, 2011
November 16, 2011
December 21, 2011

Board Workshops:

Budget Workshop, TBD
Special Board Meeting/Board Retreat Workshop, TBD



STAFF REPORT

TYPE	MEETING
MEETING: Regular Board	DATE: February 2, 2011
SUBMITTED Mark Watton	W.O./G.F. N/A DIV. N/A
BY: General Manager	NO: NO.
SUBJECT: General Manager's Report	

GENERAL MANAGER:

Special District Risk Management Authority (SDRMA):

The Special District Risk Management Authority (SDRMA) Board of Directors has approved a longevity distribution to recognize and reward members for their loyalty and commitment to the SDRMA programs. The District received two checks from SDRMA in the following amounts:

- o \$3,361.00 for five years of participation in the Workers' Compensation Program; and
- o \$8,109.00 for seven years of participation in the Property and Liability Program.

Fiscal Year 2012 Six-Year CIP Project Expenditure Projections:

There are two fundamental reasons why District staff is in the process of revising the current Fiscal Year and upcoming Fiscal Year 2012 Six-Year Capital Improvement Program (CIP) Project Expenditure Projections. They are as follows:

- o The ongoing recession and the projected economic outlook are both driving very little development activity within the District.
- o The City of San Diego's inability to assure a reliable recycled water supply in quantities above the current South Bay Water Reclamation Plant (SBWRP) supply limit and the uncertainty about their long-term commitment on an acceptable recycled water wholesale rate.

These challenges clearly point to the need to delay CIP Expenditure projections for the Fiscal Year 2012 CIP. Every CIP project is being evaluated to adjust priorities based upon need, timing, and other challenges. The proposed Fiscal Year 2012 Six-Year CIP Expenditure Projections are expected to be lower because of delaying various projects. This will result in less pressure on water and sewer rates increases from District operations.

ADMINISTRATIVE SERVICES, INFORMATION TECHNOLOGY AND FINANCE:

ADMINISTRATIVE SERVICES:

Human Resources:

- **Annual Employee Recognition Luncheon** - The District held the Annual Employee Recognition Luncheon at Steele Canyon Golf Course on Wednesday, January 26th at 1:00 p.m.
- **Training Tracking Program** - Human Resources is working with IT to roll out the new Training Tracking Module on SharePoint. The Training Tracking Module is a new tool for managers and supervisors to use to keep track of required training for their employees and will allow viewing of upcoming training classes for their employees and keep abreast of who did or did not attend the required training. User Training will be scheduled the 2nd week of February for users and it is anticipated that the system will "Go Live" by February 14th.
- **New Hires** - There were no new hires in the month of January.

Water Conservation and School Education:

- **Water Conservation Rebate Status** - MET continues to administer its So Cal Water Smart (residential) rebate and the So Cal Water Smart (commercial) rebate programs. In addition, interest remains high for the District's Cash-for-Water Smart Plants and Water Smart Irrigation Upgrade programs.
- **Reimbursement for Water Conservation Activity** - In total, the District has received \$5,737 in reimbursement for residential and large landscape surveys conducted through November and recently invoiced MET for \$56,000 to reimburse the District for a portion of its costs associated with its Cash-for-Water Smart Plants program. In addition, the District submitted paperwork to MET requesting another \$22,000 in funding for reimbursement for costs associated with its Water Smart Irrigation Upgrade program.

- **School Education Update** - In January, two 5th grade classes involving 75 students and 20 adults from Rancho San Diego Elementary visited the Garden and participated in school Garden tours. To date, 10 tours have been completed and another 16 are scheduled to be completed before the end of March 2011.
- **Water Waste Reporting** - In January (through the 21st), there was only 1 report of water waste, either phoned in or reported through the District's website. The water waste report listing the activity is attached.

Purchasing and Facilities:

- **Purchase Orders** - There were 115 purchase orders processed in January 2011 for a total of \$7,446,230.06.
 - o Please note the following purchase orders processed:
 - 1) Aecom Technical Services, for the Disinfection System Project in the amount of \$3,910,297.00.
 - 2) SDRMA, for Health Administration Services in the amount of \$2,800,000.00.

INFORMATION TECHNOLOGY AND STRATEGIC PLANNING:

- **InfoSend Bill Pay** - Emails have been sent for ACH customers to sign-up with the new InfoSend Bill Pay system. Each time an email is sent, the number of sign-ups goes up significantly. An out-dial campaign is set up to call, and a mailer will go in bills for customers who still have not signed up.
- **Bill Calculators** - The bill calculators are available on the web so customers can see how the new rates will affect their water and sewer bills.
- **Meter Change Out** - We have streamlined our meter change out process in Operations. Now, we scan new meter numbers and have fully automated the inventory process.
- **System Upgrades** - We have begun the planning process for upgrade to Microsoft Exchange 2010. Project should kick-off in early February. We ordered 25 new workstations for the next phase of the Windows 7 - Office 2007 upgrade.
- **GIS Common Goals** - The GIS Manager met recently with the IS Director of Sweetwater Authority, GIS Manager of the City of Chula Vista, and IT Director and GIS Manager of the Port Authority to discuss GIS common goals and to promote the regional joint efforts to reach the common goals. The discussion included the ortho photo requisition and other

further GIS-oriented projects. The attendees also agreed to meet regularly to exchange information and promote GIS efforts jointly.

- **Customer Information on GIS Web Application** - GIS will create a new view to bring the customer information such as customer name, address, billing number and parcel acreage along with the parcel boundary together, per request by the Water Conservation department. This project will help Water Conservation staff to easily access the customer information through visualization. More GIS customizations for water budget are under discussion.

FINANCE:

- **Bond Market** - There have been numerous recent articles in the investment markets regarding the financial instability of municipalities. These negative articles may be the reason for record withdrawals from municipal bond mutual funds (*Bond Buyer newspaper, January 21, 2011 issue*). The Bond Buyer portrays this as "Headline Risk" meaning that the perception of risk is all that is needed to change the markets and affect the desirability of certain segments of the bond market. These negative articles, while incorrect and speculative, may have also had some bearing on the large number of transactions in Otay's Bonds. On January 25th Otay's bonds were the most heavily traded of all California municipal debt when a larger investor sold a block of Otay bonds to a broker which were then sold in a large number of smaller denomination. It is worth noting that many buyers were found quickly to purchase the District's bonds, indicating that the Otay name is recognizable and/or there is a strong demand at the retail level. This activity does not reflect poorly or positively on the District but is essentially a non-event as it relates to the District's credit rating.
- **W-2's** - On January 13th, the District issued and distributed to employees the 2010 W-2's. Copies of the W-2's will be sent electronically to the Social Security Administration before the March 31st deadline. All related tax forms (941, DE6 and DE7) will be filed before January 31st. This marks the close of another successful annual payroll processing cycle.
- **Credit Card Payments by Phone** - Under the General Manager's authority, the contract with Electronic Data Systems (EDS) is being modified so that the District will pay a relatively small processing fee, which will result in the elimination of

a large processing fee previously paid by our customers. The savings are possible because of a discount that has recently become available and can only be obtained if the District pays the processing costs. The District's net cost is approximately \$6,000 annually, while the customer savings is approximately \$64,000 annually. (See next paragraph for savings to the district)

- **Alternative Payment Types** - The total alternative payments made in December was 26,113. Alternative payment types include ACH, web payments, online banking, credit card by phone, and payment through retailers such as Wal-Mart. These methods of payments are much less expensive to the District than the standard payment via check. The new electronic bill and presentment site went live on June 21, 2010. As of January 21, 2010, 16,429 customers had registered for this new online service, with 7,664 choosing to stop receiving paper bills, another significant cost savings to the District.

The financial reporting for December 31, 2010 is as follows:

- For the six months ending December 31, 2010, there are total revenues of \$36,552,233 and total expenses of \$37,800,607. The expenses exceeded revenues by \$1,248,374. Potable and reclaimed water sales were 6% below budget.

The financial reporting for investments for December 31, 2010 is as follows:

- The market value shown in the Portfolio Summary and in the Investment Portfolio Details as of December 31, 2010 total \$104,832,126.32 with an average yield to maturity of .847%. The total earnings year-to-date are \$565,686.41.

ENGINEERING AND WATER OPERATIONS:

Engineering:

- **Otay Lakes Road Widening:** Southland Paving completed the installation of the recycled pipeline. Only punchlist items and walkthrough's remain. The District and the City partnered up with a 12-Inch Recycled Water Pipeline and Road Widening Project on Otay Lakes Road. The recycled pipeline starts at Telegraph Canyon Road and ends in front of Bonita Vista High School. The project also includes relocations of a few potable water facilities. The project is on budget and on schedule. This project is scheduled to be completed January 29, 2011. (R2094, P2496)

- **Rancho del Rey Groundwater Well Development:** On January 5, 2011, the Board approved proceeding to Phase 2 of this project, the design and construction of a reverse osmosis wellhead treatment facility. The project was advertised on January 6 and by the January 14th deadline, 20 Letters of Interest were received from design firms by January 14. Design proposals are expected on February 10 and the selection process is timed to allow Board consideration of an award at the April meeting. The design is anticipated to be complete by the end of calendar 2011, with construction complete by the end of calendar 2012. (P2434)
- **1296-1 & 2 Reservoirs Coating:** West Coast Industrial Coating (West Coast) has completed coating the 1296-1 Reservoir. The reservoir is now in service. West Coast is coating the interior of the 1296-2 Reservoir and removing the exterior coating. (P2492)
- For the month of December 2010, the District sold 8 meters (59 EDUs) generating \$474,220 in revenue. Projection for this period was 12 meters (26 EDUs) with budgeted revenue of \$217,086. Projected revenue from June 1, 2010 through June 30, 2011 is \$2,605,036; against a budget of \$1,302,518 as of December 30, 2010. Revenue collected to date is \$1,819,277 which is 40% above projection.
- For the month of December, staff reviewed 1 potential easement encroachment and will be gathering all the necessary information prior to informing customer of the removal of the encroachment. The above is a part of an on-going program of easement monitoring.
- Approximately 1,487 linear feet of both CIP and developer project pipeline was installed in December 2010. The Inspection Division performed quality control for these pipelines.

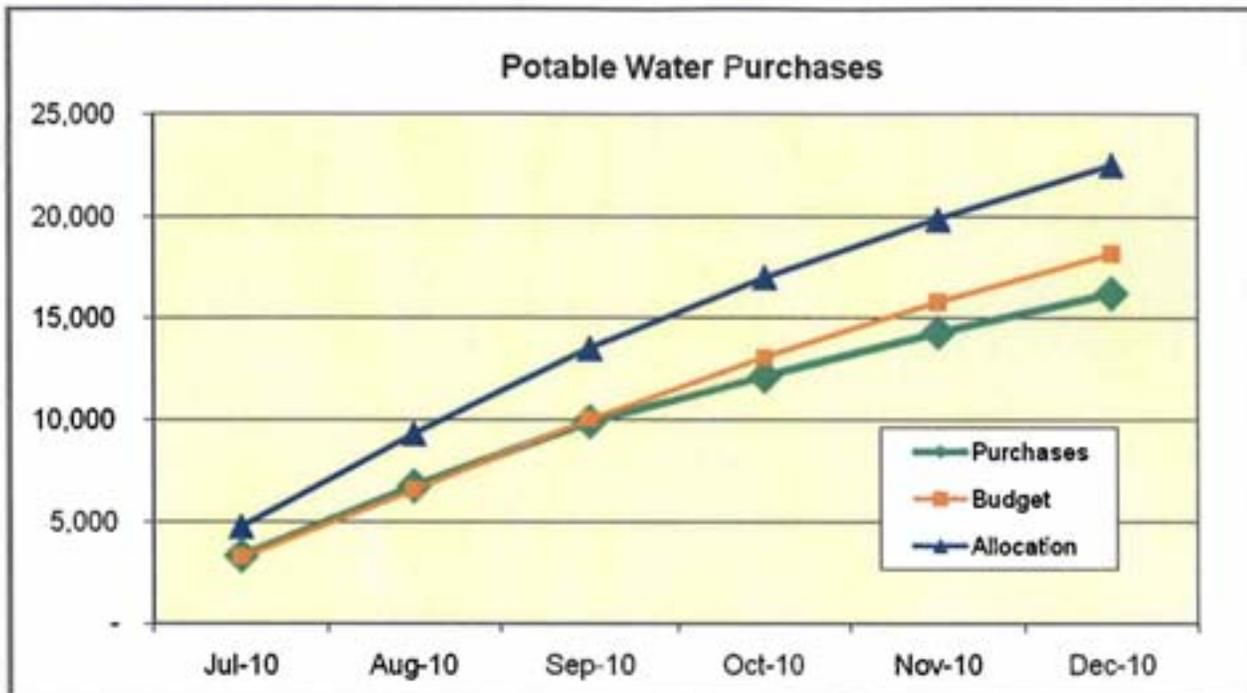
The following table summarizes Engineering's project purchases and Change Orders issued during the period of December 17, 2010 through January 14, 2011 that were within staff signatory authority:

Date	Action	Amount	Contractor/ Consultant	Project
12/15/10	C.O. #2	\$38,747.00	MWH	Ralph W. Chapman Water Recycling Facility Upgrade Project (R2096)
01/04/11	P.O.	\$17,000.00	Michael D. Keagy Real Estate	Avocado Sanitary Sewer Replacement Project (S2019)
01/12/11	Check Request	\$1,755.00	SWRCB	NPDES Permit for Jamacha Pipeline (P2009)
01/18/11	P.O.	\$2,168.35	Mayer Reprographics	944-1R Recycled Water Pump Station Upgrades and System Enhancements Project (R2091)

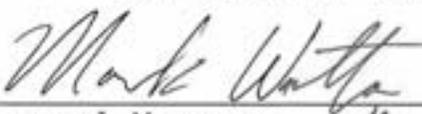
Water Operations:

San Diego County Water Authority (CWA) Total Treated Water Shutdown:

- The section of CWA's Pipeline 4 that feeds our connections was placed out of service on Tuesday, January 4, through January 14, 2011. Staff operated the Lower Otay Pump Station during this time.
- The North District was able to remain in a normal mode of operation for the duration of this shutdown due to the new 36-inch Jamacha Pipeline being in service. This is significant as CWA total treated water shutdowns used to have major impacts on how the North system was operated and prepared for during shutdowns.
- Total number of potable water meters is 48,214.
- In December 2010, Potable water purchases were 1,931.3 AF, which was 19.2% less than the budgeted amount for the month of December. The year-to-date potable purchases are 10.7% less than budget and 27.9% less than the CWA allocation. Below is the chart showing cumulative purchases vs. budget and the allocation.



- Recycled water consumption for the month of December is as follows:
 - Total consumption was 195.1 acre-feet or 63,553,072 gallons and the average daily consumption was 2,050,099 gallons per day.
 - Total number of recycled water meters is 688.
 - Total recycled water consumption to date for FY 2011 is 2,533.6 acre-feet.
- Wastewater flows for the month of December were as follows:
 - Total basin flow, gallons per day: 2,048,000.
 - Spring Valley Sanitation District Flow to Metro, gallons per day: 679,000.
 - Total Otay flow, gallons per day: 1,369,000.
 - Flow Processed at the Ralph W. Chapman Water Recycling Facility, gallons per day: 660,000.
 - Flow to Metro from Otay Water District, gallons per day: 720,065.
- For the month of December there were no new wastewater connections; total EDUs is 6,080.


 General Manager *sc*

Water Waste Report

	Broken Sprinklers	High Usage	Leak	Overspray	Runoff due to Over-watering	Washing Down Paved Surfaces	Washing Vehicles without bucket & hose nozzle	Watering after 10am and before 6pm	Total
April 2009	6			4	4	1		2	17
May 2009	7		23	9	6	1		1	47
June 2009	13		35	5	8	10	1	7	79
July 2009	6		24	9	17	4	4	6	70
August 2009	11		15	7	8	1	1	9	52
September 2009	6		17	5	7	2	1	3	41
October 2009	4		6	2	6	1		1	20
November 2009	1		6	7	11			1	26
December 2009	1		15	1	4			1	22
January 2010	1		2	1	4	1			9
February 2010	1			2	3				6
March 2010	2		1		5			2	10
April 2010	1		4	1	5				11
May 2010	1		3	4	3		1	1	13
June 2010	2		2	1	2	1		1	9
July 2010			4		2				6
August 2010	3		6		4				13
September 2010	2	1	5	2	3		1		14
October 2010	1	1	1		1				4
November 2010			9		2				11
December 2010	2				3				5
January 2011						1			1
Total	71	2	178	60	108	23	9	35	486

OTAY WATER DISTRICT
COMPARATIVE BUDGET SUMMARY
 FOR SIX MONTHS ENDED DECEMBER 31, 2010

	Annual Budget	YTD Actual	YTD Budget	YTD Variance	Var %
REVENUES:					
Water Sales	\$ 36,560,100	\$ 17,186,173	\$ 19,934,200	\$ (2,748,027)	(13.8%)
Energy Charges	1,854,600	921,843	998,300	(76,457)	(7.7%)
System Charges	9,532,200	4,699,928	4,692,200	7,728	0.2%
Penalties	747,600	384,569	421,000	(36,431)	(8.7%)
MWD & CWA Fixed Charges	7,639,400	3,399,252	3,396,000	3,252	0.1%
Total Water Sales	<u>56,333,900</u>	<u>26,591,765</u>	<u>29,441,700</u>	<u>(2,849,935)</u>	<u>(9.7%)</u>
Reclamation Sales	7,620,600	4,092,956	4,649,300	(556,344)	(12.0%)
Sewer Charges	2,270,500	1,226,960	1,236,750	(9,790)	(0.8%)
Meter Fees	50,300	33,436	25,200	8,236	32.7%
Capacity Fee Revenues	1,095,300	455,013	477,500	(22,487)	(4.7%)
Betterment Fees for Maintenance	657,400	273,188	303,700	(30,512)	(10.0%)
Non-Operating Revenues	1,948,300	924,928	974,050	(49,122)	(5.0%)
Tax Revenues	3,843,900	1,427,915	1,393,600	34,315	2.5%
Interest	296,200	87,271	133,100	(45,829)	(34.4%)
General Fund Draw Down	1,657,500	828,800	828,800	-	0.0%
Transfer from OPEB	1,220,000	610,000	610,000	-	0.0%
Total Revenues	<u>\$ 76,993,900</u>	<u>\$ 36,552,233</u>	<u>\$ 40,073,700</u>	<u>\$ (3,521,467)</u>	<u>(8.8%)</u>
EXPENSES:					
Potable Water Purchases	\$ 26,238,700	\$ 13,214,240	\$ 14,902,900	\$ 1,688,660	11.3%
Recycled Water Purchases	1,179,900	867,430	698,000	(169,430)	(24.3%)
CWA-Infrastructure Access Charge	1,550,700	692,088	692,400	312	0.0%
CWA-Customer Service Charge	1,315,200	587,940	588,000	60	0.0%
CWA-Emergency Storage Charge	2,875,200	1,290,348	1,290,600	252	0.0%
MWD-Capacity Res Charge	665,100	332,676	332,400	(276)	(0.1%)
MWD-Readiness to Serve Charge	1,232,400	615,154	616,200	1,046	0.2%
Subtotal Water Purchases	<u>35,057,200</u>	<u>17,599,875</u>	<u>19,120,500</u>	<u>1,520,625</u>	<u>8.0%</u>
Power Charges	2,520,700	1,168,649	1,319,500	150,851	11.4%
Payroll & Related Costs	16,749,400	8,547,053	8,498,255	(48,798)	(0.6%)
Material & Maintenance	3,769,500	1,699,487	1,677,750	(21,738)	(1.3%)
Administrative Expenses	5,130,400	1,928,562	2,155,615	227,052	10.5%
Legal Fees	451,200	199,179	225,600	26,421	11.7%
Expansion Reserve	2,775,000	1,387,500	1,387,500	-	0.0%
Betterment Reserve	1,435,000	717,500	717,500	-	0.0%
Replacement Reserve	6,965,000	3,482,500	3,482,500	-	0.0%
Transfer to Sewer General Fund	390,500	195,300	195,300	-	0.0%
Transfer to General Fund Reserve	1,750,000	875,000	875,000	-	0.0%
Total Expenses	<u>\$ 76,993,900</u>	<u>\$ 37,800,607</u>	<u>\$ 39,655,020</u>	<u>\$ 1,854,413</u>	<u>4.7%</u>
EXCESS REVENUES(EXPENSE)	<u>\$ -</u>	<u>\$ (1,248,374)</u>	<u>\$ 418,681</u>	<u>\$ (1,667,055)</u>	

**OTAY WATER DISTRICT
INVESTMENT PORTFOLIO REVIEW
DECEMBER 31, 2010**

INVESTMENT OVERVIEW & MARKET STATUS:

The federal funds rate has remained constant now for over 24-months. On December 16, 2008, at the Federal Reserve Board’s regular scheduled meeting, the federal funds rate was lowered from 1.00% to “a target range of between Zero and 0.25%” in response to the nation’s ongoing financial crisis, as well as banking industry pressure to ease credit and stimulate the economy. This marked the ninth reduction in a row since September 18, 2007, when the rate was 5.25%. There have been no further changes made to the federal funds rate at the Federal Reserve Board’s subsequent regular scheduled meetings, the most recent of which was held on December 14, 2010. They went on to say: “*The Committee continues to anticipate that economic conditions are likely to warrant exceptionally low levels of the federal funds rate for an extended period.*”

Despite the large drop in available interest rates, the District’s overall effective rate of return at December 31st was 0.85%, which was a decrease of 14 basis points (0.14%) from the prior month. At the same time the LAIF return on deposits has dropped slightly over the last several months, reaching an average effective yield of 0.46% for the month of December 2010. Based on our success at maintaining a competitive rate of return on our portfolio during this extended period of interest rate declines, no changes in investment strategy are being considered at this time.

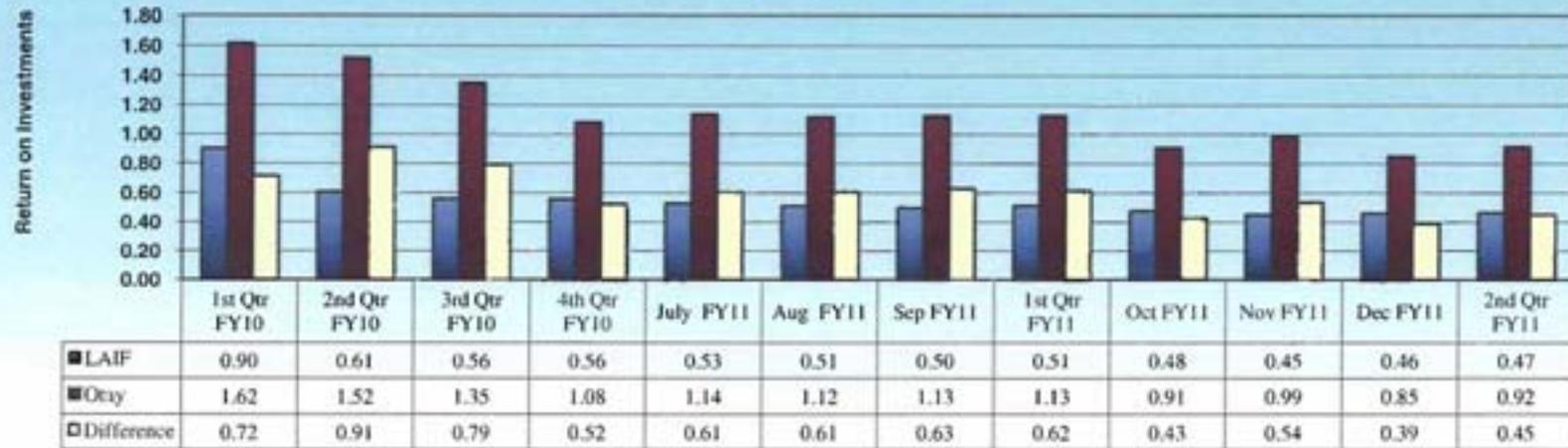
In accordance with the District’s Investment Policy, all District funds continue to be managed based on the objectives, in priority order, of safety, liquidity, and return on investment.

PORTFOLIO COMPLIANCE: December 31, 2010

	<u>Investment</u>	<u>State Limit</u>	<u>Otay Limit</u>	<u>Otay Actual</u>
8.01:	Treasury Securities	100%	100%	0
8.02:	Local Agency Investment Fund (Operations)	\$40 Million	\$40 Million	\$18.38 Million
8.02:	Local Agency Investment Fund (Bonds)	100%	100%	3.86%
8.03:	Federal Agency Issues	100%	100%	59.56%
8.04:	Certificates of Deposit	30%	15%	1.99%
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%	16.19%
12.0:	Maximum Single Financial Institution	100%	50%	0.85%

Performance Measure F-12 Return on Investment

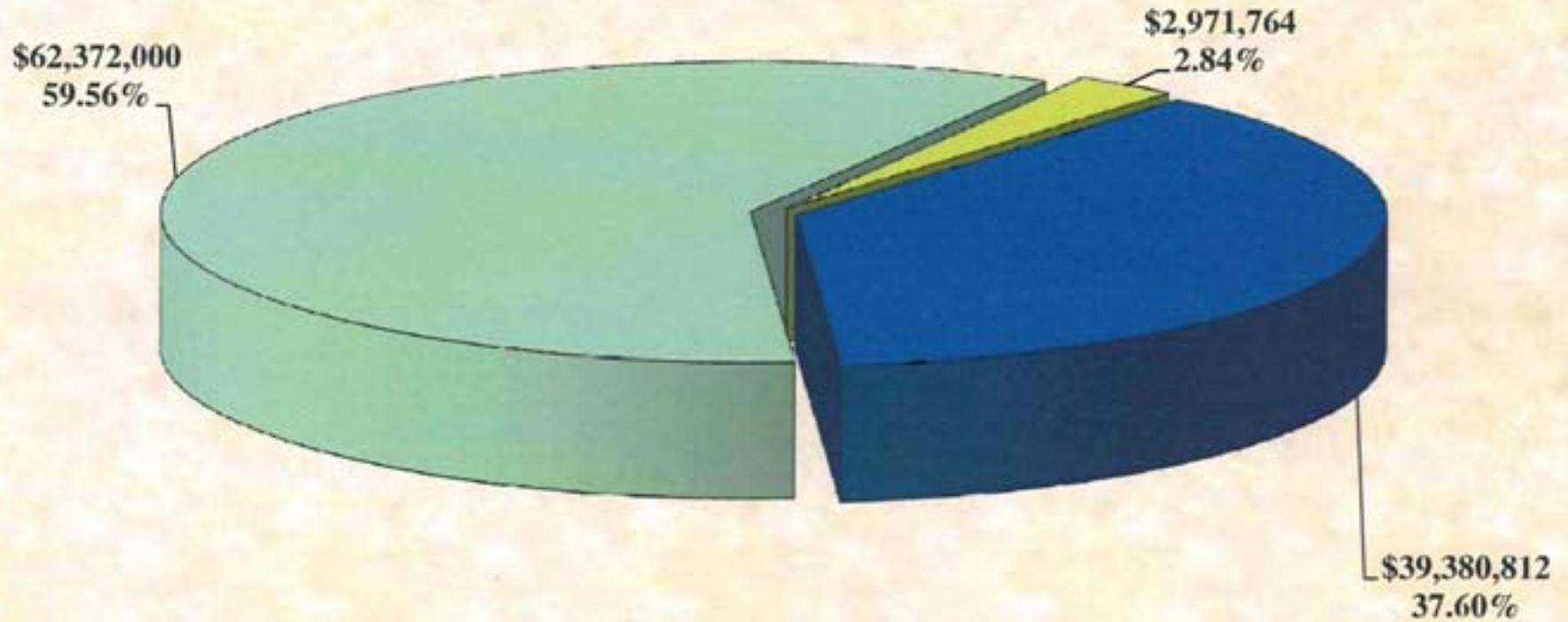
Target: Meet or Exceed 100% of LAIF



Month

LAIF
 Otay
 Difference

Otay Water District Investment Portfolio: 12/31/10



■ Banks (Passbook/Checking/CD)

■ Pools (LAIF & County)

■ Agencies & Corporate Notes

**OTAY
Portfolio Management
Portfolio Summary
December 31, 2010**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Federal Agency Issues- Callable	62,372,000.00	62,382,555.92	62,370,836.93	60.07	853	712	1.016	1.030
Certificates of Deposit - Bank	2,079,108.00	2,079,108.00	2,079,108.00	2.00	379	47	1.399	1.419
Local Agency Investment Fund (LAIF)	22,422,040.15	22,454,805.99	22,422,040.15	21.59	1	1	0.456	0.462
San Diego County Pool	16,958,771.51	17,023,000.00	16,958,771.51	16.33	1	1	0.677	0.686
Investments	103,831,919.66	103,939,469.91	103,830,756.59	100.00%	521	429	0.847	0.859
Cash								
(not included in yield calculations)	892,656.41	892,656.41	892,656.41		1	1	0.113	0.115
Total Cash and Investments	104,724,576.07	104,832,126.32	104,723,413.00		521	429	0.847	0.859

Total Earnings	December 31	Month Ending	Fiscal Year To Date
Current Year		74,133.49	565,686.41
Average Daily Balance		102,742,255.85	107,045,023.22
Effective Rate of Return		0.85%	1.64%

I hereby certify that the investments contained in this report are made in accordance with the District Investment Policy Number 27 adopted by the Board of Directors on September 6, 2006. The market value information provided by Interactive Data Corporation. The investments provide sufficient liquidity to meet the cash flow requirements of the District for the next six months of expenditures.



 Joseph Beachem, Chief Financial Officer

1-11-2011

Reporting period 12/01/2010-12/31/2010

Run Date: 01/16/2011 - 11:32

Portfolio OTAY
 AP
 PM (PRF PM1) 7.3.0
 Report Ver. 7.3.2

OTAY
Portfolio Management
Portfolio Details - Investments
December 31, 2010

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 360	Days to Maturity	Maturity Date
Corporate Notes												
Subtotal and Average			903,387.60									
Federal Agency Issues- Callable												
31331JZV8	2164	Federal Farm Credit Bank		09/03/2010	2,000,000.00	1,999,220.00	2,000,000.00	0.950	AAA	0.937	853	05/03/2013
31331JM75	2170	Federal Farm Credit Bank		10/12/2010	2,000,000.00	1,994,320.00	2,000,000.00	0.900		0.888	832	04/12/2013
3133XXRW9	2128	Federal Home Loan Bank		03/29/2010	2,000,000.00	2,004,800.00	2,000,000.00	1.250	AAA	1.233	545	06/29/2012
3133XYNS0	2145	Federal Home Loan Bank		06/10/2010	2,000,000.00	2,007,880.00	2,000,000.00	1.280	AAA	1.262	709	12/10/2012
3133XYSH9	2147	Federal Home Loan Bank		06/21/2010	2,000,000.00	2,008,140.00	2,000,000.00	1.125	AAA	1.110	629	09/21/2012
31337OP77	2162	Federal Home Loan Bank		08/25/2010	2,000,000.00	1,999,580.00	2,000,000.00	0.850	AAA	0.838	786	02/25/2013
313370UP1	2165	Federal Home Loan Bank		09/13/2010	2,000,000.00	2,000,020.00	2,000,000.00	0.875	AAA	0.863	802	03/13/2013
313371LK0	2173	Federal Home Loan Bank		11/16/2010	2,000,000.00	1,990,800.00	2,000,000.00	0.700	AAA	0.690	685	11/16/2012
313371MR4	2174	Federal Home Loan Bank		11/22/2010	2,000,000.00	1,980,360.00	2,000,000.00	0.700	AAA	0.690	872	05/22/2013
313371RA6	2175	Federal Home Loan Bank		12/07/2010	2,000,000.00	1,991,280.00	2,000,000.00	0.700	AAA	0.690	706	12/07/2012
313371U20	2176	Federal Home Loan Bank		12/03/2010	2,000,000.00	1,988,400.00	2,000,000.00	1.000	AAA	0.986	884	06/03/2013
3137EACK3	2146	Federal Home Loan Mortgage		05/28/2010	2,000,000.00	2,018,020.00	1,999,302.49	1.147	AAA	1.154	573	07/27/2012
3137EACK3A	2148	Federal Home Loan Mortgage		05/27/2010	1,030,000.00	1,039,280.30	1,030,000.00	1.125	AAA	1.109	573	07/27/2012
3137EACK3B	2149	Federal Home Loan Mortgage		05/27/2010	2,707,000.00	2,731,390.07	2,707,000.00	1.125	AAA	1.109	573	07/27/2012
3134G1KZ6	2151	Federal Home Loan Mortgage		07/20/2010	2,000,000.00	2,000,500.00	2,000,000.00	1.000	AAA	0.986	566	07/20/2012
3134G1MD3	2153	Federal Home Loan Mortgage		07/22/2010	2,000,000.00	2,005,880.00	2,000,000.00	1.100	AAA	1.085	202	07/22/2011
3134G1PK4	2158	Federal Home Loan Mortgage		08/11/2010	2,000,000.00	2,005,120.00	2,000,000.00	1.000	AAA	0.986	772	02/11/2013
3134G1TU8	2167	Federal Home Loan Mortgage		09/28/2010	2,000,000.00	2,001,100.00	2,000,000.00	0.800		0.789	636	09/28/2012
3134G1UR3	2169	Federal Home Loan Mortgage		09/28/2010	2,000,000.00	1,999,500.00	2,000,000.00	0.900		0.888	817	03/28/2013
3134G1C69	2177	Federal Home Loan Mortgage		12/20/2010	2,000,000.00	1,991,100.00	2,000,000.00	0.850	AAA	0.838	901	06/20/2013
3134G1G32	2179	Federal Home Loan Mortgage		12/28/2010	2,000,000.00	1,996,020.00	2,000,000.00	1.000	AAA	0.986	817	03/28/2013
3136FJR45	2118	Federal National Mortgage Assoc		01/25/2010	2,000,000.00	2,000,800.00	2,000,000.00	1.250	AAA	1.233	755	01/25/2013
3136FMFR0	2127	Federal National Mortgage Assoc		04/05/2010	2,000,000.00	2,005,340.00	2,000,000.00	1.500	AAA	1.479	643	10/05/2012
3136FMJF2	2129	Federal National Mortgage Assoc		04/14/2010	2,000,000.00	2,000,540.00	2,000,000.00	1.250	AAA	1.233	499	05/14/2012
3136FMJPB4	2132	Federal National Mortgage Assoc		04/29/2010	2,000,000.00	2,006,040.00	2,000,000.00	1.480	AAA	1.460	667	10/29/2012
3136FMRH9	2136	Federal National Mortgage Assoc		04/29/2010	2,000,000.00	2,007,260.00	2,000,000.00	1.550		1.529	667	10/29/2012
3136FMX82	2154	Federal National Mortgage Assoc		07/26/2010	2,000,000.00	2,000,780.00	2,000,000.00	1.000	AAA	0.986	664	10/26/2012
3136FM4N1	2157	Federal National Mortgage Assoc		08/11/2010	2,000,000.00	2,001,300.00	2,000,000.00	1.000	AAA	0.986	772	02/11/2013
3136FPHU4	2168	Federal National Mortgage Assoc		09/21/2010	2,000,000.00	1,999,580.00	2,000,000.00	0.875	AAA	0.863	810	03/21/2013
3136FPQG5	2171	Federal National Mortgage Assoc		10/26/2010	635,000.00	631,145.55	635,000.00	0.850	AAA	0.837	937	07/26/2013
3136FPSK4	2172	Federal National Mortgage Assoc		10/29/2010	2,000,000.00	1,986,920.00	1,999,534.44	0.675	AAA	0.676	849	04/29/2013
3136FPL47	2178	Federal National Mortgage Assoc		12/27/2010	2,000,000.00	1,990,140.00	2,000,000.00	1.000	AAA	0.986	908	06/27/2013
Subtotal and Average			57,209,521.52		62,372,000.00	62,382,555.92	62,370,836.93			1.016	712	

OTAY
Portfolio Management
Portfolio Details - Investments
December 31, 2010

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 360	Days to Maturity	Maturity Date
Certificates of Deposit - Bank												
2050003183-4	2121	California Bank & Trust		01/22/2010	79,108.00	79,108.00	79,108.00	1.380		1.380	386	01/22/2012
1006200563-2	2126	Neighborhood National Bank		02/04/2010	2,000,000.00	2,000,000.00	2,000,000.00	1.400		1.400	34	02/04/2011
Subtotal and Average			2,337,172.52		2,079,108.00	2,079,108.00	2,079,108.00			1.399	47	
Local Agency Investment Fund (LAIF)												
LAIF	9001	STATE OF CALIFORNIA		07/01/2004	18,380,578.92	18,407,438.88	18,380,578.92	0.462		0.456	1	
LAIF BABS 2010	9012	STATE OF CALIFORNIA		04/21/2010	4,041,461.23	4,047,367.11	4,041,461.23	0.462		0.456	1	
Subtotal and Average			24,109,136.92		22,422,040.15	22,454,805.99	22,422,040.15			0.456	1	
San Diego County Pool												
SD COUNTY POOL	9007	San Diego County		07/01/2004	16,958,771.51	17,023,000.00	16,958,771.51	0.686		0.677	1	
Subtotal and Average			16,958,771.51		16,958,771.51	17,023,000.00	16,958,771.51			0.677	1	
Total and Average			102,742,255.85		103,831,919.66	103,939,469.91	103,830,756.59			0.847	429	

OTAY
Portfolio Management
Portfolio Details - Cash
December 31, 2010

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 360	Days to Maturity
Union Bank											
UNION MONEY	9002	STATE OF CALIFORNIA		07/01/2004	10,062.02	10,062.02	10,062.02	0.005		0.005	1
PETTY CASH	9003	STATE OF CALIFORNIA		07/01/2004	2,950.00	2,950.00	2,950.00			0.000	1
UNION OPERATING	9004	STATE OF CALIFORNIA		07/01/2004	853,499.47	853,499.47	853,499.47	0.120		0.118	1
PAYROLL	9005	STATE OF CALIFORNIA		07/01/2004	24,977.26	24,977.26	24,977.26			0.000	1
RESERVE-10 COPS	9010	STATE OF CALIFORNIA		04/20/2010	690.76	690.76	690.76	0.001		0.001	1
RESERVE-10 BABS	9011	STATE OF CALIFORNIA		04/20/2010	425.01	425.01	425.01	0.001		0.001	1
UBNA-2010 BOND	9013	STATE OF CALIFORNIA		04/20/2010	51.89	51.89	51.89	0.147		0.145	1
		Average Balance	0.00								1
Total Cash and Investments			102,742,255.85		104,724,576.07	104,832,126.32	104,723,413.00			0.847	429

**OTAY
Activity Report
Sorted By Issuer
July 1, 2010 - December 31, 2010**

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value Beginning Balance	Current Rate	Transaction Date	Purchases or Deposits	Par Value Redemptions or Withdrawals	Ending Balance
Issuer: Berkshire Hathaway Fin									
Corporate Notes									
084664AF8	2094	Berkshire Hathaway Fin			4.200	12/15/2010	0.00	2,000,000.00	
Subtotal and Balance				2,000,000.00			0.00	2,000,000.00	0.00
Issuer Subtotal			0.000%	2,000,000.00			0.00	2,000,000.00	0.00
Issuer: STATE OF CALIFORNIA									
Union Bank									
UNION MONEY	9002	STATE OF CALIFORNIA			0.005		107,650,567.44	107,650,515.41	
PETTY CASH	9003	STATE OF CALIFORNIA					150.00	0.00	
UNION OPERATING	9004	STATE OF CALIFORNIA			0.120		3,828,169.41	4,019,381.93	
PAYROLL	9005	STATE OF CALIFORNIA					1,120,925.04	1,120,925.04	
UBNA-2010 BOND	9013	STATE OF CALIFORNIA			0.147		10,000,000.00	10,000,000.00	
Subtotal and Balance				1,083,666.90			122,599,811.89	122,790,822.38	892,656.41
Local Agency Investment Fund (LAIF)									
LAIF	9001	STATE OF CALIFORNIA			0.462		50,225,790.49	50,350,161.28	
LAIF BABS 2010	9012	STATE OF CALIFORNIA			0.462		41,605.29	12,000,144.06	
Subtotal and Balance				34,504,949.71			50,267,395.78	62,350,305.34	22,422,040.15
Issuer Subtotal			22.263%	35,588,616.61			172,867,207.67	185,141,127.72	23,314,696.56
Issuer: California Bank & Trust									
Certificates of Deposit - Bank									
Subtotal and Balance				79,108.00					79,108.00
Issuer Subtotal			0.076%	79,108.00			0.00	0.00	79,108.00
Issuer: Federal Farm Credit Bank									
Federal Agency Issues- Callable									
31331GZ36	2155	Federal Farm Credit Bank			1.550	07/16/2010	4,000,000.00	0.00	

Portfolio OTAY
AP

OTAY
Activity Report
July 1, 2010 - December 31, 2010

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value		Transaction Date	Purchases or Deposits	Par Value	
				Beginning Balance	Current Rate			Redemptions or Withdrawals	Ending Balance
Issuer: Federal Farm Credit Bank									
Federal Agency Issues- Callable									
31331GZ36	2155	Federal Farm Credit Bank				10/19/2010	0.00	4,000,000.00	
31331JYF4	2161	Federal Farm Credit Bank		0.900		08/19/2010	2,000,000.00	0.00	
31331JYF4	2161	Federal Farm Credit Bank				11/19/2010	0.00	2,000,000.00	
31331JZV8	2164	Federal Farm Credit Bank		0.950		09/03/2010	2,000,000.00	0.00	
31331JM75	2170	Federal Farm Credit Bank		0.900		10/12/2010	2,000,000.00	0.00	
Subtotal and Balance				0.00			10,000,000.00	6,000,000.00	4,000,000.00
Issuer Subtotal			3.820%	0.00			10,000,000.00	6,000,000.00	4,000,000.00

Issuer: Federal Home Loan Bank

Federal Agency Issues- Callable

3133XXK22	2124	Federal Home Loan Bank		1.250		07/08/2010	0.00	2,000,000.00	
3133XY2C8	2130	Federal Home Loan Bank		1.800		07/26/2010	0.00	2,000,000.00	
3133XY5H4	2131	Federal Home Loan Bank		1.450		07/30/2010	0.00	2,000,000.00	
3133XTAS4	2133	Federal Home Loan Bank		1.600		08/06/2010	0.00	2,000,000.00	
3133XYDD4	2138	Federal Home Loan Bank		1.700		08/13/2010	0.00	2,000,000.00	
3133XYCT0	2139	Federal Home Loan Bank		1.500		08/13/2010	0.00	2,000,000.00	
3133XYFP5	2142	Federal Home Loan Bank		1.020		08/25/2010	0.00	2,000,000.00	
3133XYXR1	2150	Federal Home Loan Bank		1.250		07/14/2010	2,000,000.00	0.00	
3133XYXR1	2150	Federal Home Loan Bank				10/14/2010	0.00	2,000,000.00	
313370BD9	2156	Federal Home Loan Bank		0.800		07/27/2010	2,000,000.00	0.00	
313370BD9	2156	Federal Home Loan Bank				08/27/2010	0.00	2,000,000.00	
31337ONF1	2160	Federal Home Loan Bank		0.800		08/20/2010	2,000,000.00	0.00	
31337ONF1	2160	Federal Home Loan Bank				10/20/2010	0.00	2,000,000.00	
31337OP77	2162	Federal Home Loan Bank		0.850		08/25/2010	2,000,000.00	0.00	
313370JR0	2163	Federal Home Loan Bank		0.850		08/27/2010	2,875,000.00	0.00	
313370JR0	2163	Federal Home Loan Bank				09/27/2010	0.00	2,875,000.00	
313370UP1	2165	Federal Home Loan Bank		0.875		09/13/2010	2,000,000.00	0.00	
313370VG0	2166	Federal Home Loan Bank		0.800		09/21/2010	2,000,000.00	0.00	
313370VG0	2166	Federal Home Loan Bank				10/21/2010	0.00	2,000,000.00	
313371LK0	2173	Federal Home Loan Bank		0.700		11/16/2010	2,000,000.00	0.00	
313371MR4	2174	Federal Home Loan Bank		0.700		11/22/2010	2,000,000.00	0.00	
313371RA6	2175	Federal Home Loan Bank		0.700		12/07/2010	2,000,000.00	0.00	
313371U20	2176	Federal Home Loan Bank		1.000		12/03/2010	2,000,000.00	0.00	
Subtotal and Balance				20,000,000.00			22,875,000.00	24,875,000.00	18,000,000.00

OTAY
Activity Report
July 1, 2010 - December 31, 2010

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value Beginning Balance	Current Rate	Transaction Date	Purchases or Deposits	Par Value Redemptions or Withdrawals	Ending Balance
Issuer Subtotal			17.188%	20,000,000.00			22,875,000.00	24,875,000.00	18,000,000.00

Issuer: Federal Home Loan Mortgage

Federal Agency Issues- Callable

3134G1AW4	2134	Federal Home Loan Mortgage			1.300	08/10/2010	0.00	2,000,000.00	
3134G1DE1	2140	Federal Home Loan Mortgage			1.650	11/19/2010	0.00	2,000,000.00	
3134G1EH3	2144	Federal Home Loan Mortgage			1.300	09/08/2010	0.00	2,000,000.00	
3134G1KZ6	2151	Federal Home Loan Mortgage			1.000	07/20/2010	2,000,000.00	0.00	
3134G1MD3	2153	Federal Home Loan Mortgage			1.100	07/22/2010	2,000,000.00	0.00	
3134G1PK4	2158	Federal Home Loan Mortgage			1.000	08/11/2010	2,000,000.00	0.00	
3134G1TU8	2167	Federal Home Loan Mortgage			0.800	09/28/2010	2,000,000.00	0.00	
3134G1UR3	2169	Federal Home Loan Mortgage			0.900	09/28/2010	2,000,000.00	0.00	
3134G1C69	2177	Federal Home Loan Mortgage			0.850	12/20/2010	2,000,000.00	0.00	
3134G1G32	2179	Federal Home Loan Mortgage			1.000	12/28/2010	2,000,000.00	0.00	
Subtotal and Balance				11,737,000.00			14,000,000.00	6,000,000.00	19,737,000.00
Issuer Subtotal			18.847%	11,737,000.00			14,000,000.00	6,000,000.00	19,737,000.00

Issuer: Federal National Mortgage Assoc

Federal Agency Issues- Callable

31398AC91	2117	Federal National Mortgage Assoc			1.500	07/20/2010	0.00	2,000,000.00	
3136FJ4T5	2120	Federal National Mortgage Assoc			1.500	08/16/2010	0.00	2,000,000.00	
31398AH88	2123	Federal National Mortgage Assoc			1.500	09/24/2010	0.00	2,000,000.00	
31398AQ47	2135	Federal National Mortgage Assoc			1.600	11/05/2010	0.00	2,000,000.00	
3136FMRG1	2137	Federal National Mortgage Assoc			1.300	11/10/2010	0.00	2,000,000.00	
31398AS78	2143	Federal National Mortgage Assoc			1.400	08/25/2010	0.00	2,000,000.00	
31398AW65	2152	Federal National Mortgage Assoc			1.000	07/27/2010	2,000,000.00	0.00	
31398AW65	2152	Federal National Mortgage Assoc				10/27/2010	0.00	2,000,000.00	
3136FMX82	2154	Federal National Mortgage Assoc			1.000	07/26/2010	2,000,000.00	0.00	
3136FM4N1	2157	Federal National Mortgage Assoc			1.000	08/11/2010	2,000,000.00	0.00	
3136FM6A7	2159	Federal National Mortgage Assoc			1.000	08/19/2010	2,000,000.00	0.00	
3136FM6A7	2159	Federal National Mortgage Assoc				11/19/2010	0.00	2,000,000.00	
3136FPHU4	2168	Federal National Mortgage Assoc			0.875	09/21/2010	2,000,000.00	0.00	
3136FPQG5	2171	Federal National Mortgage Assoc			0.850	10/26/2010	635,000.00	0.00	
3136FPSK4	2172	Federal National Mortgage Assoc			0.675	10/29/2010	2,000,000.00	0.00	
3136FPL47	2178	Federal National Mortgage Assoc			1.000	12/27/2010	2,000,000.00	0.00	
Subtotal and Balance				22,000,000.00			14,635,000.00	16,000,000.00	20,635,000.00

OTAY
Activity Report
July 1, 2010 - December 31, 2010

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value Beginning Balance	Current Rate	Transaction Date	Purchases or Deposits	Par Value Redemptions or Withdrawals	Ending Balance
Issuer Subtotal			19.704%	22,000,000.00			14,635,000.00	16,000,000.00	20,635,000.00
Issuer: General Electric Capital									
Corporate Notes									
36962G2S2	2044	General Electric Capital			5.000	12/01/2010	0.00	2,000,000.00	
Subtotal and Balance				2,000,000.00			0.00	2,000,000.00	0.00
Issuer Subtotal			0.000%	2,000,000.00			0.00	2,000,000.00	0.00
Issuer: Neighborhood National Bank									
Certificates of Deposit - Bank									
1008995288	2119	Neighborhood National Bank			1.400	12/09/2010	0.00	1,000,000.00	
Subtotal and Balance				3,000,000.00			0.00	1,000,000.00	2,000,000.00
Issuer Subtotal			1.910%	3,000,000.00			0.00	1,000,000.00	2,000,000.00
Issuer: San Diego County									
San Diego County Pool									
SD COUNTY POOL	9007	San Diego County			0.686		88,341.63	2,007,811.85	
Subtotal and Balance				18,878,241.73			88,341.63	2,007,811.85	16,958,771.51
Issuer Subtotal			16.194%	18,878,241.73			88,341.63	2,007,811.85	16,958,771.51
Total			100.000%	115,282,966.34			234,465,549.30	245,023,939.57	104,724,576.07

OTAY
GASB 31 Compliance Detail
Sorted by Fund - Fund
July 1, 2010 - December 31, 2010

CUSIP	Investment #	Fund	Investment Class	Maturity Date	Beginning Invested Value	Purchase of Principal	Addition to Principal	Redemption of Principal	Adjustment in Value		Ending Invested Value
									Amortization Adjustment	Change in Market Value	
Fund: Treasury Fund											
LAIF	9001	99	Fair Value		18,535,367.70	0.00	50,225,790.49	50,350,161.28	0.00	-3,558.03	18,407,438.88
UNION MONEY	9002	99	Amortized		10,009.99	0.00	107,650,567.44	107,650,515.41	0.00	0.00	10,062.02
PETTY CASH	9003	99	Amortized		2,800.00	0.00	150.00	0.00	0.00	0.00	2,950.00
UNION OPERATING	9004	99	Amortized		1,044,711.99	0.00	3,828,169.41	4,019,381.93	0.00	0.00	853,499.47
PAYROLL	9005	99	Amortized		24,977.26	0.00	1,120,925.04	1,120,925.04	0.00	0.00	24,977.26
SD COUNTY POOL	9007	99	Fair Value		18,851,000.00	0.00	88,341.63	2,007,811.85	0.00	91,470.22	17,023,000.00
36962G2S2	2044	99	Fair Value	12/01/2010	2,032,000.00	0.00	0.00	2,000,000.00	0.00	-32,000.00	0.00
084664AF8	2094	99	Fair Value	12/15/2010	2,030,740.00	0.00	0.00	2,000,000.00	0.00	-30,740.00	0.00
31398AC91	2117	99	Fair Value	01/20/2012	2,000,620.00	0.00	0.00	2,000,000.00	0.00	-620.00	0.00
3136FJR45	2118	99	Fair Value	01/25/2013	2,005,620.00	0.00	0.00	0.00	0.00	-4,820.00	2,000,800.00
1008995288	2119	99	Amortized	12/09/2010	1,000,000.00	0.00	0.00	1,000,000.00	0.00	0.00	0.00
3136FJT5	2120	99	Fair Value	08/16/2012	2,002,500.00	0.00	0.00	2,000,000.00	0.00	-2,500.00	0.00
2050003183-4	2121	99	Amortized	01/22/2012	79,108.00	0.00	0.00	0.00	0.00	0.00	79,108.00
31398AH88	2123	99	Fair Value	09/24/2012	2,004,380.00	0.00	0.00	2,000,000.00	0.00	-4,380.00	0.00
3133XXK22	2124	99	Fair Value	06/25/2012	2,000,000.00	0.00	0.00	2,000,000.00	0.00	0.00	0.00
1006200563-2	2126	99	Amortized	02/04/2011	2,000,000.00	0.00	0.00	0.00	0.00	0.00	2,000,000.00
3136FMFR0	2127	99	Fair Value	10/05/2012	2,012,500.00	0.00	0.00	0.00	0.00	-7,160.00	2,005,340.00
3133XXRW9	2128	99	Fair Value	06/29/2012	2,012,500.00	0.00	0.00	0.00	0.00	-7,700.00	2,004,800.00
3136FMJF2	2129	99	Fair Value	05/14/2012	2,009,380.00	0.00	0.00	0.00	0.00	-8,840.00	2,000,540.00
3133XY2C8	2130	99	Fair Value	01/29/2013	2,001,880.00	0.00	0.00	2,000,000.00	0.00	-1,880.00	0.00
3133XY5H4	2131	99	Fair Value	07/30/2012	2,001,880.00	0.00	0.00	2,000,000.00	0.00	-1,880.00	0.00
3136FMPB4	2132	99	Fair Value	10/29/2012	2,010,620.00	0.00	0.00	0.00	0.00	-4,580.00	2,006,040.00
3134G1AW4	2134	99	Fair Value	05/10/2012	2,001,920.00	0.00	0.00	2,000,000.00	0.00	-1,920.00	0.00
31398AQ47	2135	99	Fair Value	11/05/2012	2,007,500.00	0.00	0.00	2,000,000.00	0.00	-7,500.00	0.00
3136FMRH9	2136	99	Fair Value	10/29/2012	2,014,380.00	0.00	0.00	0.00	0.00	-7,120.00	2,007,260.00
3136FMRG1	2137	99	Fair Value	05/10/2012	2,005,620.00	0.00	0.00	2,000,000.00	0.00	-5,620.00	0.00
3133XYDD4	2138	99	Fair Value	11/13/2012	2,002,500.00	0.00	0.00	2,000,000.00	0.00	-2,500.00	0.00
3133XYCT0	2139	99	Fair Value	08/13/2012	2,002,500.00	0.00	0.00	2,000,000.00	0.00	-2,500.00	0.00
3134G1DE1	2140	99	Fair Value	11/19/2012	2,008,000.00	0.00	0.00	2,000,000.00	0.00	-8,000.00	0.00
RESERVE-10 COPS	9010	99	Amortized		690.76	0.00	0.00	0.00	0.00	0.00	690.76
RESERVE-10 BABS	9011	99	Amortized		425.01	0.00	0.00	0.00	0.00	0.00	425.01
3133XYFP5	2142	99	Fair Value	11/25/2011	2,001,880.00	0.00	0.00	2,000,000.00	0.00	-1,880.00	0.00

Portfolio OTAY
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OTAY
 GASB 31 Compliance Detail
 Sorted by Fund - Fund

CUSIP	Investment #	Fund	Investment Class	Maturity Date	Beginning Invested Value	Purchase of Principal	Addition to Principal	Redemption of Principal	Adjustment in Value		Ending Invested Value
									Amortization Adjustment	Change in Market Value	
Fund: Treasury Fund											
31398AS78	2143	99	Fair Value	05/25/2012	2,001,880.00	0.00	0.00	2,000,000.00	0.00	-1,880.00	0.00
3134G1EH3	2144	99	Fair Value	06/08/2012	2,002,540.00	0.00	0.00	2,000,000.00	0.00	-2,540.00	0.00
LAIF BABS 2010	9012	99	Fair Value		16,026,300.42	0.00	41,605.29	12,000,144.06	0.00	-20,394.54	4,047,367.11
UBNA-2010 BOND	9013	99	Amortized		51.89	0.00	10,000,000.00	10,000,000.00	0.00	0.00	51.89
3133XYNS0	2145	99	Fair Value	12/10/2012	2,009,380.00	0.00	0.00	0.00	0.00	-1,500.00	2,007,880.00
3137EACK3	2146	99	Fair Value	07/27/2012	2,014,380.00	0.00	0.00	0.00	0.00	3,640.00	2,018,020.00
3133XYSH9	2147	99	Fair Value	09/21/2012	2,010,000.00	0.00	0.00	0.00	0.00	-1,860.00	2,008,140.00
3137EACK3A	2148	99	Fair Value	07/27/2012	1,037,405.70	0.00	0.00	0.00	0.00	1,874.60	1,039,280.30
3137EACK3B	2149	99	Fair Value	07/27/2012	2,726,463.33	0.00	0.00	0.00	0.00	4,926.74	2,731,390.07
3133XYXR1	2150	99	Fair Value	01/14/2013	0.00	2,000,000.00	0.00	2,000,000.00	0.00	0.00	0.00
3134G1KZ6	2151	99	Fair Value	07/20/2012	0.00	2,000,000.00	0.00	0.00	0.00	500.00	2,000,500.00
31398AW85	2152	99	Fair Value	07/27/2012	0.00	2,000,000.00	0.00	2,000,000.00	0.00	0.00	0.00
3134G1MD3	2153	99	Fair Value	07/22/2011	0.00	2,000,000.00	0.00	0.00	0.00	5,880.00	2,005,880.00
3136FMX82	2154	99	Fair Value	10/26/2012	0.00	2,000,000.00	0.00	0.00	0.00	780.00	2,000,780.00
313370BD9	2156	99	Fair Value	04/27/2012	0.00	2,000,000.00	0.00	2,000,000.00	0.00	0.00	0.00
3136FM4N1	2157	99	Fair Value	02/11/2013	0.00	2,000,000.00	0.00	0.00	0.00	1,300.00	2,001,300.00
3134G1PK4	2158	99	Fair Value	02/11/2013	0.00	2,000,000.00	0.00	0.00	0.00	5,120.00	2,005,120.00
31337ONF1	2160	99	Fair Value	11/20/2012	0.00	2,000,000.00	0.00	2,000,000.00	0.00	0.00	0.00
31331JYF4	2161	99	Fair Value	02/19/2013	0.00	2,000,000.00	0.00	2,000,000.00	0.00	0.00	0.00
31337OP77	2162	99	Fair Value	02/25/2013	0.00	2,000,000.00	0.00	0.00	0.00	-420.00	1,999,580.00
313370JR0	2163	99	Fair Value	08/27/2012	0.00	2,875,000.00	0.00	2,875,000.00	0.00	0.00	0.00
31331JZV8	2164	99	Fair Value	05/03/2013	0.00	2,000,000.00	0.00	0.00	0.00	-780.00	1,999,220.00
313370UP1	2165	99	Fair Value	03/13/2013	0.00	2,000,000.00	0.00	0.00	0.00	20.00	2,000,020.00
313370VG0	2166	99	Fair Value	09/21/2012	0.00	2,000,000.00	0.00	2,000,000.00	0.00	0.00	0.00
3134G1TU8	2167	99	Fair Value	09/28/2012	0.00	2,000,000.00	0.00	0.00	0.00	1,100.00	2,001,100.00
3136FPHU4	2168	99	Fair Value	03/21/2013	0.00	2,000,000.00	0.00	0.00	0.00	-420.00	1,999,580.00
3134G1UR3	2169	99	Fair Value	03/28/2013	0.00	2,000,000.00	0.00	0.00	0.00	-500.00	1,999,500.00
31331JM75	2170	99	Fair Value	04/12/2013	0.00	2,000,000.00	0.00	0.00	0.00	-5,680.00	1,994,320.00
3136FPQG5	2171	99	Fair Value	07/26/2013	0.00	635,000.00	0.00	0.00	0.00	-3,854.45	631,145.55
3136FPSK4	2172	99	Fair Value	04/29/2013	0.00	1,999,500.00	0.00	0.00	0.00	-12,580.00	1,986,920.00
3133XTAS4	2133	99	Fair Value	11/06/2012	2,001,880.00	0.00	0.00	2,000,000.00	0.00	-1,880.00	0.00
313371LK0	2173	99	Fair Value	11/16/2012	0.00	2,000,000.00	0.00	0.00	0.00	-9,200.00	1,990,800.00
313371MR4	2174	99	Fair Value	05/22/2013	0.00	2,000,000.00	0.00	0.00	0.00	-19,640.00	1,980,360.00
313371RA6	2175	99	Fair Value	12/07/2012	0.00	2,000,000.00	0.00	0.00	0.00	-8,720.00	1,991,280.00
313371U20	2176	99	Fair Value	06/03/2013	0.00	2,000,000.00	0.00	0.00	0.00	-11,600.00	1,988,400.00
31331GZ36	2155	99	Fair Value	07/19/2012	0.00	4,012,400.00	0.00	4,000,000.00	0.00	-12,400.00	0.00
3134G1C69	2177	99	Fair Value	06/20/2013	0.00	2,000,000.00	0.00	0.00	0.00	-8,900.00	1,991,100.00

OTAY
 GASB 31 Compliance Detail
 Sorted by Fund - Fund

CUSIP	Investment #	Fund	Investment Class	Maturity Date	Beginning Invested Value	Purchase of Principal	Addition to Principal	Redemption of Principal	Adjustment in Value		Ending Invested Value
									Amortization Adjustment	Change in Market Value	
Fund: Treasury Fund											
3136FPL47	2178	99	Fair Value	06/27/2013	0.00	2,000,000.00	0.00	0.00	0.00	-9,860.00	1,990,140.00
3134G1G32	2179	99	Fair Value	03/28/2013	0.00	2,000,000.00	0.00	0.00	0.00	-3,980.00	1,996,020.00
3136FM6A7	2159	99	Fair Value	11/19/2012	0.00	2,000,000.00	0.00	2,000,000.00	0.00	0.00	0.00
Subtotal					115,548,292.05	61,521,900.00	172,955,549.30	245,023,939.57	0.00	-169,675.46	104,832,126.32
Total					115,548,292.05	61,521,900.00	172,955,549.30	245,023,939.57	0.00	-169,675.46	104,832,126.32

OTAY
Duration Report
Sorted by Investment Type - Investment Type
Through 12/31/2010

Security ID	Investment #	Fund	Issuer	Investment Class	Book Value	Par Value	Market Value	Current Rate	YTM 360	Current Yield	Maturity/ Call Date	Modified Duration
3134G1C69	2177	99	Federal Home Loan Mortgage	Fair	2,000,000.00	2,000,000.00	1,991,100.00	.8500000	0.838	1.033	06/20/2013	2.435
3134G1KZ6	2151	99	Federal Home Loan Mortgage	Fair	2,000,000.00	2,000,000.00	2,000,500.00	1.000000	0.986	0.984	07/20/2012	1.529
3137EACK3	2146	99	Federal Home Loan Mortgage	Fair	1,999,302.49	2,000,000.00	2,018,020.00	1.147196	1.154	0.571	07/27/2012	1.548
3137EACK3A	2148	99	Federal Home Loan Mortgage	Fair	1,030,000.00	1,030,000.00	1,039,280.30	1.125000	1.109	0.549	07/27/2012	1.557
3134G1G32	2179	99	Federal Home Loan Mortgage	Fair	2,000,000.00	2,000,000.00	1,996,020.00	1.000000	0.986	1.090	03/28/2013	2.209
3134G1PK4	2158	99	Federal Home Loan Mortgage	Fair	2,000,000.00	2,000,000.00	2,005,120.00	1.000000	0.986	0.877	02/11/2013	2.077
3137EACK3B	2149	99	Federal Home Loan Mortgage	Fair	2,707,000.00	2,707,000.00	2,731,390.07	1.125000	1.109	0.549	07/27/2012	1.557
3134G1TU8	2167	99	Federal Home Loan Mortgage	Fair	2,000,000.00	2,000,000.00	2,001,100.00	.8000000	0.789	0.768	09/28/2012	1.722
3134G1UR3	2169	99	Federal Home Loan Mortgage	Fair	2,000,000.00	2,000,000.00	1,999,500.00	.9000000	0.888	0.911	03/28/2013	2.209
3134G1MD3	2153	99	Federal Home Loan Mortgage	Fair	2,000,000.00	2,000,000.00	2,005,880.00	1.100000	1.085	0.572	07/22/2011	0.553
3136FJR45	2118	99	Federal National Mortgage Assoc	Fair	2,000,000.00	2,000,000.00	2,000,800.00	1.250000	1.233	1.230	01/25/2013	2.003
3136FM4N1	2157	99	Federal National Mortgage Assoc	Fair	2,000,000.00	2,000,000.00	2,001,300.00	1.000000	0.986	0.969	02/11/2013	2.076
3136FPSK4	2172	99	Federal National Mortgage Assoc	Fair	1,999,534.44	2,000,000.00	1,986,920.00	.6750000	0.676	0.960	04/29/2013	2.299
3136FMX82	2154	99	Federal National Mortgage Assoc	Fair	2,000,000.00	2,000,000.00	2,000,780.00	1.000140	0.986	0.979	10/26/2012	1.795
3136FPL47	2178	99	Federal National Mortgage Assoc	Fair	2,000,000.00	2,000,000.00	1,990,140.00	1.000000	0.986	1.202	06/27/2013	2.449
3136FMPB4	2132	99	Federal National Mortgage Assoc	Fair	2,000,000.00	2,000,000.00	2,006,040.00	1.480000	1.460	1.313	10/29/2012	1.793
3136FMJF2	2129	99	Federal National Mortgage Assoc	Fair	2,000,000.00	2,000,000.00	2,000,540.00	1.250000	1.233	1.230	05/14/2012	1.350
3136FMFR0	2127	99	Federal National Mortgage Assoc	Fair	2,000,000.00	2,000,000.00	2,005,340.00	1.500000	1.479	1.347	10/05/2012	1.740
3136FPHU4	2168	99	Federal National Mortgage Assoc	Fair	2,000,000.00	2,000,000.00	1,999,580.00	.8750000	0.863	0.885	03/21/2013	2.190
3136FMRH9	2136	99	Federal National Mortgage Assoc	Fair	2,000,000.00	2,000,000.00	2,007,260.00	1.550000	1.529	1.349	10/29/2012	1.792
3136FPQG5	2171	99	Federal National Mortgage Assoc	Fair	635,000.00	635,000.00	631,145.55	.8500830	0.837	1.090	07/26/2013	2.529
3133XYSH9	2147	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,008,140.00	1.125178	1.110	0.887	09/21/2012	1.701
313371MR4	2174	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	1,980,360.00	.7000000	0.690	1.117	05/22/2013	2.361
3133XYNS0	2145	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,007,880.00	1.280000	1.262	1.075	12/10/2012	1.912
3133XXRW9	2128	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,004,800.00	1.250000	1.233	1.088	06/29/2012	1.477
313370UP1	2165	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,000,020.00	.8750000	0.863	0.875	03/13/2013	2.169
313371U20	2176	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	1,988,400.00	1.000000	0.986	1.244	06/03/2013	2.382
31337OP77	2162	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	1,999,580.00	.8500000	0.838	0.860	02/25/2013	2.119
313371LK0	2173	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	1,990,800.00	.7000000	0.690	0.948	11/16/2012	1.855
313371RA6	2175	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	1,991,280.00	.7000000	0.690	0.928	12/07/2012	1.913

Portfolio OTAY
AP

OTAY
Duration Report
Sorted by Investment Type - Investment Type
Through 12/31/2010

Security ID	Investment #	Fund	Issuer	Investment Class	Book Value	Par Value	Market Value	Current Rate	YTM 360	Current Yield	Maturity/ Call Date	Modified Duration
31331JZV8	2164	99	Federal Farm Credit Bank	Fair	2,000,000.00	2,000,000.00	1,999,220.00	.9500950	0.937	0.967	05/03/2013	2.304
31331JM75	2170	99	Federal Farm Credit Bank	Fair	2,000,000.00	2,000,000.00	1,994,320.00	.9000000	0.888	1.026	04/12/2013	2.246
2050003183-4	2121	99	California Bank & Trust	Amort	79,108.00	79,108.00	79,108.00	1.380000	1.380	1.380	01/22/2012	1.048 †
1006200563-2	2126	99	Neighborhood National Bank	Amort	2,000,000.00	2,000,000.00	2,000,000.00	1.400000	1.400	1.400	02/04/2011	0.089 †
LAIF COPS07	9009	99	STATE OF CALIFORNIA	Fair	0.00	0.00	0.00	1.530000	1.509	1.530		0.000
LAIF BABS 2010	9012	99	STATE OF CALIFORNIA	Fair	4,041,461.23	4,041,461.23	4,047,367.11	.4620000	0.456	0.462		0.000
LAIF	9001	99	STATE OF CALIFORNIA	Fair	18,380,578.92	18,380,578.92	18,407,438.88	.4620000	0.456	0.462		0.000
SD COUNTY	9007	99	San Diego County	Fair	16,958,771.51	16,958,771.51	17,023,000.00	.6860000	0.677	0.686		0.000
Report Total					103,830,756.59	103,831,919.66	103,939,469.91			0.830		1.155 †

† = Duration can not be calculated on these investments due to incomplete Market price data.

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2026950 THROUGH 2027274
RUN DATES 1/5/2011 TO 1/26/2011

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2027008	01/12/11	12521	AAA FOREIGN AUTO	Ref002411184	01/11/11	UB Refund Cst #0000000842	7.00	7.00
2026950	01/05/11	08488	ABLEFORCE INC	2507	12/14/10	CONSULTING SERVICES	9,945.00	9,945.00
2027132	01/19/11	08488	ABLEFORCE INC	2518	12/28/10	CONSULTING SERVICES	9,860.00	9,860.00
2026951	01/05/11	03317	ADVANCED CALL PROCESSING INC	20102083	12/20/10	PBX UPGRADE	115,778.00	115,778.00
2026952	01/05/11	11462	AEGIS ENGINEERING MGMT INC	1013	12/06/10	PLAN CHECKING	8,601.55	8,601.55
2027201	01/26/11	11462	AEGIS ENGINEERING MGMT INC	1101	01/06/11	DEVELOPER PLANCHECKS	12,379.64	
				1014	01/06/11	PLAN CHECKING	7,646.40	20,026.04
2026953	01/05/11	11803	AEROTEK ENVIRONMENTAL	OE00691188	11/04/10	TEMPORARY SERVICES	2,351.68	2,351.68
2027054	01/12/11	07732	AIRGAS SPECIALTY PRODUCTS INC	131181207	12/21/10	AQUA AMMONIA	2,052.75	
				131181206	12/21/10	AQUA AMMONIA	1,420.86	
				131181209	12/21/10	AQUA AMMONIA	592.11	
				131181208	12/21/10	AQUA AMMONIA	177.48	4,243.20
2027202	01/26/11	00132	AIRGAS WEST INC	103229116	12/31/10	BREATHING AIR	28.85	28.85
2027009	01/12/11	12538	ALEXANDRA GONZALEZ	Ref002411202	01/11/11	UB Refund Cst #0000143954	7.13	7.13
2027010	01/12/11	12540	ALEXANDRA VERLANGA	Ref002411204	01/11/11	UB Refund Cst #0000146351	84.36	84.36
2027011	01/12/11	12539	ALFONSO VAZQUEZ	Ref002411203	01/11/11	UB Refund Cst #0000145653	205.35	205.35
2026954	01/05/11	01463	ALLIED ELECTRONICS INC	48940300	12/13/10	CAT6 CONNECTORS	36.96	36.96
2027133	01/19/11	02362	ALLIED WASTE SERVICES # 509	0509004201413	12/25/10	CONTAINER RENTAL	210.95	
				0509004202090	12/25/10	TRASH SERVICES TP	148.52	359.47
2027203	01/26/11	02362	ALLIED WASTE SERVICES # 509	0509004188606	11/25/10	TRASH SERVICES	846.92	
				0509004190561	11/25/10	TRASH SERVICES TP	147.79	994.71
2027055	01/12/11	06166	AMERICAN MESSAGING	L1109570LA	01/01/11	PAGER SERVICES	113.75	113.75
2026955	01/05/11	00107	AMERICAN WATER WORKS ASSN	7000300538	11/25/10	MEMBERSHIP RENEWAL	95.00	95.00
2027056	01/12/11	00107	AMERICAN WATER WORKS ASSN	002300571110	11/25/10	MEMBERSHIP RENEWAL	231.00	231.00
2027204	01/26/11	00107	AMERICAN WATER WORKS ASSN	7000303220	11/25/10	AGENCY DUES	5,213.00	5,213.00
2027205	01/26/11	00002	ANSWER INC	4479	01/22/11	ANSWERING SERVICES	1,000.00	1,000.00
2027057	01/12/11	08967	ANTHEM BLUE CROSS EAP	40930	12/23/10	EMPLOYEE ASSISTANCE	370.30	370.30

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2026950 THROUGH 2027274
RUN DATES 1/5/2011 TO 1/26/2011

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2026956	01/05/11	03357	APEX ADVERTISING INC	46771	12/14/10	COMMUNITY INVOLVEMENT PRIZES	865.63	865.63
2027058	01/12/11	03357	APEX ADVERTISING INC	46801	12/21/10	COMMUNITY INVOLVEMENT PRIZES	899.67	899.67
2026957	01/05/11	05758	AT&T	61942256051210	12/20/10	PHONE SVC (INTERAGENCY WTR MTR CONN)	76.71	76.71
2026958	01/05/11	05758	AT&T	33784130451210	12/07/10	PHONE SERVICE (HI HEAD P/S-SCADA)	32.27	32.27
2027059	01/12/11	05758	AT&T	0821645728122510	12/25/10	INTERNET BANDWIDTH	1,954.46	1,954.46
2027206	01/26/11	07785	AT&T	000001981176	01/02/11	PHONE SERVICES	5,464.01	5,464.01
2026959	01/05/11	08330	AT&T INTERNET SERVICES	8547826251210	12/22/10	INTERNET BANDWIDTH	1,200.00	1,200.00
2027060	01/12/11	03543	AUDIO ASSOCIATES OF	9902	12/08/10	CREWROOM PROJECTOR	6,879.45	6,879.45
2027012	01/12/11	12548	BLANCA ROMERO	Ref002411212	01/11/11	UB Refund Cst #0000162174	43.08	43.08
2027013	01/12/11	12563	BRENNAN & ASSOCIATES	Ref002411229	01/11/11	UB Refund Cst #0000173016	54.03	54.03
2026960	01/05/11	10970	BRENNTAG PACIFIC INC	BPI058347	12/14/10	SODIUM HYPOCHLORITE	3,458.52	
				BPI058727	12/15/10	SODIUM HYPOCHLORITE	809.30	
				BPI058725	12/15/10	SODIUM HYPOCHLORITE	688.24	
				BPI057979	12/13/10	SODIUM HYPOCHLORITE	559.12	
				BPI058728	12/16/10	SODIUM HYPOCHLORITE	391.97	5,907.15
2027061	01/12/11	10970	BRENNTAG PACIFIC INC	BPI060273	12/22/10	SODIUM HYPOCHLORITE	1,812.26	
				BPI059927	12/20/10	SODIUM HYPOCHLORITE	719.37	
				BPI059928	12/20/10	SODIUM HYPOCHLORITE	653.66	
				BPI059929	12/20/10	SODIUM HYPOCHLORITE	426.55	
				BPI060272	12/22/10	SODIUM HYPOCHLORITE	147.57	3,759.41
2027134	01/19/11	10970	BRENNTAG PACIFIC INC	BPI061372	12/28/10	SODIUM HYPOCHLORITE	996.06	
				BPI059146	12/16/10	BLEACH DRUMS	767.51	
				BPI061373	12/28/10	SODIUM HYPOCHLORITE	596.02	2,359.59
2027207	01/26/11	10970	BRENNTAG PACIFIC INC	BPI123857		CREDIT MEMO	(160.00)	
				BPI062582	01/03/11	SODIUM HYPOCHLORITE	768.95	608.95
2027062	01/12/11	01232	BRODING'S BATTERY	23247	11/17/10	BATTERIES	621.78	
				24302	12/17/10	BATTERIES	369.53	
				23992	12/08/10	BATTERIES	217.39	1,208.70
2027135	01/19/11	01232	BRODING'S BATTERY	24596	12/29/10	BATTERIES	218.42	218.42
2026961	01/05/11	00223	C W MCGRATH INC	38158	12/10/10	CRUSHED ROCK	97.67	97.67
2027063	01/12/11	00223	C W MCGRATH INC	38258	01/05/11	CRUSHED ROCK	621.10	621.10

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2026950 THROUGH 2027274
RUN DATES 1/5/2011 TO 1/26/2011

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2027014	01/12/11	12562	CALIFORNIA REAL ESTATE OWNED	Ref002411228	01/11/11	UB Refund Cst #0000172921	62.50	62.50
2026962	01/05/11	08328	CALIFORNIA RURAL WATER	002620	01/03/11	SUBSCRIPTION	47.00	47.00
2027064	01/12/11	12465	CALIFORNIA SURVEYING DRAFTING	C579868 579548	12/14/10	CREDIT MEMO GEOXH HANDHELD	(500.00) 6,879.46	6,379.46
2027136	01/19/11	00192	CALIFORNIA WATER ENVIRONMENT	002664	01/12/11	REGISTRATION FEES	330.00	330.00
2027065	01/12/11	01004	CALOLYMPIC SAFETY	078062 078278 078762	12/14/10 12/10/10 12/08/10	HAZWOPER REFRESHER CALIBRATION GAS SENSORS & NFPA	1,087.50 176.78 38.56	1,302.84
2027208	01/26/11	05413	CALPERS	AVL00000772	01/05/11	VALUATION FEE	200.00	200.00
2027137	01/19/11	03376	CAREERTRACK	12234398	01/06/11	REGISTRATION FEE	399.00	399.00
2027209	01/26/11	02758	CARMEL BUSINESS SYSTEMS INC	7265 7267 7264 7266	01/01/11 01/01/11 01/01/11 01/01/11	RECORDS ASSISTANCE SCANNING SERVICES RECORDS STORAGE SCANNING SERVICES	1,752.18 1,001.48 409.00 178.02	3,340.68
2027015	01/12/11	12552	CARMEN CECENA	Ref002411216	01/11/11	UB Refund Cst #0000169728	75.00	75.00
2027210	01/26/11	04653	CARO, PATRICIA	002672	01/19/11	TUITION	475.00	475.00
2027016	01/12/11	12543	CASCADE WATER	Ref002411207	01/11/11	UB Refund Cst #0000155625	695.78	695.78
2027211	01/26/11	10571	CCL CONTRACTING	17	01/05/11	P2009/P2038 JAMACHA ROAD PIPELINE	18,424.07	18,424.07
2027138	01/19/11	03232	CDW GOVERNMENT INC	VZG4761	12/29/10	MODEM	148.05	148.05
2027139	01/19/11	04349	CHAMBERS, JONATHAN	002660	01/12/11	TUITION	96.00	96.00
2027017	01/12/11	12544	CHEREE MANALO	Ref002411208	01/11/11	UB Refund Cst #0000159618	29.39	29.39
2027018	01/12/11	07830	CHRISTOPHER KLEMPAY	Ref002411193	01/11/11	UB Refund Cst #0000072787	23.05	23.05
2027066	01/12/11	00446	CITY OF CHULA VISTA	002648	01/11/11	PLAN CHECK	619.77	619.77
2027273	01/26/11	00446	CITY OF CHULA VISTA	002648	01/11/11	PLAN CHECK	619.77	619.77
2027274	01/26/11	00446	CITY OF CHULA VISTA	3	01/13/11	FEASIBILITY STUDY	22,401.68	22,401.68
2026963	01/05/11	08895	CITY OF LA MESA	13675	12/16/10	LIVESCAN FEES	40.00	40.00
2027019	01/12/11	12534	CLARINDA CVENGROS	Ref002411198	01/11/11	UB Refund Cst #0000092276	65.46	65.46

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2026950 THROUGH 2027274
RUN DATES 1/5/2011 TO 1/26/2011

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2027213	01/26/11	04119	CLARKSON LAB & SUPPLY INC	53734	12/31/10	BACTERIOLOGICAL SERVICES	362.00	
				53737	12/31/10	BACTERIOLOGICAL SERVICES	211.00	
				53736	12/31/10	BACTERIOLOGICAL SERVICES	131.00	
				53735	12/31/10	BACTERIOLOGICAL SERVICES	125.00	829.00
2027214	01/26/11	11520	CLINICAL LABORATORY OF	911982	01/03/11	LAB ANALYSIS	266.00	266.00
2027067	01/12/11	08160	COMPLETE OFFICE	C12529780		CREDIT MEMO	(23.48)	
				12529780	12/16/10	2011 CALENDARS	33.16	
				12534900	12/20/10	2011 CALENDARS	10.59	20.27
2027215	01/26/11	08160	COMPLETE OFFICE	12499400	12/02/10	TONERS	576.30	
				12533630	01/05/11	PLUNGER LOCKS	163.79	
				12564410	01/06/11	CALENDARS	41.30	
				12526930	12/30/10	STAMP	35.88	817.27
2027216	01/26/11	03706	CONSUMERS PIPE & SUPPLY	S1149495001	12/22/10	METER MATERIALS	335.82	335.82
2027068	01/12/11	10565	COOPER, BRIAN	002643	01/07/11	TUITION	1,705.00	1,705.00
2027217	01/26/11	12282	CORELOGIC INFORMATION	13034181	12/31/10	REALQUEST BUNDLE	241.67	241.67
2027218	01/26/11	12334	CORODATA MEDIA STORAGE INC	DS1241361	01/05/11	DATA STORAGE	696.23	696.23
2027140	01/19/11	02612	COUNCIL OF WATER UTILITIES	002663	01/11/11	MONTHLY MEETING	75.00	75.00
2026964	01/05/11	00184	COUNTY OF SAN DIEGO	DEH110708D11	12/17/10	SHUT DOWN TEST	981.75	981.75
2026965	01/05/11	02122	COUNTY OF SAN DIEGO	2010111605668	11/16/10	PERMIT RENEWAL	400.00	400.00
2026966	01/05/11	02122	COUNTY OF SAN DIEGO	002626	11/04/10	RENEWAL FEES	110.98	110.98
2027069	01/12/11	00184	COUNTY OF SAN DIEGO	DEH110291D11	12/27/10	SHUT DOWN TEST	994.00	
				DEH110299D11	12/27/10	SHUT DOWN TEST	852.00	
				DEH110289D11	12/27/10	SHUT DOWN TEST	852.00	
				DEH110288D11	12/27/10	SHUT DOWN TEST	852.00	3,550.00
2027070	01/12/11	00099	COUNTY OF SAN DIEGO - DPW	134852	11/30/10	EXCAVATION PERMITS	2,826.20	2,826.20
2027141	01/19/11	00099	COUNTY OF SAN DIEGO - DPW	136293	12/31/10	EXCAVATION PERMITS	689.94	689.94
2027219	01/26/11	11286	CPM PARTNERS INC	11001	01/03/11	SCHEDULING SERVICES	4,630.00	4,630.00
2026967	01/05/11	10977	GRAFCO INC	00417232	12/14/10	HP COLD PATCH	1,761.75	1,761.75
2026968	01/05/11	05125	CUDLIP, JAMES	002627	01/04/11	COMPUTER LOAN	1,061.59	1,061.59

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2026950 THROUGH 2027274
RUN DATES 1/5/2011 TO 1/26/2011

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2027142	01/19/11	11797	D & H WATER SYSTEMS INC	2010118	12/28/10	CHLORINE SCALES	21,480.30	21,480.30
2027020	01/12/11	12529	DARRYL SMITH	Ref002411192	01/11/11	UB Refund Cst #0000063142	16.32	16.32
2027220	01/26/11	12575	DAVID BAVENCOFF	007005203REF	01/24/11	CUSTOMER REFUND	144.69	144.69
2027021	01/12/11	12530	DAVID GARATE	Ref002411194	01/11/11	UB Refund Cst #0000073495	75.00	75.00
2027143	01/19/11	03606	DCSE INC	1002	12/28/10	INTEGRATION SERVICES	9,030.00	9,030.00
2027221	01/26/11	01797	DELL ENTERPRISES	188119	01/05/11	RECOGNITION PLAQUE	127.78	127.78
2026969	01/05/11	02603	DELL MARKETING LP	xf5txpf96	12/16/10	DELL LAPTOP	1,467.57	1,467.57
2027071	01/12/11	07680	DELTA HEALTH SYSTEMS	IVC04406	11/30/10	EMPLOYEE HEALTH	309.50	309.50
2027144	01/19/11	00319	DEPARTMENT OF PUBLIC HEALTH	187570111	01/13/11	CERTIFICATE RENEWAL	80.00	80.00
2027145	01/19/11	00319	DEPARTMENT OF PUBLIC HEALTH	188370111	01/12/11	CERTIFICATE RENEWAL	60.00	60.00
2027222	01/26/11	02519	DIEHL EVANS & COMPANY LLP	69435	12/31/10	AUDIT SERVICES	1,400.00	1,400.00
2027072	01/12/11	03417	DIRECTV	1409625613	12/19/10	SATELLITE TV	5.00	5.00
2027223	01/26/11	03417	DIRECTV	1421034635	01/05/11	SATELLITE TV	19.33	19.33
2027146	01/19/11	05134	DYCHITAN, MARISSA	002661	01/12/11	TUITION	910.00	910.00
2027022	01/12/11	12526	ED LOPEZ	Ref002411189	01/11/11	UB Refund Cst #0000031494	73.87	73.87
2027073	01/12/11	02447	EDCO DISPOSAL CORPORATION	1554581210	12/31/10	RECYCLING SERVICES	180.00	180.00
2027023	01/12/11	12531	ELOISA MARTINEZ	Ref002411195	01/11/11	UB Refund Cst #0000074024	30.73	30.73
2027224	01/26/11	08023	EMPLOYEE BENEFIT SPECIALISTS	0051590IN	12/31/10	ADMINISTRATION FEES	562.50	562.50
2026970	01/05/11	03227	ENVIROMATRIX ANALYTICAL INC	0120211	12/13/10	LABORATORY SERVICES	670.00	670.00
2027074	01/12/11	03227	ENVIROMATRIX ANALYTICAL INC	0120351	12/20/10	LABORATORY SERVICES	560.00	560.00
2027225	01/26/11	03227	ENVIROMATRIX ANALYTICAL INC	1010017	01/03/11	LABORATORY SERVICES	425.00	425.00
2027147	01/19/11	04899	ERICKSON-HALL CONSTRUCTION CO	002650	01/13/11	W/O REFUND D0028-060018	3,164.95	3,164.95
2027075	01/12/11	02639	EW TRUCK & EQUIPMENT	40557	12/20/10	SMOKE TESTING	45.00	
				40558	12/20/10	SMOKE TESTING	45.00	
				40559	12/20/10	SMOKE TESTING	45.00	
				40560	12/20/10	SMOKE TESTING	45.00	

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2026950 THROUGH 2027274
RUN DATES 1/5/2011 TO 1/26/2011

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
				40561	12/20/10	SMOKE TESTING	45.00	
				40562	12/20/10	SMOKE TESTING	45.00	
				40563	12/20/10	SMOKE TESTING	45.00	
				40564	12/20/10	SMOKE TESTING	45.00	
				40565	12/20/10	SMOKE TESTING	45.00	
				40566	12/20/10	SMOKE TESTING	45.00	
				40567	12/20/10	SMOKE TESTING	45.00	
				40568	12/20/10	SMOKE TESTING	45.00	
				40569	12/20/10	SMOKE TESTING	45.00	
				40570	12/20/10	SMOKE TESTING	45.00	
				40571	12/20/10	SMOKE TESTING	45.00	
				40573	12/20/10	SMOKE TESTING	45.00	
				40574	12/20/10	SMOKE TESTING	45.00	
				40575	12/20/10	SMOKE TESTING	45.00	
				40576	12/20/10	SMOKE TESTING	45.00	
				40577	12/20/10	SMOKE TESTING	45.00	
				40579	12/20/10	SMOKE TESTING	45.00	
				40581	12/20/10	SMOKE TESTING	45.00	990.00
2027148	01/19/11	02639	EW TRUCK & EQUIPMENT	264084	12/29/10	REPAIR PART	280.25	
				40712	12/29/10	SMOKE TESTING	45.00	
				40572	12/29/10	SMOKE TESTING	45.00	
				40578	12/29/10	SMOKE TESTING	45.00	415.25
2027149	01/19/11	04986	FARR, STEVEN	002659	01/18/11	CERTIFICATE RENEWAL	80.00	80.00
2027076	01/12/11	00645	FEDEX	733821802	12/24/10	MAIL SERVICES	6.18	
				734550530	12/31/10	MAIL SERVICES	4.98	11.16
2026971	01/05/11	03546	FERGUSON WATERWORKS # 1082	0365713	12/15/10	INVENTORY	4,157.15	
				0363048	12/15/10	INVENTORY	3,656.72	
				0361664	12/14/10	METER REPLACEMENT	3,458.74	
				0364923	12/15/10	METER PARTS	1,011.38	
				03649172	12/15/10	INVENTORY	14.68	12,298.67
2027077	01/12/11	03546	FERGUSON WATERWORKS # 1082	0365103	12/20/10	METER PARTS	476.60	
				03649201	12/17/10	WAREHOUSE SUPPLIES	182.05	658.65
2027024	01/12/11	12555	FIELD ASSET SERVICES	Ref002411219	01/11/11	UB Refund Cst #0000170145	85.67	85.67
2027226	01/26/11	12187	FIRST AMERICAN DATA TREE LLC	900340120	12/31/10	ONLINE MAPS	99.00	99.00
2026972	01/05/11	04066	FIRST CHOICE SERVICES - SD	103042	12/14/10	COFFEE SUPPLIES	391.47	391.47
2027150	01/19/11	04066	FIRST CHOICE SERVICES - SD	105369	12/29/10	COFFEE SUPPLIES	276.97	276.97
2027025	01/12/11	12549	FIRST TEAM REAL ESTATE	Ref002411213	01/11/11	UB Refund Cst #0000163600	27.18	27.18

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2026950 THROUGH 2027274
RUN DATES 1/5/2011 TO 1/26/2011

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2026973	01/05/11	11962	FLEETWASH INC	3444717 34444712	12/10/10 12/10/10	VEHICLE WASH VEHICLE WASH	170.04 26.16	196.20
2026974	01/05/11	01612	FRANCHISE TAX BOARD	Ben2410985	01/06/11	PAYROLL DEDUCTION	75.00	75.00
2026975	01/05/11	02344	FRANCHISE TAX BOARD	Ben2410981	01/06/11	PAYROLL DEDUCTION	150.00	150.00
2027151	01/19/11	01612	FRANCHISE TAX BOARD	Ben2411319	01/20/11	PAYROLL DEDUCTION	75.00	75.00
2027152	01/19/11	02344	FRANCHISE TAX BOARD	Ben2411315	01/20/11	PAYROLL DEDUCTION	150.00	150.00
2026976	01/05/11	01327	FRANK & SON PAVING INC	0552	12/13/10	ANNUAL PAVING	3,798.30	3,798.30
2027153	01/19/11	07224	FRAZEE INDUSTRIES INC	503040 503041	12/28/10 12/28/10	PAINT PAINT	186.10 37.22	223.32
2027078	01/12/11	03094	FULLCOURT PRESS	21819	12/21/10	FINANCIAL REPORT	619.88	619.88
2027227	01/26/11	03094	FULLCOURT PRESS	21756	12/02/10	BILL INSERT	1,020.91	1,020.91
2027228	01/26/11	03609	GBA MASTER SERIES INC	61104-1	12/31/10	ASSET MANAGEMENT	4,800.00	4,800.00
2027026	01/12/11	12537	GEORGE MCCORMICK	Ref002411201	01/11/11	UB Refund Cst #0000139829	36.79	36.79
2027154	01/19/11	12568	GM OTAY LP	002652	01/13/11	W/O REFUND D0600-010252	895.95	895.95
2027079	01/12/11	00101	GRAINGER INC	9423326835	12/22/10	CANOPY LIGHTS	148.37	148.37
2027080	01/12/11	01576	GRAYBAR ELECTRIC CO INC	951191841	11/29/10	ELECTRIC HARDWARE	39.70	39.70
2027155	01/19/11	01576	GRAYBAR ELECTRIC CO INC	951703503	12/29/10	ETHERNET WALLJACKS	194.06	194.06
2027229	01/26/11	02187	GREENSCAPE	2546	12/01/10	LANDSCAPING SERVICES	6,090.00	6,090.00
2027230	01/26/11	09715	GUTIERREZ, JUAN	002670	01/18/11	SAFETY BOOTS	97.85	97.85
2027081	01/12/11	02630	HAAKER EQUIPMENT COMPANY	C77806	12/14/10	REPAIR PART	204.44	204.44
2026977	01/05/11	00174	HACH COMPANY	7033585	12/15/10	LABORATORY SUPPLIES	448.53	448.53
2027082	01/12/11	00174	HACH COMPANY	7029314 7023461 7035453 7039138 7027388 7037182	12/13/10 12/08/10 12/16/10 12/20/10 12/10/10 12/17/10	APA600 PARTS APA600 PARTS APA600 PARTS APA600 PARTS APA600 PARTS LABORATORY SUPPLIES	2,140.44 1,520.18 651.95 314.29 106.55 10.97	4,744.38
2027231	01/26/11	00174	HACH COMPANY	7054901	01/04/11	APA6000 REPAIR	501.26	501.26

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2026950 THROUGH 2027274
RUN DATES 1/5/2011 TO 1/26/2011

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2026978	01/05/11	02629	HANSON AGGREGATES INC	635305	12/16/10	AGGREGATES	615.11	
				634765	12/10/10	AGGREGATES	121.14	736.25
2027156	01/19/11	02795	HARTFORD INSURANCE CO, THE	ETB2004170910	09/20/10	ACCIDENT INSURANCE	750.00	750.00
2027157	01/19/11	04472	HECTOR I MARES-COSSIO	70	12/31/10	CONSULTANT SERVICES	3,600.00	3,600.00
2027027	01/12/11	12556	HELEN STUART	Ref002411221	01/11/11	UB Refund Cst #0000171869	17.04	17.04
2027158	01/19/11	08610	HENRY BROS ELECTRONICS INC	13050210	12/26/10	ADDITIONAL SECURITY	20,563.81	
				13050110	12/26/10	SECURITY ADDITION	20,170.00	40,733.81
2027083	01/12/11	12564	HERITAGE ESCROW	035010061REF	01/11/11	CUSTOMER REFUND	128.16	128.16
2027028	01/12/11	12559	HOME REPO TOUR	Ref002411225	01/11/11	UB Refund Cst #0000172213	27.73	27.73
2026979	01/05/11	06540	HORIZON CRANE SERVICE LLC	5733	12/16/10	CRANE	580.00	580.00
2027084	01/12/11	06301	HVAC ENGINEERING INC	5776	11/16/10	HVAC Systems	1,675.00	1,675.00
2027029	01/12/11	12546	INFINITY DIRECT ASSET MGMT	Ref002411210	01/11/11	UB Refund Cst #0000160195	29.35	29.35
2027232	01/26/11	08969	INFOSEND INC	47720	12/31/10	POSTAGE	14,950.40	
				47719	12/31/10	BILL PRINTING SERVICES	6,156.89	
				47834	01/04/11	INFOSEND EBPP	3,241.20	24,348.49
2027233	01/26/11	02372	INTERIOR PLANT SERVICE INC	36669	12/31/10	PLANT SERVICES	186.00	186.00
2027085	01/12/11	03250	INTERNATIONAL PUBLIC MGMT	002646	01/07/11	REGISTRATION FEES	65.00	65.00
2027234	01/26/11	03077	JANI-KING OF CALIFORNIA INC	SDO12100219	12/01/10	JANITORIAL SERVICES	1,062.84	1,062.84
2027030	01/12/11	12551	JOE SOUTHWICK	Ref002411215	01/11/11	UB Refund Cst #0000168822	42.50	42.50
2027086	01/12/11	01735	JOHNSON, PAMELA	002634	01/04/11	LICENSE RENEWAL	60.00	60.00
2027087	01/12/11	03172	JONES & STOKES ASSOCIATES INC	0075759	12/16/10	P1253 SAN MIGUEL HABITAT MGMT AREA	34,106.05	
				0075059	11/15/10	ENVIRONMENTAL CONSULTING	13,343.93	
				0075762	12/16/10	ENVIRONMENTAL CONSULTING	1,488.20	
				0075764	12/16/10	ENVIRONMENTAL CONSULTING SERVICES	675.00	49,613.18
2027031	01/12/11	12536	JOSEPH ARGIER	Ref002411200	01/11/11	UB Refund Cst #0000123009	7.33	7.33
2027159	01/19/11	04203	JUST IN TIME COMMUNICATIONS	9301	12/29/10	SATELLITE SERVICE	200.00	200.00
2027088	01/12/11	05109	KEARNY PEARSON FORD	394434	11/16/10	REPAIR PART	87.34	87.34

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2026950 THROUGH 2027274
RUN DATES 1/5/2011 TO 1/26/2011

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2027235	01/26/11	04996	KNOX ATTORNEY SERVICE INC	595238	12/31/10	DELIVERY SERVICES	206.50	206.50
2027160	01/19/11	12567	LA FITNESS INTERNATIONAL	002651	01/13/11	W/O REFUND D0044-XX6480	438.85	438.85
2027032	01/12/11	12532	LACRESHEIA LEE	Ref002411196	01/11/11	UB Refund Cst #0000078913	23.70	23.70
2027236	01/26/11	06497	LAKESIDE LAND COMPANY	245132	01/05/11	ASPHALT	44.40	44.40
2027237	01/26/11	09511	LAYFIELD ENVIRONMENTAL SYSTEMS	EO2778	12/31/10	COVER MAINTENANCE	46,475.00	46,475.00
2027238	01/26/11	03607	LEE & RO INC	83725	01/06/11	P2009 - DESIGN OF 36-INCH PIPELINE	8,099.00	8,099.00
2027033	01/12/11	12458	LENDER PROCESSING SERVICES	Ref002411220	01/11/11	UB Refund Cst #0000170215	111.03	111.03
2027034	01/12/11	12523	LEONARD FUENTES	Ref002411186	01/11/11	UB Refund Cst #0000011038	6.43	6.43
2027035	01/12/11	12522	LEONARDO TALAMAYAN	Ref002411185	01/11/11	UB Refund Cst #0000006081	62.81	62.81
2027089	01/12/11	00491	LIGHTHOUSE INC, THE	0052404 0062764	10/25/10 11/23/10	SHOP SUPPLIES PARTS	306.48 278.40	584.88
2027161	01/19/11	06263	LINTNER, JERRY	002658	01/13/11	SAFETY BOOTS	138.26	138.26
2027090	01/12/11	05220	LOGICALIS INTEGRATION SOLUTION	S031506	11/30/10	T & M SUPPORT	1,980.00	1,980.00
2027036	01/12/11	12561	LPS FIELD SERVICES	Ref002411227	01/11/11	UB Refund Cst #0000172420	36.43	36.43
2027239	01/26/11	01464	MAG SYSTEMS INC	177195199	01/04/11	AGM INTEGRATOR	217.41	217.41
2027162	01/19/11	00628	MANHATTAN NATIONAL LIFE	002667	01/19/11	VOLUNTARY LIFE INSURANCE	314.98	314.98
2027091	01/12/11	02902	MARSTON+MARSTON INC	2010121 2010122	12/01/10 12/01/10	PUBLIC RELATIONS BI-NATIONAL DESAL	5,662.50 865.00	6,527.50
2027240	01/26/11	02902	MARSTON+MARSTON INC	201111 201112	01/03/11 01/03/11	PUBLIC RELATIONS BI-NATIONAL DESAL	6,223.75 562.50	6,786.25
2027092	01/12/11	12469	MASTER SHINE WINDOW WASHING	002632	12/27/10	BATHROOM DETAILING	2,467.49	2,467.49
2026980	01/05/11	01183	MCMASTER-CARR SUPPLY CO	72894710 73086551 72866298	12/15/10 12/16/10 12/14/10	COMBO LOCK FERRULES TOOL TRUCK TOOLS	509.24 206.63 179.09	894.96
2027093	01/12/11	01183	MCMASTER-CARR SUPPLY CO	73262063 73460283 73358235	12/20/10 12/22/10 12/21/10	COMBO LOCK COMBO LOCK MAINTENANCE SUPPLIES	1,267.08 425.55 124.74	1,817.37
2027163	01/19/11	01183	MCMASTER-CARR SUPPLY CO	73597582	12/27/10	FERRULES TOOL	1,411.93	1,411.93

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2026950 THROUGH 2027274
RUN DATES 1/5/2011 TO 1/26/2011

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2027241	01/26/11	01183	MCMaster-CARR SUPPLY CO	73892869 73892909	01/03/11 01/03/11	COMBO LOCK TOOLS	1,124.92 94.79	1,219.71
2026981	01/05/11	01524	MESA LABORATORIES INC	0409415IN	12/14/10	NUSONIC FLOWMETER	13,430.27	13,430.27
2027094	01/12/11	11367	MIGUEL MARTINEZ	255141319REF2	01/10/11	CUSTOMER REFUND	1,411.03	1,411.03
2027037	01/12/11	12525	MIKE RYAN	Ref002411188	01/11/11	UB Refund Cst #0000023315	57.64	57.64
2027095	01/12/11	00887	MIRAMAR TRUCK CENTER-SAN DIEGO	274297	11/18/10	REPAIR PARTS	382.48	382.48
2027242	01/26/11	00887	MIRAMAR TRUCK CENTER-SAN DIEGO	275490	01/04/11	REPAIR PART	719.23	719.23
2027038	01/12/11	12527	MOTOHISA YAMADA	Ref002411190	01/11/11	UB Refund Cst #0000051230	58.59	58.59
2027164	01/19/11	03623	MWH AMERICAS INC	1372893	12/02/10	RWCWRF UPGRADE	35,140.61	35,140.61
2026982	01/05/11	03523	NATIONAL DEFERRED COMPENSATION	Ben2410973	01/06/11	DEFERRED COMP PLAN	11,186.55	11,186.55
2027165	01/19/11	03523	NATIONAL DEFERRED COMPENSATION	Ben2411307	01/20/11	DEFERRED COMP PLAN	11,186.56	11,186.56
2027039	01/12/11	12554	NESLI IBRAHIM	Ref002411218	01/11/11	UB Refund Cst #0000169933	19.01	19.01
2026983	01/05/11	05494	NEXTEL OF CALIFORNIA INC	901500243051	12/12/10	AIR TRAK	3,696.23	3,696.23
2027243	01/26/11	05494	NEXTEL OF CALIFORNIA INC	901500243052	01/12/11	AIR TRAK	3,709.24	3,709.24
2027096	01/12/11	05519	OCT ACADEMY	002636	01/05/11	CD ROM	110.33	110.33
2027097	01/12/11	03215	O'DONNELL, MICHAEL	002645	01/07/11	TUITION	415.00	415.00
2026984	01/05/11	00510	OFFICE DEPOT INC	544419436001	12/10/10	SUPPLIES	77.36	77.36
2027166	01/19/11	00510	OFFICE DEPOT INC	546415985001	12/30/10	OFFICE SUPPLIES	87.39	87.39
2027244	01/26/11	00510	OFFICE DEPOT INC	546756112001	01/04/11	SUPPLIES	67.01	67.01
2027098	01/12/11	05203	OIL FILTER SERVICE	49949	12/16/10	FILTER	383.15	383.15
2027167	01/19/11	03149	ON SITE LASER LLC	45158	12/15/10	PRINTER SERVICE	368.06	368.06
2026985	01/05/11	03101	OTAY WATER DISTRICT	Ben2410975	01/06/11	PAYROLL DEDUCTION - ASSN DUES	742.00	742.00
2027168	01/19/11	03101	OTAY WATER DISTRICT	Ben2411309	01/20/11	PAYROLL DEDUCTION - ASSN DUES	742.00	742.00
2027040	01/12/11	12558	PACIFIC COMMERCIAL	Ref002411223	01/11/11	UB Refund Cst #0000172061	30.23	30.23

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2026950 THROUGH 2027274
RUN DATES 1/5/2011 TO 1/26/2011

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2027099	01/12/11	01002	PACIFIC PIPELINE SUPPLY	143553	12/22/10	INVENTORY	2,278.53	
				143616	12/22/10	INVENTORY	184.44	2,462.97
2027169	01/19/11	01002	PACIFIC PIPELINE SUPPLY	143618	12/29/10	INVENTORY	1,167.98	1,167.98
2027041	01/12/11	12550	PACIFIC WEST HOME MTG LLC	Ref002411214	01/11/11	UB Refund Cst #0000168785	82.63	82.63
2027042	01/12/11	12533	PAUL III CORRIERE	Ref002411197	01/11/11	UB Refund Cst #0000080021	131.00	131.00
2027170	01/19/11	05497	PAYPAL INC	10055178	12/31/10	PAYMENT SERVICES	54.10	54.10
2026986	01/05/11	03308	PBS&J	1097545	12/10/10	PROFESSIONAL SERVICES	5,875.00	5,875.00
2027100	01/12/11	03649	PECK S HEAVY FRICTION INC	209419	10/04/10	BRAKE PARTS	1,616.96	1,616.96
2027101	01/12/11	03790	PENHALL COMPANY	26517	11/30/10	CUTTING SERVICES	205.00	205.00
2027171	01/19/11	00137	PETTY CASH CUSTODIAN	002654	01/18/11	PETTY CASH	303.60	303.60
2027245	01/26/11	12571	PONCE, GREG	002671	01/18/11	SAFETY BOOTS	137.00	137.00
2027102	01/12/11	01715	PORRAS, PEDRO J	002635	01/06/11	BOOK	118.90	118.90
2026987	01/05/11	10929	PORTABLE POWER SYSTEMS INC	119698	12/15/10	UPS BATTERIES	164.25	164.25
2027103	01/12/11	05499	PRAXAIR DISTRIBUTION INC	38147037	11/20/10	GAS RENTAL	463.05	
				38395195	12/20/10	GAS RENTAL	463.05	926.10
2026988	01/05/11	01733	PRICE TRONCONE &	12296	11/12/10	SITE RENTAL	3,930.00	3,930.00
2027172	01/19/11	07346	PRIME ELECTRICAL SERVICES INC	8869	10/28/10	ELECTRICAL INSTALLATION	34,114.91	34,114.91
2027246	01/26/11	10662	PROFESSIONAL MAINTENANCE	79156	12/01/10	JANITORIAL SERVICES	2,675.00	2,675.00
2026989	01/05/11	06641	PRUDENTIAL OVERALL SUPPLY	30148173	12/16/10	UNIFORMS	328.16	
				30148172	12/16/10	MATS, TOWELS & SUPPLIES	166.12	
				30148174	12/16/10	MATS, TOWELS & SUPPLIES	139.83	
				30147727	12/14/10	MATS, TOWELS & SUPPLIES	102.73	
				30147726	12/14/10	UNIFORMS	94.28	
				30148175	12/16/10	UNIFORMS	54.77	885.89
2027104	01/12/11	06641	PRUDENTIAL OVERALL SUPPLY	30149983	12/23/10	UNIFORMS	318.16	
				30149982	12/23/10	MATS, TOWELS & SUPPLIES	166.12	
				30149984	12/23/10	MATS, TOWELS & SUPPLIES	139.83	
				30152472	01/04/11	MATS, TOWELS & SUPPLIES	102.73	
				30149985	12/23/10	UNIFORMS	58.85	785.69
2027173	01/19/11	06641	PRUDENTIAL OVERALL SUPPLY	30151488	12/30/10	UNIFORMS	330.16	

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2026950 THROUGH 2027274
RUN DATES 1/5/2011 TO 1/26/2011

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
				30151487	12/30/10	MATS, TOWELS & SUPPLIES	166.12	
				30151489	12/30/10	MATS, TOWELS & SUPPLIES	139.83	
				30150934	12/28/10	MATS, TOWELS & SUPPLIES	102.73	
				30151490	12/30/10	UNIFORMS	55.33	
				30150933	12/28/10	UNIFORMS	54.31	848.48
2027247	01/26/11	06641	PRUDENTIAL OVERALL SUPPLY	30153114	01/06/11	UNIFORMS	314.16	
				30153113	01/06/11	MATS, TOWELS & SUPPLIES	171.78	
				30153115	01/06/11	MATS, TOWELS & SUPPLIES	142.20	
				30153116	01/06/11	UNIFORMS	55.33	
				30152471	01/04/11	UNIFORMS	50.31	733.78
2027105	01/12/11	00078	PUBLIC EMPLOYEES RETIREMENT	Ben2410969	01/06/11	PERS CONTRIBUTION	142,245.61	142,245.61
2027248	01/26/11	00078	PUBLIC EMPLOYEES RETIREMENT	Ben2411303	01/20/11	PERS CONTRIBUTION	141,251.68	141,251.68
2027043	01/12/11	12553	RANCHO BUENA VISTA	Ref002411217	01/11/11	UB Refund Cst #0000169819	51.65	51.65
2027044	01/12/11	12557	RANCHO BUENA VISTA REAL ESTATE	Ref002411222	01/11/11	UB Refund Cst #0000171952	56.66	56.66
2026990	01/05/11	01890	RECON	42470	12/15/10	P1253 - PREPARATION OF THE SUBAREA PLAN	19,131.19	19,131.19
2027249	01/26/11	09993	REPROHAUS CORP	0000134888	01/03/11	REPROGRAPHIC SERVICES	80.52	80.52
2027174	01/19/11	04542	ROBAK, MARK	70141210	12/31/10	MILEAGE REIMBURSEMENT	16.50	
				70141110	11/30/10	MILEAGE REIMBURSEMENT	11.00	27.50
2027045	01/12/11	12524	ROBERT STARR	Ref002411187	01/11/11	UB Refund Cst #0000018977	30.08	30.08
2027106	01/12/11	06412	ROMERO, TANYA	002644	01/07/11	TUITION	255.81	255.81
2027107	01/12/11	00217	RW LITTLE CO INC	100120	11/29/10	RECONDITION 12" ALT VALVE	750.00	750.00
2027175	01/19/11	00217	RW LITTLE CO INC	100378	12/21/10	POWDER COATING	800.00	800.00
2027176	01/19/11	05130	SAFARI MICRO INC	194764	12/27/10	1500VA UPS	3,295.13	3,295.13
2027250	01/26/11	02586	SAN DIEGO COUNTY ASSESSOR	2010168	01/03/11	ASSESSOR DATA	125.00	125.00
2027251	01/26/11	10972	SAN DIEGO COUNTY SYMPOSIUM	002678	01/24/11	REGISTRATION FEES	50.00	50.00
2027177	01/19/11	00003	SAN DIEGO COUNTY WATER	7457	12/07/10	SAVE A BUCK PROGRAM	2,359.50	2,359.50
2026991	01/05/11	00121	SAN DIEGO GAS & ELECTRIC	002625	12/28/10	UTILITY EXPENSES	43,499.82	
				002624	12/20/10	UTILITY EXPENSES	28,796.06	
				002622	12/27/10	UTILITY EXPENSES	23,943.73	96,239.61
2027108	01/12/11	00121	SAN DIEGO GAS & ELECTRIC	002623	12/23/10	UTILITY EXPENSES	558.06	558.06

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2026950 THROUGH 2027274
RUN DATES 1/5/2011 TO 1/26/2011

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2027178	01/19/11	00121	SAN DIEGO GAS & ELECTRIC	002638	01/05/11	UTILITY EXPENSES	55,175.53	
				002640	12/27/10	UTILITY EXPENSES	13,536.77	
				002639	12/29/10	UTILITY EXPENSES	3,374.99	72,087.29
2027252	01/26/11	00121	SAN DIEGO GAS & ELECTRIC	002676	01/05/11	UTILITY EXPENSES	3,417.37	3,417.37
2026992	01/05/11	12419	SAN DIEGO GROUP, THE	OWD201005	08/01/10	PUBLIC AFFAIRS	1,600.00	
				OWD201006	07/01/10	PUBLIC AFFAIRS	1,600.00	
				OWD200910	11/01/09	PUBLIC AFFAIRS	1,600.00	
				OWD201001	02/01/10	PUBLIC AFFAIRS	1,600.00	
				OWD201003	04/01/10	PUBLIC AFFAIRS	1,600.00	
				OWD201004	05/01/10	PUBLIC AFFAIRS	1,600.00	9,600.00
2027046	01/12/11	12547	SAN DIEGO REO REALTY	Ref002411211	01/11/11	UB Refund Cst #0000161403	9.58	9.58
2027109	01/12/11	12080	SAN DIEGO UNION-TRIBUNE LLC	0010469607	01/04/11	BID ADVERTISEMENT	221.20	
				0010469603	01/04/11	BID ADVERTISEMENT	214.80	436.00
2027179	01/19/11	07676	SAN MIGUEL FIRE PROTECTION	SMG19066	12/29/10	FIRE INSPECTION	394.00	394.00
2027253	01/26/11	07676	SAN MIGUEL FIRE PROTECTION	002631	01/03/11	TEMPORARY LABOR	6,492.80	6,492.80
2027254	01/26/11	05321	SCHIFF ASSOCIATES	06098	12/31/10	CATHODIC PROTECTION	23,676.25	23,676.25
2027255	01/26/11	12333	SCHINDLER ELEVATOR CORPORATION	8102772295	12/01/10	ELEVATOR MAINTENANCE	430.00	430.00
2027256	01/26/11	07783	SCRIPPS CENTER FOR EXECUTIVE	20136	12/10/10	EXECUTIVE PHYSICAL	1,604.92	1,604.92
2027047	01/12/11	12545	SD COASTLINE LP	Ref002411209	01/11/11	UB Refund Cst #0000159864	114.72	114.72
2027110	01/12/11	05512	SD COUNTY VECTOR CONTROL PROG	SD100371110	11/29/10	VECTOR CONTROL PROGRAM	570.52	570.52
2027048	01/12/11	12560	SD NATIONAL WILDLIFE REFUGE	Ref002411226	01/11/11	UB Refund Cst #0000172376	1,892.03	1,892.03
2027111	01/12/11	01651	SHARP REES-STEALY MEDICAL CTRS	231	12/18/10	PRE-PLACEMENT PHYSICAL	113.00	113.00
2027112	01/12/11	12138	SHELBURNE SHERR COURT	110473	10/13/10	COPY OF TRANSCRIPT	1,166.54	
				110339	10/05/10	COPY OF TRANSCRIPT	761.60	1,928.14
2026993	01/05/11	05983	SIEMENS WATER TECHNOLOGIES	7831338	12/13/10	BIOXIDE TP	1,297.82	1,297.82
2027113	01/12/11	05983	SIEMENS WATER TECHNOLOGIES	3252695	12/08/10	W&T MICRO2000	4,369.39	4,369.39
2027257	01/26/11	05983	SIEMENS WATER TECHNOLOGIES	3252586	12/27/10	ANALYZER PARTS	1,141.88	1,141.88
2027114	01/12/11	00258	SLOAN ELECTRIC COMPANY	015781	01/03/11	MACHINE WORK.	672.50	672.50

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2026950 THROUGH 2027274
RUN DATES 1/5/2011 TO 1/26/2011

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2027115	01/12/11	03071	SOCO GROUP INC, THE	430539	12/17/10	MOTOR OIL	1,023.61	1,023.61
2027180	01/19/11	03071	SOCO GROUP INC, THE	432302	12/28/10	MOTOR OIL	978.48	978.48
2027116	01/12/11	03592	SOFTCHOICE CORPORATION	2558915	12/21/10	TOUGHBOOKS	12,708.41	12,708.41
2027049	01/12/11	12542	SONIA TAMAYO	Ref002411206	01/11/11	UB Refund Cst #0000154809	94.27	94.27
2027258	01/26/11	03103	SOUTHCOAST HEATING &	C45041	12/14/10	AC MAINTENANCE	1,068.00	1,068.00
2026994	01/05/11	03760	SPANKY'S PORTABLE SERVICES INC	862633	11/22/10	TOILET RENTAL	80.06	
				862563	11/19/10	TOILET RENTAL	80.06	
				862564	11/19/10	TOILET RENTAL	80.06	
				862565	11/19/10	TOILET RENTAL	80.06	320.24
2027259	01/26/11	03760	SPANKY'S PORTABLE SERVICES INC	868287	01/06/11	TOILET RENTAL	98.25	
				866606	12/29/10	TOILET RENTAL	80.06	178.31
2026995	01/05/11	00320	STANDARD REGISTER COMPANY	5451136	12/09/10	TONER CARTRIDGE	474.00	474.00
2027181	01/19/11	05968	STAPLES BUSINESS ADVANTAGE	8017311001	12/18/10	SUPPLIES	55.04	55.04
2027117	01/12/11	01560	STATE CHEMICAL MFG CO, THE	94891057	12/23/10	SHOP SUPPLIES	445.80	445.80
2026996	01/05/11	06281	STATE DISBURSEMENT UNIT	Ben2410989	01/06/11	PAYROLL DEDUCTION	264.00	264.00
2026997	01/05/11	06299	STATE DISBURSEMENT UNIT	Ben2410979	01/06/11	PAYROLL DEDUCTION	237.69	237.69
2026998	01/05/11	06303	STATE DISBURSEMENT UNIT	Ben2410983	01/06/11	PAYROLL DEDUCTION	696.46	696.46
2027182	01/19/11	06281	STATE DISBURSEMENT UNIT	Ben2411323	01/20/11	PAYROLL DEDUCTION	264.00	264.00
2027183	01/19/11	06299	STATE DISBURSEMENT UNIT	Ben2411313	01/20/11	PAYROLL DEDUCTION	237.69	237.69
2027184	01/19/11	06303	STATE DISBURSEMENT UNIT	Ben2411317	01/20/11	PAYROLL DEDUCTION	696.46	696.46
2027118	01/12/11	00097	STATE OF CALIFORNIA	440221330111	01/10/11	MAINTENANCE FEE	245.62	245.62
2026999	01/05/11	02261	STATE STREET BANK & TRUST CO	Ben2410971	01/06/11	DEFERRED COMP PLAN	6,052.56	6,052.56
2027185	01/19/11	02261	STATE STREET BANK & TRUST CO	Ben2411305	01/20/11	DEFERRED COMP PLAN	6,181.27	6,181.27
2027000	01/05/11	01460	STATE WATER RESOURCES	SW0023804	10/27/10	STORMWATER FEE INDEX #081388	491.00	491.00
2027186	01/19/11	01460	STATE WATER RESOURCES	WD0049468	11/16/10	ANNUAL FEE INDEX #114528	1,755.00	1,755.00
2027260	01/26/11	11460	STEELE CANYON GOLF CLUB	711680111	01/26/11	RECOGNITION EVENT	6,408.03	6,408.03

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2026950 THROUGH 2027274
RUN DATES 1/5/2011 TO 1/26/2011

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2027261	01/26/11	09584	STEPHEN MOYERS &	002673	01/24/11	EASEMENT ACQUISITION	5,200.00	5,200.00
2027262	01/26/11	12572	STEPHEN MOYERS &	002674	01/24/11	SETTLEMENT	9,800.00	9,800.00
2027119	01/12/11	11749	STEPHEN V MCCUE ESQ	002641	12/13/10	LEGAL SERVICES	18,217.50	18,217.50
2027187	01/19/11	11749	STEPHEN V MCCUE ESQ	002666	01/14/11	LEGAL SERVICES	31,717.50	31,717.50
2027120	01/12/11	12565	SUSAN GUZZETTA & CO	002647	01/07/11	WELLNESS PROGRAM	250.00	250.00
2027050	01/12/11	12541	SYLVIA ARREOLA	Ref002411205	01/11/11	UB Refund Cst #0000153895	41.99	41.99
2027121	01/12/11	02799	TARULLI TIRE INC - SAN DIEGO	20045800	12/23/10	TIRE SERVICE	567.02	
				20045474	11/12/10	TIRE SERVICE	233.21	
				20045586	11/24/10	TIRE SERVICE	201.30	
				20045801	12/23/10	TIRE SERVICE	197.04	
				20045585	11/24/10	TIRE SERVICE	21.53	
				20045607	11/29/10	TIRE SERVICE	21.53	
				20045678	12/08/10	TIRE SERVICE	17.50	1,259.13
2027188	01/19/11	02799	TARULLI TIRE INC - SAN DIEGO	20045860	12/30/10	TIRE SERVICE	938.06	938.06
2027263	01/26/11	02799	TARULLI TIRE INC - SAN DIEGO	20045876	01/05/11	TIRE SERVICE	358.99	358.99
2027264	01/26/11	12474	TERRYBERRY COMPANY LLC	864589	01/20/11	SERVICE AWARD	832.43	832.43
2027122	01/12/11	11289	TLC STAFFING	IVC050000044341	12/17/10	CWA INTERN	270.00	
				IVC05000004496	12/30/10	CWA INTERN	189.00	459.00
2027189	01/19/11	04977	T-MOBILE	4150860450111	01/05/11	CELL PHONE SERVICES	247.38	247.38
2027123	01/12/11	12017	TRAC	002649	11/30/10	CONSULTING FEES	2,210.75	2,210.75
2027124	01/12/11	03074	TRAFFIC CONTROL SERVICE INC	1006330	12/17/10	TRAFFIC SIGNS	703.61	703.61
2027190	01/19/11	12570	TRI TECH REPROGRAPHICS	116037	10/20/10	PHOTOCOPYING SERVICES	2,701.80	
				116353	11/08/10	PHOTOCOPYING SERVICES	35.43	2,737.23
2027265	01/26/11	12084	TRIACTIVE INC	11258	01/04/11	SOFTWARE SUPPORT	46.98	46.98
2027125	01/12/11	00427	UNDERGROUND SERVICE ALERT OF	1220100444	12/01/10	UNDERGROUND ALERTS	213.00	213.00
2027126	01/12/11	03563	UNDERGROUND UTILITIES INC	127175	12/23/10	WATER METER BOX CLEANOUT MAINTENANCE	1,608.75	1,608.75
2027001	01/05/11	08262	UNITED RENTALS NORTHWEST INC	91302565001	12/15/10	CONCRETE	140.29	
				90303005001	12/15/10	CONCRETE	20.66	160.95
2027127	01/12/11	08262	UNITED RENTALS NORTHWEST INC	91338937001	12/17/10	CONCRETE	224.30	

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2026950 THROUGH 2027274
RUN DATES 1/5/2011 TO 1/26/2011

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
				91342350001	12/17/10	CONCRETE	134.58	358.88
2027002	01/05/11	05417	UNITED STATES DEPARTMENT	Ben2410987	01/06/11	PAYROLL DEDUCTION	100.00	100.00
2027191	01/19/11	05417	UNITED STATES DEPARTMENT	Ben2411321	01/20/11	PAYROLL DEDUCTION	100.00	100.00
2027128	01/12/11	00350	UNITED STATES POSTAL SERVICE	10433951	01/10/11	POSTAGE MACHINE	2,100.00	2,100.00
2027192	01/19/11	07662	UNITEDHEALTHCARE SPECIALTY	110190000081	02/01/11	BASIC LIFE/AD&D & SUPP LIFE INS	5,713.41	5,713.41
2027193	01/19/11	03212	UNUM LIFE INSURANCE	Ben2411299	01/20/11	CONTRIBUTION TO LTD	5,946.54	5,946.54
2027003	01/05/11	07674	US BANK CORPORATE PAYMENT	002621	11/22/10	DISTRICT EXPENSES	9,140.52	9,140.52
2027129	01/12/11	07674	US BANK CORPORATE PAYMENT	002642	11/22/10	DISTRICT EXPENSES	1,486.94	1,486.94
2027194	01/19/11	07674	US BANK CORPORATE PAYMENT	002657	12/22/10	DISTRICT EXPENSES	11,006.72	
				002656	10/22/10	DISTRICT EXPENSES	7,461.88	
				002655	11/22/10	DISTRICT EXPENSES	3,149.07	
				002662	12/22/10	DISTRICT EXPENSES	704.97	22,322.64
2027266	01/26/11	07674	US BANK CORPORATE PAYMENT	002677	12/22/10	DISTRICT EXPENSES	1,532.50	1,532.50
2027195	01/19/11	06829	US SECURITY ASSOCIATES INC	68278	11/30/10	SECURITY SYSTEM	417.30	417.30
2027267	01/26/11	06829	US SECURITY ASSOCIATES INC	106421	12/31/10	SECURITY SYSTEM	307.55	307.55
2027268	01/26/11	08028	VALLEY CONSTRUCTION MANAGEMEN	SD100110	12/31/10	INSPECTION SERVICES	3,480.00	3,480.00
2027004	01/05/11	01095	VANTAGEPOINT TRANSFER AGENTS	Ben2410977	01/06/11	DEFERRED COMP PLAN	7,230.02	7,230.02
2027005	01/05/11	06414	VANTAGEPOINT TRANSFER AGENTS	Ben2410967	01/06/11	401A PLAN	14,247.77	14,247.77
2027196	01/19/11	01095	VANTAGEPOINT TRANSFER AGENTS	Ben2411311	01/20/11	DEFERRED COMP PLAN	7,323.74	7,323.74
2027197	01/19/11	06414	VANTAGEPOINT TRANSFER AGENTS	Ben2411301	01/20/11	401A PLAN	14,373.52	14,373.52
2027269	01/26/11	03329	VERIZON WIRELESS	0935111860	12/21/10	WIRELESS SERVICES	8,198.41	8,198.41
2027051	01/12/11	12528	VICKI MILLER	Ref002411191	01/11/11	UB Refund Cst #0000057344	31.50	31.50
2027052	01/12/11	12515	VICTORIA NAVARDAUSKAITE	Ref002411224	01/11/11	UB Refund Cst #0000172071	24.15	24.15
2027198	01/19/11	12520	WACHOVIA MORTGAGE/WELLS FARGO	Ref002407431	07/27/10	UB Refund Cst #0000162414	38.56	
				Ref002408146	08/24/10	UB Refund Cst #0000162414	26.65	65.21
2027006	01/05/11	12027	WALTCOMM	20101215OTW	12/15/10	SECURITY RE-WORK	3,157.75	3,157.75

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2026950 THROUGH 2027274
RUN DATES 1/5/2011 TO 1/26/2011

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2027270	01/26/11	02700	WATER CONSERVATION GARDEN	5	01/01/11	OPERATING COSTS	25,047.00	25,047.00
2027199	01/19/11	03781	WATTON, MARK	002665	01/04/11	TRAVEL EXPENSE	104.00	104.00
2027271	01/26/11	11692	WEST COAST IND COATINGS INC	9	01/05/11	RESERVOIR COATING	80,190.00	80,190.00
2027007	01/05/11	00125	WESTERN PUMP INC	0094572IN 0094571IN	11/29/10 11/29/10	APCD TESTING APCD TESTING	1,137.50 781.25	1,918.75
2027272	01/26/11	00125	WESTERN PUMP INC	0095476IN 0095475IN	12/20/10 12/20/10	APCD TESTING APCD TESTING	400.00 400.00	800.00
2027130	01/12/11	03692	WESTIN ENGINEERING INC	138	12/21/10	PROJECT CONSULTING	48,517.82	48,517.82
2027131	01/12/11	02160	WOODS, MARVIN	002633	01/05/11	SAFETY GLASSES	223.96	223.96
2027200	01/19/11	12569	YI FEI CHEN	002653	01/13/11	W/O REFUND D0813-090082	213.74	213.74
2027053	01/12/11	12535	ZAKEYA BLANKENSHIP	Ref002411199	01/11/11	UB Refund Cst #0000121942	50.08	50.08
GRAND TOTAL							1,634,425.34	1,634,425.34