

OTAY WATER DISTRICT
BOARD OF DIRECTORS MEETING
DISTRICT BOARDROOM

2554 SWEETWATER SPRINGS BOULEVARD
SPRING VALLEY, CALIFORNIA

WEDNESDAY
December 5, 2007
3:30 P.M.

AGENDA

1. ROLL CALL
2. PLEDGE OF ALLEGIANCE
3. APPROVAL OF AGENDA
4. APPROVAL OF MINUTES OF THE JOINT AGENCY BOARD MEETING OF JULY 20, 2007 AND SPECIAL BOARD MEETING OF SEPTEMBER 25, 2007
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

CONSENT CALENDAR

6. 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) ADOPT RESOLUTION NO. 4114 TO EXPAND THE EMPLOYMENT PROCEDURES FOR FINGERPRINT, RECORD CHECKS, IDENTITY VERIFICATION AND DRIVING STANDARDS TO INCLUDE RECEIVING CRIMINAL CONVICTION INFORMATION FROM THE FEDERAL BUREAU OF INVESTIGATIONS
 - b) ADOPT RESOLUTION NO. 4115 DESIGNATING SPECIFIC STAFF POSITIONS TO BE AUTHORIZED AS AGENTS TO COMMUNICATE WITH THE STATE OF CALIFORNIA, OFFICE OF EMERGENCY SERVICES ON THE DISTRICT'S BEHALF IN ALL MATTERS PERTAINING TO DISASTER ASSISTANCE
 - c) ADOPT RESOLUTION NO. 4116 AMENDING POLICY NO. 8, DIRECTORS COMPENSATION, REIMBURSEMENT OF EXPENSES AND GROUP

INSURANCE BENEFITS, AND POLICY 34, STAFF TRAVEL AND BUSINESS RELATED EXPENSES POLICY, REGARDING PER-DIEM MEAL ALLOWANCES DURING TRAVEL

- d) PRESENTATION OF DIRECTOR'S EXPENSES FOR THE 1ST QUARTER OF FISCAL YEAR 2008
- e) APPROVE AGREEMENT NO. 08-MU-35-0002 FOR PHASE 1 OF THE REGIONAL BRINE MANAGEMENT STUDY BETWEEN THE UNITED STATES DEPARTMENT OF THE INTERIOR, BUREAU OF RECLAMATION AND COOPERATING AGENCIES
- f) APPROVE THE PROPOSED GROUND LEASE AND JOINT USE AGREEMENT WITH THE SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT FOR THE REGIONAL TRAINING CENTER AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE THE AGREEMENT
- g) APPROVE THE WATER SUPPLY ASSESSMENT REPORT FOR THE JUDD COMPANY OTAY CROSSINGS COMMERCE PARK AS REQUIRED BY SENATE BILL 610

INFORMATION / ACTION ITEMS

7. ENGINEERING AND WATER OPERATIONS

- a) FIRST QUARTER FISCAL YEAR 2008 CAPITAL IMPROVEMENT PROGRAM REPORT (RIPPERGER/JUYBARI)

8. FINANCE AND ADMINISTRATIVE SERVICES

- a) APPROVE THE ENGAGEMENT LETTER FROM THE AUDITING FIRM OF TEAMAN, RAMIREZ & SMITH, INC. TO PROVIDE AUDIT SERVICES TO THE DISTRICT FOR FISCAL YEAR ENDING JUNE 30, 2008 (BEACHEM/CUDLIP)
- b) RECEIVE THE DISTRICT'S COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR FISCAL YEAR ENDED JUNE 30, 2007 (BEACHEM/CUDLIP)

9. BOARD INFORMATION / ACTION ITEMS

- a) DISCUSSION OF 2008 BOARD MEETING CALENDAR

REPORTS

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

RECESS TO CLOSED SESSION

13. CLOSED SESSION
 - a) ANTICIPATED LITIGATION (GOVERNMENT CODE §54956.9)
MULTIPLE CASES RELATED TO THE FENTON BUSINESS CENTER
 - b) PUBLIC EMPLOYEE PERFORMANC EVALUATION [GOVERNMENT
CODE §54957.6

TITLE: GENERAL MANAGER

RETURN TO OPEN SESSION

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

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

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

Certification of Posting

I certify that on November 30, 2007, I posted a copy of the foregoing agenda near the regular meeting place of the Board of Directors of Otay Water District, said time being at least 72 hours in advance of the regular meeting of the Board of Directors (Government Code Section §54954.2).

Executed at Spring Valley, California on November 30, 2007.



Susan Cruz, District Secretary

AGENDA ITEM 4

MINUTES OF THE JOINT MEETING OF THE BOARDS OF DIRECTORS OF HELIX WATER DISTRICT, LAKESIDE WATER DISTRICT, OTAY WATER DISTRICT, PADRE DAM MUNICIPAL WATER DISTRICT AND SWEETWATER AUTHORITY

Sweetwater Authority
Richard A. Reynolds Desalination Facility
3066 North Second Avenue
Chula Vista, CA 91910
July 20, 2007 – 10:00 A.M.

The meeting was called to order at 10:03 a.m. by Chair Beauchamp of Sweetwater Authority.

ROLL CALL – EACH BOARD

Sweetwater Authority:

Directors Mitch Beauchamp, Jim Doud, Bud Pocklington, Terry Thomas, and Margaret Welsh; Ron Morrison entered the meeting at 10:24 a.m.

Helix Water District:

Directors Chuck Muse, Richard Smith, John Linden, DeAna Verbeke, and Kathleen Coates Hedberg

Lakeside Water District:

Director Eileen Neumeister

Otay Water District:

Directors Gary Croucher and Mark Robak; Larry Breitfelder entered the meeting at 10:05 a.m.

Padre Dam Municipal Water District:

Directors Augie Scalzitti, Jim Maletic, and Dan McMillan

Also present was staff from each agency (list attached).

APPROVAL OF AGENDA

A motion was made by Director Robak, seconded by Director Thomas, and unanimously carried, to approve the agenda.

OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD

No members of the public were present.

ACTION ITEMS**1. San Diego County Water Authority**

- **Water Supply Reliability**
Fern Stein, Chair

Chair Fern Steiner's presentation focused on water supply reliability, the water infrastructure investments since the last major drought, Metropolitan Water District's (MWD) long-term drought planning, and what CWA has been doing to face what might be a multi-year drought. She commented that she was listening to KPBS on the way to today's meeting. The topic of the editor's roundtable was about water, and they said some really good things. She then referred to the news headlines from 1987-1992 when San Diego experienced a drought. At that time, there was a 30 percent cutback on water by MWD. The CWA Board was voting on a 50 percent cutback when it started to rain. It rained and rained, and that was the "Miracle March." The 30 percent cutback was devastating on the economic region, the public and residential users. Everyone came and told CWA one message: "never again." Chair Steiner then referred to CWA's portfolio in 1991. At that time, 95 percent of its water was from MWD and diversification was necessary. CWA's portfolio in 2007 reflects the addition of conservation, recycling, groundwater recovery, IID transfer, the canal lining program, thus reducing reliance on MWD by 20 percent. The canal lining program is presently delivering 21,500 acre-feet of water to the region. This effort was to get diversification at this point. One of the comments made on the editor's roundtable was what a good job CWA (which includes all of the member agencies of CWA) has been doing to diversify its portfolio. In partnership with all of the CWA member agencies, significant reliable supplies have been added. Eventually, they will get the 277,000 acre-feet from Imperial Valley and they are planning to double their conservation by 2020. Chair Steiner said that they are at 51,600 acre-feet right now and their goal is 94,000 acre-feet by 2020, which is pretty ambitious.

They are looking to triple groundwater and one of those projects is what Sweetwater Authority is working on with Otay Water District and the City of San Diego, in trying to get the brine line going. They are also looking at water development from the San Diego Aquifer and to double recycling. Another thing commented on in the editor's roundtable is that people are just going to have to face that recycling has to be done. She believed it was going to be harder than that as there is still considerable resistance to recycling. An article in the Orange County Registry yesterday reported that kids at a summer camp drank recycled water from Singapore that had been wastewater, and that Orange County has plans to develop wastewater. The kids thought it was cool, and they were not having any problems with the water, so education should be part of the component. They are projecting to have 56,000 acre-feet per year from seawater desalination. CWA recently issued a resolution supporting the efforts of Poseidon and the City of Carlsbad to develop the desalination plant at Encina, and that they also removed the impediments to be able to sign the incentives at MWD. Chair Steiner then showed CWA's portfolio for 2020, which shows the canal lining fully ramped up and seawater desalination. All of this helps to reduce its reliance on MWD, but MWD still remains its largest supplier of water and

there is probably no way around this. She added that San Diego is groundwater challenged, so it will never reach the levels to be able to say that it never needs MWD.

- **Water Facilities**
Maureen Stapleton, General Manager

General Manager Maureen Stapleton began by saying that there are two pieces of the puzzle to insure water reliability. The first is the water supply that Chair Steiner talked about, and the second are the water facilities which are equally important. CWA has a very aggressive capital improvement program over the next 15 years, which is part of that water reliability. There are a total of 76 construction projects totaling \$3.4 billion, which will be spent in the next 20 years. She highlighted some of the key projects: Olivenhain Dam and Reservoir, which is the first dam that has been built in 50 years in San Diego County; the completion of the the intertie between Olivenhain and Lake Hodges, with the pump station currently in construction; the San Vicente Dam Raise and Pipeline which will be the largest project; the canal lining projects; the Coachella Canal which is completely lined and fully operational; the All American Canal, which is under construction and will be completed in a couple of years; the Twin Oaks Water Treatment Plant, the largest membrane treatment plant in the world, which is presently under construction and will be operational by April 15, 2008; and pipeline replacement and relining. She stated that replacement and relining is a critical piece of ensuring water reliability for our communities. New transmission pipelines, such as the San Vicente pipeline, is their largest project, both in cost as well as in scope, costing nearly \$200 million to build a 12-mile tunnel, 13 feet in diameter, and they are less than half way through the tunneling. The Emergency Storage Project takes up all of the various projects that ensure reliable water here in the region. By the time the Hodges Pump Station is completed, there will be 45 megawatts of hydroelectric power that will be sold back to SDG&E to put back on the grid. The next two years are the most aggressive and complex years for capital project implementation at CWA. They expect to spend \$617 million in two years, and nearly \$1 million per day will be going into the ground as they are embarking or active on their largest, biggest projects in this time period. Carryover storage is one of the key factors that they have been looking at related to the San Vicente Dam Raise. 52,000 acre-feet of emergency storage purposes will be available by raising the dam 54 feet. They have determined that because of how San Vicente is shaped, by raising it just another 63 feet an additional 100,000 acre-feet of carryover storage opportunity would be available. That additional 63 feet would cost about \$175 million of the total \$568 million budget. Ms. Stapleton added that raising a dam is like building a house in that adding some additional capacity is quite cost effective, and they are in the process of the environmental review for the carryover component, the emergency component EIR is completed and certified. The EIR for the carryover component is being released this summer. Ms. Stapleton said that CWA hopes to have the record of decision and certification in early 2008, and construction from 2008 through 2011.

Water is costing everyone more than it ever has in the past because of the supply cost of getting that water, as it is becoming scarce, and the cost of capital improvement projects. CWA's calendar year treated rate is \$628 per acre-foot and the Board authorized

an increase to \$679 per acre-foot for calendar year 2009. They expect the treated municipal and industrial rate to increase from \$679 to \$729 in calendar year 2009 and the member agencies have either already incorporated or are in the process of incorporating those costs into their total rates. MWD is a critical component of their water reliability. CWA has invested nearly \$3 billion at MWD, and CWA will always be linked to MWD in utilizing the system that was paid for by their \$3 billion investment. MWD has had three fundamental changes in their water planning over the very recent past, and there is a variety of reasons for this. MWD has shifted its base load supply from the Colorado River to the State Water Project. They have increased their emphasis on local supply development as a piece of their water portfolio and on the variable supplies that they need to make sure they can meet demands. Since the Colorado River aqueduct began operation in 1941, through 2002 the Colorado River was the backbone of MWD supplies. In addition, the Colorado River has more than 60 million acre-feet of storage on the river, predominantly in Lake Powell and Lake Mead, which is five years worth of water flow on the river. And although this is the eighth year of the longest and deepest drought of the Colorado River, they are still able to supply all of the allocations according to the law of the river and the Colorado River Compact because of the storage that is sitting there. In 2003, MWD no longer had access to what is called "fifth priority," or "surplus water." The reason for that is there is a law on the river that if other states do not use their full entitlement then you can take it, and Arizona and Nevada were not using their full entitlement. In 2003, Arizona and Nevada took their full entitlement and continue to take their full entitlement, so MWD no longer has that surplus water available. That cut alone is 662 acre-feet each and every year that is no longer available to MWD. So they moved on to the State Water Project as their main source of supply and they have base loaded since 2003. The State Water Project has just less than 6 million acre-feet of storage, a tenth of the storage of the Colorado River, and it represents about a year and a half of total allocations. They face tremendous environmental, regulatory, and judicial challenges on the Bay Delta.

The second shift is the increase in variable supplies. In 2003, MWD was planning on 242,000 acre-feet of local supplies as part of the total portfolio in Southern California. The vast groundwater programs in Orange County, Calleguas, Pasadena, and so forth, are where a lot of that local supply is developed. By 2020, they expect to more than double that to 578,000 acre-feet with more dependence on member agencies coming through with what they are planning to do in local supply development as CWA and MWD are beginning to rely more on the member agencies to develop local supplies. It is critically important that those local supplies be developed, because if not, CWA's portfolio, the pie chart, is missing a piece of that pie. Ms. Stapleton said that the third emphasis is a shift on variable supplies. In the past it has been easy, you fill up the Colorado River aqueduct and whatever extra you need you take from the State Water Project. That is no longer possible. The demands at MWD this year are 2.5 million acre-feet. It will be supplied by 700,000 acre-feet from the Colorado River, which includes 75,000 acre-feet from IID and the Coachella lining; and 1.5 million acre-feet coming from the State Water Project, if they are lucky this year. That comes up to less than total demands. In order for MWD to meet this year's needs, they have to draw 300,000 acre-feet of water from storage accounts from member agencies where they have stored water and which they need to

pull out. They also need to draw from the Central Valley storage accounts and some of the State Water Project places where they have tucked water away here and there. What is important about this is it means the demands this year cannot be covered just by the State Water Project and the Colorado River any longer. They are pulling from storage accounts. Southern California has some of the driest years on record; in Burbank, the driest year on record; in Los Angeles, the driest year on record; and in San Diego, the driest two years on record since 1801. It is dry on the river, in the State Water Project, and locally. Ms. Stapleton mentioned that her husband is involved in the snow pack program. On May 1, 2006, the snow pack average was 181 percent of normal, and this year it is 27 percent of normal. She referred to the 100 years worth of the four-river flow, called the Sacramento Four River Unimpaired Runoff, which feeds the Bay Delta and, on average, produces four million acre-feet. Since the State Water Project and Colorado River cannot meet their year to year needs, they are relying on storage programs and spot transferring programs in wet years. We go from feast to famine and what is troubling about this is that when we go dry often, we go dry for several years, not one year at a time and it is making everyone nervous. Ms. Stapleton continued to say that you can only take water out of storage if you have years where you could put water into storage where you had extra water. CWA has invested \$2 billion in Diamond Valley Lake, which is critically important, because that is what they are drawing from and 2.5 million acre-feet from programs in Central Valley. It requires the ability to put water into storage those years in order to insure it is there when needed.

She spoke briefly about the Delta smelt situation that occurred back in May and June. Ms. Stapleton then touched on the Interruptible Agriculture Program, and noted that Met has sent letters stating that they will call for a 30 percent cut on interruptible Ag beginning January 2008; so the potential reduction notice was issued. CWA will have reduction plans for each member agency which will be completed by September 28th per MWD requirements. MWD has been doing some drought planning and they planned for a 3-year drought in 2018, 2019, and 2020. So, this is the second of their 3-year drought scenario, and they expect some water from the state, more water from the Colorado River, and will continue to do water transfers and programs with other Colorado River agencies as well as what is called the "intentionally created surplus storage program." Thirty-eight percent of the water they will rely on in the second year of the drought is not there. So the big question is "what if 2008 is dry?" What if the second year of the drought is not 2019 but 2008? The demands would be significantly higher because member agencies are doing local project development but it is not there yet. The IID water transfer will not be fully ramped up until 2021, so we are going to have higher projected demands on MWD. Some supplies that are being counted on this year won't be there because there will not be the chance to replace them, and 38 percent of the supplies that they were counting on do not exist yet - supplies that were in planning but are not in implementation. What is also important to know is that this presumes wet cycles, and significant wet cycles. So it presumes that MWD is able to recharge the storage, to put that water back in, and then, naturally, the judicial regulatory challenges were not part of this plan a year ago.

- **Key Actions to Date**

Fern Steiner, Chair

Chair Steiner stated that CWA has activated its drought management plan, which was put together in May 2006, and they are currently in the voluntary stages of it. The plan goes all the way into the mandatory stages, with a great formula that will determine how much water each agency will receive, so it has been put into plan and place. CWA has launched a communications program to increase conservation, the 20-Gallon Challenge. In the 20-Gallon Challenge, they tried to visualize what they are asking. The average municipal and industrial user and person uses 178 gallons per day. So they stacked 5-gallon buckets to visualize how much each person uses per day in order for each person to see what a 10 percent reduction or 20 gallons is, and they provided ways to save water. Chair Steiner spoke briefly about the past and upcoming Water Conservation Summit that will be held on October 12th. She then summarized where they are at currently, and that CWA will continue to diversify its portfolio to get it to where they want it in 2020. They are going to stay on the IID, Coachella Valley, and All American Canal projects. She said that there was some angst by some agencies when these projects were put in place about how expensive the water was going to be, and it was MWD who always said, “we are going to have all the water you will ever want.” Right now, CWA is looking very smart to have done this project and they will need to finish out the All American Canal, and continue to work with IID to make sure that CWA receives the full 277,000 acre-feet. In partnership with the local agencies, CWA is working on developing local supply here at Sweetwater Authority, and with Otay Water District and the City of San Diego to develop more brackish groundwater. So they are looking to develop projects with the local agencies in partnership with them. They have been focusing on MWD to put an allocation plan for shortage in place, but they do not have a drought management plan and have been working on it. A question and answer period followed.

- **Treated Water Reliability**

Gary Eaton, Director of Operations and Maintenance

Mr. Eaton started off with some very good news that, as of this week, MWD’s Skinner Treatment Plant has brought up their Mod 7 upgrade and they are now at approximately 600 mgd. So an additional 100 mgd of treated water capacity is available in the county. And, with the addition of Twin Oaks Treatment Plant that will come online in April, total treated water into the county will be approximately 1,181mgd, about 1,827 cfs. He spoke on untreated delivery priorities, stating that during the summer months, the member agency treatment plants receive the first untreated water, then CWA’s treatment plants, and the remainder goes into storage. During the winter months, the untreated water priorities are first again to the member agencies’ treatment plants, then into storage, and then into CWA’s treatment plants. He then provided an update on the Quagga mussel issue and said that MWD will be shutting down the Colorado River aqueduct on July 20th for approximately ten days with the intent of drying out the Quagga mussels that are in the canal. The Quagga mussels have been discovered deeper into the Colorado aqueduct than they anticipated so this is part of their phase I program. In April, they will

begin to chlorinate the aqueduct system with about one half a part per million to try to kill the mussels when they are in their larval stage as they are moving through the aqueduct system. To date, there have been no discoveries of adult Quagga mussels in the San Diego region.

- **Statewide and Regional Storage Opportunities**

Maureen Stapleton, General Manager/Bob Yamada, Water Resources Manager

Ms. Stapleton spoke briefly about the Bay Delta proposals. There are two proposals that are currently on the table right now regarding the Bay Delta: the Governor's proposal for two new reservoirs at \$2.5 billion, and a variety of groundwater ecosystem restoration conservation grants. Senator Perata has just recently proposed a 2008 water bond for \$5 billion. His approach is competitive regional storage grants at \$2 billion and that goes to what Chair Steiner was saying earlier about the idea of having storage within the region such as the San Vicente Dam Raise and Delta conveyance ecosystem and river restoration. She then referred to a handout that was passed out to everyone of the Governor's administration's current interim Delta actions that they will be taking to address issues on the Delta. Some are already underway and some are new actions that the Governor is proposing and moving forward on. On the Central Valley Conjunctive Use Program, CWA was the recipient of \$31 million in funds for a groundwater conjunctive use program. CWA went through an RFP process, is jointly studying the Chino Basin facilities and implementing a pilot program with Semitropic Water Storage District in Central Valley.

Ms. Stapleton then introduced Bob Yamada to speak on regional storage opportunities. Mr. Yamada stated that CWA has approximately 350,000 acre-feet of capacity in terms of regional storage opportunity connected to the imported water supply system. Currently, they are at about 57 percent of that capacity or about 200,000 acre-feet, considering that about 50,000 acre-feet of that is part of the Seasonal Storage Operating Agreement. These are positive actions that are being made in response to the dry year and moving drought. They want to move as much water into storage as possible, which presents a couple of issues that they need to work with. One is the need for capacity in the untreated system in order to move water into storage. CWA has asked Helix and other member agencies to voluntarily move off the untreated supply system and take treated water deliveries to free up capacity in the aqueduct so additional water resources can be moved into storage on those reservoirs that are off the untreated systems. In normal years, they would not be moving water into storage, but would be utilizing those resources which they are doing now. So they are adding this overlay on top of wanting to move water into storage additionally during this period while the water is available. In terms of moving water into storage, they are utilizing their existing agreements with the City of San Diego to store water in Lower Otay and San Vicente, so water is being moved into those reservoirs. They are also working with Sweetwater Authority to optimize storage in Sweetwater Reservoir. This is part of what they are doing to work with MWD on making some revisions to the SSOA program that would allow CWA to rollover its current storage so that storage would be there in 2008; and while this

water is still available to move water in pre-delivery in expectation of storing that water for 2008. A short question and answer period followed.

- **MWD Outreach on Water Conservation**
Jason Foster, Acting Public Affairs Manager

Mr. Foster spoke on CWA's public outreach effort with MWD and the Joint Public Information Council to get the 20-Gallon Challenge message out to the community. In late May and June, CWA started to do more advertising with MWD. MWD launched a \$300,000 radio campaign in the Southern California area when the dry year situation was just beginning to emerge increasingly critical. The campaign was launched right around Memorial Day, and it just wrapped up. It doubled traffic to www.bewaterwise.com which is one of the things that they are trying to do. It is up to 6,000 visitors per day but when you are talking about a region of 18 million people, obviously more needs to be done. So they were very encouraged when MWD's board approved a multimillion dollar ad campaign to emphasize the increase in conservation and awareness of the dry year. Mr. Foster said that Santa Monica just launched the 20-Gallon Challenge this morning as its increased voluntary conservation campaign and it started to get some media coverage. So the 20-Gallon Challenge has already expanded beyond San Diego and it has started to become more of a regional message. At the San Diego level, CWA has worked with the Joint Public Information Council to develop the 20-Gallon Challenge message and is currently meeting with the council on a monthly basis to keep up to speed as to what is going on in the community. He stated that the 20-Gallon Challenge is asking everyone to save 20 gallons per person per day. CWA received significant media coverage when the message was launched. They are pursuing morning show opportunities and other follow up media. He said that CWA will provide regular updates to the media and the public about what they are doing not just for the conservation campaign, but with other issues. This includes educating the public about what is being done to enhance storage, and that the burden is not just on the public themselves. Mr. Foster said a significant effort has been put out in the schools and around the county to increase the conservation message as part of the existing curriculum and presentations. He said that there has been great participation from the member agencies and it is appreciated. The more the message gets out, the better penetration of the message and results will be received. A short question and answer period followed.

2. **Water Conservation Garden**
Marty Eberhardt, Executive Director, The Garden

Ms. Eberhardt thanked everyone for making such a great case for the importance of conservation. She stated that 50-70 percent of the water used in this region is for outdoors so landscape water conservation is what particularly needs to be looked at right now and that of course is the business of the Water Conservation Garden. She said that landscape water conservation is kind of a new ballgame for water agencies in that it requires the changes of hearts, and winning hearts and minds, and it has not been something that water agencies have had to be that concerned with in the past. Changing out your toilet or showerhead does not require that much behavioral change. But your front yard is a

part of your self image and your back yard is your outdoor living space with your family and it is really a part of who you are. To change those things, it requires a psychological shift that is not necessarily so easy to effect. She said that the Garden's membership has increased 43 percent in the last year. Weekend visitation is up 53 percent from the previous year - 34,000 people visited the Garden last year so the message is certainly growing. Based on surveys conducted over the last couple of years by Otay Water District, of those people who visited the Garden from Otay's service area, almost 46 percent made a change in their landscape as a result of their visit. The Garden works to effect people to conserve water in two ways, by doing traditional botanical garden exhibits and by having "how-to" comparison exhibits. The Garden offers approximately 60 classes per year such as Xeriscape, landscape irrigation to firewise landscaping. Three major events are held each year, one in March, the Spring Garden Festival in April, and the California Friendly® Garden Festival in October, which attracts a lot of people. These events provide entertainment, 20-minute consultations with landscape designers, product demonstrations, and voucher programs offered by the member agencies, etc. The Garden offers tours for adults and kids, and training programs for landscape professionals two times a year. Ms. Eberhardt also mentioned that the Nifty Fifty, the California Friendly®, and the firewise plant lists are available. In contributing to the 20-Gallon Challenge, a newsletter has been created which lists 15 ways the Garden can help people meet the 20-Gallon Challenge. She also mentioned other exhibits that have opened at the Garden: the cactus and succulent garden in November 2005; the firewise landscaping exhibit in April 2007; the bird and butterfly garden in May 2007; and the children's discovery trail in September 2006. She said that they are looking forward to working with CWA to expand programs in North County in the future. Ms. Eberhardt stated that the Garden has 5.5 full-time employees and 60 docents. The Garden is open seven days a week. The operating budget is broken down as follows: 79 percent from member agency dues - \$451,500 in this fiscal year; 21 percent from non-public monies - \$118,248 in this fiscal year; and capital projects and special programs funded by grants and the Friends Group, with varied amounts.

3. **Conservation Summit**

Mark Weston, General Manager, Helix Water District

Mr. Weston spoke about the upcoming Water Conservation Summit on October 12th and gave a brief background as to how the summit came about. He said that three years ago, CWA completed its master plan, and with that completion, there was the small element of water conservation that was going to save 100,000 acre-feet of water and they were about half way there. The leadership of CWA and its Board, and the General Managers started to wrestle with this issue and came up with a set of guidelines a little over two years ago. Out of it came this idea of a water conservation summit. We know water and conservation, but we had not brought the larger community of city planners, contractors, maintenance people, design people, vendors, and nurseries together, so they thought about a water conservation summit. The first summit held last year was a great success and out of it came three work groups: a work group to put together an ordinance that would hopefully be implemented by all the municipalities so that when new development, major reconstruction, or redevelopment comes along landscaping is

addressed in a more appropriate way; education of water conservation; and in industry, they really want to create a new industry. One of the things that came out of organizing the second summit is that there is still that link between water conservation and recycled water. So they are going to partner those as concepts because they work hand in hand. Mr. Weston went on to say that San Diego may never have as much water as it had in the year 2000. Firm supply has been lost on the Colorado River, and to at least Los Angeles out of the Eastern Sierra, which means they need to go to MWD. This is not to mention the threat in the Delta and local water supplies that are significantly lower than they have been historically. So it is just all coming together and the summit is a great way to build this new industry and a new ethic by homeowners, educators and people who need to deliver that to the customers. The summit should be an excellent event to advance this whole concept of a major change in the way we use water.

4. **Integrated Regional Water Management Plan**

Cathy Pieroni, Sr. Water Resources Specialist, City of San Diego

Ms. Pieroni gave a presentation on Integrated Regional Water Management Planning (IRWMP). She stated that the IRWMP did not exist prior to 2002. In 2002, there was an addition to the Water Code, a law that scaled out what the IRWMP would be about. The first time it appeared was in the 2005 Urban Water Management Plan. When the Department of Water Resources (DWR) put out their water plan, they, as required by law, had to give a report to the legislature as to how much water is available to the State of California, and what the demands and supplies were. In the old days, a gap analysis was prepared so legislators could be aware. The DWR does this every five years, and this time they did it with different results. A gap analysis was not performed, but they looked at three plausible scenarios: 1) current trends; 2) less resource intensive; and 3) more resource intensive for ten regions throughout California. The DWR felt compelled to put forth more than just a gap analysis. They put forth a call to action, and one of the ways that they identified this call to action was to implement integrated regional water management planning. Lester Snow, Director of the Department of Water Resources, said that this represents a fundamental shift in the way we do water planning here in California. Obviously, the DWR has engineered some terrific solutions for pushing the water down to us. Now they are saying it is up to us. So they put forward 25 management strategies and said to go forth and do IRWMP planning, and put out some carrots for us. Proposition 50, Chapter 8, identifies sources of funding, up to \$25 million that our regions can compete for, and there is also Proposition 84. In 2002, representatives from the City of San Diego, County of San Diego, and CWA got together and talked about IRWM planning, sketched out the first Proposition 50, Chapter 8 application, and submitted it for cycle one about two years ago. The application was not selected, and San Diego did not score well. That was largely because San Diego did not have an IRWM plan. Ms. Pieroni said that they got back together in 2005 and began anew. She has been working on this effort for about a year trying to put together the region's first ever IRWM plan. As they went forward with the plan, it became apparent that a consultant was needed, so they brought together enough funding to hire a consultant. The second thing they did was pull together a Regional Advisory Committee. There are three watersheds which are not included in their entirety in the San Diego region - the Santa Margarita,

Tijuana and the San Juan. There are reasons that they elected to have the political boundaries stay instead of going up over the boundaries, which works well for Prop 50 because they are able to self define its regions. The regions are competing for funding throughout the state, and not every region will get funding. At this point, there is only about \$64 million left to compete for. Proposition 84 is a little different in that the application will not be competitive. There are funds and monies set aside for each region. The only problem with Prop 84 is that the author was a bit vague as to defining the exact boundaries of San Diego, so they are still working through those issues. But, \$91 million was assigned and available for the San Diego region. She said that she has volume 1 of the first San Diego IRWMP and they just finished the first public review. August 1st is the deadline to submit the draft plan, which is cycle 2, step 2. Step 2 is when the list of projects is submitted in November/December. The IRWMP is just a beginning. It is living document, and is not intended to be the final word. It will continue to be updated and modified. It is anticipated that there will be more funding opportunities in the future beyond Prop 84 that this region can benefit from. A short question and answer period followed.

5. **Comments**

There were no comments.

6. **Adjournment**

The meeting was adjourned at 11:58 a.m.

President

ATTEST:

Secretary

Joint Board Meeting – July 20, 2007 Attendance Roster

Sweetwater Authority

Dennis Bostad, General Manager
Mark Rogers, Operations Manager
Jim Smyth, Deputy Ops Mgr./Dir. of Engineering
Tom Woodrum, Administrative Services Director
Rick Alexander, Director of Env. & Gov. Services
Sue King, Communications Coordinator
Sue Slaughter, Engineering Clerk
Janet Gonzalez, Administrative Assistant

Helix Water District

Mark Weston, General Manager
Karen Stauffer, Director of Administrative Services
Mark Umphres, Director of WQ/System Operations
Kate Breece, Public Affairs Manager
Donna Bartlett-May, Board Secretary

Lakeside Water District

Bob Cook, Manager

Otay Water District

Mark Watton, General Manager

Padre Dam Municipal Water District

Doug Wilson, General Manager
Allen Carlisle, Director of Parks and Recreation
Mike Urhammer, Director of Communications
Melissa McChesney, Communications Coordinator

San Diego County Water Authority

Maureen Stapleton, General Manager
Gary Eaton, Director of Operations & Maintenance
Bob Yamada, Water Resources Manager
Jason Foster, Acting Public Affairs Manager

City of San Diego

Jim Barrett, Water Department Director
Marsi Steirer, Deputy Dir. of Water Policy/Strategic Planning
Cathy Pieroni, Sr. Water Resources Specialist

Water Conservation Garden

Marty Eberhardt, Executive Director

Best Best & Krieger

Mike Cowett, Attorney

AGENDA ITEM 4

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS OTAY WATER DISTRICT September 25, 2007

1. The meeting was called to order by Vice President Lopez at 6:33 p.m.

2. ROLL CALL

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

Directors Absent: None

Staff Present: General Manager Mark Watton, Asst. GM Administration and Finance German Alvarez, Asst. GM Engineering and Water Operations Manny Magana, General Counsel Yuri Calderon, 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 Bonilla 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.

RECESS TO CLOSED SESSION

6. CLOSED SESSION

The board recessed to closed session at 6.35 p.m. to discuss the following item:

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

(i) HARRON v. OTAY WATER DISTRICT

RETURN TO OPEN SESSION

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

The board reconvened at 7:40 p.m. and General Counsel Calderon indicated that no reportable actions were taken by the board in closed session.

8. ADJOURNMENT

With no further business to come before the Board, Vice President Lopez adjourned the meeting at 7:40 p.m.

President

ATTEST:

District Secretary

AGENDA ITEM 6a



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	December 5, 2007
SUBMITTED BY:	Kelli Williamson <i>KW</i> Human Resources Manager	W.O./G.F. NO:	DIV. NO.
APPROVED BY: (Chief):	Rom Sarno, Chief Administrative Services <i>RS</i>		
APPROVED BY: (Asst. GM):	German Alvarez, Asst. GM, Finance and Administration <i>GA</i>		
SUBJECT:	Adopt Resolution 4114 to expand the Employment Procedures for Fingerprint, Record Checks, Identity Verification and Driving Standards to include receiving criminal conviction information from the Federal Bureau of Investigations.		

GENERAL MANAGER'S RECOMMENDATION:

That the Board of Directors adopt Resolution 4114 - Resolution to expand the Employment Procedures for Fingerprint, Record Checks, Identity Verification and Driving Standards to include receiving criminal history information from the Federal Bureau of Investigations (FBI) for employment or licensing purposes via fingerprinting for all newly hired employees.

COMMITTEE ACTION: _____

See attached (Attachment A).

PURPOSE:

To request the Board to expand the current fingerprinting standards to include receiving criminal information from the FBI.

ANALYSIS:

In February 2004, the District received approval from the Board of Directors to implement fingerprinting background checks for all newly hired employees. At that time, the District was under the impression that we were allowed to receive criminal information from both, the State of California Department of Justice, (DOJ) and the FBI. During the implementation it was discovered that water districts were prohibited from receiving criminal information from the FBI. The District has been recently informed by the California DOJ that water districts are now allowed to receive criminal conviction information on a federal level via the FBI. However, in order to receive the FBI

criminal information, the District must adopt Resolution 4114 (Attachment B).

Since the District was not able to conduct a national background check through the DOJ and the FBI, the District continued utilizing another background check company to obtain national background check information. This process involves manual checks and at times there can be delays associated with wrong identities. By receiving criminal conviction information directly from the DOJ and FBI, the District will be able to streamline our background check process by allowing the District to obtain all background check information from one provider in a more efficient manner thus streamlining our selection process.

FISCAL IMPACT: 

The cost for receiving criminal information from the FBI is \$19 per applicant; however, this cost would be offset by the savings we will have by not having to pay \$52 for receiving the criminal conviction information from our current third party vendor. The cost savings per applicant is \$33.

LEGAL IMPACT: AB

This is a legally sound practice once we are granted approval by the Department of Justice.

Penal Code section 11105 (b)(10) requires cities, counties or special districts to become authorized before they can receive criminal history information for employment or licensing purposes.

Criminal Offender Record Information (CORI) is information identified through fingerprint submission to the DOJ with a criminal record or "No Record". It is confidential information disseminated to applicant agencies authorized by California statute for the purposes of employment, licensing, certification and volunteer clearances.

Criminal Offender Record Information shall be accessible only to the Records Custodian and/or hiring authority charged with determining the suitability for employment or licensing of an applicant. The information received shall be used by the requesting agency solely for the purpose for which it is requested and shall not be reproduced for secondary dissemination to any other employing or licensing agency. The unauthorized access and misuse of this information may violate an individual's right.

Mr WTA

General Manager

Attachments

Attachment A: Committee Action

Attachment B: Resolution 4114 - A Resolution of the Board of Directors of Otay Water District Expanding the Fingerprinting Policy to Include Receiving Criminal Information from the FBI



ATTACHMENT A

SUBJECT/PROJECT:

Adopt Resolution 4114 to expand the Employment Procedures for Fingerprint, Record Checks, Identity Verification and Driving Standards to include receiving criminal conviction information from the Federal Bureau of Investigations.

COMMITTEE ACTION:

The Finance, Administration and Communications Committee reviewed this item at a meeting held on November 26, 2007. The following comments were made:

- Staff indicated that in February 2004, the board approved the implementation of fingerprinting background checks for all newly hired employees.
- It was indicated that in February 2004 staff believed that it could receive criminal information from both the State of California Department of Justice (DOJ) and the FBI, but later discovered during implementation that water districts were restricted from receiving criminal information from the FBI. Staff became recently aware that water districts can now request access to the FBI criminal conviction information. In order to receive access, the District must adopt Resolution No. 4114. Access to the FBI database will provide information from nationwide fingerprinting databases.
- All new employees as July 2004 have been fingerprinted. Because the District was unable to utilize the FBI database, staff continued to use an outside background check company to complete national background checks. These national background checks were done manually and took approximately one week to complete. By utilizing the FBI national fingerprinting database, background checks can be completed in 24 hours.
- The process is not only efficient, it is also more cost effective (\$19 per employee versus \$52 per employee).
- There was discussion regarding how the District verifies prospective employees' backgrounds and credentials (ie., diplomas, etc.). Currently, staff requests that prospective employees bring in the original copy of their

diplomas and staff also checks their references. The committee requested that staff check with other agencies to see how they verify the backgrounds and authenticity of such credentials.

Upon completion of the discussion, the committee supported staffs' recommendation and forwarding to the Board of Directors on the consent calendar.

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RESOLUTION No. 4114

**A RESOLUTION OF THE BOARD OF DIRECTORS OF OTAY WATER DISTRICT
EXPANDING THE EMPLOYMENT PROCEDURES FOR FINGERPRINT,
RECORDS CHECKS, IDENTITY VERIFICATION AND DRIVING STANDARDS TO
INCLUDE RECEIVING CRIMINAL INFORMATION FROM THE FEDERAL BUREAU
OF INVESTIGATIONS**

WHEREAS, Penal Code Sections 11105 (b)(10) and 13300(b)(10) authorize cities, counties and districts to access state and local summary criminal history information for employment, licensing or certification purpose; and

WHEREAS, Penal Code Section 11105 (b)(10) authorizes cities, counties and districts to access federal level criminal history information by transmitting fingerprint images and related information to the Department of Justice to be transmitted to the Federal Bureau of Investigation; and

WHEREAS, Penal Code Sections 11105(b)(10) and 13300(b)(10) require that there be a requirement or exclusion from employment, licensing, or certification based on specific criminal conduct on the part of the subject of the record; and

WHEREAS, Penal Code Sections 11105(b)(10) and 13300(b)(10) require the city council, board of supervisors, or governing body of a city, county or district to specifically authorize access to summary criminal history information for employment, licensing, or certification purposes; and

WHEREAS, the Board of Directors has established a policy authorizing fingerprinting of employees to facilitate the performance of background check to enhance the security of the District; and

WHEREAS, it is in the best interest of the District at this time to specifically authorize the District's Human Resources personnel to obtain access to summary criminal history information from the Federal Bureau of Investigations (FBI) to the extent allowed by Penal Code Sections 11105(b)(10) and 13300(b)(10) or other applicable law.

NOW THEREFORE, BE IT PROCLAIMED, ORDERED AND RESOLVED that the Otay Water District is hereby authorized to access state and federal level summary criminal history information for employment (including volunteers and contract employees), licensing, or certification purposes and may not disseminate the information to a private entity; and

BE IT FURTHER RESOLVED, that the Otay Water District shall not consider employing a person who has been convicted of a felony, at any time; or who has been convicted of a misdemeanor within the one year preceding the date of application for any offense(s) considered to be crimes of moral turpitude by any court of the state, and/or crimes involving firearms, explosives, violence, dishonesty and/or requiring registration under Penal Code 290. These limitations apply to any person being considered for employment (including volunteers and contract employees), or licensing.

ATTACHMENT B

PASSED, APPROVED, AND ADOPTED by the Board of Directors of the
Otay Water District at a regular meeting held this 5th day of December 2007.

Ayes:
Noes:
Abstain:
Absent:

President

ATTEST:

Secretary



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	December 5, 2007
SUBMITTED BY:	James Cudlip, Finance Manager <i>James Cudlip</i>	W.O./G.F. NO:	DIV. NO. All
APPROVED BY: (Chief)	Joseph R. Beachem, Chief Financial Officer <i>JR Beachem</i>		
APPROVED BY: (Asst. GM):	German Alvarez, Assistant General Manager <i>German Alvarez</i>		
SUBJECT:	Adopt Resolution No. 4115 to Designate District Agents for Disaster Assistance		

GENERAL MANAGER'S RECOMMENDATION:

That the Board adopts Resolution No. 4115, designating specific staff positions to be authorized as agents to deal with the State of California, Office of Emergency Services, on the District's behalf in all matters pertaining to disaster assistance.

COMMITTEE ACTION: _____

See Attachment A.

PURPOSE:

To authorize District staff in the positions of Safety and Security Administrator, Finance Manager, and Environmental Compliance Specialist, to be the authorized contacts on behalf of the District for all matters pertaining to disaster assistance.

ANALYSIS:

The recent Harris Fire burned through the Habitat Management Area (HMA) surrounding the District's facilities in the vicinity of the Salt Creek Golf Course (District "Use Area"). Damage repair is currently expected to include some or all of the following: 1) debris removal; 2) fencing; 3) irrigation pipes, valves, and pumps; 4) erosion control; and 5) re-seeding. Total costs could potentially exceed \$100,000.

The District is applying to the Federal Emergency Management Agency (FEMA), and the State of California, Office of Emergency

Services (OES), for disaster assistance to help pay for these repairs. FEMA requires all claims to be processed through OES.

OES requires the governing body of each agency to formally designate specific agents, by position title, to represent the agency in all matters pertaining to their application for disaster assistance. OES will not release any grant money to an agency that has not provided them with a fully executed Agent Resolution (OES Form 130) (Attachment C). Resolution No. 4115 (Attachment B) will fulfill this requirement, and allows for the possibility of a change in personnel assignments to these agent positions without requiring the Board to execute a new resolution.

The District has identified the following three positions as being the most knowledgeable and appropriate for working directly with OES and FEMA: 1) Safety and Security Administrator; 2) Finance Manager; and 3) Environmental Compliance Specialist.

FISCAL IMPACT:

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None.

LEGAL IMPACT:

None.



General Manager

Attachments:

- A) Committee Action Form
- B) Resolution No. 4115
- C) OES Form 130



ATTACHMENT A

SUBJECT/PROJECT:	Adopt Resolution No. 4115 to Designate District Agents for Disaster Assistance
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COMMITTEE ACTION:

The Finance, Administration and Communications Committee reviewed this item at a meeting held on November 26, 2007. The following comments were made:

- Staff indicated that the District was fortunate that it had minimal damage to its facilities during the firestorm that occurred in October 2007. It was indicated that the only damage sustained was at the District's Habitat Management Area (HMA) which surrounds the District's facilities near the Salt Creek Golf Course in the District's use area.
- The District is applying for Federal and State assistance (Federal Emergency Management Agency [FEMA] and State of California Office of Emergency Services [OES]) to help pay for the cost to repair the damage at the HMA which will include: fencing, repair of irrigation pipes, valves and pumps, debris and tree removal, erosion control, reseeding and tree replacement. Staff will also be requesting compensation for "lost" water required for firefighting.
- All claims are processed through OES. OES requires that each agency formally designate "agents" to represent the agency in all matters pertaining to their application for disaster assistance by position title. Staff is presenting Resolution No. 4115 to formally designate the following positions as the District's agents:
 - Safety and Security Administrator
 - Finance Manager
 - Environmental Compliance Specialist
- It was noted that the designated employees would be tasked with handling the monetary claims following a disaster.

Upon completion of the discussion, the committee supported staffs' recommendation and forwarding to the Board of Directors on the consent calendar.

RESOLUTION NO. 4115

A RESOLUTION OF THE BOARD OF DIRECTORS OF
OTAY WATER DISTRICT
FOR DESIGNATION OF AGENTS TO
THE STATE OF CALIFORNIA,
OFFICE OF EMERGENCY SERVICES

WHEREAS, the Otay Water District Board of Directors have been presented with a "Designation of Applicant's Agent Resolution" for the Otay Water District, authorizing its agent(s) to execute for and on behalf of the District for the purpose of obtaining certain federal financial assistance under P.L. 93-288 as amended by the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988, and/or state financial assistance under the Natural Disaster Assistance Act; and

WHEREAS, the Board needs to authorize its agent(s) to provide to the State Office of Emergency Services for all matters pertaining to such state disaster assistance the assurances and agreements required; and

WHEREAS, it is in the interest of the District to so designate agents;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Board of Directors of the Otay Water District that the following three positions are so designated as Authorized Agents: 1) Safety and Security Administrator; 2) Finance Manager; and 3) Environmental Compliance Specialist.

PASSED, APPROVED AND ADOPTED by the Board of Directors of Otay Water District at a board meeting held this 5th day of December 2007, by the following vote:

Ayes:
Noes:
Abstain:
Absent:

President

ATTEST:

District Secretary

P.A. No.: _____

**DESIGNATION OF
APPLICANT'S AGENT RESOLUTION**

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE OTAY WATER DISTRICT
(Governing Body) (Name of Applicant)

THAT _____, OR
(Title of Authorized Agent)
_____, OR
(Title of Authorized Agent)

(Title of Authorized Agent)

is hereby authorized to execute for and in behalf of the _____, a public entity established under the laws of the State of California, this application and to file it in the Office of Emergency Services for the purpose of obtaining certain federal financial assistance under P.L. 93-288 as amended by the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988, and/or state financial assistance under the Natural Disaster Assistance Act.

THAT the _____, a public entity established under the laws of the State of California, hereby authorizes its agent(s) to provide to the State Office of Emergency Services for all matters pertaining to such state disaster assistance the assurances and agreements required.

Passed and approved this _____ day of _____, 19 _____

(Name and Title)

(Name and Title)

(Name and Title)

CERTIFICATION

I, _____, duly appointed and _____ of
(Name) (Title)
_____, do hereby certify that the above is a true and correct copy of a
resolution passed and approved by the _____ of the _____ on the
(Governing body) (Name of Applicant)
_____ day of _____, 20__.

Date: _____

(Official Position)

(Signature)



AGENDA ITEM 6c

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	December 5, 2007
SUBMITTED BY:	Kelli Williamson, <i>KW</i> Human Resources Manager	W.O./G.F. NO:	DIV. NO.
APPROVED BY: (Chief)	Rom Sarno, Chief Administrative Services <i>[Signature]</i>		
APPROVED BY: (Asst. GM):	German Alvarez, <i>[Signature]</i> Asst. GM, Finance and Administration		
SUBJECT:	Adopt Resolution 4116 to Amend Policy No. 8 - Directors Compensation, Reimbursement of Expenses and Group Insurance Benefits and Policy No. 34 - Staff Travel and Business Related Expenses Policy		

GENERAL MANAGER'S RECOMMENDATION:

That the Board of Directors adopt Resolution 4116 - Amend Policy No. 8 - Directors Compensation, Reimbursement of Expenses and Group Insurance Benefits and Policy No. 34 - Staff Travel and Business Related Expenses Policy.

COMMITTEE ACTION: _____

See attached (Attachment A).

PURPOSE:

To request the Board to update two Board policies regarding per diem meal allowances during travel.

ANALYSIS:

The current Policy 34 established on May 3, 2000, fixed the existing per diem meal allowances at the rate established at the time based on the Meals and Incidental Expenses (M&IE) Table that is developed and maintained by the U.S. General Services Administration. The District has fallen behind and we are recommending that Policy 34 be amended, and to be consistent apply the same changes to Board Policy 8 to include wording referring to the Meals and Incidental Expenses Table. This table is reviewed and may be updated on an annual basis. The attached policies remove the actual per diem meal allowances and adds a reference to the M&IE Table. This change will reduce the frequency that these policies are required to be updated thus increasing

efficiency. The Finance Department will provide updates on an annual basis as required if the per diem amounts are updated. In addition, to be consistent with the District's practice, Policy 34 clarifies that the use of the policy is for travel outside of San Diego County.

FISCAL IMPACT: 

The fiscal impact would be minimal. Currently the breakfast allowance is increasing by \$4.00, the lunch allowance is increasing by \$5.00, and the dinner allowance is increasing by \$6.00. The per diem amounts were last updated in 2004.

LEGAL IMPACT: **JB.**

None.



General Manager

Attachments

Attachment A: Committee Action

Attachment B: Resolution 4116 - Amend Policy No. 8 - Directors Compensation, Reimbursement of Expenses and Group Insurance Benefits and Policy No. 34 - Staff Travel and Business Related Expenses Policy

Attachment B1: Board Policy No. 8 - Directors Compensation, Reimbursement of Expenses and Group Insurance Benefits

Attachment B2: Board Policy No. 34 - Staff Travel and Business Related Expenses Policy

Attachment C: Underline/Strikethrough version of Board Policy No. 8 - Directors Compensation, Reimbursement of Expenses and Group Insurance Benefits

Attachment D: Underline/Strikethrough version of Board Policy No. 34 - Staff Travel and Business Related Expenses Policy



ATTACHMENT A

SUBJECT/PROJECT:

Adopt Resolution 4116 to Amend Policy No. 8 - Directors Compensation, Reimbursement of Expenses and Group Insurance Benefits and Policy No. 34 - Staff Travel and Business Related Expenses Policy

COMMITTEE ACTION:

The Finance, Administration and Communications Committee reviewed this item at a meeting held on November 26, 2007. The following comments were made:

- Staff indicated that the primary purpose of the amendment to Policy 8 and 34 is to update the meal reimbursement per diems. Staff is proposing that the per diem meal allowances be based on the "Meals and Incidental Expenses" (M&IE) Table developed by the U.S. General Services Administration (GSA).
- It was noted that the GSA sets per diem and mileage rates on an area basis for each state. The GSA updates the per diem rates once yearly similar to the mileage reimbursement rate (effective January 1 each year).
- Staff is also proposing that the language within Policies 8 and 34 reference the M&IE table with regard to meal reimbursement rates. This will eliminate the need to update this section of the policies when the per diems are adjusted by the GSA. The current reimbursement meal rates are:
 - Breakfast \$12 (increased \$4 from \$8)
 - Lunch \$18 (increased \$5 from \$13)
 - Dinner \$31 (increased \$6 from \$25)
- The per diem rates will apply no matter where board members or employees travels.

Upon completion of the discussion, the committee supported staffs' recommendation and forwarding to the Board of Directors on the consent calendar.

RESOLUTION NO. 4116

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
OTAY WATER DISTRICT
AMENDING POLICY NO. 8 - DIRECTORS
COMPENSATION, REIMBURSEMENT OF EXPENSES AND
GROUP INSURANCE BENEFITS AND POLICY NO. 34 -
STAFF TRAVEL AND BUSINESS RELATED EXPENSES
POLICY

WHEREAS, the Human Resources staff routinely evaluates and makes recommendations to update, revise and replace Board policies, in order to ensure that the policies are maintained to promote best management practices, and

WHEREAS, the Human Resources staff has determined that there is a need to amend Policy No. 8 - Directors Compensation, Reimbursement of Expenses and Group Insurance Benefits (Attachment B1) and Policy No. 34 - Staff Travel and Business Related Expenses Policy (Attachment B2), in order to allow for updates to the per diem meal allowances based on the rate provided by the Meals and Incidental Expenses (M&IE) Table.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Otay Water District as follows:

Amend Policy No. 8 - Directors Compensation, Reimbursement of Expenses and Group Insurance Benefits and Policy No. 34 - Staff Travel and Business Related Expenses Policy.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Otay Water District at a regular meeting held this 5th day of December, 2007.

President

ATTEST:

Secretary

OTAY WATER DISTRICT BOARD OF DIRECTORS POLICY			
Subject	Policy Number	Date Adopted	Date Revised
DIRECTORS COMPENSATION, REIMBURSEMENT OF EXPENSES AND GROUP INSURANCE BENEFITS	08	2/20/91	12/5/07

Purpose

To provide guidelines for payment of compensation and reimbursement of expenses to Directors in connection with their attendance at meetings or the performance of other authorized business, and for group insurance benefits for Directors.

Background

Members of the Board of Directors ("Directors") attend regular, adjourned or special meetings of the Board of Directors ("Board"). In addition, Directors attend other District meetings, committee meetings, association meetings, and educational seminars on behalf of the District. These meetings and seminars are related to District business, water and water related issues, and California special districts. State statutes authorize District payments for meetings, reimbursements of expenses. State law also authorizes the District to provide health and welfare benefits for active Directors and, in limited circumstances, retired Directors if they served 12 years and were first elected prior to January 1, 1995. The District is also authorized to offer health and welfare benefits for retired Directors who commenced office on or after January 1, 1995, if the recipient participates on a self-pay basis.

Policy

The District will compensate Directors on a per diem basis for attendance at authorized meetings or functions and will reimburse Directors for reasonable expenses incurred while traveling on District business to include, lodging, dining, transportation and related incidentals.

A. Directors Per Diem

As provided in Section 1.01 C. of the District Code of Ordinances, each Director shall receive a per diem in the amount of \$100 for each day of attendance at meetings of the Board or for each day of service rendered as a Director by request or authorization of the Board, not to exceed a total of ten (10) days in any calendar month. Attendance at any meeting shown on Exhibit A to this Policy shall be deemed a meeting requested or authorized by the Board. Attendance of meetings shall be in accordance with Exhibit A. The President of the Board or the Board may authorize a Director to attend meetings not listed in Exhibit A when the President or the Board determine that it is in the interest of the District that a Director attend, and that such attendance be compensated and expenses reimbursed. Director's claims for per diem amounts shall be made on a "Board of Directors Per Diem and Mileage Claim Form" (Exhibit B). The President of the Board or the Board may approve reimbursement of expenses outside the per diem limit for a Director, if the

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
DIRECTORS COMPENSATION, REIMBURSEMENT OF EXPENSES AND GROUP INSURANCE BENEFITS	08	2/20/91	12/5/07

Director submits receipts for all of the related District business expenses.

Attendance at a meeting that is not authorized by this policy (pre-approved meetings) or pre-approved by the President may be approved by the Board for per diem. Director's seeking per diem amounts for these meetings shall request that the item be presented to the Board at its next regularly scheduled meeting for consideration. The decision of the Board shall be final.

When travel arrangements require a day earlier arrival or a day later departure, Directors will not be eligible for the \$100 per diem, however, reasonable expenses associated with the extended stay will be reimbursed as specified below.

B. Pre-payment of Otherwise Reimbursable Expenses

The Director may request pre-payment of registration, transportation, and lodging, using the "Board of Directors Travel Request Form" (Exhibit C). Pre-payments shall be limited to the Director's expenses only. No advances shall be made on travel expenses.

C. Reimbursement of Expenses

Each Director shall be reimbursed for travel expenses to and from the meetings described in Exhibit A or for any other authorized District business as follows:

1. Authorization

Travel associated with the attendance of meetings or functions for Directors shall be approved in advance by the Otay Water District Board President. To request approval of travel, the Director should complete a "Board of Directors Travel Request Form" (Exhibit B) in order to be eligible for compensation and/or reimbursement. Travel requests will be reviewed and approved by the Board President or the Board.

2. Transportation

a. Air Transportation

The District will endeavor to purchase airline tickets in advance taking advantage of discounts and low airfares.

b. Automobile

1. Personal Auto: Directors may use their personal vehicle. The District will reimburse Directors at the current rate/mile as established by the IRS, plus tolls, parking, etc., provided,

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
DIRECTORS COMPENSATION, REIMBURSEMENT OF EXPENSES AND GROUP INSURANCE BENEFITS	08	2/20/91	12/5/07

however, if air transportation is available, the total amount of expense paid shall be limited to the cost of coach air travel between points traveled by personal vehicle. Gasoline, collision and liability insurance, and maintenance will be provided by the Director and is deemed covered in the rate/mileage reimbursement.

Directors using personal vehicles on District business must maintain a valid California driver's license and the automobile insurance coverage required by the State of California, or make arrangements for a driver who meets the above requirements. The General Manager's Staff will verify that Directors have a valid driver's license. Directors will also be required to maintain automobile insurance coverage. Proof of such insurance will be submitted two times per year, in January and July, and is required to be eligible for mileage reimbursement.

2. Rental Cars: The District will provide a rental car when needed. Such rental car shall be a compact or mid-size class, unless upgrades are offered at no additional cost to the District.

c. Miscellaneous Transportation
Whenever practicable, bus, taxi, rail, shuttle, etc. transportation may be used in lieu of, or in conjunction with, modes above.

3. Meals and Lodging

a. Meals and Beverages
Whenever travel requires meals, the meals, excluding gratuity, shall be reimbursable, provided the Director presents a receipt along with the "Board of Directors Expense Claim Form" (Exhibit D) for all meals. Reimbursements for expense items where a receipt has been lost will not be paid until the President or the Board has reviewed and approved the expense item. Meals are reimbursable based on the Meals and Incidental Expenses (M&IE) as updated by the U.S. General Services Administration:

1. Full Day Reimbursement

When a Director is traveling for a full day and no meals are provided for by other sources, such

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BOARD OF DIRECTORS POLICY**

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as pre-paid registration, the Director may be reimbursed for meal expenses at the rate provided by the M&IE per day. This amount is exclusive of any gratuities.

2. Single Meal Reimbursement

When a Director requires reimbursement for a single meal while traveling, the maximum meal reimbursement amount shall be at a rate provided by the M&IE for Breakfast, lunch, and/or dinner, or amounts determined by the President or the Board to be reasonable for the occasion or circumstances. These amounts and any amount approved by the President or Board shall exclude gratuities.

3. Partial Day Reimbursement

When a director will be traveling for a partial day or where a single meal is provided for by other sources such as pre-paid registration, the maximum reimbursement amount shall be at the rate provided by the M&IE per meal, or such other amounts as may be determined by the President or the Board to be reasonable for the occasion or circumstances. In any event all amounts to be reimbursed shall exclude any gratuities.

4. Taxes

The maximum meal reimbursement amounts are inclusive of and assume expenses for taxes. The maximum meal reimbursements shall exclude any and all gratuities.

b. Lodging

The District will reimburse Directors or pre-pay accommodations in single rooms at conference facilities or in close proximity when applicable. Or, in the absence of conference accommodations, normal single-room business, government or commercial class accommodation may be obtained. Under normal circumstances, lodging will not be reimbursed for the night before a conference starts and the night after it ends. However, in situations where available travel schedules would require the Director to leave home before 6:00 AM or return to home after 12:00 AM, lodging for the night before or the night after will be reimbursable.

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4. Entertainment

The District shall not cover any expenses incurred for recreation or entertainment.

5. Incidental Expenses

Unavoidable, necessary and reasonable authorized expenses will be fully reimbursed by the District. Some examples of allowable expenses are:

- a. Telephone Calls (Business): Calls placed by the Director, to the District office, or for the purpose of conducting District business. Business related calls should be itemized on the Director's "Board of Directors Expense Claim Form" (Exhibit D).
- b. Telephone Calls (Personal): One (1) brief personal call each day away from home, up to a \$10 maximum per day.
- c. Telephone Calls (Local): Charges for local calls, for meal or transportation reservations, or for area information related to travel.
- d. Reasonable transportation to local restaurants and to optional functions that are a part of conference events.
- e. Parking fees.
- f. The following expenses are not reimbursable:
 1. Alcoholic beverages
 2. Parking or traffic violations
 3. In-room movies or laundry services

6. Director's Responsibility

- a. Directors must submit a detailed "Board of Directors Expense Claim Form" for reimbursement. Claim forms should be supported by vouchers and itemized receipts of expenditures for which reimbursement is being requested. Receipts must be attached for all expenses. If a receipt is lost, the lost receipt must be noted on the "Board of Directors Expense Claim Form" (Exhibit D) and approved by the President or the Board before any payment can be made. Claim forms shall be submitted within 45 calendar days after the expense was incurred. Expense claims requiring reimbursement to the District, which are not reconciled within 45 calendar days, shall be deducted

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BOARD OF DIRECTORS POLICY**

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from the next month's reimbursement.

- b. Expenses will not be reimbursed for meetings that have been pre-paid and not attended. The President or the Board may excuse an absence for a meeting. The absent Director shall provide a verbal or written report at the next regularly scheduled Board meeting stating the reason for the absence and, if appropriate, request that it be excused. Directors will be required to reimburse the district for any pre-paid expenses for any unexcused absence. This reimbursement will be made by deduction from future expenditures.
- c. When two (2) or more Directors combine an expense on one receipt, the Director requesting reimbursement should indicate, on or attached to the Director's "Board of Directors Expense Claim Form" the identity of the other persons sharing expenses. This will facilitate appropriate allocation of expenses to each participant.
- d. Expenses incurred by spouses, family members, or guests are the responsibility of the Director.
- e. Staff will create a quarterly report showing in detail all expenses for the Directors. The report will include all expenses, for example, stipend, mileage, seminar, airline or ground travel, meals, telephone use, the date incurred, and the Director's name. To the extent that Directors report meetings for which they did not receive reimbursement or per diem, those meetings shall be noted on the report. All payments will be listed whether the payment was a reimbursement or direct payment made on behalf of the Director to a vendor. The reports will be presented to the Board of Directors at public meetings.

D. District Group Insurance Benefits

- 1. Each Director, while serving as a member of the Board of Directors, shall be entitled to the health and welfare and life insurance benefits set forth in the Schedule of Benefits in the District Group Insurance Plan Booklet, which benefits are furnished by the District at District cost, with applicable contributions, for active District employees and Directors. Each active Director shall also be entitled to a \$65,000 term life and accidental death and dismemberment insurance policy (subject to policy requirements and any standard age reduction schedule), a \$50,000 travel accidental death and dismemberment policy. In addition to the foregoing, the District will pay

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BOARD OF DIRECTORS POLICY**

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premiums for additional individual life insurance coverage in an amount of up to \$250,000 for a 20 year term for those active Directors who apply for such coverage with the District's provider and meet the provider's standard underwriting guidelines and policy requirements. If coverage at higher amounts or for a longer term is made available by the provider, each Director may purchase such additional coverage on a self-pay basis.

2. Each former member of the Board of Directors, who served in office after January 1, 1981, who was elected to a term of office that began before January 1, 1995, who is at least 60 years of age, and whose total service at the time of termination is not less than 12 years, shall be entitled to the health and welfare and life insurance benefits set forth in the District Group Insurance Plan Booklet, which benefits are furnished by the District, at District cost, for retired Directors.

E. Miscellaneous

1. The following are not reimbursable expenses:
 - a. Cell phone expenses
 - b. Service fees for internet access
2. The District does not provide equipment, such as fax machines, computers and laptops to board members for District business use.

Attachments

- Exhibit A: Approved Function List
- Exhibit B: "Board of Directors Per Diem and Mileage Claim Form"
- Exhibit C: "Board of Directors Travel Request Form"
- Exhibit D: "Board of Directors Expense Claim Form"

Approved Functions List

Board Policy for payment of per diems and expenses for Director attendance at District meetings:

The Board reviews its authorization and policy for payment of per diems (pre-approved meetings) annually, in January following reorganization of the Board and election of a new President. Below is the current Board policy:

1. The following meetings are pre-approved for all Directors to attend and receive a per diem and expense reimbursement:
 - Otay Water District Regular and Special Board Meetings
 - Otay committee meetings for committee members only
 - Otay business meetings called by the General Manager and authorized by the President of the Board where individual Directors are requested to attend
 - Except as otherwise specifically excluded in this policy, official District functions that take place during normal business hours where Directors are requested to attend by either the Board President or the Board
 - Semi-annual conference of the Association of California Water Agencies
 - Regular quarterly meetings of the Water Agencies Association of San Diego County
 - Regularly monthly meeting of Council of Water Utilities
 - Business meetings and conferences of the California Special District Association held in San Diego County

All other meetings not listed here require pre-approval by the President or Board.

2. The following meetings are pre-approved for designated Otay Director representatives or designated alternate. The District Secretary will maintain an updated list of designated Director representatives. Any other Director who wishes to attend these meetings and receive a per diem must have approval from the President or Board prior to the event or be designated by the President or Board, as an alternate. The pre-approval shall include the attendance of the Director at the commission, committee, board or meeting and any committee, subcommittee or other official or posted meeting of the agencies, commissions, committees or boards listed below:

EXHIBIT A

- Planning Group and City Commission meetings that fall within the boundaries of each directors district (when issues impacting OWD are discussed)
 - Inter-Agency Committee Meeting
 - METRO (TAC/AFFORD) Commission
 - ACWA or CSDA meetings/conferences
 - Water Conservation Garden
3. The Board President or his designee is pre-authorized to attend District business meetings with cities and other agencies to represent Otay Water District, and may claim a per diem and expenses. Any other Director desiring to attend the same meeting of this nature would require approval to attend from the President or the Board in order to receive a per diem and expense reimbursement.
 4. When the President or the Board appoints a director(s) to a committee, the meeting(s) shall be considered pre-approved for per diem and expense reimbursement.
 5. The following meetings are not eligible for pre-approved per diem claims:
 - a) Attending other Districts' Board meetings
 - b) Otay employee appreciation breakfast, luncheons or dinners
 - c) Retirement receptions
 - d) Otay picnics or dinner-dances or other purely social events
 - e) CWA meeting attendance (by Otay Water District appointed CWA Board Member(s))
 - f) Chamber of Commerce events
 - g) First Friday Breakfasts unless presenting Otay official business to the assembly
 - h) Any political campaign event or function
 6. In order to submit a per diem/travel reimbursement the member must attend at least 50% of the meeting (per day) and the reimbursement request must be submitted within 45 days of the occurrence, otherwise it may be considered attended without per diem. The President of the Board will make the final determination.
 7. All other meetings/conferences/tours/seminars/workshops/functions not listed in this policy must be pre-approved by the Board President or the Board.



**INSTRUCTIONS FOR PREPARATION OF
BOARD OF DIRECTORS PER DIEM CLAIM FORM**

1. Record the date, and name or purpose/issues discussed of meeting attended on behalf of the District.

Note: The District will pay Director's per-diem for one meeting/function per day and the maximum of 10 meetings/functions per month. If a Director attends more than 10 meetings/functions (10 days), the District will reimburse for the mileage and any reimbursable out-of-pocket expenses incurred for these additional meetings.

2. Record number of miles (round trip) driven to attend meeting/function.

The use of personal vehicles in the conduct of official District business shall be reimbursed at the current Internal Revenue Service rate. The Director's expense claim should indicate the nature of the trip. If a trip begins at home, the District will reimburse the mileage from home to destination and return mileage. District insurance does not cover personal vehicles while they are being driven on District business. The reimbursement rate is inclusive of an allowance for insurance costs. The District will reimburse Directors for the deductible under their personal insurance policy should they be involved in an accident while on District business. To be eligible for reimbursement, each Director shall maintain a current California driver's license and at least the minimum vehicle liability insurance required by State law or shall arrange for a driver who meets said standards.

The District will not reimburse the cost of travel of a personal nature taken in conjunction with travel on official business.

Claim forms shall be submitted within 45 calendar days after the meeting date. Expense claims requiring reimbursement to the District which are not reconciled within 45 calendar days, shall be deducted from the next month's reimbursement.

No information on the Per Diem Claim Form may be designated as confidential in nature. All expenses must be fully disclosed on the form.



**OTAY WATER DISTRICT
BOARD OF DIRECTORS
TRAVEL REQUEST FORM**

Director: _____ Date of Request: _____

Name and Location of Function: _____

Date(s) function to be held: _____

Sponsoring Organization: _____

Request for Prepayment of Fees Related to the Function:

Expense Type	Not Needed	Pre-Payment Requested
Registration	<input type="checkbox"/>	<input type="checkbox"/>
Airline	<input type="checkbox"/>	<input type="checkbox"/>
Auto Rental	<input type="checkbox"/>	<input type="checkbox"/>
Mileage	<input type="checkbox"/>	N/A
Taxi/Shuttle	<input type="checkbox"/>	N/A
Lodging	<input type="checkbox"/>	<input type="checkbox"/>
Meals	<input type="checkbox"/>	N/A
Other Expenses – Explain Below	<input type="checkbox"/>	<input type="checkbox"/>

Lodging Preference: _____

Explanation of Other Expenses: _____

Signature of Director _____ Date of Request _____

For Office Use Only Below This Line

Date of Board Approval: _____

Expense Type	Description	Amount Pre-Paid
Registration		
Airline		
Auto Rental		
Mileage		N/A
Taxi/Shuttle		N/A
Lodging		
Meals		N/A
Other Expenses		

District Secretary

Date Processed



**INSTRUCTIONS FOR PREPARATION OF
BOARD OF DIRECTORS EXPENSE CLAIM FORM**

The necessary expenses incurred while traveling on District business including common carrier fares (economy class), automobile rental charges, District business telephone calls, one personal telephone call home each day (\$10 maximum per day), lodging, baggage handling, parking fees, meals, etc. will be reimbursed when documented on the Director's Per Diem and Expense Claim Forms. Receipts must be attached for all meal expenses. If a receipt is lost, the lost receipt should be noted next to the expense and submitted to the President before any reimbursement can be made. Receipts are required for the reimbursement of all expenses.

All receipts must have the nature of the expense and the business purpose noted on the receipt.

The District will not reimburse the cost of travel of a personal nature taken in conjunction with travel on official business.

Meals shall be reimbursed up to \$46 per day, or an amount determined by the President of the Board of Directors to be reasonable for occasion or circumstances, exclusive of any gratuities. Partial days shall be reimbursable at a rate of \$8 for breakfast, \$13, for lunch and \$25 for dinner, or amounts determined by the President of the Board of Directors to be reasonable for the occasion or circumstances, excluding any gratuities. The above amounts may be combined if travel status requires two (2) or more meals. The meal reimbursement amounts are inclusive of and assume expenses for taxes only. Gratuities are not reimbursable and are excluded. Where pre-paid registration includes meals, only meals that are not included in the registration will be reimbursable.

Any receipts that include costs of personal travel (e.g., hotel receipt for employee and spouse) should identify what the cost would have been without personal travel (e.g., single room rate as opposed to double room rate).

Claim forms shall be submitted within 45 calendar days after the expense was incurred. Expense claims requiring reimbursement to the District which are not reconciled within 45 calendar days, shall be deducted from the next month's reimbursement.

No information on the Expense Claim Form may be designated as confidential in nature. All expenses must be fully disclosed on the form.

The following expenses are not reimbursable:

- | | |
|----------------------------------|---|
| a. Alcoholic Beverages | d. Laundry service |
| b. Parking or traffic violations | e. Entertainment or recreation |
| c. In-room movies | f. Expenses incurred by spouses, family members, or guests. |

OTAY WATER DISTRICT BOARD OF DIRECTORS POLICY			
Subject	Policy Number	Date Adopted	Date Revised
STAFF TRAVEL AND BUSINESS RELATED EXPENSES POLICY	34	5/3/2000	12/5/07

Purpose

To provide guidelines for compensation, expenses, and advancement and reimbursement of such expenses when work duties require Otay Water District Staff to conduct District business away from their regular work site(s) outside of San Diego County.

Background

Employees of the Otay Water District are called upon to travel or conduct business related meetings, conferences, training or functions away from their regular work site(s) outside of the San Diego County in conjunction with their job functions. Federal and State codes permit and provide guidance for reimbursement of expenses and compensation to employees while traveling out of San Diego County on District business.

Policy

The District will reimburse Otay Water District Staff for reasonable expenses incurred while out of San Diego County at District business related meetings, functions, conferences, training or traveling on District business to include, lodging, meals, transportation, and related incidentals. The District will compensate non-exempt employees while traveling in accordance with District policy and applicable Memorandums of Understanding (MOU's).

Procedures

A. Advances and Pre-payment of Otherwise Reimbursable Expenses

Employees may request pre-payment of registration, transportation, and lodging, and may request an advance upon expected costs for meals, fuel for District or rental vehicles, public ground transportation, and taxis using the "Staff Travel Authorization Request" (Exhibit A). Pre-payments and advances shall be limited to the employee's expenses only. Advances for per diem meals shall not exceed the per diem allowance anticipated for the trip plus known costs of ground transportation. Advances should be requested in a timely manner to allow normal processing through accounts payable.

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

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STAFF TRAVEL AND BUSINESS RELATED EXPENSES POLICY	34	5/3/2000	12/5/07

B. Reimbursement of Expenses

Each employee shall be reimbursed for travel expenses incurred while at District business related meetings, functions, conferences, training or traveling on authorized District business outside of San Diego County as follows:

1. Accountability

Travel Expenses shall be budgeted by Staff as a part of the annual budget process. Any travel expenses approved with the budget shall be considered authorized for that fiscal year only. Travel expenses included in CIP budgets are also considered authorized. Before the District expends any funds for authorized travel that involves lodging or public transportation expenses, the employee must complete a "Staff Travel Authorization Request" form (Exhibit A). The employee's Department Chief shall approve the authorization form. When a Department Chief is traveling, the Assistant General Manager shall approve the authorization form.

2. Transportation

The District will pay for reasonable transportation costs. If for personal preference or for non-business related reasons the employee incurs additional travel expenses, the employee will be responsible for the additional expenses.

a. Air Transportation

The District will reimburse employees or pre-pay costs for economy (coach) class airfares. The District will endeavor to purchase airline tickets in advance taking advantage of discounts and low airfares. Whenever possible, air reservations shall be made to permit travel during normal business hours.

b. Automobile

1. District Vehicle: Whenever travel by vehicle is most cost effective or practical, Staff shall endeavor to use a District vehicle. Staff must have a valid driver's license to operate a District vehicle. The District will

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BOARD OF DIRECTORS POLICY**

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reimburse employees for gasoline purchases with receipts while using a District vehicle, however, employees should ensure that the vehicle has sufficient fuel to reach the desired destination and return, or a full tank of fuel, before departing from the District offices. Employees must comply with the provisions of Board of Directors Policy #14, "Use of District Vehicles and Car Allowance" whenever an employee chooses to use a District vehicle while traveling.

2. Personal Vehicle: Employees must obtain permission from their Department Chief before using a personal vehicle in conjunction with District business.

In situations where employees use personal vehicles on District business the employee must maintain a valid California Driver's License and at least the minimum automobile insurance coverage required by the State of California, or make arrangements for a driver who meets the above requirements. The Administrative Services Staff will verify that employees or drivers have a valid driver's license. Employees may not be reimbursed for travel in a personal vehicle if either the license or insurance requirements are not met.

If a personal vehicle is used, the employee will be reimbursed at the current maximum allowable tax-exempt reimbursement rate provided by the IRS regardless of the actual operating costs of the vehicle.

Employees who receive a monthly mileage allowance are not eligible to receive reimbursement for mileage within San Diego County.

3. Rental Cars: The District will cover the expenses required for use of a rental car. The maximum reimbursement for rental cars shall be based on the rate provided for a standard mid-sized car. Upgrades or additional cost features are the employee's

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BOARD OF DIRECTORS POLICY**

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responsibility.

- c. Miscellaneous Transportation
Whenever practicable, bus, taxi, rail, shuttle, etc. transportation may be used in lieu of, or in conjunction with, the modes listed above.

3. Meals and Lodging

- a. Meals and Beverages
Whenever travel outside of San Diego County requires meals, employee may receive the per diem allowance at the rate established by the Meals and Incidental Expenses (M&IE), as updated by the U.S. General Services Administration.

1. Per diem:

- a. Full Day Allowance
When an employee is traveling for a full day and no meals are provided for by other sources, such as pre-paid registration, the per diem meal allowance shall be at the rate provided by M&IE per day, or an amount that the General Manager deems reasonable for the occasion or circumstances. Taxes and gratuities are inclusive.
- b. Single Meal Allowance
When an employee requires an allowance for a single meal while traveling, the per diem meal allowance shall be at the rate provided by M&IE for breakfast, lunch, and dinner, or amounts that the General Manager deems reasonable for the occasion or circumstances. Taxes and gratuities are inclusive.
- c. Partial Day Allowance
When an employee will be traveling for a partial day or where a single meal is provided for by other sources such as pre-paid registration, the per diem allowance amount shall be at the rate provided by M&IE for dinner, lunch, and breakfast, or amounts that the General Manager deems reasonable for the occasion or circumstances.

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d. Receipts do not have to be submitted for per diem allowances.

b. Lodging

The District will reimburse employees or pre-pay accommodations in single rooms at conference facilities or in close proximity when applicable. In the absence of conference accommodations, normal single-room business, government or commercial class accommodation may be obtained. Under normal circumstances, lodging will not be reimbursed for the night before a conference starts and the night after it ends. However, in situations where available travel schedules would require the employee to leave home before 6:00 AM or return home after 12:00 AM, lodging for the night before or the night after will be reimbursable. If staying overnight an extra night or over a weekend at a destination allows for a reduction of travel expenses, and the cost of accommodations is less than the savings realized by the reduced transportation expenses, the District may pre-pay or reimburse the employee for the extra night's lodging. Only lodging expenses may be reimbursed in these situations.

4. Entertainment

The District will not cover expenses incurred for recreation or entertainment.

5. Incidental Expenses

Unavoidable, necessary and reasonable authorized expenses will be fully reimbursed by the District. Some examples of allowable expenses are:

a. Telephone Calls (Business): Calls placed by the employee to the District office or for the purpose of conducting District business. Business related calls should be itemized on the "Staff Expense Claim Form" (Exhibit B).

b. Telephone Calls (Personal): One (1) brief personal call each day away from home, up to a \$10

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BOARD OF DIRECTORS POLICY**

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maximum per day.

- c. Telephone Calls (Local): Charges for local calls, for meal or transportation reservations, or for area information related to travel.
- d. Reasonable transportation to local restaurants and to optional functions that are a part of conference events.
- e. Reasonable gratuities.
- f. Parking fees.
- g. The following expenses are not reimbursable:
 - 1. Alcoholic beverages
 - 2. Parking or traffic violations
 - 3. In-room movies
 - 4. Laundry service
 - 5. Expenses incurred by spouses, family members, or guests.

6. Compensation for Non-Exempt employees

Non-exempt employees traveling and staying overnight are normally authorized to work only the total number of hours they were regularly scheduled to work, exclusive of applicable travel time. However, all employees traveling and staying overnight are considered by the District to be on flexible schedules.

During flexible schedules, employees' starting time, meal period, rest periods, etc. are adjusted to accomplish work with minimal overtime.

Should business require a non-exempt employee to travel, function attendance and travel hours are compensable. These hours are considered regular work hours for purposes of calculating overtime. During any compensable hours an employee is subject to any and all provisions of Otay Water District Policies and Procedures.

The following hours are compensable:

- a. Actual hours spent at meetings, conferences, or functions, excepting meals and special events of an entertainment nature held in conjunction with a

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BOARD OF DIRECTORS POLICY**

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function.

- b. Actual Hours spent in transit, excepting hours spent in travel between the employee's residence and the District. Any time spent in layover at a public transportation facility is also compensable as transit time unless the employee chooses to participate in recreational activities during the layover.

7. Employees' Responsibility

- a. In situations, where an employee can use the Petty Cash procedures for reimbursement of travel expenses, the employee may submit a "Petty Cash Order" (Exhibit B) to be reimbursed. If expenses to be reimbursed are beyond the scope of the Petty Cash procedures, employees must submit a detailed "Staff Expense Claim Form" (Exhibit C). Petty Cash Orders and Expense Claim Forms should be supported by vouchers and itemized receipts of expenditures for which reimbursement is being requested. Receipts must be attached for all expenses with the exception of per diem meal allowance. If a receipt required for reimbursement is lost, the lost receipt must be noted on the "Staff Expense Claim Form" and approved for reimbursement before any payment can be made. Claim forms shall be submitted within 14 calendar days after the expense was incurred.
- b. Expenses will not be reimbursed for meetings that have been pre-paid and not attended. Employees may be required to reimburse the District for any pre-paid expenses for any unexcused absence. The General Manager will determine if an absence from a pre-paid meeting is excused or unexcused.
- c. When two (2) or more employees combine an expense on one receipt, the employee requesting reimbursement should indicate on the "Staff Expense Claim Form" the identity of the other persons sharing expenses.
- d. Expenses incurred by spouses, family members, or guests are the responsibility of the employee.

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BOARD OF DIRECTORS POLICY**

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Attachments

Exhibit A: "Staff Travel Authorization Request"

Exhibit B: "Petty Cash Order"

Exhibit C: "Staff Expense Claim Form"

OTAY WATER DISTRICT
STAFF TRAVEL AUTHORIZATION REQUEST

Employee Name: _____ Date of Request: _____

Name and Location of Function: _____

Is Travel out of San Diego County? Yes No

Date(s) function to be held: _____ - _____

Purpose of function: _____

Sponsoring Organization: _____

Request for Pre-Payment or Advance of Fees Related to the Function:

Expense Type	Not Needed	Pre-Payment Requested	Advance Requested
Registration	<input type="checkbox"/>	\$	N/A
Airline	<input type="checkbox"/>	\$	N/A
Auto Rental	<input type="checkbox"/>	\$	N/A
Fuel - for District or Rental Cars only*	<input type="checkbox"/>	N/A	\$
Taxi / Shuttle*	<input type="checkbox"/>	N/A	\$
Lodging	<input type="checkbox"/>	\$	N/A
Meals - See Below	<input type="checkbox"/>	N/A	\$
Other Expenses - Explain Below	<input type="checkbox"/>	\$	\$
Total Pre-Payment Requested:			
Total Advance Requested:			

(*Advanced through petty cash)

Lodging Preference: _____

Explanation of Other Expenses: _____

Meals Calculator:

_____	x \$31	+	_____	x \$18	+	_____	x \$12	=	_____
total expected	or	total expected	or	total expected	or	max. meal			
dinner	\$	lunches	\$	breakfasts	\$	advance			

Employee Signature

Date of Request

For Office Use Only Below This Line

Total Pre-Paid: \$ _____

Total Advanced: \$ _____

Travel Approved by: _____

Date: _____



PETTY CASH ORDER

DATE _____

NAME _____

DEPT _____

REQUEST REIMBURSEMENT FOR THE FOLLOWING EXPENSES:

Project	Subproject	Activity	Cost Type	DESCRIPTION	AMOUNT
Total:					0.00

PURPOSE OF EXPENDITURES

DEPARTMENTAL APPROVAL _____

CASH RECEIVED BY _____ DATE _____

NOTE: RECEIPTS MUST BE ATTACHED. FORM IS NOT TO BE USED FOR OVERNIGHT TRAVEL.



**OTAY WATER DISTRICT
STAFF EXPENSE CLAIM FORM**

Pay to: _____

Period Covered:
From _____ to _____

Employee Number: _____

ITEMIZED REIMBURSEMENTS CLAIMED

(Attach receipts for all expenses, except for per diem meal and beverage allowances.)

DATE	TYPE OF REIMBURSEMENT	TOTAL REIMBURSABLE AMOUNT	LESS AMOUNT PREPAID	LESS AMOUNT ADVANCED	TOTAL AMOUNT CLAIMED

For Travel Reimbursements:

Nature of Travel: _____ Date Travel Commenced: _____

Destination: _____ Date Travel Terminated: _____

Total Mileage Claimed = _____ Miles x \$ _____ Rate = \$ _____

Total Reimbursements Claimed _____

Employee Signature

Date

Approved by

Date



**INSTRUCTIONS FOR PREPARATION OF
STAFF EXPENSE CLAIM FORM**

The necessary expenses incurred while traveling outside of San Diego County at District business related meetings, functions, training or traveling on District business including common carrier fares (economy class), automobile rental charges, District business telephone calls, one personal telephone call home each day (\$10 maximum per day), lodging, baggage handling, parking fees, meals, gratuities, etc. will be reimbursed when documented on the Staff Expense Claim Forms. Receipts must be attached for all expenses with the exception of per diem meal allowances. If a receipt required for reimbursement is lost, the lost receipt should be noted next to the expense, submitted to the Department Chief, and approved by the Department Chief before any reimbursement can be made. **All receipts must have the nature of the expense and the business purpose noted on the receipt.**

The District will not reimburse the cost of travel of a personal nature taken in conjunction with travel on official business. Per diem meal allowance shall be at the rate provided by the Meals Incidental Expenses (M&IE), or amounts that the General Manager deems reasonable for the occasion or circumstances. Partial day's per diem allowance shall be at the rate provided by M&IE for breakfast, lunch and dinner, or amounts that the General Manager deems reasonable for the occasion or circumstances. The per diem meal allowance is inclusive of and assumes expenses for taxes and gratuities of up to 15%. Where pre-paid registration includes meals, only meals that are not included in the registration will be provided as per diem meal allowance.

Any receipts that include costs of personal travel (e.g., hotel receipt for employee and spouse) should identify what the cost would have been without personal travel (e.g., single room rate as opposed to double room rate).

Mileage will be reimbursed for travel using personal vehicles only if a District vehicle is not available. In order to be reimbursed for mileage, employees must have a valid Driver's License and current automobile insurance that meets or exceeds State minimum insurance requirements.

Advances and pre-payments shall be deducted from expenses and reconciled with travel authorization forms where applicable.

Department Chiefs or the General Manager may authorize Expense Claim Forms.

Claim forms shall be submitted within 14 calendar days after the expense was incurred.

No information on the Expense Claim Form may be designated as confidential in nature. All expenses must be fully disclosed on the form.

The following expenses are not reimbursable:

- | | |
|----------------------------------|--|
| a. Alcoholic beverages | d. Laundry service |
| b. Parking or traffic violations | e. Entertainment or recreation |
| c. In-room movies | f. Expenses incurred by spouses, family members, or guests. |
| | g. Meetings, conferences, training or functions attended in the County of San Diego. |

OTAY WATER DISTRICT BOARD OF DIRECTORS POLICY			
Subject	Policy Number	Date Adopted	Date Revised
DIRECTORS COMPENSATION, REIMBURSEMENT OF EXPENSES AND GROUP INSURANCE BENEFITS	08	2/20/91	10/3/07 12/05/07

Purpose

To provide guidelines for payment of compensation and reimbursement of expenses to Directors in connection with their attendance at meetings or the performance of other authorized business, and for group insurance benefits for Directors.

Background

Members of the Board of Directors ("Directors") attend regular, adjourned or special meetings of the Board of Directors ("Board"). In addition, Directors attend other District meetings, committee meetings, association meetings, and educational seminars on behalf of the District. These meetings and seminars are related to District business, water and water related issues, and California special districts. State statutes authorize District payments for meetings, reimbursements of expenses. State law also authorizes the District to provide health and welfare benefits for active Directors and, in limited circumstances, retired Directors if they served 12 years and were first elected prior to January 1, 1995. The District is also authorized to offer health and welfare benefits for retired Directors who commenced office on or after January 1, 1995, if the recipient participates on a self-pay basis.

Policy

The District will compensate Directors on a per diem basis for attendance at authorized meetings or functions and will reimburse Directors for reasonable expenses incurred while traveling on District business to include, lodging, dining, transportation and related incidentals.

A. Directors Per Diem

As provided in Section 1.01 C. of the District Code of Ordinances, each Director shall receive a per diem in the amount of \$100 for each day of attendance at meetings of the Board or for each day of service rendered as a Director by request or authorization of the Board, not to exceed a total of ten (10) days in any calendar month. Attendance at any meeting shown on Exhibit A to this Policy shall be deemed a meeting requested or authorized by the Board. Attendance of meetings shall be in accordance with Exhibit A. The President of the Board or the Board may authorize a Director to attend meetings not listed in Exhibit A when the President or the Board determine that it is in the interest of the District that a Director attend, and that such attendance be compensated and expenses reimbursed. Director's claims for per diem amounts shall be made on a "Board of Directors Per Diem and Mileage Claim Form" (Exhibit B). The President of the Board or the Board may approve reimbursement of expenses outside the per diem limit for a Director, if the

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

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Director submits receipts for all of the related District business expenses.

Attendance at a meeting that is not authorized by this policy (pre-approved meetings) or pre-approved by the President may be approved by the Board for per diem. Director's seeking per diem amounts for these meetings shall request that the item be presented to the Board at its next regularly scheduled meeting for consideration. The decision of the Board shall be final.

When travel arrangements require a day earlier arrival or a day later departure, Directors will not be eligible for the \$100 per diem, however, reasonable expenses associated with the extended stay will be reimbursed as specified below.

B. Pre-payment of Otherwise Reimbursable Expenses

The Director may request pre-payment of registration, transportation, and lodging, using the "Board of Directors Travel Request Form" (Exhibit C). Pre-payments shall be limited to the Director's expenses only. No advances shall be made on travel expenses.

C. Reimbursement of Expenses

Each Director shall be reimbursed for travel expenses to and from the meetings described in Exhibit A or for any other authorized District business as follows:

1. Authorization

Travel associated with the attendance of meetings or functions for Directors shall be approved in advance by the Otay Water District Board President. To request approval of travel, the Director should complete a "Board of Directors Travel Request Form" (Exhibit B) in order to be eligible for compensation and/or reimbursement. Travel requests will be reviewed and approved by the Board President or the Board.

2. Transportation

a. Air Transportation

The District will endeavor to purchase airline tickets in advance taking advantage of discounts and low airfares.

b. Automobile

1. Personal Auto: Directors may use their personal vehicle. The District will reimburse Directors at the current rate/mile as established by the IRS, plus tolls, parking, etc., provided,

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BOARD OF DIRECTORS POLICY**

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however, if air transportation is available, the total amount of expense paid shall be limited to the cost of coach air travel between points traveled by personal vehicle. Gasoline, collision and liability insurance, and maintenance will be provided by the Director and is deemed covered in the rate/mileage reimbursement.

Directors using personal vehicles on District business must maintain a valid California driver's license and the automobile insurance coverage required by the State of California, or make arrangements for a driver who meets the above requirements. The General Manager's Staff will verify that Directors have a valid driver's license. Directors will also be required to maintain automobile insurance coverage. Proof of such insurance will be submitted two times per year, in January and July, and is required to be eligible for mileage reimbursement.

2. Rental Cars: The District will provide a rental car when needed. Such rental car shall be a compact or mid-size class, unless upgrades are offered at no additional cost to the District.

c. Miscellaneous Transportation
Whenever practicable, bus, taxi, rail, shuttle, etc. transportation may be used in lieu of, or in conjunction with, modes above.

3. Meals and Lodging

a. Meals and Beverages
Whenever travel requires meals, the meals, excluding gratuity, shall be reimbursable, provided the Director presents a receipt along with the "Board of Directors Expense Claim Form" (Exhibit D) for all meals. Reimbursements for expense items where a receipt has been lost will not be paid until the President or the Board has reviewed and approved the expense item. Meals are reimbursable ~~up to the following maximum rates based on the Meals and Incidental Expenses (M&IE) as updated by the U.S. General Services Administration:~~

1. Full Day Reimbursement
When a Director is traveling for a full day and

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

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no meals are provided for by other sources, such as pre-paid registration, the Director may be reimbursed for meal expenses ~~up to a maximum rate of \$46 per day~~ at the rate provided by the M&IE per day. This amount is exclusive of any gratuities.

2. Single Meal Reimbursement

When a Director requires reimbursement for a single meal while traveling, the maximum meal reimbursement amount shall be at a rate ~~of provided by the M&IE~~ \$8 for Breakfast, \$13 for lunch, and/or \$25 for dinner, or amounts determined by the President or the Board to be reasonable for the occasion or circumstances. These amounts and any amount approved by the President or Board shall exclude gratuities.

3. Partial Day Reimbursement

When a director will be traveling for a partial day or where a single meal is provided for by other sources such as pre-paid registration, the maximum reimbursement amount shall be at the rate provided by the M&IE per meal ~~reduced to \$21 when only dinner is not reimbursable; \$33 when only lunch is not reimbursable; and \$38 when only breakfast is not reimbursable,~~ or such other amounts as may be determined by the President or the Board to be reasonable for the occasion or circumstances. In any event all amounts to be reimbursed shall exclude any gratuities.

4. Taxes

The maximum meal reimbursement amounts are inclusive of and assume expenses for taxes. The maximum meal reimbursements shall exclude any and all gratuities.

b. Lodging

The District will reimburse Directors or pre-pay accommodations in single rooms at conference facilities or in close proximity when applicable. Or, in the absence of conference accommodations, normal single-room business, government or commercial class accommodation may be obtained. Under normal circumstances, lodging will not be reimbursed for the night before a conference starts and the night after it ends. However, in situations where available travel

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

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schedules would require the Director to leave home before 6:00 AM or return to home after 12:00 AM, lodging for the night before or the night after will be reimbursable.

4. Entertainment

The District shall not cover any expenses incurred for recreation or entertainment.

5. Incidental Expenses

Unavoidable, necessary and reasonable authorized expenses will be fully reimbursed by the District. Some examples of allowable expenses are:

- a. Telephone Calls (Business): Calls placed by the Director, to the District office, or for the purpose of conducting District business. Business related calls should be itemized on the Director's "Board of Directors Expense Claim Form" (Exhibit D).
- b. Telephone Calls (Personal): One (1) brief personal call each day away from home, up to a \$10 maximum per day.
- c. Telephone Calls (Local): Charges for local calls, for meal or transportation reservations, or for area information related to travel.
- d. Reasonable transportation to local restaurants and to optional functions that are a part of conference events.
- e. Parking fees.
- f. The following expenses are not reimbursable:
 1. Alcoholic beverages
 2. Parking or traffic violations
 3. In-room movies or laundry services

6. Director's Responsibility

- a. Directors must submit a detailed "Board of Directors Expense Claim Form" for reimbursement. Claim forms should be supported by vouchers and itemized receipts of expenditures for which reimbursement is being requested. Receipts must be attached for all expenses. If a receipt is lost, the lost receipt must be noted on the "Board of Directors Expense Claim Form" (Exhibit D) and approved by the President or the Board before any payment can be made. Claim forms

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
DIRECTORS COMPENSATION, REIMBURSEMENT OF EXPENSES AND GROUP INSURANCE BENEFITS	08	2/20/91	10/3/07

shall be submitted within 45 calendar days after the expense was incurred. Expense claims requiring reimbursement to the District, which are not reconciled within 45 calendar days, shall be deducted from the next month's reimbursement.

- b. Expenses will not be reimbursed for meetings that have been pre-paid and not attended. The President or the Board may excuse an absence for a meeting. The absent Director shall provide a verbal or written report at the next regularly scheduled Board meeting stating the reason for the absence and, if appropriate, request that it be excused. Directors will be required to reimburse the district for any pre-paid expenses for any unexcused absence. This reimbursement will be made by deduction from future expenditures.
- c. When two (2) or more Directors combine an expense on one receipt, the Director requesting reimbursement should indicate, on or attached to the Director's "Board of Directors Expense Claim Form" the identity of the other persons sharing expenses. This will facilitate appropriate allocation of expenses to each participant.
- d. Expenses incurred by spouses, family members, or guests are the responsibility of the Director.
- e. Staff will create a quarterly report showing in detail all expenses for the Directors. The report will include all expenses, for example, stipend, mileage, seminar, airline or ground travel, meals, telephone use, the date incurred, and the Director's name. To the extent that Directors report meetings for which they did not receive reimbursement or per diem, those meetings shall be noted on the report. All payments will be listed whether the payment was a reimbursement or direct payment made on behalf of the Director to a vendor. The reports will be presented to the Board of Directors at public meetings.

D. District Group Insurance Benefits

- 1. Each Director, while serving as a member of the Board of Directors, shall be entitled to the health and welfare and life insurance benefits set forth in the Schedule of Benefits in the District Group Insurance Plan Booklet, which benefits are furnished by the District at District cost, with applicable contributions, for active District employees and Directors. Each active Director shall also be entitled to a \$65,000 term life and accidental death and

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

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DIRECTORS COMPENSATION, REIMBURSEMENT OF EXPENSES AND GROUP INSURANCE BENEFITS	08	2/20/91	10/3/07

dismemberment insurance policy (subject to policy requirements and any standard age reduction schedule), a \$50,000 travel accidental death and dismemberment policy. In addition to the foregoing, the District will pay premiums for additional individual life insurance coverage in an amount of up to \$250,000 for a 20 year term for those active Directors who apply for such coverage with the District's provider and meet the provider's standard underwriting guidelines and policy requirements. If coverage at higher amounts or for a longer term is made available by the provider, each Director may purchase such additional coverage on a self-pay basis.

2. Each former member of the Board of Directors, who served in office after January 1, 1981, who was elected to a term of office that began before January 1, 1995, who is at least 60 years of age, and whose total service at the time of termination is not less than 12 years, shall be entitled to the health and welfare and life insurance benefits set forth in the District Group Insurance Plan Booklet, which benefits are furnished by the District, at District cost, for retired Directors.

E. Miscellaneous

1. The following are not reimbursable expenses:
 - a. Cell phone expenses
 - b. Service fees for internet access
2. The District does not provide equipment, such as fax machines, computers and laptops to board members for District business use.

Attachments

- Exhibit A: Approved Function List
- Exhibit B: "Board of Directors Per Diem and Mileage Claim Form"
- Exhibit C: "Board of Directors Travel Request Form"
- Exhibit D: "Board of Directors Expense Claim Form"

Approved Functions List

Board Policy for payment of per diems and expenses for Director attendance at District meetings:

The Board reviews its authorization and policy for payment of per diems (pre-approved meetings) annually, in January following reorganization of the Board and election of a new President. Below is the current Board policy:

1. The following meetings are pre-approved for all Directors to attend and receive a per diem and expense reimbursement:
 - Otay Water District Regular and Special Board Meetings
 - Otay committee meetings for committee members only
 - Otay business meetings called by the General Manager and authorized by the President of the Board where individual Directors are requested to attend
 - Except as otherwise specifically excluded in this policy, official District functions that take place during normal business hours where Directors are requested to attend by either the Board President or the Board
 - Semi-annual conference of the Association of California Water Agencies
 - Regular quarterly meetings of the Water Agencies Association of San Diego County
 - Regularly monthly meeting of Council of Water Utilities
 - Business meetings and conferences of the California Special District Association held in San Diego County

All other meetings not listed here require pre-approval by the President or Board.

2. The following meetings are pre-approved for designated Otay Director representatives or designated alternate. The District Secretary will maintain an updated list of designated Director representatives. Any other Director who wishes to attend these meetings and receive a per diem must have approval from the President or Board prior to the event or be designated by the President or Board, as an alternate. The pre-approval shall include the attendance of the Director at the commission, committee, board or meeting and any committee, subcommittee or other official or posted meeting of the agencies, commissions, committees or boards listed below:

EXHIBIT A

- Planning Group and City Commission meetings that fall within the boundaries of each directors district (when issues impacting OWD are discussed)
 - Inter-Agency Committee Meeting
 - METRO (TAC/AFFORD) Commission
 - ACWA or CSDA meetings/conferences
 - Water Conservation Garden
3. The Board President or his designee is pre-authorized to attend District business meetings with cities and other agencies to represent Otay Water District, and may claim a per diem and expenses. Any other Director desiring to attend the same meeting of this nature would require approval to attend from the President or the Board in order to receive a per diem and expense reimbursement.
 4. When the President or the Board appoints a director(s) to a committee, the meeting(s) shall be considered pre-approved for per diem and expense reimbursement.
 5. The following meetings are not eligible for pre-approved per diem claims:
 - a) Attending other Districts' Board meetings
 - b) Otay employee appreciation breakfast, luncheons or dinners
 - c) Retirement receptions
 - d) Otay picnics or dinner-dances or other purely social events
 - e) CWA meeting attendance (by Otay Water District appointed CWA Board Member(s))
 - f) Chamber of Commerce events
 - g) First Friday Breakfasts unless presenting Otay official business to the assembly
 - h) Any political campaign event or function
 6. In order to submit a per diem/travel reimbursement the member must attend at least 50% of the meeting (per day) and the reimbursement request must be submitted within 45 days of the occurrence, otherwise it may be considered attended without per diem. The President of the Board will make the final determination.
 7. All other meetings/conferences/tours/seminars/workshops/functions not listed in this policy must be pre-approved by the Board President or the Board.



INSTRUCTIONS FOR PREPARATION OF
BOARD OF DIRECTORS PER DIEM CLAIM FORM

1. Record the date, and name or purpose/issues discussed of meeting attended on behalf of the District.

Note: The District will pay Director's per-diem for one meeting/function per day and the maximum of 10 meetings/functions per month. If a Director attends more than 10 meetings/functions (10 days), the District will reimburse for the mileage and any reimbursable out-of-pocket expenses incurred for these additional meetings.

2. Record number of miles (round trip) driven to attend meeting/function.

The use of personal vehicles in the conduct of official District business shall be reimbursed at the current Internal Revenue Service rate. The Director's expense claim should indicate the nature of the trip. If a trip begins at home, the District will reimburse the mileage from home to destination and return mileage. District insurance does not cover personal vehicles while they are being driven on District business. The reimbursement rate is inclusive of an allowance for insurance costs. The District will reimburse Directors for the deductible under their personal insurance policy should they be involved in an accident while on District business. To be eligible for reimbursement, each Director shall maintain a current California driver's license and at least the minimum vehicle liability insurance required by State law or shall arrange for a driver who meets said standards.

The District will not reimburse the cost of travel of a personal nature taken in conjunction with travel on official business.

Claim forms shall be submitted within 45 calendar days after the meeting date. Expense claims requiring reimbursement to the District which are not reconciled within 45 calendar days, shall be deducted from the next month's reimbursement.

No information on the Per Diem Claim Form may be designated as confidential in nature. All expenses must be fully disclosed on the form.



**OTAY WATER DISTRICT
BOARD OF DIRECTORS
TRAVEL REQUEST FORM**

Director: _____ Date of Request: _____

Name and Location of Function: _____

Date(s) function to be held: _____

Sponsoring Organization: _____

Request for Prepayment of Fees Related to the Function:

Expense Type	Not Needed	Pre-Payment Requested
Registration	<input type="checkbox"/>	<input type="checkbox"/>
Airline	<input type="checkbox"/>	<input type="checkbox"/>
Auto Rental	<input type="checkbox"/>	<input type="checkbox"/>
Mileage	<input type="checkbox"/>	N/A
Taxi/Shuttle	<input type="checkbox"/>	N/A
Lodging	<input type="checkbox"/>	<input type="checkbox"/>
Meals	<input type="checkbox"/>	N/A
Other Expenses – Explain Below	<input type="checkbox"/>	<input type="checkbox"/>

Lodging Preference: _____

Explanation of Other Expenses: _____

Signature of Director _____ Date of Request _____

For Office Use Only Below This Line

Date of Board Approval: _____

Expense Type	Description	Amount Pre-Paid
Registration		
Airline		
Auto Rental		
Mileage		N/A
Taxi/Shuttle		N/A
Lodging		
Meals		N/A
Other Expenses		

_____ District Secretary _____ Date Processed



**INSTRUCTIONS FOR PREPARATION OF
BOARD OF DIRECTORS EXPENSE CLAIM FORM**

The necessary expenses incurred while traveling on District business including common carrier fares (economy class), automobile rental charges, District business telephone calls, one personal telephone call home each day (\$10 maximum per day), lodging, baggage handling, parking fees, meals, etc. will be reimbursed when documented on the Director's Per Diem and Expense Claim Forms. Receipts must be attached for all meal expenses. If a receipt is lost, the lost receipt should be noted next to the expense and submitted to the President before any reimbursement can be made. Receipts are required for the reimbursement of all expenses.

All receipts must have the nature of the expense and the business purpose noted on the receipt.

The District will not reimburse the cost of travel of a personal nature taken in conjunction with travel on official business.

Meals shall be reimbursed up to \$46 per day, or an amount determined by the President of the Board of Directors to be reasonable for occasion or circumstances, exclusive of any gratuities. Partial days shall be reimbursable at a rate of \$8 for breakfast, \$13, for lunch and \$25 for dinner, or amounts determined by the President of the Board of Directors to be reasonable for the occasion or circumstances, excluding any gratuities. The above amounts may be combined if travel status requires two (2) or more meals. The meal reimbursement amounts are inclusive of and assume expenses for taxes only. Gratuities are not reimbursable and are excluded. Where pre-paid registration includes meals, only meals that are not included in the registration will be reimbursable.

Any receipts that include costs of personal travel (e.g., hotel receipt for employee and spouse) should identify what the cost would have been without personal travel (e.g., single room rate as opposed to double room rate).

Claim forms shall be submitted within 45 calendar days after the expense was incurred. Expense claims requiring reimbursement to the District which are not reconciled within 45 calendar days, shall be deducted from the next month's reimbursement.

No information on the Expense Claim Form may be designated as confidential in nature. All expenses must be fully disclosed on the form.

The following expenses are not reimbursable:

- | | |
|----------------------------------|---|
| a. Alcoholic Beverages | d. Laundry service |
| b. Parking or traffic violations | e. Entertainment or recreation |
| c. In-room movies | f. Expenses incurred by spouses, family members, or guests. |

OTAY WATER DISTRICT BOARD OF DIRECTORS POLICY			
Subject	Policy Number	Date Adopted	Date Revised
STAFF TRAVEL AND BUSINESS RELATED EXPENSES POLICY	34	5/3/2000	9/1/04

Purpose

To provide guidelines for compensation, expenses, and advancement and reimbursement of such expenses when work duties require Otay Water District Staff to conduct District business away from their regular work site(s) outside of San Diego County.

Background

Employees of the Otay Water District are called upon to travel or conduct business related meetings, conferences, training or functions away from their regular work site(s) outside of the San Diego County in conjunction with their job functions. Federal and State codes permit and provide guidance for reimbursement of expenses and compensation to employees while traveling out of San Diego County on District business.

Policy

The District will reimburse Otay Water District Staff for reasonable expenses incurred while out of San Diego County at District business related meetings, functions, conferences, training or traveling on District business to include, lodging, meals, transportation, and related incidentals. The District will compensate non-exempt employees while traveling in accordance with District policy and applicable Memorandums of Understanding (MOU's).

Procedures

A. Advances and Pre-payment of Otherwise Reimbursable Expenses

Employees may request pre-payment of registration, transportation, and lodging, and may request an advance upon expected costs for meals, fuel for District or rental vehicles, public ground transportation, and taxis using the "Staff Travel Authorization Request" (Exhibit A). Pre-payments and advances shall be limited to the employee's expenses only. Advances for per diem meals shall not exceed the per diem allowance anticipated for the trip plus known costs of ground transportation. Advances should be requested in a timely manner to allow normal processing through accounts payable.

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
STAFF TRAVEL AND BUSINESS RELATED EXPENSES POLICY	34	5/3/2000	9/1/04

B. Reimbursement of Expenses

Each employee shall be reimbursed for travel expenses incurred while at District business related meetings, functions, conferences, training or traveling on authorized District business outside of San Diego County as follows:

1. Accountability

Travel Expenses shall be budgeted by Staff as a part of the annual budget process. Any travel expenses approved with the budget shall be considered authorized for that fiscal year only. Travel expenses included in CIP budgets are also considered authorized. Before the District expends any funds for authorized travel that involves lodging or public transportation expenses, the employee must complete a "Staff Travel Authorization Request" form (Exhibit A). The employee's Department Chief shall approve the authorization form. When a Department Chief is traveling, the Assistant General Manager shall approve the authorization form.

2. Transportation

The District will pay for reasonable transportation costs. If for personal preference or for non-business related reasons the employee incurs additional travel expenses, the employee will be responsible for the additional expenses.

a. Air Transportation

The District will reimburse employees or pre-pay costs for economy (coach) class airfares. The District will endeavor to purchase airline tickets in advance taking advantage of discounts and low airfares. Whenever possible, air reservations shall be made to permit travel during normal business hours.

b. Automobile

1. District Vehicle: Whenever travel by vehicle is most cost effective or practical, Staff shall endeavor to use a District vehicle. Staff must have a valid driver's license to operate a District vehicle. The District will

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
STAFF TRAVEL AND BUSINESS RELATED EXPENSES POLICY	34	5/3/2000	9/1/04

reimburse employees for gasoline purchases with receipts while using a District vehicle, however, employees should ensure that the vehicle has sufficient fuel to reach the desired destination and return, or a full tank of fuel, before departing from the District offices. Employees must comply with the provisions of Board of Directors Policy #14, "Use of District Vehicles and Car Allowance" whenever an employee chooses to use a District vehicle while traveling.

2. Personal Vehicle: Employees must obtain permission from their Department Chief before using a personal vehicle in conjunction with District business.

In situations where employees use personal vehicles on District business the employee must maintain a valid California Driver's License and at least the minimum automobile insurance coverage required by the State of California, or make arrangements for a driver who meets the above requirements. The Administrative Services Staff will verify that employees or drivers have a valid driver's license. Employees may not be reimbursed for travel in a personal vehicle if either the license or insurance requirements are not met.

If a personal vehicle is used, the employee will be reimbursed at the current maximum allowable tax-exempt reimbursement rate provided by the IRS regardless of the actual operating costs of the vehicle.

Employees who receive a monthly mileage allowance are not eligible to receive reimbursement for mileage within San Diego County.

3. Rental Cars: The District will cover the expenses required for use of a rental car. The maximum reimbursement for rental cars shall be based on the rate provided for a standard mid-sized car. Upgrades or additional cost features are the employee's

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

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responsibility.

- c. Miscellaneous Transportation
Whenever practicable, bus, taxi, rail, shuttle, etc. transportation may be used in lieu of, or in conjunction with, the modes listed above.

3. Meals and Lodging

- a. Meals and Beverages
Whenever travel outside of San Diego County requires meals, employee may receive the per diem allowance at the rate established by the Meals and Incidental Expenses (M&IE), as updated by the U.S. General Services Administration District.

1. Per diem:

- a. Full Day Allowance
When an employee is traveling for a full day and no meals are provided for by other sources, such as pre-paid registration, the per diem meal allowance shall be at the rate provided by M&IE \$46-per day, or an amount that the General Manager deems reasonable for the occasion or circumstances. Taxes and gratuities are inclusive.
- b. Single Meal Allowance
When an employee requires an allowance for a single meal while traveling, the per diem meal allowance shall be at the rate provided by M&IE \$8-for breakfast, \$13-for lunch, and \$25-for dinner, or amounts that the General Manager deems reasonable for the occasion or circumstances. Taxes and gratuities are inclusive.
- c. Partial Day Allowance
When an employee will be traveling for a partial day or where a single meal is provided for by other sources such as pre-paid registration, the per diem allowance amount shall be at the rate provided by M&IE reduced to \$21, when only for dinner, is provided, \$33 when only lunch is provided,

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

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and ~~\$38~~ when and only breakfast ~~is provided~~, or amounts that the General Manager deems reasonable for the occasion or circumstances.

d. Receipts do not have to be submitted for per diem allowances.

b. Lodging

The District will reimburse employees or pre-pay accommodations in single rooms at conference facilities or in close proximity when applicable. In the absence of conference accommodations, normal single-room business, government or commercial class accommodation may be obtained. Under normal circumstances, lodging will not be reimbursed for the night before a conference starts and the night after it ends. However, in situations where available travel schedules would require the employee to leave home before 6:00 AM or return home after 12:00 AM, lodging for the night before or the night after will be reimbursable. If staying overnight an extra night or over a weekend at a destination allows for a reduction of travel expenses, and the cost of accommodations is less than the savings realized by the reduced transportation expenses, the District may pre-pay or reimburse the employee for the extra night's lodging. Only lodging expenses may be reimbursed in these situations.

4. Entertainment

The District will not cover expenses incurred for recreation or entertainment.

5. Incidental Expenses

Unavoidable, necessary and reasonable authorized expenses will be fully reimbursed by the District. Some examples of allowable expenses are:

a. Telephone Calls (Business): Calls placed by the employee to the District office or for the purpose of conducting District business. Business related calls should be itemized on the "Staff Expense

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
STAFF TRAVEL AND BUSINESS RELATED EXPENSES POLICY	34	5/3/2000	9/1/04

Claim Form" (Exhibit B).

- b. Telephone Calls (Personal): One (1) brief personal call each day away from home, up to a \$10 maximum per day.
- c. Telephone Calls (Local): Charges for local calls, for meal or transportation reservations, or for area information related to travel.
- d. Reasonable transportation to local restaurants and to optional functions that are a part of conference events.
- e. Reasonable gratuities.
- f. Parking fees.
- g. The following expenses are not reimbursable:
 - 1. Alcoholic beverages
 - 2. Parking or traffic violations
 - 3. In-room movies
 - 4. Laundry service
 - 5. Expenses incurred by spouses, family members, or guests.

6. Compensation for Non-Exempt employees

Non-exempt employees traveling and staying overnight are normally authorized to work only the total number of hours they were regularly scheduled to work, exclusive of applicable travel time. However, all employees traveling and staying overnight are considered by the District to be on flexible schedules.

During flexible schedules, employees' starting time, meal period, rest periods, etc. are adjusted to accomplish work with minimal overtime.

Should business require a non-exempt employee to travel, function attendance and travel hours are compensable. These hours are considered regular work hours for purposes of calculating overtime. During any compensable hours an employee is subject to any and all provisions of Otay Water District Policies and Procedures.

The following hours are compensable:

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
STAFF TRAVEL AND BUSINESS RELATED EXPENSES POLICY	34	5/3/2000	9/1/04

- a. Actual hours spent at meetings, conferences, or functions, excepting meals and special events of an entertainment nature held in conjunction with a function.
- b. Actual Hours spent in transit, excepting hours spent in travel between the employee's residence and the District. Any time spent in layover at a public transportation facility is also compensable as transit time unless the employee chooses to participate in recreational activities during the layover.

7. Employees' Responsibility

- a. In situations, where an employee can use the Petty Cash procedures for reimbursement of travel expenses, the employee may submit a "Petty Cash Order" (Exhibit B) to be reimbursed. If expenses to be reimbursed are beyond the scope of the Petty Cash procedures, employees must submit a detailed "Staff Expense Claim Form" (Exhibit C). Petty Cash Orders and Expense Claim Forms should be supported by vouchers and itemized receipts of expenditures for which reimbursement is being requested. Receipts must be attached for all expenses with the exception of per diem meal allowance. If a receipt required for reimbursement is lost, the lost receipt must be noted on the "Staff Expense Claim Form" and approved for reimbursement before any payment can be made. Claim forms shall be submitted within 14 calendar days after the expense was incurred.
- b. Expenses will not be reimbursed for meetings that have been pre-paid and not attended. Employees may be required to reimburse the District for any pre-paid expenses for any unexcused absence. The General Manager will determine if an absence from a pre-paid meeting is excused or unexcused.
- c. When two (2) or more employees combine an expense on one receipt, the employee requesting reimbursement should indicate on the "Staff Expense Claim Form" the identity of the other persons sharing expenses.

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
STAFF TRAVEL AND BUSINESS RELATED EXPENSES POLICY	34	5/3/2000	9/1/04

- d. Expenses incurred by spouses, family members, or guests are the responsibility of the employee.

Attachments

Exhibit A: "Staff Travel Authorization Request ~~Form~~"

Exhibit B: "Petty Cash Order"

Exhibit C: "Staff Expense Claim Form"

OTAY WATER DISTRICT

STAFF TRAVEL AND BUSINESS RELATED EXPENSES AUTHORIZATION REQUESTFORM

Employee Name: _____ Date of Request: _____

Name and Location of Function: _____

Is Travel out of San Diego County? Yes No

Date(s) function to be held: _____ - _____

Purpose of function: _____

Sponsoring Organization: _____

Request for Pre-Payment or Advance of Fees Related to the Function:

Expense Type	Not Needed	Pre-Payment Requested	Advance Requested
Registration	<input type="checkbox"/>	\$	N/A
Airline	<input type="checkbox"/>	\$	N/A
Auto Rental	<input type="checkbox"/>	\$	N/A
Fuel - for District or Rental Cars only*	<input type="checkbox"/>	N/A	\$
Taxi / Shuttle*	<input type="checkbox"/>	N/A	\$
Lodging	<input type="checkbox"/>	\$	N/A
Meals - See Below	<input type="checkbox"/>	N/A	\$
Other Expenses - Explain Below	<input type="checkbox"/>	\$	\$
		Total Pre-Payment Requested:	
		Total Advance Requested:	

(*Advanced through petty cash)

Lodging Preference: _____

Explanation of Other Expenses: _____

Meals Calculator:

_____ x \$3125 + _____ x \$1813 + ___ x \$128 = _____

total expected dinners	or \$	total expected lunches	or \$	total expected breakfasts	or \$	max. meal advance
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Employee Signature

Date of Request

For Office Use Only Below This Line

Total Pre-Paid: \$ _____

Total Advanced: \$ _____

Travel Approved by: _____

Date: _____



PETTY CASH ORDER

DATE _____

NAME _____

DEPT _____

REQUEST REIMBURSEMENT FOR THE FOLLOWING EXPENSES:

Project	Subproject	Activity	Cost Type	DESCRIPTION	AMOUNT
Total:					0.00

PURPOSE OF EXPENDITURES

DEPARTMENTAL APPROVAL _____

CASH RECEIVED BY _____ DATE _____

NOTE: RECEIPTS MUST BE ATTACHED. FORM IS NOT TO BE USED FOR OVERNIGHT TRAVEL.



**INSTRUCTIONS FOR PREPARATION OF
STAFF EXPENSE CLAIM FORM**

The necessary expenses incurred while traveling outside of San Diego County at District business related meetings, functions, training or traveling on District business including common carrier fares (economy class), automobile rental charges, District business telephone calls, one personal telephone call home each day (\$10 maximum per day), lodging, baggage handling, parking fees, meals, gratuities, etc. will be reimbursed when documented on the Staff Expense Claim Forms. Receipts must be attached for all expenses with the exception of per diem meal allowances. If a receipt required for reimbursement is lost, the lost receipt should be noted next to the expense, submitted to the Department Head~~Chief~~, and approved by the Department Chief~~Head~~ before any reimbursement can be made. **All receipts must have the nature of the expense and the business purpose noted on the receipt.**

The District will not reimburse the cost of travel of a personal nature taken in conjunction with travel on official business. Per diem meal allowance shall be at the rate provided by the Meals Incidental Expenses (M&IE) \$46 per day, or amounts that the General Manager deems reasonable for the occasion or circumstances. Partial day's per diem allowance shall be at the rate provided by M&IE \$8 for breakfast, \$13 for lunch and \$25 for dinner, or amounts that the General Manager deems reasonable for the occasion or circumstances. The per diem meal allowance is inclusive of and assumes expenses for taxes and gratuities of up to 15%. Where pre-paid registration includes meals, only meals that are not included in the registration will be provided as per diem meal allowance.

Any receipts that include costs of personal travel (e.g., hotel receipt for employee and spouse) should identify what the cost would have been without personal travel (e.g., single room rate as opposed to double room rate).

Mileage will be reimbursed for travel using personal vehicles only if a District vehicle is not available. In order to be reimbursed for mileage, employees must have a valid Driver's License and current automobile insurance that meets or exceeds State minimum insurance requirements.

Advances and pre-payments shall be deducted from expenses and reconciled with travel authorization forms where applicable.

Department Chiefs~~Heads~~ or the General Manager may authorize Expense Claim Forms. Claim forms shall be submitted within 14 calendar days after the expense was incurred.

No information on the Expense Claim Form may be designated as confidential in nature. All expenses must be fully disclosed on the form.

The following expenses are not reimbursable:

- | | |
|----------------------------------|---|
| a. Alcoholic beverages | d. Laundry service |
| b. Parking or traffic violations | e. Entertainment or recreation |
| c. In-room movies | f. Expenses incurred by spouses, family members, or guests. |
| | g. <u>Meetings, conferences, training or functions attended in the County of San Diego.</u> |



AGENDA ITEM 6d

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	December 5, 2007
SUBMITTED BY:	Sean Prendergast,  Payroll/AP Supervisor	W.O./G.F. NO:	DIV. NO. A11
APPROVED BY: (Chief):	Joseph R. Beachem,  Chief Financial Officer		
APPROVED BY: (Asst. GM):	German Alvarez,  Assistant General Manager		
SUBJECT:	Director's Expenses for the 1st Quarter of Fiscal Year 2008		

GENERAL MANAGER'S RECOMMENDATION:

This is an informational item only.

COMMITTEE ACTION: _____

Please see Attachment A.

PURPOSE:

To inform the Board of the Director's expenses for the 1st quarter of Fiscal Year 2008.

ANALYSIS:

The Director's expense information is being presented in order to comply with State law. (See Attachment B for Summary and C-H for Details.)

FISCAL IMPACT: 

None.

STRATEGIC GOAL:

Prudently manage District funds.

LEGAL IMPACT: _____

Compliance with State law.



General Manager

Attachments:

- A) Committee Action Form
- B) Director's Expenses and per Diems
- C-H) Director's Expenses Detail



ATTACHMENT A

SUBJECT/PROJECT:	Director's Expenses for the 1st Quarter of Fiscal Year 2008
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COMMITTEE ACTION:

This item was agendized for review at the Finance, Administration and Communications Committee on November 26, 2007. The committee noted and filed staffs' report and recommended that it be forwarded to the full board on the consent calendar.

**BOARD OF DIRECTORS'
EXPENSES AND PER-DIEMS**

**FINANCE, ADMINISTRATION AND
COMMUNICATIONS COMMITTEE
NOVEMBER 26, 2007**

Policy 8 requires that staff present the Expenses and Per-Diems for the Board of Directors on a Quarterly basis:

- Fiscal Year 2008, 1st Quarter
- The expenses are shown in detail by Board member, month and expense type.
- This presentation is in alphabetical order.
- This information was presented to the Finance and Administration Committee on November 26, 2007

Board of Directors' Expenses and Per-Diems
Fiscal Year 2008 Quarter 4 (Jul 07- Sep 07)

• Director Bonilla	0.00
• Director Breitfelder	\$2,996.68
• Director Croucher	\$1,300.00
• Director Lopez	\$3,462.62
• Director Robak	<u>\$3,465.86</u>
• Total	\$11,225.16

Director Bonilla

Fiscal Year 2008 Quarter 1

	<u>Jul_07</u>	<u>Aug_07</u>	<u>Sep_07</u>	Qtr1
• Mileage Business				
• Mileage Commute				
• Conference				
• Travel				
• Director's Fees	_____	_____	_____	
•				
• Monthly Totals	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	
• Meetings Attended	Director Bonilla does not request			
• Meetings Paid	Per-Diem reimbursements.			
• Quarterly Total				
• Fiscal Year-to-Date 2008 (Jul07-Sep07)				

Director Breitfelder

Fiscal Year 2008 Quarter 1

	<u>Jul 07</u>	<u>Aug 07</u>	<u>Sep 07</u>	Qtr1
• Mileage Business	104.76	53.35	96.52	
• Mileage Commute	29.10	72.75	58.20	
• Business Meetings	65.00	42.00	25.00	
• Seminars & Travel			150.00	
• Director's Fees	<u>700.00</u>	<u>800.00</u>	<u>800.00</u>	
• Monthly Totals	<u>898.86</u>	<u>968.10</u>	<u>1,129.72</u>	
• Meetings Attended	11	16	9	
• Meetings Paid	7	8	8	
• Quarterly Total				2,996.68
• Fiscal Year-to-Date 2008 (Jul07-Sep07)				2,996.68

Director Croucher

Fiscal Year 2008 Quarter 1

	<u>Jul 07</u>	<u>Aug 07</u>	<u>Sep 07</u>	Qtr1
• Mileage Business				
• Mileage Commute				
• Director's Fees	400.00	500.00	400.00	
• Seminars				
• Business Meeting				
• Monthly Totals	<u>400.00</u>	<u>500.00</u>	<u>400.00</u>	
•				
• Meetings Attended	7	6	5	
• Meetings Paid	4	5	4	
• Quarterly Total				1,300.00
• Fiscal Year-to-Date 2008 (Jul07-Sep07)				1,300.00

Director Lopez

Fiscal Year 2008 Quarter 1

	<u>Jul 07</u>	<u>Aug 07</u>	<u>Sep 07</u>	Qtr1
• Mileage Business		32.01		
• Mileage Commute	9.70	29.10	29.10	
• Travel			219.60	
• Business Meetings		10.00		
• Director's Fees	300.00	600.00	700.00	
• Conference	_____	_____	1,533.11	
• Monthly Totals	<u>309.70</u>	<u>671.11</u>	<u>2,481.81</u>	
• Meetings Attended	3	6	7	
• Meetings Paid	3	6	7	
• Quarterly Total				3,462.62
• Fiscal Year-to-Date 2008 (Jul07-Sep07)				3,462.62

Director Robak

Fiscal Year 2008 Quarter 1

	<u>Jul 07</u>	<u>Aug 07</u>	<u>Sep 07</u>	Qtr1
• Mileage Business	72.27		62.83	
• Mileage Commute	1.94		5.82	
• Travel			317.60	
• Director's Fees	600.00		800.00	
• Conference			1,151.65	
• Business Meetings	40.00			
Subscriptions	<u>50.00</u>			
• Monthly Totals	<u>764.21</u>		<u>2,701.65</u>	
• Meetings Attended	7		11	
• Meetings Paid	6		8	
Quarterly Total				3,465.86
Fiscal Year-to-Date 2008 (Jul07-Sep07)				3,465.86

Board of Directors' Expenses and Per Diems
Fiscal Year 2008 to Date (Jul 07- Jun 08)

• Director Bonilla	0.00
• Director Breitfelder	\$2,996.68
• Director Croucher	\$1,300.00
• Director Lopez	\$3,462.62
• Director Robak	<u>\$3,465.86</u>
• Total	\$11,225.16

Board of Directors' Expenses and Per Diems
Fiscal Year 2008 to Date (Jul 07- Jun 08) **Projected**

• Director Bonilla	0.00
• Director Breitfelder	\$11,987.00
• Director Croucher	\$5,200.00
• Director Lopez	\$13,849.00
• Director Robak	<u>\$13,863.00</u>
• Total	\$44,899.00

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2007 THROUGH SEPTEMBER 30, 2007**

**ATTACHMENT D
SECTION D**

DIRECTOR'S NAME: JAIME BONIILA

ACCOUNT NAME	DATE	DESCRIPTION	AMOUNT
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Total			
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Grand Total

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2007 THROUGH SEPTEMBER 30, 2007**

**ATTACHMENT E
SECTION E**

DIRECTOR'S NAME: BREITFELDER, LARRY

Account Name	Date	Descriptions	Amount
Business meetings			
	07/17/07	COUNCIL OF WATER UTILITIES	\$ 25.00
	07/19/07	WATER AGENCIES ASSOCIATION	40.00
	08/16/07	AUGUST BUSINESS AFTER HOURS CSDA QUARTER MEETING	10.00 32.00
	09/18/07	REGISTRATION MEETING-JULY 17, 2007	25.00
Business meetings Total			132.00
Director's fees			
	07/10/07	REGULAR BOARD MEETING	100.00
	07/11/07	CAC MODEL ORDINANCE COMMISSION	100.00
	07/17/07	COUNCIL OF WATER UTILITIES	100.00
	07/19/07	WATER AGENCIES ASSOCIATION	100.00
	07/20/07	JOINT BOARD MEETING	100.00
	07/23/07	GAS ACTION COMMITTEE	100.00
	07/24/07	FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
	08/01/07	REGULAR BOARD MEETING	100.00
	08/02/07	METRO COMMISSION	100.00
	08/16/07	MODEL ORDINANCE COMMITTEE MEETING	100.00
	08/20/07	SPECIAL BOARD MEETING	100.00
	08/21/07	TAXPAYER ASSOCIATION WATER PANEL DISTRICT	100.00
	08/22/07	FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2007 THROUGH SEPTEMBER 30, 2007**

**ATTACHMENT E
SECTION E**

DIRECTOR'S NAME: BREITFELDER, LARRY

Account Name	Date	Descriptions	Amount
Director's fees	08/24/07		
		GM CONTRACT AD HOC COMMITTEE	100.00
	08/30/07		
		FENTON AD HOC COMMITTEE MEETING	100.00
	09/05/07		
		REGULAR BOARD MEETING	100.00
	09/07/07		
		MODEL ORDINANCE COMMITTEE MEETING	100.00
	09/14/07		
		AD HOC MEETING - FENTON BUSINESS CENTER	100.00
	09/17/07		
		FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
	09/18/07		
		COUNCIL OF WATER UTILITIES	100.00
	09/20/07		
		PATHS TO PARTNERSHIP FORUM (CONSTRUCTION OUTREACH)	100.00
	09/24/07		
		WATER CONSERVATION COMMITTEE MEETING	100.00
	09/25/07		
		SPECIAL BOARD MEETING	100.00
Director's fees Total			2,300.00
Mileage - Business			
	07/31/07		
		MEETING - JULY 17, 11, 19, 20, & 23	104.76
	08/31/07		
		MEETING - AUGUST 3 & 16	53.35
	09/30/07		
		MEETING - SEPTEMBER 7, 18, 20 & 24	96.52
Mileage - Business Total			254.63

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2007 THROUGH SEPTEMBER 30, 2007**

**ATTACHMENT E
SECTION E**

DIRECTOR'S NAME: BREITFELDER, LARRY

Account Name	Date	Descriptions	Amount
Mileage - Commuting			
	07/31/07	MEETING - JULY 10 & 24, 2007	29.10
	08/31/07	MEETING - AUGUST 2, 20, 22, 24 & 30, 2007	72.75
	09/30/07	MEETING - SEPTEMBER 5, 14, 17 & 25	58.20
Mileage - Commuting Total			160.05
Seminars and conferences			
	09/28/07	ECONOMIC SUMMIT - SEPTEMBER 28, 2007	150.00
Seminars and conferences Total			150.00
Grand Total			\$ 2,996.68

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2007 THROUGH SEPTEMBER 30, 2007**

**ATTACHMENT F
SECTION F**

DIRECTOR'S NAME: CROUCHER, GARY

Account Name	Date	Descriptions	Amount
Director's fees			
	07/09/07	EMPLOYEE NEGOTIATIONS/AD HOC COMMITTEE	\$ 100.00
	07/10/07	REGULAR BOARD MEETING	100.00
	07/18/07	ENGINEERING & OPERATIONS COMMITTEE MEETING	100.00
	07/20/07	JOINT AGENCIES BOARD MEETING	100.00
	08/01/07	REGULAR BOARD MEETING	100.00
	08/17/07	AD HOC NEGOTIATIONS	100.00
	08/20/07	ENGINEERING & OPERATIONS COMMITTEE MEETING	100.00
	08/21/07	TAXPAYER ASSOCIATION WATER PANEL DISTRICT	100
	08/27/07	AD HOC NEGOTIATIONS	100.00
	09/05/07	REGULAR BOARD MEETING	100.00
	09/25/07	SPECIAL BOARD MEETING	100.00
	09/11/07	MEETING WITH GENERAL MANAGER	100.00
	09/13/07	ENGINEERING & OPERATIONS COMMITTEE MEETING	100.00
Director's fees Total			1,300.00
Grand Total			\$ 1,300.00

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2007 THROUGH SEPTEMBER 30, 2007**

**ATTACHMENT G
SECTION G**

DIRECTOR'S NAME: LOPEZ, JOSE

Account Name	Date	Descriptions	Amount
Business meetings			
	08/16/07	SAN DIEGO EAST COUNTY MEETING	\$ 10.00
Business meetings Total			10.00
Director's fees			
	07/09/07	EMPLOYEE NEGOTIATIONS/AD HOC COMMITTEE	100.00
	07/10/07	REGULAR BOARD MEETING	100.00
	07/18/07	ENGINEERING & OPERATIONS COMMITTEE MEETING	100.00
	08/01/07	REGULAR BOARD MEETING	100.00
	08/16/07	WATER CONSERVATION GARDEN/EAST COUNTY CHAMBER	100.00
	08/17/07	EMPLOYEE NEGOTIATIONS/AD HOC COMMITTEE	100.00
	08/20/07	ENGINEERING & OPERATIONS COMMITTEE MEETING	100.00
	08/21/07	WATER PANELISTS PRESENTATION	100.00
	08/31/07	OWD TOUR-CV	100.00
	09/05/07	REGULAR BOARD MEETING	100.00
	09/14/07	ENGINEERING & OPERATIONS COMMITTEE MEETING	100.00
	09/25/07	SPECIAL BOARD MEETING	100.00
	09/11/07	NATIONAL WATEREUSE CONFERENCE	100.00
	09/09/07	NATIONAL WATEREUSE CONFERENCE	100.00
	09/10/07	NATIONAL WATEREUSE CONFERENCE	100.00
	09/12/07	NATIONAL WATEREUSE CONFERENCE	100.00
Director's fees Total			1,600.00

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2007 THROUGH SEPTEMBER 30, 2007**

**ATTACHMENT G
SECTION G**

DIRECTOR'S NAME: LOPEZ, JOSE

Account Name	Date	Descriptions	Amount
Mileage - Business			
	08/31/07	MEETING - August 16 & 21, 2007	32.01
Mileage - Business Total			32.01
Mileage - Commuting			
	07/31/07	MEETING - July 10 2007	9.70
	08/31/07	MEETING - August 1, 20 & 31, 2007	29.10
	09/30/07	MEETING - SEPTEMBER 5, 14 & 25, 2007	29.10
Mileage - Commuting Total			67.90
Seminars and conferences			
	09/30/07	REGISTRATION FEE - 22ND ANNUAL WATEREUSE SYMPOSIUM ON SEPT. 9-12, 2007	590.00
		HOTEL ACCOMMODATIONS - NATIONAL WATEREUSE CONFERENCE SEPT. 9-12, 2007	801.92
	09/11/07	DINNER - WATEREUSE CONFERENCE	23.31
		LUNCH - WATEREUSE CONFERENCE	11.25
	09/09/07	BREAKFAST - WATEREUSE CONFERENCE	18.14
		DINNER - WATEREUSE CONFERENCE	13.00
	09/12/07	A-1 TAXI & LIMO	14.00
		PARK, SHUTTLE & FLY AIRPORT PARKING	25.00
		LUNCH - WATEREUSE CONFERENCE	12.25
	09/08/07	SUPER SHUTTLE FROM AIRPORT TO HOTEL	13.00
		DINNER - WATEREUSE CONFERENCE	11.25
Seminars and conferences Total			1,533.11
Travel			
	09/30/07	AIRFARE TO ATLANTA GEORGIA FOR WATEREUSE	219.60
Travel Total			219.60
Grand Total			\$ 3,462.62

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2007 THROUGH SEPTEMBER 30, 2007**

**ATTACHMENT H
SECTION H**

DIRECTOR'S NAME: ROBAK, MARK

Account Name	Date	Descriptions	Amount
Books, Periodicals and Subscriptions			
	07/31/07	SUBSCRIPTION RENEWAL - WESTERN WATER YEAR 2007	\$ 50.00
Books, Periodicals and Subscriptions Total			50.00
Business meetings			
	07/19/07	WATER AGENCIES ASSOCIATION	40.00
Business meetings Total			40.00
Director's fees			
	07/10/07	REGULAR BOARD MEETING	100.00
	07/11/07	WATER CONSERVATION COMMITTEE MEETING	100.00
	07/12/07	METRO COMMISSION	100.00
	07/19/07	WATER AGENCIES ASSOCIATION	100.00
	07/20/07	JOINT AGENCIES BOARD MEETING	100.00
	07/24/07	FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
	09/05/07	REGULAR BOARD MEETING	100.00
	09/17/07	FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
	09/25/07	SPECIAL BOARD MEETING	100.00
	09/11/07	NATIONAL WATEREUSE CONFERENCE	100.00
	09/09/07	NATIONAL WATEREUSE CONFERENCE	100.00
	09/10/07	NATIONAL WATEREUSE CONFERENCE	100.00
	09/12/07	NATIONAL WATEREUSE CONFERENCE	100.00
	09/06/07	GARDEN EXECUTIVE DIRECTOR MEETING	100.00
Director's fees Total			1,400.00

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2007 THROUGH SEPTEMBER 30, 2007**

**ATTACHMENT H
SECTION H**

DIRECTOR'S NAME: ROBAK, MARK

Account Name	Date	Descriptions	Amount
Mileage - Business			
	07/31/07		
		MEETING - July 10, 11, 12 19, 20, 24 & 25 2007	72.27
	09/30/07		
		MEETING - SEPTEMBER 5, 8, 12 & 25	37.83
	09/12/07		
		PARK, SHUTTLE & FLY AIRPORT PARKING	25.00
Mileage - Business Total			135.10
Mileage - Commuting			
	07/31/07		
		MEETING - July 10, 2007	1.94
	09/30/07		
		MEETING - SEPTEMBER 5, 17, & 25	5.82
Mileage - Commuting Total			7.76
Seminars and conferences			
	09/30/07		
		REGISTRATION FEE - 22ND ANNUAL WATEREUSE SYMPOSIUM ON SEPT. 9-12, 2007	590.00
		HOTEL ACCOMMODATIONS - NATIONAL WATEREUSE CONFERENCE SEPT. 9-12, 2007	801.92
	09/11/07		
		DINNER - WATEREUSE CONFERENCE	23.31
		LUNCH - WATEREUSE CONFERENCE	11.25
	09/09/07		
		BREAKFAST - WATEREUSE CONFERENCE	18.14
		DINNER - WATEREUSE CONFERENCE	15.00
	09/12/07		
		DINNER - WATEREUSE CONFERENCE	6.09
		A-1 TAXI & LIMO	14.00
		LUNCH - WATEREUSE CONFERENCE	11.45
	09/08/07		
		SUPER SHUTTLE FROM AIRPORT TO HOTEL	13.00
		DINNER - WATEREUSE CONFERENCE	11.25
Seminars and conferences Total			1,515.40

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2007 THROUGH SEPTEMBER 30, 2007**

**ATTACHMENT H
SECTION H**

DIRECTOR'S NAME: ROBAK, MARK

Account Name	Date	Descriptions	Amount
Travel	09/30/07	AIRFARE TO ATLANTA GEORGIA FOR WATEREUSE SYMPOSIUM ON SEPT. 9-12, 2007	317.60
Travel Total			317.60
Grand Total			\$ 3,465.86



AB000-1B1000-2101-528101 700.00
AB000 1B1000-2101-52.102 29.10

EXHIBIT B

OTAY WATER DISTRICT
BOARD OF DIRECTORS
PER-DIEM AND MILEAGE CLAIM FORM

Jone

Pay to: Larry Breitfelder

Period Covered:
From 7-1-07 to 7-31-07

Employee Number: 7013

Date	Meeting Name	Purpose / Disc	Issues	Mileage	
				Home to OWD OWD to Home	Other Locations
7-6	First Friday				
*7-10	BoD Mtg			30	
7-17	Council of Water Utilities		Pw Diems 0.		84
7-19	Water Agencies Assoc.		7.		38
*7-21	CAC Model Ordinance		100.=		40
7-23	Cons. Action Comm		700.00		40
*7-24	OWD Finance Comm			30	
7-25	CV ch. Public Policy		0.*		
7-31	CV ch EDC		30.+		
*7-20	Jt BoD Mtg.		30.+		14
7-4	Celebrate CV		60.*		
			60.*		
			0.4850=		
			29.1*		

TOTAL MEETING PER DIEM: \$ 700.00
(\$145 per meeting)

TOTAL MILEAGE CLAIMED: 276 miles

Larry Breitfelder
(Director's Signature)

Receipt
GM Approval Date: *Watts* 7/25/07

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT = \$ _____

'07 JUL 25 AM 11:19

INSTRUCTIONS ON REVERSE

f 8/7/07

8-6-07



HB 000. 1B1000. 2101. 528101
000 1B1000. 2101. 521102

800.00
72.75
EXHIBIT B

OTAY WATER DISTRICT
BOARD OF DIRECTORS
PER-DIEM AND MILEAGE CLAIM FORM

Pay To: Larry Breitfelder

Period Covered:

Employee Number: 7013

From: 8-1-07 To: 8-30-07

ITEM	DATE	MEETING	PURPOSE / ISSUES	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
*✓	1	OWD Board	<u>DISCUSSED</u>		
*✓	2	Metro Commission		30	
	3	First Friday	* 40	→	
	9	WAA ^{officer} Planning Mtg. (Water Agencies Assoc.)			
*✓	16	Model Ordinance Committee	40	→	
	16	CSDA Quarterly Bus. Mtg	30	→	
*✓	20	OWD Special Board		30	
*✓ ok per pres	21	Taxpayer Assoc. Water Panel Disc.			
	21	Mtg w/ ^{Fenton} Fenton owner and tenants			
*✓	22	OWD Finance Comm.		30	
	23	CWA			
*✓	24	OWD GM General Ad Hoc		30	
	28	CV Chamber FAC			
	29	Mtg. w/ Mark Watten			
	29	CV Chamber Public Policy Mtg.			
*✓	30	Fenton Ad Hoc		30	

Total Meeting Per Diem: \$ 800.00 X
(\$100 per meeting)

Total Mileage Claimed: 260 miles

16 East County Chamber Event at the Garden

[Signature]
(Director's Signature)

GM Receipt: [Signature]

Date: 9/5/07

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: \$ _____

Per Diems 0.*
8.*
100.=
800.00* X
0.*
30.+
30.+
30.+
30.+
30.+
150.*
150.*
0.4850=
72.75* X

07 SEP 10 AM 8:48

INSTRUCTIONS ON REVERSE

* Per Susan Ouzg - mileage - other locations

WJ
9-13-07

AB000 - 1B1000 · 2101 · 528101
 AB000 · 1B1000 · 2101 · 521102

800.00
 58.20
 EXHIBIT B



OTAY WATER DISTRICT
 BOARD OF DIRECTORS
 PER-DIEM AND MILEAGE CLAIM FORM

Pay to: Larry Breitfelder

Period Covered:
 From 9-1-07 to 9-30-07

Employee Number: 7013

Date	Meeting Name	Purpose / Issues Discussed	Mileage	
			Home to OWD OWD to Home	Other Locations
✓* 9-5	BoD Mtg.		30	
✓* 7	Model Ordinance	40		→
13	Chamber Mixer @ Salt Creek			
✓* 14	Ad Hoc Mtg (Fenton Bus. Center)		30	
✓* 17	OWD Fin. Admin & Communications Committee		30	
✓* 18	Council of Water Utilities	84		→
✓* 20	Partners to Partnerships Forum (Construction & Conservation)	35		→
✓* 24	Conservation & Open Space Action Comm.	40		→
✓* 25	OWD Spec BoD South County ED Summit		30	

Per Diems 0.*

TOTAL MEETING PER DIEM: \$ 800.00
 (\$145 per meeting)

TOTAL MILEAGE CLAIMED: 319 miles

8.*
 100.00=
 800.00*
 +

Z Breitfelder
 (Director's Signature)

0.*
 0.*

Received
 GM Approval Date: 10/4/07

Mileage 30.+
 30.+
 30.+
 30.+
 120.0

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT = \$ _____

7 OCT 8 AM 11:17

INSTRUCTIONS ON REVERSE

10-15-07

120.*
 0.4850=
 58.2*
 +



AB000 - 1B3000 - 2101 - 528101 400.00

EXHIBIT B

OTAY WATER DISTRICT BOARD OF DIRECTORS PER-DIEM AND MILEAGE CLAIM FORM

Pay To: Gary Croucher

Period Covered:

Employee Number: 7011

From: 07/01/07 To: 07/31/07

Table with 5 columns: ITEM, DATE, MEETING, PURPOSE / ISSUES DISCUSSED, MILEAGE HOME to OWD, MILEAGE OTHER LOCATIONS. Contains 8 rows of meeting data.

Per Diems

0.*
4.x
100.=
400.00*

Total Meeting Per Diem: \$400 (\$100 per meeting)

Total Mileage Claimed: 0 miles

Director's Signature: [Handwritten Signature]

GM Approval: [Handwritten Signature]

Date: 7/30/07

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: \$

ab 000 - 1B3000 - 2101 - 521****

8-6-07



AB000- 1134000-2101- 528101 --200-UV
 OTAY WATER DISTRICT
 BOARD OF DIRECTORS - 521102 - 9-70
 AB000- 1134000-2101- 528101 --200-UV
 PER-DIEM AND MILEAGE CLAIM FORM

Pay To: Jose Lopez

Period Covered:

Employee Number: 7010

From: 07/01/07 To: 07/31/07

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
1.	07/09/07	OWD	Employees Negotiations Ad Hoc Committee		
2.	07/10/07	OWD	Board Meeting	20	
3.	07/18/07	OWD	Engineering/Operations Committee		
4.					
5.					
6.					
7.					
8.					
9.					
10.					0.*
11.					3.*
12.					100.00 =
13.					300.00*
14.					0.*
15.					20.*
16.					0.4850*
17.					9.7*
18.					

Per Diem

Mileage

Total Meeting Per Diem: \$ 300
 (\$100 per meeting)

Total Mileage Claimed: 20 miles

Jose P. Lopez
 (Director's Signature)

GM Receipt: Waters 9/14/07

Date: 9-14-07

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: \$ _____

10/9-18-07

07 SEP 17 PM '07



AY3000-134000-2101-521102 29.10

OTAY WATER DISTRICT BOARD OF DIRECTORS PER-DIEM AND MILEAGE CLAIM FORM

Pay To: Jose Lopez

Period Covered:

Employee Number: 7010

From: 08/01/07 To: 08/31/07

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
✓ 1.	08/01/07	OWD	Board Meeting	20	
✓ 2.	08/16/07	BCCC	Water Conservation Garden/East County Chamber		24
✓ 3.	08/17/07	OWD	Employees Negotiations Ad Hoc Committee		
✓ 4.	08/20/07	OWD	Engineering/Operations Committee	20	
✓ 5.	08/31/07	OWD	OWD tour-CV City Mgr (DG) & Councilman (JR)	20	
✓ 6.	08/21/07	SDT/PAYERS	Water panelists presentation		42
7.					
8.					
9.					
10.					
11.				0*	60*x
12.				100.00*	20.+
13.				600.00*	20.+
14.				0*	20.+
15.					60.*
16.					60.*
17.					60.*
18.					60.*

0* 6*x 100.00* 600.00* 0* 20.+ 20.+ 20.+ 60.* 60.* 0.4850= 29.1*

Per Diem
Mileage

Total Meeting Per Diem: \$ 600.⁰⁰
(\$100 per meeting)

Total Mileage Claimed: 84 miles

[Signature]
Date: 9-14-07

GM Receipt: *[Signature]* 9/14/07

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: \$ _____

'07 SEP 17 PM 4:06

W
12
9-18-07



EXHIBIT B

OTAY WATER DISTRICT
BOARD OF DIRECTORS
PER-DIEM AND MILEAGE CLAIM FORM

Pay To: Jose Lopez

Period Covered:

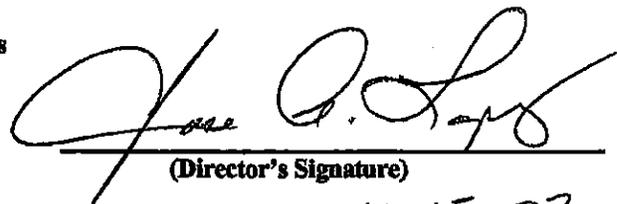
Employee Number: 7010

From: Sept 01 To: Sept 30, 2007

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
✓ 1.	9/5	OWD	Board Meeting	20	
✓ 2.	9/9	W/Reuse	W/Reuse & DeSal Symposium		
✓ 3.	9/10	W/Reuse	W/Reuse & DeSal Symposium		
✓ 4.	9/11	W/Reuse	W/Reuse & DeSal Symposium		
✓ 5.	9/12	W/Reuse	W/Reuse & DeSal Symposium		
✓ 6.	9-25	OWD	Special Board Mtg	20	
✓ 7.	9/14	OWD	Ops & Eng Com	20	
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					
16.					
17.					
18.					

Total Meeting Per Diem: \$ _____
(\$100 per meeting)

Total Mileage Claimed: _____ miles


(Director's Signature)

GM Receipt: Mf megara

Date: 11-15-07

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: \$ _____

660-0829



**OTAY WATER DISTRICT
BOARD OF DIRECTORS
PER-DIEM AND MILEAGE CLAIM FORM**

Pay To: Mark Robak

Period Covered:

Employee Number: 70140907

From: 9-1-07 To: 9-30-07

3217 Fair Oaks Lane, Spring Valley, CA 91978

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
✓ 1	9-5	Monthly Otay Board Meeting	General District Business	4	6
2	9-6	Lunch meeting to discuss Water Conservation Garden	Discuss strategies for bringing in new members with Garden Executive Director, Friends Board President & Otay GM – No Charge	0	0
✓ 3	9-6	Garden Executive Director & Friends Board President	Discuss performance review for Executive Director	0	0
4	9-8	National WaterReuse Conference – Tampa Bay	Annual Conference on recycled water issues & strategies – No Charge	0	30
✓ 5	9-9	National WaterReuse Conference – Tampa Bay	Annual Conference on recycled water issues & strategies (See Exhibit "A – Agenda)	0	0
✓ 6	9-10	National WaterReuse Conference – Tampa Bay	Annual Conference on recycled water issues & strategies	0	0
✓ 7	9-11	National WaterReuse Conference – Tampa Bay	Annual Conference on recycled water issues & strategies	0	0
✓ 8	9-12	National WaterReuse Conference – Tampa Bay	Annual Conference on recycled water issues & strategies (See Exhibit B – Expenses)	0	30
✓ 9	9-17	Finance & Administration Committee	Monthly meeting involving finance & administration issues	4	6
10	9-21	Steele Canyon High School & Valhalla High School	Artificial turf field dedications – No Charge	0	0
✓ 11	9-25	Otay Special Board Meeting	Discussion of settlement agreement in Harron v Otay Water District	4	6
				12	72

Total Meeting Per Diem: \$800
(\$100 per meeting)

Total Mileage Claimed: 84 miles

Mark Robak

(Director's Signature)

Receipt:
GM Approval: _____

Date: *inf. wagner for M. Watson*

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: \$ _____



OTAY WATER DISTRICT

**BOARD OF DIRECTORS
EXPENSE CLAIM FORM**

Pay To: Mark Robak

Period Covered:

Employee Number: 70140907

From: 9-1-07 To: 9-30-07

ITEMIZED REIMBURSEMENT CLAIMED

(Attach receipts for expenses greater than \$10)

Date	Type of Reimbursement	Amount
9-8	Super Shuttle from airport to hotel (1/2 to Director Lopez)	\$26.00
9-9	Breakfast at Café Waterside (1/2 to Director Lopez)	\$36.27
9-11	Dinner at Tampa Bay Brewing Company (1/2 to Director Lopez)	\$46.61
9-12	A-1 Taxi & Limo (1/2 to Director Lopez)	\$28.00
9-12	Park, Shuttle & Fly airport parking (1/2 to Director Lopez)	\$50.00
9-12	Dinner at Chik-Fil-A	\$6.09
9-12	Marriott Hotel (4 nights)	\$801.92

TOTAL Reimbursement Claimed: \$994.89

Director Signature: *Mark Robak*

Date: 11-14-07

GM Approval: *[Signature]*

Date: 11/21/2007

AGENDA ITEM 6e



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	December 5, 2007
SUBMITTED BY:	Jim Peasley <i>JJP</i> Engineering Manager	PROJECT NO:	P1210- DIV. NO. N/A 017000
REVIEWED BY:	Rod Posada <i>JJP for</i> (Chief) Chief, Engineering		
APPROVED BY:	Manny Magaña <i>Manny Magaña</i> (Asst. GM): Assistant General Manager of Engineering and Operations		
SUBJECT:	Execution Authorization of Agreement No. 08-MU-35-0002 for Phase 1 of the Regional Brine Management Study between the United States Department of the Interior, Bureau of Reclamation and Cooperating Agencies		

GENERAL MANAGER'S RECOMMENDATION:

1. That the Otay Water District's (District) Board of Directors approve the execution of the Agreement No. 08-MU-35-0002 for Phase 1 of the Regional Brine Management Study (Study Agreement) and to authorize the General Manager to execute the Study Agreement between the United States Department of the Interior, Bureau of Reclamation (Reclamation) and Cooperating Agencies, including the District.
2. That the District's Board of Directors increase the Operating Budget in the amount of \$17,500 to cover the District's share of the Phase 1 Regional Brine Management Study.

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

That the Board authorizes the General Manager to enter into an agreement (see Attachment B) between Reclamation and Cooperating Agencies in the amount not to exceed \$17,500 for Phase 1 of the Regional Brine Management Study (see Exhibit A for Study area).

ANALYSIS:

Southern California's continued economic and population growth is contingent upon developing and maximizing reliable sources of local water. Recycled water, ocean desalination, and brackish groundwater desalination represent three reliable local water supplies. However, all three share a significant issue: the removal and disposal of brine-concentrates.

Phase 1 of the Regional Brine Management Study is being led by a Brine Executive Management Team (BEMT) that intends to include the Inland Empire Utilities Agency, Coachella Valley Water District, County Sanitation District No. 2 of Los Angeles County, Sweetwater Authority, California Department of Water Resources, San Diego County Water Authority, Orange County Sanitation District, Central Basin Municipal Water District, Municipal Water District of Orange County, National Water Resources Institute, Santa Ana Watershed Project Authority, Otay Water District, Los Angeles Department of Water and Power, City of San Diego Water Department, Rancho California Water District, Metropolitan Water District of Southern California, City of San Bernardino Water Department, Irvine Ranch Water District, Western Municipal Water District, West Basin Municipal Water District, referred to as the Cooperating Agencies, and Reclamation, all of which are collectively referred to as Parties. Project management will be coordinated by the BEMT. The goals of Phase 1 are to assess the current brine-concentrate research, treatment projects, and regulatory requirements. Brine production, treatment, and management strategies including secondary brine use, brine minimization, and disposal methods will be synthesized to identify information gaps and regulatory steps for the selection of a Phase 2 Study Project.

The Study Agreement commits the Cooperating Agencies to a maximum payment of \$17,500 per participate for the Phase 1 work effort. There is no obligation on any agency to participate in Phase 2. Phase 1 shall include those activities generally described in the plan of work for the Federal fiscal years of 2007, 2008, and 2009. The term of the Study Agreement shall be from the date of execution by all Partners and remain in effect until completion of the Phase 1 Study.

See Exhibit B for further analysis.

FISCAL IMPACT:

A handwritten signature in black ink, appearing to be 'JAM', is written over a horizontal line.

As a Cooperating Agency participating in the Regional Brine Management Study, the District is obligated to pay a total share of \$17,500. The \$17,500 expense was not included in the Fiscal Year 2008 Operating Budget for this Regional Brine Management Study participation because it became known after budget approval.

The Engineering Department expects to have budget savings due to vacancies that will more than offset the unplanned expenditure.

LEGAL IMPACT: _____

None.



General Manager

P:\ENGRSEC\Jim Peasley\BD 12-05-07, USBR Regional Brine Study Staff Report.doc

JP:mlc

Attachments: Attachment A
Attachment B
Exhibit A
Exhibit B



ATTACHMENT A

SUBJECT/PROJECT:

Execution Authorization of Agreement No. 08-MU-35-0002 for Phase 1 of the Regional Brine Management Study between the United States Department of the Interior, Bureau of Reclamation and Cooperating Agencies

COMMITTEE ACTION:

The Engineering, Operations and Water Resources Committee reviewed this item at a meeting held on November 26, 2007. The following comments were made:

The Engineering, Operations, and Water Resources Committee reviewed this item at a meeting held on November 26, 2007. The following comments were made:

- Staff is requesting that the Board approve an agreement for Phase 1 of the Regional Brine Management Study (Study Agreement) between the United States Department of the Interior, Bureau of Reclamation, Otay WD and other Cooperating Agencies and increase the Fiscal Year 2008 (FY 08) budget in the amount of \$17,500 to cover the District's share of the total cost of the study.
- It was noted that after staffs' report was forwarded to Committee, the Bureau of Reclamation requested minor changes to Sections 2.9 and 10.2 of the Study Agreement. A new copy of the revised agreement is attached. The changes are as follows (the verbiage underlined and in italics was added):

2.9 WHEREAS, this MOU applies solely to Phase I of the **Study** and execution of this MOU *is neither a fiscal or funds obligation document* and does not commit or imply commitment to any additional or future phases of this **Study**; and

10.2 After Phase 1 of the **Study** has begun, if projections of project expenses indicate that the combined available funds of the **Parties** will be exceeded, *or if less than then (10) Cooperating Agencies have executed the MOU*, the **Cooperating Agencies** will be notified and the **BEMT** would be convened to address the problem and recommend alternative solutions. If the recommended alternative is outside the authority of the **BEMT**,

the Chairperson will prepare the necessary documents and procedures to amend the MOU at the direction of the **BEMT**, pursuant to Section 9.3.

- The intent of the study is to assess a region-wide project for brine management. There are approximately 20 agencies participating in the study. Each participant's share of the cost of the study is \$17,500. The District's share was not included in the FY 08 budget as this study effort and participation was not known until after the budget was approved. Engineering will have cost savings from labor and projects authorized in the FY 08 budget that will not be expended. Overall, there will be no net expenditures above the current approved budget.
- It was noted that the scope of the work for the brine project will be dependent upon the number of participants in the finalized project. The intent is to adjust the scope of work to reflect available funds.

Upon completion of the discussion, the committee supported staffs' recommendation and recommended forwarding to the Board of Directors on the consent calendar.

Y:\Board\CurBdPkg\ENGRPLAN\BD 12-05-07, Staff Report, USBR Regional Brine Study Attach A (JP-RP).doc

AGREEMENT NO. 08-MU-35-0002
BETWEEN THE
UNITED STATES DEPARTMENT OF THE INTERIOR,
BUREAU OF RECLAMATION
AND
INLAND EMPIRE UTILITIES AGENCY
COACHELLA VALLEY WATER DISTRICT
COUNTY SANITATION DISTRICT NO. 2 OF LOS ANGELES COUNTY
CALIFORNIA DEPARTMENT OF WATER RESOURCES
SAN DIEGO COUNTY WATER AUTHORITY
ORANGE COUNTY SANITATION DISTRICT
CENTRAL BASIN MUNICIPAL WATER DISTRICT
SOUTHERN CALIFORNIA SALINITY COALITION
SANTA ANA WATERSHED PROJECT AUTHORITY
OTAY WATER DISTRICT
LOS ANGELES DEPARTMENT OF WATER AND POWER
CITY OF SAN DIEGO WATER DEPARTMENT
RANCHO CALIFORNIA WATER DISTRICT
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
CITY OF SAN BERNARDINO WATER DEPARTMENT
IRVINE RANCH WATER DISTRICT
WESTERN MUNICIPAL WATER DISTRICT
WEST BASIN MUNICIPAL WATER DISTRICT

TO PROVIDE FUNDS TO SUPPLEMENT AVAILABLE APPROPRIATED
FEDERAL FUNDS FOR PHASE ONE OF
THE **REGIONAL BRINE MANAGEMENT STUDY**

- 1 **This Memorandum of Understanding (MOU)** for the Regional Brine Management Study is made and entered into this _____ day of _____ 2007, by and among the Inland Empire Utilities Agency, Coachella Valley Water District, County Sanitation District No. 2 of Los Angeles County, California Department of Water Resources, San Diego County Water Authority, Orange County Sanitation District, Central Basin Municipal Water District, Southern California Salinity Coalition, Santa Ana Watershed Project Authority, Otay Water District, Los Angeles Department of Water and Power, City of San Diego Water Department, Rancho California Water District, Metropolitan Water District of Southern California, City of San Bernardino Water Department, Irvine Ranch Water District, Western Municipal Water District, West Basin Municipal Water District, hereinafter referred to as the "**Cooperating Agencies**", and The United States Department of the Interior, Bureau of Reclamation, hereinafter referred to as "**Reclamation**", all of which are at times collectively referred to as "**Parties**". This agreement is made pursuant to the Act of Congress approved June 17, 1902, (32 Stat. 388), and acts amendatory thereof or supplementary thereto, all of which acts are

commonly known and referred to as Reclamation Law, the Act of March 4, 1921 and the Fiscal Year 2007 Energy and Water Development Appropriations Act, February 15, 2007, which authorized the expenditure of funds to conduct the Regional Brine Management Study (**Study**).

WITNESSETH

2 EXPLANATORY RECITALS

- 2.1 WHEREAS, **Reclamation** has been authorized by Congress to fund and conduct the Study; and
- 2.2 WHEREAS, the **Parties** desire that the **Study** activities be executed in Phases initiated by a cost-sharing agreement for Phase 1; and
- 2.3 WHEREAS, the **Study** Phase 1 shall include those activities generally described in the Services to be Performed for Federal Fiscal Years 2007, 2008 and 2009, which appears herein as Section 3; and
- 2.4 WHEREAS, **Reclamation** has programmed funds under the Lower Colorado Regional Investigations Program-Southern California Brine Program to conduct the **Study**; and
- 2.5 WHEREAS, the **Parties** have established a schedule of the **Study** Phase 1 work including all planning work to be accomplished; and
- 2.6 WHEREAS, the **Parties** desire to form a Brine Executive Management Team (**BEMT**) to provide direction in the development of Phase 1 of the **Study**, manage the Scope of Work, as well as identification of an overall Plan of Study for future Phase(s) under Reclamation's authority to participate in the Regional Brine Management Study; and
- 2.7 WHEREAS, **Reclamation** requires a fifty percent (50%) match-of-study costs by the **Cooperating Agencies** through direct funding; and
- 2.8 WHEREAS, the **Cooperating Agencies** desire to support and participate in Phase 1 of the **Study**; and
- 2.9 WHEREAS, this MOU applies solely to Phase I of the **Study** and execution of this MOU is neither a fiscal or funds obligation document and does not commit or imply commitment to any additional or future phases of this **Study**; and

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the Partners agree as follows:

3 SERVICES TO BE PERFORMED

3.1 Background Information

Recycled water, ocean desalination and brackish groundwater desalination represent three largely untapped water supplies. These supplies are affected by three key issues: the technology and cost to create a potable water source, public acceptance and support for ocean desalination and recycled water reuse, and disposal of the brine-concentrate. This latter issue is a potential limiting factor to fully utilizing these water supplies. Regulations and basin plan objectives governing receiving waters will drive the need for advanced treatment processes that create brine-concentrates suitable for disposal. The **Study** will consist of two phases. Phase I involves the review and update of existing brine management information (e.g. Southern California Comprehensive Reclamation and Reuse Study [SCCWRRS] and Southern California Water Recycling Projects Initiative [Initiative]) with current brine management project information and research. Goals of Phase I include: selecting one or more project(s) as a full scale demonstration pilot study; developing analytical models and research project(s) addressing information gaps and model scenarios; developing general design plans to construct a pilot brine-concentrate facility; and/or developing models/program plans to address socio-political issues surrounding brine management and disposal. Phase II will be the implementation of one or more of these end goals.

3.2 To the extent that funds are advanced by the **Cooperating Agencies, Reclamation** shall combine those funds with matching Federal funds authorized by Fiscal Year 2007 Energy and Water Development Appropriations Act, February 15, 2007, and use said funds to complete the work program as generally described in Exhibit A.

3.3 Upon completion of Phase 1 of the **Study, Reclamation** shall transmit to the **Cooperating Agencies** and **BEMT**, a copy of the Regional Brine Study, Phase 1 final report.

4 TERM OF AGREEMENT

This Agreement shall become effective upon the date of approval by all the **Parties** and shall remain in effect until the completion of Phase I of the **Study**, unless otherwise terminated pursuant to Section 15 herein. The **Parties** anticipate that Phase 1 of the **Study** will be completed by December 31, 2009.

5 BRINE EXECUTIVE MANAGEMENT TEAM (BEMT)

- 5.1 As a means of guiding the performance of the Chairperson (defined in Section 7 herein), securing effective cooperation and interchange of information, and providing consultation on a prompt and orderly basis among the **Cooperating Agencies** in connection with various administrative and technical matters which may arise from time to time in connection with this MOU, a **BEMT** consisting of one representative from each of the **Parties** is hereby established. The **BEMT** shall act in accordance with the following provisions, as long as such provisions are consistent with the terms of this MOU.
- 5.2 Each member of the **BEMT** shall be vested with authority to make requisite decisions on behalf of the entity he or she represents within the scope of this MOU. Each of the **Parties** may have an alternate(s) to act as a temporary representative on the **BEMT** in the absence of the regular member. Such alternate(s) shall have all the authority granted to the authorized representative. The authorized representative and alternate(s) named in Exhibit B, which is attached hereto and by reference made a part hereof, can be changed with a written notice from the **Cooperating Agency** to the Chairperson of the **BEMT**. The Chairperson will make the necessary changes to Exhibit B of this MOU.
- 5.3 Each of the **Cooperating Agencies** and **Reclamation** may invite representatives from related agencies to attend **BEMT** meetings to facilitate constructive input and to exchange information. However, invited representatives shall not participate in the **BEMT** decision-making process.
- 5.4 Every reasonable attempt will be made to obtain consensus among all **BEMT** representatives on issues that come before the **BEMT** for a vote. Each **BEMT** representative receives one vote. However, in the event that consensus is in a tie, the Chairperson shall make the final result determination and simple majority rules.
- 5.5 Any decision may be made by the **BEMT** in an assembled meeting or, upon consent of all **BEMT** representatives, after the representatives have had an opportunity to consult with one by telephone, facsimile, telegraph, telex, email, letter, or by any combination thereof.
- 5.6 Neither the **BEMT** nor individual members thereof have any authority to authorize expenditures of funds over and above the amount specified in Section 9.4 and in Exhibit B.

6 DUTIES OF THE BRINE EXECUTIVE MANAGEMENT TEAM

The **BEMT** shall have the following duties and responsibilities, as well as other duties that it may from time to time agree to undertake, as long as such duties are consistent with the terms of this MOU. The **BEMT** shall:

- 6.1 Monitor the progress of the development and completion of the **Study's** Phase 1 activities as defined in the Scope of Work, establish additional Phases of work to follow within the Plan of Study, and identify other appropriate management policies and procedures for the **Study**, as long as such duties are consistent with the terms of this MOU.
- 6.2 Act as a liaison between the **Cooperating Agencies** and the Chairperson with respect to development of the **Study** reports.
- 6.3 Review, discuss and attempt to resolve any disputes among the **Cooperating Agencies** arising under the MOU.
- 6.4 Provide direction to the Chairperson with respect to the development of Phase 1 of the **Study**.
- 6.5 Nominate a member of the **BEMT** to act as Vice-Chairperson. The Vice-Chairperson shall perform the duties of the Chairperson in the absence of the Chairperson.
- 6.6 Review and comment on drafts of documents developed for the **Study**. The Chairperson shall consider incorporating, as directed by the **BEMT**, all comments in preparing the final documents. Drafts of documents shall be released to the public only after review by the **BEMT**, or as required by law.

7 BRINE EXECUTIVE MANAGEMENT TEAM CHAIRPERSON

- 7.1 The **Parties** hereby agree that **Reclamation** shall provide the Chairperson who shall perform and carry out the duties and responsibilities required under this MOU. **Reclamation's** Chairperson shall pursue the work diligently, to meet the **Study's** Phase 1 completion date of December 31, 2009. The Chairperson shall attend **BEMT** meetings and support the **BEMT** as described in Sections 5 and 6 herein.
- 7.2 The Chairperson of the **BEMT** shall be **Reclamation's** representative. The Chairperson shall be responsible for scheduling and presiding over meetings of the **BEMT**. The Chairperson shall promptly call a meeting of the **BEMT** at the request of any **Cooperating Agency** representative, but shall provide reasonable advance notice of the time and place of the meeting. The Chairperson shall transmit in advance an agenda of each

upcoming meeting to all **BEMT** representatives and subsequently prepare written meeting notes of all meetings and distribute them to each **BEMT** representative within a reasonable time after each meeting.

- 7.3 Subject only to the express limitation of this MOU, the Chairperson is authorized to incur costs, liabilities, and obligations up to the amounts approved and funded by the **Parties** to this MOU and to perform or arrange for the performance of Phase 1 of the **Study** outlined in Exhibit A.
- 7.4 The Chairperson shall organize multi-disciplinary planning teams as may be required to conduct Phase 1 of the **Study** as described in Exhibit A.
- 7.5 The Chairperson acts as the liaison between the **BEMT** and the multi-disciplinary planning teams.

8 COORDINATION AND PROGRESS REPORTS

- 8.1 At the conclusion of Phase 1 of the **Study**, **Reclamation** shall submit to the **BEMT** and **Cooperating Agencies** a report of actual expenditures on the **Study** activities. A separate account showing expended and available resources shall be maintained by **Reclamation** for all work performed on the **Study**, with costs identifiable by **Study** task. This account and related records shall be available for inspection, audit, and reproduction by the **Cooperating Agencies** without charge during normal business hours. During the progress of the work, all operations of either **Reclamation** or the **Cooperating Agencies**, pertaining to this **Study**, shall be open to inspection by authorized representatives of the **Cooperating Agencies** or **Reclamation**, and if work is not being done in a mutually satisfactory manner, the **BEMT** may take appropriate action or terminate the MOU as specified in Section 15 herein.
- 8.2 Work performed under this MOU is subject to examination and audit by the State Auditor General, the Federal Inspector General, and each **Cooperating Agency** for a period of three years after final payment of funds under this MOU.

9 STUDY FUNDING

- 9.1 The **Cooperating Agencies** will provide to **Reclamation**, fifty percent (50%) of the estimated costs and expenses of the work performed under this MOU in the form of cash, as provided in Section 9 herein. **Reclamation** will fund the balance of the **Study** costs, except as discussed in Article 9.2 herein.
- 9.2 **Reclamation** funding is subject to annual appropriation by the Congress of the United States, as described in Section 13 herein. If funds available

to **Reclamation** are interrupted, or if the **Cooperating Agencies** wish to accelerate the pace of the **Study** where feasible, the **Cooperating Agencies** may advance additional funds for **Study** purposes. Such additional funds may, at the option of the **Cooperating Agencies**, be counted as an increase in the **Cooperating Agencies** share of **Study** costs.

- 9.3 The California Department of Water Resources' participation in the **Study** is subject to availability of funds through the State's normal budget process. The other **Cooperating Agencies** funding is subject to annual approval of their respective boards. If funds available to any **Cooperating Agency** are interrupted, the remaining **Cooperating Agencies** and **Reclamation** may agree to either defer **Study** activities, conclude the **Study** activities, redefine the Scope of Work to reflect the decreased funding, or the remaining **Parties** may choose to increase their funding level to maintain the **Study** scope and schedule. Each **Party's** share of the costs is defined and listed in Exhibit B.
- 9.4 The total cost of Phase 1 of the **Study** is estimated at three-hundred fifty thousand dollars (\$350,000). This estimate is based on ten (10) **Cooperating Agencies**. **Reclamation's** share of the total cost is one-hundred seventy-five thousand dollars (\$175,000). The total costs are outlined Exhibit B.

10 ADVANCEMENT OF FUNDS

- 10.1 After the MOU has been executed by all participating **Parties**, **Reclamation** will provide notice to each **Cooperating Agency** of its respective share of the funds necessary to accommodate Phase I of the **Study** as listed in Exhibit B. Each **Cooperating Agency** shall advance to **Reclamation** its share of the funds necessary to accommodate Phase 1 of the **Study** expenditures for the work defined in Exhibit A. Payment of a **Cooperating Agency's** share can be made in one lump sum, in payments as work is performed, or other methods as best conforms to the **Cooperating Agency's** budgetary processes and fiscal year. The cost for Phase 1 of the **Study** is included in Exhibit B and may be modified by the **BEMT** subject to conditions defined in Section 11.1.
- 10.2 After Phase 1 of the **Study** has begun, if projections of project expenses indicate that the combined available funds of the **Parties** will be exceeded, or if less than ten (10) **Cooperating Agencies** have executed the MOU, the **Cooperating Agencies** will be notified and the **BEMT** would be convened to address the problem and recommend alternative solutions. If the recommended alternative is outside the authority of the **BEMT**, the Chairperson will prepare the necessary documents and procedures to amend the MOU at the direction of the **BEMT**, pursuant to Section 9.3.

11 CHANGES AND DISPUTES

- 11.1 It is recognized that the schedule of activities and costs of conducting the **Study** are estimates based on anticipated requirements prior to initiation, and that changes may occur. It is also anticipated that the Plan of Study and Scope of Work may be revised from time to time as changes occur to the project plan and alternatives thereto, the technical effort needed to complete the **Study**, and the cost of the **Study** tasks. If and when the **Parties** agree that a change in the activities or costs described in the Plan of Study and Scope of Work is necessary and feasible, the Plan of Study and Scope of Work may be modified. Modifications shall be in writing, approved, and signed by the representatives on the **BEMT**, provided that the change does not constitute an increase in the financial obligation of any **Party**.
- 11.1 Should disputes arise over the provisions of, or performance under this MOU, the **Parties** will attempt to resolve the dispute. Should the situation not be resolvable, this MOU may be terminated pursuant to the provisions of Section 15 herein.
- 11.2 In the event that an additional agency desires to participate in the **Study**, this MOU may be modified. All modifications shall be in writing. The added **Cooperating Agency** shall agree to the terms set forth in this MOU and shall have all rights on the **BEMT**. The terms of the new membership including financial contributions shall be agreed upon unanimously by the existing **BEMT** membership.

12 LIABILITY

- 12.1 **Reclamation** shall perform its obligations under this MOU in the capacity of a Federal agency. The **Cooperating Agencies** shall perform their obligations under this MOU in their respective capacities as public entities of the State of California. The **Cooperating Agencies** assume no liability for claims or actions arising solely out of the performance of such work by **Reclamation's** employees or agents.
- 12.2 Liability of the United States resulting from the negligence of its employees shall be governed by the Federal Tort Claims Act (28 U.S.C. 2671, et seq.). The **Cooperating Agencies** recognize that the Federal Tort Claims Act operates to provide liability coverage for the United States Government and its employees in lieu of ordinary insurance coverage.

13 CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

- 13.1 The expenditure or advance of any money or the performance of any obligation by the United States under this MOU shall be contingent upon appropriation or allotment of funds by Congress. Phase 1 **Study** funds have already been appropriated. Interruption of funds available to **Reclamation** shall relieve the **Cooperating Agencies** from any obligation under this MOU. No liability shall accrue to the United States in the case that funds are interrupted.

14 UNUSED FUNDS

- 14.1 In the event that any funds advanced to **Reclamation** by the **Cooperating Agencies** are not required to complete the work under Phase 1 of the **Study**, such excess funds shall be returned by **Reclamation** to the **Cooperating Agencies** without interest, upon completion of the work program defined by Phase 1 of the **Study**; provided, however, that in the event the authorized representatives agree on additional work consistent with the direction of this MOU, such excess funds may be retained by **Reclamation** with approval of all the **Cooperating Agencies** identified in this MOU.

15 TERMINATION

- 15.1 This MOU shall terminate upon completion of Phase 1 deliverables and may be terminated at anytime with a 2/3 or more vote of the **BEMT** representatives, where each **BEMT** representative receives one vote.
- 15.2 In the event of termination, **Reclamation** shall return to the **Cooperating Agencies** any unused funds provided by the **Cooperating Agencies** under this MOU; provided, however, that in the event the MOU is terminated by any **Cooperating Agency** before the work has been completed, adequate funds will be retained to terminate contract obligations and prepare a concluding report. A concluding report summarizing work program accomplishments at the time of termination will be prepared by **Reclamation** and made available to the **Cooperating Agencies** and other interested Federal and State agencies.

16 AVAILABILITY OF INFORMATION

- 16.1 All information and data obtained or developed by **Reclamation**, in connection with development of the Phase 1 **Study** (exclusive of intra-governmental communications) shall be available upon request, except where prohibited by law, to the **Cooperating Agencies** without further charge. However, use of said reports, data, and information shall appropriately reference **Reclamation** and the **Cooperating Parties** as the source.

16.2 Data compiled, and the results of studies performed, under this MOU will become public domain upon the completion of the investigation and project report, or upon completion of a concluding report under the provisions of Paragraph 15 herein.

17 DELAYS

17.1 To the extent that performance of an obligation under this MOU is prevented or delayed by any cause that is beyond the reasonable control of any **Party**, the non-performing **Party** shall not be deemed to be in default.

17.2 Should the non-performing **Party** be deemed to be in default, the **Parties** in good standing would follow the procedures described under Sections 11 and 15 herein. A non-performing **Party** shall not have rights on the **BEMT**.

18 SEVERABILITY

The unenforceability, invalidity, or illegality of any provision of this MOU shall not render the other provisions unenforceable, invalid or illegal.

19 JURISDICTION

Federal law and California law governs this MOU. In case of conflict between Federal law and California law, Federal law controls.

20 JUDICIAL REMEDIES NOT FORECLOSED

Nothing herein shall be construed as either:

20.1 Depriving any **Party** from pursuing and prosecuting any remedy in any appropriate court of the United States or appropriate State which would otherwise be available to such **Parties** even though provisions herein may declare that determinations or decisions of **Reclamation's** authorized representative or other persons are conclusive, or

20.2 Depriving any **Party** of any defense thereto which would otherwise be available.

21 INTEGRATIONS

No representations or promises are binding on any **Party**, except those representations and promises contained in this MOU or in some future written representations or promises signed by all **Parties**.

22 OFFICIALS NOT TO BENEFIT

No member of or delegate to Congress, or resident commissioner, shall

be admitted to any share or part of this MOU, or to any benefit arising from it.

23 EXHIBITS MADE PART OF THE AGREEMENT

Inasmuch as the Phase 1 **Study** Scope of Work may change during the term of this MOU, they will be set forth in the exhibits as formulated or modified from time to time. The initial Exhibit A and B are attached hereto, and each are incorporated into this MOU in accordance with its respective provisions until superseded by a subsequent exhibit by the Chairperson of the **BEMT** and an executed amended agreement as provided in Section 5.2.

24 COUNTERPARTS

This Agreement may be executed in original counterparts that together shall constitute a single agreement.

IN WITNESS WHEREOF, the **Partners** have executed this MOU on the date and the year written above.

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
LOWER COLORADO REGION
SOUTHERN CALIFORNIA AREA OFFICE

By: _____
William J. Steele, Area Manager

Date: _____

By: _____
Richard Atwater
Inland Empire Utilities Agency

Date: _____

By: _____
Coachella Valley Water District

Date: _____

By: _____
County Sanitation District No. 2 of Los Angeles County

Date: _____

By: _____
California Department of Water Resources

Date: _____

By: _____
San Diego County Water Authority

Date: _____

By: _____
Orange County Sanitation District

Date: _____

By: _____
Central Basin Municipal Water District

Date: _____

By: _____
Richard Atwater
Southern California Salinity Coalition

Date: _____

By: _____
Santa Ana Watershed Project Authority

Date: _____

By: _____
Otay Water District

Date: _____

By: _____
Los Angeles Department of Water and Power

Date: _____

By: _____
City of San Diego Water Department

Date: _____

By: _____
Brian Brady – General Manager
Rancho California Water District

Date: _____

By: _____
Metropolitan Water District of Southern California

Date: _____

By: _____
City of San Bernardino Water Department

Date: _____

By: _____
Irvine Ranch Water District

Date: _____

By: _____
West Basin Municipal Water District

Date: _____

By: _____
John Rossi – General Manager
Western Municipal Water District

Date: _____

ATTACHMENT B

AGREEMENT NO. 08-MU-35-0002
BETWEEN THE
UNITED STATES DEPARTMENT OF THE INTERIOR,
BUREAU OF RECLAMATION
AND
INLAND EMPIRE UTILITIES AGENCY
COACHELLA VALLEY WATER DISTRICT
COUNTY SANITATION DISTRICT NO. 2 OF LOS ANGELES COUNTY
CALIFORNIA DEPARTMENT OF WATER RESOURCES
SAN DIEGO COUNTY WATER AUTHORITY
ORANGE COUNTY SANITATION DISTRICT
CENTRAL BASIN MUNICIPAL WATER DISTRICT
SOUTHERN CALIFORNIA SALINITY COALITION
SANTA ANA WATERSHED PROJECT AUTHORITY
OTAY WATER DISTRICT
LOS ANGELES DEPARTMENT OF WATER AND POWER
CITY OF SAN DIEGO WATER DEPARTMENT
RANCHO CALIFORNIA WATER DISTRICT
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
CITY OF SAN BERNARDINO WATER DEPARTMENT
IRVINE RANCH WATER DISTRICT
WESTERN MUNICIPAL WATER DISTRICT
WEST BASIN MUNICIPAL WATER DISTRICT

TO PROVIDE FUNDS TO SUPPLEMENT AVAILABLE APPROPRIATED
FEDERAL FUNDS FOR PHASE ONE OF
THE **REGIONAL BRINE MANAGEMENT STUDY**

- 1 This Memorandum of Understanding (MOU)** for the Regional Brine Management Study is made and entered into this _____ day of _____ 2007, by and among the Inland Empire Utilities Agency, Coachella Valley Water District, County Sanitation District No. 2 of Los Angeles County, California Department of Water Resources, San Diego County Water Authority, Orange County Sanitation District, Central Basin Municipal Water District, Southern California Salinity Coalition, Santa Ana Watershed Project Authority, Otay Water District, Los Angeles Department of Water and Power, City of San Diego Water Department, Rancho California Water District, Metropolitan Water District of Southern California, City of San Bernardino Water Department, Irvine Ranch Water District, Western Municipal Water District, West Basin Municipal Water District, hereinafter referred to as the "**Cooperating Agencies**", and The United States Department of the Interior, Bureau of Reclamation, hereinafter referred to as "**Reclamation**", all of which are at times collectively referred to as "**Parties**". This agreement is made pursuant to the Act of Congress approved June 17, 1902, (32 Stat. 388), and acts amendatory thereof or supplementary thereto, all of which acts are

commonly known and referred to as Reclamation Law, the Act of March 4, 1921 and the Fiscal Year 2007 Energy and Water Development Appropriations Act, February 15, 2007, which authorized the expenditure of funds to conduct the Regional Brine Management Study (**Study**).

WITNESSETH

2 EXPLANATORY RECITALS

- 2.1 WHEREAS, **Reclamation** has been authorized by Congress to fund and conduct the **Study**; and
- 2.2 WHEREAS, the **Parties** desire that the **Study** activities be executed in Phases initiated by a cost-sharing agreement for Phase 1; and
- 2.3 WHEREAS, the **Study** Phase 1 shall include those activities generally described in the Services to be Performed for Federal Fiscal Years 2007, 2008 and 2009, which appears herein as Section 3; and
- 2.4 WHEREAS, **Reclamation** has programmed funds under the Lower Colorado Regional Investigations Program-Southern California Brine Program to conduct the **Study**; and
- 2.5 WHEREAS, the **Parties** have established a schedule of the **Study** Phase 1 work including all planning work to be accomplished; and
- 2.6 WHEREAS, the **Parties** desire to form a Brine Executive Management Team (**BEMT**) to provide direction in the development of Phase 1 of the **Study**, manage the Scope of Work, as well as identification of an overall Plan of Study for future Phase(s) under Reclamation's authority to participate in the Regional Brine Management Study; and
- 2.7 WHEREAS, **Reclamation** requires a fifty percent (50%) match-of-study costs by the **Cooperating Agencies** through direct funding; and
- 2.8 WHEREAS, the **Cooperating Agencies** desire to support and participate in Phase 1 of the **Study**; and
- 2.9 WHEREAS, this MOU applies solely to Phase I of the **Study** and execution of this MOU is neither a fiscal or funds obligation document and does not commit or imply commitment to any additional or future phases of this **Study**; and

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the Partners agree as follows:

3 SERVICES TO BE PERFORMED

3.1 Background Information

Recycled water, ocean desalination and brackish groundwater desalination represent three largely untapped water supplies. These supplies are affected by three key issues: the technology and cost to create a potable water source, public acceptance and support for ocean desalination and recycled water reuse, and disposal of the brine-concentrate. This latter issue is a potential limiting factor to fully utilizing these water supplies. Regulations and basin plan objectives governing receiving waters will drive the need for advanced treatment processes that create brine-concentrates suitable for disposal. The **Study** will consist of two phases. Phase I involves the review and update of existing brine management information (e.g. Southern California Comprehensive Reclamation and Reuse Study [SCCWRRS] and Southern California Water Recycling Projects Initiative [Initiative]) with current brine management project information and research. Goals of Phase I include: selecting one or more project(s) as a full scale demonstration pilot study; developing analytical models and research project(s) addressing information gaps and model scenarios; developing general design plans to construct a pilot brine-concentrate facility; and/or developing models/program plans to address socio-political issues surrounding brine management and disposal. Phase II will be the implementation of one or more of these end goals.

3.2 To the extent that funds are advanced by the **Cooperating Agencies**, **Reclamation** shall combine those funds with matching Federal funds authorized by Fiscal Year 2007 Energy and Water Development Appropriations Act, February 15, 2007, and use said funds to complete the work program as generally described in Exhibit A.

3.3 Upon completion of Phase 1 of the **Study**, **Reclamation** shall transmit to the **Cooperating Agencies** and **BEMT**, a copy of the Regional Brine Study, Phase 1 final report.

4 TERM OF AGREEMENT

This Agreement shall become effective upon the date of approval by all the **Parties** and shall remain in effect until the completion of Phase I of the **Study**, unless otherwise terminated pursuant to Section 15 herein. The **Parties** anticipate that Phase 1 of the **Study** will be completed by December 31, 2009.

5 BRINE EXECUTIVE MANAGEMENT TEAM (BEMT)

- 5.1 As a means of guiding the performance of the Chairperson (defined in Section 7 herein), securing effective cooperation and interchange of information, and providing consultation on a prompt and orderly basis among the **Cooperating Agencies** in connection with various administrative and technical matters which may arise from time to time in connection with this MOU, a **BEMT** consisting of one representative from each of the **Parties** is hereby established. The **BEMT** shall act in accordance with the following provisions, as long as such provisions are consistent with the terms of this MOU.
- 5.2 Each member of the **BEMT** shall be vested with authority to make requisite decisions on behalf of the entity he or she represents within the scope of this MOU. Each of the **Parties** may have an alternate(s) to act as a temporary representative on the **BEMT** in the absence of the regular member. Such alternate(s) shall have all the authority granted to the authorized representative. The authorized representative and alternate(s) named in Exhibit B, which is attached hereto and by reference made a part hereof, can be changed with a written notice from the **Cooperating Agency** to the Chairperson of the **BEMT**. The Chairperson will make the necessary changes to Exhibit B of this MOU.
- 5.3 Each of the **Cooperating Agencies** and **Reclamation** may invite representatives from related agencies to attend **BEMT** meetings to facilitate constructive input and to exchange information. However, invited representatives shall not participate in the **BEMT** decision-making process.
- 5.4 Every reasonable attempt will be made to obtain consensus among all **BEMT** representatives on issues that come before the **BEMT** for a vote. Each **BEMT** representative receives one vote. However, in the event that consensus is in a tie, the Chairperson shall make the final result determination and simple majority rules.
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6 DUTIES OF THE BRINE EXECUTIVE MANAGEMENT TEAM

The **BEMT** shall have the following duties and responsibilities, as well as other duties that it may from time to time agree to undertake, as long as such duties are consistent with the terms of this MOU. The **BEMT** shall:

- 6.1 Monitor the progress of the development and completion of the **Study's** Phase 1 activities as defined in the Scope of Work, establish additional Phases of work to follow within the Plan of Study, and identify other appropriate management policies and procedures for the **Study**, as long as such duties are consistent with the terms of this MOU.
- 6.2 Act as a liaison between the **Cooperating Agencies** and the Chairperson with respect to development of the **Study** reports.
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7 BRINE EXECUTIVE MANAGEMENT TEAM CHAIRPERSON

- 7.1 The **Parties** hereby agree that **Reclamation** shall provide the Chairperson who shall perform and carry out the duties and responsibilities required under this MOU. **Reclamation's** Chairperson shall pursue the work diligently, to meet the **Study's** Phase 1 completion date of December 31, 2009. The Chairperson shall attend **BEMT** meetings and support the **BEMT** as described in Sections 5 and 6 herein.
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- 8.1 At the conclusion of Phase 1 of the **Study**, **Reclamation** shall submit to the **BEMT** and **Cooperating Agencies** a report of actual expenditures on the **Study** activities. A separate account showing expended and available resources shall be maintained by **Reclamation** for all work performed on the **Study**, with costs identifiable by **Study** task. This account and related records shall be available for inspection, audit, and reproduction by the **Cooperating Agencies** without charge during normal business hours. During the progress of the work, all operations of either **Reclamation** or the **Cooperating Agencies**, pertaining to this **Study**, shall be open to inspection by authorized representatives of the **Cooperating Agencies** or **Reclamation**, and if work is not being done in a mutually satisfactory manner, the **BEMT** may take appropriate action or terminate the MOU as specified in Section 15 herein.
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- 9.2 **Reclamation** funding is subject to annual appropriation by the Congress of the United States, as described in Section 13 herein. If funds available

to **Reclamation** are interrupted, or if the **Cooperating Agencies** wish to accelerate the pace of the **Study** where feasible, the **Cooperating Agencies** may advance additional funds for **Study** purposes. Such additional funds may, at the option of the **Cooperating Agencies**, be counted as an increase in the **Cooperating Agencies** share of **Study** costs.

- 9.3 The California Department of Water Resources' participation in the **Study** is subject to availability of funds through the State's normal budget process. The other **Cooperating Agencies** funding is subject to annual approval of their respective boards. If funds available to any **Cooperating Agency** are interrupted, the remaining **Cooperating Agencies** and **Reclamation** may agree to either defer **Study** activities, conclude the **Study** activities, redefine the Scope of Work to reflect the decreased funding, or the remaining **Parties** may choose to increase their funding level to maintain the **Study** scope and schedule. Each **Party's** share of the costs is defined and listed in Exhibit B.
- 9.4 The total cost of Phase 1 of the **Study** is estimated at three-hundred fifty thousand dollars (\$350,000). This estimate is based on ten (10) **Cooperating Agencies**. **Reclamation's** share of the total cost is one-hundred seventy-five thousand dollars (\$175,000). The total costs are outlined Exhibit B.

10 ADVANCEMENT OF FUNDS

- 10.1 After the MOU has been executed by all participating **Parties**, **Reclamation** will provide notice to each **Cooperating Agency** of its respective share of the funds necessary to accommodate Phase I of the **Study** as listed in Exhibit B. Each **Cooperating Agency** shall advance to **Reclamation** its share of the funds necessary to accommodate Phase 1 of the **Study** expenditures for the work defined in Exhibit A. Payment of a **Cooperating Agency's** share can be made in one lump sum, in payments as work is performed, or other methods as best conforms to the **Cooperating Agency's** budgetary processes and fiscal year. The cost for Phase 1 of the **Study** is included in Exhibit B and may be modified by the **BEMT** subject to conditions defined in Section 11.1.
- 10.2 After Phase 1 of the **Study** has begun, if projections of project expenses indicate that the combined available funds of the **Parties** will be exceeded, or if less than ten (10) **Cooperating Agencies** have executed the MOU, the **Cooperating Agencies** will be notified and the **BEMT** would be convened to address the problem and recommend alternative solutions. If the recommended alternative is outside the authority of the **BEMT**, the Chairperson will prepare the necessary documents and procedures to amend the MOU at the direction of the **BEMT**, pursuant to Section 9.3.

11 CHANGES AND DISPUTES

- 11.1 It is recognized that the schedule of activities and costs of conducting the **Study** are estimates based on anticipated requirements prior to initiation, and that changes may occur. It is also anticipated that the Plan of Study and Scope of Work may be revised from time to time as changes occur to the project plan and alternatives thereto, the technical effort needed to complete the **Study**, and the cost of the **Study** tasks. If and when the **Parties** agree that a change in the activities or costs described in the Plan of Study and Scope of Work is necessary and feasible, the Plan of Study and Scope of Work may be modified. Modifications shall be in writing, approved, and signed by the representatives on the **BEMT**, provided that the change does not constitute an increase in the financial obligation of any **Party**.
- 11.1 Should disputes arise over the provisions of, or performance under this MOU, the **Parties** will attempt to resolve the dispute. Should the situation not be resolvable, this MOU may be terminated pursuant to the provisions of Section 15 herein.
- 11.2 In the event that an additional agency desires to participate in the **Study**, this MOU may be modified. All modifications shall be in writing. The added **Cooperating Agency** shall agree to the terms set forth in this MOU and shall have all rights on the **BEMT**. The terms of the new membership including financial contributions shall be agreed upon unanimously by the existing **BEMT** membership.

12 LIABILITY

- 12.1 **Reclamation** shall perform its obligations under this MOU in the capacity of a Federal agency. The **Cooperating Agencies** shall perform their obligations under this MOU in their respective capacities as public entities of the State of California. The **Cooperating Agencies** assume no liability for claims or actions arising solely out of the performance of such work by **Reclamation's** employees or agents.
- 12.2 Liability of the United States resulting from the negligence of its employees shall be governed by the Federal Tort Claims Act (28 U.S.C. 2671, et seq.). The **Cooperating Agencies** recognize that the Federal Tort Claims Act operates to provide liability coverage for the United States Government and its employees in lieu of ordinary insurance coverage.

13 CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

- 13.1 The expenditure or advance of any money or the performance of any obligation by the United States under this MOU shall be contingent upon appropriation or allotment of funds by Congress. Phase 1 **Study** funds have already been appropriated. Interruption of funds available to **Reclamation** shall relieve the **Cooperating Agencies** from any obligation under this MOU. No liability shall accrue to the United States in the case that funds are interrupted.

14 UNUSED FUNDS

- 14.1 In the event that any funds advanced to **Reclamation** by the **Cooperating Agencies** are not required to complete the work under Phase 1 of the **Study**, such excess funds shall be returned by **Reclamation** to the **Cooperating Agencies** without interest, upon completion of the work program defined by Phase 1 of the **Study**; provided, however, that in the event the authorized representatives agree on additional work consistent with the direction of this MOU, such excess funds may be retained by **Reclamation** with approval of all the **Cooperating Agencies** identified in this MOU.

15 TERMINATION

- 15.1 This MOU shall terminate upon completion of Phase 1 deliverables and may be terminated at anytime with a 2/3 or more vote of the **BEMT** representatives, where each **BEMT** representative receives one vote.
- 15.2 In the event of termination, **Reclamation** shall return to the **Cooperating Agencies** any unused funds provided by the **Cooperating Agencies** under this MOU; provided, however, that in the event the MOU is terminated by any **Cooperating Agency** before the work has been completed, adequate funds will be retained to terminate contract obligations and prepare a concluding report. A concluding report summarizing work program accomplishments at the time of termination will be prepared by **Reclamation** and made available to the **Cooperating Agencies** and other interested Federal and State agencies.

16 AVAILABILITY OF INFORMATION

- 16.1 All information and data obtained or developed by **Reclamation**, in connection with development of the Phase 1 **Study** (exclusive of intra-governmental communications) shall be available upon request, except where prohibited by law, to the **Cooperating Agencies** without further charge. However, use of said reports, data, and information shall appropriately reference **Reclamation** and the **Cooperating Parties** as the source.

- 16.2 Data compiled, and the results of studies performed, under this MOU will become public domain upon the completion of the investigation and project report, or upon completion of a concluding report under the provisions of Paragraph 15 herein.

17 DELAYS

- 17.1 To the extent that performance of an obligation under this MOU is prevented or delayed by any cause that is beyond the reasonable control of any **Party**, the non-performing **Party** shall not be deemed to be in default.
- 17.2 Should the non-performing **Party** be deemed to be in default, the **Parties** in good standing would follow the procedures described under Sections 11 and 15 herein. A non-performing **Party** shall not have rights on the **BEMT**.

18 SEVERABILITY

The unenforceability, invalidity, or illegality of any provision of this MOU shall not render the other provisions unenforceable, invalid or illegal.

19 JURISDICTION

Federal law and California law governs this MOU. In case of conflict between Federal law and California law, Federal law controls.

20 JUDICIAL REMEDIES NOT FORECLOSED

Nothing herein shall be construed as either:

- 20.1 Depriving any **Party** from pursuing and prosecuting any remedy in any appropriate court of the United States or appropriate State which would otherwise be available to such **Parties** even though provisions herein may declare that determinations or decisions of **Reclamation's** authorized representative or other persons are conclusive, or
- 20.2 Depriving any **Party** of any defense thereto which would otherwise be available.

21 INTEGRATIONS

No representations or promises are binding on any **Party**, except those representations and promises contained in this MOU or in some future written representations or promises signed by all **Parties**.

22 OFFICIALS NOT TO BENEFIT

No member of or delegate to Congress, or resident commissioner, shall

be admitted to any share or part of this MOU, or to any benefit arising from it.

23 EXHIBITS MADE PART OF THE AGREEMENT

Inasmuch as the Phase 1 **Study** Scope of Work may change during the term of this MOU, they will be set forth in the exhibits as formulated or modified from time to time. The initial Exhibit A and B are attached hereto, and each are incorporated into this MOU in accordance with its respective provisions until superseded by a subsequent exhibit by the Chairperson of the **BEMT** and an executed amended agreement as provided in Section 5.2.

24 COUNTERPARTS

This Agreement may be executed in original counterparts that together shall constitute a single agreement.

IN WITNESS WHEREOF, the **Partners** have executed this MOU on the date and the year written above.

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
LOWER COLORADO REGION
SOUTHERN CALIFORNIA AREA OFFICE

By: _____
William J. Steele, Area Manager

Date: _____

By: _____
Richard Atwater
Inland Empire Utilities Agency

Date: _____

By: _____
Coachella Valley Water District

Date: _____

By: _____
County Sanitation District No. 2 of Los Angeles County

Date: _____

By: _____
California Department of Water Resources

Date: _____

By: _____
San Diego County Water Authority

Date: _____

By: _____
Orange County Sanitation District

Date: _____

By: _____
Central Basin Municipal Water District

Date: _____

By: _____
Richard Atwater
Southern California Salinity Coalition

Date: _____

By: _____
Santa Ana Watershed Project Authority

Date: _____

By: _____
Otay Water District

Date: _____

By: _____
Los Angeles Department of Water and Power

Date: _____

By: _____
City of San Diego Water Department

Date: _____

By: _____
Brian Brady – General Manager
Rancho California Water District

Date: _____

By: _____
Metropolitan Water District of Southern California

Date: _____

By: _____
City of San Bernardino Water Department

Date: _____

By: _____
Irvine Ranch Water District

Date: _____

By: _____
West Basin Municipal Water District

Date: _____

By: _____
John Rossi – General Manager
Western Municipal Water District

Date: _____

RECLAMATION

Managing Water in the West

Exhibit A

Regional Brine-Concentrate Management Study

Plan of Study



U.S. Department of the Interior
Bureau of Reclamation
Southern California Area Office
Temecula, CA

August 2007

Mission Statements

The mission of the Department of the Interior is to protect and provide access to our Nation's natural and cultural heritage and honor our trust responsibilities to Indian Tribes and our commitments to island communities.

The mission of the Bureau of Reclamation is to manage, develop, and protect water and related resources in an environmentally and economically sound manner in the interest of the American public.

1 Introduction

1.1 Background

Southern California's expanding population, commercial and residential landscape irrigation needs, and continued importance as an agricultural region of the state is, and will, place more demands on the local and regional water resources. These increasing water demands and typical semi-arid environment of southern California will strain the existing water supply, which is heavily dependent on imported water from the Owens Valley, State Water Project (SWP) and Colorado River. Reductions in imported water from the Colorado River and SWP to meet other state's water rights and environmental needs in the Bay-Delta watersheds will require diversification of the southern California water supplies.

Recycled water and desalination of ocean saltwater and brackish groundwater represent three largely untapped water supplies. These resources are potentially limited by three issues: the technology and cost to treat the incoming flow, treatment and disposal of the resulting brine-concentrate, and public outreach regarding ocean desalination impacts and recycled water use. The Bureau of Reclamation's (Reclamation) Southern California Area Office (SCAO) has been involved in efforts to coordinate regional solutions to recycled water and brine-concentrate management issues for many years. Two recent studies addressing these issues included the Southern California Water Reclamation and Reuse Study (SCCWRRS), which identified short and long-term water reclamation projects, and the Southern California Water Recycling Projects Initiative (Initiative), which built upon the partnerships cultivated through SCCWRRS to develop more focused regional and local approaches to solving water recycling issues. Many local study efforts concentrated on developing tools, funding, and review of the best methods to implement water recycling projects. One of the primary barriers to water recycling identified in the Initiative was how to manage brine-concentrate in Southern California.

Brine-concentrate management is an evolving and growing necessity as recycled and discharge water quality regulations, and groundwater recharge and Basin Plan objectives change. In addition, as new constituents of concern (COC) are identified, the need for advanced treatment processes that generate brine-concentrates for potable/industrial water supplies and receiving waters will increase. The Initiative and associated technical memorandums evaluated the knowledge database for brine-concentrate management and limitations on the existing Southern California facilities, and included an economic impact analysis for various brine-concentrate management strategies. Multiple pilot and bench scale projects testing various brine-concentrate minimization and management strategies have been implemented to date. These projects typically involve production of brine-concentrates from desalting wastewater, brackish groundwater or seawater. The Brine-concentrate Management Study will review the current projects with several possible end goals: developing one or more project(s) as a full scale demonstration pilot study; developing analytical models and research project(s) to address information gaps and model scenarios; develop general design plans for constructing a brine-concentrate facility; and/or developing models/program plans to address socio-political issues surrounding brine management

1.2 Specific Local and Regional Brine-concentrate Issues

On May 3, 2006, Reclamation in conjunction with the National Water Research Institute (NWRI) hosted a Brine-concentrate Management Workshop to identify opportunities and issues for managing concentrate in coastal and inland regions of southern California. The workshop brought together technical experts, water utility managers, and state agencies responsible for water management and regulation. Workshop attendees participated in a presentation session and group discussions to characterize coastal and inland brine-concentrate management issues. Based on the workshop conversations, the following issues were identified:

1.2.1 Inland Brine-Concentrate Issues

- Without access to a designated brine outfall such as the Santa Ana Regional Interceptor (SARI), inland areas face multiple regulatory and geographical hurdles for disposal of brine. What options exist for inland brine disposal?
- The SARI is a system designed to dispose of non-reclaimable wastewaters from the Santa Ana Watershed. The SARI's current flow is approximately 12 mgd (including 4 mgd of domestic wastewater) with an expected maximum capacity of 30 mgd around 2030. The remaining 18 mgd flow has already been allocated. Investigations are necessary to develop and promote feasible means to reduce brine-concentrate flows through secondary recovery or other technology.
- Should a regional incentive program be devised that would make it advantageous to incorporate RO system recovery enhancement technology into the existing desalination facilities?
- If zero liquid discharge (ZLD) processes are used at inland desalination facilities, what are the requirements for solids waste handling? What will it cost per ton? How many tons are expected? Where can unmarketable salts be disposed?
- Quality of water to inland desalination facilities varies widely over the year. The treatment process must be instrumented and programmed to make process changes when water quality changes. This is critical to the success and economic viability of many of the ZLD processes.

1.2.2 Coastal Brine-Concentrate Issues:

- Ocean salinity is approximately 35,000 parts per million (ppm). Ocean desalination brine-concentrate discharge is 1½ to 2 times as concentrated (43,000 to 70,000 ppm) as the surrounding ocean water. The higher concentration will create a "zone of dilution" with potential impacts to marine habitats and species. Additional research is required to analyze the potential impact of desalination and brine-concentrate discharge.
- Reducing ocean desalination discharge concentrates may involve mixing the brine-concentrate with "hot" cooling water at co-located desalination and power

plant facilities, or with treated effluent. There are potential benefits and costs associated with each option that need further exploration and research.

- What are the pros and cons / cost and benefits of centralized versus multiple small desalination facilities?
- What are some of the implications of choosing a recovery rate for seawater desalination? Maximizing product water recovery versus energy efficiency has different costs and benefits.

1.2.3 Joint Coastal-Inland Issues

- Who owns the discharge water in brine and wastewater outfalls?
- Who is responsible for the discharge water's quality and potential beneficial uses?
- How much capacity for transporting brine-concentrate to the ocean is needed in the foreseeable future? Where is the demand located? How much will it cost to install this capacity?
- Can existing wastewater outfalls be used for direct brine-concentrate discharge? If not, what other options or back-up plans exist?
- Brine production includes the concentration of existing and emerging constituents of concern (e.g. metals, perchlorate, nitrate). What are the current research and management applications for secondary treatment of brine concentrate to remove the COC's and their disposal?
- Permitting of new ocean discharge-outfall lines for brine-concentrate, brine/wastewater or wastewater is costly, time consuming and unpredictable.
- Regulatory agencies and public interest groups must be involved in brine-concentrate management to increase the likelihood of regulatory acceptance of any solution.
- The State Water Resources Control Board is in the process of amending the Ocean Plan. What impact will the proposed changes have on existing and future ocean discharges?

1.3 Goals and Objectives of the Brine-concentrate Management Demonstration: Phase I

1.3.1 Study Authorization

The Brine-concentrate Management Study is a multiyear planning study commencing in Federal Fiscal Year 2007. The Study is funded as part of the Lower Colorado River Investigations Program and will be managed by Reclamation's Southern California Area Office. This Study is authorized by Section 1603, Title XVI of Public Law 102-575, as amended, Reclamation Wastewater and Groundwater Study and Facilities Act.

1.3.2 Study Objective(s)

The goal of the study is for Reclamation and interested stakeholders to continue to facilitate regional partnerships, evaluate existing research, and pilot and bench scale projects including treatment of brine for removal of contaminants, assess existing and potential regulatory trends, and use the information to participate in the recommendation and selection of the next project phase: developing one or more project(s) as a full scale demonstration pilot study; developing analytical models and research project(s) to address information gaps and model scenarios; and/or develop general design plans for constructing a brine-concentrate facility. Additional goals of the study are to identify opportunities to build a consensus on brine-concentrate management between government, industry, and the public in an environmentally and economically sound manner. This will be completed through meetings and workshops with stakeholders, the gathering and synthesis of information on brine production, treatment, and strategies for management, which may include secondary uses of the brine, minimization by enhancing recovery from the desalination system, and methods of disposal.

2.0 Plan of Study

2.1 Introduction

The study will collect and synthesize data from a series of existing pilot and bench scale projects, review the current facility capacities, assess current brine-concentrate management trends, etc. This analysis will be used to identify the project(s) to be used in a later phase. The work will include:

- Establishment of a Brine Project Advisory Committee (PAC)
- Public Outreach
- Coastal Versus Inland Brine-concentrate Issues
- Institutional Issues
- Review and Synthesis of Current Research in Concentrate Management
- Develop Estimate of Brine-concentrate Management Capacity
- Evaluate Existing Capacity of Brine-concentrate Pipeline Capacities
- Assess Existing and Current Regulatory Issues and Trends
- Appraise a “No Action Alternative”
- Report Preparation and Summary Review
- Selection of project(s) for the next plan of study

The following sections provide scopes of work for each of these tasks as part of the Plan of Study. The study is funded for a specific Federal budget year only. Budget allocations cannot be explicitly identified until Reclamation’s budget has been approved for the fiscal year.

2.1.1 Study Area

The study will cover Reclamation's Southern California Area Office Region (SCAO) including the Coachella Valley (figure 1). Stakeholders throughout the study area will be encouraged to participate.



Figure 1. Brine Management Study Area.

2.2 Implementation of Project-Specific Work

The project specific work involves developing the PAC, collection and analysis of pilot project data, completion of a summary report and recommendation for the next plan of study. In addition, the budget allocation procedures may need to be revisited if agencies are not capable of meeting the deadline for obligation of Reclamation funds within a specific fiscal year or if additional Federal funds are obtained.

Task 1: Stakeholder and Project Advisory Committee

This task consists of identifying potential stakeholders, development of the PAC, and finalizing a Memorandum of Understanding (MOU) with the PAC and stakeholders. The stakeholders should include local and regional representatives from water, irrigation and wastewater districts, non-governmental organizations, the energy industry, regulatory agencies, other governmental jurisdictions (e.g. cities, counties) and the general public. The PAC will be comprised of stakeholders that become sponsoring agencies during the course of project development. The PAC and stakeholders will be involved in data supply and analysis, regulatory review, report generation and selection of the next project elements. Reclamation's development of the MOU will include a project schedule as well as additional mechanisms to track the progress and status of the project. Verifiable documentation of the project sponsor's funding commitment to the project must be supplied. The MOU will be a contractually binding document between Reclamation and the local agencies whose projects have been allocated funding as part of Phase I.

Task 2: Public Outreach

This task consists of developing a comprehensive plan to involve the public through meetings, workshops, PR events, news releases, etc. The PAC and stakeholders will be major partners in developing a consistent public message regarding the socio-economic, political, and environmental issues surrounding brine-concentrate discharge. Active engagement on a policy level and public awareness by involving a broad range of constituents in the stakeholder process is a first step.

Task 3: Identify Coastal and Inland Brine-concentrate Management Issues

This task consists of identifying the issues and constraints for brine-concentrate management in coastal and inland settings. An initial start under Sections 1.2.1 – 1.2.3 has been made and needs to be completed by the stakeholders and PAC. The major components of this task may also involve a summary of the specific issues developed from Tasks 2 and 3, and how the issues relate to coastal versus inland brine-concentrate management. Additional work should include development of different strategies to manage region specific concerns.

Task 4: Institutional Issues

This task is regarding issues about ownership and responsibility for brine-concentrate discharges once they enter a common or shared discharge facility such as SARI. The PAC and stakeholders will play key roles in identifying who owns the wastewater and brine-concentrate flows. Is it the outfall owner, the wastewater producer, the brine-concentrate discharger, or some combination of these three? Ownership also extends to who is the responsible party in transboundary issues, regulatory permitting, or meeting water quality objectives for discharges to water bodies with TMDL's? Additional institutional issues may be added as the PAC and stakeholders form.

Task 5: Estimate Need for Brine-concentrate Capacity, Treatment and Evaluate Existing Facility Capacity

This task consists of a quantitative approach to evaluate the existing brine-concentrate capacity and future needs. Information developed through SCCWRS and the Initiative will be used to accelerate this process. Several sub-tasks identify the key areas of consideration:

Capacity

Develop figures on existing brine-concentrate production capacity, location, and quality, estimates and locations of capacity needs, and planned management strategies and the potential cost for the identified strategy on planned projects. In addition, develop an estimate of the expected or forecasted regional capacity needs through 2030. If a management strategy has not been defined for a planned project(s), develop reasonable assumptions to estimate data for this study.

Data Collection

Update the information collected in the Initiative study with data on current and planned concentrate outfall capacity and location with established estimates for planned construction. The initial data collection should be made in conjunction with water districts planning such construction or in construction such as Calleguas MWD and other outfall operators.

Salt Mass and Other Constituent(s) Distribution

Estimate the mass and distribution of salt in existing and planned brine production capacity. Develop or work with existing list(s) of known constituents of concern to identify estimates of their mass and distribution in existing and planned production capacity.

Existing Facilities

Identify disposal facilities capable of accepting such waste and brine-concentrate, and find out what the cost of disposal would be per ton of salt including the shipping cost per appropriate unit of distance.

Brine Treatment

Identify treatment methods and trends for removal of COC's to create a brine suitable for discharge.

New Feasible Alternatives

Use the information from the preceding subtasks to determine if there are any feasible routes for new joint interceptor lines and develop a map of planned new facilities. This may include proposed locations for production facilities or routes for new distribution lines.

Task 6: Review and Synthesis of Brine-Concentrate Research

This task consists of evaluating past and current projects and research in brine-concentrate minimization, treatment and management. As reports are finalized on the projects, the methods, processes, results, and findings from each study will be evaluated by the PAC and stakeholders. Workshops and/or a mini-conference may be held to provide a better forum for discussion. The information will be summarized and used to guide the selection process for the next project(s). In addition, PAC and stakeholders will be encouraged to provide knowledge and data on brine-concentrate

projects initiated or completed by them or their agency to further the regional scope of this project.

Task 7: Assess Existing and Current Regulatory Issues and Trends

This task consists of reviewing and summarizing the current regulations and foreseeable future regulations controlling concentrate disposal. Additional issues include potential categorization of different brine-concentrates, offices and/or agencies involved in permitting, monitoring and enforcement, and the timeframe to obtain permits. Stakeholder involvement by current regulatory agencies should be promoted from the outset.

Task 8: No Action Alternative

This task consists of evaluating the ramifications of taking no action to address local and/or regional brine-concentrate management issues. The assumption(s) would be that each new facility would provide its own brine-concentrate disposal system or process.

Task 9: Report Preparation and Summary Review

This task consists of preparing the information collected in Tasks 1-7 into a formal report to be presented to the PAC and stakeholders. Drafts would be provided for an initial review and comment period. The report would be used as part of the selection vehicle for the next project phase(s).

3.0 Project Approach

The PAC is responsible for establishing responsibilities for study components. They may decide to contract all or parts of the study to outside entities. Study partners will share monetary and data sources to complete study components. Workshops and open meetings will be used to gather input from partners and interested parties.

4.0 Project Management

Reclamation SCAO will coordinate the study with technical representation from Reclamation's Technical Service Center (TSC). If it is determined that a contract is necessary for any portion of the study, then SCAO will serve as the contracting entity. SCAO will serve as the financial secretary for the study, keeping track of matching

contributions of cash and/or in-kind services. Distribution of funding will be carried out in a fiscally responsible manner. The PAC will elect a coordinator to directly work with Reclamation and be responsible for assigning meeting and organizational tasks to its members. This is to include organizing workshops, gathering, and compiling information, and preparation of reports in conjunction with Reclamation. The PAC will share monetary and other resources to complete the study objectives.

5.0 Project Participants

This study shall be carried out with the assistance of the PAC and other interested organizations. It is anticipated that the members of the PAC will participate on a cost sharing basis with Reclamation to fund this study and will provide cash or in-kind contributions to support any workshops and meetings that will be required.

6.0 Project Deliverables

A report of data, assumptions, findings, and conclusions generated through accomplishment of the study will be submitted for review. The Reclamation SCAO website – <http://www.usbr.gov/lc/socal/> will host the final reports for work funded through the study. Reports on other research will be available from the funding organization and/or the authors. All previous reports on the SCCWRRS and Initiative are available from Reclamation’s SCAO.

7.0 Planning: Next Steps

Based on the results of the Phase I study, the PAC and stakeholders will prioritize the next phase of the Brine-Concentrate Management Study. Some initial discussion for the next project phase(s) should consider demonstration project(s), analytical modeling and research project(s), general design plans for constructing a brine-concentrate facility, and/or developing models/program plans to address socio-political issues surrounding brine management. The following sections outline potential features of continuing projects in coastal versus inland areas:

Inland

Concepts for an inland project have two aspects: technical and economic. Technical features include:

- **Outreach:** The demonstration unit must be designed to be a technological showcase and to be entirely reliable. It will be a showcase for other water districts looking into brine-concentrate minimization and ZLD options.
- **Monitoring:** During the demonstration, all regulated and emerging contaminants will be monitored in the feed, product, and waste products to determine their fate.
- **Process Instrumentation:** The process should be fully instrumented and automated to anticipate changes in water composition from inlet sources. For well water, changes in chemistry are driven by the combination of wells that are on line and somewhat by increased precipitation. The project must determine the best point in the process for monitoring to predict concentrate composition changes that may impact the precipitation process.

Economic aspects of inland brine management may include:

- **Transportation or Evaporation:** Options for inland brine are to pipe it to the coast in a brine line, or evaporate it using some combination of processes. Both alternatives are expensive. It is necessary to document the estimated cost of both options to facilitate a choice of one over the other.
- **Water Banking:** See Task 4. Additional details for inland issues may include providing “credits” for each existing desalination facility coupled with their current capacity in the SARI line. Construction of another desalination facility would require the owner to purchase “credits” from existing users on the SARI line. The purchase price for capacity would need to pay for installation of recovery enhancement technology to reduce existing SARI line demand.

Coastal

Current project proposals in coastal areas revolve around seawater desalination. The goal(s) for this study would be to develop recommendations for a brine-concentrate management strategy for seawater desalination facilities. The environmental impacts of outfalls are a key issue that need addressed:

- Review and compare the environmental effects of wastewater versus desalination outfall operations. Specific issues should include volume of outfall, and outfall types (e.g. subsurface and above surface)
- Develop recommendations and use situations for acceptable outfalls types

- Establish cost estimates for each outfall method

Brine-concentrate Credit Program

Consider the efficacy and perceived benefit of developing a cost-sharing scheme to encourage brine-concentrate producers to incorporate brine volume minimization and/or ZLD technology into their processes. The cost-sharing may be similar in type (but not scale initially) as the carbon trading program used to control the output of greenhouse gases. The carbon trading program is a “credit” driven concept that could be a model for creating a system to calculate and trade brine-concentrate credits related to minimizing or eliminating the output of brine-concentrate. The value of credits would be tied to such issues as the cost of constructing processing facilities, pipelines, volume of discharge, distance from the coast, etc. Other items to address may include program marketing, enforcement, and management.

8.0 Project Schedule

The anticipated timeframe for project study completion is shown in Table 1. The start date is the initial stakeholder meeting scheduled for June 13, 2007. Stakeholder meetings, workshops and report deliverables are shown with a study deliverable date of the third quarter of 2008. A detailed schedule will be discussed and established during the first 2-3 meetings of the stakeholders and PAC.

Table 1. Estimated Project Timeline

Table 1: Brine Management Study Schedule					
Task	3rd Quarter, 2007	4th Quarter, 2007	1st Quarter, 2008	2nd Quarter, 2008	3rd Quarter, 2008
Complete Plan of Study Review	█				
Announce POS	█				
Kick Off Meeting	█				
Formalizing Responsibilities		█			
Workshops		£	£	£	
Information Gathering & Synthesis		█	█	█	
Monthly Status Meetings	⌚ ⌚ ⌚	⌚ ⌚ ⌚	⌚ ⌚ ⌚	⌚ ⌚ ⌚	⌚ ⌚ ⌚
Quarterly Reports		¥	¥	¥	¥
Submit Draft Report Review					█
Submit Final Report					█
Final Presentation					█
Draft Request for Proposals for Demonstration Projects					█

9.0 Budget

The budget for the first phase of this study (Table 2) will be determined by the PAC depending on the availability of financial resources. Tasks to be covered by the budget include:

- Form the Project Advisory Committee, recruit partners
- Initiate contractual arrangements
- Plan and coordinate workshops
- Information gathering & synthesis
- Quarterly Reports/Status Meetings
- Draft Reports & Review
- Final Report & Review
- Final Presentation
- Draft Request for Proposals for Phase II Projects

Table 2. Estimated Project Budget

Estimated Budget Allocation					
Federal Budget Year	Regional Work				
	Total Budget	USBR Share	PAC Share	Per Agency¹	Phase
			Total		
2007	\$100,000	\$50,000	\$50,000	\$5,000	I
2008	\$250,000	\$125,000	\$125,000	\$12,500	
2009	\$1,000,000	\$500,000	\$500,000	\$50,000	II
2010	\$1,000,000	\$500,000	\$500,000	\$50,000	
2011	\$100,000	\$50,000	\$50,000	\$5,000	
Total	\$2,450,000	\$1,225,000	\$1,225,000	\$122,500	

Note:

¹ PAC agency share based on 10 PAC members

EXHIBIT B

Brine Executive Management Team	Representative	Alternate
Inland Empire Utilities Agency	Rich Atwater	
Coachella Valley Water District	Dan Charlton	
County Sanitation Districts of Los Angeles County	Erika DeHollan	
Sweetwater Authority	Michael Garrod	
California Department of Water Resources	Fawzi Karajeh	Jennifer Wong
San Diego County Water Authority	Cesar Lopez	
Orange County Sanitation District	Jim Burror	
Central Basin Municipal Water District	Art Aguilar	
Municipal Water District of Orange County	Richard Bell	
Southern California Salinity Coalition	Jim Mosher	
Santa Ana Watershed Project Authority	Mark Norton	
Otay Water District	Jim Peasley	
Los Angeles Department of Water and Power	Bob Prendergast	
City of San Diego Water Department	Surraya Rashid	
Rancho California Water District	Perry Louck	
The Metropolitan Water District of Southern California	Warren Teitz	
City of San Bernardino Water Department	Andy Coady	
Irvine Ranch Water District	John Hills	
Western Municipal Water District	Fakhri Manghi	
West Basin Municipal Water District	Uzi Daniel	

STUDY BUDGET AND SCHEDULE:

Task	2007	2008				2009			
Kick Off Meeting	*								
Draft Plan of Study	█								
Complete Plan of Study	█								
Formalizing Responsibilities	█	█							
Workshops			□	□	□	□	□		
Information Gathering & Synthesis		█	█	█	█	█	█	█	
Monthly Status Meetings	○ ○ ○	○ ○ ○	○ ○ ○	○ ○ ○	○ ○ ○	○ ○ ○	○ ○ ○	○ ○ ○	○ ○ ○
Quarterly Reports			□	□	□	□	□		
Submit Draft Report								█	
Review Draft Report								█	
Submit Final Report								█	
Final Presentation									█
Draft RFP for Phase II Projects									█

Federal Budget Year(s)	Regional Work				Phase
	Total Budget	USBR Share	Cooperating Agency Share		
			Total	Per Agency ¹	
2007	\$100,000	\$50,000	\$50,000	\$5,000	I
2008 & 2009	\$250,000	\$125,000	\$125,000	\$12,500	
Total	\$350,000	\$175,000	\$175,000	\$17,500	

¹ Cooperating agency share based on 10 cooperating agency members

EXHIBIT A

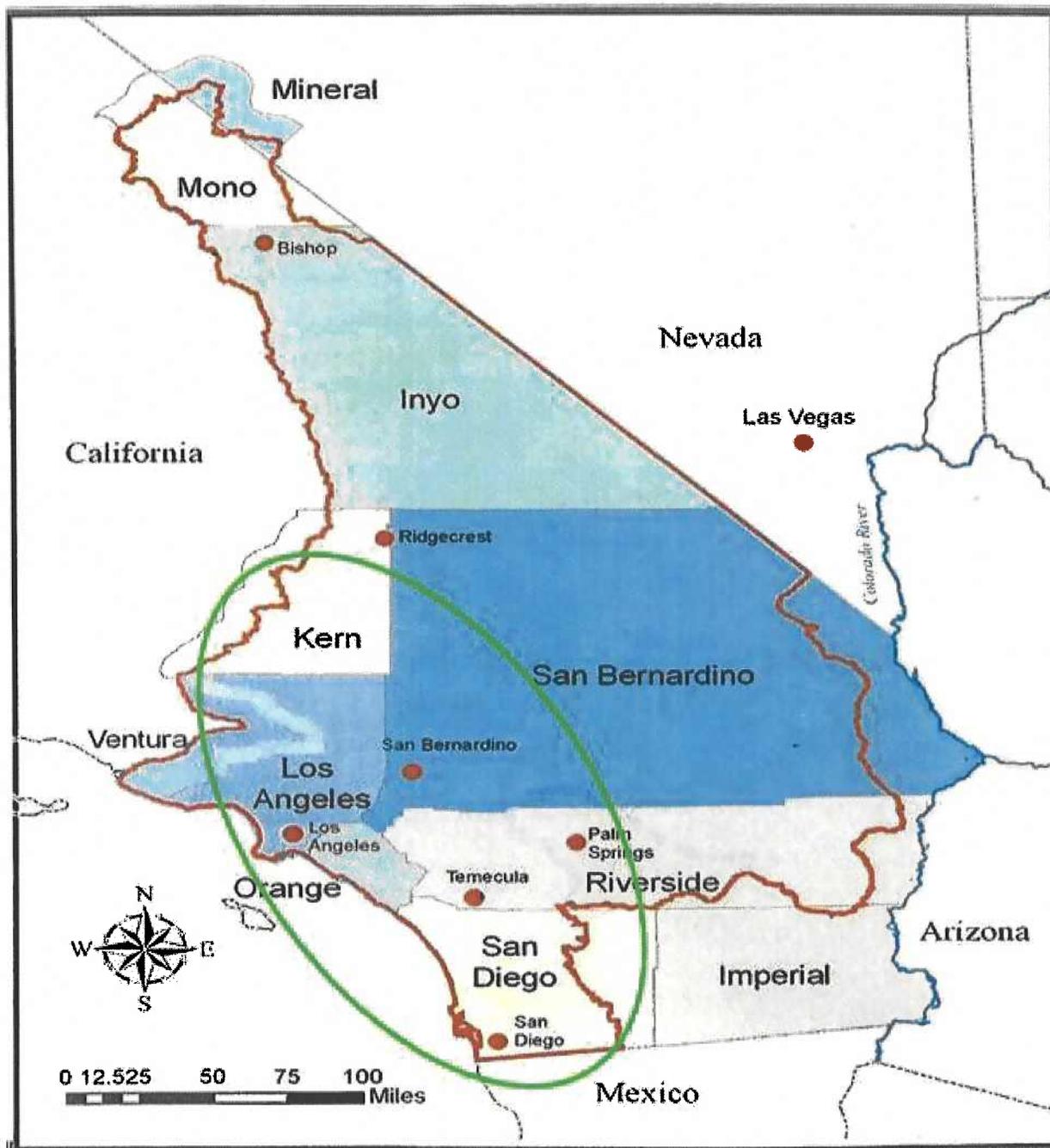


Figure 1. Brine Management Study Area.

EXHIBIT B

ANALYSIS continued:

- Imported water accounts for the majority of Southern California's water consumption. The reliability of imported water is decreasing for a variety of reasons, such as an increase in population growth and development of water rights for areas outside of our region, environmental impact concerns, and long-term drought forecasts in California and southwestern United States, leading to overall reductions in available water quantity and storage.
- Recycled water, ocean desalination and brackish groundwater desalination are affected by three key issues: (1) the technology and cost to create a potable water source, (2) public acceptance and support for ocean desalination and recycled water reuse, and (3) disposal of the brine-concentrate. This latter issue is a potential limiting factor to fully utilize these water supplies. Regulations and basin plan objectives governing receiving waters will drive the need for advanced treatment processes that create brine-concentrates suitable for disposal. The Study Agreement will be accomplished in two phases.
- Phase 2 will implement the Phase 1 project recommendation(s) of developing one or more full scale demonstration pilot projects, developing analytical models or research project(s) to address information gaps and model scenarios, and/or develop general design plans for constructing a brine-concentrate facility. Additional project meetings and workshops will be used to identify future Phase 2 partners and opportunities to build a consensus on brine-concentrate management between government, industry, and the public in an environmentally and economically sound manner.



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	December 5, 2007
SUBMITTED BY:	Hossein Juybari <i>HJO</i> Senior Civil Engineer	PROJECT/ SUBPROJECT:	P2466 DIV. NO. 5 01102
	Ron Ripperger <i>RR</i> Engineering Manager		
APPROVED BY: (Chief):	Rod Posada <i>RP for</i> Chief, Engineering		
APPROVED BY: (Asst. GM):	Manny Magaña <i>Manny Magaña</i> Assistant General Manager of Engineering and Operations		
SUBJECT:	Ground Lease and Joint Use Agreement with the San Miguel Consolidated Fire Protection District for the Regional Training Center		

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District's (District) Board of Directors approve the proposed Ground Lease and Joint Use Agreement with the San Miguel Consolidated Fire Protection District (San Miguel Fire District) for the Regional Training Center and authorize the General Manager to execute the agreement (see Exhibit A for project location).

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

That the Board authorizes the General Manager to enter into a Ground Lease and Joint Use Agreement (see Attachment B) with the San Miguel Fire District for the lease and joint use of the Regional Training Center.

ANALYSIS:

During calendar year 2006, the District Staff and the San Miguel Fire District Staff had several discussions on the creation of a Regional Training Facility. Preliminary discussions indicated that both agencies would benefit and could share resources and build a training facility at the District's Regulatory Site, located at 11880 Campo Road, Spring Valley, California. During calendar year 2007, Staff from both agencies reached a mutual agreement for the Training

Facility. This training facility will be used by the District and the San Miguel Fire District for personnel training purposes. The District is also planning to use a portion of the proposed facility as a permanent fully equipped Emergency Operations Center (EOC) in the future.

The San Miguel Fire District is developing the training center and desires to lease a 2.7 acre site to construct, develop, and operate a regional training center. The proposed 2.7 acre training facility site is located within the District's 70 acre Regulatory Site. The Training Center will be comprised of separate training areas to include confined space training, trench and shoring training, and a fire department training facility (burn building).

The project is located in an area of the Regulatory Site that was surveyed during the environmental review for the 640 Reservoirs project. This area was designated as "disturbed," which means that building the facility in this area will have a minimal effect on the environment. A Mitigated Negative Declaration (MND) will be prepared for the project and will use some of the information obtained for the 640 Reservoirs MND. Some environmental concerns that may have to be addressed and mitigated for are traffic, noise, cultural resources, and biological resources. The biological resources are of concern because of an area of Coastal Sage Scrub (critical habitat for the endangered coastal California gnatcatcher) that lines the access road to the site. The intent of the design for the new access road is to have no impact on this area, but a general biological survey will be conducted to assess any potential impacts.

Jones and Stokes, the District's on-call environmental consultant, has been given a Notice to Proceed to provide the environmental services and documentation for the project.

FISCAL IMPACT:



A CIP budget was established during the FY 2008 budget process so that Otay staff can charge their time to the project. The current approved total budget for the Regional Training Center (P2466) is \$200,000.00. Based on the financial budget, the Project Manager has determined that the budget is sufficient to support the project. San Miguel Fire District is responsible for the costs associated with the design and construction of the training center.

Finance has determined that funding is available from the Expansion and Betterment Funds.

STRATEGIC GOAL:

This project supports the District's Mission statement, "To provide the best quality of water and wastewater services to the customers of Otay Water District, in a professional, effective, efficient, and sensitive manner...". This project fulfills the District's strategic goals to "Train and Develop at all levels."

LEGAL IMPACT: _____

None.


General Manager

P:\WORKING\CIP P2466 Regional Training Facility\Staff Reports\BD December 5, 2007 - Lease agreement-v2.doc

HJ/RP:jf

Attachments: Attachment A
Attachment B
Exhibit A



ATTACHMENT A

SUBJECT/PROJECT:

Ground Lease and Joint Use Agreement with the San Miguel Consolidated Fire Protection District for the Regional Training Center

COMMITTEE ACTION:

The Engineering, Operations and Water Resources Committee reviewed this item at a meeting held on November 26, 2007. The following comments were made:

- Staff is requesting that the board approve the proposed Ground Lease and Joint Use Agreement with the San Miguel Consolidated Fire Protection District (San Miguel Fire District) for the Regional Training Center.
- The training center will occupy 2.7 acres at the District's Regulatory Site. The training facility will be utilized by both the District and the San Miguel Fire District personnel and would provide several training areas that include confined space training, trench and shoring training, classroom training and a fire department training facility (burn building).
- It was discussed that the San Miguel Fire District would be responsible to acquire all the required easements for the training facility.
- San Miguel Fire District will also reimburse the District for the cost of the preparation of the Environmental Impact Report for the project.
- The proposed agreement was reviewed by legal counsels of both agencies.
- It was discussed that Otay and San Miguel Fire District would also jointly utilize the training facility for their Emergency Operating Center which will allow the two agencies to share information and work together more efficiently during emergencies.

Upon completion of the discussion, the committee supported staffs' recommendation and forwarding to the Board of Directors on the consent calendar.

ATTACHMENT B

**GROUND LEASE
AND JOINT USE AGREEMENT
(REGIONAL TRAINING CENTER – SAN DIEGO COUNTY)**

This GROUND LEASE AND JOINT USE AGREEMENT (this “**Lease**”) is made as of _____, 2007 (“**Effective Date**”) by and between the OTAY WATER DISTRICT, a municipal water district organized and existing pursuant to the provisions of the Municipal Water District Law of 1911, commencing with Section 71000 of the California Water Code (“**OWD**”), and SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT, a consolidated fire protection district established pursuant to Section 13812 of the Health and Safety Code and the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, commencing with Section 56000 of Title 5 of the Government Code (“**San Miguel**”) with respect to the following facts:

RECITALS

A. OWD is the owner in fee simple of that certain real property located at 11880 Campo Road, within the County of San Diego, State of California, which real property is commonly known and referred to by the Parties as the Regulatory Site (the “**Real Property**”).

B. San Miguel desires to lease a portion of the Real Property, as depicted and more particularly described on **Exhibit A and B**, attached hereto and incorporated herein by this reference (the “**Premises**”), from OWD.

C. San Miguel desires to lease the Premises to construct, develop and operate thereon a state-of-the-art regional training center that will include the Improvements (as defined below) and offer the Training Programs (as defined below) and services more particularly described in this Lease (collectively, the “**Project**”), all pursuant to the terms and conditions set forth herein.

D. OWD believes that it is in the best interest of the District and the community to lease the Premises to San Miguel for the purposes and under the conditions specified herein.

AGREEMENT

NOW, THEREFORE, in consideration of the terms and conditions of this Lease, OWD and San Miguel agree as follows:

1. LEASE OF THE PROPERTY.

For and in consideration of the rents, covenants, and agreements hereinafter set forth to be paid, kept, performed and observed by San Miguel, OWD hereby leases to San Miguel, and San Miguel hereby hires and leases from OWD the Premises.

2. LEASE TERM AND TERMINATION.

2.1 **Initial Term.** Subject to the terms and conditions of this Lease, San Miguel hereby leases from OWD and OWD hereby leases to San Miguel the Premises for an initial term (the “**Initial Term**”) commencing on the Effective Date and ending on the calendar date that is thirty (30) calendar years later, unless this Lease is sooner terminated as provided herein.

2.2 **Optional Term.** At the end of the Initial Term, San Miguel is granted the option to extend this Lease for an additional twenty (20) calendar years (the “**Optional Term**”) provided that, during the Initial Term, the following conditions are met: (i) San Miguel has completed the Improvements (as defined below) with due diligence and within a reasonable time; (ii) San Miguel is in actual occupancy of the Premises and is maintaining and operating the Improvements for the Training Programs in accordance with the terms hereof; (iii) San Miguel has timely paid any loan payments, rent and other financial obligations relating to the Improvements, as they become due; and (iv) San Miguel is not in default of any of the terms, covenants and conditions of this Lease.

2.3 **Termination.** This Lease may be terminated as follows:

a. By OWD, upon ninety (90) days written notice to San Miguel, in the event that the Premises becomes subject to any law or regulation that prohibits, or makes impracticable, the continued operation of the Improvements in the manner contemplated hereunder.

b. By either San Miguel or OWD, upon sixty (60) days written notice to other party, if San Miguel decides to abandon the Premises or not to continue using the Premises for the purposes specified herein or if San Miguel attempts to sell or transfer the operation of the Improvements to another entity without OWD’s prior written consent.

It is understood and agreed that, upon termination of this Lease, for any reason, San Miguel shall surrender the Premises and Improvements to OWD in substantially their condition on the date construction is completed; reasonable wear and tear and any other conditions acceptable to OWD are exempted.

3. IMPROVEMENTS AND PROJECT.

3.1 **Construction of Improvements.** San Miguel shall, at its sole cost and expense, cause the construction of the following improvements, facilities and related amenities, as depicted and further described on **Exhibit C** attached hereto and incorporated herein by reference (the “**Improvements**”), on or prior to the Completion Date (as defined below):

Brief Description	Approximate Area (Sq. Ft.)
Administration and Social Area	4,400
Burn Building	1,550
Confined Space Training Area	2,700
Trench Training Area	600
Helicopter Pad Area	<u>350</u>

	SUBTOTAL:	9,550
Landscaping		As needed
Parking facilities		About 30 spaces
Access Road Improvements		

3.2 **Pre-Construction Requirements.** Prior to commencing any construction work in connection with the Improvements, San Miguel shall: (i) obtain all permits required by law in connection with the construction of the Improvements; (ii) obtain the approval of the Board of Directors of OWD in connection with any Shared Use Facilities (as defined herein); (iii) make payment to OWD for any and all expenditures incurred by OWD in connection with any required environmental studies, permits or approvals, including but not limited to costs incurred by OWD in connection with requirements of the California Environmental Quality Act, commencing with Section 21000 of the Public Resources Code, as hereafter amended (“**CEQA**”); (iv) make payment to OWD for any other costs or expenses incurred by District in connection with the Improvements for which San Miguel has agreed in writing, after the Effective Date of this Agreement, to reimburse OWD; and (v) provide copies to OWD of any final approvals required for the Improvements.

3.3 **Completion Date.** The Improvements, in substantially the form of the design drawings and specifications derived from the conceptual site and floor plans approved by OWD prior to the commencement of construction, shall be completed, ready for occupancy and operational on or prior to _____, 2009 (the “**Completion Date**”).

3.4 **As Built.** On or prior to the date that is sixty (60) calendar days from the Completion Date, San Miguel will provide copies of the final “as-built” drawings of any water facilities to OWD.

3.5 **Cost.** The cost of planning, permitting, designing and constructing all Improvements, and all public infrastructure facilities relating to the Project or required by any federal, state or local unit of government having jurisdiction over, or providing services to, the Project shall be borne solely by San Miguel.

3.6 **Notice of Construction Meetings.** Except only for emergency meetings, if any, San Miguel agrees to give not less than two weeks notice to OWD of the date, time and place of each construction-related meeting. San Miguel agrees to provide notice of emergency meetings as soon as one such meeting is called. OWD may choose to attend any construction-related meeting at its sole discretion.

4. USE OF, AND ACCESS TO, THE PREMISES AND IMPROVEMENTS.

4.1 **Use of the Premises.** San Miguel covenants and agrees for itself, its successors and assigns, that during the Term, unless otherwise consented to by OWD in writing, the Premises shall be devoted to and used for the construction and development of the Improvements and the operation of the Training Programs as further set forth herein. San Miguel shall be responsible for using, and causing its guest to use, the Premises and Improvements in a manner that does not adversely affect OWD’s facilities or operations.

4.2 **Access Easement.** OWD hereby grants San Miguel permission to access the Premises from an agreed upon location at the Property line and following an agreed upon path to the Premises. San Miguel shall be solely responsible, including all costs in connection therewith, for obtaining any access easement or permission from the owners of adjacent real property to the Property line.

In addition, San Miguel understands that the owner of certain commercial real property through which the Property is currently accessed plans certain renovations to its property that may result in damages to or the relocation of OWD's current access. San Miguel agrees to work with OWD and to the extent necessary the owner of said property to ensure continuous and satisfactory access by OWD to the Property. It is further understood and agreed that San Miguel will be responsible for obtaining any additional easements or permissions it requires from the owner of the commercial property to access the Premises and utilize the Improvements and will be responsible for all costs associated with such easements or permissions.

4.3 **Purpose and Use of the Improvements.** The Improvements shall be used primarily for training programs and services intended to benefit San Miguel, OWD and the region and for any other uses appropriate for the Improvements, a representative list of such programs is attached hereto as **Exhibit D** (collectively, the "**Training Programs**"). Posting of commercial signage, in such form and size and for such time period as mutually agreed to by San Miguel and OWD, by or on behalf of sponsors providing construction funding to San Miguel for the costs of the Improvements is expressly permitted as a use appropriate for the Improvements. OWD reserves the right to, on an annual basis, on or prior to the anniversary date of the Effective Date of this Lease, review and comment upon and/or veto any other services authorized or provided by San Miguel at the Premises.

4.4 **OWD Use – Shared Use Facilities.** OWD and San Miguel agree that OWD shall be allowed to make use of the Premises and the Improvements in the following manner:

a. **Reserved Use.** OWD staff, volunteers, employees, agents or invitees may reserve the use of any Improvements, other than private offices of San Miguel personnel, during hours of non-operation by San Miguel, at no charge, upon the conditions agreed upon by San Miguel and OWD.

b. **Shared Use.** OWD staff, volunteers, employees, agents or invitees shall have access to and be able to use the Improvements at any time upon reasonable notice of not less than 24 hours to San Miguel and may participate in the Training Programs pursuant to any conditions agreed upon by OWD and San Miguel. OWD is planning to use one of the administration buildings conference rooms or class rooms as an Emergency Operation Center (EOC).

c. **Other Use.** Nothing in this Agreement shall be construed to prohibit or prevent the use of the Premises or Improvements by OWD's staff, volunteers, employees, agents or invitees in any manner and on the conditions normally applicable to any person in the community.

4.5 **Accessibility of the Premises.** Once completed, the Improvements and Premises shall be accessible to OWD from the Real Property, but OWD may require San Miguel to fence

all or a portion of the Premises to prevent San Miguel's employees, guest or invitees from accessing District facilities on the Real Property. In such case access can be through one or more gates satisfactory to both parties. Keys to the gate(s) shall only be provided to OWD and San Miguel personnel designated by the parties.

4.6 **Operation in Compliance with Requirements.** San Miguel's use and operation of the Improvements and the Premises shall also be subject to any requirements or conditions governing the use and operation of OWD property. If a conflict arises in connection with any such requirement and any other obligation of San Miguel, San Miguel shall inform OWD and the parties shall determine which obligations San Miguel must fulfill.

5. RENT.

5.1 **Net Lease.** Except as otherwise provided in this Lease, it is the intent of the parties that San Miguel shall pay all costs, taxes, charges, and expenses of every kind and nature against the Premises and the Improvements which may arise or become due during the Term.

5.2 **Rent.** During the Initial Term of this Lease, San Miguel shall pay to OWD as rent ("**Rent**") the amount of Ten dollars (\$10.00) per year. The Three Hundred dollars (\$300.00) due for the Initial Term shall be due and payable in full on the Effective Date. Prior to the commencement of the Optional Term, if any, San Miguel shall pay to OWD as Rent an amount agreed upon by OWD and San Miguel.

6. UTILITIES AND OTHER OPERATIONAL EXPENSES.

6.1 **Charges and Expenses.** San Miguel shall pay or cause to be paid, all charges for gas, electricity, water, sewer, garbage collection, telephone, internet, cable television, and any other services or utilities furnished to the Premises in connection with the Improvements and/or Training Programs and/or any use thereof. To the extent any sewer use charges, tap-in fees, capacity fees, permit fees, hookup or similar charges or assessments for utilities concerning the Premises or the Improvements are levied against the Real Property during the Term, San Miguel agrees to pay OWD for such charges promptly upon request. San Miguel shall provide for separate utility connections for all utilities used on the Premises, to the extent required by law, OWD or the service provider.

6.2 **Taxes.** San Miguel covenants and agrees to pay before delinquency any real or personal property taxes, assessments and liens of any kind and nature assessed during the Term against any real or personal property within the Premises.

7. OWNERSHIP OF IMPROVEMENTS, FIXTURES AND FURNISHINGS.

7.1 **Ownership During Term.** All Improvements constructed on the Premises by San Miguel, as permitted by this Lease, shall, during the Term, be and remain the property of San Miguel; provided, however, that: (i) San Miguel shall have no right to waste the Improvements, or to destroy, demolish or remove any Improvements except as otherwise permitted pursuant to this Lease or approved by OWD pursuant to a written amendment to this Lease; and, (ii) San Miguel's rights and powers with respect to the Improvements are subject to the terms and limitations of this Lease.

7.2 **Ownership at Termination.** Upon termination of this Lease for any reason whatsoever, title to all Improvements, fixtures and furnishings on the Premises and/or any other portion of the Real Property shall, without compensation to San Miguel, automatically vest in OWD free and clear of all liens, encumbrances, and claims to or against them by San Miguel or any third person, firm, or entity, including but not limited to any mortgagee or lender. San Miguel agrees to execute a quitclaim deed and do all things necessary to transfer clean title to the Premises and Improvements to OWD. San Miguel shall transfer the Premises and Improvements in good, clean, and safe working condition to OWD.

8. INDEMNIFICATION: FAITHFUL PERFORMANCE.

8.1 San Miguel shall not suffer or permit any liens to be enforced against the fee simple estate in reversion of OWD as to the Premises and the Improvements, nor against San Miguel's leasehold interest, for any reason, including but not limited to by reason of work, labor, services, or materials supplied or claimed to have been supplied to the Premises, or any part thereof, through or under San Miguel. San Miguel agrees to defend, indemnify, and hold OWD and City and their respective trustees, officers, officials, employees, agents, and representatives, harmless against such liens, claims, or actions, including attorney's fees and costs. If any such lien shall at any time be filed against the Real Property, Premises and/or Improvements, San Miguel shall, within thirty (30) days after notice to San Miguel of the filing thereof, cause the same to be discharged of record; provided, however, that San Miguel shall have the right to contest the amount or validity, in whole or in part, of any such lien by appropriate proceedings but in such event, San Miguel shall notify OWD and promptly bond such lien in the manner authorized by law with a responsible surety company qualified to do business in the State of California or provide other security acceptable to OWD. San Miguel shall prosecute such proceedings with due diligence.

8.2 Nothing in this Lease shall be deemed to be, nor shall be construed in any way to constitute, the consent or request of OWD, express or implied, by inference or otherwise, to any person, firm or corporation for the performance of any labor or the furnishing of any materials for any construction, rebuilding, alteration or repair of or to the Improvements, or any part thereof.

8.3 Prior to commencement of construction of the Improvements, or any repair or alteration thereto (other than emergency repair or alteration), San Miguel shall give OWD not less than thirty (30) days advance notice in writing of intention to begin said activity in order that nonresponsibility notices may be posted and recorded as provided by state and local laws. It is agreed that San Miguel may provide reasonable notice of not less than twenty-four (24) hours in case of an emergency repair or alteration.

9. MAINTENANCE AND REPAIR; CAPITAL REPLACEMENT RESERVE.

9.1 **Maintenance and Repair.** OWD places prime importance on quality maintenance to ensure the safety and well being of its staff, visitors and volunteers and any other person using the Improvements and/or participating in any Training Programs. Except as otherwise provided in this Lease, San Miguel assumes full responsibility for the construction, operation and maintenance of the Improvements, without any expense to OWD, and agrees to perform all repairs and replacements necessary to maintain and preserve the Improvements and

the Premises in a clean and safe condition reasonably satisfactory to OWD and in compliance with all applicable laws. Normal wear and tear of the Improvements will be acceptable to OWD assuming San Miguel regularly constructs and performs all necessary repairs to maintain the Improvements in first-class condition, similar to their condition on the date the Improvements are accepted from the contractor. In addition, San Miguel shall keep the Premises and the Improvements free from all graffiti and any accumulation of debris or waste material.

9.2. San Miguel hereby waives all rights to make repairs or to cause any work to be performed at the expense of OWD as provided for in Section 1941 and 1942 of the California Civil Code.

10. ENVIRONMENTAL MATTERS.

10.1 **Definitions.** For the purposes of this Lease, unless the context otherwise specifies or requires, the following terms shall have the meanings herein specified:

- a. The term "Hazardous Materials" shall mean any substance, material, or waste which is or becomes regulated by any local governmental authority, the County of San Diego, the State of California, regional governmental authority or the United States Government, including, but not limited to, any material or substance which is (i) defined as a "hazardous waste," "extremely hazardous waste," or "restricted hazardous waste" under Section 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law)), (ii) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act), (iii) defined as a "hazardous material," "hazardous substance," or "hazardous waste" under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) petroleum, (vi) friable asbestos, (vii) polychlorinated byphenyls, (viii) listed under Article 9 or defined as "hazardous" or "extremely hazardous" pursuant to Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 20, (ix) designated as "hazardous substances" pursuant to Section 311 of the Clean Water Act (33 U.S.C. '13-17), (x) defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. '6901 *et seq.* (42 U.S.C. '6903) or (xi) defined as "hazardous substances" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. '9601 *et seq.*
- b. The term "Hazardous Materials Contamination" shall mean the contamination (whether presently existing or hereafter occurring) of the Improvements, facilities, soil, groundwater, air or other elements on, in or

of the Real Property or the Premises by Hazardous Materials, or the contamination of the buildings, facilities, soil, groundwater, air or other elements on, in or of any other property as a result of Hazardous Materials at any time (whether before or after the Date of Lease) emanating from the Premises.

- c. The term "Governmental Requirements" shall mean all past, present and future laws, ordinances, statutes, codes, rules, regulations, orders and decrees of the United States, the state, the county, the city, or any other political subdivision in which the Premises are located, and any other state, county city, political subdivision, OWD, instrumentality or other entity exercising jurisdiction over OWD, San Miguel or the Premises.

10.2 **San Miguel's Environmental Indemnity.** San Miguel shall save, protect, defend, indemnify and hold harmless OWD, its, trustees, officers, officials, employees, volunteers, assigns, successors in interest and agents from and against any and all liabilities, suits, actions, claims, demands, penalties, damages (including, without limitation, penalties, fines and monetary sanctions), losses, costs or expenses (including, without limitation, consultants' fees, investigation fees, reasonable attorneys fees and costs and remedial and response costs) (the foregoing are collectively referred to as "Liabilities" in this paragraph) which may now or in the future be incurred or suffered by OWD and its, trustees, officers, officials, employees, or agents by reason of, resulting from, in connection with, or existing in any manner whatsoever as a direct or indirect result of (1) San Miguel's use, generation, discharge, emission or release from the Premises of any Hazardous Materials or Hazardous Materials Contamination prior to or after the commencement of this Lease, including any Liabilities incurred under any Governmental Requirements relating to such Hazardous Materials or Hazardous Materials Contamination, (2) the performance by San Miguel of any acts or omissions with respect to use or operation of the Premises, the Improvements or the Training Programs, including, but not limited to, the performance of any act required by this Lease, and (3) the performance by OWD of any act required to be performed by San Miguel under this Lease. San Miguel's obligations under this Section 10.2 shall survive the expiration or early termination of this Lease and shall not merge with any grant deed.

10.3 **OWD's Covenant Regarding Hazardous Materials.** OWD covenants and represents that, as of the Effective Date of this Lease, there are no Hazardous Materials or Hazardous Materials Contamination at the premises. San Miguel may, at its sole cost and expense, conduct a Phase I Environmental Site Assessment ("ESA") and, if so recommended in the Phase I ESA, a Phase II ESA. OWD agrees to remediate any Hazardous Materials Contamination uncovered by the Phase II ESA, at OWD's sole cost and expense.

10.4 **Duty to Prevent Hazardous Material Contamination.** San Miguel shall take all necessary precautions to prevent the release of any Hazardous Materials into the environment. Such precautions shall include compliance with all Governmental Requirements with respect to Hazardous Materials. In addition, San Miguel shall install and utilize such equipment and implement and adhere to such procedures as are consistent with the standards generally applied by similar projects in San Diego County, California as respects the disclosure, storage, use, removal, and disposal of Hazardous Materials.

10.5 **Obligation of San Miguel to Remediate Premises.** In the event of contamination of the Premises arising directly or indirectly from San Miguel's use, generation, discharge, emission or release upon, about or beneath the Premises of any Hazardous Materials occurring during the Term, San Miguel shall, subject to OWD's rights herein, at its sole cost and expense, promptly take (i) all actions properly required by any federal, state, regional, or local governmental or political subdivision requirements and (ii) all actions necessary to make full economic use of the Premises for the purposes contemplated by this Lease. Such actions shall include, but not be limited to, the investigation of the environmental condition of the Premises, the preparation of any feasibility studies or reports and the performance of any cleanup, remedial, removal or restoration work. San Miguel shall take all actions necessary to promptly restore the Premises to an environmentally sound condition for the uses contemplated by this Lease notwithstanding any lesser standard of remediation allowable under applicable Governmental Requirements.

10.6 **Right of Entry.** Notwithstanding any other term or provision of this Lease, San Miguel shall permit OWD or its agents or employees to enter the Premises at any time during normal business hours, without prior notice in the event of an emergency, and with not less than twenty-four (24) hours advance notice if no emergency is involved, to inspect, monitor and/or take emergency or long-term remedial action with respect to Hazardous Materials and Hazardous Materials Contamination on or affecting the Premises or Improvements, or to discharge San Miguel's obligations hereunder with respect to such Hazardous Materials and Hazardous Materials Contamination when San Miguel has failed to do so after written notice from OWD and expiration of a reasonable opportunity to cure such deficiency, not exceeding seven (7) days, unless such cure reasonably requires a greater period of time in which case San Miguel shall be in compliance herewith if San Miguel commences such cure within the same seven (7) day period. All costs and expenses incurred by OWD in connection with performing San Miguel's obligations hereunder shall be reimbursed by San Miguel to OWD within thirty (30) days of San Miguel's receipt of written request therefor.

10.7 **Storage or Handling of Hazardous Materials.** Subject to the provisions of this Lease, San Miguel, at its sole cost and expense, shall comply with all Governmental Requirements for the storage, use, transportation, handling and disposal of Hazardous Materials on or about the Premises. In the event San Miguel does store, use, transport, handle or dispose of any Hazardous Materials, San Miguel shall notify OWD in writing at least ten (10) days prior to their first appearance on the Premises and San Miguel's failure to do so shall constitute a material default under this Lease. San Miguel shall conduct all monitoring activities required or prescribed by applicable Governmental Requirements.

11. **DAMAGE OR DESTRUCTION.**

11.1 **Obligation to Repair and Restore Damage Due to Casualty Covered by Insurance.** Subject to Section 11.3 below, if the Improvements are totally or partially destroyed or rendered wholly or partly uninhabitable by fire or other casualty, San Miguel shall take all steps necessary to promptly and diligently commence the repair or replacement of the Improvements (and any parts of the Premises and the Real Property collaterally damaged by said fire or casualty) to substantially the same condition as existed immediately prior to the casualty, whether or not any insurance proceeds are sufficient to cover the actual cost of repair,

replacement, or restoration. San Miguel shall be solely responsible for any costs exceeding any insurance proceeds. San Miguel shall complete the same as soon as possible thereafter so that the Improvements and Training Programs can continue to be operated and occupied in accordance with the Lease. OWD shall cooperate with San Miguel, at no expense to OWD, in obtaining any governmental permits required for the repair, replacement, or restoration. If, however, the then-existing laws of any other governmental agencies with jurisdiction over the Real Property and Premises do not permit the repair, replacement, or restoration, San Miguel may elect not to repair, replace, or restore the Improvements by giving notice to OWD (in which event San Miguel will be entitled to all insurance proceeds but San Miguel shall be required to remove all debris from the Real Property and the Premises and to restore the Real Property and Premises to approximately their original condition on the date of this Lease) or San Miguel may reconstruct such other Improvements as are consistent with applicable land use regulations and approved by OWD and any other governmental agencies with jurisdiction. In the event San Miguel elects not to repair, replace, or restore, and gives OWD notice of such election as provided herein, this Lease shall terminate.

11.2 **Damage or Destruction Due to Cause Not Required to be Covered by Insurance.** If any Improvements are completely destroyed or substantially damaged by a casualty against which San Miguel is not required to (and has not) insured, then San Miguel may elect not to repair, replace, or restore such Improvements by providing OWD with written notice within ninety (90) days after such substantial damage or destruction. In such event, San Miguel shall remove all debris from the Real Property and Premises. As used in this Section 11.3, "substantial damage" caused by a casualty not required to be (and not) covered by insurance shall mean damage or destruction which is ten (10%) or more of the replacement cost of the Improvements, to the extent constructed at the time of the casualty.

12. SALE, ASSIGNMENT, SUBLEASE OR OTHER TRANSFER.

12.1 **No Assignment.** San Miguel shall not sell, assign, sublease, mortgage, pledge, hypothecate or otherwise transfer this Lease or any right therein, nor make any total or partial sale, assignment, sublease, mortgage, pledge, hypothecation or transfer in any other mode or form of the whole or any part of the Premises or Improvements (each of which events is referred to in this Lease as an "assignment"), without prior written approval of OWD, which approval may be given or withheld in OWD's sole and absolute discretion. In the event such approval is granted, the assignment shall not be effective unless and until the assignor and assignee have signed an assignment and assumption agreement in a form and with content approved by OWD's Board of Directors. Any purported assignment without the prior written consent of OWD shall render this Lease absolutely null and void and shall confer no rights whatsoever upon any purported assignee or transferee.

12.2 **No Subordination.** OWD and San Miguel acknowledge and agree that neither OWD's interest or fee ownership of the Premises (including its reversionary interest therein and in the Improvements) nor OWD's right to receive rent hereunder shall be subordinate to any permitted encumbrance or any other lien, mortgage, deed of trust, pledge or other encumbrance of San Miguel's leasehold interest hereunder.

13. INDEMNITY.

13.1 **San Miguel Indemnity.** Pursuant to this Section 13.1 and Section 10.2 of this Lease, San Miguel agrees to indemnify, defend and save free and harmless OWD, its agents, officers, representatives and employees from and against any claims, liabilities, penalties, fines and for any damage to the goods, properties or effects of San Miguel, its board, representatives, agents, employees, guests, licensees, invitees or of any other person whomsoever, and for injuries to or deaths of any persons, whether caused by or resulting from any act or omission of San Miguel or its subcontractors or any other person on or about the Premises and Improvements, or in connection with the operation thereof, or from any defect in the Premises or the Improvements (collectively, the "Claims"). Upon demand from OWD, San Miguel shall appear and defend OWD against any such Claims. San Miguel also agrees to indemnify, defend, and save free and harmless OWD and its officers, officials, employees, agents, and representatives against any costs and expenses incurred by OWD (including but not limited to attorney's fees and costs and expert witness fees) on account of any Claims. San Miguel shall not be responsible for (and such indemnity shall not apply to) any such Claims due to or arising solely out of any acts, errors or omissions of OWD or its officers, officials, employees, agents, and representatives. This provision shall survive the termination of this Lease.

13.2 **OWD Indemnity.** In connection with the use of any Improvements by OWD, as described above in Section 4.4, OWD agrees to defend and indemnify and hold harmless San Miguel and its officers, directors, agents and employees from and against any claims, liabilities, penalties, fines or damage arising out of the negligent acts or omissions of OWD's officers, employees or agents; provided that no violation of any duty of care owed by San Miguel has contributed to the damage, injury or other incident for which relief is being sought.

14. INSURANCE BY SAN MIGUEL.

14.1 **Insurance to be Provided by San Miguel.** During the Term, San Miguel, at its sole cost and expense, shall maintain or cause to be maintained all policies of insurance equivalent to those typically maintained for the premises and improvements owned by San Miguel and, at a minimum, shall maintain a policy or policies of insurance against loss or damage to the Premises and the Improvements, resulting from fire, lightning, vandalism, malicious mischief, and such other perils ordinarily included in extended coverage fire insurance and casualty loss policies. Such insurance shall be maintained in an amount not less than one hundred percent (100%) of the "Full Replacement Cost" of the Improvements, as defined below. San Miguel also agrees to maintain or cause to be maintained such policies of insurance, in such amounts and with such terms and conditions that are set forth in any loan documents concerning the Improvements.

14.2 **Definition of "Full Replacement Cost".** The term "Full Replacement Cost" as used in this Article 14 shall mean the actual replacement cost of the Improvements, including the cost of construction, architectural and engineering fees, and inspection and supervision. To ascertain the amount of coverage required, San Miguel shall cause the Full Replacement Cost to be determined from time to time by appraisal by the insurer or, if no such appraisal is available, by an appraiser mutually acceptable to OWD and San Miguel, not less often than once every twelve (12) months.

14.3 **General Insurance Provisions.** All policies of insurance covering the Improvements shall name San Miguel as the insured and OWD as additional insured. San Miguel agrees to timely pay all premiums for such insurance and, at its sole cost and expense, to comply and secure compliance with all insurance requirements necessary for the maintenance of such insurance. San Miguel agrees to submit certificates evidencing the existence of such insurance, to OWD on or before the effective date of this Lease, indicating full coverage of the contractual liability imposed by this Lease. At least thirty (30) days prior to expiration of any such policy, copies of renewal policies, or certificates evidencing the existence thereof shall be submitted to OWD. All policies or certificates of insurance shall also: (i) provide that such policies shall not be canceled or limited in any manner without at least thirty (30) days prior written notice to OWD; and (ii) provide that such coverage is primary and not contributing with any insurance as may be obtained by OWD and shall contain a waiver of subrogation for the benefit of OWD.

14.4 **Self-Insurance.** San Miguel may self-insure for all requirements of this Article and agrees to provide a statement of self-insurance in form and content satisfactory to OWD.

14.5 **Failure to Maintain Insurance.** If San Miguel fails or refuses to procure or maintain insurance as required by this Lease, OWD shall have the right, but not the obligation, upon ten (10) days prior notice to San Miguel, to procure and maintain such insurance and charge San Miguel for the same. OWD shall give prompt notice of the payment of such premiums, stating the amounts paid and the name of the insured(s).

14.6 **Insurance Proceeds Resulting from Loss or Damage to the Improvements.** All proceeds of insurance with respect to loss or damage to the Improvements and the Premises during the Term of this Lease shall be payable, under the provisions of the policy of insurance, to San Miguel, and said proceeds shall constitute a trust fund to be used for the restoration and repair of the Improvements and the Premises. To the extent that such proceeds exceed the cost of such restoration, repair or rebuilding, then such proceeds shall be apportioned between San Miguel and OWD as their interests may appear. The value of each interest for the purpose of apportioning excess proceeds under this Section shall be the fair market value of such interests immediately prior to the occurrence of the damage or destruction.

15. **INSURANCE BY OWD.** OWD shall maintain in effect adequate insurance, as required by law, in connection with any activities of OWD to be performed or carried out at the Premises or the Improvements. In the event that OWD does not maintain insurance for those activities, OWD will provide a statement of self-insurance in form and content satisfactory to San Miguel.

16. **OBLIGATION TO REFRAIN FROM DISCRIMINATION.**

There shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the Premises or the Improvements or participation in the Training Programs, and San Miguel itself or any person claiming under or through it shall not establish or permit any such practice or practices of discrimination or segregation.

17. **NONDISCRIMINATION IN EMPLOYMENT.**

San Miguel, for itself and its successors and assigns, agrees that during the operation of Training Programs and the Improvements, and during any work of repair or replacement, San Miguel shall not discriminate against any employee or applicant for employment on the basis of any category or status not permitted by law.

18. LABOR STANDARDS.

San Miguel shall comply, and require all contractors and subcontractors employed pursuant to this Lease to comply with all applicable labor standards provisions of the California Labor Code and federal law, including payment of prevailing wage if applicable.

19. COMPLIANCE WITH LAWS; NO NUISANCE.

San Miguel agrees, at its sole cost and expense, to comply and secure compliance with all applicable requirements now in force, or which may hereafter be in force, of all municipal, county, state and federal and any other regulatory authorities, to the Real Property, the Premises and the Improvements, as well as the Training Programs.

Furthermore, San Miguel agrees to make use of the Real Property, Premises, Improvements and any and all easements in such a manner that will not constitute a nuisance and will not interfere with the owner's or other person's use and enjoyment of any neighboring properties or facilities, including but not limited to OWD's use of its property and facilities.

20. ENTRY AND INSPECTION.

OWD reserves and shall have the right during reasonable business hours (except in cases of emergency), upon twenty-four (24) hours prior notice (except in cases of emergency) to San Miguel by OWD, to enter the Premises for the purpose of viewing and ascertaining the condition of the same, or to protect its interests in the Premises and the Improvements or to inspect the operations conducted thereon.

21. DEFAULT AND REMEDIES.

21.1 **Default by San Miguel.** It shall be a default hereunder for San Miguel to abandon or surrender the Premises or the Improvements or to use them in a manner other than as contemplated hereunder without OWD's prior written consent or to attempt to transfer any part of the Premises or the Improvements to any third party without prior written consent from OWD.

21.2 **Remedies of OWD.** In the event of any such Default by San Miguel, OWD may, at its option, immediately terminate this Lease by written notice to San Miguel and determine what the proper disposition of the Improvements might be. If OWD terminates this Lease and disposes of the Improvements, OWD will not be obligated to share any portion of any amounts paid to OWD for the Improvements have no further liability to San Miguel under this Lease or in connection with the disposition of the Improvements.

21.3 **Rights and Remedies are Cumulative.** The rights and remedies of OWD and San Miguel under this Lease are cumulative to all other rights and remedies possessed by OWD under this Lease or at law or equity. The exercise by OWD of one or more such rights or

remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by San Miguel.

22. MISCELLANEOUS.

22.1 **Governing Law.** The laws of the State of California shall govern the interpretation and enforcement of this Lease.

22.2 **Legal Actions and Venue.** If negotiation efforts to reach a satisfactory solution to a dispute under this Lease fail, proper venue for the resolution of any dispute under this Lease shall be the Superior Court of San Diego County.

22.3 **Incorporation of Recitals.** The Recitals set forth above and all Exhibits attached to this Lease, as those exhibits may be amended from time to time, are incorporated herein by reference.

22.4 **Notices.** All notices, statements, demands, requests, consents, approvals, authorizations, offers, agreements, appointments or designations hereunder by either party to the other shall be in writing and shall be given either by (i) personal service, (ii) delivery by reputable document delivery service that provides a receipt showing date and time of delivery, or (iii) mailing in the United States mail, certified or registered mail, return receipt requested, postage prepaid, and addressed as follows:

OWD: Otay Water District
2554 Sweetwater Springs Boulevard
Spring Valley, California 91978-2096
Fax: (619) 660-0829
Attention: General Manager

San Miguel: San Miguel Consolidated Fire Protection District
2850 Via Orange Way
Spring Valley, California 91978-1746
Fax: (619) 670-5331
Attention: _____

Any such notice shall also be sent via facsimile or electronic mail. Either party may later designate a different address for service of notice by providing written notice to the other party. Notices personally delivered or delivered by document delivery service shall be effective upon receipt; provided, however that refusal to accept delivery shall constitute receipt. Mailed notices shall be effective as of Noon on the third business day following deposit with the United States Postal Service. Any notices attempted to be delivered to an address from which the receiving party has moved without providing notice to the delivering party shall be effective as of Noon on the third day after the attempted delivery or deposit in the United States mail.

22.5 **Time is of the Essence.** Time is of the essence in the performance of the terms and conditions of this Lease.

22.6 **Holding Over**. The occupancy of the Premises after the expiration of the Term of this Lease shall be construed to be a tenancy from month to month, and all other terms and conditions of this Lease shall continue in full force and effect.

22.7 **Waivers and Amendments**. All waivers of the provisions of this Lease must be in writing and signed by the appropriate authorities of OWD or San Miguel. A waiver of any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition, or any subsequent breach of the same or any other term, covenant or condition herein contained.

22.8 **Entire Agreement**. This Lease sets forth the entire understanding of the parties with respect to the Improvements.

22.9 **Counterparts**. This Lease may be executed in counterparts, each of which, when this Lease has been signed by all the parties hereto, shall be deemed an original.

22.10 **Severability**. If any provision of this Lease or the application thereof to any person or circumstances shall be invalid or unenforceable to any extent, the remainder of this Lease and the application of such provisions to other persons or circumstances shall not be affected thereby and shall be enforceable to the greatest extent permitted by law.

22.11 **Terminology**. All personal pronouns used in this Lease, whether used in the masculine, feminine, or neuter gender, shall include all other genders; the singular shall include the plural, and vice versa. Titles of sections are for convenience only, and neither limits nor amplifies the provisions of the Lease itself.

22.12 **Binding Effect**. This Lease, and the terms, provisions, promises, covenants and conditions hereof, shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

22.13 **Force Majeure**. The time within which OWD or San Miguel is obligated herein to perform any obligation hereunder, other than an obligation that may be performed by the payment of money, shall be extended and the performance excused when the delay is caused by fire, earthquake or other acts of God, strike, lockout, acts of public enemy, acts of terrorism, riot, insurrection or other cause beyond the reasonable control of the applicable party.

22.14 **Quiet Enjoyment**. OWD does hereby covenant, promise and agree to and with San Miguel that San Miguel, for so long as San Miguel is not in default hereunder, shall and may at all times peaceably and quietly have, hold, use, occupy and possess the Premises throughout the Term.

22.15 **Due Authority of Signatories**. Each person signing this Lease represents and warrants that he or she has been duly authorized, by appropriate action of the Party that he or she represents, to act on behalf of that Party and to bind that Party to the terms and conditions of this Lease.

[The remainder of this page is intentionally left blank – the signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their lawfully authorized officers.

Otay Water District

**San Miguel Consolidated
Fire Protection District**

By: _____
Mark Watton
General Manager

By: _____

Attest:

Attest:

Susan Cruz
District Secretary

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

APPROVED AS TO FORM:

Garcia Calderón Ruíz LLP

By: _____
General Counsel

By: _____
General Counsel

EXHIBIT A
TO GROUND LEASE AND DEVELOPMENT AGREEMENT
LEGAL DESCRIPTION AND DEPICTION
OF THE REAL PROPERTY AND THE PREMISES

[To be attached]

EXHIBIT B
TO GROUND LEASE AND DEVELOPMENT AGREEMENT
CONCEPTUAL SITE PLAN

See attached.

EXHIBIT D
TO GROUND LEASE AND DEVELOPMENT AGREEMENT

SAN MIGUEL TRAINING PROGRAMS

1. Confined Space Rescue Training
2. Trench Rescue Training
3. Vehicle Rescue (Auto Extrication) Training
4. Low Angle Rescue Training
5. Heavy Rescue Training
6. High Angle (Tower) Rescue (Rappelling)
7. Search and Rescue Training
8. Firefighter Survival Training (Self Survival Prop)
9. Roof Ventilation Firefighting Operations Training (Prop)
10. Ladder Evolution Training
11. Hazardous Materials Training including:
 - a. Propane Leak
 - b. Chlorine Leak (One Ton)
 - c. Cylinder/Valve Leak
12. Gas and Electric Training (Power Poles and Electrical Panel)
13. Wires Down Simulations
14. Emergency Vehicle Operations
15. Master Stream Operations into backstop
16. Sewer and Storm Drain Maintenance Training
17. Numerous classroom training sessions
18. Structure Collapse Training
19. Live Fire Training including
 - a. Attic Fire
 - b. Kitchen Fire
 - c. Flashover
 - d. Propane Tank
 - e. Simulated Flammable Liquid
 - f. Loading Dock
 - g. Burn Building inside Tower
 - h. "Christmas Tree"
 - i. Fire Extinguisher Training

Exhibit A
TO GROUND LEASE AND DEVELOPMENT AGREEMENT

LEGAL DESCRIPTION AND DEPICTION
OF THE REAL PROPERTY AND PREMISES

A portion of that land granted to Otay Water District per deed recorded January 28, 1964 as File No. 16556 and depicted as "NOT A PART OF THIS SURVEY" on Record of Survey Map No. 6666 recorded March 10, 1966 as File No. 41585 in the Office of the County Recorder, County of San Diego, State of California described as follows:

Beginning at the southerly end of that course described in said deed and depicted on said map as South 10°18'55" East 882.13 feet; thence the following courses:

1. North 10°18'55" West 486.76 feet;
2. South 79°41'05 West 254.80 feet to the True Point of Beginning;
3. South 54°28'07" West 284.49 feet;
4. North 35°31'53" West 400.06 feet;
5. North 09°21'13" East 63.42 feet;
6. North 54°28'07" East 208.87 feet;
7. South 39°29'59" East 446.07 feet to the True Point of Beginning.

As shown on the plat attached hereto and by this reference made a part hereof.

The above described parcel of land contains 2.73 acres, more or less.

Assessor's parcel number 502-030-051

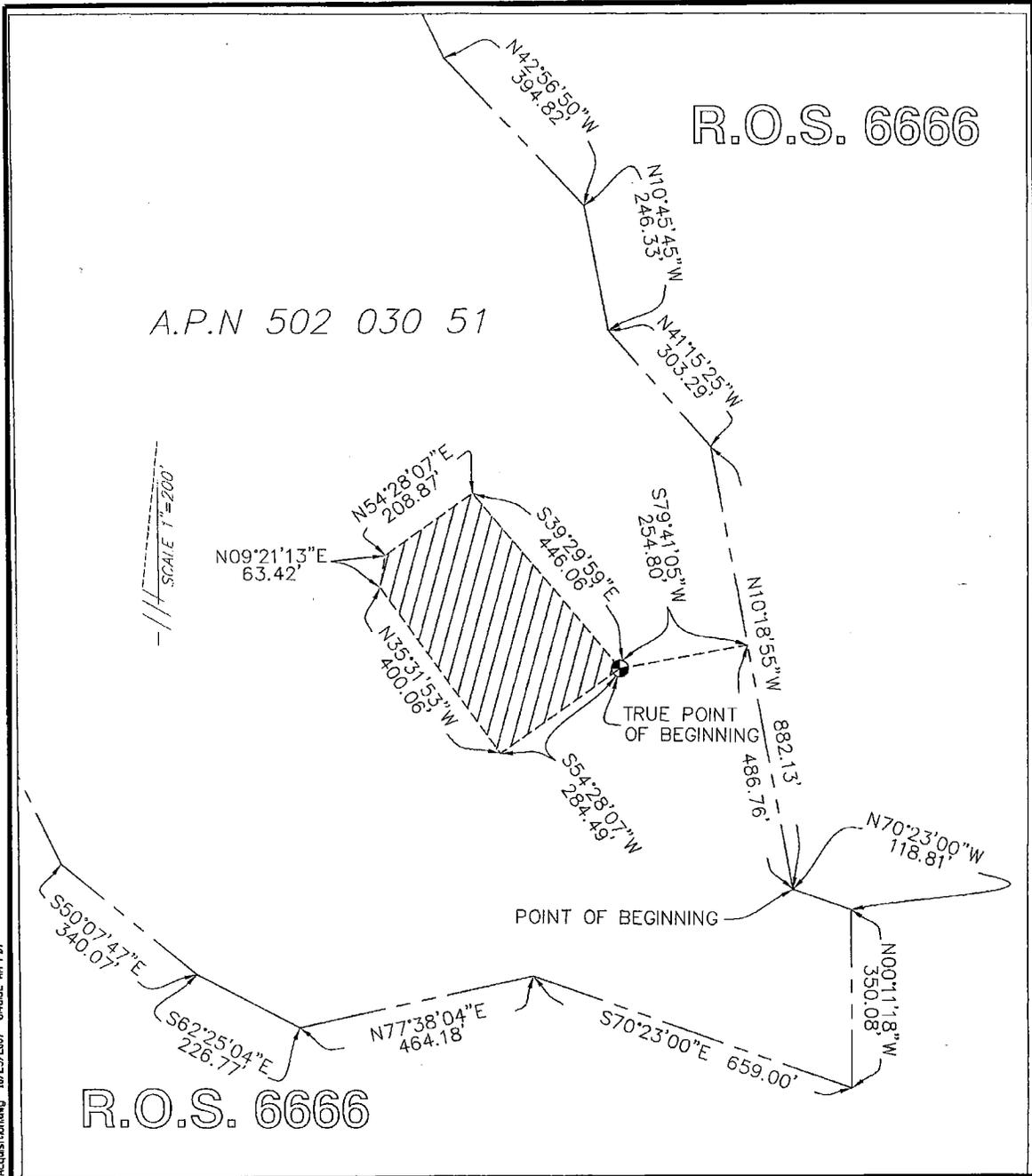
This legal description has been prepared by me, or under my direction, in accordance with the Professional Land Surveyor's Act.



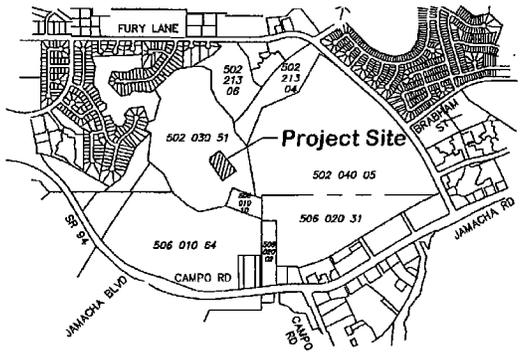
Gary C. Rush LS 6983



EXHIBIT "B"

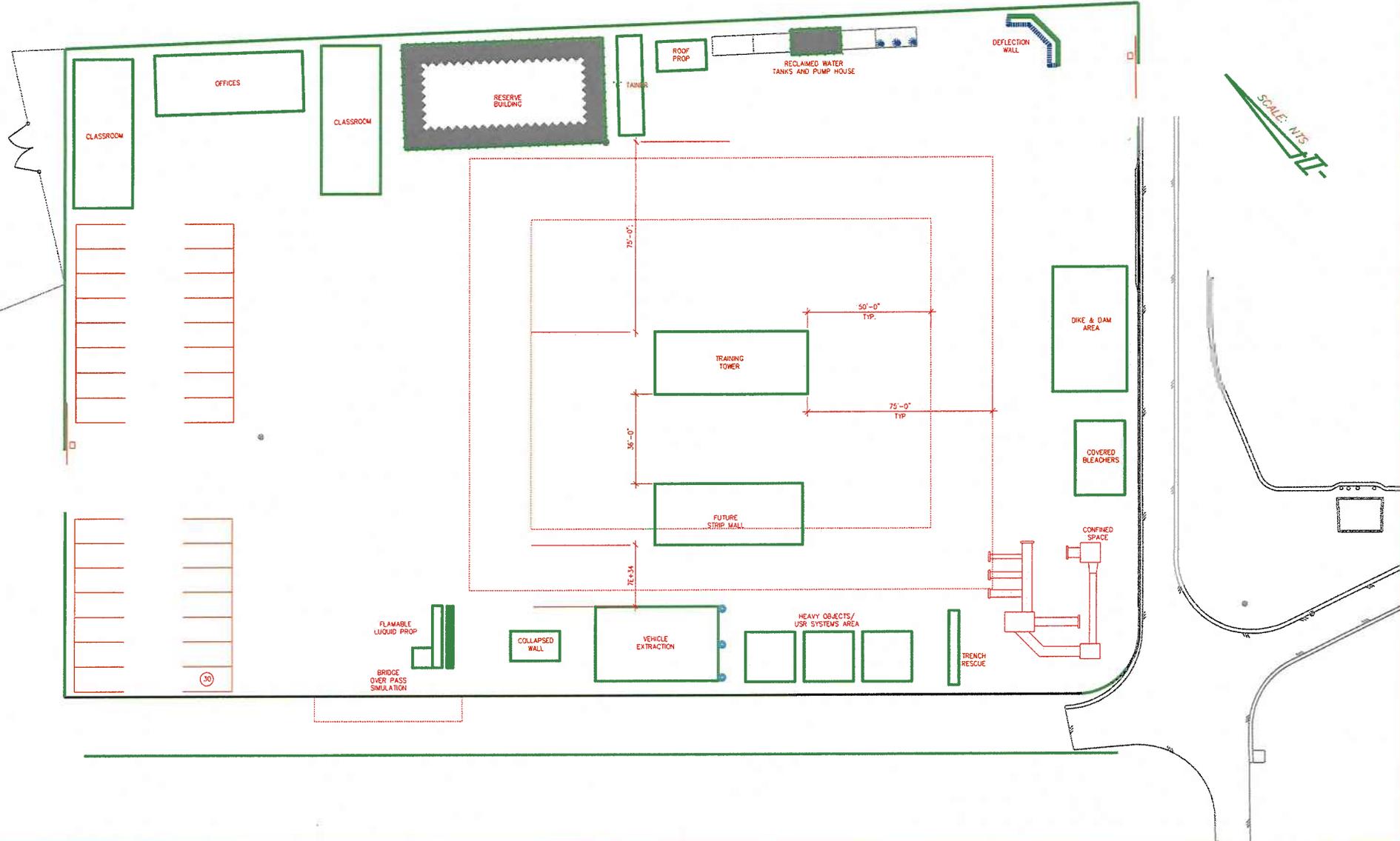


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OTAY WATER DISTRICT
 JOINT TRAINING FACILITY





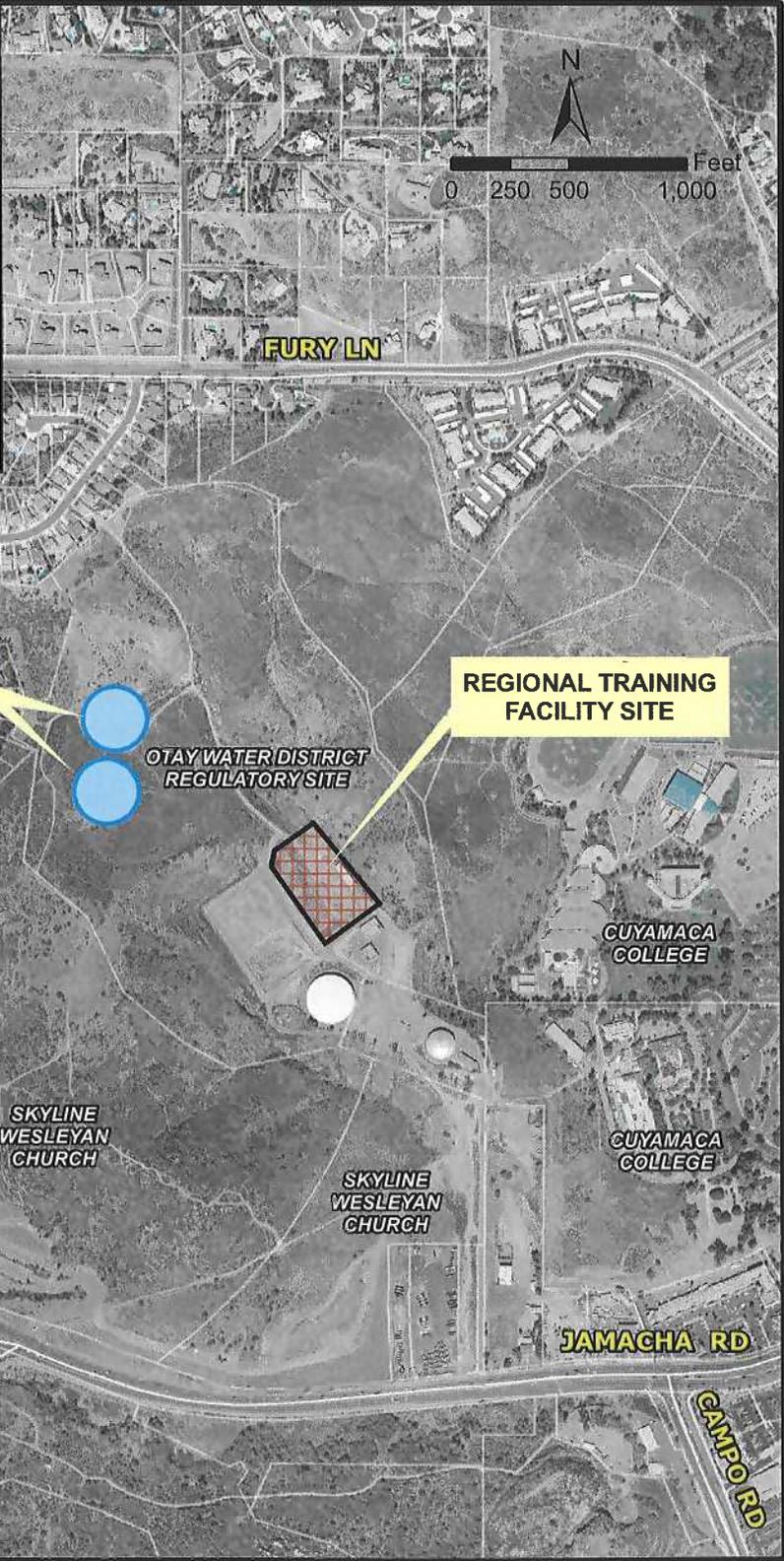
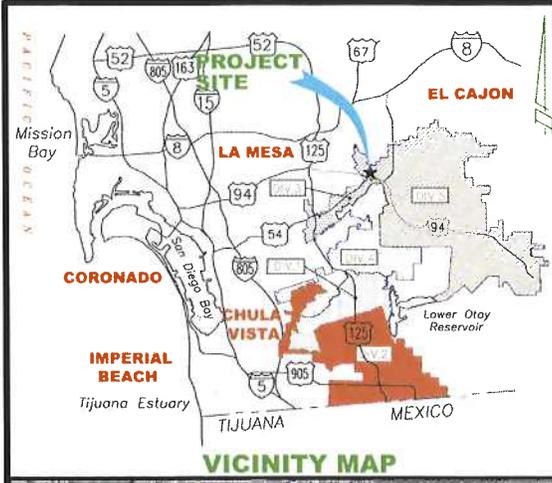
OTAY WATER DISTRICT TO GROUND LEASE AND DEVELOPMENT AGREEMENT CONCEPTUAL PLAN

EXHIBIT C

EXHIBIT D
TO GROUND LEASE AND DEVELOPMENT AGREEMENT

SAN MIGUEL TRAINING PROGRAMS

1. Confined Space Rescue Training
2. Trench Rescue Training
3. Vehicle Rescue (Auto Extrication) Training
4. Low Angle Rescue Training
5. Heavy Rescue Training
6. High Angle (Tower) Rescue (Rappelling)
7. Search and Rescue Training
8. Firefighter Survival Training (Self Survival Prop)
9. Roof Ventilation Firefighting Operations Training (Prop)
10. Ladder Evolution Training
11. Hazardous Materials Training including:
 - a. Propane Leak
 - b. Chlorine Leak (One Ton)
 - c. Cylinder/Valve Leak
12. Gas and Electric Training (Power Poles and Electrical Panel)
13. Wires Down Simulations
14. Emergency Vehicle Operations
15. Master Stream Operations into backstop
16. Sewer and Storm Drain Maintenance Training
17. Numerous classroom training sessions
18. Structure Collapse Training
19. Live Fire Training including
 - a. Attic Fire
 - b. Kitchen Fire
 - c. Flashover
 - d. Propane Tank
 - e. Simulated Flammable Liquid
 - f. Loading Dock
 - g. Burn Building inside Tower
 - h. "Christmas Tree"
 - i. Fire Extinguisher Training



P:\WORKING\Fire Dept. Training Facility\Graphics\Exhibits-Figures\Exhibit A-Staff Report 12-5-07.mxd



OTAY WATER DISTRICT

SAN DIEGO COUNTY
REGIONAL TRAINING FACILITY SITE

SITE PLAN

EXHIBIT A



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	December 5, 2007
SUBMITTED BY:	Jim Peasley Engineering Manager	PROJECT NO.:	D0569- DIV.NO.: 2 010213
REVIEWED BY:	Rod Posada (Chief) Chief, Engineering		
APPROVED BY:	Manny Magaña (Asst. GM): Assistant General Manager of Engineering and Operations		
SUBJECT:	Approval of Water Supply Assessment Report (November 2007) for The Judd Company Otay Crossings Commerce Park		

GENERAL MANAGER'S RECOMMENDATION:

That the Board of Directors of the Otay Water District (District) approve the Water Supply Assessment Report (WSA Report) dated November 2007 prepared in connection with The Judd Company Otay Crossings Commerce Park (Crossings) development proposal, as required by Senate Bill 610 (SB 610).

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To obtain Board approval of the WSA Report for the Crossings project, as required by SB 610.

ANALYSIS:

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 by the WSA Report for the Crossings project. Prior to transmittal to the County of San Diego (County), the WSA Report must be approved by the Board of Directors. An additional explanation of the intent of SB 610 is provided in Exhibit A and the Crossings project WSA Report is provided as Exhibit B.

For the Crossings project, the County is the responsible land use agency that requested the SB 610 water supply assessment from the District, as the water purveyor for the proposed Crossing project. The request for a WSA report in compliance with SB 610 requirements was made by the County because the Crossing 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 floor 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 District, as the proposed water purveyor for the Crossings project, does not have to comply with the requirements of Senate Bill 221 because the project is an industrial subdivision. SB 221 requires affirmative written verification from the water purveyor of the public water system that sufficient water supplies are planned to be available for certain residential subdivisions of property prior to approval of a tentative map.

As allowed under 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, 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 proposed Crossings project and the existing and other planned development projects within the District.

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. Metropolitan's 2004 update to the IRP (2004 IRP Update) includes a planning buffer supply to mitigate against the risks 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 implementation 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 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 intent of the SB 610 legislation is that the land use agencies and the water agencies are coordinating their efforts in planning for new development and thus planning 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 (County) within 120 days (i.e., 90 days, plus the 30-day County granted time extension). In the case of the Crossings project, the deadline for the District to provide the WSA Report to the County is December 6, 2007.

As per the requirements of 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 the 120 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 County granted the District a 30-day extension), the lead agency may seek legal relief, such as a writ of mandamus.

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

An October 22, 2007 letter from Metropolitan to their member agencies, including the Water Authority, provided notice of a 30 percent reduction in Interim Agricultural Water Program (IAWP) deliveries effective January 1, 2008. A 30 percent water use reduction of the sixteen IAWP District water accounts represents 26.0 acre feet (ac ft) based on fiscal year (FY) 2007 or 0.09 percent of the total Otay 28,353 ac ft annual purchase from the Water Authority in FY 2007.

With the initiation of the South Bay Water Reclamation Plant (SBWRP) recycled water supply on May 18, 2007 the District will reduce the annual take of potable water from the Water Authority, once used to supplement the recycled water supply shortfall, in excess of 3,000 ac ft per year. The Crossings project demand for potable water is estimated to be 296 ac ft per year and the recycled water demand is estimated to be 38 ac ft per year. The total Crossings project demand is about 10 percent of the 3,000 ac ft of potable water saved with the SBWRP supply start up. To provide some perspective, the Crossings project estimate potable water demand is equivalent to about 528 typical single family homes.

The County could be requested to condition the Crossing project to use waterless urinals and ultra low flush toilets. The estimated potable water demand reduction would be on the order of maybe 2 to 5 percent. The City of Chula Vista estimates a savings of 4,000 gallons per year per residential unit for dual flush toilets, which would be about a 2 percent reduction of the total estimated water demand.

The irrigation water demands were calculated assuming recycled water use of 2.5 ac ft per acre per year. The City of Chula Vista's Landscape Design Manual estimates that water savings due to using water efficient landscaping can reduce irrigation demands by 30 to 50 percent.

FISCAL IMPACT:

[Handwritten signature]

The District has been reimbursed \$6,524 for all costs associated with the preparation of the Crossings project WSA Report. The reimbursement was accomplished via a \$9,000 deposit which the project proponents placed with the District.

STRATEGIC GOAL:

The preparation and approval of the Crossings project WSA Report supports the District Mission Statement, "To provide the best quality of water and wastewater service to the customers of the Otay Water District, in a professional, effective, efficient, and sensitive manner, in all aspects of operation, so that public health, environment and quality of life are enhanced" and the District's Strategic Goal, in planning for infrastructure and supply to meet current and future potable water demands.

LEGAL IMPACT:

A.B.

Adoption of a water supply assessment in form and content satisfactory to the Board of Directors on or prior to December 6, 2007 would allow the District to comply with the requirements of Senate Bill 610.

[Handwritten signature]
General Manager

P:\ENGRSEC\Jim Peasley\Staff Report, Otay Crossings Commerce Park (JP-RR).doc

JP/RP:jf

Attachments: Attachment A
Exhibit A
Exhibit B



ATTACHMENT A

SUBJECT/PROJECT:	Approval of Water Supply Assessment Report (November 2007) for The Judd Company Otay Crossings Commerce Park
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COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a meeting held on November 26, 2007. The following comments were made:

- Staff is requesting that the Board approve the Water Supply Assessment Report (WSA) in connection with the Judd Company Otay Crossings Commerce Park (Crossings) development as required by SB 610. Board approval is required for submittal to the County of San Diego.
- SB 610 and SB 221 became effective January 1, 2002. The intent of the implementation SB 610 and SB 221 was to improve the link between water supply availability and land use decisions. SB 610 requires that the water purveyor prepare a water supply assessment report that would be included in the draft Environmental Impact Report (EIR). SB 221 requires that the water purveyor prepare written verification that sufficient water supplies are planned to be available. SB 221 does not apply to the Crossings project because it is an industrial development (no residential units are involved).
- The Crossings project has been a part of the San Diego County's East Otay Mesa Specific Plan Area that was adopted in 1994. The Crossings project is a mixed industrial and business park and encompasses 331.5 total acres with 31 industrial lots. It plays a major roll for State Route 11 and the future third border crossing.
- It is expected that the Crossings project will be developed over a six to eight year period and, thus, would not require full water demand until it is fully occupied.
- The WSA Report assesses required supplies to meet demands during normal year conditions, single dry year conditions, and multiple dry year conditions over a 20-year planning horizon. The WSA Report demonstrates and documents that sufficient water supplies are planned and are intended to

be made available to meet the needs of the Crossings project and existing and other future developments within the District. It was noted that the regional water agencies must also determine the impact by the Sacramento-San Joaquin Bay Delta's legal issues on water supply needs and determine other sources/supplies to mitigate the Delta's impact.

- In response to the Delta and potential other water supply issues Metropolitan is updating their Integrated Water Resources Plan (IRP) to revise their water resources supply portfolio. The current Water Authority Urban Water Management Plan may be revised to respond to the Delta issues and other potential supply impacts.
- It was discussed that the developer of the Crossings project plans to implement water conservation measures (low flow toilets and water conserving landscaping). Staff will inform and request that the developer affirm and commit in writing to use water conservation elements in their project. **The water conservation affirmation letter was received after the committee met. A copy has been attached.**

Upon completion of the discussion, the committee supported staffs' recommendation and recommended forwarding to the Board of Directors on the consent calendar.



KEARNY
Real Estate Company

655 West Broadway, Suite 1600
San Diego, Ca. 92101
Telephone 619-702-8130
Fax 619-702-7812

November 28, 2007

Mr. Mark Watton
General Manager
Otay Water District
2554 Sweetwater Springs Blvd.
Spring Valley, CA 91978

RE: Otay Crossings Commerce Park SB 610 Water Supply Assessment

Dear Mr. Watton:

Kearny PCCP Otay 311, LLC, owner of the Otay Crossings Commerce Park (OCCP), is pleased to be working closely with the Otay Water District (District) in assessing its water supply needs for the OCCP project. The project is located in the East Otay Mesa Specific Plan Area of San Diego County. The proposed development concept for the 311.5 acre project is mixed industrial and business park land uses. The project includes right of way for State Route 11, the proposed site for the future third border crossing facility, mixed use industrial lots, and open space. Development of the project is planned to occur in five phases over approximately ten years.

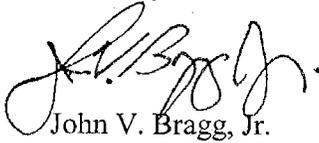
As developers of the OCCP project, we appreciate the District's commitment to water conservation and the implementation of best management practices within your service area. It is our understanding that the District's water conservation ordinance identifies the prevailing conditions in San Diego County that require available water resources to be put to maximum beneficial use, that the waste or unreasonable use or unreasonable method of use of water be prevented and that conservation of such water be encouraged to the maximum reasonable and beneficial use in the interests of the people of the District and for the public welfare. As a signatory to the Memorandum of Understanding Regarding Urban Water Conservation in California, the District has voluntarily agreed to implement fourteen water conservation Best Management Practices (BMPs).

Mr. Mark Watton
November 28, 2007
Page 2 of 2

For the OCCP project, Kearny PCCP Otay 311, LLC commits to implementing the District's BMPs for water conservation, such as the development of a water conservation plan, installation of ultra low flow toilets, installation of waterless urinals, beneficial use of recycled water for landscape irrigation, and utilization of drought tolerant landscape plant materials.

We look forward to continuing to coordinate our water needs with the District and appreciate the District staff's dedication to assisting us in the process.

Sincerely,



John V. Bragg, Jr.
Vice President
Kearny PCCP Otay 311, LLC

CC: (1) Judd G Halenza, The Judd Company
(2) Jennifer Duffy, PBS&J

EXHIBIT A

Background Information

The Otay Water District (District) prepared the Water Supply Assessment Report (WSA Report) for The Judd Company Otay Crossings Commerce Park (Crossings) development proposal at the request of the County of San Diego (County). The District received the County's written request on August 9, 2007 and also received on October 22, 2007 a 30-day extension of time to complete and obtain the District Board of Directors approval of the Crossings WSA Report. The Judd Company submitted an entitlement application to the County for the development of the Crossings project.

The Crossings project is within the unincorporated area of the County of San Diego, California and is located generally south of Otay Mesa Road and east of Alta Road on Otay Mesa. The southern boundary of the Crossing project abuts the United States/Mexico international border. The Crossings project is located within the jurisdictions of the District, San Diego County Water Authority (Water Authority), and Metropolitan Water District of Southern California (Metropolitan).

The WSA Report for the Crossings project has been prepared by the District in consultation with PBS&J, the Water Authority, and the County 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 requirements of SB 610 are addressed within the Crossings WSA Report.

The Crossings project proposed land uses are generally consistent with the zoning and densities contained in the East Otay Mesa Specific Plan Area and the County's preferred draft of its General Plan 2020 Update process. The San Diego County Board of Supervisors adopted the East Otay Mesa Specific Plan Area on July 27, 1994. The East Otay Mesa Specific Plan Area classifies land use for the majority, approximately 98 percent, of the Crossings project site as mixed industrial and the remainder as rural residential. The proposed Crossing project Specific Plan Amendment is intended to change the rural residential classification area to mixed industrial and the County deemed this change significant enough to initiate the CEQA process.

The approximately 311.5 acre Crossings project consists of the future State Route 11 (SR 11) to be constructed through the site to provide accessibility to the planned future third border crossing facility, 31 mixed use industrial lots, circulation elements, and open space. The U.S. Department of Homeland Security has requested 40 to 80 acres of the Crossings project site for construction of the future third border crossing facility. Of the total 212.0 acres for mixed industrial use about 51 acres would be for the SR 11 right-of-way and 20.9 acres is proposed as natural open space. The Crossings project is currently planned to be constructed in two phases over several years.

The District 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 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.

New uncertainties that could significantly affect California's water resources have come to light in the past year.

- A Federal Court ruling that sets operational limits on Sacramento-San Joaquin Delta pumping from December to June to protect the Delta smelt. Based on initial estimates, Metropolitan could see as much as a 22% reduction in State Water Project supplies in 2008 and beyond. 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.
- Climate changes due to global warming (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 January 2008 will initiate the next 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.

In Fiscal Year 2005, the Water Authority purchased 518,625 acre feet of water from Metropolitan, or approximately 25% of Metropolitan's water sales. Using the 2% cutback of 25% represents a net 0.5% impact on Water Authority supplies in Fiscal Year 2005. Neither the Water Authority nor Metropolitan have 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 16.46% 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 Crossings 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 plans to update its IRP which will then cause the Water Authority to update its IRP and UWMP, that 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 Crossings WSA Report does not in any way guarantee water supply to the Crossings project.

Alternatively, if the WSA 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 Crossings project WSA the project proponents can proceed with the draft EIR CEQA review process and water supply issues will be addressed in the EIR, 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 Crossings project.

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

- City of San Diego approved water supply assessment reports for both the La Jolla Crossings Project and the Quarry Falls Project in September 2007.
- The District unanimously approved in July 2007 the Eastern Urban Center Water Supply and Assessment Report.
- 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 WSA Report identifies that the water demand projections for the proposed Crossings project are included in the water demand and supply forecasts within the Urban Water Management Plans and other water resources planning documents of the District, the Water Authority, and Metropolitan. Water supplies necessary to serve the demands of the proposed Crossings 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 Crossings 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 Crossings project and the existing and other planned development projects within the District.

Accordingly, after approval of a WSA Report for the Crossings 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) Environmental Impact Report (EIR) compliance process for the Crossings project as a water supply assessment report consistent with the requirements of the legislation enacted by SB 610. The County, as lead agency under the CEQA for the Crossings project EIR, may cite the approved WSA Report as evidence that a sufficient water supply is planned and intended to be available to serve the Crossings project.

EXHIBIT B



OTAY WATER DISTRICT
WATER SUPPLY ASSESSMENT REPORT

Otay Crossings Commerce Park

Prepared by:

James F. Peasley, P.E.
Water Resources Engineering Manager
Otay Water District
in consultation with
PBS&J
and
San Diego County Water Authority

November 2007
Otay Water District

Water Supply Assessment Report
November 2007
Otay Crossings Commerce Park

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Otay Water District Water Supply Assessment Report November 2007

Otay Crossings Commerce Park

Executive Summary

The Otay Water District (WD) prepared this Water Supply Assessment Report (WSA Report) at the request of the County of San Diego (County) for the Otay Crossings Commerce Park (Crossings) project. The Judd Company has submitted an entitlement application to the County for the development of the Crossings project.

The Crossings project is currently 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 to utilize imported water supply.

The Crossings project proposed land uses are generally consistent with the zoning and densities contained in the East Otay Mesa Specific Plan Area and the County's preferred draft of its General Plan 2020 Update process. The San Diego County Board of Supervisors adopted the East Otay Mesa Specific Plan Area on July 27, 1994. The East Otay Mesa Specific Plan Area classifies the land use for the majority, approximately 98 percent, of the Crossings project site as mixed industrial and the remainder as rural residential. The proposed Crossing project Specific Plan Amendment is intended to change the rural residential classification area to mixed industrial.

The Judd Company proposed development concept for the approximately 311.5 acre Crossings project is planned as mixed industrial and business park land uses. The Crossings project consists of State Route 11 (SR 11) to be constructed through the site to provide accessibility to the planned future border crossing facility, 31 mixed use industrial lots, circulation elements, and open space. The U.S. Department of Homeland Security has requested 40 to 80 acres of the Crossings project site for construction of the future third border crossing facility. Of the total 212.0 acres for mixed industrial use about 51 acres would be for the SR 11 future right-of-way and 20.9 acres is proposed as natural open space. The Crossings project is currently planned to be constructed in two phases over several years.

Using the land use demand projection criteria as established in the Otay WD 2002 Water Resources Master Plan (WRMP), the projected potable water demand for the proposed

Crossings project totals 0.264 million gallons per day (mgd) or about 296 acre feet per year (ac-ft/yr). The projected recycled water demand for the proposed Crossings project is 0.034 mgd or about 38 ac-ft/yr, representing about 11% of total Crossings project demand.

The Crossings project development proponents are required to use recycled water for irrigation. The primary benefit of using recycled water is that it will offset the potable water demands by an estimated 38 ac-ft/yr. The Otay WD 2002 WRMP and 2005 Urban Water Management Plan (UWMP) anticipated that the Crossings project would use both potable and recycled water.

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 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 Water Authority nor Metropolitan jurisdictions (i.e. pending or proposed annexations) or that have revised land use plans than reflected in the existing growth forecasts. Proposed land areas with pending annexations or revised land use plans typically result in creating higher demand and supply requirements than 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 caused by 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 2004 update to the IRP (2004 IRP Update) includes a planning buffer supply to mitigate against the risks 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 implementation 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 will help ensure that the southern California region, including San Diego County, will have adequate supplies to meet future demands.

Water supply agencies throughout California continue to face climatological, environmental, legal, and other challenges that impact water source supply conditions, such as the recent court ruling regarding the Sacramento-San Joaquin Delta issues. 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. Also, in evaluating the availability of supply, a Water Authority member agency could determine if "offset" supplies are available as a result of other land use decisions, which lowered water use within their service area.

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 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.

This WSA Report identifies that the water demand projections for the proposed Crossings project are included in the water demand and supply forecasts within the water resources planning documents of the Otay WD, the Water Authority, and Metropolitan. Water supplies necessary to serve the demands of the proposed Crossings project, along with existing and other projected future users, as well as the actions necessary to develop these supplies, are and will be identified in the water supply planning documents of the Otay WD, the Water Authority, and Metropolitan.

This 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 Crossings project. This WSA Report demonstrates that sufficient water supplies are planned for and are intended to be made available over a 20-year planning horizon in normal years and in single and multiple dry years to meet the projected demand of the proposed Crossings project and the existing and other planned development projects within the Otay WD.

Accordingly, after approval of a WSA Report for the Crossings 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 (SB) 610 Water Supply Assessment: The Otay WD Board approved WSA Report may be incorporated into the California Environmental Quality Act (CEQA) Environmental Impact Report (EIR) compliance process for the Crossings project as a water supply assessment report consistent with the requirements of the legislation enacted by SB 610. The County as lead agency under CEQA for the Crossings project EIR may cite the approved WSA Report as evidence that a sufficient water supply is planned to be made available to serve the Crossings project.

Section 1 - Purpose

The Judd Company submitted an entitlement application to the County of San Diego (County) for the development of the Otay Crossings Commerce Park (Crossings) project. The County requested that Otay Water District (WD) prepare a Water Supply Assessment Report (WSA Report) for the Crossings project. The Crossings project description is provided in Section 3 of this WSA Report.

This WSA Report for the Crossings project has been prepared by the Otay WD in consultation with PBS&J, the San Diego County Water Authority (Water Authority), and the County 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 County 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.

This WSA Report evaluates water supplies that are and 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 Crossings project, and reasonably foreseeable planned future water demands served by Otay WD. The Otay WD Board of Directors approved WSA Report is planned to be used by the County in its evaluation of the Crossings project under the CEQA and Tentative Map approval processes.

Section 2 - Findings

The Otay WD prepared this WSA Report at the request of the County for the Otay Crossings Commerce Park project. The Judd Company submitted an entitlement application to the County for the development of the Crossing project.

The Crossing project is currently 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 Water Authority and Metropolitan have an established process that ensures supplies are being planned to meet future growth. Existing land use plans, any revisions to these land use plans, and annexations are captured in 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 use developments that are not within the Water Authority nor Metropolitan jurisdictions or that have revised land uses than reflected in the existing growth forecasts. Proposed land areas to be annexed or revised land use plans typically result in creating higher demand and supply requirements than anticipated. The Water Authority and Metropolitan next demand and supply forecasts would then capture any increase or decrease in demands and resulting supplies as a result revised land use plans and annexations. Therefore the most current water demand and supply planning information will be a permanent part of and incorporated within the Water Authority and Metropolitan updated water resources planning processes and documents.

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 these 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.

Water supplies necessary to serve the demands of the proposed Crossings project, along with existing and other reasonably foreseeable projected future users, as well as the actions necessary to develop these supplies, are identified and included within the water supply planning documents of the Otay WD, Water Authority, and Metropolitan. This WSA Report demonstrates and documents that with development of the resources currently identified and

those that may be additional acquired, that there is intended to be sufficient water supplies for the Crossings project and that sufficient water supplies is planned for by the Otay WD, Water Authority, and Metropolitan for over the next 20-year planning horizon to meet the projected demand of the proposed Crossings project and the existing and other reasonably foreseeable planned development projects within the Otay WD.

This 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 Crossings 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 to document that sufficient water supplies are planned for to meet projected water demands of the Crossings project and the 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 water supply is planned for to meet the estimated water demand of the Otay WD (38,774 acre-feet (ac-ft) in 2005 to 72,853 ac-ft in 2025 per the Otay WD 2005 Urban Water Management Plan). Based on dry year forecasts, the estimated water supply is also planned for 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. Using this model, the projected single dry year necessary supply requirement for 2010 is 53,299 ac-ft and for multiple dry years beginning in 2007 46,212 ac-ft, 48,574 ac-ft, and 50,936 ac-ft, respectively, is necessary to meet demand. The Otay WD recycled water supply is assumed to be drought-proof and not subject to reduction during dry periods.

Together, these findings demonstrate that sufficient water supplies are planned for as well as the actions necessary to develop these supplies are documented, to serve the proposed Crossings project and the existing and other reasonably foreseeable planned projects within the Otay WD in both normal and single and multiple dry year forecasts over a 20-year planning horizon.

Section 3 - Project Description

The Otay Crossings Commerce Park project is within the unincorporated area of the County of San Diego, California and is located generally south of Otay Mesa Road and east of Alta Road on Otay Mesa. The southern boundary of the Crossing project abuts the United States/Mexico international border. Refer to Appendix A for the location and vicinity map of the proposed Crossings project. The Crossings project is currently within the jurisdictions of the Otay WD, the Water Authority, and Metropolitan.

The Crossings project proposed land uses are generally consistent with the zoning and densities contained in the East Otay Mesa Specific Plan Area and the County's preferred draft of its General Plan 2020 Update process. The San Diego County Board of Supervisors adopted the East Otay Mesa Specific Plan Area on July 27, 1994. The East Otay Mesa Specific Plan Area classifies land use for the majority, approximately 98 percent, of the Crossings project site as mixed industrial and the remainder as rural residential. The proposed Crossing project Specific Plan Amendment is intended to change the rural residential classification area to mixed industrial.

The East Otay Mesa Specific Plan Area is bordered on the west by the City of San Diego, on the south by the international border with Mexico, and on the east by the San Ysidro Mountains. To the immediate north are the existing 773.5 acre site of the Richard J. Donovan State Correctional Facility and the 519.0 acre site of the County's George F. Bailey and East Mesa Detention Facilities.

The East Otay Mesa Specific Plan Area encompasses approximately 3,300 gross acres and designates approximately 2,372 acres as mixed industrial land use. The planned mixed industrial land uses are intended primarily for accommodating wholesale storage and distribution, warehousing, research services, and general industrial uses. The land use plan includes very low-density rural residential development in the hillside areas, state route right-of-way and a transit station, a fire station, a sheriff station, and commercial purposes.

The Judd Company proposed development concept for the approximately 311.5 acre Crossings project is planned as mixed industrial and business park land uses as shown in Table 1.

Table 1
Otay Crossings Commerce Park Proposed Land Uses¹

Location	Land Use Description	Area	Dwelling Units
Otay Crossings Commerce Park	Mixed Industrial	212.0 acres	0
Otay Crossings Commerce Park	Border Crossing	73.9 acres	0
Otay Crossings Commerce Park	Local Circulation	25.6 acres	0
Totals		311.5 acres	0 units

¹Source: PBS&J, "Otay Crossings Commerce Park Conceptual Water Study," December 2006.

The approximately 311.5 acre Crossings project consists of State Route 11 (SR 11) to be constructed through the site to provide accessibility to the planned future border crossing facility, 31 mixed use industrial lots, circulation elements, and open space. The U.S. Department of Homeland Security has requested 40 to 80 acres of the Crossings project site for construction of the future third border crossing facility. Of the total 212.0 acres for mixed industrial use about 51 acres would be for the SR 11 right-of-way and 20.9 acres is proposed as natural open space. The Crossings project is currently planned to be constructed in two

phases over several years. Refer to Appendix B for the Crossings project phasing map and refer to Appendix C for the Tentative Map of the Crossings project.

The County of San Diego has identified discretionary actions and/or permit approval requirements for the Crossings project. The projected potable and recycled water demands associated with the Crossings project have considered the discretionary actions and/or permit approvals and are incorporated into and used in this WSA Report. The water demands for the proposed Crossings project are 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 relies on the Water Authority for 100 percent of its domestic 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 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 Recycling 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 2002 Water Resources Master Plan (WRMP) and the 2005 Urban Water Management Plan (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 3-1 contained within the 2002 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 2030. 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 (Otay Ranch GDP), 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. In recent years, growth has occurred at a faster rate due to accelerated residential development in the eastern portion of the City of Chula Vista. The SANDAG forecast predicts this accelerated growth to continue for another five to ten years. The growth rate 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.

4.1 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 it was subsequently submitted 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 2005 UWMP in July 2007. As required by law, the Otay WD revised 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 revised 2005 UWMP along with supplemental information from the Otay WD 2002 WRMP 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 2002 WRMP and revised 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, the 2005 water demand forecast update utilized the latest official SANDAG demographic projections. The new SANDAG 2030 Forecast, released in December 2003, extended the projection horizon an additional ten years to 2030. Member agency-level demographic and economic projections were compiled from this SANDAG forecast and incorporated into the CWA-MAIN model.

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 annexations into the Otay WD, Water Authority, and Metropolitan or have revised land use plans than originally anticipated.

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 Crossings project as it is an industrial subdivision.

In evaluating the availability of supply, the Water Authority member agency can determine if “offset” supplies are available as a result of other land use decisions, which lowered water use within their service area. 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 the unanticipated demands. The Water Authority and Metropolitan next forecast and supply planning documents would then capture any increase or decrease in demands caused by annexations or revised land use plans.

To fully quantify probable demands served by the Water Authority, lands with impending applications for annexation to the Otay WD, Water Authority, and Metropolitan service areas are identified in the Water Authority 2005 Updated UWMP. Working with its member agencies, the Water Authority identified potential near-term annexations as being parcels that may be annexed to the Otay WD, Water Authority, and Metropolitan within the next five years. Estimated water demands for those parcels, were provided to the Water Authority by the member agency or project proponent and then added to the Water Authority forecast. The Water Authority included the potential near-term annexations land areas projected potable water demands within their 2005 Updated UWMP to provide for more comprehensive supply planning and assist member agencies such as Otay WD in complying with SB 610 and/or SB 221. Tables 2-2 and 2-9 within the Water Authority 2005 Updated UWMP provides projected demand information for the anticipated pending annexations.

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: The Otay WD 2005 UWMP.

* Known losses (i.e. unaccounted for water in 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: The Otay WD 2005 UWMP.

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 acre-feet 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 allocated.

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 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.

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.

Using the land use demand projection criteria as established in the Otay WD 2002 WRMP, the projected potable water demand for the proposed Crossings project is shown in Table 4, which totals 0.264 mgd or about 296 ac-ft/yr. The projected recycled water demand for the proposed Crossings project is provided in Table 5, which totals 0.034 mgd or about 38 ac-ft/yr, representing about 11% of total Crossings project demand.

Table 4
Otay Crossings Commerce Park Projected Potable
Water Annual Average Demands¹

Location	Land Use Description	Net Acreage	Demand (gpd)
Otay Crossings Commerce Park	Mixed Industrial	212.0 acres	195,924
Otay Crossings Commerce Park	Border Crossing	73.9 acres	68,312
Otay Crossings Commerce Park	Right-of-Way	25.6 acres	0.0
Totals		311.5 acres	264,236

¹Source: PBS&J, "Otay Crossings Commerce Park Conceptual Water Study," December 2006.

Table 5
Otay Crossings Commerce Park Projected Recycled
Water Annual Average Demands¹

Location	Land Use Description	Irrigated Area	Demand (gpd)
Otay Crossings Commerce Park	Mixed Industrial	11.5 acres	24,885
Otay Crossings Commerce Park	Border Crossing	4.0 acres	8,676
Otay Crossings Commerce Park	Right-of-Way	0.0 acres	0.0
Totals		15.5 acres	33,561

¹Source: PBS&J, "Otay Crossings Commerce Park Conceptual Water Study," December 2006.

The Crossings project proponents are required to use recycled water for irrigation. The primary benefit of using recycled water is that it will offset the potable water demands by an estimated 38 ac-ft/yr. The Otay WD 2002 WRMP and 2005 UWMP anticipated that the Crossings project would use both potable and recycled water.

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 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 2005 UWMP.

The Crossings project will implement the CUWCC Best Management Practices for water conservation such as installation of ultra low flow toilets, development of a water conversation plan, and beneficial use of recycled water, all of which are typical requirements of development projects within the County 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 Water Authority

and Metropolitan are actively pursuing programs and projects to 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 current 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 2004 update to the IRP (2004 IRP Update) includes a planning buffer supply to mitigate against the risks 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 implementation 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 will help ensure that the southern California region, including San Diego County, will have adequate supplies to meet future demands.

In November 2005, Metropolitan adopted its 2005 RUWMP in accordance with state law. The resource targets included in the 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 World Wide Web at the following address:
www.mwdh2o.com/mwdh2o/pages/yourwater/RUWMP/RUWMP_2005.pdf.

Water supply agencies throughout California continue to face climatological, environmental, legal, and other challenges that impact water source supply conditions, such as the recent court ruling regarding the Sacramento-San Joaquin Delta issues. Challenges such as these essentially always will be present. The regional water supply agencies, the Water Authority and Metropolitan, along with the Otay WD nevertheless fully intend to have sufficient, reliable supplies to serve water 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 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 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 the pipeline 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 re-visit 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

As part of Metropolitan's annual budget approval process, a Capital Investment Plan is prepared. 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 an Urban Water Management Plan (UWMP) in November 2005 and updated the 2005 UWMP in April 2007 that identifies a diverse mix of local and imported water supplies to meet future demands. A copy of the Water Authority's 2005 Updated UWMP can be found on the World Wide Web at www.sdcwa.org.
- Deliveries of conserved agricultural water from the Imperial Irrigation District (IID) to San Diego County have increased annually since 2003, with 35,000 ac-ft of deliveries in FY 2006.
- 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 begun implementation of these projects, with the CC project now complete and deliveries being made to the San Diego 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 CC lining project, 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 Updated 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 CC lining project. The Water Authority is currently implementing the AAC lining projects. Table 6 summarizes the planned yields from these supply projects, with detailed information included in the sections to follow. Deliveries from Metropolitan are also included in Table 6, 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 Updated UWMP.

Table 6
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 Updated Urban Water Management Plan.

Section 5 of the Water Authority's 2005 Updated 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 6, 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 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.

No large-scale seawater desalination facility has ever been permitted and constructed in California. Perhaps the most significant issue facing this desalination project as well as others proposed along the California coastline is the ability to permit the facility, including obtaining a Coastal Development Permit from the California Coastal Commission. This project must also secure arrangements for the delivery of product water from the facility to the local water agencies. These arrangements are currently in the planning stage.

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 6 in normal, single dry, and multi dry year scenarios. For dry year yields from Metropolitan supplies, refer to Metropolitan's 2005 RUWMP, and are discussed in Section 6.1 above.

As part of preparation of a written water supply assessment, 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.

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 information regarding the litigation, 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

Earthwork for the Coachella Canal lining project began in November 2004 and involved 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.

Preliminary design-related activities have begun on the AAC lining project, including ground and aerial surveying, mapping cultural resources, and geotechnical investigations. The lining project consists of constructing a concrete-lined canal parallel to 24 miles of the existing AAC from Pilot Knob to Drop 3. NEPA and CEQA documentation is complete, environmental mitigation measures have been identified, and Endangered Species Act consultations are pending. Construction of the project has begun and construction is expected to be complete in 2010.

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 canal lining water will be allocated to the San Luis Rey Indian Water Rights Settlement Parties. The remaining amount, 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(b)(1). 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 World Wide Web 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 is scheduled to be completed in April 2008. For the near-term, the Water Authority and its member agencies implemented short-term conservation programs and operational procedures to ensure adequate supplies during peak summer periods.

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 is currently preparing 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 2002 Water Resources Master Plan and revised 2005 Urban Water Management Plan contain comparisons of projected supply and demands through the year 2030. Projected potable water resources to meet planned demands are currently 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 of potential groundwater supplies is a possibility for consideration in the future to allow for less reliance upon imported water. The supply forecasts contained within this WSA Report do not consider local groundwater development by the Otay WD as a supply resource.

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 based on the preceding discussions regarding Metropolitan's and the Water Authority's water supply resources. Historic imported water deliveries from the Water Authority to Otay WD and recycled water deliveries from the Otay WD Ralph W. Chapman Water Recycling Facility (RWCWRF) are shown in Table 7. Since the year 2000 through mid May 2007, recycled water demand has exceeded the supply capability typically in the summer months. The RWCWRF is limited to a maximum production of about 1,300 ac-ft/yr. This recycled water supply shortfall has 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 7
Historic Imported and Local Water Supplies
Otay Water District

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

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 2006 the Otay WD received delivery of about 41,700 ac-ft of supply from the Water Authority, which includes the potable water supplement for the recycled water system supply needs. 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 revised 2005 UWMP. These figures take into account the amount of local supply (i.e. conservation and recycling) 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 treated water 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 currently under development to access 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 necessary supply link facilities are in various stages of development from design to facilities that are currently under construction. The required supply link facilities are scheduled to be fully operational by March 2010. The planned operational testing and startup of the supply link is planned to occur in December 2009. 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 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 Otay 14 Flow Control Facility physical capacity. 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 has 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.

Preliminary design-related activities have begun on the transmission main and Otay 14 Flow Control Facility associated with the ECRTWIP Agreement, including ground and aerial surveying, mapping cultural resources, and other environmental documentation investigations. The transmission main project consists of constructing 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 consists of increasing the capacity of the existing systems from 8 mgd to 16 mgd. CEQA documentation is under preparation and is nearing completion for both projects. Construction of both of these projects is expected to be complete prior to January 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 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 Recycling 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, 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. About 1,300 ac-ft/yr is generated by the RWCWRF, with the remainder planned to be supplied to Otay WD by the City of San Diego's SBWRP.

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 substantially 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 2005 UWMP contains a brief 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. The Otay WD has a few capital improvement program projects to continue the quest to develop potential groundwater resources. These groundwater supply efforts are not currently considered as a viable water supply resource to meet projected demands.

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 are constructed when development activities proceed and require service to achieve 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 2002 WRMP. 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 2002 WRMP. 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 Crossings project is currently located within the jurisdictions of the Otay WD, the 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 for and documented to meet future growth. Any revisions to land use plans and annexations are captured in updated SANDAG forecasts for land use planning, demographics, and economic projections. The Water Authority and Metropolitan will 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 use developments that are not within the Water Authority nor Metropolitan jurisdictions or that have revised land use plans than reflected in the existing growth forecast. Proposed land areas to be annexed or revised land uses typically result in creating higher demand and supply requirements than originally anticipated. The Water Authority and Metropolitan next demand and supply forecast would then capture the

revised demands and resulting supplies which will become a permanent part of and incorporated within the Water Authority and Metropolitan water resources planning documents.

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 2004 update to the IRP (2004 IRP Update) includes a planning buffer supply to mitigate against the risks 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 implementation 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 will help ensure that the southern California region, including San Diego County, will have adequate supplies to meet future demands.

In Section II.4 of their 2005 Regional Urban Water Management Plan (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. 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.

This WSA Report identifies that the water demand projections for the proposed Crossings project are included in the water demand and supply forecasts within the water resources planning documents of the Otay WD, the Water Authority, and Metropolitan. Water supplies

necessary to serve the demands of the proposed Crossings project, along with existing and other projected future users, as well as the actions necessary to develop these supplies, are also identified in the water supply planning documents of the Otay WD, the Water Authority, and Metropolitan. The potable water demand projections and supply requirements for the proposed Crossings project are currently within the water resources planning documents of the Otay WD, Water Authority, and Metropolitan.

This 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 Crossings project. This WSA Report demonstrates and documents that sufficient water supplies are and will be planned for and are planned to be made available over a 20-year planning horizon for normal and in single dry and multiple dry years to meet the projected demand of the proposed Crossings project and the existing and other planned development projects within the Otay WD.

Table 8 presents the forecasted balance of water demands and required supplies for the Otay WD service area under average or normal year conditions. Table 9 presents the forecasted balance of water demands and supplies for the Otay WD service area under single dry year conditions. Table 10 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 2005 UWMP. The projected potable demand and supply requirements shown the Tables 8, 9, and 10 are from the Otay WD 2005 UWMP and include those of the Crossings project. 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 9 and 10. The recycled water supplies are assumed to experience no reduction in a dry year.

Table 8
Projected Balance of Water Supplies and Demands
Normal Year Conditions (acre feet)

Description	FY 2010	FY 2015	FY 2020	FY 2025	FY 2030
Water Authority Supply	45,772	52,349	59,799	66,560	75,108
Recycled Water Supply	4,040	4,684	5,430	6,294	7,297
Groundwater Supply	0	0	0	0	0
Total Required Supply	49,812	57,033	65,229	72,854	82,405
Total Projected Demand	49,812	57,033	65,229	72,854	82,405
Supply Deficit	0	0	0	0	0

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

Description	FY 2010	FY 2015	FY 2020	FY 2025	FY 2030
Water Authority Supply	49,259	56,341	64,365	71,660	80,876
Recycled Water Supply	4,040	4,684	5,430	6,294	7,297
Groundwater Supply	0	0	0	0	0
Total Required Supply	53,299	61,025	69,795	77,954	88,173
Total Projected Demand	53,299	61,025	69,795	77,954	88,173
Supply 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 10
Projected Balance of Water Supplies and Demands
Multiple Dry Year Conditions (acre feet)

Description	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Water Authority Supply	50,675	52,091	53,509	54,925	56,341
Recycled Water Supply	4,169	4,298	4,426	4,555	4,684
Groundwater Supply	0	0	0	0	0
Total Required Supply	54,844	56,389	57,935	59,480	61,025
Total Projected Demand	54,844	56,389	57,935	59,480	61,025
Supply 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.

This WSA Report demonstrates that sufficient water supplies are planned for as well as the actions necessary to develop these supplies are documented to meet projected water demands of the Crossing project and the 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

County of San Diego, August 7, 2007, Otay Crossings Commerce Park SB 610 and SB 221 Compliance request letter received August 9, 2007.

County of San Diego, October 19, 2007, Otay Crossings Commerce Park SB 610 Compliance request time extension letter received October 22, 2007.

County of San Diego, "East Otay Mesa Specific Plan Area," adopted July 27, 1994.

Otay Water District, "2002 Water Resources Master Plan," August 2002.

PBS&J, "Otay Crossings Commerce Park Conceptual Water Study," December 2006.

MWH Americas, Inc. and Otay Water District, "Otay Water District 2005 Urban Water Management Plan," December 2005 amended July 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.

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.

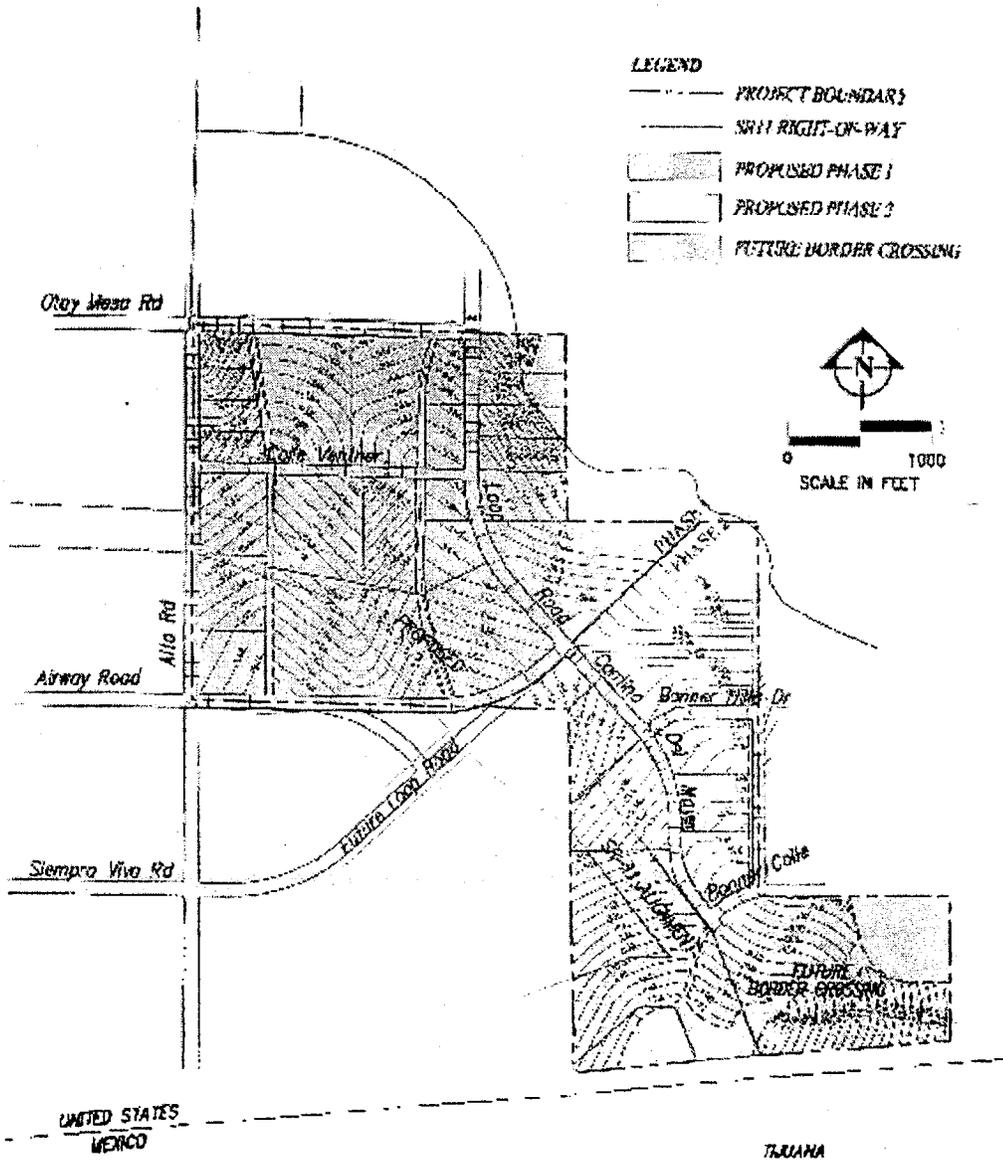
Appendix A

Otay Crossings Commerce Park Project Location and Vicinity Map

Appendix B

Otay Crossings Commerce Park Project Phasing Map

Otay Water District
 Water Supply Assessment Report
 Otay Crossings Commerce Park



PROJECT PHASING
 FIGURE 2

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September 12, 2008

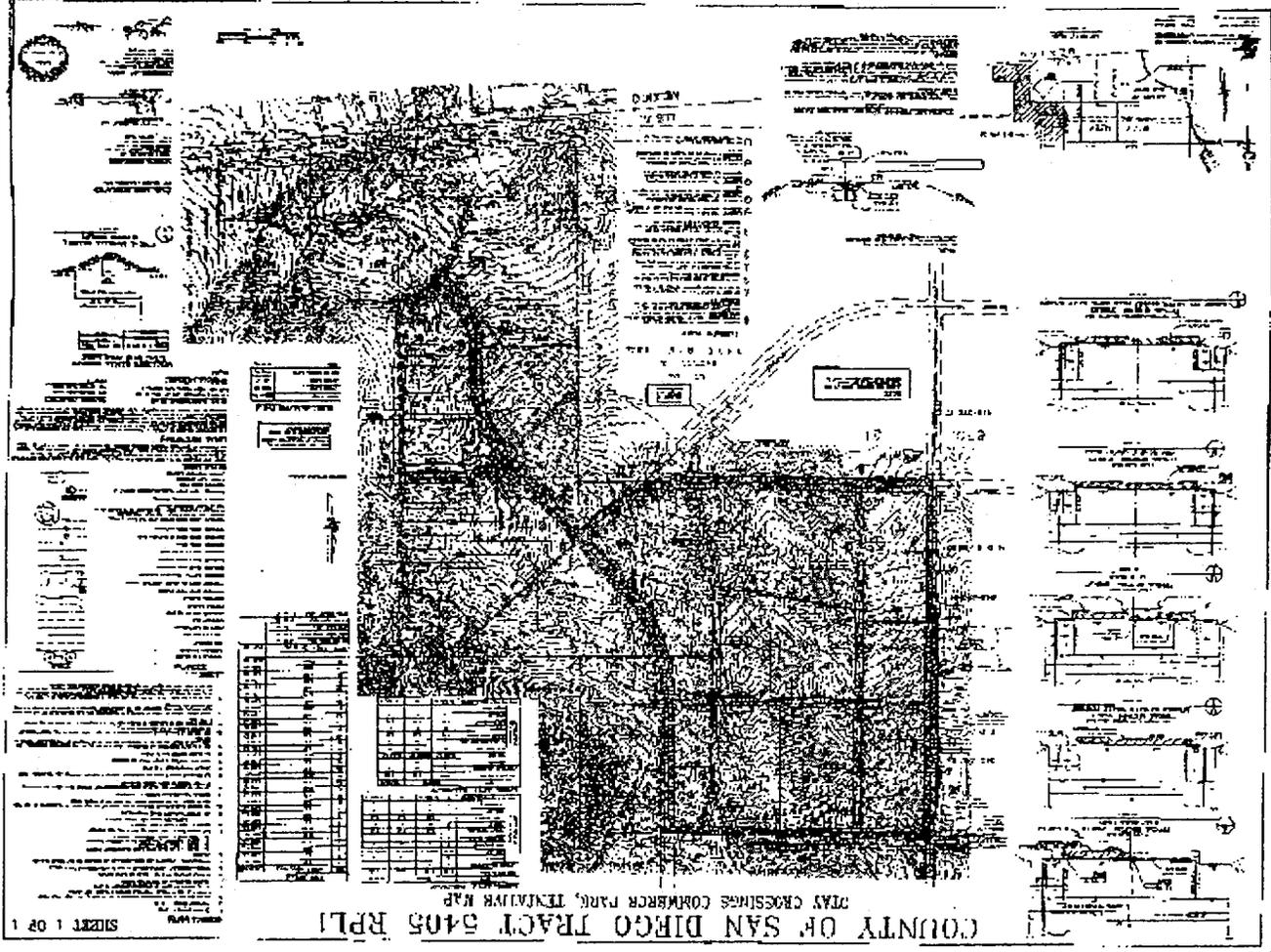
PBSJ

Otay Crossings Conceptual Water Study
 December 2006

Appendix C

Otay Crossings Commerce Park Tentative Map

Otay Water District
 Water Supply Assessment Report
 Otay Crossings Commerce Park



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 DATE

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

Description	FY 2010	FY 2015	FY 2020	FY 2025	FY 2030
Water Authority Supply	49,259	56,341	64,365	71,660	80,876
Recycled Water Supply	4,040	4,684	5,430	6,294	7,297
Groundwater Supply	0	0	0	0	0
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Total Projected Demand	53,299	61,025	69,795	77,954	88,173
Supply 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 10
Projected Balance of Water Supplies and Demands
Multiple Dry Year Conditions (acre feet)

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Recycled Water Supply	4,169	4,298	4,426	4,555	4,684
Groundwater Supply	0	0	0	0	0
Total Required Supply	54,844	56,389	57,935	59,480	61,025
Total Projected Demand	54,844	56,389	57,935	59,480	61,025
Supply 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.

This WSA Report demonstrates that sufficient water supplies are planned for as well as the actions necessary to develop these supplies are documented to meet projected water demands of the Crossing project and the 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

County of San Diego, August 7, 2007, Otay Crossings Commerce Park SB 610 and SB 221 Compliance request letter received August 9, 2007.

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MWH Americas, Inc. and Otay Water District, "Otay Water District 2005 Urban Water Management Plan," December 2005 amended July 2007.

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

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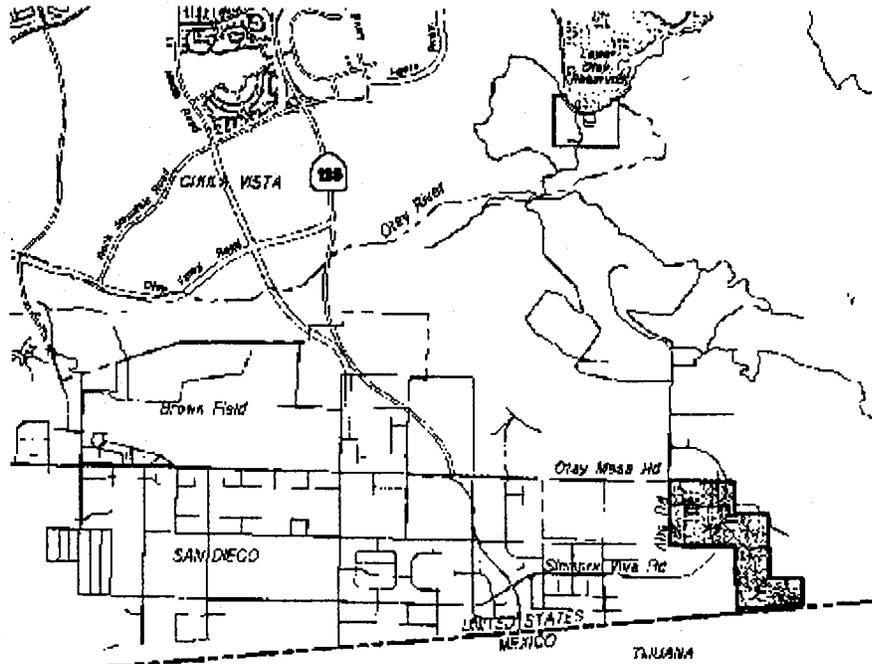
Agreement between the Otay Water District and the City of San Diego for Purchase of Reclaimed Water from the South Bay Water Reclamation Plant.

Appendix A

Otay Crossings Commerce Park Project Location and Vicinity Map

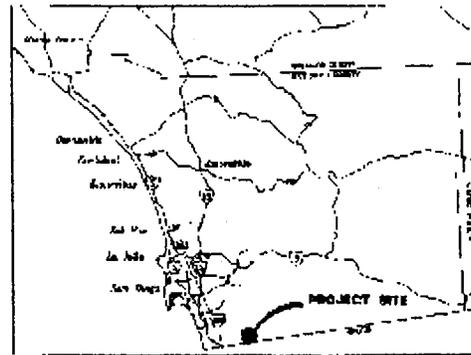
Otay Water District
 Water Supply Assessment Report
 Otay Crossings Commerce Park

Water Supply Assessment Report
 Otay Crossings Commerce Park Project



VICINITY MAP

LEGEND
 PROJECT SITE



LOCATION MAP

PROJECT LOCATION

FIGURE 1

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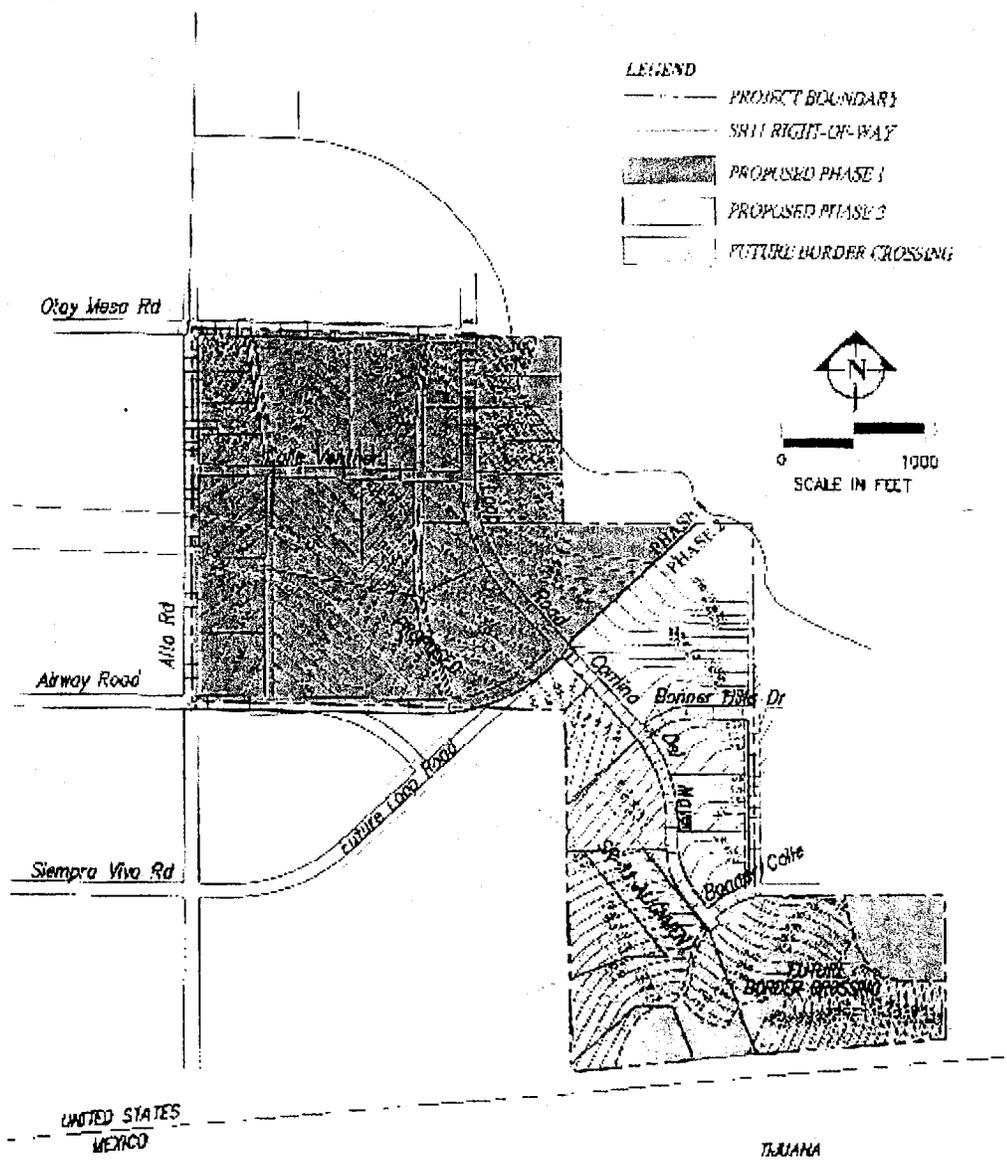
December 18, 2006



Appendix B

Otay Crossings Commerce Park Project Phasing Map

Otay Water District
 Water Supply Assessment Report
 Otay Crossings Commerce Park



PROJECT PHASING
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September 12, 2008



Otay Crossings Conceptual Water Study
 December 2006

Appendix C

Otay Crossings Commerce Park Tentative Map

ITEM 6g

Water Supply Assessment Presentation

Please reference Attachment 1 posted to
Otay Water District Website



AGENDA ITEM 7a

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	December 5, 2007
SUBMITTED BY:	Hossein Juybari <i>HJ</i> Sr. Civil Engineer Ron Ripperger <i>RR</i> Engineering Manager	PROJECT:	P2210 DIV. NO. ALL
APPROVED BY:	Rod Posada <i>R Posada</i> (Chief) Chief, Engineering		
APPROVED BY:	Manny Magaña <i>M Magaña</i> (Asst GM) Assistant General Manager, Engineering and Operations		
SUBJECT:	Informational Item - First Quarter FY 2008 Capital Improvement Program (CIP) Report		

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District's (District) Board of Directors accept the First Quarter FY 2008 CIP Report for review and receive a summary via PowerPoint presentation.

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To update the Board about the status of all CIP project expenditure highlights, 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, maintenance projects, developer's reimbursement projects, and capital purchases.

The First Quarter update is intended to provide a detailed analysis of progress in completing these projects within the allotted time and budget. Expenditures for the First Quarter FY 2008 totaled approximately \$6.4 Million. Approximately 18% of the FY 2008 expenditure budget was spent.

FISCAL IMPACT: _____ *JJA*

None.

STRATEGIC GOAL:

The CIP supports the mission of providing the best quality of water, recycled, and wastewater service to the customers of the District in a professional, effective, efficient, and sensitive manner, in all aspects of operation, so that public health, environment, and quality of life are enhanced.

LEGAL IMPACT: _____

None.

M. Magaña for M. Watton

General Manager

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HJ/RR:jf

Attachments: Attachment A
Presentation



ATTACHMENT A

SUBJECT/PROJECT:	Informational Item - First Quarter FY 2008 Capital Improvement Program (CIP) Report
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COMMITTEE ACTION:

The Engineering, Operations and Water Resources Committee reviewed this item in detail at a meeting held on November 26, 2007. During discussions, the Committee inquired if the District would be charged toll fees for work that the District still needs to complete on SR 125. Staff indicated that they would explore this issue with South Bay Expressway. The committee received staffs' report and recommended presentation to the full Board.

ITEM 7a

Capital Improvement Program Presentation

Please reference Attachment 2 posted to
Otay Water District Website.



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	December 5, 2007
SUBMITTED BY:	James Cudlip, Finance Manager	W.O./G.F. NO:	DIV. NO. All
APPROVED BY:	Joseph R. Beachem, Chief Financial Officer (Chief)		
APPROVED BY:	German Alvarez, Assistant General Manager (Asst. GM):		
SUBJECT:	Appointment of Auditor for Fiscal Year Ending June 30, 2008		

GENERAL MANAGER'S RECOMMENDATION:

That the Board approve an engagement letter from the auditing firm of Teaman, Ramirez & Smith, Inc. (TRS) to provide audit services to the District for the Fiscal Year Ending June 30, 2008.

COMMITTEE ACTION: _____

Please see Attachment A.

PURPOSE:

To retain the services of Teaman, Ramirez & Smith, Inc. to serve as the District's auditors for the Fiscal Year ending June 30, 2008.

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. The Board has approved TRS as the District's auditors for the last four years (Fiscal Years 2004, 2005, 2006 & 2007). It is the District's practice to keep the same auditors for 3-5 years, making this the last year prior to requesting bids for a new audit firm.

Staff is recommending the appointment of Teaman, Ramirez & Smith, Inc. based on their knowledge of the District's operations and finances, their technical qualifications, and their performance as the District's auditors for the last four fiscal years. Also, in our successful efforts to prepare an award-winning Comprehensive Annual Financial Report (CAFR), staff has solicited the advice of TRS who has had significant experience in award-winning CAFR preparation.

The following is a tentative planning schedule for the major activities involved in completing the FY-08 financial audit:

- Mar-08: Audit planning meeting with auditors and Finance, Administration & Communications Committee.
- May-08: Pre-audit (3 - 4 days).
- Aug-08: Year-end audit (4 - 5 days).
- Oct-08: Board presentation of audited financials.
- Nov-08: 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 Single Audit, required for federal grants; and 4) A State Controllers Report, required by the State of California.

FISCAL IMPACT:



The fee for auditing services and preparation of the State Controller's Report will not exceed \$26,600 for the Fiscal Year ending June 30, 2008. This is an increase of \$600 over last year's fee, or 2.3%.

STRATEGIC GOAL:

Required by law.

LEGAL IMPACT:

None.



General Manager

Attachments:

- A) Committee Action Form
- B) TRS Audit Engagement Letter



ATTACHMENT A

SUBJECT/PROJECT: Appointment of Auditor for Fiscal Year Ending June 30, 2008

COMMITTEE ACTION:

The Finance, Administration and Communications Committee reviewed this item at a meeting held on November 26, 2007. The following comments were made:

- Staff indicated that if approved by the board, this would be the fifth year that the District retains Teaman, Ramirez & Smith, Inc. (TRS) to perform the District's audit.
- It was noted that it has been the District's practice to retain the same auditing firm for three to five years. The District will be going to bid in FY 2009 to retain a new audit firm. TRS is aware of this.
- Staff indicated that TRS will once again, in addition to the standard audit, provide a single Audit Report on the Federal grants received by the District and review the District's investment policy and procedures. TRS' fee will increase 2.3% or \$600 (not to exceed \$26,600) which is very minimal.
- Staff indicated that they have been very happy with TRS' work. They noted that TRS is also very knowledgeable of the water industry (10-12 of their clients are water agencies) and did not require training on the industry to perform the audit. Also, because of this connection they have the ability to share practices from other water agencies that may be of benefit to the District. Staff recommends that the board retain TRS to serve as the District's auditor for Fiscal Year ending June 30, 2008.

Upon completion of the discussion, the committee supported staffs' recommendation and forwarding to the Board of Directors as an action item.



November 15, 2007

Joe Beachem, Chief Financial Officer
Otay Water District
2554 Sweetwater Springs Road
Spring Valley, California 91978-2096

We are pleased to confirm our understanding of the services we are to provide the Otay Water District for the year ended June 30, 2008. We will audit the financial statements of the business-type activities, which comprise the District's basic financial statements, of the Otay Water District as of and for the year ended June 30, 2008. The documents we submit to you will include the following supplementary information required by generally accepted accounting principles that will be subjected to the auditing procedures, but will not be audited:

Management Discussion and Analysis

Supplementary Pension Information

Schedule of Expenditures of Federal Awards (if necessary)

The documents we submit to you will include the following additional information that are part of the District's Comprehensive Annual Financial Report (CAFR) and are presented for purposes of additional analysis and are not a required part of the basic financial statements. These items have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them:

Introductory Section Information

Statistical Data

Audit Objective

The objective of our audit is the expression of an opinion as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the additional information referred to in the first paragraph when considered in relation to the financial statements taken as a whole. The Objective 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 for the information and use of management, 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.

Our audit will be conducted in accordance with U.S. generally accepted auditing standards; 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 Circular A-133 and other procedures we consider necessary to enable us to express such an opinion and to render the required reports. If our opinion on the financial statements or the Single Audit compliance opinion 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 form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal control and for compliance with laws, regulations, contracts, agreements and grants. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of the controls. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorizations and recorded properly to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles and that federal award programs are managed in compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making all financial records and related information available to us, including any significant vendor relationships in which the vendor has the responsibility for program compliance. We understand that you will provide us with such information required for our audit and that you are responsible for the accuracy and completeness of that information. We will advise you about appropriate accounting principles and their application and will assist in the preparation of your financial statements, including the schedule of expenditures of federal awards but the responsibility for the financial statements remains with you. As part of our engagement we may propose standard, adjusting, or correcting journal entries to your financial statements. You are responsible for reviewing the entries and understanding the nature of any proposed entries and the impact they have on the financial statements. That responsibility includes the establishment and maintenance of adequate records and effective internal control over financial reporting and compliance, the selection and application of accounting principles, and the safeguarding of assets. Management is responsible for adjusting the financial statements to correct material misstatements and for 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 (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud or illegal acts could have a material effect on the financial statements. You are also responsible for 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 entity complies with

applicable laws and regulations and for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements or abuse that we may report. Additionally, 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.

As part of the audit, we will prepare a draft of your financial statements and related notes and a report to the State Controller. In accordance with Government Auditing Standards, you will be required to review and approve those financial statements and reports prior to their issuance and have a responsibility to be in a position in fact and appearance to make an informed judgment on those financial statements and reports. Further, you are required to designate a qualified management-level individual to be responsible and accountable for overseeing our services.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of the other information in the electronic site with the original document.

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 caused by errors, fraudulent financial reporting, misappropriation of assets or violations of laws or governmental regulations that are attributable to the entity or to acts by management of employees acting on behalf of the entity. Because the determination of abuse is subjective, Government Auditing Standards do not expect auditors to provide reasonable assurance of detecting abuse. As required by the Single Audit Act Amendments of 1996 and OMB Circular A-133, our audit will include tests of transactions related to major federal award programs for compliance with applicable laws and regulations and the provisions of contracts and grant agreements. 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 risk that material misstatements 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. However, we will inform you of any material errors that come to our attention and we will inform you of any fraudulent financial reporting or misappropriation of assets that comes to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to matters that might arise during 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, 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 also require certain written representations from you about the financial statements and related matters.

Audit Procedures - Internal Controls

In planning and performing our audit, we will consider the internal control sufficient to plan the audit in order to determine the nature, timing, and extent of our auditing procedures for the purpose of expressing our opinions on the Otay Water District's financial statements and on its compliance with requirements applicable to major programs.

We will obtain an understanding of the design of the relevant controls and whether they have been placed in operation, and we will assess control risk. 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. Tests of controls are required only if control risk is assessed below the maximum level. 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*.

As required by OMB Circular A-133, we will perform tests of controls 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.

An audit is not designed to provide assurance on internal control or to identify reportable conditions. However, we will inform the governing body of any matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. We will also inform you of any nonreportable conditions or other matters involving internal control, if any, as required by *Government Auditing Standards and OMB Circular A-133*.

Audit Administration, Fees, and Other

At the conclusion of the engagement, we will complete the appropriate sections of and sign the Data Collection Form that summarizes our audit findings. We will provide copies of our reports to the District; however, it is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and a corrective action plan) along with the Data Collection Form to the designated federal clearinghouse and, if appropriate, to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits. At the conclusion of the engagement, we will provide information to management as to where the reporting packages should be submitted and the number to submit.

The audit documentation for this engagement is the property of Teaman, Ramirez & Smith, Inc. and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to federal cognizant and grantor agencies, or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability

Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of our firm. Furthermore, upon request, we may provide photocopies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the photocopies or information contained therein to others, including other governmental agencies. In such cases, Teaman, Ramirez & Smith, Inc. is not responsible for the distribution of the photocopies or information contained therein.

Our fee for these services will be as follows:

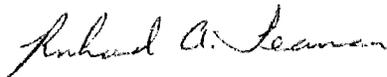
	<u>2007-2008</u>
Financial Statement Audit	\$ 21,400
Agreed Upon Procedures - Investments	\$ 750
Single Audit, if necessary	\$ 3,700
State Controller's Report	\$ 750

The above fees are 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.

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,

TEAMAN, RAMIREZ & SMITH, INC.



Richard A. Teaman
Certified Public Accountant

Response:

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

Signature: _____

Title: _____

Date: _____



AGENDA ITEM 8b

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	December 5, 2007
SUBMITTED BY:	James Cuddepp, Finance Manager <i>James Cuddepp</i>	W.O./G.F. NO:	DIV. NO. All
APPROVED BY:	Joseph R. Beachem, (Chief) Chief Financial Officer		
APPROVED BY:	German Alvarez, Assistant General Manager (Asst. GM): <i>German Alvarez</i>		
SUBJECT:	Receive the District's FY-2007 Comprehensive Annual Financial Report (CAFR)		

GENERAL MANAGER'S RECOMMENDATION:

This is an informational item only.

COMMITTEE ACTION: _____

See Attachment A.

PURPOSE:

To receive the District's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2007.

ANALYSIS:

On November 7, 2007, the Board accepted the District's audited financial statements for the fiscal year ended June 30, 2007. The CAFR is a more comprehensive means of presenting the financial information, to include an introductory narrative overview of the District's operations, administration and finance areas. In addition, it contains numerous statistical schedules that give a broader, historical perspective to data covering operating, financial, demographic, and economic information for the District and the surrounding community.

In order to be awarded a *Certificate of Achievement for Excellence in Financial Reporting* from GFOA, a government agency must publish an easily readable and efficiently organized CAFR. A Certificate of Achievement is valid for a period of one year only. This will be the fourth year that the District has produced a CAFR, and we have received a Certificate of Achievement for each of the prior three years. Staff anticipates that this CAFR will receive the same award.

The CAFR reflects the culmination of the fiscal year's financial operations, including prior year data for comparative purposes, and is an excellent communication tool for the District. Preparation of the CAFR is a collaborative effort between the Finance Department and the District's Auditors, and meets the standard of best management practice for government financial statement presentation.

FISCAL IMPACT:



None.

STRATEGIC OUTLOOK:

The District ensures its continued financial health through long-term financial planning and improved financial reporting.

LEGAL IMPACT:

None.



General Manager

Attachments:

- A) Committee Action Form
- B) FY-2007 Comprehensive Annual Financial Report (CAFR)



ATTACHMENT A

SUBJECT/PROJECT:	Receive the District's FY-2007 Comprehensive Annual Financial Report (CAFR)
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COMMITTEE ACTION:

The Finance, Administration and Communications Committee reviewed this item at a meeting held on November 26, 2007. The following comments were made:

- Staff indicated that the Board accepted the District's audited financial statement for FY08 at the November 7, 2007 board meeting.
- It was indicated that the CAFR is a more comprehensive means of presenting financial information. In addition to the information presented in the audited financial statement, it includes a transmittal letter that provides an overview of District's operations, administration and finance areas and statistical charts providing finance and geographical information.
- Staff has also reclassified the allocation between restricted and unrestricted assets on the balance sheets to respond to the rating agencies interest in assuring that the District is classifying them as conservatively as possible.
- The committee inquired if the bonded debt is collected through the tax rolls for Improvement District's (ID) 25 & 27. It was noted that ID 27 is collected through the tax rolls (property taxes), however, staff believed that ID 25 debt has been paid. The information on bonded debt is reported from information from California Municipal Statistics, Inc (CMS). **Staff confirmed that the ID 25 debt was paid off and has contacted CMS and has had this information on ID 25 removed.** The Certificates of Participation sold in early 2007 is collected through the rates.
- It was noted that the statistical information on the recycled system for 2007 needs to be updated to include the newly completed recycled pump station and reservoir. **Staff**

has updated this information in the copy being sent to the Board.

Upon completion of the discussion, the committee supported staffs' recommendation and forwarding to the Board of Directors as an action item.

C:\Documents and Settings\jamesc\My Documents\Board Reports\CommMtg-CAFR-112607.doc

ITEM 8b

Otay Water District
Comprehensive Annual Financial Report (CAFR)

Please reference Attachment 3 posted to
Otay Water District website.



AGENDA ITEM 9

STAFF REPORT

TYPE MEETING:	Regular Board Meeting	MEETING DATE:	December 5, 2007
SUBMITTED BY:	Mark Watton, General Manager	W.O./G.F. NO:	DIV. NO.
SUBJECT:	Board of Directors 2008 Calendar of Meetings		

GENERAL MANAGER'S RECOMMENDATION:

At the request of the Board, the attached Board of Director's meeting calendar for 2008 is being presented for discussion.

PURPOSE:

This staff report is being presented to provide the Board the opportunity to review the 2008 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 2008

**Board of Directors, Workshops
and Committee Meetings
2008**

Regular Board Meetings:

January 2, 2008
February 6, 2008
March 5, 2008
April 2, 2008
May 7, 2008
June 4, 2008
July 2, 2008
August 6, 2008
September 3, 2008
October 1, 2008
November 5, 2008
December 3, 2008

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

January 16, 2008
February 20, 2008
March 19, 2008
April 16, 2008
May 21, 2008
June 18, 2008
July 16, 2008
August 20, 2008
September 17, 2008
October 15, 2008
November 19, 2008
December 17, 2008

Board Workshops:

Budget Workshop, TBD
Board Retreat Workshop, TBD

AGENDA ITEM 10



STAFF REPORT

TYPE	Regular Board Meeting	MEETING	December 5, 2007		
MEETING:		DATE:			
SUBMITTED BY:	Mark Watton, General Manager	W.O./G.F.	N/A	DIV.	N/A
		NO:		NO.	
SUBJECT:	General Manager's Report				

GENERAL MANAGER:

Update on the design of the 36-Inch Potable Water Pipeline from FCF #14 to Regulatory Site for the month of October 2007:

- District Staff met with IEC's project engineer on October 10, 2007 and reviewed the horizontal alignment plans. Staff reviewed the plans in more detail and provided comments back to IEC on October 25, 2007. In addition, staff provided Value Engineering comments to be incorporated into the design. One recommendation is to design the pipeline in accordance with AWWA Standards (i.e., to reduce pipe wall thickness in areas of low pressure) which will result in considerable savings.
- A Pre-Proposal Meeting for Construction Management and Inspection Services was held on October 10, 2007. Twenty-seven representatives from consulting firms attended. Proposals received by October 19, 2007 are being evaluated by a panel.
- Staff reviewed the horizontal alignment with manufacture representatives and consultants. As a result of this review the District authorized IEC to investigate the feasibility in avoiding the Washington/Jamacha intersection.

Update on the 640-1 and 640-2 Reservoirs Project for the month of October 2007:

- Tank #1 - Roof poured; continued removing roof shoring.
- Tank #2 - Continued to erect shoring and place plywood decking for roof pour.
- Chlorination of the 36-inch and 42-inch CMLC pipelines were completed. The lines have been emptied and dechlorated with flushing to begin on November 5 with bac-t setup for November 7, 2007.
- Continued to install storm drain and cleanouts on Access Road "B."
- Poured concrete for the floor of Vault #3 and currently installing rebar for the walls.
- Began installing appurtenances/pressure gauges, etc., at Vault #1 and Station #2.
- Electrical subcontract is excavating and installing underground electrical conduits from Vault #7 down to Vault #5 and from Vault #7 to Copps Lane Pump Station.
- Misconnection on Fenton:
 - o Implemented field measures and updating guidelines.
 - o Preparing letter for California Department of Public Health (CDPH) to be delivered on November 30, 2007 concerning improvements in the process for plan checking, inspection, and project acceptance.
 - o Released last test results on recycled water and the potable water system along with reports on medical and water quality prepared by experts retained by the District.

ADMINISTRATIVE SERVICES AND FINANCE:

Administrative Services:

- One new hire started employment in the month of November; Safety and Security Administrator.
- The District hosted a ceremony with the Employee Association and Board of Directors to commemorate the

implementation of the new six-year Memorandum of Agreement on November 19, 2007.

- The District held the final two training sessions related to the updated policies and MOU provisions, and our bi-annual Sexual Harassment training on November 13, 2007.
- The District held open enrollment meetings on November 1st, hosted our annual Health & Wellness Fair on November 8th, and concluded open enrollment during the month of November to transition to our new health care plans beginning on January 1, 2008.
- Promotion of the Accelerated Public Sector Water Use Efficiency Program: District staff called a number of its top public sector water users regarding the Accelerated Public Sector Water Use Efficiency Program (see attached copy of MWD's staff report regarding details on this program) and sent their contact information to MWD for their mailing regarding the program in early November. MWD targeted public agencies that used between 25-50 acre-feet per year. Two of the three responses to date have been from public agencies within Otay (Veteran's Home and Chula Vista Schools).
- District staff held its first Water Shortage Response Team meeting on November 21st to review the District's current water shortage response plan, DWR's Urban Drought Guidebook, and discuss how the District will respond to a future water shortage. Team members include staff from all departments throughout the District.
- The District notified its three Interim Agricultural Water Program accounts that they will be held to a 30% cutback of their FY 2007 usage beginning in January 2008. Collectively, these accounts used 84 acre-feet of water in FY 2007 and have been asked to reduce their demand by 25 acre-feet, or eventually face surcharges. This notice is part of MET's Water Surplus and Drought Management Plan.
- The California Friendly Gardening Festival was held on November 10th and attracted approximately 1,700 people. Approximately 1,500 people attended the Festival in both 2005 and 2006.

- **School Education:** In November, staff completed two Garden tours, both for 3rd graders at Tiffany Elementary. Eighteen tours have been requested to date this fiscal year.
- Participation in the High Efficiency Washer Program remains on target to exceed the FY 04 activity level of 1,044 redeemed vouchers. Through November 26th, 529 vouchers were processed in FY 08, equal to last year's activity after 10 months.
- District staff has completed twenty one residential water surveys this month and completed nine in October.
- In the month of November there were 125 purchase orders issued for a total of \$376,718.52.

Information Technology and Strategic Planning:

- Strategic Plan FY09-FY11 - Staff has nearly completed the first two stages of the Strategic Planning Process for FY09-FY11. One-on-one interviews are nearly complete with the exception of a few Board interviews. Staff has been divided into Balanced Scorecard Groups, met twice to evaluate potential strategies, goals, and objectives, and provided feedback for an initial draft plan. The groups have also provided recommendations for the performance measures, but these have not been evaluated. The next stage is for the Senior Team to review and provide feedback on the draft plan. The project is on track to provide the revised plan to the Board prior to the FY09 budget cycle.
- Technology Implementation Teams - District staff have formed three cross functional teams to evaluate and implement process and innovation improvements in the areas of records management, remote field operations, and physical and data security improvements. Teams have met and appointed co-chairmen and sub-teams to pursue specific objectives outlined in the current strategic plan. The goals of the groups are to improve efficiency in implementing technology improvements and to gain understanding of how these technologies like GPS, routing software, high speed data links, or paperless payment processes can save time and money for the District.

- IT has implemented an improvement in our computing capabilities. We have expanded our CITRIX network which allows fast and efficient access for all staff to District systems.
- IT has made significant progress in building a back-up data center in the Operations building. This data center will allow us to have a back-up in case of a significant failure of the primary data center.
- IT released an upgraded ortho-photograph of the District on our GIS system. The new photo is accurate as of this year and has improved detail and resolution. IT is also now testing major new releases of the Eden (4.3) and GBA software (6.4) and a new release of GIS (9.2). These upgrades will provide added functionality but require extensive testing before we formally accept these upgrades.

Finance:

- PERS OPEB Trust - There is continued progress on the establishment of a PERS Trust. The actuaries have been updated with information regarding the enrollment in the new insurance plan and will soon begin to recalculate the Actuarially Accrued Liability (AAL). As mentioned in last months report, with the signing of AB554, the District is now able to establish the OPEB trust with PERS. This is a significant benefit to the District as this will reduce the level of funding of the OPEB trust due to the higher rate of return available from a PERS trust. Staff is expecting to bring this forward to the Board committee in January and then to the full Board in February.
- Banking Services Review - Staff is formulating a banking services review procedure that will outline and provide guidelines to insure that the District is maintaining quality banking services at a competitive price. Staff will be evaluating our neighboring agencies standards as well as attempting to determine what best management practices dictate. This effort is expected to be concluded in mid-January.

The financial reporting for October 2007 is as follows:

- For the four months ended October 31, 2007, there are total revenues of \$23,366,044 and total expenses of \$23,434,785. The expenses exceeded the revenues by \$68,741.

The financial reporting for investments for October 2007 is as follows:

- The market value shown in the Portfolio Summary and in the Investment Portfolio Details as of October 31, 2007 total \$98,263,021.31 with an average yield to maturity of 5.192%. The total earnings year-to-date is \$1,790,841.88.

ENGINEERING AND WATER OPERATIONS:

Engineering:

- The American Public Works Association (APWA) has awarded the District the "2007 Honor Award" for its 30-Inch Recycled Water Pipeline Project. Lee & Ro, project design consultants, and District Staff submitted the application.
- On October 9, 2007, staff met with Salt Creek Golf Club's General Manager and Superintendent to discuss the construction work that needs to be completed at the golf course for Otay's Lane Avenue 20-Inch Pipeline Conversion Project. The District's contractor will coordinate the work with the golf course Superintendent. The golf course General Manager and the Superintendent were very cooperative with staff.
- Advertisement for the 20-Inch Lane Avenue Conversion Project will be sent out on 11/2/07. The project scope is the conversion of a 20-inch potable line to a recycled line. The pipeline runs from Proctor Valley Road to the use area north of Salt Creek Golf Course. Bid opening is set for 11/29/07.
- The draft Preliminary Design Report for the 450-1 Reservoir Disinfection Facility project was reviewed by managers on October 1, 2007. It was determined that a skid mounted system, along with a 2500-gallon high density crosslink polyethylene wall tank, will be housed in the generator room. Since creating self-sustaining

and more environmentally friendly projects is the goal of the District, a solar system will be installed as part of this project to provide electricity.

- For the month of October 2007, Staff received two improvement plans from developers which included: 1 recycled plan check and 1 fire service plan check.
- For the month of October 2007, the District sold 24 meters (22.5 EDUs) generating \$127,212 in revenue (projected for this period was 343 meters (130.5 EDUs) with a budgeted revenue of \$620,633.33).
- Total anticipated District expenses collected for plan checking and inspection project costs from July 1, 2007 to October 30, 2007 is \$156,547.46.
- The Construction Division received no new projects to be constructed by developers and performed no pre-construction meetings for CIP projects for developers. In addition, six projects were completed and three projects were released from warranty.
- Approximately 233 linear feet of both CIP and developer project pipelines were installed in October 2007. The Construction Division performed quality control for these pipelines.
- 306 underground facilities were located, 8 hydrostatic pressure tests, 7 wet taps and tie-ins, 4 meter set inspections, and 1 project walk-through was performed during the month of October 2007.
- Construction continued on the Olive Vista Pipeline project. The Contractor has completed the hydro test and is scheduled to chlorinate the temporary potable pipeline by mid-November.
- The United States Department of Interior Bureau of Reclamation has informed staff that they will provide an additional \$100,000 toward the Title VI grant Cooperative Agreement. This amount, plus the previously reported \$1,030,000, brings the total to \$1,130,000 additional revenue for Fiscal Year 2008.

- Draft MNDs for the 36-inch Jamacha Road pipeline (P2009) and the 1296-3 Reservoir (P2143) went out for public notice in early October.
- The HMA was impacted by the Harris fire. Staff is evaluating options and discussing with regulatory agencies about developing another plan. Staff is also checking with FEMA for a potential loss claim.
- The following table summarizes purchases and change orders issued during the period of October 1, 2007 thru October 31, 2007 that are within staffs' signatory authority:

Date	Action	Amount	Contractor/ Consultant	Project
10/5/07	P.O.	\$19,380.00	Westin Engineering	SCADA Documentation
10/9/07	C.O.	\$5,100.00	M&M General Engineering	Facilities Pavements Program; Telegraph Canyon Road
10/16/07	Check Request	\$3,830.00	City of El Cajon	Plan Check Fees; Pipeline Replacement Project

Water Operations:

- Water purchased for the month of October was 3558.8 acre-feet. Beginning FY 07/08 to date, July 1, 2007 to October 31, 2007 there has been 12,757.90 acre-feet of water purchased. This is a -1.1 percent decrease from the same period last year, July 1, 2006 to October 31, 2006.
- In the month of October, 2007 there were 8 new Automated Meter Reading (AMR) meters installed and 269 meters were retrofitted to AMR meters.
- As of October 31, 2007 there was a total of 15,037 radio-read meters installed.

Total number of potable water accounts is 47,759; this is a decrease of 13 accounts from last month, September, 2007. The decrease in accounts is due to home foreclosures.

- Recycled water consumption for the month of October is as follows:

Total flow was 491.6 acre-feet or 160,125,108 gallons and the average daily flow was 5,165,326 gallons per day.

Total number of recycled water accounts is 591.

- Wastewater flows for the month of October were as follows:

Total basin flow, gallons per day: 1,955,000.
Total Otay flow, gallons per day: 1,306,000.
Flow Processed at the Ralph W. Chapman Water Recycling Facility, gallons per day: 1,095,000.
Flow to Metro from Otay Water District, gallons per day: 211,000.

Total number of sewer connections is 6,063.



General Manager

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● **Board of Directors**
Water Planning and Stewardship Committee

August 21, 2007 Board Meeting

REVISED 8-9

Subject

Authorize \$15 million for the Accelerated Public Sector Water Efficiency Partnership Demonstration Program

Description

Staff recommends the Board authorize \$15 million for a Public Sector Water Efficiency Partnership Demonstration Program (Program). Through the Program, Metropolitan would work with the member agencies to identify public agencies within Metropolitan's service area that have high potential to achieve accelerated conservation or water recycling use. Metropolitan would enter into agreements through the member agencies or directly with the partnering public agency to implement immediate water efficiency measures. Staff estimates that the cost of saved potable water in the Program will range from \$195 to \$500 per acre-foot and provide the added benefit of reinforcing the region's public message to conserve water this year.

Rationale for Program

Southern California is currently facing significant water supply challenges. The year 2007 is the driest year on record in Southern California and has brought minimal snow pack to the Sierras. In addition, there are uncertainties in State Water Project operations over the next three years. Deliveries from the Banks pumping plant, which serves two-thirds of the state, have recently been curtailed due to Delta Smelt protective actions. As a result of these immediate challenges, Metropolitan and other water agencies in the state are asking citizens to increase the conservation of water in their homes and businesses. Metropolitan staff believes that the public is willing to respond. However, the response may be reduced if the public senses that public agencies are not also enhancing their water use efficiency.

To ensure that the public remains committed to conservation and to achieve accelerated water savings, staff is recommending the Public Sector Water Efficiency Partnership Demonstration Program. Some of the incentives would be in excess of standard board policy for conservation and water recycling in order to achieve near term results. Staff is recommending this program for three reasons: (1) the public's perception of water efficiency by public agencies could impact the public's willingness to conserve; (2) a number of public agencies have participated in Metropolitan's conservation programs and others use recycled water for irrigation, but there is still a large potential for increased water savings at many public agency facilities; and (3) cash flow and budget constraints in public agencies may delay water efficiency improvements.

Staff recommends identifying public agencies that have the top potential to reduce potable water demand in the near term. Based on information provided by the member agencies, Metropolitan will send letters to these agencies encouraging them to take immediate actions to improve their water use efficiency and inform their staff and customers of the current water supply situation. Metropolitan and member agencies will also form partnerships with some of these public agencies, with an initial emphasis on agencies using 50 acre-feet of water per year or more, to fund accelerated water efficiency measures through four approaches:

1. Conservation audits to identify water efficiency improvements;
2. Enhanced device incentives, paid up front, to purchase proven water saving retrofit technologies;
3. Pay-for-Performance water use reduction incentives; and
4. Immediate hookup of potential recycled water use by public agency customers.

Partnering agencies will be expected to commit the necessary resources to fulfill their obligations in the partnership and demonstrate an agency-wide commitment to encouraging good water use efficiency and stewardship.

Program Details

Conservation Audits for Large Public Agency Water Users

Public agencies that need to use large amounts of water are often excellent candidates for water efficiency improvements. However, these agencies usually have competing needs for tight budget dollars. In addition, many large public sector water users have primary responsibilities that are quite distant from water stewardship and efficiency. As a result, many public agencies lack the funding and expertise to properly assess their water conservation potential.

To immediately support these agencies, staff recommends offering water efficiency audits to agencies that use appreciable amounts of water. The audits will assess if water use is already efficient and, if not, recommend practical solutions and improvements. The audit results will assist the partnering agencies in identifying potential water conservation opportunities that may fit within Metropolitan's existing programs or the limited-duration program addressed in this letter. The Board granted authority for staff to conduct audits in July 2007.

Enhanced Device Incentives

Device incentives in the Public Sector Water Conservation Partnership Demonstration Program are designed to pay 100 percent of the cost of water-conserving devices for targeted public agencies. To overcome public agency cash flow and budgetary constraints, staff recommends that these incentives be paid up front to purchase devices rather than as rebates after purchase. When installations are performed in phases, Metropolitan's payments would also be in stages. Preapproved partnering agencies would purchase the water-saving technologies with Metropolitan funding and install and maintain the technology as their contribution to the partnership. Partnering agencies would refund to Metropolitan any unspent funds within a specific time frame consistent with routine administration procedures. Staff estimates that Metropolitan's full-purchase-price incentives would result in conserved water costs of \$200 to \$500 per acre-foot. A list of proposed technologies is provided below:

Device	Estimated Retail Price	Annual Estimated Water Savings	Lifetime Estimated Water Savings	Estimated Cost of Conserved Water ¹
Weather Based Irrigation Controller ² and High Efficiency Nozzles	\$2,000 to \$3,000 per acre	1 to 2 AF per acre	10-20 AF per acre	\$200-\$300/AF
High Efficiency Urinals	\$400	Approx. 0.13 AF ³	Approx. 2.6 AF	\$154/AF
High Efficiency Toilets	\$200 to \$400	Approx. 0.04 AF	Approx. 0.82 AF	\$240-\$490/AF
Cooling Tower PH or Conductivity Controllers	Up to \$2,000	Approx. 2 AF	10 AF	Up to \$200/AF

Other devices or actions may also receive incentives not to exceed an estimated \$500 per acre-foot of conserved water, determined on a case-by-case basis.

Pay-for-Performance Water Use Reduction Incentives

In this very dry year, many public agencies may be willing to reduce water use through methods that may be unsustainable. This may include reduced or stress irrigation, deferred replanting of landscapes, or behavioral

¹ Incentives will be used to pay for device/technology costs only. All installation costs are to be paid by the partner.

² WBICs must include technology for automatic shutoff of broken heads, valves, or pipes.

³ Based on average of urinals using .25 gallons per flush or less.

changes that are not related to device installations. For this special kind of conservation, staff recommends a Pay-for-Performance Water Use Reduction Incentive for preapproved partnering public agencies. An incentive of \$195 per acre-foot would be paid on savings for up to two-year periods, if the agency achieves at least a ten percent reduction in water use per year on an agency-wide basis. The reduction would be measured against an appropriate base-year water use. Through this program, public agencies would have the option of creatively reducing their water use through operational actions without the need for extensive retrofits.

Immediate Hookup of Potential Recycled Water Use Customers

To immediately increase recycled water use, staff proposes up-front payments to preapproved high water using public agencies to hook up their irrigation systems to existing recycled water supplies. The cost of upgrading irrigation equipment to meet recycled water regulations is a significant barrier to recycled water use conversions, especially for public agencies with limited budgets. This program would provide incentives of \$250 per acre-foot, up to actual on-site retrofit costs, for the estimated ~~first-year use~~ two years of use. Payments would be made upon connection and demonstrated operation of a complete system. These incentives would help fund on-site retrofits and system upgrades on public property in order to use recycled water in the near-term. The incentive would only apply to new hookups. Systems already under construction would not be eligible.

As an example under this program, a partnering public agency that switches 100 acre-feet of potable irrigation demand to recycled water would be eligible for a one-time incentive payment of up to ~~\$25,000~~ \$50,000. They would receive the incentive upon hooking up to a recycled water supply and demonstrating that the system is functional. If the public agency hooks up to recycled water that is already receiving a Metropolitan incentive, this special payment would be in addition to the normal incentives Metropolitan provides for recycled water distribution system performance.

Savings and Cost

The total cost of the Program including audits, incentives and other professional services, would be limited to \$15 million. Staff would administer the program funds to pursue maximum reductions in water use. Total expenditures on audits would be about \$1.5 million. A small portion of the funds would be used for administration and program analysis. Staff estimates that the total water savings of the program would be about 40,000 acre-feet of water. Actual savings will depend on participation by partnering agencies and the actions pursued. Additional authorizations beyond the General Manager authority may be required for consulting services to conduct audits and administer aspects of the Program. Staff would make adjustments in the Program over time to improve the Program, within the authorized budget, as experience is gained through implementation.

Policy

By Minute Item 37324, dated September 1988, the Board established financial incentives for water conservation and authorized funding new and emerging technologies.

By Minute Item 45195, dated February 2003, the Board adopted water conservation principles supporting financial incentives, encouragement of new technologies, and collaboration with industry to improve their water using processes.

By Minute Item 46773 dated August 2006, the Board authorized a streamlined payment process for landscape surveys and irrigation equipment retrofit projects.

In July 2007, the Board authorized enhancement for Metropolitan's Water Conservation Program including conservation audits and measured water savings program.

California Environmental Quality Act (CEQA)

CEQA determination for Options #1 and #2:

The proposed action on the funding component associated with the Demonstration Program and incentives is not subject to CEQA because it involves government fiscal activities, which do not involve any commitment to any specific project, which may result in a potentially significant physical impact on the environment

(Section 15378(b)(4) of the State CEQA Guidelines). The proposed action is categorically exempt under the provisions of CEQA and the State CEQA Guidelines. The overall activities involve the funding, design, minor alterations and replacement of public facilities with negligible or no expansion of use and no possibility of significantly impacting the physical environment. In addition, the proposed action consists of basic data collection and resource evaluation activities, which do not result in a serious or major disturbance to an environmental resource. This may be strictly for information gathering purposes, or as part of a study leading to an action, which a public agency has not yet approved, adopted or funded. Accordingly, the proposed action qualifies under Class 1, Class 2, and Class 6 Categorical Exemptions (Sections 15301, 15302, and 15306 of the State CEQA guidelines).

The CEQA determination is: Determine that the proposed action is exempt from CEQA pursuant to Sections 15301, 15302, 15306, and 15378(b)(4) of the State CEQA Guidelines.

CEQA determination for Option #3:

None required

Board Options

Option #1

Adopt the CEQA determination and authorize the Public Sector Water Efficiency Partnership Demonstration Program, including audits for large public water users, enhanced device incentives program, the pay-for-performance water use reduction incentives, and immediate hookup of recycled water use customers.

Fiscal Impact: \$15 million

Business Analysis: The Public Sector Water Efficiency Partnership Demonstration Program will market and provide incentives for water use efficiency in the public sector and help set an example for the general public of the need to save water in this very dry year.

Option #2

Adopt the CEQA determination and authorize the Public Sector Water Efficiency Partnership Demonstration Program, with one or more of the following: audits for large public water users, enhanced device incentives program, the pay-for-performance water use reduction incentives and immediate hookup of recycled water use customers.

Fiscal Impact: Up to \$15 million

Business Analysis: The Public Sector Water Conservation Partnership Demonstration Program will market and provide incentives for water use efficiency in the public sector and help set an example for the general public of the need to save water in this very dry year. Authorizing less than all four proposed actions may decrease staff's ability to achieve maximum water savings in the program.

Option #3

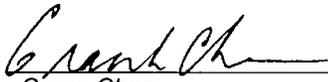
Do not authorize the Public Sector Water Conservation Partnership Demonstration Program.

Fiscal Impact: No fiscal impact

Business Analysis: Metropolitan will miss an opportunity to partner with high, visible public agencies to conserve water and set an example for the general public of the need to save water in this very dry year.

Staff Recommendation

Option #1



Grace Chan
for Stephen N. Arakawa
Manager, Water Resource Management

8/20/2007
Date



Jeffrey Kightlinger
General Manager

8/20/2007
Date

BLA #5559

OTAY WATER DISTRICT
COMPARATIVE BUDGET SUMMARY
 FOR FOUR MONTHS ENDED OCTOBER 31, 2007

	Annual Budget	YTD Actual	YTD Budget	YTD Variance	Var %
REVENUE:					
Water Sales	\$ 32,331,300	\$ 12,922,603	\$ 12,895,400	\$ 27,203	0.2%
Energy Charges	2,018,000	779,523	777,400	2,123	0.3%
System Charges	9,596,300	3,072,397	3,038,800	33,597	1.1%
Penalties	852,100	337,218	323,200	14,018	4.3%
MWD & CWA Fixed Charges	2,708,800	808,971	804,800	4,171	0.5%
Total Water Sales	<u>47,506,500</u>	<u>17,920,712</u>	<u>17,839,600</u>	<u>81,112</u>	<u>0.5%</u>
Reclamation Sales	6,001,400	2,826,282	2,754,500	71,782	2.6%
Sewer Charges	2,679,100	889,650	897,000	(7,350)	(0.8%)
Meter Fees	318,500	25,871	101,600	(75,729)	(74.5%)
Capacity Fee Revenues	1,414,500	411,639	471,600	(59,961)	(12.7%)
Betterment Fees for Maintenance	73,300	24,400	24,400	-	0.0%
Annexation Fees	1,464,500	198,971	488,000	(289,029)	(59.2%)
Non-Operating Revenues	1,680,200	489,632	556,100	(66,468)	(12.0%)
Tax Revenues	4,003,800	193,202	144,300	48,902	33.9%
Interest	1,038,700	250,284	346,400	(96,116)	(27.7%)
Draw on Designated Funds*	408,400	135,400	135,400	-	0.0%
Total Revenue	<u>\$ 66,588,900</u>	<u>\$ 23,366,044</u>	<u>\$ 23,758,900</u>	<u>\$ (392,856)</u>	<u>(1.7%)</u>
EXPENSES:					
Water Purchases	\$ 25,407,100	\$ 9,783,702	\$ 10,128,100	\$ 344,398	3.4%
CWA-Infrastructure Access Charge	1,090,200	343,704	343,600	(104)	(0.0%)
CWA-Customer Service Charge	950,400	293,416	293,600	184	0.1%
CWA-Emergency Storage Charge	1,507,800	426,428	426,400	(28)	(0.0%)
MWD-Capacity Res Charge	569,400	182,080	182,000	(80)	(0.0%)
MWD-Readiness to Serve Charge	552,600	188,064	170,800	(17,264)	(10.1%)
Subtotal Water Purchases	<u>30,077,500</u>	<u>11,217,394</u>	<u>11,544,500</u>	<u>327,106</u>	<u>2.8%</u>
Power Charges	2,804,800	1,011,340	1,016,600	5,260	0.5%
Payroll & Related Costs	16,012,900	4,924,806	5,012,200	87,394	1.7%
Material & Maintenance	4,452,900	1,564,263	1,434,300	(129,963)	(9.1%)
Administrative Expenses	5,773,000	1,474,530	1,743,733	269,203	15.4%
Legal Fees	1,209,300	1,156,252	928,333	(227,919)	(24.6%)
Expansion Reserve	2,590,200	863,400	863,400	-	0.0%
Betterment Reserve	3,432,900	1,144,300	1,144,300	-	0.0%
Replacement Reserve	235,400	78,500	78,500	-	0.0%
Total Expenses	<u>\$ 66,588,900</u>	<u>\$ 23,434,785</u>	<u>\$ 23,765,866</u>	<u>\$ 331,081</u>	<u>1.4%</u>
Excess Revenue (Expense)	<u>\$ -</u>	<u>\$ (68,741)</u>	<u>\$ (6,966)</u>	<u>\$ (61,775)</u>	

* Board approved Draw on Designated Funds used to fund negotiated benefits.

**OTAY WATER DISTRICT
INVESTMENT PORTFOLIO REVIEW
OCTOBER 31, 2007**

INVESTMENT OVERVIEW & MARKET STATUS:

On October 30th the Federal Reserve Board's federal funds rate was lowered from 4.75% to 4.50%. This was the second reduction since September 18th, when the rate was 5.25%. Because of these rate reductions, most of the District's callable federal agency issue bonds are being redeemed at their earliest available call date. Most of the District's callable bonds have monthly or quarterly calls so the redemptions are spread over the next several months. All called investments are paid at par so there is no loss on the investment. Only the interest rate changes as the funds are reinvested. With the change in the federal funds rate, we are beginning to diversify the portfolio into additional authorized investments so as to extend the average maturity of the portfolio. The District's core investment portfolio of US Agency Issues currently has a weighted average return rate of 5.27%. At the same time the LAIF return on deposits is expected to take several months to fall to the level of the federal funds rate, due to the fund's average maturity of 199 days, making this an excellent short-term alternative for maximum investment of available funds.

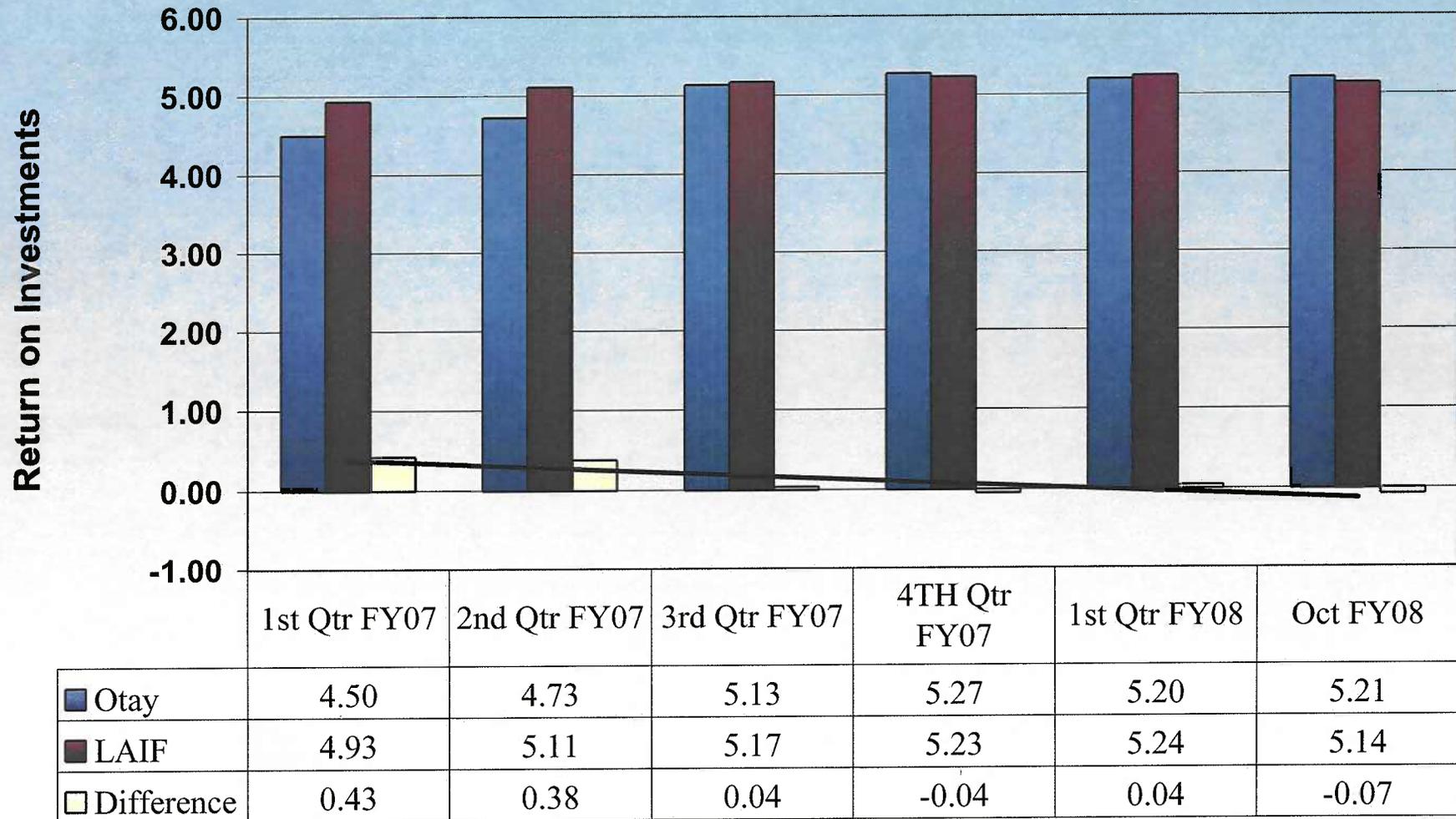
In accordance with the District's Investment Policy, all District funds continue to be managed based on the objectives, in priority order, of safety, liquidity, and return on investment.

PORTFOLIO COMPLIANCE: October 31, 2007

<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	\$34.81 Million
8.02: Local Agency Investment Fund (Bonds)	100%	100%	1.43%
8.03: Federal Agency Issues	100%	100%	62.11%
8.04: Certificates of Deposit	30%	15%	0.08%
8.05: Short-Term Commercial Notes	25%	15%	0
8.06: Medium-Term Commercial Debt	30%	15%	0
8.07: Money Market Mutual Funds	20%	15%	0
8.08: San Diego County Pool	100%	100%	0.11%
12.0: Maximum Single Financial Institution	100%	50%	0.81%

Performance Measure F-12 Return on Investment

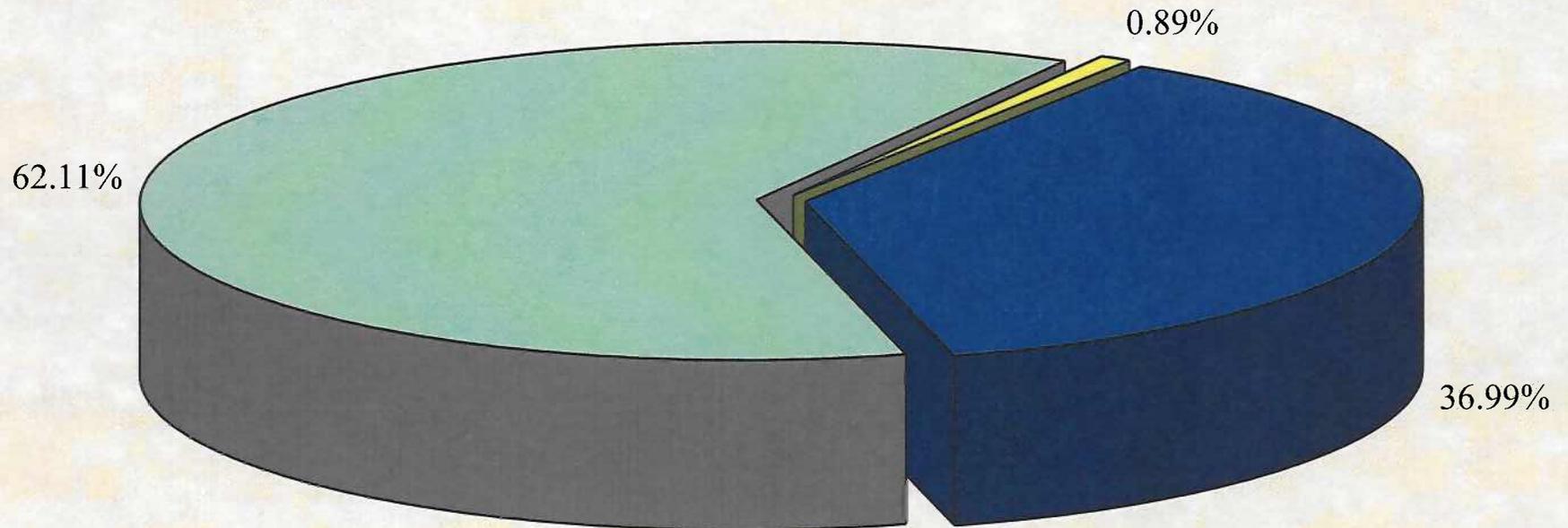
Target: Meet or Exceed 100% of LAIF



Month

■ Otay
 ■ LAIF
 □ Difference
 — Linear (Difference)

Otay Water District Investment Portfolio: 10/31/07



■ Banks (Passbook/Checking/CD) ■ Pools (LAIF & County) ■ Agencies

OTAY
Portfolio Management
Portfolio Summary
October 31, 2007

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Federal Agency Issues- Callable	61,000,000.00	61,057,105.10	61,000,642.41	62.62	650	412	5.268	5.341
Certificates of Deposit - Bank	79,108.00	79,108.00	79,108.00	0.08	730	82	3.880	3.934
Local Agency Investment Fund (LAIF)	36,220,013.47	36,220,213.94	36,220,013.47	37.18	1	1	5.067	5.137
San Diego County Pool	107,335.54	107,579.91	107,335.54	0.11	1	1	5.145	5.216
	97,406,457.01	97,464,006.95	97,407,099.42	100.00%	408	258	5.192	5.264
Investments								
Cash								
Passbook/Checking (not included in yield calculations)	799,014.36	799,014.36	799,014.36		1	1	2.172	2.202
Total Cash and Investments	98,205,471.37	98,263,021.31	98,206,113.78		408	258	5.192	5.264

Total Earnings	October 31 Month Ending	Fiscal Year To Date
Current Year	432,306.04	1,790,841.88
Average Daily Balance	97,632,209.39	102,385,423.14
Effective Rate of Return	5.21%	5.19%

I hereby certify that the investments contained in this report are made in accordance with the District Investment Policy Number 27 adopted by the Board of Directors on January 19, 2000. The market value information provided by Interactive Data Corporation. The investments provide sufficient liquidity to meet the cash flow requirements of the District for the next six months of expenditures.


 _____ 11-27-07
 Joseph Beachem, Chief Financial Officer

OTAY
Portfolio Management
Portfolio Details - Investments
October 31, 2007

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 360	Days to Maturity	Maturity Date
Federal Agency Issues- Callable												
31359M2L6	2012	FANNIE MAE		12/11/2006	3,000,000.00	3,001,875.00	3,000,000.00	5.250		5.178	223	06/11/2008
3133XEMS5	1998	Federal Home Loan Bank		02/28/2006	3,000,000.00	3,000,937.50	3,000,000.00	5.000		4.943	27	11/28/2007
3133XJ2P2	2010	Federal Home Loan Bank		12/05/2006	3,000,000.00	3,000,937.50	3,000,000.00	5.200		5.129	34	12/05/2007
3133XJSD1	2017	Federal Home Loan Bank		01/30/2007	3,000,000.00	3,001,875.00	3,000,000.00	5.250		5.173	62	01/02/2008
3133XJU55	2019	Federal Home Loan Bank		02/23/2007	3,000,000.00	3,000,000.00	3,000,000.00	5.350		5.277	480	02/23/2009
3133XK3C7	2022	Federal Home Loan Bank		03/15/2007	3,000,000.00	3,003,750.00	3,000,642.41	5.500		5.408	498	03/13/2009
3133XK6A8	2024	Federal Home Loan Bank		03/19/2007	3,000,000.00	3,000,937.50	3,000,000.00	5.300		5.227	323	09/19/2008
3133XKLA1	2030	Federal Home Loan Bank		05/01/2007	3,000,000.00	3,000,000.00	3,000,000.00	5.375		5.301	547	05/01/2009
3133XKN50	2031	Federal Home Loan Bank		05/07/2007	5,000,000.00	5,000,000.00	5,000,000.00	5.300		5.227	372	11/07/2008
3133XKSS5	2032	Federal Home Loan Bank		05/09/2007	3,000,000.00	3,000,000.00	3,000,000.00	5.300		5.227	190	05/09/2008
3133XL6E8	2033	Federal Home Loan Bank		06/11/2007	5,000,000.00	5,004,687.50	5,000,000.00	5.400		5.326	406	12/11/2008
3133XLEW9	2034	Federal Home Loan Bank		07/02/2007	3,000,000.00	3,004,687.50	3,000,000.00	5.500		5.425	609	07/02/2009
3133XLMZ3	2036	Federal Home Loan Bank		07/23/2007	3,000,000.00	3,006,562.50	3,000,000.00	5.450		5.375	630	07/23/2009
3133XLT7	2037	Federal Home Loan Bank		07/30/2007	3,000,000.00	3,019,687.50	3,000,000.00	5.550		5.474	1,002	07/30/2010
3133XLYB3	2038	Federal Home Loan Bank		08/20/2007	3,000,000.00	3,000,937.50	3,000,000.00	5.375		5.301	293	08/20/2008
3128X4K67	2000	Federal Home Loan Mortgage		03/07/2006	3,000,000.00	3,001,745.91	3,000,000.00	5.250		5.178	127	03/07/2008
3128X5C55	2020	Federal Home Loan Mortgage		03/05/2007	3,000,000.00	3,002,784.12	3,000,000.00	5.500		5.425	855	03/05/2010
3128X5G93	2021	Federal Home Loan Mortgage		03/06/2007	3,000,000.00	3,002,601.01	3,000,000.00	5.320		5.247	491	03/06/2009
3128X5P51	2023	Federal Home Loan Mortgage		03/14/2007	3,000,000.00	3,003,099.06	3,000,000.00	5.300		5.227	683	09/14/2009
Subtotal and Average			72,129,692.99		61,000,000.00	61,057,105.10	61,000,642.41			5.268	412	
Certificates of Deposit - Bank												
2050003183R	1996	California Bank & Trust		01/22/2006	79,108.00	79,108.00	79,108.00	3.880		3.880	82	01/22/2008
Subtotal and Average			79,108.00		79,108.00	79,108.00	79,108.00			3.880	82	
Local Agency Investment Fund (LAIF)												
LAIF	9001	STATE OF CALIFORNIA		07/01/2004	34,812,566.61	34,812,759.29	34,812,566.61	5.137		5.067	1	
LAIF COPS07	9009	STATE OF CALIFORNIA		03/07/2007	1,407,446.86	1,407,454.65	1,407,446.86	5.137		5.067	1	
Subtotal and Average			23,522,324.93		36,220,013.47	36,220,213.94	36,220,013.47			5.067	1	
San Diego County Pool												
SD COUNTY POOL	9007	STATE OF CALIFORNIA		07/01/2004	107,335.54	107,579.91	107,335.54	5.216		5.145	1	
Subtotal and Average			107,335.54		107,335.54	107,579.91	107,335.54			5.145	1	

Portfolio OTAY
AP

PM (PRF_PM2) SymRept 6.41.200

Report Ver. 5.00

OTAY
Portfolio Management
Portfolio Details - Investments
October 31, 2007

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 360	Days to Maturity
Total and Average			97,632,209.39		97,406,457.01	97,464,006.95	97,407,099.42			5.192	258

Portfolio OTAY

AP

PM (PRF_PM2) SymRept 6.41.200

OTAY
Portfolio Management
Portfolio Details - Cash
October 31, 2007

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 360	Days to Maturity
Union Bank											
UNION MONEY	9002	STATE OF CALIFORNIA		07/01/2004	10,065.41	10,065.41	10,065.41	0.750		0.740	1
PETTY CASH	9003	STATE OF CALIFORNIA		07/01/2004	2,800.00	2,800.00	2,800.00			0.000	1
UNION OPERATING	9004	STATE OF CALIFORNIA		07/01/2004	437,834.77	437,834.77	437,834.77	4.001		3.946	1
PAYROLL	9005	STATE OF CALIFORNIA		07/01/2004	348,314.18	348,314.18	348,314.18			0.000	1
UNION IOC	9008	STATE OF CALIFORNIA		05/01/2006	0.00	0.00	0.00	4.500		4.438	1
		Average Balance	0.00								1
Total Cash and Investments			97,632,209.39		98,205,471.37	98,263,021.31	98,206,113.78			5.192	258

OTAY
Activity Report
Sorted By Issuer
July 1, 2007 - October 31, 2007

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value		Transaction Date	Par Value		Ending Balance
				Beginning Balance	Current Rate		Purchases or Deposits	Redemptions or Withdrawals	
Issuer: STATE OF CALIFORNIA									
Union Bank									
	9002	STATE OF CALIFORNIA			0.750		47,194,725.69	47,269,967.87	
	9004	STATE OF CALIFORNIA			4.001		4,476,949.24	4,962,320.69	
	9005	STATE OF CALIFORNIA					323,179.04	0.00	
	9008	STATE OF CALIFORNIA			4.500		1,240,481.91	1,253,290.86	
		Subtotal and Balance					53,235,335.88	53,485,579.42	799,014.36
Local Agency Investment Fund (LAIF)									
	9001	STATE OF CALIFORNIA			5.137		46,172,816.87	20,250,000.00	
	9009	STATE OF CALIFORNIA			5.137		283,389.28	8,000,000.00	
		Subtotal and Balance					46,456,206.15	28,250,000.00	36,220,013.47
San Diego County Pool									
	9007	STATE OF CALIFORNIA			5.216		1,409.39	0.00	
		Subtotal and Balance					1,409.39	0.00	107,335.54
		Issuer Subtotal	36.684%				99,692,951.42	81,735,579.42	37,126,363.37
Issuer: California Bank & Trust									
Certificates of Deposit - Bank									
		Subtotal and Balance							79,108.00
		Issuer Subtotal	0.078%				0.00	0.00	79,108.00
Issuer: FANNIE MAE									
Federal Agency Issues- Callable									
		Subtotal and Balance							3,000,000.00
		Issuer Subtotal	2.964%				0.00	0.00	3,000,000.00

Portfolio OTAY
AP

DA (PRF_DA) SymRept 6.41.200
Report Ver. 5.00

OTAY
Activity Report
July 1, 2007 - October 31, 2007

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value		Transaction Date	Purchases or Deposits	Par Value		Ending Balance
				Beginning Balance	Current Rate			Redemptions or Withdrawals		
Issuer: Federal Home Loan Bank										
Federal Agency Issues- Callable										
3133XETX7	2001	Federal Home Loan Bank			5.125	09/14/2007	0.00	3,000,000.00		
3133XF2C9	2002	Federal Home Loan Bank			5.250	10/03/2007	0.00	0.00	**	
3133XJ6Q6	2013	Federal Home Loan Bank			5.125	07/20/2007	0.00	3,000,000.00		
3133XJVV1	2015	Federal Home Loan Bank			5.375	07/10/2007	0.00	3,000,000.00		
3133XJR91	2016	Federal Home Loan Bank			5.400	10/30/2007	0.00	3,000,000.00		
3133XJVV7	2018	Federal Home Loan Bank			5.250	08/15/2007	0.00	3,000,000.00		
3133XLEW9	2034	Federal Home Loan Bank			5.500	07/02/2007	3,000,000.00	0.00		
3133XKVD4	2035	Federal Home Loan Bank			5.500	07/10/2007	3,000,000.00	0.00		
3133XKVD4	2035	Federal Home Loan Bank				10/21/2007	0.00	3,000,000.00		
3133XLMZ3	2036	Federal Home Loan Bank			5.450	07/23/2007	3,000,000.00	0.00		
3133XLTLL7	2037	Federal Home Loan Bank			5.550	07/30/2007	3,000,000.00	0.00		
3133XLYB3	2038	Federal Home Loan Bank			5.375	08/20/2007	3,000,000.00	0.00		
Subtotal and Balance					52,000,000.00		15,000,000.00	18,000,000.00		49,000,000.00
Issuer Subtotal				48.416%	52,000,000.00		15,000,000.00	18,000,000.00		49,000,000.00

Issuer: Federal Home Loan Mortgage										
Federal Agency Issues- Callable										
3128X4DY4	2004	Federal Home Loan Mortgage			4.000	07/13/2007	0.00	3,000,000.00		
3128X5Z35	2026	Federal Home Loan Mortgage			5.300	10/09/2007	0.00	3,000,000.00		
3128X5Z35	2027	Federal Home Loan Mortgage			5.300	10/09/2007	0.00	5,000,000.00		
3128X5Z84	2028	Federal Home Loan Mortgage			5.400	10/17/2007	0.00	3,000,000.00		
3128X5Z84	2029	Federal Home Loan Mortgage			5.400	10/17/2007	0.00	5,000,000.00		
Subtotal and Balance					31,000,000.00		0.00	19,000,000.00		12,000,000.00
Issuer Subtotal				11.857%	31,000,000.00		0.00	19,000,000.00		12,000,000.00

Issuer: Federal National Mortgage Assoc										
Federal Agency Issues- Callable										
31359MG31	1997	Federal National Mortgage Assoc			5.000	08/24/2007	0.00	3,000,000.00		
Subtotal and Balance					3,000,000.00		0.00	3,000,000.00		0.00
Issuer Subtotal				0.000%	3,000,000.00		0.00	3,000,000.00		0.00

** - Indicates incomplete recording of maturity redemption.

OTAY
Activity Report
July 1, 2007 - October 31, 2007

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value		Transaction Date	Current Rate	Par Value		Ending Balance
				Beginning Balance				Purchases or Deposits	Redemptions or Withdrawals	
		Total	100.000%	108,248,099.37				114,692,951.42	121,735,579.42	101,205,471.37

OTAY
Duration Report
Sorted by Investment Type - Investment Type
Through 10/31/2007

Security ID	Investment #	Fund	Issuer	Investment Class	Book Value	Par Value	Market Value	Current Rate	YTM 365	Current Yield	Maturity/ Call Date	Effective Duration
3133XJ2P2	2010	99	Federal Home Loan Bank	Fair	3,000,000.00	3,000,000.00	3,000,937.50	5.200	5.200	5.136	12/05/2007	0.093
3133XK3C7	2022	99	Federal Home Loan Bank	Fair	3,000,642.41	3,000,000.00	3,003,750.00	5.500	5.483	5.243c	12/13/2007	0.000
3133XKLA1	2030	99	Federal Home Loan Bank	Fair	3,000,000.00	3,000,000.00	3,000,000.00	5.375	5.375	0.000c	11/01/2007	0.000
3133XEMS5	1998	99	Federal Home Loan Bank	Fair	3,000,000.00	3,000,000.00	3,000,937.50	5.000	5.012	4.936	11/28/2007	0.073
3133XJSD1	2017	99	Federal Home Loan Bank	Fair	3,000,000.00	3,000,000.00	3,001,875.00	5.250	5.245	5.122	01/02/2008	0.169
31359M2L6	2012	99	FANNIE MAE	Fair	3,000,000.00	3,000,000.00	3,001,875.00	5.250	5.250	5.122c	12/11/2007	0.109
3133XK6A8	2024	99	Federal Home Loan Bank	Fair	3,000,000.00	3,000,000.00	3,000,937.50	5.300	5.300	5.236c	11/19/2007	0.049
3133XJU55	2019	99	Federal Home Loan Bank	Fair	3,000,000.00	3,000,000.00	3,000,000.00	5.350	5.350	5.356	02/23/2009	1.239
3133XKN50	2031	COPS07	Federal Home Loan Bank	Fair	5,000,000.00	5,000,000.00	5,000,000.00	5.300	5.300	5.300c	11/07/2007	0.016
3133XLTL7	2037	99	Federal Home Loan Bank	Fair	3,000,000.00	3,000,000.00	3,019,687.50	5.550	5.550	4.657c	07/30/2008	0.716
3128X5P51	2023	99	Federal Home Loan Mortgage	Fair	3,000,000.00	3,000,000.00	3,003,099.06	5.300	5.300	5.088c	12/14/2007	0.000
3128X4K67	2000	99	Federal Home Loan Mortgage	Fair	3,000,000.00	3,000,000.00	3,001,745.91	5.250	5.250	5.131	03/07/2008	0.347
3128X5C55	2020	99	Federal Home Loan Mortgage	Fair	3,000,000.00	3,000,000.00	3,002,784.12	5.500	5.500	5.461	03/05/2010	2.155
3133XKSS5	2032	99	Federal Home Loan Bank	Fair	3,000,000.00	3,000,000.00	3,000,000.00	5.300	5.300	5.300c	11/09/2007	0.021
3133XLEW9	2034	99	Federal Home Loan Bank	Fair	3,000,000.00	3,000,000.00	3,004,687.50	5.500	5.500	5.179c	01/02/2008	0.169
3133XLMZ3	2036	99	Federal Home Loan Bank	Fair	3,000,000.00	3,000,000.00	3,006,562.50	5.450	5.450	5.002c	01/23/2008	0.227
3133XLYB3	2038	99	Federal Home Loan Bank	Fair	3,000,000.00	3,000,000.00	3,000,937.50	5.375	5.375	5.311c	11/20/2007	0.052
3128X5G93	2021	99	Federal Home Loan Mortgage	Fair	3,000,000.00	3,000,000.00	3,002,601.01	5.320	5.320	5.142c	12/06/2007	0.000
3133XL6E8	2033	COPS07	Federal Home Loan Bank	Fair	5,000,000.00	5,000,000.00	5,004,687.50	5.400	5.400	5.317	12/11/2008	1.044
2050003183R	1996	99	California Bank & Trust	Amort	79,108.00	79,108.00	79,108.00	3.880	3.934	3.880	01/22/2008	0.222 †
Report Total					61,079,750.41	61,079,108.00	61,136,213.10			4.922		0.353 †

† = Duration can not be calculated on these investments due to incomplete Market price data.

Portfolio OTAY
AP

AGENDA ITEM 10



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	December 5, 2007
SUBMITTED BY:	Sean Prendergast, Finance Supervisor, Payroll & AP	W.O./G.F. NO:	DIV. NO.
APPROVED BY: (Chief)	Joseph Beachem, Chief Financial Officer		
APPROVED BY: (Asst. GM):	German Alvarez, Assistant General Manager		
SUBJECT:	Accounts Payable Demand List		

PURPOSE:

Attached is the list of demands for the Board's information.

FISCAL IMPACT:

<u>SUMMARY</u>	<u>NET DEMANDS</u>
CHECKS (2008972-2009339)	\$3,595,556.20
WIRE TO:	
CITY OF CHULA VISTA - BI-MONTHLY SEWER CHARGES	\$2,605,564.85
CITY TREASURER - RECLAIMED WATER PURCHASE - OCT	\$160,220.62
CITY TREASURER - METROPOLITAN SEWERAGE SYSTEM	\$247,470.00
J P MORGAN SECURITIES - 4TH QTR REMARKETING FEE	\$2,881.48
LANDESBANK - CERTIFICATES OF PARTICIPATION	\$36,904.11
PLAN HANDLERS - MEDICAL CLAIMS	\$110,823.99
SAN DIEGO COUNTY WATER AUTHORITY - SEP	\$2,187,151.60
UNION BANK - PAYROLL TAXES	\$416,463.25
TOTAL CASH DISBURSEMENTS	\$9,363,036.10

RECOMMENDED ACTION:

That the Board receive the attached list of demands.

Jb/Attachment

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2008972 THROUGH 2009339
RUN DATES 11/7/2007 TO 11/28/2007

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2008972	11/07/07	01910	ABCANA INDUSTRIES	812659	10/15/07	SODIUM HYPOCHLORITE	759.63	2,594.06
				812657	10/15/07	SODIUM HYPOCHLORITE	670.99	
				812958	10/18/07	SODIUM HYPOCHLORITE	621.73	
				812658	10/15/07	SODIUM HYPOCHLORITE	541.71	
2008973	11/07/07	01463	ALLIED ELECTRONICS INC	50433Z00	10/16/07	PARTS	176.78	333.41
				50433Y00	10/16/07	RAIL MOUNT OUTLET	156.63	
2008974	11/07/07	06166	AMERICAN MESSAGING	L1109570HK	11/01/07	PAGER SERVICE - OPS	462.91	462.91
2008975	11/07/07	01509	ARC ERGONOMICS	20810	10/12/07	ROLLER MOUSE AND TRAY	448.19	448.19
2008976	11/07/07	00501	AT&T	016337	10/12/07	PHONE SERVICE	785.01	785.01
2008977	11/07/07	00559	BOYLE ENGINEERING CORPORATION	048873	10/10/07	P1438 - PLAN CHECKS & INSPECTION SERVICE	15,388.60	28,387.74
				048855	10/09/07	RECYCLED WATER PLAN CHECKING SERVICES	12,999.14	
2008978	11/07/07	03721	BULLET LOGISTICS INC	10150703350	10/15/07	COURIER SERVICES FOR TREATMENT PLANT	910.80	910.80
2008979	11/07/07	00223	C W MCGRATH INC	27242	10/15/07	CRUSHED ROCK	659.93	974.04
				27225	10/12/07	CRUSHED ROCK	200.07	
				27291	10/18/07	CRUSHED ROCK	114.04	
2008980	11/07/07	00693	CALIFORNIA SPECIAL DISTRICTS	016348	11/05/07	MEETING REGISTRATION	32.00	32.00
2008981	11/07/07	01004	CALOLYMPIC SAFETY	028449	10/16/07	SODIUM HYPOCHLORITE & AMMONIA	622.61	622.61
2008982	11/07/07	07734	CASINO ACE	016347	11/05/07	VENDOR SERVICE DEPOSIT	300.00	300.00
2008983	11/07/07	03706	CONSUMERS PIPE & SUPPLY CO	S1042433004	10/12/07	PIPE PARTS	27.41	27.41
2008984	11/07/07	00433	COUNTY OF SAN DIEGO	AP97099949	09/13/07	PERMIT FEES	722.20	896.40
				AP97099950	09/28/07	PERMIT FEES	174.20	
2008985	11/07/07	00099	COUNTY OF SAN DIEGO - DPW	69608	10/04/07	EXCAVATION PERMITS	2,119.27	2,119.27
2008986	11/07/07	07687	CUYAMACA COLLEGE	Ref002379548	10/18/07	UB Refund Cst #0000031050	5,082.30	5,082.30
2008987	11/07/07	07736	DEANNA COOK	016351	11/06/07	CASH IN YOUR PLANTS PROGRAM	668.00	668.00
2008988	11/07/07	02447	EDCO DISPOSAL CORPORATION	016345	10/31/07	RECYCLING SERVICES	85.00	85.00
2008989	11/07/07	03765	ENGINEERING PARTNERS INC, THE	057283	10/12/07	AS NEEDED ELECTRICAL ENGG SERVICES	7,020.00	9,800.00
				067284	10/12/07	AS NEEDED ELECTRICAL ENGG SERVICES	2,780.00	
2008990	11/07/07	03683	F & L INDUSTRIAL SOLUTIONS INC	5969	10/12/07	REPAIR VALVE	1,405.76	1,405.76
2008991	11/07/07	00645	FEDEX	233895890	10/26/07	OVERNIGHT PICK-UP & DELIVERY MAIL SVCS	23.98	23.98

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2008972 THROUGH 2009339
RUN DATES 11/7/2007 TO 11/28/2007

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2008992	11/07/07	00338	FEDEX FREIGHT WEST INC	0978555756	10/13/07	SHIPPING CHARGES	71.29	71.29
2008993	11/07/07	03546	FERGUSON WATERWORKS	0237874	10/18/07	WAREHOUSE SUPPLIES (GASKETS)	602.43	602.43
2008994	11/07/07	05626	GAME 7 CONSULTING	1628	11/06/07	CONSULTING SERVICES - IS DEPT	3,000.00	3,000.00
2008995	11/07/07	06291	GARCIA CALDERON & RUIZ LLP	1459	10/31/07	LEGAL SERVICES SEPT 2007	75,232.00	75,232.00
2008996	11/07/07	03537	GHA TECHNOLOGIES INC	453521DM	10/04/07	HP OFFICEJET PRO	260.96	260.96
2008997	11/07/07	06276	GIFFORD ENGINEERING INC	3495	10/16/07	SERVICE REPAIRS	90.98	90.98
2008998	11/07/07	02187	GREENSCAPE	1731	10/01/06	LANDSCAPING SERVICES	5,800.00	5,800.00
2008999	11/07/07	04217	HATCH & PARENT	417876	10/30/07	LEGISLATIVE ADVOCACY SVCS FOR SEP 07	4,775.00	4,775.00
2009000	11/07/07	06640	HD SUPPLY WATERWORKS LTD	6145307 6166813	10/16/07 10/12/07	INVENTORY FIRE HYD CAPS	1,606.55 654.68	2,261.23
2009001	11/07/07	04472	HECTOR I MARES-COSSIO	31	09/01/07	CONSULTANT CONTRACT	3,000.00	3,000.00
2009002	11/07/07	03615	I.M.P.A.C. GOVERNMENT SERVICES	016339	10/31/07	MEMBERSHIP RENEWAL	120.00	120.00
2009003	11/07/07	03280	INFRASTRUCTURE ENGINEERING	3058	09/30/07	CONST CONSULTANTS/640-1 RESERVOIR	1,935.89	1,935.89
2009004	11/07/07	05836	JACOBS INC	W9X9540121	10/10/07	450-1 RESV & 680-1 PS PROJECT	8,592.55	8,592.55
2009005	11/07/07	03077	JANI KING OF CA INC - SDO	SDO09071001 SDO10070367	10/01/07	CREDIT MEMO OFF-SITE JANITORIAL SERVICES	(16.73) 1,000.00	983.27
2009006	11/07/07	00056	KAMAN INDUSTRIAL TECHNOLOGIES	X605777	10/16/07	BLOWER COUPLINGS	597.04	597.04
2009007	11/07/07	02398	KEM	2710011	10/03/07	WASTE DISPOSAL	3,534.47	3,534.47
2009008	11/07/07	07491	KTU+A	106291	10/15/07	P2191 850-4 RESERVOIR - LANDSCAPE	3,581.97	3,581.97
2009009	11/07/07	07733	LAURA LARSON	205020209	11/05/07	OVERPAYMENT REFUND	291.79	291.79
2009010	11/07/07	03784	LIVESCAN SAN DIEGO	07486	10/17/07	FINGERPRINTING SERVICES	20.00	20.00
2009011	11/07/07	01183	MCMaster-CARR SUPPLY CO	74205107 74075667 74297329 74313831 73475369	10/16/07 10/12/07 10/17/07 10/17/07 10/03/07	MOTOR SPEED CONTROLLER TOOLS DIFFERENTIAL GAUGE WAREHOUSE SUPPLY VALVE PARTS	1,075.66 128.59 84.00 65.51 47.82	1,401.58
2009012	11/07/07	02835	MIL-RAM TECHNOLOGY INC	981159	10/15/07	CL2 & AMMONIA SENSOR	1,197.25	1,197.25
2009013	11/07/07	03571	NEXTLEVEL INTERNET INC	14025	10/14/07	INTERNET WEB HOSTING	416.00	416.00

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2008972 THROUGH 2009339
RUN DATES 11/7/2007 TO 11/28/2007

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2009014	11/07/07	01837	OFFICE TEAM	19935448	10/29/07	TEMPORARY SERVICES - CUST SERV	140.22	140.22
2009015	11/07/07	02334	OTAY LANDFILL	005553	10/15/07	WASTE DISPOSAL SERVICES	862.16	862.16
2009016	11/07/07	04160	OTAY RIVER CONSTRUCTORS	26325110501RE2	10/16/07	AGREEMENT NUMBER 26325-04A	149,656.55	149,656.55
2009017	11/07/07	06646	PACIFIC HYDROTECH CORPORATION	9	10/17/07	CONSTRUCTION SERVICES	1,497,296.56	1,497,296.56
2009018	11/07/07	03017	PACIFIC SAFETY COUNCIL	64195	10/12/07	SAFETY TRAINING	625.00	625.00
2009019	11/07/07	02786	PIONEER AMERICAS LLC	5538837924	10/17/07	CHLORINE	2,187.55	2,187.55
2009020	11/07/07	00622	PRACTITIONERS PUBLISHING CO	9856722	06/20/07	SUBSCRIPTION RENEWAL	228.97	228.97
2009021	11/07/07	05499	PRAXAIR DISTRIBUTION INC	27457157	10/12/07	WELDING SUPPLIES	664.67	1,042.79
				27487249	10/18/07	WELDING SUPPLIES	378.12	
2009022	11/07/07	06641	PRUDENTIAL OVERALL SUPPLY	7300225	10/18/07	UNIFORMS	420.30	809.85
				7300224	10/18/07	MATS, TOWELS & SUPPLIES	140.73	
				7300226	10/18/07	MATS, TOWELS & SUPPLIES	107.50	
				7293624	10/17/07	UNIFORMS	76.64	
				7300227	10/18/07	UNIFORMS	64.68	
2009023	11/07/07	00078	PUBLIC EMPLOYEES RETIREMENT	Ben2379783	11/01/07	PERS CONTRIBUTION	120,723.47	120,723.47
2009024	11/07/07	02620	ROTORK CONTROLS INC	CI02108	07/12/07	REPLACEMENT OF ACTUATOR	1,077.50	1,077.50
2009025	11/07/07	00217	RW LITTLE CO INC	84870	10/15/07	SAND BLAST AND POWDER COAT AIR/VAC	1,200.00	1,400.00
				84871	10/15/07	SAND BLAST AND POWDER COAT	200.00	
2009026	11/07/07	00247	SAN DIEGO DAILY TRANSCRIPT	70959	10/16/07	BID ADVERTISEMENT	66.00	66.00
2009027	11/07/07	00121	SAN DIEGO GAS & ELECTRIC	016338	10/24/07	UTILITY EXPENSES	6,900.41	9,188.46
				016350	10/31/07	UTILITY EXPENSES	1,548.61	
				016342	10/24/07	UTILITY EXPENSES	739.44	
2009028	11/07/07	03103	SOUTHCOAST HEATING &	C34492	10/12/07	AIR CONDITIONING MAINTENANCE	857.00	857.00
2009029	11/07/07	03760	SPANKY'S PORTABLE SERVICES INC	700206	10/18/07	PORTABLE TOILET RENTAL	96.78	96.78
2009030	11/07/07	00590	SPECIALTY SEALS & ACCESSORIES	25181	10/15/07	REBUILD SEAL	325.84	325.84
2009031	11/07/07	03600	SPRINT	016323	10/14/07	WIRELESS CARDS SERVICE - INTERNET	60.54	60.54
2009032	11/07/07	07664	STEVEN ENGINEERING, INC.	163825900	10/12/07	PARTS	165.67	165.67
2009033	11/07/07	07674	U. S. BANK CORPORATE PAYMENT	016349	10/22/07	DISTRICT EXPENSES	2,108.66	2,108.66

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2008972 THROUGH 2009339
RUN DATES 11/7/2007 TO 11/28/2007

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2009034	11/07/07	03329	VERIZON WIRELESS	0598377916	10/21/07	WIRELESS DATA SERVICES	8,619.71	8,619.71
2009035	11/07/07	00101	W W GRAINGER INC	9481017722 9481017714	10/17/07 10/17/07	SHOP STOCK AIR COMPRESSOR AND PARTS	706.19 117.37	823.56
2009036	11/07/07	07595	WALTERS WHOLESALE ELECTRIC CO	860726000	11/01/07	ELECTRICAL MATERIAL	178.44	178.44
2009037	11/07/07	00014	WAXIE SANITARY SUPPLY	70295880	10/16/07	RECEPTACLES	383.59	383.59
2009038	11/07/07	00125	WESTERN PUMP INC	0062894IN	10/15/07	REPAIR PART	161.54	161.54
2009039	11/07/07	01006	WHITE CAP CONSTRUCTION SUPPLY	7177765	10/10/07	PAINT	182.92	182.92
2009040	11/14/07	01910	ABCANA INDUSTRIES	813044	10/22/07	SODIUM HYPOCHLORITE	664.82	664.82
2009041	11/14/07	07695	ADRIA MCCOLLUM-MARTINEZ	Ref002380012	11/07/07	UB Refund Cst #0000073887	49.36	49.36
2009042	11/14/07	00132	AIRGAS WEST	103726189	10/23/07	BREATHING AIR TREATMENT PLANT	112.58	112.58
2009043	11/14/07	07769	ALISON HALKO	Ref002380010	11/07/07	UB Refund Cst #0000069532	82.99	82.99
2009044	11/14/07	02362	ALLIED WASTE SERVICES #509	0509002913981 0509002915466 0509002916441	10/25/07 10/25/07 10/25/07	TRASH REMOVAL SERVICES ASBESTOS DISPOSAL CONTAINER RENTAL TRASH REMOVAL SVCS TREATMENT PLANT	636.56 175.26 105.53	917.35
2009045	11/14/07	07761	ANGEL BUSTOS	Ref002380002	11/07/07	UB Refund Cst #0000031152	15.16	15.16
2009046	11/14/07	07768	ANGELO KOROS	Ref002380009	11/07/07	UB Refund Cst #0000066053	223.75	223.75
2009047	11/14/07	07765	ANNE BAPTISTE	Ref002380006	11/07/07	UB Refund Cst #0000050349	75.00	75.00
2009048	11/14/07	00002	ANSWER INC	016319	10/22/07	TELEPHONE ANSWERING SERVICES	980.00	980.00
2009049	11/14/07	07755	BANK OF NEW YORK	Ref002379995	11/07/07	UB Refund Cst #0000121763	49.15	49.15
2009050	11/14/07	05211	CALIFORNIA FOUNDATION ON THE	016328	10/23/07	GENERAL MEMBERSHIP CONTRIBUTION	18,000.00	18,000.00
2009051	11/14/07	02972	CALIFORNIA WATER ENVIRONMENT	935507	11/07/07	MEMBERSHIP RENEWAL	110.00	110.00
2009052	11/14/07	01243	CALIFORNIA-NEVADA SECTION	0012807	11/07/07	CERTIFICATION RENEWAL	130.00	130.00
2009053	11/14/07	07756	CALTRANS	Ref002379996	11/07/07	UB Refund Cst #0000122576	382.96	382.96
2009054	11/14/07	07741	CHRIS GRIFFIN	Ref002379981	11/07/07	UB Refund Cst #0000091316	5.26	5.26
2009055	11/14/07	07776	CHRISTIAN SANDOVAL	Ref002380018	11/07/07	UB Refund Cst #0000089628	35.45	35.45
2009056	11/14/07	07772	CHRISTINA GUSTIN	Ref002380014	11/07/07	UB Refund Cst #0000079023	75.00	75.00

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2009057	11/14/07	07757	CHRISTINE LANEY	Ref002379998	11/07/07	UB Refund Cst #0000003472	74.97	74.97
2009058	11/14/07	07742	CHULWAN PARK	Ref002379982	11/07/07	UB Refund Cst #0000091413	27.92	27.92
2009059	11/14/07	03307	CONSTRUCTION MANAGEMENT	016354	11/07/07	MEMBERSHIP DUES	120.00	120.00
2009060	11/14/07	04398	CONSTRUCTION MANAGEMENT	016358	11/09/07	REGISTRATION FEE	55.00	55.00
2009061	11/14/07	03706	CONSUMERS PIPE & SUPPLY CO	S1046717001	10/25/07	WATTS REPAIR KITS	114.30	114.30
2009062	11/14/07	07663	DAS MANUFACTURING INC	7368	10/25/07	CURB MARKERS	2,170.83	2,170.83
2009063	11/14/07	04073	DATA BUSINESS SYSTEMS INC	68129	10/23/07	1099 AND W2 FORMS FOR YEAR END	182.44	182.44
2009064	11/14/07	03354	DATAPROSE INC	44780	10/11/07	SEPT BILLING POSTAGE	15,750.22	15,750.22
2009065	11/14/07	07782	DAVID BURPEAU	016355	11/08/07	EMERGENCY OPS ASSISTANCE	360.00	360.00
2009066	11/14/07	07759	DAVID HEMUS	Ref002380000	11/07/07	UB Refund Cst #0000023496	23.65	23.65
2009067	11/14/07	03428	DEL MAR OFFICE PRODUCTS	10108390	10/25/07	CALENDARS	375.07	375.07
2009068	11/14/07	01797	DELL ENTERPRISES	182732	10/19/07	NAME PLATE	10.62	10.62
2009069	11/14/07	01205	DIONEX CORPORATION	456979	10/23/07	LAB SUPPLIES	196.55	196.55
2009070	11/14/07	00028	DIXIELINE LUMBER COMPANY	1598216	10/19/07	CONCRETE	619.02	619.02
2009071	11/14/07	07762	EDWIN ANDREWS	Ref002380003	11/07/07	UB Refund Cst #0000036332	59.68	59.68
2009072	11/14/07	07766	ENRIQUE ORTIZ	Ref002380007	11/07/07	UB Refund Cst #0000059363	48.37	48.37
2009073	11/14/07	00645	FEDEX	235118672	11/02/07	OVERNIGHT PICK-UP & DELIVERY MAIL SVCS	7.70	7.70
2009074	11/14/07	07753	FIRST AMERICAN TITLE INSURANCE	Ref002379993	11/07/07	UB Refund Cst #0000120715	65.75	65.75
2009075	11/14/07	00035	FISHER SCIENTIFIC	3588825	10/23/07	LAB SUPPLIES	191.67	191.67
2009076	11/14/07	05626	GAME 7 CONSULTING	1628	11/13/07	CONSULTING SERVICES - IS DEPT	3,000.00	3,000.00
2009077	11/14/07	07754	GUILLERMO MORAN	Ref002379994	11/07/07	UB Refund Cst #0000121367	11.30	11.30
2009078	11/14/07	00174	HACH COMPANY	5338515	10/18/07	CHLORINE & AMMONIA ANALYZER	234.07	234.07
2009079	11/14/07	05342	HANK SYBRANDY	Ref002379997	11/07/07	UB Refund Cst #0000002276	121.38	121.38
2009080	11/14/07	03639	HARRIS & ASSOCIATES INC	402120102 402120101	10/12/07 10/19/07	CIP P2009 - 36 INCH PIPELINE VALVE ENGG CIP P2009 - 36 INCH PIPELINE VALVE ENGG	46,382.50 1,985.00	48,367.50

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2009081	11/14/07	07775	HAZARD CONSTRUCTION COMPANY	Ref002380017	11/07/07	UB Refund Cst #0000086485	762.16	762.16
2009082	11/14/07	06640	HD SUPPLY WATERWORKS LTD	6204592	10/23/07	18" BUTTERFLY VALVE	3,095.15	3,095.15
2009083	11/14/07	06843	HI-TECH AIR CONDITIONING	1020	10/19/07	MAINTENANCE SERVICE	350.00	350.00
2009084	11/14/07	07764	HILDA ORTIZ	Ref002380005	11/07/07	UB Refund Cst #0000043925	10.33	10.33
2009085	11/14/07	03280	INFRASTRUCTURE ENGINEERING	3059	10/19/07	PROF DESIGN & ENV SVCS FOR 36" PIPELINE	51,450.18	51,450.18
2009086	11/14/07	02267	INTERNAL REVENUE SERVICE	Ben2380034	11/15/07	PAYROLL DEDUCTION	50.00	50.00
2009087	11/14/07	04077	INTERNAL REVENUE SERVICE	Ben2380044	11/15/07	PAYROLL DEDUCTION	64.00	64.00
2009088	11/14/07	07740	JACQUELYN WOODALL	Ref002379980	11/07/07	UB Refund Cst #0000091190	94.59	94.59
2009089	11/14/07	07746	JASON CLOUGH	Ref002379986	11/07/07	UB Refund Cst #0000092928	122.96	122.96
2009090	11/14/07	07743	JOHN HO	Ref002379983	11/07/07	UB Refund Cst #0000091467	17.49	17.49
2009091	11/14/07	07749	JOHN HOFFMAN	Ref002379989	11/07/07	UB Refund Cst #0000094041	8.28	8.28
2009092	11/14/07	03172	JONES & STOKES ASSOCIATES	0046971 0046970 0046973 0046974	10/17/07 10/17/07 10/17/07 10/17/07	HABITAT MANAGEMENT ENVIRON SERVICES ON-CALL ENVIRONMENTAL SVCS ON-CALL ENVIRONMENTAL SVCS ON-CALL ENVIRONMENTAL SVCS	17,716.37 1,229.79 275.00 152.21	19,373.37
2009093	11/14/07	07771	JOSE CHAVEZ	Ref002380013	11/07/07	UB Refund Cst #0000074617	5.64	5.64
2009094	11/14/07	02156	JWC ENVIRONMENTAL	18639	10/17/07	REBUILD MUFFIN MONSTER	6,253.56	6,253.56
2009095	11/14/07	07777	LAURA PARTIDA	Ref002380019	11/07/07	UB Refund Cst #0000090090	23.18	23.18
2009096	11/14/07	07784	LICON, HECTOR	016356	11/07/07	MEMBERSHIP RENEWAL	110.00	110.00
2009097	11/14/07	07767	LINNEA ESPARZA	Ref002380008	11/07/07	UB Refund Cst #0000065658	66.64	66.64
2009098	11/14/07	07752	LISA FITZHUGH	Ref002379992	11/07/07	UB Refund Cst #0000120642	146.17	146.17
2009099	11/14/07	07774	LISETTE VIDA	Ref002380016	11/07/07	UB Refund Cst #0000083626	91.40	91.40
2009100	11/14/07	05220	LOGICALIS INTEGRATION SOLUTION	IN012661	10/22/07	APC TRANSFORMERS	1,187.71	1,187.71
2009101	11/14/07	07293	M&M GENERAL ENGINEERING	2	10/11/07	FACILITIES PAVEMENT PROJECT	17,965.00	17,965.00
2009102	11/14/07	00628	MANHATTAN NAT'L LIFE INS CO	016361	11/13/07	VOLUNTARY LIFE INSURANCE	445.07	445.07
2009103	11/14/07	07739	MARIA COKER	Ref002379979	11/07/07	UB Refund Cst #0000090975	14.76	14.76

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2009104	11/14/07	07773	MARIA SALAZAR	Ref002380015	11/07/07	UB Refund Cst #0000079375	49.03	49.03
2009105	11/14/07	02902	MARSTON+MARSTON INC	2007MIS	10/02/07	PROFESSIONAL SERVICES	4,825.00	4,825.00
2009106	11/14/07	01183	MCMaster-CARR SUPPLY CO	74941387 74831657 74621145	10/25/07 10/24/07 10/22/07	SHOP MATERIAL RESPIRATOR MASKS RESPIRATOR MASKS	430.50 289.37 288.92	1,008.79
2009107	11/14/07	07763	MERIDIAN @ EASTLAKE LP	Ref002380004	11/07/07	UB Refund Cst #0000043830	762.16	762.16
2009108	11/14/07	01577	MINARIK CORPORATION	I0508694DD I0509110DD	10/24/07 10/25/07	MODULE TURCK FLOW METER ACCESSORIES	961.34 125.77	1,087.11
2009109	11/14/07	03623	MWH AMERICAS INC	45	10/19/07	PROFL ENGG & ENVIRONMENTAL SVCS	6,574.48	6,574.48
2009110	11/14/07	03523	NATIONAL DEFERRED COMPENSATION	Ben2380030	11/15/07	DEFERRED COMP PLAN	5,823.00	5,823.00
2009111	11/14/07	07744	NOE RIVERA	Ref002379984	11/07/07	UB Refund Cst #0000091557	125.45	125.45
2009112	11/14/07	00510	OFFICE DEPOT INC	405804956001 405643271001 405804957001 405821813001	10/24/07 10/24/07 10/24/07	CREDIT MEMO OFFICE SUPPLIES OFFICE SUPPLIES OFFICE SUPPLIES	(68.17) 182.58 179.39 136.97	430.77
2009113	11/14/07	07778	OTAY PROJECT LP	Ref002380020	11/07/07	UB Refund Cst #0000090162	2,075.00	2,075.00
2009114	11/14/07	03101	OTAY WATER DISTRICT	Ben2380032	11/15/07	PAYROLL DEDUCTION - ASSN DUES	847.00	847.00
2009115	11/14/07	07779	PACIFIC BUILDING GROUP	Ref002380021	11/07/07	UB Refund Cst #0000090390	762.16	762.16
2009116	11/14/07	03017	PACIFIC SAFETY COUNCIL	64188	10/24/07	SAFETY TRAINING	500.00	500.00
2009117	11/14/07	03308	PBS&J	349034	10/19/07	2009 MASTER PLAN UPDATE	4,930.30	4,930.30
2009118	11/14/07	00137	PETTY CASH CUSTODIAN	016359	11/13/07	PETTY CASH REIMBURSEMENT	1,657.85	1,657.85
2009119	11/14/07	07750	PREMIERE ASSET SERVICES	Ref002379990	11/07/07	UB Refund Cst #0000094147	21.41	21.41
2009120	11/14/07	06641	PRUDENTIAL OVERALL SUPPLY	7332373 7332375	10/25/07 10/25/07	UNIFORMS UNIFORMS	315.38 64.68	380.06
2009121	11/14/07	01342	R J SAFETY SUPPLY CO INC	24285500	10/24/07	SAFETY	180.38	180.38
2009122	11/14/07	07770	RENEE ESPIRITU	Ref002380011	11/07/07	UB Refund Cst #0000072786	9.43	9.43
2009123	11/14/07	07748	RICARDO AMEZCUA	Ref002379988	11/07/07	UB Refund Cst #0000093084	22.01	22.01
2009124	11/14/07	07786	ROBERT CORDERO	016360	11/13/07	W/O REFUND D0616-010270	2,881.63	2,881.63

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2009125	11/14/07	00121	SAN DIEGO GAS & ELECTRIC	016346 016341	10/31/07 10/25/07	UTILITY EXPENSES UTILITY EXPENSES	62,551.69 14,801.81	77,353.50
2009126	11/14/07	04345	SAN DIEGO PRECAST CONCRETE INC	0127092IN 0127091IN 0127093IN	10/25/07 10/25/07 10/25/07	RECYCLE METER BOX LIDS INVENTORY VAULT	8,006.90 4,101.46 471.69	12,580.05
2009127	11/14/07	07783	SCRIPPS CENTER FOR EXECUTIVE	15991	11/08/07	EXECUTIVE PHYSICAL	2,504.00	2,504.00
2009128	11/14/07	07747	SERGIO CHAVEZ	Ref002379987	11/07/07	UB Refund Cst #0000093030	12.13	12.13
2009129	11/14/07	00258	SLOAN ELECTRIC CO	0052683 0052685	10/24/07 10/24/07	STUFFING BOX REBUILD REBUILD STUFFING BOX	655.52 642.00	1,297.52
2009130	11/14/07	00590	SPECIALTY SEALS & ACCESSORIES	25191	10/19/07	REBUILD SEAL	325.84	325.84
2009131	11/14/07	06295	STATE DISBURSEMENT UNIT	Ben2380040	11/15/07	PAYROLL DEDUCTION	294.46	294.46
2009132	11/14/07	06299	STATE DISBURSEMENT UNIT	Ben2380038	11/15/07	PAYROLL DEDUCTION	237.69	237.69
2009133	11/14/07	06303	STATE DISBURSEMENT UNIT	Ben2380042	11/15/07	PAYROLL DEDUCTION	482.76	482.76
2009134	11/14/07	02261	STATE STREET BANK & TRUST CO	Ben2380028	11/15/07	DEFERRED COMP PLAN	7,886.18	7,886.18
2009135	11/14/07	05755	STATE WATER RESOURCES	016357	11/07/07	CERTIFICATION RENEWAL	190.00	190.00
2009136	11/14/07	03738	STEVEN ENTERPRISES INC	0208030IN	10/25/07	BOND PAPER	168.50	168.50
2009137	11/14/07	04216	TELE ATLAS NORTH AMERICA INC	INV41551	10/02/07	DYNAMAP/2000 FOR SD COUNTY	1,009.75	1,009.75
2009138	11/14/07	07760	TERESA GALLARDO	Ref002380001	11/07/07	UB Refund Cst #0000030532	39.77	39.77
2009139	11/14/07	07758	TINA M COLE	Ref002379999	11/07/07	UB Refund Cst #0000018296	61.63	61.63
2009140	11/14/07	07781	TRITES, BRUCE	016353	11/07/07	REIMB FOR COMPUTER EQUIPMENT	141.96	141.96
2009141	11/14/07	05417	UNITED STATES DEPARTMENT	Ben2380046	11/15/07	PAYROLL DEDUCTION	100.00	100.00
2009142	11/14/07	07738	VALLEY CREST COMPANIES	Ref002379978	11/07/07	UB Refund Cst #0000090739	850.00	850.00
2009143	11/14/07	07745	VALLEY CREST COMPANIES	Ref002379985	11/07/07	UB Refund Cst #0000092122	850.00	850.00
2009144	11/14/07	01095	VANTAGEPOINT TRANSFER AGENTS	Ben2380036	11/15/07	DEFERRED COMP PLAN	5,729.62	5,729.62
2009145	11/14/07	00101	W W GRAINGER INC	9485871462	10/24/07	BATTERIES	188.05	188.05
2009146	11/14/07	07751	WEST TECH CONTRACTING INC	Ref002379991	11/07/07	UB Refund Cst #0000120575	1,011.54	1,011.54
2009147	11/21/07	03625	A Y MCDONALD MFG CO	7503160	11/01/07	METER YOKES	939.83	939.83

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2009148	11/21/07	01910	ABCANA INDUSTRIES	813262	10/29/07	SODIUM HYPOCHLORITE	1,391.21	
				813264	10/29/07	SODIUM HYPOCHLORITE	1,264.40	
				813263	10/29/07	SODIUM HYPOCHLORITE	430.91	
				813615	11/01/07	SODIUM HYPOCHLORITE	214.40	3,300.92
2009149	11/21/07	07679	ADVANCED AIR & VACUUM	13939	10/29/07	AIR COMPRESSOR MAINTANCE	136.34	136.34
2009150	11/21/07	06300	AIR-TRAK INC	59923	10/31/07	GPS UNITS FOR DISTRICT VEHICLES	11,496.77	11,496.77
2009151	11/21/07	00132	AIRGAS WEST	103140430	10/31/07	BREATHING AIR TREATMENT PLANT	22.73	22.73
2009152	11/21/07	01509	ARC ERGONOMICS	20922	10/30/07	ROLLER MOUSE AND TRAY	683.08	683.08
2009153	11/21/07	00108	ASSOCIATION OF CALIFORNIA	016379	11/02/07	2008 AGENCY MEMBERSHIP DUES	16,975.00	16,975.00
2009154	11/21/07	05758	AT&T	016369	11/07/07	PHONE SERVICE	32.96	32.96
2009155	11/21/07	07785	AT&T	000000053997	11/02/07	PHONE SERVICE	5.69	5.69
2009156	11/21/07	06272	AT&T/MCI	T7210510	10/17/07	PHONE SERVICE	7,247.01	7,247.01
2009157	11/21/07	03285	AZTEC FIRE & SAFETY	41617	11/01/07	FLAMMABLE STORAGE LOCKER MAINT	281.25	281.25
2009158	11/21/07	03526	BALDWIN COOKE	0597795	10/30/07	CALENDARS FOR 2008	122.29	122.29
2009159	11/21/07	00223	C W MCGRATH INC	27412	10/31/07	CRUSHED ROCK	309.47	309.47
2009160	11/21/07	02401	CAJON VALLEY UNION SCHOOL DIST	8115	10/30/07	BUS FUNDING FOR FIELD TRIP TO THE GARDEN	71.00	71.00
2009161	11/21/07	03684	CANON BUSINESS SOLUTIONS-WEST	3868420	11/01/07	COPIER MAINTENANCE	827.78	
				3868420A	11/01/07	COPIER MAINTENANCE	323.10	1,150.88
2009162	11/21/07	02758	CARMEL BUSINESS SYSTEMS INC	6633	11/01/07	STORAGE & DESTRUCTION OF DOCUMENTS	1,329.75	
				6632	11/01/07	STORAGE & DESTRUCTION OF DOCUMENTS	856.81	
				6631	10/31/07	SCANNING SERVICES	190.72	2,377.28
2009163	11/21/07	07547	CET FIRE PUMPS MFG	8420	10/31/07	SUCTION HOSE FOR FIRE PUMP CART	109.00	109.00
2009164	11/21/07	03307	CONSTRUCTION MANAGEMENT	016375	11/19/07	MEMBERSHIP DUES	120.00	120.00
2009165	11/21/07	03774	CONSTRUCTION RESIDUE RECYCLING	974638	10/31/07	DUMPING SERVICES	420.00	420.00
2009166	11/21/07	02794	COUNTY OF SAN DIEGO	101720070208	11/09/07	PERMIT FEE	286.80	286.80
2009167	11/21/07	04550	DATATREE	900340107	10/31/07	MAP PURCHASING SERVICE	99.00	99.00
2009168	11/21/07	03428	DEL MAR OFFICE PRODUCTS	10114130	10/30/07	2008 CALENDARS	557.89	
				10111270	10/30/07	THOMAS GUIDES FOR 2008	252.78	

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				10108391	10/30/07	CALENDAR	12.92	823.59
2009169	11/21/07	02603	DELL MARKETING LP	XC83T9C36	11/01/07	LAPTOP	1,686.13	1,686.13
2009170	11/21/07	02875	DSR ENTERPRISES INC	98419	11/01/07	PANEL MANAGER PRO 3	396.97	396.97
2009171	11/21/07	05134	DYCHITAN, MARISSA	016380	11/20/07	COMPUTER LOAN PROGRAM	654.49	654.49
2009172	11/21/07	00230	EDP PRODUCTS INC	805364	10/31/07	CARTRIDGE STORAGE/RETRIEVAL	225.80	225.80
2009173	11/21/07	00331	EMPLOYMENT DEVELOPMENT DEP'T	21760898907	11/13/07	UNEMPLOYMENT INSURANCE	7,938.00	7,938.00
2009174	11/21/07	07296	ENVIRONMENTAL FABRICS INC	35	10/25/07	RESERVOIR FLOATING COVER MAINT	44,455.00	44,455.00
2009175	11/21/07	03725	ENVIRONMENTAL SYSTEMS RESEARCH	91641631 91627058	10/26/07 09/26/07	PROFESSIONAL DATABASE SUPPORT ARCINFO SOFTWARE UPGRADE	3,312.00 3,124.75	6,436.75
2009176	11/21/07	00645	FEDEX	236421835	11/09/07	OVERNIGHT PICK-UP & DELIVERY MAIL SVCS	6.35	6.35
2009177	11/21/07	07592	FINEST CITY WINDOW CLEANING	585	10/29/07	WINDOW CLEANING	265.00	265.00
2009178	11/21/07	04066	FIRST CHOICE SERVICES - SD	287550	10/31/07	COFFEE SUPPLIES	358.43	358.43
2009179	11/21/07	02028	FT INTERACTIVE DATA CORP	05510107	10/31/07	DIAL-UP SERVICE FOR INVESTMENTS	85.00	85.00
2009180	11/21/07	05626	GAME 7 CONSULTING	1635	11/20/07	CONSULTING SERVICES - IS DEPT	2,400.00	2,400.00
2009181	11/21/07	03537	GHA TECHNOLOGIES INC	458386	11/01/07	PRINTER HEADS AND INK CARTRIDGES	3,063.25	3,063.25
2009182	11/21/07	06276	GIFFORD ENGINEERING INC	50135 50136	10/29/07 10/29/07	TWO-WAY RADIO REPAIRS TWO-WAY RADIO REPAIRS	187.00 88.00	275.00
2009183	11/21/07	07731	GSSI STRUCTURAL ENGINEERS	3784	10/31/07	STRUCTURAL INSPECTION	1,500.00	1,500.00
2009184	11/21/07	00174	HACH COMPANY	5353830 5352084	11/01/07 10/31/07	CHLORINE & AMMONIA ANALYZER LAB SUPPLIES	1,958.36 158.03	2,116.39
2009185	11/21/07	06640	HD SUPPLY WATERWORKS LTD	6206538 6206580	10/26/07 11/01/07	INVENTORY INVENTORY	3,984.38 2,383.22	6,367.60
2009186	11/21/07	02096	HELIX WATER DISTRICT	016382	11/15/07	WEBSITE HOSTING SERVICES	736.86	736.86
2009187	11/21/07	06843	HI-TECH AIR CONDITIONING	2551	10/26/07	DATA CENTER AC MAINTENANCE	200.00	200.00
2009188	11/21/07	03743	HYDROTEX	542539	10/25/07	OIL	731.27	731.27
2009189	11/21/07	07789	I LOVE A CLEAN SAN DIEGO	2182	11/19/07	SIGN PANEL SPONSORSHIP	2,000.00	2,000.00
2009190	11/21/07	03615	I.M.P.A.C. GOVERNMENT SERVICES	016364	09/21/07	DISTRICT EXPENSES	317.67	317.67

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2009191	11/21/07	07665	IMPERIAL SPRINKLER SUPPLY INC	56466700	10/30/07	RECLAIMED WATER TAGS	2,489.03	2,489.03
2009192	11/21/07	02372	INTERIOR PLANT SERVICE INC	26004	10/31/07	PLANT SERVICE	169.00	169.00
2009193	11/21/07	07791	JOBING.COM	J34187	11/14/07	JOB POSTING	324.00	324.00
2009194	11/21/07	00056	KAMAN INDUSTRIAL TECHNOLOGIES	T873413	10/29/07	REBUILD MIXER MOTOR	1,346.88	1,346.88
2009195	11/21/07	05003	LA PRESA ELEMENTARY SCHOOL	016367	11/13/07	SPLASH SCIENCE LAB PARTIAL FUNDING	255.00	255.00
2009196	11/21/07	05220	LOGICALIS INTEGRATION SOLUTION	S716327	10/31/07	IT DATA CENTER SERVICES	6,380.00	6,380.00
2009197	11/21/07	01183	MCMMASTER-CARR SUPPLY CO	75064469 75400540 75317057 75316853	10/29/07 11/01/07 10/31/07 10/31/07	AIR VAC PARTS AIR VAC STRAINER VALVE REPAIR LOCKS	347.81 342.26 320.17 138.75	1,148.99
2009198	11/21/07	07787	MCMILLIN LAND DEVELOPMENT	016365	11/05/07	CIP REIMBURSEMENT P2435	215,418.00	215,418.00
2009199	11/21/07	06648	MEASUREMENT CONTROL	134239 134216	10/31/07 10/31/07	LARGE METER TESTING LARGE METER TESTING	1,106.09 792.95	1,899.04
2009200	11/21/07	01577	MINARIK CORPORATION	I0510177DD	10/29/07	EXPANSION CABLES	111.40	111.40
2009201	11/21/07	03393	MOBILE MINI LLC - CA	904076350	10/28/07	RENTAL 40' METERS STORAGE CONTAINER	164.90	164.90
2009202	11/21/07	02764	MYRON L COMPANY	288008	10/26/07	TDS METERS	2,001.89	2,001.89
2009203	11/21/07	04676	NAPA AUTO PARTS	083324	08/03/07	REPAIR PARTS	25.36	25.36
2009204	11/21/07	01136	NATIONAL SOCIETY OF	174701	10/30/07	MEMBERSHIP RENEWAL	245.00	245.00
2009205	11/21/07	03733	NEC UNIFIED SOLUTIONS INC	VSH10248391 VSH10248046	10/31/07 10/29/07	LABOR FOR PHONES SVCS LABOR FOR PHONES SVCS	375.00 112.00	487.00
2009206	11/21/07	03487	NETWORK INSIGHT	NINMS200700710	10/31/07	NETWORK MONITORING SERVICES	90.00	90.00
2009207	11/21/07	02540	NEW VIEW OPTOMETRIC CENTER	2394	11/12/07	SAFETY VISION EXAM GLASSES	328.97	328.97
2009208	11/21/07	00510	OFFICE DEPOT INC	407226394001	10/31/07	OFFICE SUPPLIES	28.39	28.39
2009209	11/21/07	05497	PAYPAL INC	1057075	10/31/07	ON-LINE PAYMENT SERVICES	295.50	295.50
2009210	11/21/07	03308	PBS&J	0349483	10/24/07	ENVIRONMENTAL SERVICES	255.00	255.00
2009211	11/21/07	03790	PENHALL COMPANY	8487	11/01/07	FLAT SAW CUTTING SERVICES	195.00	195.00
2009212	11/21/07	00593	PEPPER OIL COMPANY INC	604574	10/26/07	DIESEL FUEL	11,561.73	

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				604855	11/10/07	DIESEL FUEL	5,426.99	16,988.72
2009213	11/21/07	03498	PLUMBING STORE SERVICE	14736	10/30/07	PLUMBING SERVICES	195.00	195.00
2009214	11/21/07	00078	PUBLIC EMPLOYEES RETIREMENT	Ben2380026	11/15/07	PERS CONTRIBUTION	120,393.67	120,393.67
2009215	11/21/07	01342	R J SAFETY SUPPLY CO INC	24304000	10/30/07	SAFETY	113.14	113.14
2009216	11/21/07	07788	RANCHO SAN DIEGO VILLAGE	907026927	11/16/07	OVERPAYMENT REFUND	1,673.93	1,673.93
2009217	11/21/07	00766	RANROY PRINTING COMPANY	091671 091760	10/15/07 10/31/07	BUSINESS CARDS BUSINESS CARDS	196.64 136.30	332.94
2009218	11/21/07	02041	RBF CONSULTING	7091191	10/31/07	I-905 UTILITY RELOCATION DESIGN SERVICES	7,195.00	7,195.00
2009219	11/21/07	06645	RELIABLE ELEVATOR INC	10660	11/01/07	ELEVATOR SERVICE & MAINTENANCE	390.00	390.00
2009220	11/21/07	04542	ROBAK, MARK	70141007 70140907	10/31/07 09/30/07	MILEAGE REIMBURSEMENT MILEAGE REIMBURSEMENT	73.24 37.83	111.07
2009221	11/21/07	03174	RUSH, GARY	016378	11/19/07	SAFETY BOOTS REIMBURSEMENT	140.08	140.08
2009222	11/21/07	00121	SAN DIEGO GAS & ELECTRIC	016366 016377 016372	10/31/07 11/15/07 11/15/07	UTILITY EXPENSES UTILITY EXPENSES UTILITY EXPENSES	23,016.94 18,483.17 11,968.86	53,468.97
2009223	11/21/07	01651	SHARP REES-STEALY MEDICAL CTRS	193 193A	10/20/07 10/20/07	HEALTH EXAMS HEALTH EXAMS	247.00 45.00	292.00
2009224	11/21/07	05983	SIEMENS WATER	2280851	10/31/07	CHLORINATOR REBUILD TRAINING	1,177.36	1,177.36
2009225	11/21/07	06853	SOUTHERN CALIFORNIA SOIL	344132	10/14/07	ON CALL GEOTECHNICAL SERVICES	1,358.40	1,358.40
2009226	11/21/07	03760	SPANKY'S PORTABLE SERVICES INC	701553 701344 701343 701341 701342	10/29/07 10/26/07 10/26/07 10/26/07 10/26/07	PORTABLE TOILET RENTAL PORTABLE TOILET RENTAL PORTABLE TOILET RENTAL PORTABLE TOILET RENTAL PORTABLE TOILET RENTAL	78.85 78.85 78.85 78.85 78.85	394.25
2009227	11/21/07	02354	STANDARD ELECTRONICS	10111	10/18/07	SECURITY SERVICE & REPAIRS	272.96	272.96
2009228	11/21/07	01460	STATE WATER RESOURCES	016352	10/10/07	STATE LOAN ID18	366,325.04	366,325.04
2009229	11/21/07	01460	STATE WATER RESOURCES	0716410 0713451	11/13/07 11/13/07	ANNUAL WASTE DISCHARGE FEES ANNUAL WASTE DISCHARGE FEES	6,235.00 581.00	6,816.00
2009230	11/21/07	01460	STATE WATER RESOURCES	0712933 0712991	11/13/07 11/13/07	ANNUAL WASTE DISCHARGE FEES ANNUAL WASTE DISCHARGE FEES	4,676.00 1,185.00	5,861.00

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2009231	11/21/07	06831	SUPER WAREHOUSE	102665687	10/26/07	PARTS	1,820.16	1,820.16
2009232	11/21/07	00408	SWEETWATER AUTHORITY	016343	10/30/07	TEMPORARY WATER USAGE	81.78	81.78
2009233	11/21/07	07674	U S BANK CORPORATE PAYMENT	016370 016381	10/22/07 09/24/07	DISTRICT EXPENSES DISTRICT EXPENSES	3,528.65 195.75	3,724.40
2009234	11/21/07	00427	UNDERGROUND SERVICE ALERT OF	1020070451	11/01/07	UNDERGROUND TRENCH SERVICE ALERTS	484.80	484.80
2009235	11/21/07	03563	UNDERGROUND UTILITIES INC	106678	10/31/07	METER RETROFIT	19,100.00	19,100.00
2009236	11/21/07	02613	UNITED RENTALS NORTHWEST INC	69469514001 69501948001 69527088001	10/29/07 10/30/07 10/31/07	CONCRETE CONCRETE BATCH CONCRETE	178.92 118.53 99.13	396.58
2009237	11/21/07	00350	UNITED STATES POSTAL SERVICE	016368	11/14/07	REIMBURSE POSTAGE MACHINE	1,500.00	1,500.00
2009238	11/21/07	00101	W W GRAINGER INC	9490638294 9492694824 9490415768	10/30/07 11/01/07 10/30/07	ELECTRICAL SPLICING TAPE WATER FILTER CARTRIDGE EXHAUST FAN BELTS	534.65 493.58 36.39	1,064.62
2009239	11/21/07	07595	WALTERS WHOLESALE ELECTRIC CO	860625701 860625700	11/01/07 11/01/07	ELECTRICAL MATERIALS ELECTRICAL MATERIAL	1,248.22 369.44	1,617.66
2009240	11/21/07	01343	WE GOT YA PEST CONTROL	43706 44797 43709 44798 44799 44796	08/29/07 10/31/07 08/29/07 10/31/07 10/31/07 10/31/07	PEST CONTROL SERVICES PEST CONTROL SERVICES PEST CONTROL SERVICES PEST CONTROL SERVICES PEST CONTROL SERVICES PEST CONTROL SERVICES	40.00 40.00 40.00 40.00 40.00 40.00	240.00
2009241	11/21/07	00190	WEST PAYMENT CENTER	814671055	10/20/07	LEGAL LIBRARY UPDATES / SUBS SVC	186.41	186.41
2009242	11/21/07	00125	WESTERN PUMP INC	0062821IN	10/31/07	APCD TESTING/OCTOBER	625.00	625.00
2009243	11/21/07	03692	WESTIN ENGINEERING INC	28804	10/24/07	SCADA DOCUMENTATION PROJECT	19,380.00	19,380.00
2009244	11/28/07	01910	ABCANA INDUSTRIES	813682 813922 813923	11/05/07 11/09/07 11/09/07	SODIUM HYPOCHLORITE SODIUM HYPOCHLORITE SODIUM HYPOCHLORITE	1,167.14 1,019.40 732.54	2,919.08
2009245	11/28/07	06261	ALCANTARA, CYNTHIA	016389	11/26/07	COMPUTER LOAN PROGRAM	698.00	698.00
2009246	11/28/07	02618	ALHAMBRA RUBBER &	24627 24471 24472	10/02/07 08/23/07 08/23/07	METER GASKETS METER GASKETS METER GASKETS	246.62 0.71 0.71	248.04
2009247	11/28/07	00002	ANSWER INC	016385 016373	11/21/07 11/16/07	TELEPHONE ANSWERING SERVICES TELEPHONE ANSWERING SERVICES	980.00 980.00	1,960.00

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2009248	11/28/07	06296	AT&T LONG DISTANCE	8093779951107	11/04/07	LONG DISTANCE EXP - DISTRICT PHONES	130.17	130.17
2009249	11/28/07	03285	AZTEC FIRE & SAFETY	41621	11/06/07	UPGRADE FIRE SERVICE	2,625.84	4,200.84
				41618	11/02/07	FIRE SPRINKLER SYSTEM CERTIFICATION	1,575.00	
2009250	11/28/07	00145	BARRETT ENGINEERED PUMPS	058392	11/02/07	MARCH SAMPLE PUMP FOR TREATMENT PLANT	448.24	448.24
2009251	11/28/07	00559	BOYLE ENGINEERING CORPORATION	049653	11/05/07	RECYCLED WATER PLAN CHECKING SERVICES	10,697.09	10,697.09
2009252	11/28/07	03679	BRG CONSULTING INC	07101414	10/31/07	CONSULTANT CONTRACT FOR ENV SVCS	6,784.40	6,784.40
2009253	11/28/07	00223	C W MCGRATH INC	27498	11/07/07	CRUSHED ROCK	312.82	520.48
				27442	11/02/07	CRUSHED ROCK	107.06	
				27519	11/08/07	CRUSHED ROCK	100.60	
2009254	11/28/07	01004	CALOLYMPIC SAFETY	029210	11/06/07	GAS FILLED CALIBRATION	475.73	475.73
2009255	11/28/07	06519	CHULA VISTA POLICE DEPT	0725186	11/21/07	TRAFFIC COLLISION REPORT	10.00	10.00
2009256	11/28/07	03307	CONSTRUCTION MANAGEMENT	016388	11/19/07	2008 MEMBERSHIP DUES	120.00	120.00
2009257	11/28/07	03706	CONSUMERS PIPE & SUPPLY CO	S1040793001	09/12/07	CLAVAL PARTS	3,471.78	4,989.91
				S1040429001	08/16/07	BRASS FITTINGS	1,383.55	
				S1028076001A	04/27/07	WAREHOUSE SUPPLIES	118.81	
				S1044993002	10/09/07	BRASS FITTINGS	15.77	
2009258	11/28/07	00184	COUNTY OF SAN DIEGO	HK18205345	10/17/07	HAZARDOUS MATERIALS PERMIT	267.00	801.00
				HK18205348	10/17/07	HAZARDOUS MATERIALS PERMIT	267.00	
				HK18205349	10/17/07	HAZARDOUS MATERIALS PERMIT	267.00	
2009259	11/28/07	05125	CUDLIP, JAMES	014908	04/20/06	TUITION REIMBURSEMENT	318.72	318.72
2009260	11/28/07	05126	DAROIS, KEN	OCTOBER2007	11/27/07	PROGRAMMING SERVICES	1,275.00	1,275.00
2009261	11/28/07	07782	DAVID BURPEAU	016355	11/08/07	EMERGENCY OPS ASSISTANCE	360.00	360.00
2009262	11/28/07	03428	DEL MAR OFFICE PRODUCTS	10118120	11/02/07	CALENDARS FOR 2008	349.83	447.72
				10126330	11/08/07	OFFICE SUPPLIES	77.97	
				10111580	10/29/07	OFFICE SUPPLIES	19.92	
2009263	11/28/07	03744	DEPARTMENT OF JUSTICE	652815	11/08/07	FINGERPRINT ANALYSIS SERVICES	32.00	32.00
2009264	11/28/07	03417	DIRECTV	677495516	11/19/07	SATELLITE TV SERVICE	4.99	4.99
2009265	11/28/07	03261	EDEN SYSTEMS INC	INV0117487	11/06/07	ADDITIONAL PROFESSIONAL CONSULTING	156.25	156.25
2009266	11/28/07	06813	EMPLOYMENT TRAINING	016394	11/27/07	TRAINING FEE	195.00	195.00

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2009267	11/28/07	04947	FEDEX KINKO'S	270300001344	10/31/07	FORMS	93.10	93.10
2009268	11/28/07	03546	FERGUSON WATERWORKS	0241915	11/08/07	WAREHOUSE STOCK SUPPLIES	967.59	967.59
2009269	11/28/07	04066	FIRST CHOICE SERVICES - SD	288392	11/06/07	COFFEE SUPPLIES	49.95	49.95
2009270	11/28/07	03188	FLEETPRIDE	25182743	10/24/07	REPAIR PART	2,903.87	2,903.87
2009271	11/28/07	03094	FULLCOURT PRESS	17216 17301	10/09/07 10/31/07	BUDGET AT-A-GLANCE BUDGET AT-A-GLANCE	1,164.13 909.14	2,073.27
2009272	11/28/07	05626	GAME 7 CONSULTING	1640	11/27/07	CONSULTING SERVICES - IS DEPT	1,800.00	1,800.00
2009273	11/28/07	03537	GHA TECHNOLOGIES INC	458308 458388	11/01/07 11/02/07	TONER/INK CARTRIDGES TONER/INK CARTRIDGES	858.31 856.20	1,714.51
2009274	11/28/07	04217	HATCH & PARENT	418163	11/15/07	LEGISLATIVE ADVOCACY SVCS FOR OCT 07	7,408.35	7,408.35
2009275	11/28/07	06640	HD SUPPLY WATERWORKS LTD	6355250 6048070 5569578 6278931	 11/02/07 07/12/07 11/02/07	CREDIT MEMO INVENTORY WAREHOUSE INVENTORY	(177.79) 3,439.38 571.49 354.35	4,187.43
2009276	11/28/07	04472	HECTOR I MARES-COSSIO	32	10/01/07	CONSULTANT CONTRACT	3,000.00	3,000.00
2009277	11/28/07	06843	HI-TECH AIR CONDITIONING	2610 2601	11/06/07 10/31/07	DATA CENTER AC MAINTENANCE DATA CENTER AC MAINTENANCE	1,307.10 560.00	1,867.10
2009278	11/28/07	06266	IDEAL WIPING RAG COMPANY	038725	11/06/07	WHITE KNIT RAGS	247.83	247.83
2009279	11/28/07	07725	IMPRINT SOLUTIONS	1168	11/08/07	WATER CONSERVATION SHIRTS	210.00	210.00
2009280	11/28/07	02267	INTERNAL REVENUE SERVICE	Ben2380364	11/29/07	PAYROLL DEDUCTION	50.00	50.00
2009281	11/28/07	04077	INTERNAL REVENUE SERVICE	Ben2380374	11/29/07	PAYROLL DEDUCTION	64.00	64.00
2009282	11/28/07	06630	J C HEDEN AND ASSOCIATES INC	OWD014	11/06/07	AS NEEDED ENGINEERING DRAFTING SERVICE:	3,925.00	3,925.00
2009283	11/28/07	00437	J L WINGERT CO	262219	11/06/07	INSPECTION TOOLS	1,200.45	1,200.45
2009284	11/28/07	03077	JANI KING OF CA INC - SDO	SDO09070367	11/08/07	OFF-SITE JANITORIAL SERVICES	195.25	195.25
2009285	11/28/07	02449	JOSEPH G POLLARD CO INC	I210124IN	10/26/07	DECHLOR TABLETS	1,380.81	1,380.81
2009286	11/28/07	04996	KNOX ATTORNEY SERVICE INC	129525 268817 268816 268818 270237	 10/30/07 10/30/07 10/30/07 11/07/07	CREDIT MEMO DELIVERY OF BOARD & COMMITTEE PACKETS DELIVERY OF BOARD & COMMITTEE PACKETS DELIVERY OF BOARD & COMMITTEE PACKETS DELIVERY OF BOARD & COMMITTEE PACKETS	(82.50) 27.50 27.50 27.50 27.50	

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				270235	11/07/07	DELIVERY OF BOARD & COMMITTEE PACKETS	27.50	
				270234	11/07/07	DELIVERY OF BOARD & COMMITTEE PACKETS	27.50	
				270238	11/07/07	DELIVERY OF BOARD & COMMITTEE PACKETS	27.50	110.00
2009287	11/28/07	01859	LA PRENSA SAN DIEGO	22063	11/26/07	JOB POSTING	63.27	63.27
2009288	11/28/07	03019	LOPEZ, JOSE A	70100907	09/30/07	EXPENSE REIMBURSEMENT	898.62	898.62
2009289	11/28/07	02902	MARSTON+MARSTON INC	200711A	11/02/07	PUBLIC RELATIONS SERVICES	2,945.00	2,945.00
2009290	11/28/07	05329	MASTER METER INC	0131056IN	11/07/07	INVENTORY	15,250.18	15,250.18
2009291	11/28/07	01183	MCMaster-CARR SUPPLY CO	75365329	11/01/07	BURLAP BAGS	577.00	
				75468450	11/02/07	VALVE REPAIR	122.13	
				75468806	11/02/07	AIR VAC STRAINER	88.39	
				75914235	11/12/07	SHIPPING CHARGE	61.38	848.90
2009292	11/28/07	03393	MOBILE MINI LLC - CA	904078471	11/05/07	RENTAL 40' METERS STORAGE CONTAINER	170.88	170.88
2009293	11/28/07	02070	MUNIZ, RICARDO	016387	11/26/07	SAFETY BOOTS REIMBURSEMENT	123.90	123.90
2009294	11/28/07	02037	MWH LABORATORIES	219309LI	11/02/07	REGULATORY ANALYSES	4,505.00	4,505.00
2009295	11/28/07	03523	NATIONAL DEFERRED COMPENSATION	Ben2380360	11/29/07	DEFERRED COMP PLAN	5,741.03	5,741.03
2009296	11/28/07	05494	NEXTEL COMMUNICATIONS	901500243014	11/12/07	GIS (AIR-TRAK) CELLULAR SERVICE	3,964.68	3,964.68
2009297	11/28/07	03299	OCB REPROGRAPHICS	5053667	11/08/07	REPROGRAPHICS SERVICES	1,116.06	1,116.06
2009298	11/28/07	00510	OFFICE DEPOT INC	407902034001	11/07/07	OFFICE SUPPLIES	1,262.91	
				408098307001	11/07/07	OFFICE SUPPLIES	48.48	1,311.39
2009299	11/28/07	03101	OTAY WATER DISTRICT	Ben2380362	11/29/07	PAYROLL DEDUCTION - ASSN DUES	847.00	847.00
2009300	11/28/07	07737	PARADISE CANYON SYSTEMS INC	112007917	11/07/07	EMC EMAILXTENDER	5,861.74	
				112007918	11/07/07	EMC EMAILXTENDER	1,620.00	7,481.74
2009301	11/28/07	03790	PENHALL COMPANY	8500	11/02/07	FLAT SAW CUTTING SERVICES	215.00	215.00
2009302	11/28/07	00593	PEPPER OIL COMPANY INC	604532	10/22/07	DIESEL FUEL	21,294.80	
				604836	11/08/07	UNLEADED FUEL	16,379.45	37,674.25
2009303	11/28/07	00137	PETTY CASH CUSTODIAN	016390	11/27/07	PETTY CASH REIMBURSEMENT	588.56	588.56
2009304	11/28/07	02786	PIONEER AMERICAS LLC	5538842303	11/07/07	CHLORINE	2,187.55	2,187.55
2009305	11/28/07	07602	PLUMBERS DEPOT	PD7794	11/08/07	SEWER TESTING SUPPLIES	278.00	278.00
2009306	11/28/07	02976	PRE-PAID LEGAL SERVICES INC	016391	11/21/07	VOLUNTARY PRE-PAID LEGAL SVCS	59.80	59.80

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2008972 THROUGH 2009339
RUN DATES 11/7/2007 TO 11/28/2007

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2009307	11/28/07	07726	QUANTUM AUTOMATION	81573	11/02/07	450 RECYCLED ANALYZER ENCLOSURES	914.71	914.71
2009308	11/28/07	02041	RBF CONSULTING	7090379	10/31/07	CIP P2185 - CONST MGMT SVCS	58,680.00	58,680.00
2009309	11/28/07	00021	RCP BLOCK & BRICK INC	4321606	11/06/07	3/8 PEA GRAVEL	188.56	188.56
2009310	11/28/07	00521	RICK POST WELDING	7911	11/05/07	WELDING SERVICES	400.00	400.00
2009311	11/28/07	04542	ROBAK, MARK	70140907A	09/30/07	EXPENSE REIMBURSEMENT	994.89	994.89
2009312	11/28/07	02948	ROCKHURST UNIVERSITY	683240083001	11/20/07	REGISTRATION FEE	249.00	249.00
2009313	11/28/07	03803	SAN DIEGO CLIPPING SERVICE INC	439071103	11/03/07	NEWSPAPER CLIPPING SERVICE	129.00	129.00
2009314	11/28/07	00247	SAN DIEGO DAILY TRANSCRIPT	73282	11/06/07	BID ADVERTISEMENT	69.00	69.00
2009315	11/28/07	00121	SAN DIEGO GAS & ELECTRIC	016393	11/20/07	UTILITY EXPENSES	633.95	633.95
2009316	11/28/07	07735	SERVICEBUREAU	AR157570	11/02/07	DEMOGRAPHIC PROFILE	100.00	100.00
2009317	11/28/07	05627	SIGNA DIGITAL SOLUTIONS INC	ARS11892 ARS11891 ARS11788	11/07/07 11/07/07 11/02/07	COPIER SERVICE & MAINTENANCE COPIER SERVICE & MAINTENANCE SH 2052 COPIER @ TREATMENT PLANT	550.00 131.00 31.00	712.00
2009318	11/28/07	03760	SPANKY'S PORTABLE SERVICES INC	704224	11/07/07	PORTABLE TOILET RENTAL	78.85	78.85
2009319	11/28/07	03600	SPRINT	016376	11/14/07	WIRELESS CARDS SERVICE - INTERNET	60.54	60.54
2009320	11/28/07	06295	STATE DISBURSEMENT UNIT	Ben2380370	11/29/07	PAYROLL DEDUCTION	294.46	294.46
2009321	11/28/07	06299	STATE DISBURSEMENT UNIT	Ben2380368	11/29/07	PAYROLL DEDUCTION	237.69	237.69
2009322	11/28/07	06303	STATE DISBURSEMENT UNIT	Ben2380372	11/29/07	PAYROLL DEDUCTION	482.76	482.76
2009323	11/28/07	00274	STATE OF CALIFORNIA	54504	11/27/07	CERTIFICATE RENEWAL FEE	125.00	125.00
2009324	11/28/07	00274	STATE OF CALIFORNIA	L8314	11/27/07	LICENSE RENEWAL FEE	125.00	125.00
2009325	11/28/07	02261	STATE STREET BANK & TRUST CO	Ben2380358	11/29/07	DEFERRED COMP PLAN	7,792.84	7,792.84
2009326	11/28/07	07678	STREAMLINE FORMS & GRAPHICS	33600	11/02/07	TAGS	451.47	451.47
2009327	11/28/07	04221	SUTHERLIN ASSOCIATED SERVICES	OWD111007	11/08/07	PROFESSIONAL SERVICES	184.00	184.00
2009328	11/28/07	04977	T-MOBILE	4150860451107	11/04/07	CELL PHONE & BLACKBERRY SERVICES	1,872.45	1,872.45
2009329	11/28/07	03770	TEAMAN, RAMIREZ & SMITH INC	206237403	11/06/07	AUDIT SERVICES	11,000.00	11,000.00

OTAY WATER DISTRICT
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2009330	11/28/07	02376	TECHKNOWSION INC	1996	11/05/07	SCADA SYSTEM EXPANSION	18,290.00	18,290.00
2009331	11/28/07	07674	U S BANK CORPORATE PAYMENT	016392 016386	09/24/07 10/22/07	DISTRICT EXPENSES DISTRICT EXPENSES	1,134.97 588.80	1,723.77
2009332	11/28/07	02613	UNITED RENTALS NORTHWEST INC	69193360001 69681930001	10/19/07 11/06/07	BOOM RENTAL CONCRETE	468.05 99.13	567.18
2009333	11/28/07	05417	UNITED STATES DEPARTMENT	Ben2380376	11/29/07	PAYROLL DEDUCTION	100.00	100.00
2009334	11/28/07	00853	UNIVAR USA INC	SD636493 SD636491 SD636492	11/02/07 11/02/07 11/02/07	BULK AQUA AMMONIA BULK AQUA AMMONIA BULK AQUA AMMONIA	1,951.53 1,200.94 747.58	3,900.05
2009335	11/28/07	03212	UNUM LIFE INSURANCE	Ben2380354	11/29/07	LTD	6,400.06	6,400.06
2009336	11/28/07	01095	VANTAGEPOINT TRANSFER AGENTS	Ben2380366	11/29/07	DEFERRED COMP PLAN	5,513.95	5,513.95
2009337	11/28/07	00101	W W GRAINGER INC	9495170160 9497350505	11/05/07 11/07/07	PAINT DUAL VOLT HID LAMP BALLAST	333.03 174.25	507.28
2009338	11/28/07	00014	WAXIE SANITARY SUPPLY	70332905	11/07/07	SANITARY SUPPLIES	982.57	982.57
2009339	11/28/07	02725	WILLIAMS SCOTSMAN INC	77126331 76979833	11/08/07 11/02/07	MOBILE OFFICE RENTAL @ TREATMENT PLANT 28' TRAILER RENTAL	316.83 293.85	610.68
GRAND TOTAL							3,595,556.20	3,595,556.20