

OTAY WATER DISTRICT

BOARD OF DIRECTORS MEETING
DISTRICT BOARDROOM

2554 SWEETWATER SPRINGS BOULEVARD
SPRING VALLEY, CALIFORNIA

WEDNESDAY

March 4, 2009

3:30 P.M.

AGENDA

1. ROLL CALL
2. PLEDGE OF ALLEGIANCE
3. APPROVAL OF AGENDA
4. APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF NOVEMBER 13, 2009
5. PUBLIC PARTICIPATION – OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO SPEAK TO THE BOARD ON ANY SUBJECT MATTER WITHIN THE BOARD'S JURISDICTION BUT NOT AN ITEM ON TODAY'S AGENDA
6. PRESENTATION BY SAN DIEGO COUNTY WATER AUTHORITY (CWA) OF THE WATER SUPPLY OUTLOOK AND ITS IMPACT ON RATES (FRANK BELOCK, CWA DEPUTY GENERAL MANAGER)

CONSENT CALENDAR

7. ITEMS TO BE ACTED UPON WITHOUT DISCUSSION, UNLESS A REQUEST IS MADE BY A MEMBER OF THE BOARD OR THE PUBLIC TO DISCUSS A PARTICULAR ITEM:
 - a) APPROVE A ONE-YEAR CONTRACT WITH DIEHL, EVANS & COMPANY, LLP TO SERVE AS THE DISTRICT'S AUDITORS FOR THE FISCAL YEAR ENDING JUNE 30, 2009 WITH AN OPTION FOR FOUR ADDITIONAL 1-YEAR CONTRACTS SUBJECT TO THE BOARD'S REVIEW AND APPROVAL
 - b) APPROVE CHANGE ORDER NO. 1 TO THE CONTRACT WITH SPIESS CONSTRUCTION FOR THE CONSTRUCTION OF THE 850-4 RESERVOIR PROJECT FOR A DEDUCTIVE AMOUNT NOT TO EXCEED <\$250,778.45>

- c) APPROVE A MEMORANDUM OF UNDERSTANDING WITH THE SWEET-WATER AUTHORITY, SOUTH BAY EXPRESSWAY, L.P., A CALIFORNIA LIMITED PARTNERSHIP, AND THE CALIFORNIA DEPARTMENT OF TRANSPORTATION CONCERNING THE PROCESSING OF THE SERVICE AREA BOUNDARY ADJUSTMENT BETWEEN THE DISTRICT AND SWEETWATER AUTHORITY
- d) AUTHORIZE THE CREATION OF A NEW CIP PROJECT FOR THE RUX-TON AVENUE UTILITY RELOCATIONS IN THE AMOUNT OF \$100,000 AND TO REIMBURSE TC CONSTRUCTION IN AN AMOUNT NOT TO EXCEED \$25,000 FOR PIPELINE REPAIRS ON THE PROJECT

ACTION ITEMS

- 8. ADMINISTRATIVE SERVICES, FINANCE AND INFORMATION TECHNOLOGY
 - a) RECEIVE DIRECTION FROM THE BOARD ON THE ONGOING FUNDING OF THE ANNUAL REQUIRED CONTRIBUTION TO CALPERS AND MEDICAL EXPENSE REIMBURSEMENT REQUESTS FROM CALPERS (BEACHEM)
- 9. ENGINEERING AND WATER OPERATIONS
 - a) APPROVE AN AGREEMENT BETWEEN SWEETWATER AUTHORITY AND OTAY WATER DISTRICT FOR JOINT PARTICIPATION IN THE OTAY RIVER GROUNDWATER DESALINATION FACILITY PROJECT (PEASLEY)
- 10. BOARD
 - a) DISCUSSION OF 2009 BOARD MEETING CALENDAR

INFORMATIONAL ITEMS

- 11. THIS ITEM IS PROVIDED TO THE BOARD FOR INFORMATIONAL PURPOSES ONLY. NO ACTION IS REQUIRED ON THE FOLLOWING AGENDA ITEM.
 - a) REPORT ON DIRECTORS EXPENSES FOR THE 2ND QUARTER OF FISCAL YEAR 2009 (PRENDERGAST)
 - b) FISCAL YEAR 2009 2ND QUARTER CIP UPDATE REPORT (RIPPERGER)

REPORTS

- 12. GENERAL MANAGER'S REPORT
 - a) SAN DIEGO COUNTY WATER AUTHORITY UPDATE

13. DIRECTORS' REPORTS/REQUESTS

14. PRESIDENT'S REPORT

RECESS TO CLOSED SESSION

15. CLOSED SESSION

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

(I) MULTIPLE CASES RELATED TO THE FENTON BUSINESS CENTER AND FILED WITH THE SUPERIOR COURT OF THE COUNTY OF SAN DIEGO CONSOLIDATED UNDER CASE NO. 37-2007-00077024-CU-BC-SC

b) CONFERENCE WITH REAL PROPERTY NEGOTIATORS [GOVERNMENT CODE §54956.9]

PROPERTY: 2500 SWEETWATER SPRINGS BOULEVARD, SPRING VALLEY, CA 91978 (APN NO. 505-230-52-00)

AGENCY NEGOTIATORS: MARK WATTON AND STEVE DOBRAWA

NEGOTIATING PARTIES: RANCHO SAN DIEGO INDUSTRIAL CENTER, LLC, MIKE COLARUSSO

UNDER NEGOTIATIONS: PRICE AND TERMS OF PURCHASE

RETURN TO OPEN SESSION

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

17. ADJOURNMENT

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

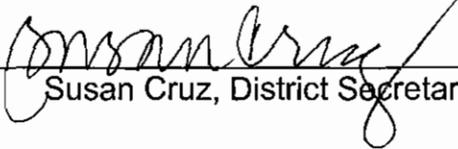
The Agenda, and any attachments containing written information, are available at the District's website at www.otaywater.gov. Written changes to any items to be considered at the open meeting, or to any attachments, will be posted on the District's website. Copies of the Agenda and all attachments are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

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

Certification of Posting

I certify that on February 27, 2009, 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 February 27, 2009.



Susan Cruz, District Secretary

AGENDA ITEM 4

MINUTES OF THE BOARD OF DIRECTORS MEETING OF THE OTAY WATER DISTRICT November 13, 2008

1. The meeting was called to order by Vice President Lopez at 3:35 p.m.
2. PLEDGE OF ALLEGIANCE
3. 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, Chief of Information Technology Geoff Stevens, Chief Financial Officer Joe Beachem, Chief of Engineering Rod Posada, Chief of Operations Pedro Porras, Chief of Administration Rom Sarno, District Secretary Susan Cruz and others per attached list.

4. APPROVAL OF AGENDA

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

Ayes:	Directors Bonilla, Croucher, Breitfelder, 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.

6. APPROVAL OF THE MINUTES OF THE REGULAR MEETINGS OF JUNE 10 AND AUGUST 6, 2008

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

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

to approve the minutes of the regular board meeting of June 10 and August 6, 2008.

CONSENT CALENDAR

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

A motion was made by Director Breiffelder, seconded by Director Robak and carried with the following vote:

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

to approve the following consent calendar items:

- a) APPROVE AMENDMENTS TO TWO (2) SEPARATE UTILITY AGREEMENTS (NOs. 31759 AND 31921) WITH THE CALIFORNIA DEPARTMENT OF TRANSPORTATION
- b) APPROVE CHANGE ORDER NO. 1 TO THE EXISTING CONTRACT WITH ARB, INC. FOR THE CONSTRUCTION OF THE 20-INCH LANE AVENUE CONVERSION PROJECT IN AN AMOUNT NOT-TO-EXCEED \$78,938
- c) APPROVE AN INCREASE TO THE FISCAL YEAR 2009 BUDGET OF \$80,000 FOR THE RALPH W. CHAPMAN WASTEWATER RECYCLING FACILITY – REVERSE OSMOSIS BUILDING AND METER SHOP REMODEL PROJECT REVISING THE PROJECT BUDGET FROM \$495,000 TO \$575,000
- d) ADOPT RESOLUTION NO. 4131 OF THE BOARD OF DIRECTORS OF THE OTAY WATER DISTRICT APPROVING THE ANNEXATION TO OTAY WATER DISTRICT IMPROVEMENT DISTRICT NO. 18 OF THOSE LANDS DESCRIBED AS "ROBINSON SEWER ANNEXATION" [FILE NO. 0210-20.306]
- e) APPROVE AND RATIFY THE DISTRICT'S PARTICIPATION IN THE STATE OF CALIFORNIA PURCHASE CARD PROGRAM MASTER SERVICE AGREEMENT (MSA); RATIFY THE GENERAL MANAGER'S APPROVAL OF ADDENDUM TWO (2) TO MSA 5-06-99-01 ADDING THE OTAY WATER DISTRICT AS A PARTICIPATING AGENCY; AND,

AUTHORIZE THE GENERAL MANAGER TO EXECUTE FUTURE AGREEMENTS AND OTHER REQUIRED DOCUMENTATION, INCLUDING ADDENDUMS TO MSA 5-06-99-01, AS REQUIRED TO CONTINUE THE DISTRICT'S PARTICIPATION IN THE STATE OF CALIFORNIA PURCHASE CARD PROGRAM

- f) AUTHORIZE NEGOTIATIONS WITH RANCHO SAN DIEGO INDUSTRIAL CENTER, LLC FOR THE PURCHASE OF VACANT LAND IDENTIFIED AS APN NO. 505-230-52-00 AND APPROVE AN AMENDMENT TO THE FISCAL YEAR 2009 CIP BUDGET TO ADD \$600,000 TO FUND CIP P2479, OPERATIONS YARD PROPERTY ACQUISITION, TO PROVIDE FUNDING FOR THE PURCHASE AND IMPROVEMENT OF THE SUBJECT PROPERTY

ACTION ITEMS

8. ENGINEERING AND WATER OPERATIONS

- a) APPROVE THE WATER SUPPLY ASSESSMENT REPORT DATED OCTOBER 2008 FOR THE PARAGON MANAGEMENT COMPANY OTAY BUSINESS PARK DEVELOPMENT PROPOSAL AS REQUIRED BY SENATE BILL 610

Chief of Engineering Rod Posada indicated that Senate Bills 610 and 221 became effective in January 2000 to improve the link between water supply and land use decisions. A Water Supply Assessment Report (WSA) was prepared in compliance with SB 610 for the Otay Business Park Project. The report will be included with the CEQA documentation. He noted that SB 221 does not apply to the Otay Business Park Project as it is an industrial project. He presented a slide showing the location of the project in Otay Mesa (see attached copy of presentation); southwest of State Route 11 near the future third border crossing with Mexico.

He indicated that the project was included in the East Otay Mesa Specific Plan Area and is within Otay, San Diego County Water Authority (CWA), and Metropolitan Water District (MWD), thus annexation is required. The project consists of approximately 162 acres with 59 industrial lots and the projected demand is 162 AF per year of potable water and 20 AF per year of recycled water. The Otay Business Park Project is expected to be completed in approximately five years.

The WSA indicates that the regional and local water supply agencies fully intend to develop sufficient reliable supplies to meet the demands of the project. The water suppliers recognize that additional water supplies are necessary and supply portfolios need to be reassessed. He indicated that MWD is in the process of updating its Integrated Water Resources Plan (IRP).

He shared that the state of the current water supply situation is documented in the project's WSA and staff believes that the Board has met the intent of SB 610 statute in that:

- Land use agencies and water suppliers have demonstrated a strong linkage; and
- The Otay Business Park WSA clearly documents the current water supply situation.

He stated that the WSA Report demonstrates and documents that sufficient water supplies are planned for and are intended to be acquired to meet the demands of the project. It also documents the actions necessary to develop these water supplies. He noted that water supply for the Otay Business Park Project and existing and future developments are within the District's 20-year planning horizon and water supplies are planned for and are intended to be made available in normal and in single/multiple dry years.

Chief of Engineering Posada indicated that the following CWA CIP projects will assist with the supplies for the project:

- Emergency Storage Project
- 100 MGD Twin Oaks WTP
- San Vicente Reservoir Expansion Carryover Storage Project
- Pipeline No. 6
- All American Canal Lining Project
- Coachella Canal Lining Project
- IID QSA Water Transfers (Fallow Farmland)

Chief of Engineering Posada indicated that CWA's preferential rights with MWD is about 16.5% of its water sales. However, it currently purchases approximately 25% of MWD's water sales. CWA and all member agencies are working to reduce dependence on MWD by finding new water supplies. MWD's Regional Urban Water Management Plan indicates that through effective management of its water supply, they fully expect to be 100% reliable in meeting all non-discounted, non-interruptible demands throughout the next twenty-five years.

He stated that CWA has also developed a Drought Water Supply Allocation Plan which allows for new demands for growth when land uses are within current water supply planning documents such as the Otay Business Park Project. Under CWA's Drought Water Supply Allocation Plan, Otay WD water supply allocation will increase as a result of this project/growth.

He also noted that the District has a Drought Response Conservation Plan. Currently, a Level I drought watch (voluntary conservation with a target of up to 10% water savings) has been declared by the District. He stated that if the District declared a Drought Level III Critical alert, it would require mandatory conservation with a target of up to 40% water savings and no new potable water meters except under limited conditions will be installed. He indicated that the

developer has been advised that the District will not set new meters if a Level III Drought alert was declared. General Manager Watton clarified that the Board may approve the WSA today, however, if a Level III Drought alert was declared, the developer would not be able to purchase new meters for the development from the District. Chief of Engineering Posada indicated that staff is recommending that the Board approve the SB 610 WSA Report for the Otay Business Park Project.

Director Robak inquired if the WSA Report is normally produced by District staff. Chief of Engineering Posada indicated that staff does develop the report along with a consultant hired by the developer. He also inquired if offset issues are addressed in the WSA. Chief of Engineering Posada indicated that offsets are not necessary for this project as it was included in Otay WD, CWA and MWD's planning documents. As the project was in the planning documents, the District will receive a higher allocation from CWA when the project starts to take water.

President Croucher indicated that the Engineering, Operations and Water Resources Committee reviewed this item at length and also discussed any liability the District might incur should the District not approve the WSA. He stated that the committee concurred with staffs' recommendation.

Director Breitfelder commended staff for their work on the WSA. He indicated that in his view Sycuan was a groundbreaking precedent and was not a unique situation and he is not inclined to vote for any WSA which does not include 100% offset. He stated that he may make an exception to this WSA, if there was consensus from the board to move forward and formulate a policy toward that end in the near future.

Directors Bonilla indicated that he was comfortable with this action and had no objections. President Croucher indicated that the District has situations in its policy that would recommend that WSAs not be approved. However, the District, at this point, has not declared a Level III Critical Alert. He stated that a Drought Level I watch has been declared and it is within the District's policy to move forward with the approval of the WSA at this level and if the District did not approve of the WSA at this point, then the District's policy is incorrect. He stated with the policy in place, the District should move forward as the District has planned for the development. He indicated that the committee fully supported the approval of the WSA.

Director Robak inquired if there are other Districts within the county that are approving large scale projects during the declared Level I Drought alert. General Manager Watton indicated that only Otay WD, Cities of San Diego, Carlsbad and Oceanside have this level of development. He indicated that the City of Carlsbad is approving WSAs, however, the City of San Diego is requiring water needs for developments that are not within the City's plan be offset. If they are within the plan, they are approving the WSAs. He also noted that Olivenhain MWD and the City of Del Mar intend to not sell meters at Drought Level II, but the majority of the agencies will not enforce this until a Drought Level III is declared.

Director Breitfelder indicated that if there was a call for a policy for 100% offset, he felt that it would be more sensible, well short of a moratorium, as it is more constructive, creative and economical. He encouraged the board to reconsider.

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

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

to approve staffs' recommendation.

9. ADMINISTRATIVE SERVICES, FINANCE AND INFORMATION TECHNOLOGY

- a) ACCEPT THE DISTRICT'S AUDITED FINANCIAL STATEMENTS, INCLUDING THE INDEPENDENT AUDITORS' UNQUALIFIED OPINION, FOR THE FISCAL YEAR ENDING JUNE 30, 2008

Accounting Manager Jim Cudlip noted that this is the fifth year that Teaman and Ramirez and Smith, Inc. (TRS) have handled the District's audit. He wished to recognize that it is in the first year that TRS worked with the District, that the District completed its first Comprehensive Audited Financial Report (CAFR). He stated that over the five years, the District feels that its CAFR and financial reports have improved greatly and staff wished to recognize TRS for their assistance in developing the financial reports. He stated that the District has made a commitment to bid for new audit services after the five-year period and he wished to note that TRS has done an excellent job in bringing the District's financial reporting to the high level that they are now.

Mr. Rich Teaman of TRS indicated that it was a pleasure to work with the District and commended the District's Finance Department for their professionalism and good work. He stated that there are many different audits and the purpose of this audit is to audit the District's financial statement. The audit firm issues an opinion about whether the numbers in the financial statements are accurate, if the proper accounting principles were applied to the numbers and that they are recorded in a fashion that allows them to be comparable to other jurisdictions. He indicated that he is happy to report that their firm has a clean, unqualified opinion, which is the highest level that can be issued. He indicated that the board might notice that the CAFR format did not change much from last year and the only real change revolves around the Other Post Employment Benefits (OPEB) reporting as per accounting standard GASB 45. He indicated that it was applied this year and there are a couple of line items in a footnote in this year's CAFR that was significantly modified. Other than this change, the rest of the financial statement is very similar to prior years. He indicated that he met with the District's Finance, Administration and Communications Committee and reviewed the financial report, along with other reports associated with the audit, in detail.

He stated that he wished to highlight on the statement of net assets, a line item that indicates the District has prepaid its OPEB obligation. He indicated that the District is one of a very few agencies that has been able to do this and it is forward thinking on the part of the District to fund this over the years. He stated that most of his clients are not in this position and have a large deficit to make up. He also indicated that in the net assets section there is a line item for restricted assets. An explanation was added to clarify that the asset is restricted for "construction."

Mr. Teaman stated that in addition to the financial statements, there are other reports. Typically there is an Internal Control and Financial Compliance Report (CFCR) and in years when there is not a Single Audit Report, the CFCR was a separate document. As the District has a Single Audit Report, the CFCR document has been included with all the other Single Audit Reports. He stated a Single Audit is required when the District has received \$500,000 or more of federal grant monies. As this is true for the District this year, there are additional control items that they must test. He indicated that this is the second year that a Single Audit Report was required and they had no findings or exceptions to report. This is also the second year in which they have issued an agreed upon procedures report relating to the District's investments. He indicated that this is required under the District's Investment Policy. The audit tested the District's investments and investment activity in relation to its Investment Policy, and the audit found no findings.

The Statement in Auditing Standards 114 (SAS 114) updates SAS 61 which requires that the audit firm report to an audit committee if there is an audit committee. Under SAS 114, if an audit committee does not exist, then the audit firm reports to the board. It describes the conduct of the audit (how the process went); any problems encountered, any disagreements with management, reviews the types of journal entries, etc. He stated that he wished to note on page two of this report (Finance Committee Report) there are a couple items noted:

- Identified a new accounting principle GASB 45 which was applied relating to the OPEB reporting requirement.
- Significant estimates relating to investment evaluation and depreciation.

He stated that there were no disagreements with management or major concerns to report.

Mr. Teaman indicated that there was nothing to report in the "Management Letter." He stated that this does not mean that there was no dialog on accounting treatments on various items. There were many discussions throughout the course of the engagement, but all discussions were resolved in a fashion where all parties were in agreement. He stated that overall the audit went very smoothly. Suggestions were acted upon right away and he was very pleased with the process.

Director Robak indicated that the District's Finance, Administration and Communications Committee was very happy with the auditing firm's work and was pleased with the outcome of discussions. He stated that the questions raised were productive and were addressed in a timely matter. He thanked staff for their work on the audit.

General Manager Watton thanked Mr. Teaman for his work on the audit and noted that the District has learned much during his engagement. He stated that the District has improved its process and that Mr. Teaman was very instrumental in the District's success in receiving awards for its CAFR and financial reports.

Director Bonilla inquired if this was the second year that a single audit was performed. Mr. Teaman indicated that that was correct. Director Bonilla inquired if a schedule was determined for the next year. Chief Financial Officer Beachem indicated that the District would be bidding next year for a new audit firm. It is expected that the District will have a single audit performed next year as well as it is believed that the District will receive over \$1 million next year in federal grants.

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

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

to accept the Audited Financial Statements for the Fiscal Year ended June 30, 2008.

b) PROHIBIT THE PURCHASE OF BOTTLED WATER WITH DISTRICT RESOURCES

Director Robak indicated that the reason he has brought this issue forward is, as many are aware, there is a push around the country to move away from bottled water. He indicated that he agrees with the philosophy, but most importantly Otay is a municipal water district and its business is to provide tap water services. He stated that a gentleman spoke at the District's Finance, Administration and Communications Committee and had noted that at an annual conference for mayors in Miami in June 2008, 250 mayors nationwide adopted a resolution which would prohibit the purchase of bottled water at their prospective cities/agencies except for emergency uses. He indicated that he felt the District should follow suit with an exemption for bottled water purchases for emergency use.

Director Breitfelder indicated that this item did not make it out of committee and it was discussed if the president of the board chose to agendize the item for the full board's discussion, it would be his prerogative. He indicated that it is his perspective that the board trusts staff on much larger issues than the appropriateness of buying bottled water from time to time. He indicated that this

was more of a political correct issue and did not feel it should rise to the board level.

It was noted that CWA had decided not to purchase bottled water and, last year, the City of San Diego also decided not to purchase bottled water. Bottled water, however, is purchased for trips and other such occasions.

Director Bonilla indicated that he did not feel that it was proper for the board to make such a decision for staff at this point and time. He indicated that if the action was taken, for convenience, staff would begin to bring their own bottled water to meetings. He indicated that he felt this was more of a "feel good" political decision and did not feel that we were "there yet" to eliminate bottled water. He indicated that maybe in a year's time, the General Manager can poll the employees to see their thoughts at that time.

President Croucher indicated that he also felt that this was not an action that should be taken at the board level at this point, however, he felt it should be brought to the board for discussion as a request was made by a member of the board.

Director Robak made a motion to prohibit the purchase of bottled water with District monies except for emergency use. The motion died as it failed to receive a second.

10. BOARD

a) DISCUSSION OF 2008 AND 2009 BOARD MEETING CALENDARS

It was discussed that the December 2008 Regular Board Meeting has been scheduled on December 15, 2008 and all members of the board were available to attend.

11. INFORMATIONAL ITEMS

a) INFORMATIONAL REPORT ON THE REQUEST FROM SYCUAN BAND OF THE KUMEYAAY NATION FOR ANNEXATION TO THE OTAY WATER DISTRICT, SAN DIEGO COUNTY WATER AUTHORITY, METROPOLITAN WATER DISTRICT, AND LOCAL AGENCY FORMATION COMMISSION FOR WATER (SPECIFIED PARCELS ONLY) AND SEWER (CHARLES)

President Croucher indicated that this item is presented to the board as an informational item only and information is provided in staffs' report.

REPORTS

12. GENERAL MANAGER'S REPORT

General Manager Watton indicated that the 36-inch Potable Pipeline design is scheduled to be completed on December 2008 and the project will be advertised for bid when the design is completed. The contract award is expected to be presented in March 2009. He indicated that the District has lost approximately six months from the original plan, but it is felt that the District can make time up during the bid and construction phase. He stated that Lee and Ro are fully engaged and have done a good job in moving the project forward.

He indicated that the District participated in the Statewide Emergency Preparedness Golden Guardian exercise today. He stated that two issues came out of the exercise, having better coordination with the City of Chula Vista and San Miguel Fire Protection District on critical fire areas (areas they wished to protect first) to assure that the water is available for these areas. He introduced Mr. Ted Cudal who is the District's new Safety Manager. He indicated that Mr. Cudal has a lot of experience in safety and security and is doing a good job.

He shared that the District is receiving good attendance for its rotating sprinkler nozzle class. Over 55 persons attended which indicates that the advertising to conserve water is getting noticed by the public.

General Manager Watton indicated that the School Education Program was contracted out to the Water Conservation Garden Authority. The Garden has provided tours to a total of 174 students and 22 adults, thus far, and 17 tours have been scheduled through the end of the school year. The program is going well and the District is pleased with how things are working with the program.

He indicated that the District has received the Municipal Information Systems Association of California award for the second year in a row for Excellence in IT Practices. He stated that it is a pleasure to receive such recognition.

He stated that Chief of Information Technology Geoff Stevens and Accounting Manager Rita Bell provided a presentation at the AWWA Conference regarding the District's Information Systems (financial reporting, project job costing, etc.). He stated that the City of San Diego preceded the District's presentation and it gave him a new appreciation for the District's system. He stated staff presented the District's system which provides real time numbers and readily available reports. He stated that the presentation and the District's system were very well received.

He noted that the financial reporting information in his report. He stated that these are difficult times, however, the District's portfolio is secure and in good shape. He stated that the financial reports show each investment the District holds and he wished to make note of the reports which is reviewed by the board monthly.

General Manager Watton indicated that the District has received \$1,195,000 in grant money for the District's recycled water facilities. He indicated that this was monies which was not anticipated, but was received because the City of San Diego and other participants in the grant program were not ready to receive the

funding, so the District was granted the funds. He indicated that Congressman Filner is watching the program very closely and is working to assure that the U.S. President's budget included more money for Title XVI Grants. He stated the District expects to receive approximately another \$5 million in grant monies for its recycled projects. Director Bonilla inquired where the monies would be placed. Chief Financial Officer Beachem indicated that monies from grants are placed in the Expansion Fund. This is restricted monies to be used specifically for the recycled program. He noted that the monies are reimbursement to the Expansion Fund for the money the District has already expended for the recycled projects.

He noted that Mexico's water deliveries have terminated as scheduled and it is expected that the deliveries would resume in December 2008. He indicated that in October 2008 the board took an action to allow the General Manager to execute the new addendum to the old agreement. He stated that he had signed the agreement today and it is being forwarded to CWA who will handle the appropriate distribution. This ensures that all is in place to resume deliveries in December. Director Bonilla inquired what the commitment was. Chief Financial Officer Beachem indicated that the District is provided with a list of their water delivery needs which has been within the District's ability to provide through its system. Mexico was taking about 11.6 MGD per day, but the District is unsure what the new schedule will request. It was noted that Mexico has honored every obligation for its water purchases and it is expected that they will honor future obligations. Director Bonilla requested that staff provide the board a memo noting bullet points of the important points in the agreement so they may answer the public's inquiries.

SAN DIEGO COUNTY WATER AUTHORITY UPDATE

President Croucher indicated that water conservation remains CWA's primary focus. They had approved \$1.8 million for conservation advertising and received a grant for \$500,000 which increases the advertising budget to \$2.3 million for conservation alone. He stated the board also viewed the "Water: H₂O=Life" exhibit at the San Diego Natural History Museum in Balboa Park. He stated it was an incredible exhibit and encouraged everyone to attend. He stated that CWA will soon be voting on a new chair, vice chair and secretary. He indicated that General Manager Watton may be elected as vice chair which would be a great opportunity for the District. He stated that it is expected that Mr. Bud Lewis will be elected as chair and Mr. Tom Wornham as secretary. It was noted that CWA will not hold a board meeting in November.

13. PRESIDENT'S REPORT

President Croucher congratulated Directors Bonilla, Lopez and Robak on their successful election to the District's board.

14. DIRECTORS' REPORTS/REQUESTS

Director Robak thanked everyone for their support. He shared that SDG&E is sponsoring the LED holiday lighting of the Water Conservation Garden for the holidays. The lighting event is scheduled for this evening. They will also be at the Garden this Saturday for their light exchange program from 11:00 a.m. to 3:00 p.m. where they will exchange three stands of your holiday lights with LED lights.

Director Breitfelder indicated that the Conservation Action Committee received a presentation from Camp Pendleton. They have a long standing conservation program as they utilize well water. They took the opportunity to teach water conservation in the same manner that is practiced by soldiers in the field. He indicated that he had an opportunity to present the water conservation message to the Chula Vista Retired Employees Association. He stated that he was very gratified to see after serious discussion of the water situation that the group was not fazed when the impact to water rates was discussed. He indicated that a presentation regarding VOCAL was provided at the October Water Agencies Association Dinner meeting. He stated that there was a good discussion on the prospects of VOCAL and it looks like there is at least a core with interest and the group will need to build interest from there. He noted that he and General Manager Watton met with City of San Diego Councilmember Ben Hueso. He is very engaged in water issues and it was good to hear him express how much he values the City of San Diego's relationship, on a business basis, with the District. Director Breitfelder also announced that he would be running for Councilmember John McCann's seat on the City of Chula Vista's council. Councilmember McCann will be termed out of office in a couple years and he has graciously endorsed Director Breitfelder. Director Breitfelder indicated that he wished to share this news as he did not wish District staff to be the last to know.

Director Robak inquired with regard to the North District Study that he noted the Regional Quality Control Board had some questions and he wished to know if the project was moving along well. General Manager Watton indicated that the report is in draft form and is being reviewed. The District is receiving comments to finalize the study and it is moving forward.

RECESS TO CLOSED SESSION

14. CLOSED SESSION

The board recessed into closed session at 4:44 p.m. to discuss the following matters:

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

(II) CITY OF BANNING v. JAMES JONES CO., COUNTY OF LOS ANGELES, SUPERIOR COURT, CASE NO. BC 321513

h) CONFERENCE WITH LEGAL COUNSEL – POTENTIAL LITIGATION [GOV-ERNMENT CODE §54956.9(b)]

1 CASE

RETURN TO OPEN SESSION

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

The board reconvened at 5:07 p.m (Director Robak left at 4:44 p.m.). General Counsel Yuri Calderon indicated that no reportable actions were taken in closed session.

16. ADJOURNMENT

With no further business to come before the Board, Vice President Lopez adjourned the meeting at 5:08 p.m.

President

ATTEST:

District Secretary



AGENDA ITEM 7a

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	March 4, 2009
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:	Selection of Auditor for Fiscal Year Ending June 20, 2009		

GENERAL MANAGER'S RECOMMENDATION:

That the Board approve the Finance, Administration & Communications Committee's selection of an accounting firm to serve as the District's auditors for the fiscal year ending June 30, 2009. The contract will be for 1-year, with four (4) 1-year options, with each option year subject to Board review and approval.

COMMITTEE ACTION:

See Attachment A.

PURPOSE:

To retain the services of an accounting firm to serve as the District's auditors for the Fiscal Year ending June 30, 2009.

Staff has reviewed proposals from eight accounting firms, to include conducting interviews with the four firms scoring highest on the evaluation of proposals. The result of this process is our recommendation that the Audit Committee interview the following two firms, and select one firm to be recommended as the District's auditor for the fiscal year ending June 30, 2009.

Diehl Evans & Company, LLP
Ortega & Konrad, LLP

BACKGROUND:

The District is required to retain the services of an independent auditing firm each fiscal year to perform an audit of the District's financial statements. For the past five years, the District has retained the services of Teaman, Ramirez

& Smith, Inc. For Fiscal Year 2009, however, the District feels it is time to open up bidding to other potential audit service providers in order to maintain competitiveness in pricing and level of service, and to allow for the natural rotation of auditors in accordance with sound business practice.

The Finance, Administration & Communications Committee also serves the Board as the Audit Committee. The purpose of an Audit Committee is to review the reports of external auditors, to include management letters and internal control recommendations, and ensure implementation by management. The committee also has the responsibility to recommend an accounting firm to the Board to perform the annual audit. The interview process is an opportunity for committee members to personally speak to the accountants who will be working on the audit.

ANALYSIS:

On January 7, 2009, staff sent a Request for Proposals (RFP) to fourteen accounting firms to solicit interest in performing the audit of the District's financial statements for the fiscal year ending June 30, 2009. The District received proposals from a total of eight audit firms, listed below with their proposed fees.

AKT, LLP	\$31,000
Caporicci & Larson	\$24,000
Charles Z. Fedak & Company	\$24,000
Diehl Evans & Company, LLP	\$33,000
Hoska, Nagel & Company	\$15,582
Lance Soll & Lunghard, LLP	\$27,250
Mayer Hoffman McCann P.C.	\$35,600
Ortega & Konrad, LLP	\$22,800

Technical proposals representing each of the eight firms were then reviewed and ranked according to criteria identified by staff as critical to a successful audit. The four firms scoring highest on the technical evaluation were then contacted for an on-site interview with District staff. Subsequent to the interview, the four finalists were again ranked using a combination of the original technical criteria and their performance during the interview. The result of this process is our recommendation that the Audit Committee interview the two top-ranked firms to select which firm to recommend to the Board as the District's auditor for the fiscal year ending June 30, 2009.

The most important considerations in evaluating all of the firms were as follows: 1) Firm qualifications and experience; 2) Partner, supervisory and staff qualifications and experience; 3) Similar engagements with other government entities; 4) Specific audit approach; and 5) Cost. While the two recommended firms are extremely well qualified and scored highest overall of the eight firms that submitted RFP's, staff believes the main differences between the two are:

Diehl Evans & Company, LLP: A larger firm, with multiple offices and greater depth of personnel resources. No prior audit exposure to Otay Water District, so some additional hours are planned to get to know and understand all of the District's operations and internal controls. Also, more layers of audit management and review at the conclusion of the audit fieldwork.

Ortega & Konrad, LLP: A small, single-office firm, but has prior direct knowledge of the District, with lower overhead and subsequently lower fees. Higher amount of hands-on audit work performed by partner-level staff.

Copies of the two recommended firm's technical and fee proposals are included in this report as attachments.

FISCAL IMPACT: _____

Board approved audit fees are included in the District's annual Operating Budget.

STRATEGIC OUTLOOK:

The District ensures its continued financial health through long-term financial planning and debt planning.

LEGAL IMPACT: _____

Required by law.



General Manager

Attachments:

- A) Committee Action Form
- B) Diehl Evans & Company, LLP Audit & Fee Proposal
- C) Ortega & Konrad, LLP Audit & Fee Proposal
- D) Audit Proposal Analysis



ATTACHMENT A

SUBJECT/PROJECT:	Selection of Auditor for Fiscal Year Ending June 30, 2009
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COMMITTEE ACTION:

The Finance, Administration, and Communications Committee reviewed this item at a meeting held on February 20, 2009. The following comments were made:

- Staff is seeking to retain the services of an accounting firm to serve as the District's auditors for the Fiscal Year ending June 30, 2009.
- Teaman Ramirez & Smith, Inc. has served as the District's auditor for the past five years and the District feels, as a Best Management Practice, that it should open up bidding to other potential audit service providers in order to maintain competitiveness in pricing, get a new view of the District's finances and assure objectivity.
- A Request for Proposal (RFP) was forwarded to fourteen accounting firms and the District received eight proposals. A panel consisting of Finance staff and the District's Purchasing Manager Steve Dobrawa reviewed and interviewed the interested firms. The panel selected Ortega & Konrad, LLP and Diehl Evans & Company, LLP as the top-ranked firms and invited their representatives to interview with the District's Finance, Administration and Communications Committee.
- Mr. Harvey Schroeder, representing Diehl Evans & Company, LLP, interviewed with the committee. He indicated:
 - His firm has offices in Irvine, Carlsbad and Escondido.
 - They have been doing business in Southern California for 75 years and have been providing services for governmental agencies since the 1950's.
 - They have audited 12 water districts and quite a few special districts in the area.
 - They have also provide services to public agencies on an as needed basis such as training, employee

finances, W2's, etc. Staff has been attending their seminar on GFOA awards.

- o Their clients do submit for the GFOA awards and generally receive the awards.
 - o All Diehl, Evans & Company LLP staff members, supervisory and above, working on the audit will be CPA's. Mr. Schroeder will oversee the audit and indicated that he has over 25 years of experience. The lead who will be assigned to the District's audit has over 16 years of experience. The audit will also be reviewed by another partner of Diehl Evans & Company for quality control.
 - o Diehl Evans & Company requires continuing education for their staff members.
 - o Mr. Schroeder indicated that they estimate that their staff would spend approximately 355 hours on the audit.
- Mr. Mario Ortega, representing Ortega & Konrad, LLP, interviewed with the committee. He indicated:
- o His firm was established in 2003. Prior to establishing his firm, he had worked with Hutchison & Bloodgood, LLP for 16 years and was a lead auditor during four of the 16 years.
 - o While at Hutchison & Bloodgood, LLP he had worked with Sweetwater Authority, Ramona MWD, Descanso WD, City of Escondido and Otay WD.
 - o Mr. Ortega indicated that the benefit of selecting a small firm is he (a partner of the firm) and his associate, Mr. Luis Armeda, would handle the District's audit. Mr. Armeda has over 20 years of auditing experience and had worked for Diehl Evans & Company, LLP. While at Diehl Evans & Company he worked on auditing water districts. He became the Vice President of technology working on Y2K issues and later left to go on his own. Mr. Ortega contacted him in 2003 to join Ortega & Konrad, LLP.
 - o Mr. Ortega indicated that he has been trained in "Risk Management" and would tailor the audit to address risks specific to the District ("Risk Based Audit").
 - o Mr. Ortega had previously worked with the District in the late 1990's when he was employed by Hutchison & Bloodgood, LLP. Hutchinson & Bloodgood was selected as the District's audit firm at that time.
 - o He stated that the cost difference between his firm and Diehl Evans & Company is that their overhead is

not as high and since their audit is risk based, they would concentrate where there is risk (spend time where it is needed so they would be more efficient). Also since they have knowledge of the organization, they understand what it would take to complete an audit and have based their bid on that cost. They anticipate the audit would take between 160 and 200 hours.

- It was discussed that during the bidding process each bidder is provided the same scope of service description and the same questions and answers.
- It was indicated that the benefits of a larger firm is they have more resources and more experience. Diehl Evans & Company is a very reputable firm and would do a very good job on the audit.
- The benefits of a smaller firm is the audit would be handled by the partners of the company. Ortega & Konrad have previous knowledge of the District and the cost is lower because overhead is not as high. They would also do a good job on the audit.
- The committee indicated that their responsibility to the District is to select the firm that is the most qualified to handle the job and experience is very critical.
- Staff indicated that if they took the cost difference out, staffs' recommendation is to select Diehl Evans & Company, LLC to handle the District's audit.
- It is expected that the audit would take approximately two weeks. If there are errors found, then it may take a little longer.

The committee recommends retaining Diehl, Evans & Company, LLC and presentation of same to the full board on the consent calendar.

**OTAY WATER DISTRICT
TECHNICAL AUDIT PROPOSAL
FOR THE YEAR ENDING JUNE 30, 2009**

COPY

RFP Subject: Comprehensive Annual Financial Report
for the Otay Water District
for the Year Ending June 30, 2009

Name of Proposer: Diehl, Evans & Company, LLP
Certified Public Accountants and Consultants

Local Address: 2965 Roosevelt Street
Carlsbad, CA 92008

Telephone: (760) 729-2343

Fax: (760) 729-2234

Website: www.diehlevans.com

Email: harveys@diehlevans.com

Contact Persons: Harvey J. Schroeder, CPA
Engagement Partner

David Forman, CPA
Engagement Manager/Principal

Nitin Patel, CPA
Consulting Partner

Date: January 21, 2009

January 21, 2009

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

A PARTNERSHIP INCLUDING ACCOUNTANCY CORPORATIONS

2965 ROOSEVELT STREET
CARLSBAD, CALIFORNIA 92008-2389
(760) 729-2343 • FAX (760) 729-2234
www.dichlevans.com

*PHILIP H. HOLTkamp, CPA
*THOMAS M. PERLOWSKI, CPA
*HARVEY J. SCHROEDER, CPA
KENNETH R. AMES, CPA
*WILLIAM C. PENTZ, CPA
MICHAEL R. LUDIN, CPA
CRAIG W. SPRAKER, CPA
NITIN P. PATEL, CPA
ROBERT J. CALLANAN, CPA

* A PROFESSIONAL CORPORATION

January 21, 2009

Mr. Joseph R. Beachem, Chief Financial Officer
Otay Water District
2554 Sweetwater Springs Boulevard
Spring Valley, California 91978-2096

Dear Mr. Beachem:

We are pleased to present our proposal to serve as independent auditors for the Otay Water District. We have prepared this information in accordance with the guidelines set forth in your request for proposal.

Why We Are The Best Qualified Firm

We consider ourselves to be the best qualified firm to perform auditing and accounting services for the Otay Water District. Please consider these qualifications:

- Diehl, Evans & Company, LLP has been located in Southern California for more than 75 years. Our firm consists of 9 partners, 3 principals and approximately 35 other professional staff. The staff who would be assigned to your audit work out of our Carlsbad and Escondido offices.
- Unlike many other accounting firms, we have a relatively low staff turnover rate. This has allowed us to keep continuity in our engagement teams from year to year, and has allowed our professional staff to gain extensive municipal auditing experience. Since our staff is familiar with municipal procedures and records, this will eliminate much disruption to your staff. We make a commitment to retain the same staff on the audit from year to year, except when such personnel leave the firm. If a staff member is replaced, we also make a commitment to replace that person with staff of at least equal experience. We understand and support the District's ability to accept or reject replacement staff.
- Diehl, Evans and Company, LLP has been providing auditing services to governmental agencies since 1950. A significant part of our practice is devoted to providing professional services to your specialized industry and over the past year, our firm audited seventeen special districts which included twelve water districts, twenty-five cities of which many operate their own municipal water operations, and many other governmental agencies.
- The District may require a single audit of its federal grants, in accordance with Government Auditing Standards and OMB Circular A-133. We perform single audits on substantially all of our audit clients.

Why We Are The Best Qualified Firm (Continued)

- Over the years, we have developed a wide knowledge of tax issues related to governmental entities and their employees. Our tax department regularly issues tax opinions to our governmental clients on such issues as the tax consequences of forming nonprofit corporations, employee benefit plans, payroll tax reporting problems, Form 1099 filing requirements, etc.
- We are a full service CPA firm. Our Management Consulting Department can provide the District with a wide variety of services, including investment policy compliance reviews, litigation support and dispute resolution services, consulting on governmental tax issues, cost allocation plans and computer systems consulting.

We make a commitment to deliver all necessary reports based on the timetable presented herein on page 12. Also, our understanding of the work to be performed is set forth on pages 12-17.

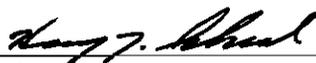
Our goal is to provide the District with the highest quality of service which meets all required reporting standards and a comprehensive management letter, which is practical and helpful to management in improving operations. Also, our goal is to maintain a close, personal relationship with you and your staff, one that is a year-round working relationship. You should feel comfortable in calling on us for advice at any time. We will always be available should you require our services.

We respectfully request that we be selected as the independent auditors for the District for the year ending June 30, 2009. We look forward to personally meeting (speaking) with you to discuss our qualifications.

We thank the District for the opportunity to present our proposal. Please feel free to contact me at (760) 729-2343 if you have any questions. This proposal constitutes a firm and irrevocable offer until April 26, 2009. I am authorized to represent our firm, and bind the firm to a contract.

Very truly yours,

DIEHL, EVANS & COMPANY, LLP

By: 
Harvey J. Schroeder, CPA
Engagement Partner

QUALIFICATIONS OF THE FIRM

SIZE AND LOCATION OF THE FIRM

Diehl, Evans & Company, LLP is a Southern California accounting firm with offices in Carlsbad, Irvine, and Escondido. We are one of the oldest CPA firms in Southern California, with more than 75 years of public practice experience. Our firm consists of 9 partners, 3 principals and approximately 35 other professional staff.

Diehl, Evans & Company, LLP has extensive experience in governmental auditing and accounting. More than twenty thousand hours per year are devoted to this area of our practice for nearly 100 governmental units including cities, redevelopment agencies, water districts, special districts, nonprofit corporations and joint power authorities.

Your District would be served from our Carlsbad and Escondido offices, which have 4 partners, 2 principals and approximately 10 professional staff.

Substantially all of our professional staff has experience with governmental auditing.

RANGE OF ACTIVITIES

Diehl, Evans & Company, LLP is a full service CPA firm. We offer a broad range of services, including:

- | | |
|---------------------------|--------------------------------|
| Certified Audits | Tax Planning |
| Compilations and Reviews | Income Tax Preparation |
| Limited Procedure Reviews | Management Consulting Services |
| Financial Planning | |

Our specific services for governmental agencies are more fully set forth in this proposal.

LICENSING AND INDEPENDENCE

Our firm, and all of our certified personnel, are properly licensed to practice public accounting in California.

Also, we meet the independence requirements of “Governmental Auditing Standards” (2007 Edition), as published by the U.S. General Accounting Office.

Our firm is independent of the District as defined by Governmental Auditing Standards.

PARTICIPATION IN “QUALITY REVIEW” PROGRAMS

In 1986, our firm began an annual internal quality review program, whereby all three offices are reviewed for compliance with all current accounting and auditing requirements. Formal reports of these reviews are presented to the partners, and adjustments in our auditing and reporting procedures are made as necessary.

In January 2006, our firm underwent a quality review by an independent CPA firm, under provisions of the AICPA Quality Review Program. These reviews are required every three years and covered our audits of governmental agencies. We received a final report dated January 13, 2006 with an unqualified opinion on our systems and procedures. A copy of the independent CPA firm’s report is included herein at Attachment III. Accordingly, we are confident that our current auditing standards and techniques meet all existing requirements.

No regulatory action has ever been taken against any office of our firm due to substandard work. We had no significant deficiencies noted in any federal or state desk reviews over the past three years.

EDUCATION PROGRAMS

Diehl, Evans & Company, LLP has a formal continuing education program. All firm auditors are required to obtain 80 hours of continuing education every two years in the accounting and auditing area as required by Government Auditing Standards, and at least 24 hours of government related continuing education courses. Our staff is continually expanding their knowledge of the governmental industry through our in-house training programs, programs offered by the AICPA, the California Society of Certified Public Accountants and other professional organizations, and through on-the-job training. We also publish an Auditing Manual For Governmental Entities for internal use by our staff. The manual is updated at least annually.

Noted below is a description of certain in-house education courses taken by our partners and staff to meet the governmental continuing education requirements. All personnel involved with governmental auditing are required to attend these courses.

- New Risk Assessment Standards
- Implementation of GASB Statement No. 34, Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments
- Understanding, and Auditing, Deposits and Investments of California Governmental Units
- Reviews of Internal Controls in Accordance With Statements on Auditing Standards
- Assessing Audit Risk and Materiality in Conducting An Audit
- Understanding the Gann Computation
- Redevelopment Agency Compliance Audits - Interpreting the Health and Safety Code
- Computer Auditing in the Governmental Environment
- The Single Audit - New Provisions under OMB Circular A-133
- Laws and Regulations in the Government Sector

PARTICIPATION IN PROFESSIONAL ORGANIZATIONS

Our partners and staff are actively involved in professional organizations in the governmental accounting field. Noted below is a summary of our participation in various national and California governmental organizations.

GFOA, GASB and FASB

Our firm is an associate member of the Government Finance Officers Association of the United States and Canada (GFOA).

Also, we have subscriptions with the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standard Board (FASB). We receive all GASB and FASB Statements, Interpretations, Technical Pronouncements and Newsletters. We regularly analyze these pronouncements and advise our governmental clients of changes in accounting rules.

PARTICIPATION IN PROFESSIONAL ORGANIZATIONS (CONTINUED)

CSMFO

Partners in our Irvine and Carlsbad offices (Mr. Harvey Schroeder, Mr. Michael Ludin, Mr. Craig Spraker, Mr. Nitin Patel and Mr. Robert Callanan) and our Director of Management Consulting (Mr. William S. Morgan) are associate members of the California Society of Municipal Finance Officers (CSMFO). Our personnel regularly attend local CSMFO chapter meetings throughout Southern California, and the annual statewide conference. We often provide public speakers for these meetings.

CSCPA

All Escondido and Carlsbad office partners and principals are members of the California Society of Certified Public Accountants (CSCPA). Several professional staff members are also members of the CSCPA.

GFOA AND CSMFO AWARD PROGRAMS

The partner and manager will be involved in all phases of report preparation. Reporting checklists will be used to assure compliance with all reporting requirements. Based on the high quality of our review process, we have been able to assist various districts and cities in obtaining the GFOA “Certificate of Achievement for Excellence in Financial Reporting” and the “Outstanding Award” for financial reporting from CSMFO. During the past five years, the following clients received awards:

Special Districts:

- Cucamonga County Water District
- Mesa Consolidated Water District
- Rancho California Water District
- Santa Fe Irrigation District

Cities:

- | | | | |
|-------------|------------------|---------------------|---------------|
| Alhambra | Fullerton | Lake Elsinore | Encinitas |
| Cerritos | Garden Grove | Lakewood | Santa Clarita |
| Chino | Healdsburg | Mission Viejo | Signal Hill |
| Commerce | Hesperia | Montebello | Simi Valley |
| Coronado | Huntington Beach | Norwalk | Temecula |
| Del Mar | Indian Wells | Pico Rivera | Thousand Oaks |
| Diamond Bar | Irvine | San Juan Capistrano | Tustin |

REFERENCES AND SUMMARY OF SIMILAR EXPERIENCE

SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENTAL ENTITIES

The following are the 4 most significant engagements performed in the past five years.

Santa Fe Irrigation District:

Scope of Work: Issued audits for the District, Filtration Plant and Financing Authority.

Engagement Date: Audits for June 30, 2002 - 2006

Approximate Total Annual Hours: 350 Hours

Engagement Partner: Harvey Schroeder, CPA

Principal Contact: Mr. Michael Bardin, General Manager (858) 756-2424

Borrego Water District:

Scope of Work: District Audit

Engagement Date: Audits for June 30, 1995 - Present

Approximate Total Annual Hours: 250 Hours

Engagement Partner: Harvey Schroeder, CPA

Principal Contact: Mr. Jerry Rolwing, Interim General Manager, (760) 726-5856

San Dieguito Water District:

Scope of Work: District Audit

Engagement Date: Audit for June 30, 2006 – June 30, 2008

Approximate Total Annual Hours: 175 Hours

Engagement Partner: Mike Ludin, CPA

Principal Contact: Mr. Jay Lembach, Finance Officer, (760) 633-2600

Leucadia Wastewater District:

Scope of Work: District Audit

Engagement Date: Audits for June 30, 1999 - 2004

Approximate Total Annual Hours: 175 Hours

Engagement Partner: Harvey Schroeder, CPA

Principal Contact: Mr. Paul Bushee, General Manager, (760) 753-0155

CITY CLIENT REFERENCES

One means of judging the high quality of our auditing and accounting services would be contact with some of our existing clients. We are including the names and phone numbers of several of the city clients mentioned above. We encourage you to contact any of these individuals.

City of Hesperia

Mr. Brian Johnson
Director of Administrative Services
(760) 947-1441
Engagement: Audit
Dates: 6/30/1997 – 6/30/2008

City of Del Mar

Finance Director
(858) 755-9354
Engagement: Audit
Date: 6/30/1994 – 6/30/2005

City of Coronado

Ms. Leslie Suelter
Director of Administrative Services
(619) 522-7300
Engagement: Audit
Dates: 6/30/79 – 6/30/2007

City of Encinitas

Mr. Jay Lembach
Finance Officer
(760) 633-2600
Engagement: Audit
Date: 6/30/2006 – 6/30/2008

WATER DISTRICTS AND OTHER SPECIAL DISTRICTS

Noted below is a listing of water and special districts audited by our firm over the past year.

Water Districts

Borrego Water District
Cucamonga Valley Water District
Jurupa Community Services District
La Habra Heights County Water District
La Puente Valley County Water District
Laguna Beach County Water District
San Luis Rey Municipal Water District

Walnut Valley Water District
Pomona-Walnut-Rowland Joint
Water Line Commission
Puente Basin Water Agency
Rancho California Water District
San Dieguito Water District

Other Special Districts

Coachella Valley Association
of Governments
Downey Cemetery District

Sunset Beach Sanitary District
Valley Wide Recreation and Park District
Encinitas Ranch Golf Authority

ENTERPRISE FUND EXPERIENCE

Most cities audited by our firm have a water utility enterprise fund. Noted below is a partial listing of other enterprise funds audited by our firm over the past five years:

<u>City</u>	<u>Enterprise</u>
Alhambra	Water, Sewer, Storm Drain, Sanitation, Golf Course
Buena Park	Water
Cerritos	Reclaimed Water
Chino	Water, Sewer, Sanitation System
Coronado	Golf Course, Sewer
Del Mar	Sewer
Downey	Golf Course, Transit System
Encinitas	Water, Golf Authority
Fullerton	Water, Refuse
Garden Grove	Water, Sanitation, Mobile Home Parks
Healdsburg	Electric, Water, Sewer, Transit
Hesperia	Water, Sewer
Huntington Beach	Water, Golf, Housing, Refuse
Lakewood	Water
Mission Viejo	Animal Services, Television
Montebello	Water, Golf, Transit
Norwalk	Transit
Palm Desert	Golf, Building
Pico Rivera	Water
San Juan Capistrano	Water, Sewer
Santa Clarita	Transit
Simi Valley	Water, Sanitation, Transit
Thousand Oaks	Water, Sewer, Golf
Tustin	Water
Westminster	Water

SINGLE AUDIT EXPERIENCE

We perform single audit services for most of our cities that receive federal funds as required by OMB Circular A-133. Over the past year, Single Audits were performed for the following cities.

- | | |
|----------------------|-----------------------------|
| City of Alhambra | City of Lakewood |
| City of Buena Park | City of Mission Viejo |
| City of Cerritos | City of Montebello |
| City of Chino | City of Norwalk |
| City of Commerce | City of Pico Rivera |
| City of Downey | City of San Juan Capistrano |
| City of Fullerton | City of Santa Clarita |
| City of Hesperia | City of Thousand Oaks |
| City of Indian Wells | City of Encinitas |
| City of Irvine | City of Westminster |

NONPROFIT CORPORATIONS AND JOINT POWER AUTHORITIES

Noted below is a partial listing of nonprofit corporations and joint power authorities audited by our firm over the past year. A substantial number of these entities are “component units” which are combined into the basic financial statements of governmental organizations which exercise oversight responsibility.

- | | |
|---|---|
| Buena Park Foundation | Lake Elsinore Financing Authority |
| Cal State L.A. Metrolink Authority | Lake Elsinore Recreation Authority |
| Conejo Open Space Conservation Agency | Norwalk Financing Authority |
| Coronado Financing Authority | Pico Rivera Water Authority |
| Coronado Improvement Corporation | Public Cable Television Authority |
| Cove Community Public Safety Commission | Redwood Empire Financing Authority |
| Downey Civic Center Corporation | San Juan Capistrano Housing Corporation |
| Downey Recreational Area Authority | Santa Clarita Watershed Recreation and Conservation Authority |
| Downey Water Facilities Corporation | South County Senior Services |
| El Toro Reuse Planning Authority | Southeast Area Animal Control Authority |
| Healdsburg Public Improvement Corporation | Walnut Valley Building Corporation |
| Torrey Pines High School Foundation | |

EXPERIENCE WITH PREPARATION OF STATE-MANDATED REPORTS

We have experience with the preparation of various state-mandated reports, such as the State Controller’s Report Statements of Indebtedness, and the Annual Street Report. We regularly prepare them for some of our clients.

EXPERIENCE WITH GOVERNMENT BOND OFFERINGS

Most of our governmental clients regularly issue bonds and other financing vehicles. Our firm is often involved with the following types of financing:

Tax Anticipation Notes	Tax Allocation Bonds
Revenue Bonds	Certificates of Participation
Special Assessment District Bonds	Residential Mortgage Revenue Bonds
Industrial Development Bonds	Municipal Sale/Leaseback Arrangements
Lease Purchases	Bank Notes

The Firm provides a variety of services in connection with these financing arrangements, depending on the extent of our association with the offering. Under guidelines provided by the AICPA, we are “associated with” an offering if we provide any of the following services:

1. Manually sign the auditors’ report included in the offering document.
2. Provide a “consent letter” or “comfort letter” in connection with the official statement.
3. Review drafts of the official statement at the entity’s request.
4. Assist in the preparation of supplemental financial information included in the official statement.

Under these circumstances, we perform a “subsequent events” review of the entity’s financial condition immediately prior to the effective date of the offering. Such reviews are not part of our standard fee arrangements, and would be subject to a separate fee quotation.

Finally, we regularly issue separate certified audit reports on individual bond issues, such as mortgage revenue bonds and industrial development bonds.

MANAGEMENT CONSULTING SERVICES

We have extensive experience in the following areas:

- Consulting on Governmental Tax Issues
- Cable Television Consulting Services
- Hotel Transient Occupancy Tax Reviews
- Litigation Support Services for Governmental Agencies
 - Dispute Resolution Services for Redevelopment Agencies
 - Fraud Investigation for Police Department
- Reviews of Solid Waste Contractors
 - Franchise Compliance Reviews
 - Review of Pilot Recycling Program
 - Assistance with Trash Rate Negotiations
- Redevelopment Agency Consulting
- Cost Allocation Plans
- Computer Consulting Services
 - System Design
 - Documentation and Training
- Internal Control Reviews

AUDIT TEAM

The audit team will consist of the engagement partner, audit principal, audit manager, and one staff accountant.

The engagement partner will be Mr. Harvey J. Schroeder, CPA. He will be the primary contact for all matters involving the audit and will be responsible for assuring that all work for the District is performed in a complete and timely manner. He will work with the audit manager to coordinate and supervise the audit team. Mr. Schroeder brings many years of experience in a wide variety of governmental audit, accounting and consultation engagements. He brings extensive experience analyzing and solving complex and unique accounting issues.

Mr. David Forman, CPA, will serve as the audit principal. He will coordinate the engagement, supervise the audit team, schedule all field work, monitor time budgets and perform field work with the audit team. Mr. Forman will also serve as the engagement’s IT consultant and will perform the EDP review. He brings to the engagement more than fourteen years of experience performing and supervising governmental auditing and accounting engagements.

Mr. Lee Parravano, CPA, will serve as the audit manager. He will work with Mr. Forman coordinating the engagement and the work of the staff auditor, as well as performing audit interim and year end field work. Mr. Parravano has more than six years of experience working with clients including many Cities, Water Districts and other Governmental Agency audits.

The audit staff assistant will be Mr. Joshua Basile, CPA. He will work under the direct supervision of Mr. Parravano for all field work, preparation of the audit plan and audit programs, review and analysis of internal controls, research of accounting and auditing problems and preparation (or assist in preparing) requested reports. He will also assist with preparation of management letters. Mr. Basile has four years of experience working with clients including many Cities, Water Districts and other Governmental Agency audits.

Resumes for Mr. Schroeder, Mr. Forman and Mr. Parravano are included at Attachment II.

COMMITMENT RELATED TO PERSONNEL

We make a commitment to retain the same personnel from year to year, except when such personnel leave the firm, or when the change is approved by the District. If a staff member is replaced, we make a commitment to replace that person with staff of at least equal experience. We understand and support the District’s ability to accept or reject replacement staff.

NONDISCRIMINATION POLICY

Our firm has a policy to provide equal employment opportunities to all qualified persons without regard to race, color, age, sex, religion, national origin or handicap.

AUDIT SCOPE AND APPROACH

ENTITIES TO BE INCLUDED IN AUDIT

Otay Water District

REPORTS TO BE ISSUED AND DUE DATES

	<u>Draft Due Dates</u>	<u>Final Due Dates</u>
Otay Water District Comprehensive Annual Financial Report	September 25th	October 9th
Otay Water District Single Audit	September 25th	October 9th
Otay Water District Annual Report of Financial Transactions	As required by the State Controller	
Management Letter	September 25th	October 9th

AUDITS TO BE IN ACCORDANCE WITH GAAS AND OTHER REQUIREMENTS

We will audit the financial statements of the District as noted above. Our audits will be in accordance with auditing standards generally accepted in the United States of America as set forth by the AICPA, and will include such auditing procedures as we consider necessary under the circumstances.

Our audits will conform with the guidelines set forth in the AICPA’s Industry Audit Guide, Audits of State and Local Governmental Units. Our audits will also conform to all applicable guidelines set forth in the State Controller’s Minimum Audit Requirements for California Special Districts.

SPECIAL SERVICES

The District may request certain special services. With regard to these engagements, we intend to perform limited procedures reviews in connection with each assignment, in accordance with the AICPA’s attestation standards. Under the provisions of the attestation standards, the District will designate what specific procedures it wishes to have performed. We will then perform those procedures and report on our findings. This type of engagement will not constitute a certified audit in accordance with auditing standards generally accepted in the United States of America. Such special services are not part of our standard fee arrangements and would be subject to a separate fee quotation.

AUDIT APPROACH

Our firm uses a governmental audit program which we will modify to the Otay Water District’s operations based on the requirements of Statement of Auditing Standards (SAS) 104 thru 111 (Risk Assessment Standards). Our audit programs are organized using risk assessment procedures to identify testing of internal controls and general ledger account balances.

AUDIT APPROACH (CONTINUED)

1. Planning and Interim Work:

Gather information about the District and its environment, including internal control:

- Preaudit conference with the District to establish process of communication between the audit team and District staff.
- Establish scope of working and timing of fieldwork.
- Evaluate the design of internal controls that are relevant to the audit and determine whether the control, either individually or in combination is capable of effecting, preventing or detecting and correcting material misstatements.
- Determine that the controls have been implemented, that is, that the controls exist and that the District is using it.
- Specific areas to review include:
 - Accounts payable/cash disbursements
 - Accounts receivable/cash receipts
 - Payroll disbursements
 - Utility billing process
 - Investment compliance
 - Property and equipment
 - Grant administration
 - Budget process

2. Final Audit Work:

During the final audit work, we will assess “risk” of material misstatement based on understanding of the District’s audit environment, including its internal control, to identify account balances to audit that appear in the District’s financial statements. Our work may include:

- Confirmation of cash and investments balances and testing of bank reconciliations.
- Confirm significant receivable balances or review subsequent cash receipts to verify receivable balance.
- Search for unrecorded liabilities.
- Test capital asset additions and depreciation expense.
- Confirm long-term debt balances and review the accounting treatment of debt issued or refunded.
- Test support for other significant assets or liabilities.
- Analytical procedures on balance sheet and revenue and expenditure accounts, to evaluate and explain unusual fluctuations from prior year balances or current year budgeted amounts.
- Review of attorney letters for significant legal matters affecting the District’s financial position.

The audit workpapers will be reviewed by our management team in the field so that at the conclusion of the fieldwork we are able to report any adjustments or findings. An exit conference will be held to review any significant adjustments or findings.

AUDIT APPROACH (CONTINUED)

3. Level of Staff Hours:

We anticipate the level of hours to be assigned to be approximately as follows:

	<u>Hours</u>
Partners	30
Technical Reviews/Principals	45
Managers	50
Supervisory Staff	80
Staff Accountants	<u>150</u>
 Total	 <u>355</u>

COMPUTER AUDITING CAPABILITIES

In connection with our initial evaluation of internal controls, our in-house computer audit consultant will perform a review of your network and computing environment. His review will examine the District’s organizational, physical, and operational controls.

More specifically, our auditors verify to what extent the District is utilizing:

- Access controls (password restrictions, etc.)
- Master file change controls
- Back-up procedures
- Management review of documents and reports provided by the computer system

After our evaluation of internal controls, we will determine to what extent computer auditing techniques will be utilized. For some testing, we may audit “through” the District’s computer-produced records, rather than “around” them. The extent of our computer auditing will be determined based on our analysis of the cost effectiveness of these techniques.

For districts that use a fully integrated, on-line computer system, our audit staff members may become knowledgeable with the District’s procedures for accessing and making “inquiries” into the various computer applications. In some instances, we may be able to randomly access and print-out sample data without significant assistance from District staff. Otherwise, we may need to request that District staff assist us in accessing and printing-out the desired data.

The computer consultant who will be performing your computer review will be Mr. David Forman, CPA a principal of Diehl, Evans & Company, LLP. His resume is included in attachment II.

SINGLE AUDIT APPROACH

If a single audit is required it will be performed in accordance with all the requirements of the Single Audit Act Amendments of 1996, OMB Circular A-133, Government Auditing Standards issued by the GOA (the “Yellow Book”) and AICPA Statement on Auditing Standards No. 68, “Compliance Auditing Applicable to Governmental Entities and Other Recipients of Governmental Financial Assistance”.

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 a risk that material misstatements or noncompliance may exist and not be detected by use. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that 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.

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.

We will plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of the applicable procedures described in the OMB Circular A-133 “Compliance Supplement” for the types of compliance requirements that could have a direct and material effect on each of the District’s major programs. The purpose of those procedures will be to express an opinion on the District’s compliance with requirements applicable to major programs in our report on compliance issued pursuant to OMB Circular A-133.

When we begin the single audit, we will identify the Major and Nonmajor Federal Financial Assistance Programs of the District. Each Major and Nonmajor program will be identified as either a low risk or high risk program. Programs to be tested will be selected based on our assessment of risk for each program.

We will identify the types of activities that are either specifically allowed or prohibited by the laws, regulations, and contract or grant agreements pertaining to the programs and document an understanding of the internal controls the District has to provide reasonable assurance that federal awards are expensed only for allowable activities or costs.

We will select a sufficient number of transactions to support a low level of assessed control risk. If no exceptions in the function of key controls are noted, we will conclude that a low level of control risk was achieved. If weaknesses in the internal controls are noted, we will modify our audit program as needed.

As part of our single audit, we will request that the District assist in completing the Data Collection Form. The form will assist us in identifying the federal programs which will be required to be tested.

APPROACH IN DETERMINING LAWS AND
REGULATIONS SUBJECT TO AUDIT

Under provisions of AICPA Statement on Auditing Procedures No. 74, Management of the District is responsible for identifying to its outside auditors any laws and regulations which would have a significant effect on the audit. This would include federal laws (such as federal grant regulations), State laws (such as permitted investments under the California Government Code) and local laws (such as restrictions on special revenues levied by the District). After our selection as auditors, we will consult with District officials regarding these matters, to determine what laws and regulations need to be evaluated in connection with our audit. If a District is not able to identify specific laws and regulations that effect it, we have references (California Government Code and Health and Safety Code) to the more common laws, rules and regulations in our standard audit programs for the usual activities of a Special District which will assist us in identifying laws and regulations to review in the audit.

POTENTIAL AUDIT PROBLEMS

We are not anticipating any unusual audit problems.

METHOD OF SAMPLING

Our approach is to utilize random sampling based in our testing of the internal control systems related to cash receipts, cash disbursements, payroll and utility billings. Based on a statistical conclusion used by the firm our sample sizes can range from 25 to 60 transactions. A random sample selection allows each item in the population of an equal chance of being selected. In addition, for disbursements, we may select a stratified sample of all transactions over a specified dollar amount for review.

ANALYTICAL PROCEDURES

Analytical procedures are used in the planning and final stages of the audit. In the planning phase, we use analytical procedures to identify unusual financial transactions and comparing relationships to expected results. We compare current year information to the prior years for balance sheet items, revenues and expenditures. In addition, revenues and expenditures are compared to budgets to identify unexpected results. In the final stages of the audit, the financial statements are reviewed to identify expected relationships such as comparing debt paid to expenditures recorded on governmental funds, transfers between funds, depreciation expense, etc. For all significant relationships identified, explanations are obtained as to why the situation occurred and additional audit procedures are applied to resolve any concerns.

MANAGEMENT LETTERS

In connection with each audit, a complete review of internal controls will be made of all significant accounting procedures. Our firm uses an internal control questionnaire and a computer systems questionnaire to develop information for the management letter. Upon the completion of each audit and discussion with appropriate District staff, our firm will submit a management letter which shall identify weaknesses observed during these reviews and throughout the audit, assess their effects on financial management and recommend steps toward eliminating the weaknesses.

RETENTION OF AND ACCESS TO AUDIT WORKPAPERS

In accordance with provisions of OMB Circular A-133 and GAO requirements, our audit workpapers will be maintained for at least five years after the date of the report. These workpapers will be made available as necessary to your cognizant audit agency (or its designee), to GAO representatives, or to any other federal or state agency needing access to the workpapers. Also, our firm will respond to any reasonable inquiries of successor auditors and we will allow any successor auditors to review our workpapers.

AUDIT TIMING

Assuming that the District's books are closed and ready for examination and that all necessary schedules and documents are available for our use by the 15th of August, we propose to arrange the various phases of the audit, for the first year, approximately as follows, and commit to deliver the reports by the deadlines as outlined on page 12 (Audit Scope and Approach):

Interim Work: Late May through Early June

- Preparation for interim field work
- Internal control work
- Prepare confirmations

Send Confirmations June 30thPlanning Work: Mid - June

- Review results of internal control work
- Planning meetings
- Design audit programs

Year End Field Work: August 17th – August 28thReports

- September 25th – Draft of reports delivered
- October 9th – Delivery of final reports

WORK REQUIRED BY DISTRICT STAFF

Our fixed annual fees contemplate that conditions satisfactory to the normal progress and completion of the examination will be encountered and that District accounting personnel will furnish the agreed-upon assistance in connection with the audit. However, if unusual circumstances are encountered which make it necessary for us to do additional work, we shall report such conditions to the responsible District officials and provide the District with an estimate of the additional accounting fees involved.

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

1. Technical assistance in familiarizing our staff with:

- The flow of information through the various departments and accounting systems.
- Reports generated by your accounting system.
- The system of internal controls.
- Controls established to monitor compliance with federal grants.

2. Preparation of trial balances for all funds, after posting of all year end journal entries.

3. Preparation of supporting schedules, if any, in addition to the District's internal workpapers. A list of documentation requested by the auditor to be prepared by the District, if any, will be provided to the District at least two weeks before the start of final field work.

4. Typing of all confirmation requests.

5. Pulling and re-filing of all supporting documents required for audit verification.

6. Preparation of the Management's Discussion and Analysis and any other supplementary schedules to be included in the report.

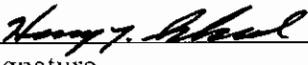
ATTACHMENT I

PROPOSER GUARANTEES AND WARRANTIES

PROPOSER GUARANTEES

1. Diehl, Evans and Company, LLP certified it can and will provide and make available, as a minimum, all services set forth in Section II, Nature of Services Required.

Diehl, Evans & Company, LLP
Firm


Signature

Harvey J. Schroeder, CPA
Printed Name

Partner
Title

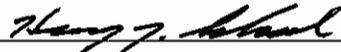
January 21, 2009
Date

WARRANTIES

Diehl, Evans & Company, LLP warrants the following:

1. The firm is willing and able to comply with State of California laws with respect to foreign (non-state of California) corporations.
2. The firm is willing and able to provide proof of insurance covering the following areas: 1) general liability; 2) worker’s compensation; 3) errors and omissions providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees, or agents thereof.
3. The firm will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the District.
4. All information provided by the firm in connection with this proposal is true and accurate.

Diehl, Evans & Company, LLP
Firm


Signature

Harvey J. Schroeder, CPA
Printed Name

Partner
Title

January 21, 2009
Date

ATTACHMENT II

**RESUMES OF PARTNERS AND KEY
PERSONNEL ASSIGNED TO AUDIT**

HARVEY J. SCHROEDER, CPA

Position Partner

Education San Diego State University
Bachelor of Science in Accounting

Recent Relevant Continuing Professional Education:

- Risk Based Auditing 8/08
- The New Risk Assessment Standards 5/08
- Audits of Nonpublic Organizations 12/07
- The New Risk Assessment Standards 12/07
- GAGAS Audits 8/07
- Audits of Nonprofit Organizations 12/07
- GAAS Audits under the New Risk Assessment Standards 7/07
- GASB 34 Update – 12/06
- Internal Controls and IT – 8/06
- GASB Update – 8/06
- Budget Reporting, MD&A, CAFR’s – 12/05
- Planning a Government Audit – 12/05
- GASB 34 Review & Update – 7/04

Professional Organizations

- American Institute of Certified Public Accountants
- California Society of Certified Public Accountants
- California Society of Municipal Finance Officers
- Accounting Principles and Auditing Standards Committee of the San Diego Chapter, California Society of CPAs
- Governmental Accounting and Auditing Committee of the San Diego Chapter, California Society of CPAs

Range of Experience

Has been with Diehl, Evans and Company since 1984

Has over 25 years experience including governmental audits of cities, redevelopment agencies, water districts and special districts for the following clients:

- | | |
|-------------------------------|--|
| City of Hesperia | Hesperia Water District |
| Hesperia Fire District | Hesperia Community Redevelopment Agency |
| City of Big Bear Lake | City of Big Bear Lake Dept. of Water |
| City of Big Bear Lake RDA | City of Big Bear Lake Fire Protection District |
| City of Coronado | City of Avalon |
| Borrego Water District | Leucadia Wastewater District |
| National City RDA | Valley Wide Recreation and Park District |
| North County Transit District | Santa Fe Irrigation District |
| San Luis Rey Water District | |

DAVID B. FORMAN, CPA

Position Audit Manager/Principal/IT Consultant

Education University of California, San Diego
 Bachelor of Arts

 University of California, San Diego, Extension
 Professional Certificate in Accounting

Licensing Certified Public Accountant in California since May 1996

Consulting Experience

- System Design
- System Administration
- Technical Support
- Negotiation with Vendors
- System Installation
- User Training
- Workstation Configuration

Range of Experience

Has more than fourteen years of experience in governmental accounting and auditing.

Has acted as audit principal, manager, senior or staff for the following governmental clients:

- | | |
|-----------------------------------|----------------------------------|
| City of Del Mar | City of Hesperia |
| City of Encinitas | City of Big Bear Lake |
| Santa Fe Irrigation District | Leucadia Wastewater District |
| Vallecitos Water District | Dana Point Sanitary District |
| Big Bear Lake Water District | Eastern Municipal Water District |
| Hesperia Fire Protection District | Hesperia Redevelopment Agency |
| Hesperia Water District | Capo Valley Water District |

Continuing Professional Education

- Recent Relevant Continuing Professional Education:
- Redevelopment Agency Workshop 10/08
 - Risk Based Auditing 8/08
 - The New Risk Assessment Standards 5/08
 - Audits of Nonprofit Organizations 11/07
 - GFOA Annual Government GAAP Update 11/07
 - Government Auditing Standards 8/07
 - GAAS Audits under the New Risk Assessment Standards 7/07
 - Planning the Single Audit – 1/07
 - Statement on Auditing Standards 1/07
 - Ethics 12/06
 - GASB 34 Update 12/06
 - Internal Controls and IT – 8/06
 - GASB 40 Update - 11/05

LEE PARRAVANO, CPA

Position Audit Senior

Education University of California Santa Barbara
 Bachelor of Arts in Economics, emphasis in Accounting, 2002

Licensing Certified Public Accountant in California since April 2005

Range of Experience

Experience includes governmental auditing and financial reporting on cities, water districts, special districts, redevelopment agencies, joint power authorities, nonprofit corporations and grants. Has worked on the following governmental clients:

- | | |
|------------------------------|--|
| City of Hesperia | City of Del Mar |
| City of Coronado | Valley-Wide Park and Recreation District |
| Santa Fe Irrigation District | City of Big Bear Lake |
| Leucadia Wastewater District | City of Encinitas |
| Borrego Water District | City of Temecula |

Continuing Professional Education

- Recent Relevant Continuing Professional Education:
- Audits of Nonpublic Organizations 1/08
 - The New Risk Assessment Standards 1/08
 - Fund Accounting 8/07
 - GAAS Audits under the New Risk Assessment Standards 7/07
 - Staff Training for Accounting and Auditing 7/07
 - Financial Accounting Standards 5/07
 - Statement on Auditing Standards 104-111 Update 1/07
 - Internal Controls and IT – 8/06
 - GASB Update – 8/06
 - Preparing Governmental Financial Statements – 12/05
 - Guide to Audits of Local Governments – 12/05
 - GASB 40 Update – 11/05
 - GASB Update – 8/05
 - Professional Ethics for CPA’s – 9/04
 - SAS 99 Update – In House 6/04
 - 2004 Governmental Update 7/04
 - GASB 34 Review & Update – 7/04

ATTACHMENT III
RESULTS OF OUTSIDE QUALITY REVIEW

HEIDENREICH & HEIDENREICH
CERTIFIED PUBLIC ACCOUNTANTS

12020 S. Warner-Elliott Loop #121
Phoenix, AZ 85044-2700
(480)704-6301 fax 785-4619

15545 Bear Valley Rd. #B
Hesperia, CA 92345
(760) 946-2899 fax 948-7712

sheldenreich@att.net

January 13, 2006

To the Owners
Diehl, Evans and Company, LLP

We have reviewed the system of quality control for the accounting and auditing practice of Diehl, Evans and Company, LLP (the firm) in effect for the year ended September 30, 2005. A system of quality control encompasses the firm's organizational structure, the policies adopted and procedures established to provide it with reasonable assurance of conforming with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of CPAs (AICPA). The firm is responsible for designing a system of quality control and complying with it to provide the firm reasonable assurance of conforming with professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance with its system of quality control based on our review.

Our review was conducted in accordance with standards established by the Peer Review Board of the AICPA. During our review, we read required representations from the firm, interviewed firm personnel and obtained an understanding of the nature of the firm's accounting and auditing practice, and the design of the firm's system of quality control sufficient to assess the risks implicit in its practice. Based on our assessments, we selected engagements and administrative files to test for conformity with professional standards and compliance with the firm's system of quality control. The engagements selected represented a reasonable cross-section of the firm's accounting and auditing practice with emphasis on higher-risk engagements. The engagements selected included among others, audits of Employee Benefit Plans and engagements performed under Government Auditing Standards. Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with firm management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

In performing our review, we obtained an understanding of the system of quality control for the firm's accounting and auditing practice. In addition, we tested compliance with the firm's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the firm's policies and procedures on selected engagements. Our review was based on selected tests therefore it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it. There are inherent limitations in the effectiveness of any system of quality control and therefore noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice of Diehl, Evans and Company, LLP in effect for the year ended September 30, 2005, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA and was complied with during the year then ended to provide the firm with reasonable assurance of conforming with professional standards.

As is customary in a system review, we have issued a letter under this date that sets forth comments that were not considered to be of sufficient significance to affect the opinion expressed in this report.

Heidenreich & Heidenreich

Heidenreich & Heidenreich
Certified Public Accountants

**HEIDENREICH & HEIDENREICH
CERTIFIED PUBLIC ACCOUNTANTS**

12020 S. Warner-Elliott Loop #121
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15545 Bear Valley Rd. #B
Hesperia, CA 92345
(760) 948-2899 fax 948-7712

sheldenreich@att.net

January 13, 2006

To the Owners
Diehl, Evans and Company, LLP

We have reviewed the accounting and auditing practice of Diehl, Evans and Company, LLP for the year ended September 30, 2005, and have issued our report thereon dated January 13, 2006. That report should be read in conjunction with the comment in this letter, which was considered in determining our opinion. The matter described below was not considered to be of sufficient significance to affect the opinion expressed in that report.

Comment - The firm has established policies for audit documentation, but has not developed specific guidance to ensure that certain procedures are documented in full as required by professional standards. As a result, we noted that the firm's documentation was incomplete with respect to the general audit program on one audit and the program for benefit payments/participant accounts on the audit of an Employee Benefit Plan. The workpapers did contain sufficient documentation to support the audit opinion.

Recommendation - The firm should revise its policies and procedures relating to performing audits to include specific guidance for the documentation required by professional standards.

Heidenreich & Heidenreich

Heidenreich & Heidenreich
Certified Public Accountants

OTAY WATER DISTRICT
COST PROPOSAL
FOR THE YEAR ENDING JUNE 30, 2009

COPY



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

A PARTNERSHIP INCLUDING ACCOUNTANCY CORPORATIONS

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 CARLSBAD, CALIFORNIA 92008-2389
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 www.diehlevans.com

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 *THOMAS M. PERLOWSKI, CPA
 *HARVEY J. SCHROEDER, CPA
 KENNETH R. AMES, CPA
 *WILLIAM C. PENTZ, CPA
 MICHAEL R. LUDIN, CPA
 CRAIG W. SPRAKER, CPA
 NITIN P. PATEL, CPA
 ROBERT J. CALLANAN, CPA

* A PROFESSIONAL CORPORATION

January 21, 2009

Otay Water District
 Joseph R. Beachem
 2554 Sweetwater Springs Boulevard
 Spring Valley, CA 91978-2096

Dear Mr. Beachem:

Thank you for allowing us the opportunity to present our cost proposal to the Otay Water District. We are pleased to present our proposal to serve as independent auditors for the District. We have prepared this cost proposal in accordance with the guidelines discussed in your request for proposal.

Our goal, as outlined in our technical proposal, is to provide the District with the highest quality of service. Additionally, our goal is to maintain a close, personal relationship with you and your staff, one which is a year-round working relationship. Our Carlsbad office is fully staffed and conveniently located to meet your needs. You should feel comfortable in calling on us for advice at any time. We will always be available should you require our services.

We respectfully request that we be selected as the independent auditors for the Otay Water District for the year ending June 30, 2009. Our all-inclusive maximum price for the year ending June 30, 2009 is \$33,000. We understand and accept that reimbursement for travel, lodging and subsistence are at the prevailing District rates for its employees. Progress payments will be billed on the basis of pro-rated audit work completed during the course of the engagement.

We thank the Otay Water District for the opportunity to present our proposal. Please feel free to contact Harvey J. Schroeder, CPA, engagement partner or David B. Forman, CPA, engagement principal at (760) 729-2343 if you have any questions. This proposal constitutes a firm and irrevocable offer until April 26, 2009. I am authorized to represent our firm, empowered to submit this bid, and authorized to sign a contract with the Otay Water District.

Very truly yours,

DIEHL, EVANS & COMPANY, LLP

By: Harvey J. Schroeder
 Harvey J. Schroeder, CPA
 Engagement Partner

- 1 -

OTHER OFFICES AT:

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

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

Schedule of Proposed Audit Fees

<u>Service</u>	Fiscal Year Ended June 30, 2009
Financial Statement Audit and CAFR: \$	28,000
Single Audit:	3,500
State Controller's Annual Report of Financial Transactions	<u>1,500</u>
Total	<u>\$ 33,000</u>

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR THE AUDIT OF THE JUNE 30, 2009 FINANCIAL STATEMENTS				
ALL-INCLUSIVE MAXIMUM PRICE				
	Hours	Standard Hours Rates	Quoted Hourly Rates	Total
Partners	30	\$ 225	\$ 170	\$ 5,100
Technical Reviews/Principals	45	185	140	6,300
Managers	50	130	100	5,000
Supervisory Staff	80	115	90	7,200
Staff Accountants	150	75	60	9,000
Subtotal	355			32,600
Out-of-Pocket Expenses:				
Meals and lodging				150
Transportation				250
Total all-inclusive maximum price for 2009 audit				<u>\$ 33,000</u>

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR THE AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS AND CAFR				
	Hours	Standard Hours Rates	Quoted Hourly Rates	Total
Partners	24	\$ 225	\$ 170	\$ 4,080
Technical Reviews/Principals	40	185	140	5,600
Managers	43	130	100	4,300
Supervisory Staff	70	115	90	6,300
Staff Accountants	122	75	60	7,320
Subtotal	299			27,600
Out-of-Pocket Expenses:				
Meals and lodging				150.00
Transportation				250.00
Total for 2009 Financial Statements and CAFR				<u>\$ 28,000</u>

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR THE AUDIT OF
THE JUNE 30, 2009 FINANCIAL STATEMENTS

SUPPORTING SCHEDULE FOR SINGLE AUDIT REPORT

	Hours	Standard Hours Rates	Quoted Hourly Rates	Total
Partners	4	\$ 225	\$ 170	\$ 680
Technical Reviews/Principals	5	185	140	700
Managers	5	130	100	500
Supervisory Staff	6	115	90	540
Staff Accountants	18	75	60	1,080
Subtotal	38			3,500
Out-of-Pocket Expenses:				
Transportation				-
Total Price for 2009 Single Audit:				\$ 3,500

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR THE AUDIT OF
THE JUNE 30, 2009 FINANCIAL STATEMENTS

SUPPORTING SCHEDULE FOR STATE CONTROLLER'S REPORT

	Hours	Standard Hours Rates	Quoted Hourly Rates	Total
Partners	2	\$ 225	\$ 170	\$ 340
Technical Reviews/Principals	0	185	140	-
Managers	2	130	100	200
Supervisory Staff	4	115	90	360
Staff Accountants	10	75	60	600
Subtotal	18			1,500
Out-of-Pocket Expenses:				
Meals and lodging				-
Transportation				-
Total Price for 2009 State Controller's Report:				\$ 1,500

Ortega & Konrad, LLP

Certified Public Accountants

Otay Water District

Technical Proposal to Provide Audit Services

For the Fiscal Year Ended June 30, 2009

<i>Firm:</i>	<i>Ortega & Konrad, LLP Certified Public Accountants</i>
<i>Address:</i>	<i>5151 Shoreham Place, Suite 100 San Diego, CA 92122</i>
<i>Telephone Number:</i>	<i>(858) 623-2786</i>
<i>Date:</i>	<i>January 12, 2009</i>
<i>Contact:</i>	<i>Mario G. Ortega</i>

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Ortega & Konrad, LLP

Certified Public Accountants

5151 Shoreham Place, Suite 100
San Diego, CA 92108

TRANSMITTAL LETTER

January 29, 2009

Otay Water District
Joseph R Beachem
2554 Sweetwater Springs Boulevard
Spring Valley, California

Ortega & Konrad, LLP is pleased to present this proposal to provide audit services for Otay Water District, for the fiscal year ending June 30, 2009. We will demonstrate in this proposal that we have the experience and qualifications to provide these services in an efficient and cost effective manner. Our references and our past experience with water districts will affirm our reputation for on-time, on-budget delivery.

Mario Ortega, CPA will be the partner in charge of the engagement. Mario has twenty-three years of public accounting experience. Louis Almeida, who will be the field in-charge, will assist him. Louis has twenty-one years of auditing experience. All audit staff assigned to your engagement are auditors trained and experienced in auditing water districts similar to Otay Water District. The manner in which our staff provides our services is as important to us as the services we provide.

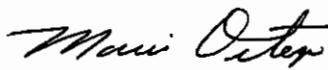
We believe Ortega & Konrad, LLP is the best choice for Otay Water District. Our firm specializes in providing auditing services to water districts in the County of San Diego. We are committed to timely, accurate, and innovative service, which is delivered in a professional manner.

The Audit Approach section of this proposal will prove we have recent experience with the audit requirements of Otay Water District, understand the environment in which it operates, and have developed a proven work plan that will achieve the scope of the engagement. The work plan is designed to perform the audit efficiently, without sacrificing quality, and result in us committing to start and complete the audit within the deadlines published in the request for proposal.

This proposal is a firm and irrevocable offer until April 26, 2009.

We sincerely appreciate the opportunity to propose on this engagement and trust this proposal is responsive to your requirements.

Sincerely,



Mario G. Ortega, CPA
Partner
Ortega & Konrad, LLP
Certified Public Accountants
mortega@ortegacpa.net

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FIRM INFORMATION

In this section of our proposal, we demonstrate that Ortega & Konrad, LLP has the qualifications, competence, and capacity to provide audit services to Otay Water District.

Independence: Ortega & Konrad, LLP is independent of Otay Water District under the AICPA standards in its Code of Professional Conduct and also as defined by the Government Auditing Standards as issued by the U.S. General Accounting Office.

Ortega & Konrad, LLP has had no previous professional relationships with Otay Water District over the past five years.

Ortega & Konrad, LLP will provide Otay Water District written notice of any professional relationships entered into during the period of this agreement.

License to Practice: All partners are properly licensed to practice in the State of California. The firm is licensed to practice public accounting in the State of California.

Professional Education: All partners and team members meet the continuing education requirements contained in the Government Auditing Standards, published by the U.S. General Accounting Office.

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FIRM QUALIFICATIONS & EXPERIENCE

Firm Background. Ortega & Konrad, LLP is an accounting firm founded in 2004 by Mario Ortega and Gene Konrad. The firm's two principals have over 30 years of collective auditing experience and 16 years of providing auditing services to local water districts.

Ortega & Konrad, LLP is located in San Diego, California and, in addition to its two principals, the firm has one full-time and one part-time staff available to assist in the firms audit engagements.

We are knowledgeable with applicable federal regulations and standards for audits of not-for-profit organizations, governmental organizations, programs, activities, and functions (Yellow Book) published by the Comptroller General of the United States in order to perform audits of this nature.

Team members Experience. Each of our auditors has over fifteen years of experience in auditing municipalities or special districts such as Otay Water District

Staffing. We anticipate staffing the engagement field work with one partner and one staff member.

Quality Control. Ortega & Konrad, LLP received an unqualified review of its most recent external quality control review. The quality control review included a review of government agencies and is enclosed for your review.

Disciplinary action. No State or professional disciplinary action has been taken against Ortega & Konrad, LLP within the past three years and none is currently pending. In addition the firm has not had any federal or state desk reviews or field reviews of our audits during the past three years.

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PARTNER, SUPERVISORY & STAFF QUALIFICATIONS & EXPERIENCE

All members assigned to this engagement are proven professionals in conducting audits of governmental entities as shown on the resumes that follow. The one full time and one part-time staff members we have available to us are seasoned auditors.

Mario Ortega will be the overall partner in charge assigned to your engagement. Mario has over twenty-three years of experience in public accounting and has been substantially involved in auditing water districts and other governmental and nonprofit entities. Mr. Ortega was instrumental in assisting the District and two other water districts in complying with GASB 34 and has assisted other governmental agencies in complying with the CAFR reporting requirements. In addition, Mr. Ortega has been involved in assisting in the process of issuing water revenue bonds.

Mr. Luis Almeida, will be assisting Mr. Ortega on this engagement. Louis has over twenty-one years in public and private accounting experience; eleven of those years were with two firms specializing in governmental audits; Diehl Evans & Company and Grice Lund and Tarkington. In addition to Mr. Almeida's experience in auditing, Mr. Almeida was Vice President of GLT Business Solutions, Inc., Grice Lund and Tarkington's computer consulting division.

Mr. Gene Konrad will be the concurring partner on the engagement. Mr. Konrad has experience in providing both audit and tax services in various industries including water districts and organizations subject to the requirements of OMB Circular A-133.

It is difficult for any firm to assure the continuity of members assigned to their engagement. However, since all of our staff, including our part-time personnel, are seasoned professionals who have settled into their careers, the likelihood of personnel turnover is much less than most traditional accounting firms. In addition, Mr. Ortega assures you that as principal of the firm, he will be onsite on a full time basis to assure continuity.

RESUMES OF AUDIT TEAM – MARIO ORTEGA

ENGAGEMENT

RESPONSIBILITY Mr. Ortega will serve as your Audit Partner. He will be responsible for the overall supervision of the audit. This responsibility includes insuring professional performance of the audit and timely delivery of the final product.

EXPERIENCE

Twenty-three years of public accounting experience with a concentration in financial and compliance audits for public agencies including 45 annual audits of the following water districts:

- Otay Water District (7 years)
- Sweetwater Authority (9 years)
- Padre Dam Municipal Water District (4 years)
- Ramona Municipal Water District (2 years)
- South Bay Irrigation District (15 years)
- Descanso Community Water District (7 years)
- Imperial Irrigation District (2 years)

PROFESSIONAL ACTIVITIES

American Institute of Certified Public Accountants
California Society of Certified Public Accountants
California Society of Municipal Finance Officers

EDUCATION

University of San Diego
Bachelors of Business Administration in Accounting

National University
Masters of Science in Taxation

Eighty hours of continuing professional education every two years, including twenty-four hours in courses directly related to the governmental environment and to government auditing.

RESUMES OF AUDIT TEAM – LOUIS ALMEIDA

ENGAGEMENT

RESPONSIBILITY Louis Almeida will be your in-charge auditor. He will work directly with the engagement partner in establishing audit objectives and overall scope, as well as approving the selection of audit procedures. He will monitor the engagement's progress and ensure that the audit team receives adequate supervision and direction. He, along with the engagement partner will consult with you to assure that all your questions are answered.

EXPERIENCE

Twenty-one years of public accounting experience with a concentration in financial and compliance audits for public agencies including audits of the following:

- South Bay Irrigation District
- Sweetwater Authority
- Descanso Community Water District
- Eastern Municipal Water District
- Dana Point Sanitary District
- Imperial Irrigation District
- Seeley County Water District
- City of Coachella
- City of Coronado
- City of Santa Paula
- City of El Centro
- County of Imperial

EDUCATION

University of San Diego
Bachelors of Business Administration in Accounting

Eighty hours of continuing professional education every two years, including twenty-four hours in courses directly related to the governmental environment and to government auditing.

GOVERNMENT ENGAGEMENTS

References. We have furnished within this proposal the names, addresses and telephone numbers of persons, firms, and agencies for whom similar audits have been conducted by Mario Ortega & Gene Konrad.

List of engagements. In addition to Otay Water District, the following is a list of organizations and agencies to which Mario Ortega & Gene Konrad have provided auditing and consulting services:

Sweetwater Authority

Debra Farrow, Director of Finance
(619) 420-1413

Engagement Partner: Gene Konrad (1990-2003), Mario Ortega (2004-2005)

Engagement Manager: Mario Ortega (1990-2003)

Annual Hours: 185

Dates: 1990-2003 (13 years with previous firm)
2004-2005 (2 years as Ortega & Konrad, LLP)

Scope of work:

1. Annual financial statement audit
2. Single audit of federal funding when required
3. Preparation of State Controllers Report
4. Audit of 6 year forecast for 1994, 2002 and 2005 official statements
5. Agreed upon procedures for 1994, 2002 and 2005 underwriters "comfort letter"

South Bay Irrigation District

Mark Rogers, General Manager
(619) 420-1413

Engagement Partner: Gene Konrad (1990-2003), Mario Ortega (2004-2005)

Engagement Manager: Mario Ortega (1990-2003)

Annual Hours: 55

Dates: 1990-2003 (13 years with previous firm)
2004-2005 (2 years as Ortega & Konrad, LLP)

Scope of work:

1. Annual financial statement audit
2. Preparation of State Controllers Report.

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GOVERNMENT ENGAGEMENTS (Continued)

Padre Dam Municipal Water District

Douglas Wilson, General Manager
(619) 258-4617

Engagement Partner: Gene Konrad

Engagement Manager: Mario Ortega

Annual Hours: 180

Dates: 1999-2002 (4 years)

Scope of work: Annual financial statement audit

Descanso Community Water District

Brian Bruce, General Manager
(619) 409-7754

Engagement Partner: Gene Konrad (2002-2003), Mario Ortega (2005-2008)

Engagement Manager: Mario Ortega (2002-2003)

Annual Hours: 60

Dates: 2000-2003 (3 years)

2005 (1 year as Ortega & Konrad, LLP)

Scope of work:

1. Annual financial statement audit
2. Preparation of State Controllers Report

AUDIT APPROACH

Approach: The audit procedures for this engagement are presented in the form of a comprehensive work plan, broken down by major audit activity. We believe a well thought-out work plan is essential to performing a thorough, yet cost effective audit. We have developed standard audit programs for Water District audits, which we will tailor as required to meet the unique needs of Otay Water District.

Planning: A properly planned audit provides for an effective and efficient audit. Not all water districts are identical, and it is important that we review the District's financial statements and discuss the current year's results with District personnel in order to determine our best approach. There are some firms and practitioners that believe that the planning process is unproductive time and do only what is necessary to satisfy auditing standards. At Ortega & Konrad, LLP we believe that the planning process is a great tool for identifying key audit areas to concentrate our efforts. During our planning, all audit team members are present and participate in the process. As a result of this team participation, all members have a better understanding of the overall approach and know exactly what they are responsible for completing.

Internal Controls: Generally Accepted Auditing Standards (GAAS) requires that we obtain an understanding of accounting internal controls. The District has invested a substantial amount of its resources in hiring very capable accounting and administrative personnel who have created accounting and administrative controls designed to assure accuracy and credibility of its reporting. At Ortega & Konrad, LLP, we believe that an in-depth understanding of the District's controls and testing of these controls for effectiveness lends to the credibility of the financial statements.

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AUDIT APPROACH (Continued)

Internal Controls – Continued: We also believe that this extra effort provides us a better understanding of the financial data we are reviewing and an opportunity to provide the District useful feedback.

In obtaining an understanding of the District's controls, we will also obtain an understanding of its operations. Our process of understanding will include interviewing District personnel from various departments (i.e. Engineering, Operations, Customer Service, etc.). Based on our experience we have found that there is much to be learned about the financial statements outside of the Finance Department.

Statistical Sampling: The use of statistical sampling will be considered in tests of controls and for certain substantive tests. However, based on our vast years of experience, we have not found statistical sampling the most efficient effective approach in auditing water districts. The use of statistical sampling in this audit would be unlikely.

Sample Size: Sample sizes are determined during the audit process and can vary depending on risk, reliable or unreliable internal controls, and other analytical techniques available.

Analytical Procedures. We anticipate utilizing analytical procedures extensively during our examination. This will include comparing actual results to budget as well as reviewing board minutes and interviewing district personnel from various departments to corroborate evidence gathered during the examination.

Determination of Laws & Regulations to be Tested. Auditing Standards requires us to design an audit that provides reasonable assurances of detecting material misstatements resulting from noncompliance with provisions of contracts or grant agreements that have a direct and material effect on the determination of financial statement amounts. If specific information comes to our attention that provides evidence concerning the existence of possible noncompliance that could have a material indirect effect on the financial statements, we are required to apply audit procedures specifically directed to ascertaining whether that noncompliance has occurred.

In order to determine if there are any material compliance issues that need to be addressed, we will request copies of all grant agreements to review. In addition, inquiries will be made to determine if there are any contracts that contain covenants that if not followed, could have a material impact on the financial statements.

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AUDIT APPROACH (Continued)

Compliance Sample Testing. If after reviewing and documenting the District's internal controls, we determine that test of controls are in order, our testing could range from a system walk-through to an actual test of transactions. If we decide to perform a test of transaction, our testing would be limited to approximately twenty-five transactions in the system being tested.

If the District is subject to the provisions of OMB 133, (i.e. the Single Audit Act), we will be required to test for compliance and design our sample to achieve a low level risk of control. This means that we would be required to obtain a sample of forty items with zero exceptions in our sample. Keep in mind that we are only required to design our sample to achieve a low-level risk; that does not mean we need to achieve such level. In our experience with Single Audits and water districts, the area usually subject to this testing is work-in process disbursements.

Potential Audit Problems. We do not anticipate any audit problems during our engagement. However, we believe that if an audit is well planned, any unanticipated problems are quickly identified and can be addressed with the proper level of District personnel.

AUDIT APPROACH (Continued)

Assignment of Team Members and Hours: Ortega & Konrad, LLP will be utilizing a growing approach in auditing which emphasis the use of strong analytical techniques that concentrates on comparing the District's financial results to events that have occurred and decisions that have been made by District staff and board members. We will be looking for a direct correlation between events and decisions and financial results.

Our proposed segmentation of the audit engagement, level of team members and number of hours is as follows:

	Hours		
	Partner	Member	Total
<ul style="list-style-type: none"> ➤ Engagement Planning <ul style="list-style-type: none"> Acceptance evaluation Determination of audit Objectives and key dates Preliminary internal control Evaluation Development of Overall audit strategy 	14	5	19
<ul style="list-style-type: none"> ➤ Tests of controls <ul style="list-style-type: none"> Design of audit Audit fieldwork, Evaluate results and draft reports 	52	75	127
<ul style="list-style-type: none"> ➤ Final review procedures 	11		11
<ul style="list-style-type: none"> ➤ Presentation to Board 	3		3
Total Hours	80	80	160

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PROPOSER GUARANTEES

The Proposer certifies it can and will provide and make available, at minimum, all services set forth in Section II, Nature of Services Required.

Signature of Official: *Mario Ortega*

Name: Mario G. Ortega

Title: Partner

Firm: Ortega & Konrad, LLP

Date: January 12, 2009

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PROPOSER WARRANTIES

- A. Proposer warrants that it is willing and able to comply with State of California laws with respect to foreign (non-state of California) corporations.
- B. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.
- C. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the express prior written permission of Otay Water District.
- D. Proposer warrants that all information provided by it in connection with this submittal is true and accurate.

Signature of Official: *Mario Ortega*

Name: Mario G. Ortega

Title: Partner

Firm: Ortega & Konrad, LLP

Date: January 12, 2009

FORMATION OF CONTRACT;
ADDITIONAL CONTRACT PROVISIONS

1. This Request for Proposal (RFP), together with proposer's signed offer (Proposal) and the Otay Water District's written acceptance thereof, including any contract provisions approved by the parties pursuant to subsequent negotiations, if any, shall constitute a binding contract (collective, the "Contract"). The Contract shall only be amended or modified annually, upon approval by the District of an updated Appendix E or pursuant to a written amendment signed by both parties.

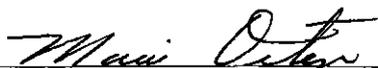
2. Conflict of Interest
 - a. Auditor has received and reviewed a copy of the District's Conflict of Interest Code (the "COI"), set forth under Division I, Chapter 5, Section 6 of the District's Code of Ordinance. Auditor understands that, to the extent it (i) conducts research and arrives at conclusions concerning advice, recommendations or information independently from the District; and (ii) renders information, advice, recommendations or counsel to the District, it may be required to file a disclosure statement in accordance with the COI.

 - b. No officer or employee of the District shall have any financial interest, direct or indirect, in this Agreement nor shall any such officer or employee participate in any decision relating to the Agreement which effects his or her financial interest or the financial interest of any corporation, partnership or association in which he or she has a financial interest if such participation would be in violation of any State statute or regulation.

 - c. Auditor, its officers, managers, related entities, affiliates, business associates, and their respective relatives or living trusts or other similar entities or persons (each, a "Related Person") shall avoid any relationship with District or any contractor of District that constitutes or may constitute a conflict of interest in connection with services provided under this Agreement.

 - d. Prior to entering into this Agreement and during the term, Auditor shall have a duty to disclose to the District any and all circumstances that pose an actual or potential conflict of interest.

- e. Auditor shall not obtain for itself or any Related Person any financial gain from the services other than as specified in this Agreement. Auditor represents that neither Auditor nor any Related Person has an existing financial interest and that neither will acquire any such interest, direct or indirect, that conflicts in any manner or degree with the performance of services required under this Agreement and that no person having any such interest shall be subcontracted in connection with this agreement, or employed by Auditor. Auditor shall not enter into this Agreement if such a conflict of interests exists at present.
 - f. If an actual or potential conflict of interest issue arises, Auditor agrees to fully cooperate in any inquiry and to provide the District with all documents or other information reasonably necessary to enable the District to determine whether or not a conflict of interest existed or exists.
 - g. Auditor shall not conduct or solicit any non-District business while on District property or time.
 - h. Failure to comply with the provisions of this section shall constitute grounds for immediate termination of this Agreement, in addition to whatever other remedies the District may have.
3. The Contract shall be interpreted and enforced pursuant to the laws of the State of California, without regard to any conflict of laws principles. Disputes which cannot be resolved by mutual agreement or by the terms and condition of this Contract shall be resolved by a court of competent jurisdiction in the County of San Diego, State of California.

Signature of Official: 

Name (typed): Mario Ortega

Title: Partner

Firm: Ortega & Konrad, LLP

Date: January 20, 2009



POWELL & SPAFFORD, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Jessie C. Powell, CPA
Patrick D. Spafford, CPA

Licensed by the California Board of Accountancy
Member: American Institute of Certified Public Accountants

To the Partners
Ortega & Konrad, LLP
Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Ortega & Konrad, LLP (the firm) in effect for the year ended November 30, 2005. A system of quality control encompasses the firm's organizational structure, the policies adopted and procedures established to provide it with reasonable assurance of conforming with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of Certified Public Accountants (AICPA). The firm is responsible for designing a system of quality control and complying with it to provide the firm reasonable assurance of conforming with professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance with its system of quality control based on our review.

Our review was conducted in accordance with standards established by the Peer Review Board of the AICPA. During our review, we read required representations from the firm, interviewed firm personnel, and obtained an understanding of the nature of the firm's accounting and auditing practice, and the design of the firm's system of quality control sufficient to assess the risks implicit in its practice. Based on our assessments, we selected engagements and administrative files to test for conformity with professional standards and compliance with the firm's system of quality control. The engagements selected represented a reasonable cross-section of the firm's accounting and auditing practice with emphasis on higher-risk engagements. The engagements selected included among others, engagements performed under *Governmental Auditing Standards* and Employee Benefit Plans under *ERISA*. Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with firm management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

In performing our review, we obtained an understanding of the system of quality control for the firm's accounting and auditing practice. In addition, we tested compliance with the firm's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the firm's policies and procedures on selected engagements. Our review was based on selected tests therefore it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it. There are inherent limitations in the effectiveness of any system of quality control and therefore noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because of the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice of Ortega & Konrad, LLP, in effect for the year ended November 30, 2005, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA and was complied with during the year then ended to provide the firm with reasonable assurance of complying with professional standards.

As is customary in a system review, we have issued a letter under this date that sets forth comments that were not considered to be of sufficient significance to affect the opinion expressed in this report.

July 31, 2006

Lowell & Spafford, LLP



Ortega & Konrad, LLP

Certified Public Accountants

MASTER COPY

Otay Water District

Dollar Cost Proposal to Provide Audit Services

For the Fiscal Year Ended June 30, 2009

Firm: Ortega & Konrad, LLP
Certified Public Accountants

Address: 5151 Shoreham Place, Suite 100
San Diego, CA 92122

Telephone Number: (858) 623-2786

Date: January 12, 2009



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ALL INCLUSIVE MAXIMUM PROPOSED FEES

The fees for our services are based on the actual time required by the individuals assigned to the engagement. Any out-of-pocket costs such as report production, typing, postage, etc. are not included in our bid and reimbursement will not be requested. Our Firm's hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit.

Based on our estimates, the all-inclusive maximum price to perform an audit of the general purpose financial statements and CAFR is \$19,200 for the fiscal year ending June 30, 2009.

We certify that Mario G. Ortega is a partner of Ortega & Konrad, LLP and is authorized, pursuant our partnership agreement, to submit the bid and contract with Otay Water District.

ORTEGA & KONRAD, LLP

Mario G. Ortega

OK

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR
THE AUDIT OF THE JUNE 30, 2009 FINANCIAL STATEMENTS:
GENERAL PURPOSE FINANCIAL STATEMENTS & CAFR**

	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partners	80	\$200	\$140	\$ 11,200
Managers	0	N/A	N/A	\$ 0
Supervisory Staff	0	N/A	N/A	\$ 0
Staff	80	\$150	\$100	\$ 8,000
Other (specify)				\$ 0
Subtotal	160			\$ 19,200
Out-of-Pocket expenses:				\$ 0
Meals, lodging & transportation				\$ 0
Total all-inclusive cost For the June 30, 2009 audit				\$ 19,200

Ortega & Konrad, LLP will not be incurring any travel costs and accordingly is not requesting reimbursement.



**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR
THE AUDIT OF THE JUNE 30, 2009 FINANCIAL STATEMENTS:
SUPPORTING SCHEDULES FOR STATE CONTROLLER'S REPORT**

	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partners	8	\$200	\$140	\$ 1,120
Managers	0	N/A	N/A	\$ 0
Supervisory Staff	0	N/A	N/A	\$ 0
Staff	0	N/A	N/A	\$ 0
Other (specify) Bid Discount				\$ (320)
Subtotal	<u>8</u>			\$ 800
Out-of-Pocket expenses				\$ 0
Transportation				
Other				
Total price for State Controllers Report				<u>\$ 800</u>



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SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
FOR THE AUDIT OF THE JUNE 30, 2009 FINANCIAL STATEMENTS:
SUPPORTING SCHEDULE FOR SINGLE AUDIT REPORT

	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partners	6	\$200	\$140	\$ 840
Managers	0	N/A	N/A	\$ 0
Supervisory Staff	0	N/A	N/A	\$ 0
Staff	20	\$150	\$100	\$ 2,000
Other (specify)				\$ 0
Subtotal	26			\$ 2,840
Out-of-Pocket expenses				\$ 0
Transportation				
Other				
Total for Single Audit Report				\$ 2,840



RATES FOR ADDITIONAL PROFESSIONAL SERVICES

Should the District request Ortega & Konrad, LLP to render services not specified in the Request for Proposal, such additional work would be subject to a separate engagement letter and a “not to exceed fee” for such work would be negotiated at the hourly rates set forth in the All Inclusive Cost Section of this Proposal.

MANNER OF PAYMENT

Fees will be billed monthly as the work progresses, based upon hours work completed and hourly rates in accordance with our cost proposal. Interim billing will cover a period of not less than a calendar month and total billing will not exceed the all-inclusive cost.

**OTAY WATER DISTRICT
AUDIT PROPOSAL ANALYSIS
INTERVIEWS**

	1 Int Ctrl	2 Weakness	3 CAFR	4 Actg Issues	5 Water Exp	6 Timing	7 Staff	8 Add Value	Interview Total	RFP TOTAL	GRAND TOTAL
<u>Ortega & Conrad</u>											
Joe	5.0	5.0	4.0	5.0	5.0	5.0	4.5	5.0	38.5		
Jim	4.0	5.0	4.0	5.0	4.0	5.0	5.0	4.0	36.0		
Steve	4.0	5.0	4.0	4.0	4.0	5.0	5.0	4.0	35.0		
	13.0	15.0	12.0	14.0	13.0	15.0	14.5	13.0	109.5	223.0	332.5
<u>AKT</u>											
Joe	4.0	5.0	4.0	4.0	5.0	4.0	5.0	5.0	36.0		
Jim	5.0	5.0	4.0	5.0	5.0	5.0	4.0	5.0	38.0		
Steve	4.0	5.0	3.0	4.0	5.0	4.0	4.0	5.0	34.0		
	13.0	15.0	11.0	13.0	15.0	13.0	13.0	15.0	108.0	209.0	317.0
<u>Caporicci & Larson</u>											
Joe	4.0	4.0	3.0	5.0	4.0	4.5	4.0	5.0	33.5		
Jim	5.0	4.0	3.0	4.0	4.0	5.0	5.0	5.0	35.0		
Steve	4.0	5.0	3.0	4.0	3.0	4.0	4.0	4.0	31.0		
	13.0	13.0	9.0	13.0	11.0	13.5	13.0	14.0	99.5	220.0	319.5
<u>Diehl, Evans</u>											
Joe	5.0	5.0	5.0	5.0	4.0	4.5	4.0	5.0	37.5		
Jim	5.0	4.0	5.0	5.0	4.0	5.0	4.0	5.0	37.0		
Steve	4.0	4.0	5.0	5.0	5.0	4.0	4.0	5.0	36.0		
	14.0	13.0	15.0	15.0	13.0	13.5	12.0	15.0	110.5	210.0	320.5

**OTAY WATER DISTRICT
AUDIT PROPOSAL ANALYSIS
RATINGS SUMMARY
FOR THE YEAR ENDING JUNE 30, 2009**

TOTALS		x2	x2	Info	x2	x2	x2			
Firm Name	Statement of Independence	License to Practice	Firm Quals	Staff Quals	Prior OWD Engagements	Similar Audits	Audit Approach	Issues / Problems	Cost	Totals
AKT	20	20	19	17	No	15	15	13	31,000	209
			38	34		30	30		24	
Caporicci & Larson	20	20	20	14	No	14	17	18	24,000	220
			40	28		28	34		32	
Charles Z. Fedak	12	20	14	14	No	14	12	9	24,000	181
			28	28		28	24		32	
Diehl Evans	20	20	18	17	No	14	18	12	33,000	210
			36	34		28	36		24	
Hosaka Nagel	12	12	13	9	No	8	10	11	15,582	155
			26	18		16	20		40	
Lance Soll & Lunghard	20	20	16	14	No	13	16	12	27,250	202
			32	28		26	32		32	
Mayer Hoffman McCann	20	14	17	17	No	16	17	12	35,600	204
			34	34		32	34		24	
Ortega & Konrad	20	17	17	18	No	19	17	12	22,800	223
			34	36		38	34		32	

**OTAY WATER DISTRICT
AUDIT PROPOSAL ANALYSIS
RATINGS SUMMARY
FOR THE YEAR ENDING JUNE 30, 2009**

Joe Beachem

x2 x2 Info x2 x2 x2

Firm Name	Statement of Independence	License to Practice	Firm Quals	Staff Quals	Prior OWD Engagements	Similar Audits	Audit Approach	Issues / Problems	Cost	Totals
AKT	5	5	5 10	3 6		3 6	3 6	3	31,000 3 6	47
Caporicci & Larson	5	5	5 10	2 4		2 4	5 10	5	24,000 4 8	51
Charles Z. Fedak	3	5	3 6	2 4		2 4	3 6	2	24,000 4 8	38
Diehl Evans	5	5	4 8	4 8		4 8	5 10	3	33,000 3 6	53
Hosaka Nagel	3	3	3 6	0 0		0 0	3 6	3	15,582 5 10	31
Lance Soll & Lunghard	5	5	4 8	4 8		3 6	4 8	3	27,250 4 8	51
Mayer Hoffman McCann	5	3	4 8	4 8		4 8	5 10	3	35,600 3 6	51
Ortega & Konrad	5	4	4 8	5 10		5 10	4 8	3	22,800 4 8	56

Scoring: 1 - 5, with 5 = highest

**OTAY WATER DISTRICT
AUDIT PROPOSAL ANALYSIS
RATINGS SUMMARY
FOR THE YEAR ENDING JUNE 30, 2009**

Steve Dobra			x2	x2	Info	x2	x2		x2	
Firm Name	Statement of Independence	License to Practice	Firm Quals	Staff Quals	Prior OWD Engagements	Similar Audits	Audit Approach	Issues / Problems	Cost	Totals
AKT	5	5	5 10	4 8		3 6	3 6	2	31,000 3 6	48
Caporicci & Larson	5	5	5 10	4 8		4 8	4 8	3	24,000 4 8	55
Charles Z. Fedak	3	5	4 8	4 8		5 10	3 6	1	24,000 4 8	49
Diehl Evans	5	5	5 10	4 8		4 8	4 8	2	33,000 3 6	52
Hosaka Nagel	3	3	4 8	3 6		2 4	2 4	2	15,582 5 10	40
Lance Soll & Lunghard	5	5	4 8	3 6		4 8	3 6	2	27,250 4 8	48
Mayer Hoffman McCann	5	3	4 8	4 8		5 10	3 6	2	35,600 3 6	48
Ortega & Konrad	5	4	5 10	4 8		5 10	4 8	2	22,800 4 8	55

Scoring: 1 - 5, with 5 = highest

**OTAY WATER DISTRICT
AUDIT PROPOSAL ANALYSIS
RATINGS SUMMARY
FOR THE YEAR ENDING JUNE 30, 2009**

Marissa Dychitan

			x2	x2	Info	x2	x2		x2	
Firm Name	Statement of Independence	License to Practice	Firm Quals	Staff Quals	Prior OWD Engagements	Similar Audits	Audit Approach	Issues / Problems	Cost	Totals
AKT	5	5	4 8	5 10		4 8	4 8	4	31,000 3 6	54
Caporicci & Larson	5	5	5 10	4 8		3 6	4 8	5	24,000 4 8	55
Charles Z. Fedak	3	5	3 6	4 8		3 6	3 6	3	24,000 4 8	45
Diehl Evans	5	5	4 8	4 8		3 6	4 8	3	33,000 3 6	49
Hosaka Nagel	3	3	3 6	3 6		3 6	3 6	3	15,582 5 10	43
Lance Soll & Lunghard	5	5	3 6	3 6		3 6	4 8	3	27,250 4 8	47
Mayer Hoffman McCann	5	4	4 8	4 8		3 6	4 8	4	35,600 3 6	49
Ortega & Konrad	5	4	3 6	4 8		4 8	4 8	3	22,800 4 8	50

Scoring: 1 - 5, with 5 = highest

**OTAY WATER DISTRICT
AUDIT PROPOSAL ANALYSIS
RATINGS SUMMARY
FOR THE YEAR ENDING JUNE 30, 2009**

Jim Cudlip			x2	x2	Info	x2	x2		x2	
Firm Name	Statement of Independence	License to Practice	Firm Quals	Staff Quals	Prior OWD Engagements	Similar Audits	Audit Approach	Issues / Problems	Cost	Totals
AKT	5	5	5 10	5 10		5 10	5 10	4	31,000 3 6	60
Caporicci & Larson	5	5	5 10	4 8		5 10	4 8	5	24,000 4 8	59
Charles Z. Fedak	3	5	4 8	4 8		4 8	3 6	3	24,000 4 8	49
Diehl Evans	5	5	5 10	5 10		3 6	5 10	4	33,000 3 6	56
Hosaka Nagel	3	3	3 6	3 6		3 6	2 4	3	15,582 5 10	41
Lance Soll & Lunghard	5	5	5 10	4 8		3 6	5 10	4	27,250 4 8	56
Mayer Hoffman McCann	5	4	5 10	5 10		4 8	5 10	3	35,600 3 6	56
Ortega & Konrad	5	5	5 10	5 10		5 10	5 10	4	22,800 4 8	62

Scoring: 1 - 5, with 5 = highest

AGENDA ITEM 7b



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	March 4, 2009
SUBMITTED BY:	Daniel Kay <i>DK</i> Associate Civil Engineer	PROJECT / SUBPROJECT:	P2191- DIV. 3 001103 NO.
	Ron Ripperger <i>RR</i> Engineering Manager		
APPROVED BY: (Chief)	Rod Posada <i>RP</i> Chief, Engineering		
APPROVED BY: (Asst. GM):	Manny Magaña <i>MM</i> Assistant General Manager, Engineering and Operations		
SUBJECT:	Change Order No. 1 to the Contract with Spiess Construction for the 850-4 Reservoir Project		

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board Change Order No. 1 to the original contract with Spiess Construction (Spiess), for construction of the 850-4 Reservoir Project for a deductive amount not to exceed <\$250,778.45> (see Exhibit A for project location).

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To obtain Board authorization for the General Manager to execute Change Order No. 1 (see Exhibit B) for a deductive amount not to exceed <\$250,778.45> to the original contract with Spiess for construction of the 850-4 Reservoir.

ANALYSIS:

At the January 16, 2008 Board Meeting, Spiess was awarded the construction contract for the 850-4 Reservoir, 2.2 Million Gallon Project. Project construction began in February 2008. Overall, construction is approximately 50% complete.

Change Order No. 1 provides reimbursement to the District in a net deductive amount of <\$250,778.45>. A summary of each item in the change order is described below:

The first item is for changes made to the solar equipment. The inverter specified was not compatible with the solar panels specified. The inverter had to be upgraded increasing the original cost. The amount for this change is \$752.40.

The second item is for the tie-in location of the inlet pipe. The proposed location could not be built per plan due to the steep terrain and accessibility, therefore, the tie-in location was moved. The new location required extra material and additional labor. The amount for this additional work is \$1,925.

The third item is for changes required to connect the tank drain and overflow into a catch basin. The proposed alignment could not be constructed per plan due to the angle of entry into the catch basin. The amount for this additional work is \$1,524.15.

The fourth item is a credit to the District for eliminating the installation of 3-inch conduit carrying electrical, telemetry and control wiring along the access road. An existing abandoned 2-inch conduit that runs from the bottom of the access road to the reservoir was discovered in good condition. This existing conduit was used to carry the proposed wiring in-lieu of a new 3-inch conduit. The amount of this deductive change is <\$16,260>.

The fifth item is a credit back to the District for installing cold mix in-lieu of oil sand beneath the reservoir floor and reducing the thickness from 6 inches to 4 inches. The oil sand specified was not available therefore, cold mix was used. The American Water Works Association (AWWA) Standard for Steel Reservoirs states that an asphaltic road mix may be used in-lieu of oil sand, should oil sand not be available. The AWWA Standard also states a minimum foundation thickness under the floor shall be 3-inches, therefore, to save material costs the thickness was reduced to 4-inches. The amount of this deductive change is <\$8,620>.

The sixth item is for two bid items District Staff has decided not to use as part of this contract. The original contract called for the contractor to re-coat the exterior of the existing 850-2 Reservoir and dispose of any hazardous material encountered during surface preparation. This work was to be funded by the operating budget. However, funding for reservoir coating in Fiscal Year 2009 was canceled due to the lack of incoming revenue. The condition of the exterior coating on the

existing 850-2 Reservoir is still in working condition, however, it will need to be re-coated in the future due to signs of peeling. District staff will include this reservoir on the priority list for re-coating. The amount for this deductive change is <\$230,100>.

The following is a table summarizing the value for each item:

Item	Issue	Amount
1	Solar Equipment	\$ 752.40
2	Inlet Tie-In	\$ 1,925.00
3	Tank Overflow & Drain	\$ 1,524.15
4	Electrical Credit	<\$ 16,260.00>
5	Oil Sand Credit	<\$ 8,620.00>
6	Bid Item Credit	<\$230,100.00>
	Total	<\$250,778.45>

FISCAL IMPACT:



The approved total budget for CIP P2191, as approved in the FY 2009 budget, is \$3,250,000. Expenditures to date are \$1,882,331. Total commitments to date, including this Change Order, are approximately \$3,250,000. (See Attachment B for budget detail.)

The Project Manager anticipates that, based on the attached financial analysis, the budget will be sufficient to support this project. Finance has determined that 27% of the funding is available from the Expansion Fund and 73% is available from the designated Betterment Fund.

STRATEGIC GOAL:

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

LEGAL IMPACT:

None.



General Manager

F:\WORKING\CIP P2191\Staff Reports\BD 03-04-09, Staff Report, Spiess C. O. #1 for 850-4 Reservoir, (DK-RR).doc

DK/RR:jf

Attachments: Attachment A
Attachment B
Exhibit A
Exhibit B



ATTACHMENT A

SUBJECT/PROJECT: P2191-001103	Change Order No. 1 to the Contract with Spiess Construction for the 850-4 Reservoir Project
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COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a meeting held on February 20, 2009. The following comments were made:

- Staff is requesting that the board approve a deductive Change Order to Spiess Construction in an amount not to exceed <\$250,778.45> for the construction of the 850-4 Reservoir.

- The change order consists of six items:
 - A solar equipment part was not compatible with the solar panels specified for the project. The part needed to be upgraded at an additional cost of \$752.40.
 - The tie-in location of the in-let pipe needed to be moved due to the steep terrain and accessibility. The new location required additional material and labor at a cost of \$1,925.
 - The catch basin for the tank drain and overflow needed to be altered due to the angle of entry (it must go in perpendicular rather than diagonally). The additional cost for this change is \$1,524.15.
 - An electrical conduit was eliminated as an existing abandoned conduit was discovered in good condition. This resulted in a deductive change of <\$16,260>.
 - 'Cold Mix' in lieu of 'Oil Sand' was utilized beneath the reservoir floor as Oil Sand was not available in San Diego. The thickness was also reduced from 6" to 4" (3" is the minimum standard). These changes meet the standards of American Water Works Association (AWWA) for steel reservoirs. These changes reduced cost by <\$8,620>.
 - Deleted the recoating of the exterior of the reservoir from the contract. The condition of the exterior coating is still in working condition. Staff had included it in the contract as the contractor was

already on-site. However, the bids were too high and staff felt that if two reservoirs were recoated at once, the bids would be better. The reservoir will instead be included on the priority list under the Reservoir Coating Maintenance Program. This change resulted in a deductive change of <\$230,100>.

- The committee inquired if landscaping at the reservoir site was included as part of the plan. Staff indicated that landscaping will be installed. The landscape will be "hardened" to make it less accessible for security reasons and will be aesthetically pleasing while easy to maintain.
- The committee suggested that staff provide a survey to the surrounding community after the construction of a facility is completed to receive feedback on how the construction impacted the community and how the District can improve.
- Staff also suggested that the District forward a survey to the community affected by the construction of the 1296 reservoir when it has been completed.

The committee supported staffs' recommendation and presentation to the full board on the consent calendar.



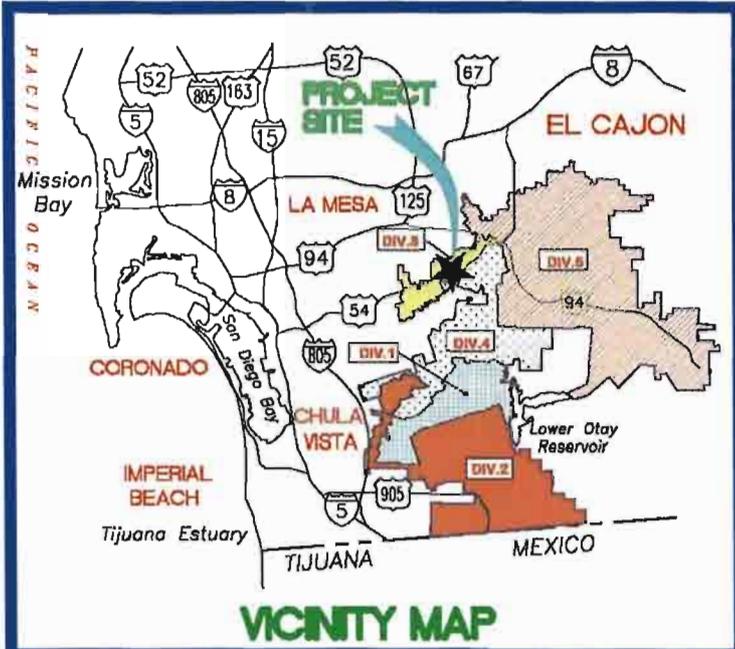
ATTACHMENT B

SUBJECT/PROJECT: Change Order No. 1 to the Contract with Spiess Construction for the 850-4 Reservoir Project
 P2191-001103

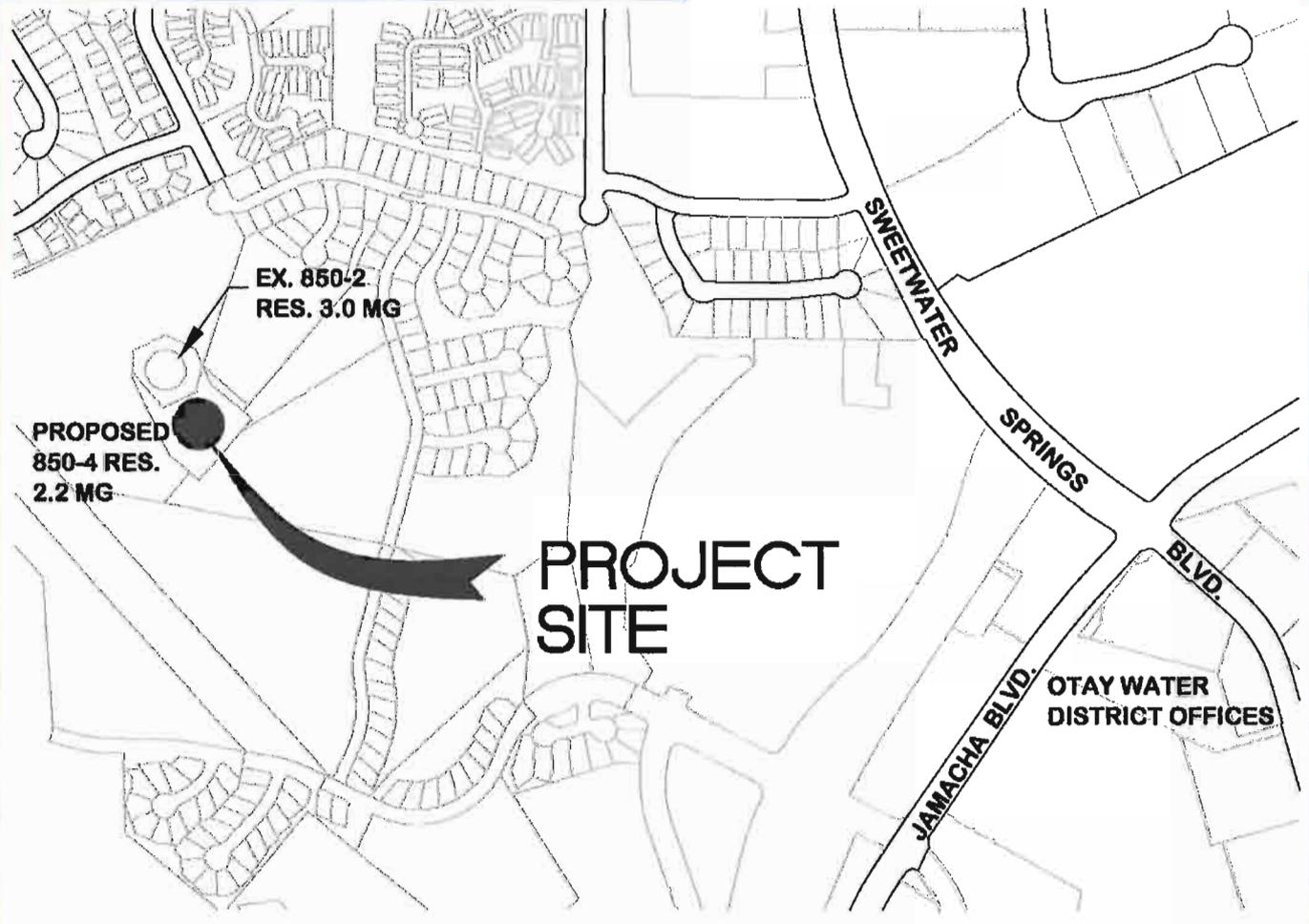
Otay Water District
 P2191- Res - 850-4 Reservoir 2.2 MG

Date Updated: February 04, 2009

Budget	Committed	Expenditures	Outstanding Commitment & Forecast	Projected Final Cost	Vendor / Comments
\$3,250,000					
Planning					
Labor	114,992	114,992		114,992	
Subcontract	2,950	2,950	-	2,950	ANDREW A. SMITH COMPANY
	37,739	37,739	-	37,739	JOHN POWELL & ASSOCIATES, INC.
	300	300	-	300	MICHAEL D. KEAGY
	6,177	6,177	-	6,177	P&D CONSULTANTS, INC.
	5,164	5,164	-	5,164	RECON
	1,328	1,328	-	1,328	ASL CONSULTING ENGINEERS
	30,364	30,364	-	30,364	REGIONAL ENVIRONMENTAL
Materials	103	103	-	103	TIGER REPRO GRAPHICS
Temporary Labor	16	16	-	16	ATWORK PERSONNEL SERVICE
	632	632	-	632	PRIMARY FUNDING CORP.
	245	245	-	245	SEDONA STAFFING SERVICES
	45	45	-	45	TEMPRO INC./SEDONA
Consultant Contracts	48,176	48,176	-	48,176	RECON
Outside Services	1,275	1,275	-	1,275	COUNTY OF SAN DIEGO RECORDER
	27	27	-	27	FEDEX
	889	889	-	889	MERKEL & ASSOCIATES, INC.
	1,647	1,647	-	1,647	RECON
	1,438	1,438	-	1,438	UNION TRIBUNE PUBLISHING
Service Contracts	108	108	-	108	SAN DIEGO DAILY TRANSCRIPT
Other Agency Fees	16,811	16,811	-	16,811	COUNTY OF SAN DIEGO
Total Planning	\$ 270,425	\$ 270,425	\$ -	\$ 270,425	
Design					
In House/Labor	399,246	399,246		399,246	
In House/Labor (future)				-	
Consultant Contracts	8,846	8,846	-	8,846	NINYO & MOORE
	17,800	17,800	-	17,800	ENGINEERING PARTNERS INC, THE
	13,601	12,343	1,258	13,601	KTU+A
	10,352	10,352	-	10,352	MERKEL & ASSOCIATES INC
	3,925	3,925	-	3,925	J C HEDEN AND ASSOCIATES INC
	15,695	14,210	1,485	15,695	NOLTE ASSOCIATES INC
Temporary Labor	14	14	-	14	ATWORK PERSONNEL SERVICE
	165	165	-	165	SEDONA STAFFING SERVICES
Professional Legal Fees	3,609	3,609	-	3,609	BURKE, WILLIAMS & SORENSEN LLP
	954	954	-	954	GARCIA CALDERON & RUIZ LLP
Service Contracts	1,000	1,000	-	1,000	SOUTHLAND TITLE
	6,500	6,500	-	6,500	BOWEN & ASSOCIATES
	5	5	-	5	PETTY CASH CUSTODIAN
Advertising/Bid	3,726	3,726	-	3,726	MERKEL & ASSOCIATES INC
Settlement/Easement	10,000	10,000	-	10,000	HIGHLAND RANCH COMMUNITY
Total Design	\$ 495,439	\$ 492,696	\$ 2,743	\$ 495,439	
Construction					
In House/Labor	127,678	127,678	13,764	141,442	
Service Contracts	7,401	7,401	-	7,401	OCB REPROGRAPHICS
Professional & Legal Fees	1,012	1,012	-	1,012	GARCIA CALDERON & RUIZ LLP
Construction Contracts	2,309,670	876,969	1,432,701	2,309,670	SPIESS CONSTRUCTION CO INC
	256,630	97,441	159,189	256,630	RABO BANK
Change Order No. 1	(250,778)		(250,778)	(250,778)	CO TO SPIESS FOR DELETION OF BID ITEMS, FIELD CREDITS, AND FIELD CHANGES
	8,115	8,115	-	8,115	SAN DIEGO GAS & ELECTRIC
Outside Services	293	293	-	293	HELIX ENVIRONMENTAL PLANNING,
Advertisement/Bid	344	344	-	344	UNION TRIBUNE
Water Loss	7	7	-	7	
Accep/close-out	10,000		10,000	10,000	
Total Construction	\$ 2,470,372	\$ 1,119,261	\$ 1,364,876	\$ 2,484,136	
Grand Total	\$ 3,236,236	\$ 1,882,381	\$ 1,367,618	\$ 3,250,000	



SCALE: 1"=600'



P:\L\DJ Projects\Vo8808- (850-4 Res)\dwg\RFP Exhibit A.dwg 2/4/2004 10:30:57 AM PST



OTAY WATER DISTRICT
850-4 RESERVOIR
LOCATION MAP

CIP P2191

EXHIBIT A

CONTRACT/P.O. CHANGE ORDER No. 01

PROJECT/ITEM: 850-4 Reservoir

CONTRACTOR/VENDOR: Spiess Construction

REF.CIP No.: P2191

APPROVED BY: Board

REF. P.O. No: 707937

REF. W.O. No.: N/A

DATE: 03-04-09

DESCRIPTION:

Six separate items are part of this change order:

1. Upgraded Solar Equipment
2. New Inlet Tie In Location
3. Tank Overflow & Drain
4. Electrical Credit
5. Oil Sand Credit
6. Bid Items 12 & 12A Credit

See attached Change Order Proposals for items 1 through 5 from Spiess Construction.

REASON:

1. The inverter specified was not compatible with the solar panels specified. An upgraded inverter needed to be purchased in order for it to be compatible. The amount of this change is \$752.40.
2. The proposed location of the inlet tie in could not be constructed per plan due to the steep terrain and accessibility issues. The tie in was moved closer to the existing inlet vault for the 850-2 Reservoir. The new location required extra material and labor. The amount of this change is \$1,925.00.
3. The reservoir overflow and drain needed field modifications to enter into a catch basin perpendicularly. For the flapper valve to work properly the drain has to come into the catch basin perpendicularly. The amount of this change is \$1,524.15.
4. The installation of a 3" conduit for electrical, telemetry, and control lines along the access road was not installed because it was discovered that there was an existing 2" conduit in good condition that could carry the same wires. The amount of this deductive change is <\$16,260.00>.
5. The contractor installed cold mix in lieu of oil sand under the reservoir floor and reduced the thickness from 6 inches to 4 inches. According to the AWWA Standard for Welded Reservoirs cold mix is an acceptable substitute and the minimum thickness for soil under the reservoir floor is 3 inches. The amount of this deductive change is <\$8,620.00>.
6. The District will not be using bid items No. 12 & 12A of the contract. These items are coating the exterior of the existing reservoir and handling of hazardous material respectively. There is not sufficient funds in the operating budget to cover the cost to re-coat the existing reservoir.

CHANGE P.O. TO READ:

Revise contract to deduct \$250,778.45 for a total contract amount of \$2,315,521.55.

ORIGINAL CONTRACT/P.O. AMOUNT:	\$ 2,566,300.00
ADJUSTED AMOUNT FROM PREVIOUS CHANGE:	\$ 0.00
TOTAL COST OF THIS CHANGE ORDER:	\$ (250,778.45)
NEW CONTRACT/P.O. AMOUNT IS:	\$ 2,315,521.55

ORIGINAL CONTRACT COMPLETION DATE:
CONTRACT/P.O. TIME AFFECTED BY THIS CHANGE:
REVISED CONTRACT COMPLETION DATE:

5/12/09
No
N/A

IT IS UNDERSTOOD WITH THE FOLLOWING APPROVALS, THAT THE CONTRACTOR/VENDOR IS AUTHORIZED AND DIRECTED TO MAKE THE HEREIN DESCRIBED CHANGES. IT IS ALSO AGREED THAT THE TOTAL COST FOR THIS CHANGE ORDER CONSTITUTES FULL AND COMPLETE COMPENSATION FOR OBLIGATIONS REQUIRED BY THE CONTRACT/P.O. ALL OTHER PROVISIONS AND REQUIREMENTS OF THE CONTRACT/P.O. REMAIN IN FULL FORCE AND EFFECT.

CONTRACTOR/VENDOR:

STAFF APPROVALS:

SIGNATURE: _____
NAME : _____
TITLE: _____ DATE : _____
ADDRESS: _____

PROJ. MGR : _____ Sr Eng (Int) DATE: _____
DIV. MGR : _____ DATE: _____
CHIEF: _____ DATE: _____
ASST. GM : _____ DATE: _____

DISTRICT APPROVAL:

GEN. MANAGER: _____ DATE: _____

COPIES: FILE (Orig.), CONTRACTOR/VENDOR, CHIEF-ENGINEERING, CHIEF-FINANCE, ENGR. MGR.
 ACCTS PAYABLE, INSPECTION, PROJ. MGR., ENGR. SECRETARY, PURCHASING, PROJECT BINDER

CHANGE ORDER LOG

850-4 Reservoir 2.2MG

EXHIBIT B

P2191-

001103

		APPROVED			
C.O.	AMOUNT	BY	DATE	DESCRIPTION	TYPE C.O.
1	(\$250,778.45)	Board	3/4/2009	Six items: Solar Equipment, Tie In Location, Tank Overflow & Drain, Electrical Credit, Oil Sand Credit, and Bid Items 12 & 12A credit.	Owner Initiated
2					
3					
4					
5					
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7					
8					
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39					
40					

Total C.O.'s To Date:	(\$250,778.45)	-9.8%
Original Contract Amount:	\$2,566,300.00	
Current Contract Amount:	\$2,315,521.55	

Change Order Breakdown for the Month:

Month	Net C.O.\$	Limit	Authorization	Absolute C.O.\$	Absolute C.O. %
2/09	(\$250,778.45)	\$5,000/5%	PM/Supervisor	\$0.00	0.0%
		\$10,000/10%	Manager	\$0.00	0.0%
		\$15,000/20%	Chief	\$0.00	0.0%
		\$50,000/30%	GM	(\$250,778.45)	-9.8%

AGENDA ITEM 7c



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	March 4, 2009
SUBMITTED BY:	Bob Kennedy <i>BK</i> Associate Civil Engineer	PROJECT/ SUBPROJECT:	D0562- DIV. 3 090043 NO.
	Ron Ripperger <i>m</i> Engineering Manager		
APPROVED BY: (Chief)	Rod Posada <i>R. Posada</i> Chief, Engineering		
APPROVED BY: (Asst. GM):	Manny Magaña <i>M. Magaña</i> Assistant General Manager, Engineering and Operations		
SUBJECT:	Approval of Memorandum of Understanding Concerning Adjustment of Boundary between Otay Water District and Sweetwater Authority		

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board authorizes the General Manager to enter into a Memorandum of Understanding (MOU) (see Attachment B) with the Sweetwater Authority (SWA), South Bay Expressway, L.P., a California Limited Partnership (SBX), and the California Department of Transportation (Caltrans) concerning the processing of the service area boundary adjustment between the District and SWA.

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To obtain Board authorization for the General Manager to enter into a MOU which will set forth the understanding of the District, SWA, SBX, and Caltrans concerning the process for a boundary adjustment between the District and SWA and memorializes the agreement of the parties concerning their respective responsibilities.

ANALYSIS:

An adjustment of the service area boundary between the District and SWA has been requested by SBX to facilitate providing

landscape irrigation service to the SR-125 median and shoulders. The proposed boundary adjustment is shown on the two exhibits in Attachment B.

Due to large areas requiring landscaping, and to be efficient with the design, the proposed irrigation system would be extended outside of SWA's service area and into the District's service area. Conversely, some of the irrigation system connected to the District's meter has extended into SWA's service area. It is deemed best to adjust the service area boundary to accommodate this design.

The District and SWA have agreed in principle to the proposed boundary adjustment with the requirement that SBX prepare, process, and fund the adjustment through the Local Agency Formation Commission (LAFCO) Change of Organization or Reorganization process. Since this is a lengthy process, the District and SWA require a Memorandum of Understanding among all parties, to ensure that SBX is committed to funding and processing the boundary adjustment. The MOU (Attachment B) has been reviewed by staff and the District's legal counsel.

The proposed boundary adjustment will not result in any loss of potential developable land for future service by the District as it only covers the SR-125 freeway area.

FISCAL IMPACT:



There will be no fiscal impact. South Bay Expressway will pay for all processing costs, which includes staff time and boundary adjustment fees by LAFCO.

STRATEGIC GOAL:

This project supports the District's Mission Statement, "To provide safe, reliable water, recycled water, and wastewater services to our community in an innovative, cost efficient water-wise, and environmentally responsible manner," as well as, the General Manager's vision, "...prepared for the future..." by guaranteeing the District will always be able to meet future water supply obligations and plan, design, and construct new facilities.

LEGAL IMPACT:

The District commits to work with SBX, Caltrans, and SWA, as needed to facilitate the processing of the boundary adjustment.



General Manager

P:\Working\WO D0562\Staff Reports\BD 03-04-09, Staff Report, Boundary Adjustment with CWA, (BK-RR).doc

BK/RR:jf

Attachments: Attachment A
 Attachment B



ATTACHMENT A

SUBJECT/PROJECT: D0562-090043	Approval of Memorandum of Understanding Concerning Adjustment of Boundary between Otay and Sweetwater Authority
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COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a meeting held on February 20, 2009. The following comments were made:

- The boundary adjustment between Otay and Sweetwater Authority was requested by South Bay Expressway to facilitate irrigation services.
- The boundary adjustment will be processed through LAFCO. South Bay Expressway will prepare, process and fund the boundary adjustment.
- The proposed boundary adjustments will make the boundaries between Otay and Sweetwater Authority cleaner. There is no controversy with the proposed changes.
- A portion of the irrigation for the freeway (South of SR 54) will be potable due to water shed to the basin. South of this basin, recycled water will be utilized.
- CalTrans is supportive of the boundary changes.
- Staff is requesting that the Board approve the MOU with Sweetwater Authority, South Bay Expressway and the California Department of Transportation with regard to the processing of the service area boundary adjustment between Otay and Sweetwater Authority.

The committee supported staffs' recommendation and presentation to the full board on the consent calendar.

ATTACHMENT B

MEMORANDUM OF UNDERSTANDING

**BETWEEN
OTAY WATER DISTRICT,
SWEETWATER AUTHORITY, CALTRANS
AND SOUTH BAY EXPRESSWAY**

**FOR COORDINATION OF AGENCY BOUNDARY
ADJUSTMENTS RELATED TO SR 125 LANDSCAPE IRRIGATION**

PREAMBLE

This Memorandum of Understanding (MOU) is made and entered into effective _____, 2008 by and between:

Otay Water District (OWD), with offices at 2554 Sweetwater Springs Blvd., Spring Valley, CA 91978 and Sweetwater Authority (SWA), with offices at P.O. Box 2328, Chula Vista, CA 91912, and California Department of Transportation (Caltrans), with offices at 4050 Taylor Street, San Diego, CA 92110 and South Bay Expressway L.P. (SBX), with offices at 1129 La Media Road, San Diego, CA 92154 (each a "Party," and collectively the "Parties").

Caltrans and SBX are parties to that certain Development Franchise Agreement for a Privatized Transportation Project dated as of January 6, 1991, as amended (the "Development Franchise Agreement") for development, design and construction of the SR-125 South Toll Road Project as more particularly described therein. For purposes of this MOU, Caltrans, SBX and its contractors will be herein collectively referred to as the "PROJECT."

This MOU is to serve as the basis for the coordination and completion of water district boundary adjustments related to SR 125 South landscape irrigation. The boundary adjustments are needed to prevent placing two mainline irrigation lines in Caltrans right-of-way due to existing district boundary lines.

This MOU is to the mutual and exclusive benefit of the Parties and is intended to be a guideline to the timely completion of the boundary adjustments. This MOU shall not amend, modify, waive or alter in any way any existing contracts between or among the Parties or between a Party and its contractors, including but not limited to the Development Franchise Agreement, or any contract between SBX and Otay River Constructors, and shall not be deemed a Contract Document as defined in the Development Franchise Agreement. This MOU is intended to benefit the Parties only, and there shall be no third party beneficiaries of this MOU.

UNDERSTANDING

This MOU sets forth the process by which the boundary adjustments will take place and the respective responsibilities of each Party in connection with such process. It is therefore mutually agreed as follows:

- By execution of this MOU, OWD and SWA hereby evidence their approval of the proposed water district boundary adjustments as shown on the two exhibits dated August, 12, 2008 and August 26, 2008, attached hereto and incorporated herein by reference (the “Boundary Adjustment Exhibits”), and agree that all actions to be taken by the PROJECT in accordance with the following paragraphs shall be in reliance upon such approval by OWD and SWA. Any proposed alternations to the Boundary Adjustment Exhibits shall be subject to the mutual approval of the Parties, and shall not be effective unless and until evidenced by a written amendment to this MOU executed by all Parties. OWD and SWA agree to reasonably, in good faith and timely consider any proposed amendment to effect a change in the Boundary Adjustment Exhibits submitted by the PROJECT for their approval.
- The PROJECT will draft and submit the San Diego Local Agency Formation Commission’s (LAFCO) Change of Organization or Reorganization Application.
 - OWD and SWA will assist as needed to review and complete the application, including but not limited to completing a certified resolution of application, and reasonably and in good faith providing evidence of such other approvals or actions as may be necessary in accordance therewith.
 - The PROJECT will obtain a metes-and-bounds legal description of the boundary adjustment and submit the same to OWD and SWA for their review and approval, and complete environmental documentation if needed. If OWD and SWA do not provide any comments on such documents submitted for their review and approval within fifteen (15) business days, the PROJECT may consider the same approved and proceed with the application in reliance upon such approval.
 - The PROJECT will pay all associated fees in processing the application including OWD and SWA’s time. Promptly upon execution of this MOU and receipt of an invoice from OWD and SWA for their anticipated costs, the PROJECT shall advance payment to an account for OWD’s and SWA’s benefit. OWD and SWA shall bill their time against funds on deposit in such account and provide back-up to the PROJECT as requested.
- The PROJECT will pay all costs associated with adjusting the water connections as needed for the landscaping irrigation system. The Project shall obtain all required approvals from the appropriate agency. OWD and SWA shall cooperate in reasonably, promptly and in good faith assisting the PROJECT to obtain such approvals by reviewing documents, providing any required approvals, and taking such other actions as otherwise may be necessary in connection with such agency approvals.
- Caltrans and SBX do not presently anticipate that the land included in the adjustment will be developed as it is adjacent to the highway and is owned by the Caltrans. The Parties anticipate that after the initial plant establishment, irrigation water usage will be reduced.

IN WITNESS WHEREOF, the Parties have executed this Memorandum of Understanding as of the date written above.

OTAY WATER DISTRICT

By: _____
MARK WATTON
General Manager

SWEETWATER AUTHORITY

By: _____
General Manager

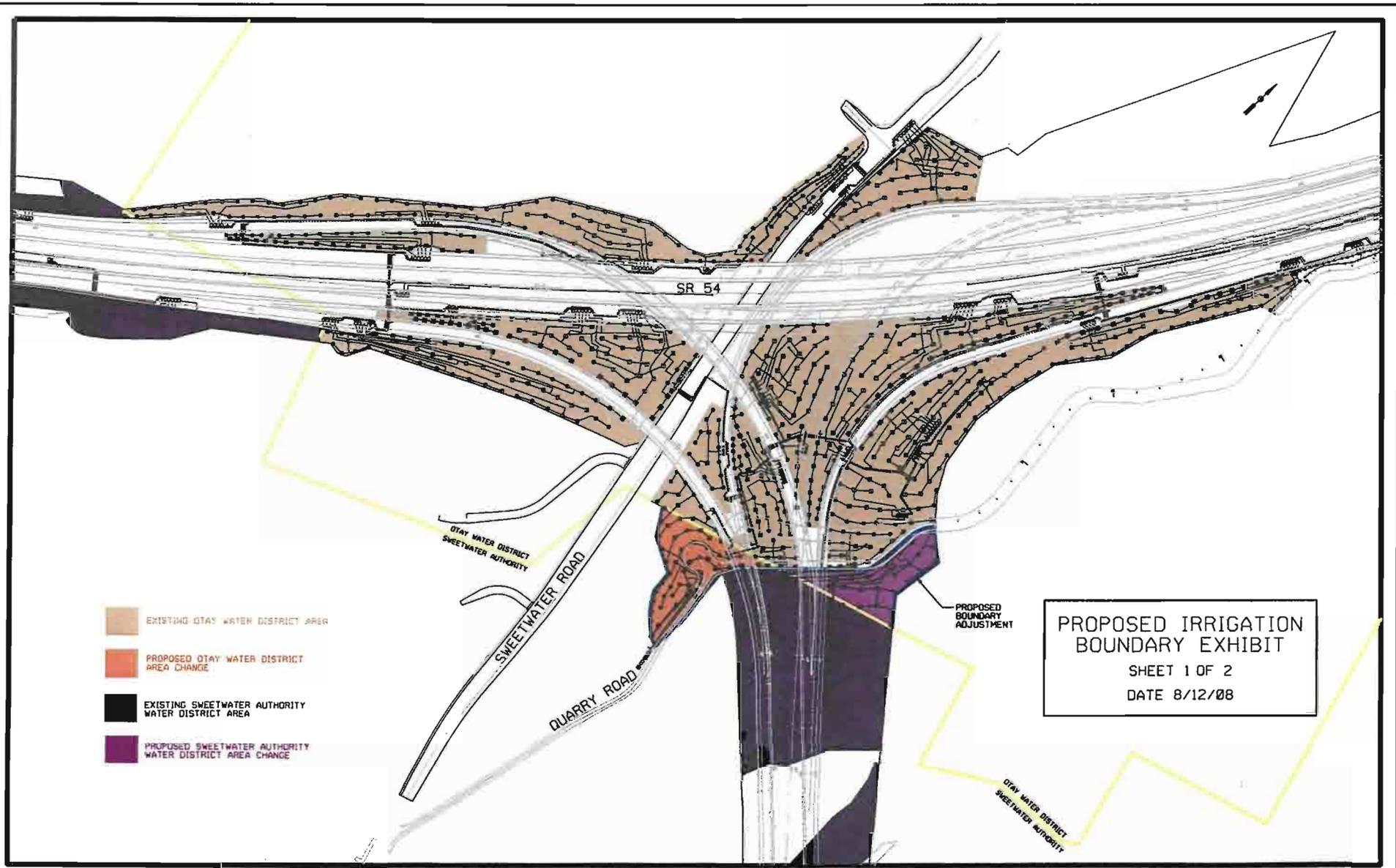
CALTRANS

By: _____
District Director

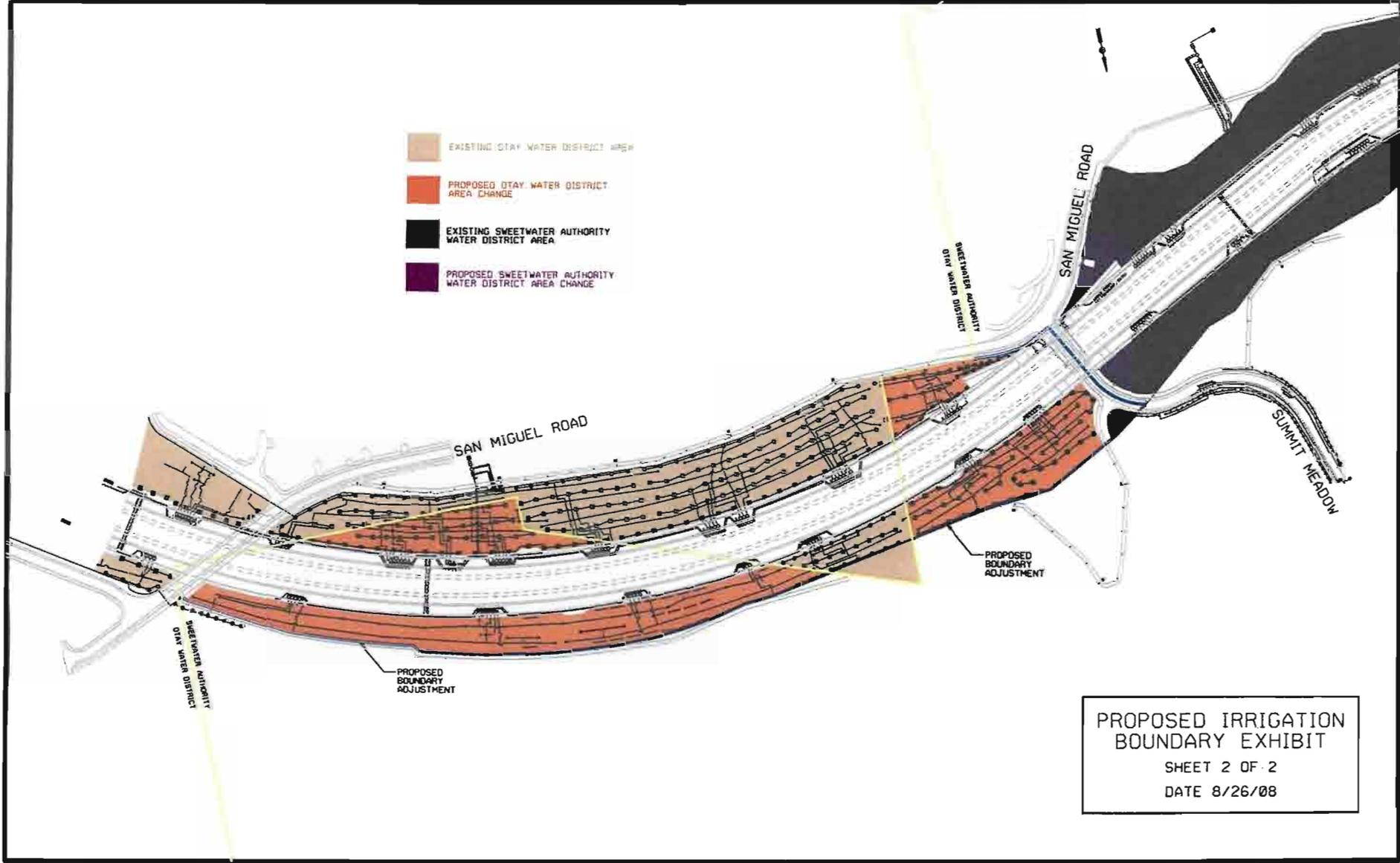
SOUTH BAY EXPRESSWAY, L.P., a California limited partnership

By: _____
GREG HULSIZER
Chief Executive Officer

Exhibits



- EXISTING OTAY WATER DISTRICT AREA
- PROPOSED OTAY WATER DISTRICT AREA CHANGE
- EXISTING SWEETWATER AUTHORITY WATER DISTRICT AREA
- PROPOSED SWEETWATER AUTHORITY WATER DISTRICT AREA CHANGE



**PROPOSED IRRIGATION
 BOUNDARY EXHIBIT**
 SHEET 2 OF 2
 DATE 8/26/08



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	March 4, 2009
SUBMITTED BY:	Ron Ripperger <i>[Signature]</i> Engineering Manager	PROJECT/ SUBPROJECT:	N/A DIV. 3 NO.
	Scott Kube <i>[Signature]</i> Utility Services Manager		
APPROVED BY: (Chief)	Rod Posada <i>[Signature]</i> Chief, Engineering		
	Pedro Porras <i>[Signature]</i> Chief, Water Operations		
APPROVED BY: (Asst. GM):	Manny Magaña <i>[Signature]</i> Assistant General Manager, Engineering and Operations		
SUBJECT:	Create a new CIP project for the Ruxton Avenue Utility Relocations Project and waive the requirement of the District Purchasing Manual regarding competitive bids		

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board authorizes the General Manager to create a new CIP project for the Ruxton Avenue Utility Relocations in the amount of \$100,000 (see Exhibit A for project location) and to reimburse TC Construction in an amount not to exceed \$25,000 for pipeline repairs on the project.

COMMITTEE ACTION: _____

Please see Attachment A.

PURPOSE:

To obtain Board approval authorizing the General Manager to create a new CIP project for the Ruxton Avenue Utility Relocations in an amount not to exceed \$100,000, and to reimburse TC Construction in an amount not to exceed \$25,000 for pipeline repairs on the project.

ANALYSIS:

During each fiscal year, the District receives a variety of requests from other agencies to review their plans for upcoming projects such as new construction or road improvements. District Staff reviews the plans and responds as to whether or not there are any conflicts with District facilities. In general, these requests are minor in nature requiring primarily plan check review and, in some cases, some relocation of appurtenances in the field. There is really no way of knowing what requests will be received during the year and therefore, no way to budget for this work in the CIP budget. The minor relocations are completed by the Operations Department and funded from the Operating Budget.

When District facilities are in conflict with other agency proposed improvements, the first order of business is for Staff to determine if the District has prior and superior rights. In the case where the District has prior rights the requesting agency is responsible for paying all costs to relocate any facilities, if needed. When the District does not have prior rights then the cost for any relocation must be borne by the District.

Staff received the first request to review plans from the County of San Diego (County) for Ruxton Avenue in July, 2007. Staff reviewed the 30% plans and determined that there was an impact to District facilities. Staff requested a redesign of the County plans to avoid conflicts with District pipelines. In November 2007, Staff received a 70% design which addressed the Staff's concerns contingent upon pothole information. Staff potholed the pipelines and provided the information to the County. After the potholing was completed the suggestion was made to abandon a section of 8-inch pipeline in the intersection of Jamacha Boulevard and Ruxton Avenue to avoid having to relocate a portion of the pipeline due to the conflict with the County's improvements. Staff changed the plans by adding a necessary interconnection in Ruxton Avenue from the 8-inch pipeline to the 18-inch service main to satisfy fire flow requirements.

Staff received 100% plans in March 2008 which incorporated the pothole information and all other added information. After Staff reviewed the 100% plans in late March, the suggestion was made to include concrete protection pads over both the 36-inch La Presa Transmission Pipeline and the 18-inch service main. At this point, the District's costs were still relatively minor and could be funded from the Operating budget. Staff completed the interconnect work in October of 2008 prior to the County beginning their improvement work.

In January 2009, a concern arose, that if repair and maintenance was required, access would be very difficult, if not impossible and time-consuming, for the 36-Inch La Presa Transmission Pipeline and the 18-inch service main, under the County's proposed 26-foot wide triple box drainage culvert. So the decision was made to add a redundant 18-inch pipeline with steel casing parallel to the existing 18-inch service main in Ruxton Avenue. If a break occurs to the active 18-inch, Staff will have trouble-free access to reconnect to the redundant 18-inch service main. In addition, Staff plans to further evaluate the need for a new CIP project in the FY 2010 budget to add a new segment of pipe for the La Presa Transmission Pipeline 36-Inch Pipeline to add the redundancy in the event that repair is needed to the La Presa Pipeline under the County's culvert.

T.C. Construction, the Contractor hired by the County to build the Ruxton Avenue Channel Conversion, was mobilized on-site and proceeding with their critical path placement. To avoid substantial construction delay costs, Staff directed T.C. Construction to proceed with the placement of the redundant 18-inch service main. When the concern arose, Staff did not have the luxury of obtaining three (3) quotes for work exceeding \$5,000, as outlined in the Purchasing Manual requirements. The additional cost was analyzed by Staff and a mutual agreement was reached with T.C. Construction in an amount not to exceed \$25,000.

In summary, the costs to date to the District have increased much more than anticipated due to the increased scope of the relocation of facilities. Also, Staff has engaged TC Construction to install the 18-inch redundant pipeline and casing due to the County's immediate need to complete their improvement work. Staff recommends creating a new CIP project in the amount of \$100,000 to cover all costs for the Ruxton Avenue work.

FISCAL IMPACT:



Total expenditures plus outstanding commitments and forecast are \$100,000. Based on a review of the financial budget, the Project Manager has determined that the proposed budget is sufficient to support the project. See Attachment B for budget detail.

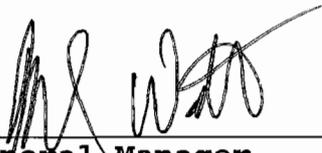
Finance has determined that due to the reduced level of CIP expenditures this fiscal year 100% of the funding will be available from the Betterment Fund.

STRATEGIC GOAL:

This project supports the District's Mission Statement, "To provide safe, reliable water, recycled water and wastewater services to our community in an innovative, cost efficient water wise and environmentally responsible manner," as well as the General Manager's vision, "...prepared for the future..." by guaranteeing the District will always be able to meet future water supply obligations and plan, design, and construct new facilities.

LEGAL IMPACT: _____

None.



General Manager

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RR/SK/RP/PP:jf

Attachments: Attachment A
Attachment B
Exhibit A



ATTACHMENT A

SUBJECT/PROJECT:	Create a new CIP project for the Ruxton Avenue Utility Relocations Project and waive the requirement of the District Purchasing Manual regarding competitive bids
N/A	

COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a meeting held on February 20, 2009. The following comments were made:

- Staff received a request from the County in July 2007 to review plans for a boxed culvert replacement and road improvements at the intersection of Jamacha Boulevard and Ruxton Avenue. It was determined that the improvements would impact the District's 36" La Presa transmission pipeline and the 18" service main as the boxed culvert will pass over the pipelines.
- Staff was concerned that it would be difficult to maintain the pipelines under the culvert and decided to design an alternate 18" line parallel with steel casing to the existing 18" service main.
- Staff had engaged TC Construction to install the 18" redundant pipeline and casing due to the County's immediate need to complete their road improvement. Staff recommends creating a new CIP project in the amount of \$100,000 to cover all costs associated with the Ruxton Avenue work.
- Staff will further evaluate the need for a new CIP project in FY 2010 should a new 36" transmission redundant pipeline be required in the event that repairs are needed to the existing 36" transmission line under the County's culvert.
- All costs are borne by the District as the County has prior rights in the street right-of-way.

The committee supported staffs' recommendation and presentation to the full board on the consent calendar.

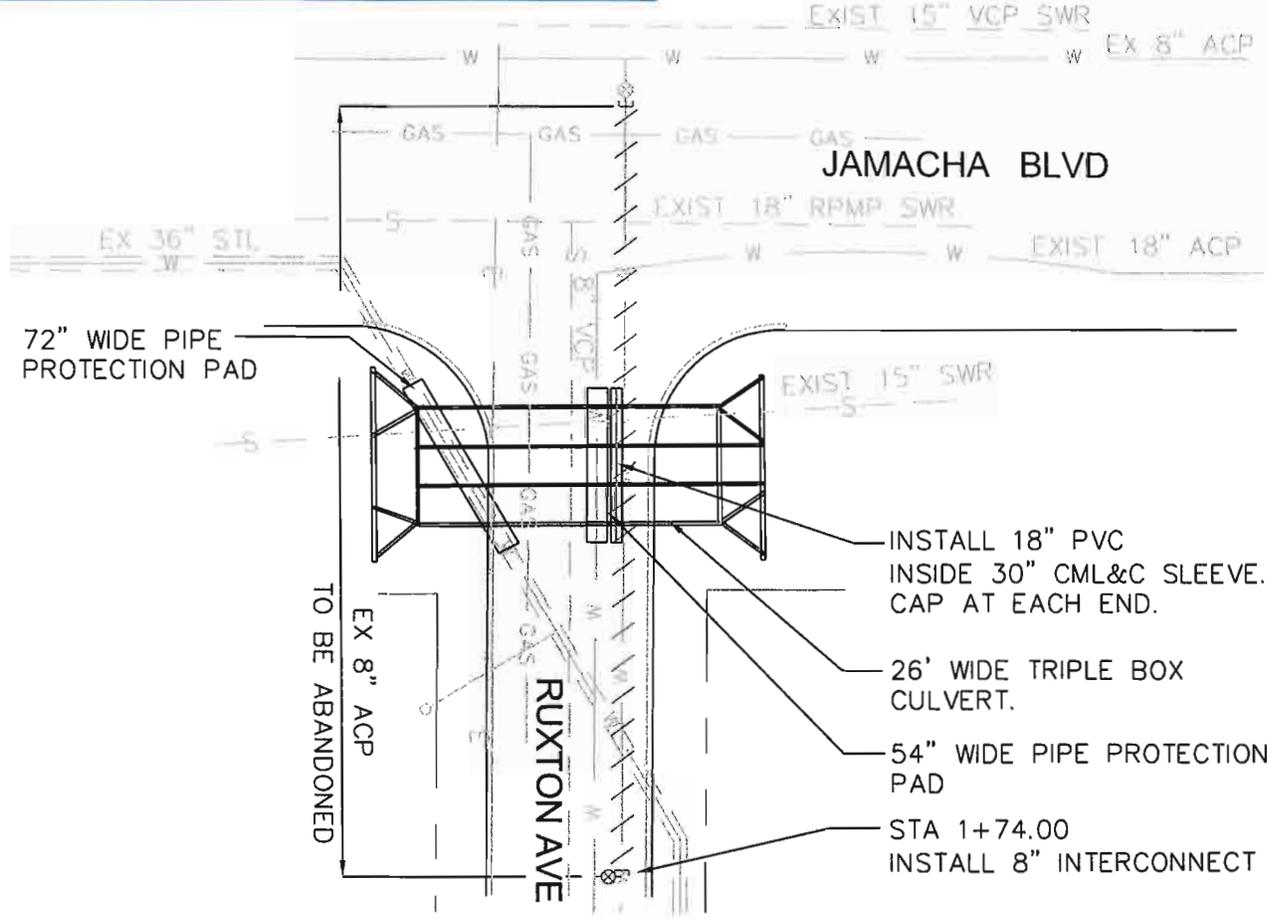
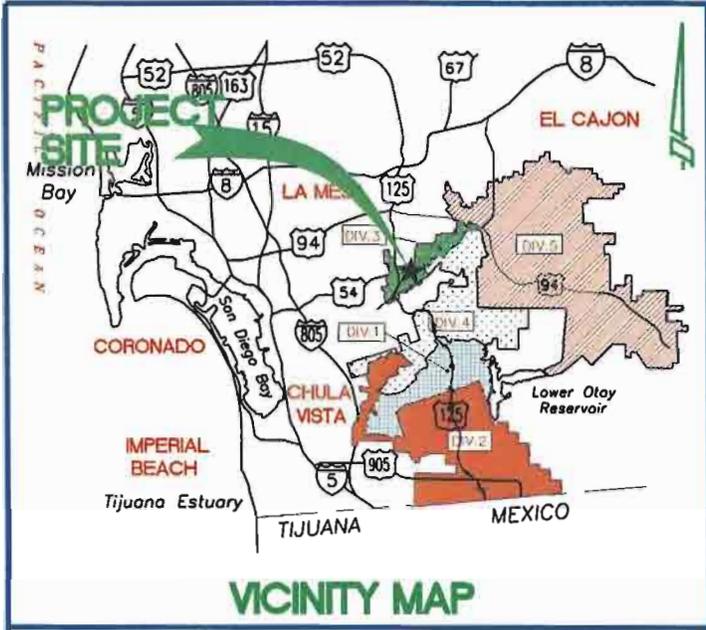


ATTACHMENT B

Otay Water District
Ruxton Avenue Utilities Relocation

Date Updated: Feb. 05, 2009

<i>Budget</i>	<i>Committed</i>	<i>Expenditures</i>	<i>Outstanding Commitment & Forecast</i>	<i>Projected Final Cost</i>	<i>Vendor / Comments</i>
\$125,000					
Construction					
In House/Labor	43,376	43,376		43,376	
Materials	9,400	9,400	-	9,400	IMS WO# 08-02516
Water Loss	3	3	-	3	IMS WO# 08-02516
Service Contracts	3,524	3,524	-	3,524	Kirk Paving
Construction Contracts	25,000	25,000	-	25,000	TC Construction Company Inc.
	10,000	10,000	-	10,000	County of San Diego
Contingency/Project Closeout	8,697		8,697	8,697	Staff Time/Unforeseen items
			-	-	
			-	-	
			-	-	
			-	-	
			-	-	
			-	-	
			-	-	
			-	-	
Total Construction	\$ 100,000	\$ 91,303	\$ 8,697	\$ 100,000	
Grand Total	\$ 100,000	\$ 91,303	\$ 8,697	\$ 100,000	



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OTAY WATER DISTRICT
 RUXTON AVENUE UTILITY RELOCATIONS

P1287

EXHIBIT A



AGENDA ITEM 8

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	March 4, 2009
SUBMITTED BY:	Joseph R. Beachem  Chief Financial Officer	W.O./G.F. NO:	DIV. NO. All
APPROVED BY: (Chief)			
APPROVED BY: (Asst. GM):	German Alvarez, Assistant General Manager 		
SUBJECT:	Future OPEB (Other Post Employment Benefits) Funding to the CalPERS Trust		

GENERAL MANAGER'S RECOMMENDATION:

That the Board provides direction on the ongoing funding of the Annual Required Contribution (ARC) to CalPERS and the medical expense reimbursement requests from CalPERS.

COMMITTEE ACTION: _____

See Attachment A.

PURPOSE:

To obtain direction from the Board on the ongoing funding of the Annual Required Contribution (ARC) to CalPERS and medical expense reimbursement requests from CalPERS.

ANALYSIS:

On February 3, 2008, the Board authorized the creation of a CalPERS trust to hold OPEB funds. This trust was set up in conformance with the Governmental Accounting Standards Board (GASB) requirements as outlined in GASB 45.

At the February meeting, the Board authorized a \$5 million initial deposit and ongoing payments of the ARC to the CalPERS trust. At this time, authorization was given to the General Manager and Chief Financial Officer to make withdrawals from the CalPERS trust to reimburse the District for any retiree medical costs made in the future. However, no specific direction was given on how to proceed with the reimbursements. Staff is looking to confirm the prior direction of the Board on the annual ARC payments and on how to proceed with reimbursements from CalPERS.

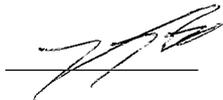
In Fiscal Year 2007-08, staff established the CalPERS trust, as directed, and made the initial \$5 million deposit. In addition, staff made the ARC payment of \$846,000, as directed. Aside from these direct payments, the District has effectively made a deposit to the CalPERS trust by way of funding the retiree medical benefits without making a claim on the CalPERS trust. The District is entitled to make reimbursement requests and has until June 30, 2009 to make the reimbursement request for the Fiscal Year 2007-08 medical costs totaling \$649,007.

All retiree medical expenses are to be paid upfront by the District and then the District may request reimbursement. This is the normal process as outlined by CalPERS. The District uses its internal designated OPEB fund to pay the retiree medical costs, and when and if reimbursements are requested from CalPERS, the funds would be deposited back into the District's OPEB fund. As of December 31, 2008, this internal fund had a balance of \$4,716,540. The financial impact of the reimbursement is described in the Fiscal Impact section below.

It is worth noting that the overall funding of the OPEB liability totals \$9.1 million as of December 31, 2008. The total estimated liability is \$11.9 million resulting in a 77% funding level. This funding level is exceptional and rarely seen in other government entities. One important note regarding the balance of funds is that CalPERS lost approximately 25% of its value in the stock market crash. Approximately half of the CalPERS funds are invested in equities, which were affected significantly by the crash.

This fund is a long-term fund focused on payments going far into the future. With this long-term perspective, the District looks at a 30-year funding strategy, spreading out the short term effects of significant market changes.

FISCAL IMPACT:



The decision of whether or not to fund the full ARC and whether or not to request full reimbursement of retiree medical costs from CalPERS have various financial ramifications.

One of the financial impacts is best summarized in the context of a discussion on risk versus return. The Otay funds are invested in very low risk investments with a secure market rate of return. CalPERS is invested at a moderately higher risk level than Otay. Commensurate with this added risk is added

return. The higher return from the CalPERS investments means that the total money needed to be considered fully funded is lower than if the District had maintained its own investment portfolio. This was one of the significant benefits of investing in a PERS trust. The lower liability freed up funds, previously designated to fund the OPEB liability, to be used for additional negotiated employee benefits.

If the District continues to make the full ARC payment then the District will continue to use the higher CalPERS rate of return. Without fully funding the ARC payment the actuary will no longer be able to use the CalPERS rate of return. This would result in a greater unfunded balance and a corresponding higher ARC.

The second financial impact is on cash reserves. If the District uses its own designated OPEB funds to pay for retiree health care without requesting reimbursement from CalPERS, then the District's OPEB funds will be depleted in the beginning of calendar year 2013. If the District does make the requests for reimbursement, the District will be able to maintain a higher fund balance over a longer period of time, maintaining the District's reserves into calendar year 2016. Requesting reimbursement has the benefit of maintaining a larger amount of funding in control of the District for a longer period of time. This gives the District added financial flexibility during this difficult financial time. Also, extending the time that the District maintains its own OPEB funds delays the upward pressure on rates that will occur when the ARC is fully funded from rates as opposed to the OPEB funds.

The third financial impact relates to the District's credit rating. A discussion is warranted on this matter, as funding less than the ARC is an option available to the Board. The fact that the District has deposited approximately half of the OPEB liability into a trust is a significant plus for the District's credit rating. However, even more important is that the District maintains a funding plan that at least pays the ARC.

Showing the financial foresight and where-with-all to make the ARC payments on an annual basis is one of many important factors in evaluating the District's credit worthiness. In the current credit markets, maintaining the District's AA rating is significant. The interest rate variation between an A and a AA rating is close to 2% which can equate to a tremendous savings in interest expense for the District. It was the Board's direction to make the ARC payments on an annual basis and staff is looking to reaffirm that position.

STRATEGIC GOAL:

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

LEGAL IMPACT: _____

None.



General Manager

Attachments:

- A) Committee Action Form
- B) OPEB Presentation



ATTACHMENT A

SUBJECT/PROJECT:	Future OPEB (Other Post Employment Benefits) Funding to the CalPERS Trust
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COMMITTEE ACTION:

The Finance, Administration, and Communications Committee reviewed this item at a meeting held on February 20, 2009. The following comments were made:

- In February 3, 2008, the board had authorized the creation of a CalPERS trust to hold OPEB funds with a \$5 million initial deposit and ongoing payments of the Annual Required Contribution (ARC) into the trust of approximately \$846,000.
- Staff is requesting direction from the board if it wished to continue to fund the ARC and request medical expense reimbursements from CalPERS.
- All retired medical expenses are paid upfront by the District and the District may then request full reimbursement from CalPERS. Retiree medical expenses totaled approximately \$649,000 in Fiscal Year 2008. By requesting reimbursement, the District has the benefit of maintaining a larger amount of funding in the control of the District for a longer period of time. This provides financial flexibility to the District and staff is recommending that it request the reimbursements on an ongoing basis.
- Staff also recommends that the board continue to fund the ARC. By continuing to pay the ARC, it is a plus for the District's credit rating.
- It was noted that approximately 77% of the OPEB liability is funded between the CalPERS trust and the Otay OPEB account as of December 31, 2008. If the Otay OPEB account is excluded, the liability is funded at approximately 37%.

The committee supported staffs' recommendation and presentation to the full board on the consent calendar.

ITEM 8

Receive Direction from the Board on the Ongoing Funding
of the Annual Required Contribution to CalPers and
Medical Reimbursement Requests from CalPers

Please reference Attachment 1 “PowerPoint” posted to
Otay Water District website.

AGENDA ITEM 9a



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	March 4, 2009
SUBMITTED BY:	James F. Peasley <i>JFP</i> Engineering Manager	PROJECT/ SUBPROJECTS:	P2467- DIV. n/a 001000 & NO. P2462- 001000
APPROVED BY: (Chief)	Rod Posada <i>R. Posada</i> Chief, Engineering		
APPROVED BY: (Asst. GM):	Manny Magaña <i>M. Magaña</i> Assistant General Manager, Engineering and Operations		
SUBJECT:	Authorization to Execute an Agreement Between Sweetwater Authority and Otay Water District for Joint Participation in the Otay River Groundwater Desalination Facility Project		

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) authorizes the General Manager to execute the Agreement between Sweetwater Authority and Otay Water District for joint participation in the Otay River Groundwater Desalination Facility Project (Agreement).

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To obtain Board authorization for the General Manager to execute the Agreement (Attachment B) to allow for reimbursement to Sweetwater Authority (SWA) an amount of \$750,000 for the United States Department of the Interior Geological Survey San Diego Formation Potential In-Lieu Conjunctive Use Project and for reimbursement to Sweetwater Authority in the amount of \$178,500 for the Otay River Basin Brackish Groundwater Desalination Feasibility Study.

ANALYSIS:

The District, in partnership with SWA as the lead agency, successfully applied for and acquired a San Diego County Water Authority (Water Authority) Local Investigations and Studies Assistance (LISA) Program Grant in the amount of \$1,500,000 for the United States Department of the Interior Geological Survey San Diego Formation Potential In-Lieu Conjunctive Use Project (SDF Project). The total project cost is projected to be \$3,000,000 with the District and SWA sharing funding at \$750,000 each.

The SDF Project is being accomplished utilizing the expertise of the United States Department of the Interior Geological Survey (USGS). The SDF Project scope of work over the next few years will continue the work of the USGS in the San Diego Formation. The work will focus primarily on hydrogeologic and geochemical interpretations elements and includes the construction of multi-depth monitoring wells within the Otay River, development of a groundwater computer model, and development of a report.

SWA is the lead agency for accomplishing the tasks of the SDF Project in cooperation with the District and is the agency that entered into the LISA Grant Agreement with the Water Authority. The SWA will expend funds for the SDF Project and receive the LISA Grant funds. The District will reimburse SWA for their expenditures in the projected amount of \$750,000.

The SWA and the District will equally share the costs of the USGS annual fee to maintain the multi-depth monitoring wells associated with the USGS San Diego Formation efforts. The annual costs are currently projected to be \$55,000 for five monitoring wells. These costs are planned to be funded as a part of the District's annual Operating Budget.

Also, the District, in partnership with SWA as the lead agency, successfully applied for and acquired a State of California Proposition 50 Grant in the amount of \$242,000 for the Otay River Basin Brackish Groundwater Desalination Feasibility Study (Desalination Study) located within the San Diego Formation. The total project cost is projected to be \$599,000 with the District and SWA sharing funding at \$178,500 each.

The Desalination Study is being accomplished utilizing the expertise of the USGS and MWH, an engineering consulting firm.

The objectives of the Desalination Study are to, (1) develop an integrated, comprehensive understanding of the geology and hydrology of the San Diego Formation; and (2) further understand how to expand use of the San Diego Formation for sustainable

water extraction and potential in-lieu conjunctive use. Existing data contributed to various components of the Desalination Study and have provided important water quality data and information regarding depth-dependent flow rates, etc.

SWA is the lead agency for accomplishing the tasks of the Desalination Study in cooperation with the District and is the agency that entered into the Proposition 50 Grant Agreement with the State. The SWA will expend funds for the project and receive the Proposition 50 Grant funds. The District will reimburse SWA for their expenditures in the projected amount of \$178,500.

Both the SDF Project and the Desalination Study are intended to assist in development of a work program that is planned to eventually lead to project design and implementation of a proposed Otay River Brackish Groundwater Desalination Facility. It is envisioned that the water supply costs, benefits, and risks derived from a joint SWA and District Otay River Brackish Groundwater Desalination Facility would be shared equally.

Having a comprehensive understanding of the San Diego Formation will yield knowledge of the sustainable yield. The proposed Otay River Brackish Groundwater Desalination Facility hopefully will yield 6,000 acre-feet per year or more of potable water.

FISCAL IMPACT:



The total budget for CIP P2467, as approved in the FY 2009 budget, is \$1,600,000 for the SDF Project. Expenditures to date are \$5,180. Total expenditures, plus outstanding commitments, including this agreement, totals \$755,180. Based on a review of the budget, the Project Manager has determined the budget is deemed sufficient to support this project.

The total budget for CIP P2462, as approved in the FY 2009 budget, is \$200,000 for the Desalination Project. Expenditures to date are \$1,389. Total expenditures, plus outstanding commitments including this agreement, totals \$179,889. Based on a review of the budget, the Project Manager has determined the budget is deemed sufficient to support this project.

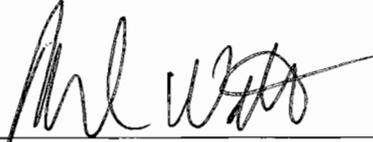
Finance has determined that 100% of the funding is available from the Expansion Fund for both CIP projects.

STRATEGIC GOAL:

Both the USGS San Diego Formation Potential In-Lieu Conjunctive Use Project and the Otay River Basin Brackish Groundwater Desalination Feasibility Study efforts support the District's Mission Statement, "To provide the best quality of water and wastewater service to the customers of the Otay Water District, in a professional, effective, efficient, and sensitive manner, in all aspects of operation, so that public health, environment and quality of life are enhanced." ...and the Otay strategic goal, in planning for infrastructure and supply to meet current and future potable water demands.

LEGAL IMPACT: _____

None.



General Manager

P:\jpeasley\BD 03-04-09, Staff Report, Otay River Wells Study SWA Otay Agreement USGS, (JFP-RP).doc

JFP/RP:jf

Attachment: Attachment A
 Attachment B



ATTACHMENT A

SUBJECT/PROJECT:	Authorization to Execute an Agreement Between Sweetwater
P2467-001000	Authority and Otay Water District for Joint Participation
P2462-001000	in the Otay River Groundwater Desalination Facility Project

COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a meeting held on February 20, 2009. The following comments were made:

- Staff is requesting that the board approve an agreement between Sweetwater Authority and Otay Water District for joint participation in the Otay River Groundwater Desalination Facility Project.
- The project will explore the San Diego Formation and its possible water yield and the feasibility of a brackish groundwater desalination facility at the San Diego Formation.
- Sweetwater Authority has received a LISA Grant from the San Diego Water Authority in the amount of \$1,500,000 for the San Diego Formation project. The total cost of the project is \$3,000,000 and Sweetwater Authority and Otay WD will fund the remaining cost at \$750,000 each.
- Sweetwater Authority also received a Proposition 50 Grant in the amount of \$242,000 for the Otay River Basin Groundwater Desalination Feasibility Study. The total project cost is \$599,000 and Otay WD and Sweetwater Authority will share funding of \$178,500 each for the remaining cost.
- It was discussed that the City of San Diego is claiming rights to the water within the Otay River watershed under pueblo rights. The City of San Diego met with Sweetwater Authority a few months ago when the City made the claim. Sweetwater Authority and the District is continuing to move forward with the project to develop groundwater from the Otay River and will determine in future how to respond to the claim.

- The cost for this project will be expended from two CIPs designated for the San Diego Formation Project and the Desalination Project.
- If the project is feasible, it is estimated it would go into service in 2014.

The committee supported staffs' recommendation and presentation to the full board as an action item.

AGREEMENT BETWEEN SWEETWATER AUTHORITY AND OTAY WATER DISTRICT FOR JOINT PARTICIPATION IN THE OTAY RIVER GROUNDWATER DESALINATION FACILITY PROJECT

This Agreement is entered into on _____, 2009, by and between Otay Water District, a municipal water district established under the Municipal Water District Law of 1911, (hereinafter referred to as Otay), and Sweetwater Authority, a Joint Powers Authority organized and operating under the Irrigation District Law of the State of California, Water Code Section 20500 et seq. (hereinafter referred to as Sweetwater). Otay and Sweetwater are collectively referred to hereinafter as the Parties and singularly, Party. Sweetwater and Otay, in consideration of their mutual covenants, and for other valuable consideration, agree as follows:

RECITALS

- A. The economy, employment, and quality of life within the San Diego County region is dependent on a reliable and affordable water supply that is provided through cooperation of regional and local water agencies.
- B. The objective of Otay and Sweetwater is to plan, and potentially design, and construct an Otay River Groundwater Desalination Facility (Otay River Desal) Project within the Lower Otay River Basin capable of producing a sustainable yield of potable water as a local supply.
- C. The purpose of the Otay River Desal Project is to increase the quantity of local water supply within the South San Diego Bay region by development of a brackish groundwater well and desalination production system to extract, to the maximum extent practical, groundwater from the San Diego Formation; thereby, reducing treated water demand from the San Diego County Water Authority and the Metropolitan Water District of Southern California. A map of the Otay River Desal Project and the San Diego Formation area is attached as Exhibit A.
- D. The Parties to this Agreement will proceed with the development of the Otay River Desal Project in a phased approach. Sweetwater and Otay will proceed on the Otay River Desal Project with the intent to participate equally in the first phase of project feasibility. Future participation and cost sharing would be determined by separate agreement.
- E. The Otay River Desal Project effort is currently contemplated to be accomplished in two phases. Phase I is envisioned as the planning and feasibility aspects of the Project, and is intended to determine the feasibility and viability of extracting brackish groundwater from the San Diego Formation where it underlies the Otay River Basin with the purpose to eventually construct brackish groundwater desalination treatment and transport facilities. Phase II is envisioned as proceeding with a pilot project, environmental, design, construction, operation, maintenance, and other requirements of the Otay River Desal Project production and transport

Agreement Between Sweetwater Authority
and Otay Water District for Joint Participation
in the Otay River Groundwater Desalination Facility Project

facilities to treat the groundwater and deliver the produced potable water to customers of both Sweetwater and Otay. Proceeding with Phase II is dependent upon the outcomes of the Phase I efforts.

F. In 2006, Sweetwater, in partnership with Otay received notification from the California Department of Water Resources (DWR) that Sweetwater had been selected to receive a matching grant for the Otay River Basin Brackish Groundwater Desalination Study. The grant amount from DWR is \$242,000. The combined Sweetwater and Otay contribution is \$357,000, as further described below, for a total of \$599,000.

G. Through the Otay River Basin Brackish Groundwater Desalination Study, Sweetwater and Otay will determine the feasibility of extracting brackish groundwater from the San Diego Formation. A portion of the work involves the United States Geological Society (USGS) services to construct a multi-depth monitoring well near the Otay River.

H. In 2007, Sweetwater, in partnership with Otay received notification from the San Diego County Water Authority (SDCWA) that Sweetwater had been selected to receive a matching grant from the SDCWA Local Investigations and Studies Assistance (LISA) grant funding program for the U.S. Geological Survey Study of the San Diego Formation for Potential In-lieu Conjunctive Use concept. The grant amount from SDCWA is \$1,500,000. The combined Sweetwater and Otay contribution is \$1,500,000, as further described below, for a total of \$3,000,000.

I. The U.S. Geological Survey Study of the San Diego Formation for Potential In-lieu Conjunctive Use effort has two primary objectives as follows:

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

J. Sweetwater and Otay each have determined that it is in their respective best interest and in the interest of their customers and constituents to enter into this Agreement.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. All exhibits attached to this Agreement constitute an integral part of this Agreement and are incorporated into the terms hereof.
2. The Parties will jointly and equally participate in any and all Phase I efforts of the Otay River Desal Project .

Agreement Between Sweetwater Authority
and Otay Water District for Joint Participation
in the Otay River Groundwater Desalination Facility Project

3. The Parties agree to a 50 % cost share in any and all Otay River Desal Project Phase I efforts.
4. The Sweetwater and Otay staff expenses, for implementation of the Phase I efforts, shall be paid for by each Party and not shared by or between the Parties and shall not be included or considered in each party's computation of its participation toward costs of the project.
5. The Phase I DWR grant amount for the Otay River Basin Brackish Groundwater Desalination Study is \$242,000. The combined Sweetwater and Otay contribution is \$257,000, for a total of \$499,000 for the study. The Parties also agree to share equally in the additional cost of \$100,000 for the USGS multi-depth monitoring well. This cost and corresponding additional contribution is above and beyond the cost of the monitoring well that was included in the original grant application to DWR. Therefore, each Party agrees to pay a total of \$178,500 as their portion of the study and monitoring well. A copy of the DWR agreement is attached as Exhibit B.
6. The Phase I SDCWA LISA grant amount for the U.S. Geological Survey Study of the San Diego Formation for Potential In-lieu Conjunctive Use concept is \$1,500,000. The combined Sweetwater and Otay contribution is \$1,500,000, for a total of \$3,000,000 for the study. Therefore, each Party agrees to pay a total of \$750,000 as their portion of the study. A copy of the LISA agreement is attached as Exhibit C.
7. The Parties agree to pay for half of the USGS annual fee to maintain the five (5) existing multi-depth monitoring wells associated with the U.S. Geological Survey Study of the San Diego Formation. The annual costs are currently \$55,000 for the five (5) monitoring wells.
8. The Parties agree to amend this Agreement as may be necessary to address any additional Phase I planning, feasibility, and groundwater studies, etc. efforts for the Otay River Desal Project that may arise. The Parties agree to negotiate and execute any required amendments to this Agreement in a timely fashion.
9. The Parties agree that a separate agreement will be entered into to establish the terms and conditions for the Phase II effort intended to consist of a pilot project, environmental, design, construction, operation, maintenance, replacement, and others conditions of the Otay River Desal treatment and transport facilities. In the event of any conflict between the terms of this Agreement and the separate agreement, the terms of this Agreement shall govern in connection with Phase I efforts and the terms of the other agreement will govern in connection with Phase II efforts. If, based on the results of Phase I, the Parties determine that Phase II efforts are required, the Parties agree to execute such an agreement in a timely fashion. This Agreement does not obligate either Otay or Sweetwater to agree to proceed to Phase II.
10. In the event the Parties proceed to Phase II, the Parties will jointly and equally participate in any and all Phase II efforts of the Otay River Desal Project and share equally all aspects and outcomes such as costs, risks, outcomes, information, resulting water supply, and any other benefits.

Agreement Between Sweetwater Authority
and Otay Water District for Joint Participation
in the Otay River Groundwater Desalination Facility Project

11. The Parties agree that this Agreement, by itself, is not a project subject to CEQA.
12. The current projected schedule for the Otay River Desal Project is as follows:
 - a. DWR grant study completion: June 30, 2009
 - b. SDCWA LISA grant study completion: June 30, 2010.
 - c. Phase II pilot project, environmental and design completion: TBD
 - d. Phase II construction complete: TBD
 - e. Initiation of Otay River Desal facility operations: TBD
13. The Parties shall seek, in good faith and within a reasonable time, to resolve any disputes regarding this Agreement first by meeting and conferring among two designated staff representatives, one each from Sweetwater and Otay. Any disputes that cannot be resolved by the staff representatives may be referred by either Party to the Sweetwater General Manager and to the Otay General Manager for resolution. Neither Party will resort to litigation until there is an impasse between the two General Managers.
14. The Parties shall bill each other as appropriate at the Otay address of 2554 Sweetwater Springs Boulevard, Spring Valley, CA 91978-2096, Attention: James Peasley and at the Sweetwater Authority address of P.O. Box 2328, Chula Vista, CA 91912, Attention: Michael Garrod.
15. Payment shall be received at either Parties address listed on the invoice on or before 45 calendar days following receipt of the invoice by either Party after the date of execution of this Agreement.
16. In the event either Party fails to pay any amount when due, interest thereon shall accrue at the rate of ten percent per annum from the date when due until payment is received by either Party.
17. The term of this Agreement shall be for that time until when the Phase II agreement is fully executed by both Parties or this Agreement is terminated by mutual agreement.
18. Each Party agrees to indemnify, defend at its expense, including attorneys' fees, and hold the other harmless from and against all claims, costs, demands, losses, and liability of any nature whatsoever, including but not limited to liability for bodily injury, sickness, disease or death, property damage (including loss of use), or violation of law, caused by or arising out of any error, omission, negligent act, or willful misconduct of that Party, its officers, directors, employees, agents, volunteers, or any other person acting pursuant to its control in performing under this Agreement.

Agreement Between Sweetwater Authority
and Otay Water District for Joint Participation
in the Otay River Groundwater Desalination Facility Project

19. This Agreement, and any and all Exhibits attached to it, represent the entire understanding of the Parties as to those matters contained in it, and supersedes and cancels any prior oral or written understandings, promises, or representations with respect to those matters covered in it.
20. All Exhibits and Recitals contained herein are incorporated into this Agreement by this reference.
21. This Agreement will be interpreted in accordance with the laws of the State of California. If any action is brought to interpret or enforce any term of this Agreement, the action shall be brought in a state or federal court in the County of San Diego, State of California; provided that the dispute resolution procedure outlined in paragraph 22, below, has been completed. California law shall apply, without regard to any conflict of laws principles, to the interpretation of any provision of this Agreement.
22. This Agreement may be modified only by a subsequent written amendment executed by the Parties. Either Party may give notice that it wishes to amend this Agreement at any time with written notice. Any amendments will have to be mutually agreed upon by both Sweetwater and Otay, in writing.
23. If a dispute arises out of, or relates to this Agreement, or the breach thereof, which cannot be resolved by the Parties, the Parties will first submit to mandatory mediation under the Rules of the American Arbitration Association or any other neutral organization agreed upon before having recourse in a court of law. Any agreements resulting from mediation shall be documented in writing by all Parties. Mediation shall be confidential in accordance with the provisions of California law. All mediation results shall be "non-binding" and inadmissible for any purpose in any legal proceeding, unless all Parties otherwise agree upon such admission in writing.
24. No failure of a Party to insist upon the strict performance by the other of any covenant, term, or condition of this Agreement, nor any failure to exercise any right or remedy consequent upon a breach of any covenant, term, or condition of this Agreement, shall constitute a waiver of any such breach or of such covenant, term, or condition. No waiver of any breach shall affect or alter this Agreement, and each and every covenant, condition, and term hereof shall continue in full force and effect to any existing or subsequent breach.
25. None of the Parties shall assign its respective obligations under this Agreement without the prior written approval of the other Party. Any assignment in violation of this paragraph shall constitute a default by the Party attempting the assignment and is grounds for immediate termination of this Agreement or for the enforcement of any available equitable remedies, at the discretion of the other Party. In no event shall any putative assignment create a contractual relationship between the other Party and any putative assignee.
26. This Agreement and all rights and obligations contained herein shall be in effect whether or not any or all Parties to this Agreement have been succeeded by another entity, and all rights and obligations of the Parties shall be vested and binding on their successors-in-interest.

Agreement Between Sweetwater Authority
and Otay Water District for Joint Participation
in the Otay River Groundwater Desalination Facility Project

27. If the performance of any act required of the Parties is directly prevented or delayed by reason of strikes, lockouts, labor disputes, vandalism, terrorism or other criminal act, unusual governmental delays, acts of God, fire, floods, epidemics, freight embargoes, or other causes beyond the reasonable control of the Party required to perform an act, that Party shall be excused from performing that act for the period of time equal to the period of time of the prevention or delay. In the event the Party claims the existence of such a delay, the Party claiming the delay shall notify the other Party in writing of that fact within 14 calendar days after the beginning of any such claimed delay.

28. The Parties agree that they have the right to be advised by counsel with respect to the negotiations, terms, and conditions of this Agreement, and the decision whether to seek advice of counsel with respect to this Agreement is the sole responsibility of each of the Parties. This Agreement shall not be construed in favor of or against any Party by reason of the extent to which each Party participated in the drafting of this Agreement.

29. In the event any one of the provisions of this Agreement shall for any reason be held invalid, illegal, or unenforceable, the remaining provisions of this Agreement shall be unimpaired, and the invalid, illegal, or unenforceable provision(s) shall be replaced by a mutually acceptable provision which being valid, legal, and enforceable, comes closest to the intention of the Parties underlying the invalid, illegal, or unenforceable provision.

30. This Agreement may be executed in multiple counterparts, which when taken together shall constitute a single signed original as though all Parties had executed the same page.

31. If any part of this Agreement is abandoned or indefinitely delayed, due to circumstances beyond the control of the Parties, this Agreement may be terminated by the either Party.

32. Any notice or instrument required to be given or delivered by this Agreement may be given or delivered by depositing the same in any United States Post Office, certified mail, return receipt requested, postage prepaid, addressed to:

Otay Water District
General Manager
2554 Sweetwater Springs Blvd.
Spring Valley, CA 91978-2096

Sweetwater Authority
General Manager
505 Garrett Avenue
Chula Vista, CA 91910

and shall be effective upon receipt thereof.

33. This Agreement shall not be deemed to have been accepted and shall not be binding upon either Party until duly authorized officers of both Parties have executed it.

Agreement Between Sweetwater Authority
and Otay Water District for Joint Participation
in the Otay River Groundwater Desalination Facility Project

34. The individuals executing this agreement represent and warrant that they have the legal capacity and authority to do so on behalf of their respective legal entities.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

Sweetwater Authority

Otay Water District

By: _____
Mark Rogers
General Manager

By: _____
Mark Watton
General Manager

Approved as to form and legality:

Approved as to form:

Michael Cowett
General Counsel

Yuri A. Calderon
General Counsel

Attachments: Exhibit A
Exhibit B
Exhibit C

San Diego Formation - Otay River Desalination Project



Exhibit "A"

EXHIBIT "B"

Agreement 460007432

Sweetwater Authority

Otay River Basin Brackish Groundwater Desalination Study, Phase I

STATE OF CALIFORNIA
THE RESOURCES AGENCY
DEPARTMENT OF WATER RESOURCES

AGREEMENT BETWEEN THE STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES

AND

SWEETWATER AUTHORITY

FOR A WATER DESALINATION GRANT UNDER THE
WATER SECURITY, CLEAN DRINKING WATER, COASTAL AND
BEACH PROTECTION ACT OF 2002

SECTION 10. OPERATIONS AND MAINTENANCE OF "CONSTRUCTION" PROJECT

In consideration of the State Grant, the Grantee agrees, for the useful life of the Project, for 5 years from the completion of the project, to expeditiously commence and to continue operation of the Project and shall cause the Project to be operated in an efficient and economical manner; shall provide for all repairs, renewals, and replacements necessary to the efficient operation of the Project; and shall cause the Project to be maintained in as good and efficient condition as upon its construction, ordinary and reasonable wear and depreciation excepted. Refusal of the Grantee to operate and maintain the Project in accordance with this provision may, at the option of the State, be considered a material breach of contract and may be treated as default under default provisions Exhibit A-24.

SECTION 11. RELATIONSHIPS OF PARTIES

The Grantee, its contractors, subcontractors, and their respective agents and employees required for performing any work under this Agreement shall act in an independent capacity and not as officers, employees, or agents of the State.

The Grantee is solely responsible for planning and implementation of the Project. Review or approval of plans, specifications, bid documents or other construction documents by the State is solely for the purpose of proper administration of State Grant funds and shall not be deemed to relieve or restrict the Grantee's responsibility.

SECTION 12. PERMITS, LICENSES, APPROVALS AND LEGAL OBLIGATIONS

The Grantee shall be responsible for obtaining any and all permits, licenses and approvals required for performing any work under this Agreement, including those necessary for planning and implementing the Project. The Grantee shall be responsible for complying with all applicable federal, State and local laws, rules or regulations affecting any such work, specifically including, but not limited to, environmental, labor, procurement and safety laws, rules, regulations and ordinances.

SECTION 13. GRANTEE'S RESPONSIBILITIES FOR WORK

The Grantee shall be responsible for work and for persons or entities engaged in work, including, but not limited to, subcontractors, suppliers and providers of services. The Grantee shall give personal supervision to any work required under this Agreement or employ a competent representative, satisfactory to the State, with the authority to act for the Grantee. The Grantee or its authorized representative shall be present while work is in progress. The Grantee shall be responsible for any and all disputes arising out of its contracts for work on the Project, including but not limited to bid disputes and payment disputes with the Grantee's contractors and subcontractors. The State will not mediate disputes between the Grantee and any other entity concerning responsibility for performance of work.

SECTION 14. PROJECT OFFICIALS AND NOTICES

The Acting Chief, Office of Water Use Efficiency and Transfers, Department of Water Resources, shall be the State's representative and shall have the authority to sign this Agreement and amendments to the Agreement, if needed, and to make determinations to each controversy or discrepancy arising under or in connection with the interpretation, performance, or payment for work performed under the Agreement.

The Grantee Project Manager shall be Jack Adam. The Grantee Project Manager shall be the Grantee's representative for the administration of the Agreement and shall have full authority to act on behalf of the Grantee, including authority to execute all payment requests. All communications given to the Grantee Project Manager shall be as binding as if given to the Grantee.

Either party may change its representative upon written notice to the other party.

Notices required to be given to the State in writing by the Grantee under this Agreement shall generally be sent to:

Fawzi Karajeh
State of California
Department of Water Resources
Office of Water Use Efficiency and Transfers
901 P Street, Room 313A
Post Office Box 942836
Sacramento, California 94236-0001

Notices required to be given to the Grantee in writing by the State under this Agreement shall be sent to:

Dennis A. Bostad
Sweetwater Authority
505 Garrett Avenue
Chula Vista, California 91910

A change of address for delivery or notice may be made by either party by written notice of such change of address to the other party.

All such notices shall be enclosed in a properly addressed, postage prepaid envelope and deposited in a United States Post Office for delivery by registered or certified mail.

Agreement 4600007432
Sweetwater Authority
Otay River Basin Brackish Groundwater Desalination Study, Phase I

Approved as to Legal Form and Sufficiency:

DAS
7/16/07

By *David A. Sandino* *7/16/07*
David A. Sandino, Acting Chief Counsel Date
Department of Water Resources

SWEETWATER AUTHORITY

Approved as to Legal Form and Sufficiency:

By *[Signature]* *6/20/07*
Grantee's Attorney (if applicable) Date

By *Dennis A. Bostad* *6/21/07*
Dennis A. Bostad Date
General Manager

505 Garrett Avenue
Chula Vista, California 91910

P.O. Box 2328
Chula Vista, California 91912-2328

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES

By *[Signature]*
Manucher Alemi, Acting Chief, Office of Water Use Efficiency and Transfers

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on

7/24/2007
Date

STATE OF CALIFORNIA
THE RESOURCES AGENCY
DEPARTMENT OF WATER RESOURCES

EXHIBIT A

STANDARD TERMS
WATER DESALINATION GRANT

- A-1. **GOVERNING LAW:** This Agreement shall be construed and governed pursuant to the laws of the State of California.
- A-2. **TIMELINESS:** Time is of the essence in this Agreement.
- A-3. **AMENDMENT:** This Agreement may be amended at any time by mutual agreement of the parties, except insofar as any proposed amendments are in any way contrary to applicable law. Requests by the Grantee for amendments must be in writing stating the amendment request and the reason for the request.
- A-4. **SUCCESSORS AND ASSIGNS:** This Agreement and all of its provisions shall apply to and bind the successors and assigns of the parties hereto. No assignment or transfer of this Agreement or any part thereof, rights hereunder, or interest herein by the Grantee shall be valid unless and until it is approved by the State and made subject to such reasonable terms and conditions as the State may impose.
- A-5. **ELIGIBLE PROJECT COSTS:** Grantee shall apply State Grant funds received only to Eligible Project Costs as identified in Exhibit C.
- A-6. **CONDITIONS FOR DISBURSEMENT:** The State shall have no obligation to disburse money under this Agreement unless and until the Grantee has satisfied the State that the disbursement is in accordance with the tasks and budget as detailed in Exhibit B and Exhibit C as well as the requirements of the Water Security, Clean Drinking Water, Coastal and Beach Protection Act, Chapter 6, Section 79545(a) which include:
- (a) For Construction Projects, the Grantee submits to the State, final plans and specifications certified by a California Registered Civil Engineer or equivalent documentation as to compliance with the approved Project.

- (b) The Grantee submits a written statement by an authorized representative that it has obtained all necessary permits, easements, rights-of-way and approvals as may be required by other state, federal, and/or local agencies, as specified in Section 12 of this Agreement.
- (c) The Grantee demonstrates compliance with the California Environmental Quality Act and the National Environmental Policy Act by submitting copies of any environmental documents, including environmental impact reports, environmental impact statements, negative declarations, mitigation agreements, legal notices and environmental permits as may be required prior to beginning the Project.
- (d) The Grantee submits timely periodic progress reports as required by Section 8 of this Agreement.
- (e) The Grantee demonstrates continuing availability of sufficient funds to complete the Project.

A-7. STATE GRANT DISBURSEMENTS:

- (a) Cost Statements: After the Conditions for Disbursement, Section A-6, are met, the State will disburse the whole or portions of the State Grant commitment to the Grantee following receipt from the Grantee of a statement or statements of incurred Eligible Project Costs, reviewed by the Grantee's designated representative, and timely progress reports as required by Section 8 of this Agreement. Requests for State Grant funds shall be filed quarterly or for such periods as the State and the Grantee may mutually agree. The Grantee shall provide the following information:
 - 1. A statement of the incurred Eligible Project Costs for work performed under the Agreement during the period identified in the particular statement and which matches the Budget in Exhibit C and tasks in Exhibit B.
 - 2. A statement of the cost of any interests in real property (land or easements) that have been necessarily acquired for the Project during the period identified in the particular statement for the implementation of the Project.

Agreement 4600007432
Sweetwater Authority

Otay River Basin Brackish Groundwater Desalination Study, Phase I

The Grantee shall submit two (2) copies of quarterly progress reports and 2 copies of statement of costs associated with work accomplished during that quarter, as well as 2 copies of invoice to:

Fawzi Karajeh
Department of Water Resources
Office of Water Use Efficiency and Transfers
901 P Street, Room 313A
P.O. Box 942836
Sacramento, CA 94236-0001

The statement of costs must be detailed and provide supporting documentation for both State and Local Share of costs for each quarterly progress report. Statement of costs shall be submitted in arrears, bearing the Agreement number.

The Grantee must also submit one (1) original copy of each invoice simultaneously to:

DWR Accounting Office
Contracts Payable Unit
Post Office Box 942836
Sacramento, CA 94236

All progress reports, statement of costs, and invoices must be on the Grantee's letterhead, have agency name, project title, Agreement number, invoice number, and the quarter and tasks for which progress reports and invoices cover.

Along with submittal of Draft Final Report, Grantee shall submit to the State a final statement of costs for incurred Eligible Project Costs, within 90 days of the termination date of the agreement.

- (b) Disbursement: Disbursements are subject to the availability of funds and budget contingencies. Following the review and approval of each statement of costs, the State will disburse to the Grantee the amount approved, subject to the availability of funds through the State's normal procedures. Funds will be disbursed by the State in response to each approved statement of costs on a pro rata basis in accordance with the relative payment obligations of the Grantee, Section 5 of this Agreement, and the State, Section 4 of this Agreement for the Project Costs, Section 3 of this Agreement. Any and all money disbursed to the Grantee under this Agreement and any and all interest earned by the Grantee on such money shall be used solely to pay Eligible Project Costs.

A-8. WITHHOLDING OF GRANT DISBURSEMENTS BY STATE

- (a) Withholding clause: The State, at its discretion, may withhold ten percent (10%) of the funds requested by the Grantee for reimbursement of eligible Project Costs until the Project is completed and Final Report is received.
- (b) Additional Conditions for Withholding: If the State determines that the Project is not being completed substantially in accordance with the provisions of this Agreement or that the Grantee has failed in any other respect to comply substantially with the provisions of this Agreement, and if the Grantee does not remedy any such failure, the State may withhold from the Grantee all or any portion of the State Grant commitment and take any other action that it deems necessary to protect its interests.
- (c) Withholding Entire State Grant Commitment: If the State notifies the Grantee of its decision to withhold all of the State Grant commitment from the Grantee pursuant to Subdivision (b) of this Article, this Agreement shall terminate upon receipt of such notice by the Grantee and shall no longer be binding on either party.
- (d) Notwithstanding any other provision to the contrary in this agreement, if the agreement is terminated for any reason, State shall reimburse Grantee for all costs incurred by Grantee per the Statement of Work and Budget as shown in Exhibit B up to the termination date, including without limitation, all uncancelable obligations.

A-9. TIMING AND MANNER OF PROJECT UNDERTAKING

- (a) Project Undertaking Pursuant to Agreement: The Project shall be undertaken in strict accordance with this Agreement.
- (b) Determination of Project Completion: For the purposes of this Agreement, once the entire statement of work has been finished by the Grantee, the Project shall be considered to be completed.
- (c) Acknowledgement of Credit: The Grantee shall include appropriate acknowledgement of credit to the State and to all cost-sharing partners for their support when promoting the Project or using any data and/or information developed under the Agreement.

- (d) Audit Requirement: Pursuant to Government Code Section 8546.7, the contracting parties shall be subject to the examination and audit of the State for a period of three (3) years after final payment under this Agreement with respect to all matters connected with the performance of this Agreement, including but not limited to, the cost of administering this Agreement. All records of the Grantee or subcontractors shall be preserved for this purpose for at least three (3) years after completion of the Project. Completion of the project herein includes the submittal of a satisfactory final report.
- (e) Competitive Bidding of Contracts and Procurements: Grantee shall comply with all applicable laws and regulations regarding securing competitive bids and undertaking competitive negotiations in Grantee's contracts with other entities for acquisition of goods, and services and construction of public works with funds provided by the State under this Agreement.
- (f) Final Inspection and Certification of Registered Civil Engineer (Construction Projects): Upon completion of the Project the Grantee shall provide for a final inspection and certification by a California Registered Civil Engineer that the Project has been completed in accordance with submitted final plans and specifications and any modifications thereto and in accordance with this Agreement. The Grantee shall notify the Office of Water Use Efficiency and Transfers, Department of Water Resources, of the inspection date at least 10 days prior to the inspection in order to provide the State the opportunity to participate in the inspection.

A-10. ACCOUNTING AND DEPOSIT OF GRANT DISBURSEMENT:

- (a) Separate Accounting of State Grant Disbursements and Interest Records

The Grantee shall account for the money disbursed pursuant to this Agreement separately from all other Grantee's funds. The Grantee shall maintain audit and accounting procedures that are in accordance with generally accepted accounting principles and practices, consistently applied. The Grantee shall keep complete and accurate records of all receipts, disbursements, and interest earned on expenditures of such funds. The Grantee shall require its contractors or subcontractors to maintain books, records, and other documents pertinent to their work in accordance with generally accepted accounting principles and practices. Records are subject to inspection by the State at any and all reasonable times.

(b) Disposition of Money Disbursed

All money disbursed pursuant to this Agreement shall be deposited, administered, and accounted for pursuant to the provisions of applicable law.

(c) Remittance of Unexpended Funds

The Grantee, within a period of thirty (30) days from the final disbursement from the State to the Grantee of State Grant funds, shall remit to the State any unexpended funds that were disbursed to the Grantee under this Agreement and were not needed to pay Eligible Project Costs.

(d) Interim and Final Audits

The State reserves the right to conduct an audit at any time between the execution of this Agreement and the completion of the Project, with the costs of such audit borne by the State. After completion of the Project, the State may require the Grantee to conduct a final audit, at the State's expense, such audit to be conducted by and a report prepared by an independent Certified Public Accountant.

Failure or refusal by the Grantee to comply with this provision shall be considered a substantial failure to comply with this Agreement, and the State may elect to pursue any remedies provided in Exhibit A-24 or take any other action it deems necessary to protect its interests.

A-11. CLAIMS DISPUTE CLAUSE: Any claim that the Grantee may have regarding the performance of this agreement including, but not limited to, claims for additional compensation or extension of time, shall be submitted to the Project Manager, Department of Water Resources, within thirty (30) days of the Grantee's knowledge of the claim. Project Director shall then attempt to negotiate a resolution of such claim and process an amendment to this Agreement to implement the terms of any such resolution.

A-12. REMEDIES NOT EXCLUSIVE: The use by either party of any remedy specified herein for the enforcement of this agreement is not exclusive and shall not deprive the party using such remedy of, or limit the application of any other remedy provided by law.

A-13. STATE TO BE HELD HARMLESS: The Grantee agrees to indemnify, defend and hold harmless the State and its officers, agents and employees from any and all claims, demands, damages, losses, costs, expenses, or liability due or incident to, either in whole or in part, and whether directly or indirectly, arising out of the performance of this Agreement to the extent caused by the Grantee.

- A-14. **INSPECTION OF BOOKS, RECORDS, AND REPORTS:** During regular office hours, each of the parties hereto and their duly authorized representatives shall have the right to inspect and to make copies of any financial books, records, or reports of either party pertaining to this Agreement or matters related hereto. Each of the parties hereto shall maintain and shall make available at all times for such inspection accurate records of all its costs, disbursements, and receipts with respect to its activities under this Agreement. Failure or refusal by the Grantee to comply with this provision shall be considered a substantial failure to comply with this Agreement and the State may withhold disbursements to the Grantee or take any other action it deems necessary to protect its interests.
- A-15. **INSPECTIONS OF PROJECT BY STATE:** The State shall have the right to inspect the work being performed at any and all reasonable times during the term of the Agreement. This right shall extend to any subcontracts, and the Grantee shall include provisions ensuring such access in all its contracts or subcontracts entered into pursuant to its Agreement with the State.
- A-16. **PROHIBITION AGAINST DISPOSAL OF PROPERTY WITHOUT STATE PERMISSION:** The Grantee shall not sell, abandon, lease, transfer, exchange, mortgage, hypothecate, or encumber in any manner whatsoever all or any portion of any real or other property necessarily connected or used in conjunction with the Project, without prior permission of the State. The Grantee shall not take any action, including but not limited to actions relating to user fees, charges, and assessments that could adversely affect the ability of the Grantee to meet its obligations under this Agreement, without prior written permission of the State. The State may require that the proceeds from the disposition of any real property be remitted to the State up to the amount of the grant if such disposition occurs within 5 years of the completion of the project. For the purposes of this paragraph, the State's permission shall not be unreasonably withheld.
- A-17. **NO THIRD PARTY RIGHTS:** The parties to this Agreement do not intend to create rights in, or grant remedies to, any third party as a beneficiary of this Agreement, or of any duty, covenant, obligation or undertaking established herein.
- A-18. **NOTICES:** All notices that are required either expressly or by implications to be given by one party to the other under this Agreement shall be signed for the Project Manager and for the Grantee by such officers, as from time to time, it may authorize in writing to so act. All such notices shall be deemed to have been given if delivered personally or if enclosed in a properly addressed postage-prepaid envelope and deposited in a United States Post Office for delivery by registered or certified mail.

- A-19. **PERFORMANCE AND ASSURANCES:** Grantee agrees to faithfully and expeditiously perform or cause to be performed all Project work as described in the final plans and specifications as submitted or as later amended and approved by the State under this Agreement and to apply State funds received only to Eligible Project Costs and to operate and maintain the Project in accordance with applicable provisions of the law. The State reserves the right to seek further written assurances from the Grantee that the work of the Project under this Agreement will be performed consistent with the terms of this Agreement.
- A-20. **SEVERABILITY:** In the event that any provision of this Agreement is unenforceable or held to be unenforceable, then the parties agree that all other provisions of this Agreement have force and effect and shall not be affected thereby.
- A-21. **WAIVER OF RIGHTS:** None of the provisions of this Agreement shall be deemed waived unless expressly waived in writing. It is the intention of the parties hereto that from time to time either party may waive any of its rights under this Agreement unless contrary to law. Any waiver by either party hereto of rights arising in connection with this Agreement shall not be deemed to be a waiver with respect to any other rights or matters, and such provisions shall continue in full force and effect.
- A-22. **TERMINATION WITHOUT CAUSE:** The State may terminate this Agreement without cause on 30 days advance written notice. The Grantee shall be reimbursed for all reasonable expenses incurred, including uncancelable obligations, up to the date of termination.
- A-23. **TERMINATION FOR CAUSE:** The Grantee may terminate this Agreement for cause on 30 days advance notice. The State may terminate this Agreement and be relieved of any payments should the Grantee fail to perform the requirements of this Agreement at the time and in the manner herein provided including but not limited to reasons of default under Exhibit A-24. The Grantee shall be reimbursed for all reasonable expenses incurred, including uncancelable obligations, up to the effective date of termination.
- A-24. **DEFAULT PROVISIONS:**
- (a) The grantee will be in default under this agreement if any of the following occur:
1. Substantial breach of this Agreement, or any supplement or amendment to it;
 2. Making any false warranty, representation, or statement with respect to this Agreement;

- (b) Should an event of default occur, the State may do any or all of the following:
 - 1. Terminate any obligation to make future payments to the Grantee, with the qualifications as set forth in Exhibit A-22 and A-23;
 - 2. Terminate the Agreement; and
 - 3. Take any other action that it deems necessary to protect its interests.
- (c) Both parties agree that any remedy provided in this Agreement is in addition to and not in derogation of any other legal or equitable remedy available to a party as a result of a breach of this Agreement by either party.
- (d) No waiver by either party of any breach or default will be a waiver of any breach or default occurring later. A waiver will be valid only if signed by the State or its authorized agent.

A-25. CONFLICT OF INTEREST:

- (a) Current State Employees:
 - 1. No State officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any State agency, unless the employment, activity or enterprise is required as a condition of regular State employment.
 - 2. No State officer or employee shall contract on his or her own behalf as an independent contractor with any State agency to provide goods or services.
- (b) Former State Employees:
 - 1. For the two year period from the date he or she left State employment, no former State officer or employee may enter into an agreement in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the agreement while employed in any capacity by any State agency.

2. For the twelve-month period from the date he or she left State employment, no former State officer or employee may enter into an agreement with any State agency if he or she was employed by that State agency in a policy-making position in the same general subject area as the proposed agreement within the twelve-month period prior to his or her leaving State service.

A-26. **WORKERS' COMPENSATION CLAUSE:** The Grantee affirms that it is aware of the provisions of Section 3700 of the California Labor Code, which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and the Grantee affirms that it will comply with such provisions before commencing the performance of the work under this Agreement and will make its contractors and subcontractors aware of this provision.

A-27. **AMERICANS WITH DISABILITIES ACT:** By signing this Agreement, Grantee assures the State that it complies with the Americans with Disabilities Act (ADA) of 1990, (42 U.S.C. 12101 et seq.), which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA.

A-28. **DRUG-FREE WORKPLACE CERTIFICATION:**

(a) Certification of Compliance

By signing this Agreement, the Grantee, its contractors or subcontractors hereby certify under penalty of perjury under the laws of the State of California compliance with the requirements of the Drug-Free Workplace Act of 1990 (Government Code 8350 et seq.) and have or will provide a drug-free workplace by taking the following actions:

1. Publish a statement notifying employees, contractors and subcontractors that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees, contractors or subcontractors for violations, as required by Government Code Section 8355(a).
2. Establish a Drug-Free Awareness Program, as required by Government Code Section 8355(b) to inform employees, contractors and subcontractors about all of the following:
 - a. The dangers of drug abuse in the workplace,

- b. The Grantee's policy of maintaining a drug-free workplace,
 - c. Any available counseling, rehabilitation and employee assistance programs, and
 - d. Penalties that may be imposed upon employees, contractors or subcontractors for drug abuse violations.
3. Provide, as required by Government Code Section 8355(c), that every employee, contractor and subcontractor who works under this Agreement:
 - a. Will receive a copy of the Grantee's drug-free policy statement, and
 - b. Will agree to abide by terms of the Grantee's condition of employment, contract or subcontract.
- (b) Suspension of Payments: This Agreement or State Grant may be subject to termination per Exhibit A-23 and A-24, and the Grantee may be subject to debarment if the Department determines that:
1. The Grantee, its contractors or subcontractors have made a false certification, or;
 2. Grantee, its contractors or subcontractors violates the certification by failing to carry out the requirements noted above.

A-29. **NONDISCRIMINATION CLAUSE:** During the performance of this Agreement, the Grantee, its contractors and subcontractors shall not deny the Agreement's benefits to any person on the basis of religion, color, ethnic group identification, sex, age, physical or mental disability, nor shall they discriminate unlawfully against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical handicap, mental disability, medical condition, marital status, age, or sex. The Grantee shall insure that the evaluation and treatment of employees and applicants for employment are free of such discrimination.

The Grantee, its contractors and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code, Section 12900 et seq.), the regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285.0 et seq.), the provisions of Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (Government Code, Sections 11135-11139.5) and the regulations or standards adopted by the awarding State Agency to implement such article. The Grantee shall provide notice to its

contractors and subcontractors that they are also required to comply with the provisions and regulations described in this paragraph.

The Grantee, its contractors and subcontractors shall give written notice of their obligations under this clause to notify labor organizations with which they have a collective bargaining or other agreement.

The Grantee shall include the nondiscrimination and compliance provisions of this clause in all contracts and subcontracts to perform work under the Agreement.

The Grantee's signature on this Agreement shall constitute a certification under the penalty of perjury under the laws of the State of California that the Grantee has, unless exempted, complied with the nondiscrimination program requirements of Government Code, Section 12990, and Title 2, California Code of Regulations, Section 8103.

- A-30. **UNION ORGANIZING:** No State funds disbursed by this State Grant will be used to assist, promote, or deter union organizing. If Grantee makes expenditures to assist, promote, or deter union organizing, Grantee will maintain records sufficient to show that no State funds were used for those expenditures and that Grantee shall provide those records to the Attorney General upon request.

EXHIBIT B

STATEMENT OF WORK DWR ID: F 2006-03 SWEETWATER AUTHORITY

PROJECT DESCRIPTION

This is a \$242,000 agreement between Sweetwater Authority (Sweetwater) and Department of Water Resources (DWR) to conduct a desalination feasibility study. The total estimated budget of the brackish water feasibility study is \$499,000. DWR share through this agreement with Sweetwater is \$242,000.

The purpose of the Otay River Basin Brackish Groundwater Desalination Project is to determine the feasibility of extracting brackish groundwater from the San Diego Formation (SDF) where it underlies the Otay River Basin, treat it at a new desalination facility, and deliver the potable water to customers of both Sweetwater and Otay Water District (the Districts), who are partnering on this project. The first phase of the study is to collect necessary geologic, groundwater and water quality data that can be used to determine the characteristics of the aquifer and to develop a solidified plan for completing a project that could potentially yield four (4) million gallons per day (mgd) of desalinated potable water.

The achievable goals of this Project are to:

- Obtain valuable well data that can be used to determine the hydrogeological conditions of the SDF in the Otay River Basin.
- Determine the water quality of the aquifer in this region.
- Conceptually layout the facilities and costs needed to collect, treat and deliver desalinated water to potable water customers of the Districts.
- Develop a long-term monitoring program for well development and an implementation plan that clearly identifies the steps needed to complete the ultimate project.

The DWR funding will permit the Districts to complete a significant step towards developing, through the use of desalination technologies, a new potable water source from brackish groundwater that is currently not used.

The SDF extends from the California-Mexico border to near Mission Bay in San Diego County, a distance of approximately 16 miles from the coast, and approximately 5-6 miles inland. What is known about the SDF is that the geology is complex and at present only partly understood. The heterogeneity of the aquifer makes it extremely difficult to accurately predict groundwater flow or well performance. Few, if any,

Otay River Basin Brackish Groundwater Desalination Study, Phase I

investigations have been performed on the SDF in the Otay River Basin (previous wells had been measured at 2,000 milligram per liter [mg/l] total dissolved solids). Most of the knowledge is based in and adjacent to the Sweetwater River Valley and in the Tijuana River Valley. Therefore, this project will produce valuable and useful data to aid in characterizing the SDF that could ultimately lead to the production of potable water in the Otay River Basin.

Sweetwater has successfully developed a brackish groundwater desalinated water facility, the Reynolds Groundwater Desalination Plant (Reynolds), in the Sweetwater River Valley that produced 1,986 acre-feet of potable water in 2005 and is expected to produce up to 4,400 acre-feet per year by 2010. Sweetwater and its existing and proposed groundwater desalination projects are compliant with the Groundwater Quality Monitoring Act of 2001 (AB 599). Sweetwater participated in the Groundwater Ambient Monitoring Assessment (GAMA) program in 2005. This program was implemented by the California State Water Resources Control Board to satisfy the Groundwater Quality Monitoring Act of 2001. Additionally, Sweetwater is committed to continue their relationship with the GAMA project in the future.

Otay Water District (Otay) imports 100% of its potable water from the San Diego County Water Authority, the wholesale supplier for the region. To date, they have been unsuccessful in attempts to develop groundwater resources in their service area, and stated in their 2005 Urban Water Management Plan that the SDF is of particular interest to them and other agencies. With Sweetwater taking the lead on this project, their experience will enable the implementation of an economical and environmentally acceptable project.

The Districts are both implementing conservation and recycling programs within their service areas to the maximum extent practicable. They are signatories to the "Memorandum of Understanding (MOU) Regarding Urban Water Conservation in California" and actively implement the fourteen best management practices of the California Urban Water Conservation Council. They are committed to water conservation, knowing that water conservation is the best way to protect their water supply resources. Otay also owns and operates the Ralph W. Chapman Water Reclamation Facility that produces 1.1 mgd of recycled water and has signed an agreement with the City of San Diego to purchase an average of at least 6 mgd of recycled water from their South Bay Water Reclamation Plant. Otay continues to expand its recycled water system and has one of the largest distribution systems for recycled water in San Diego County.

Benefits to be gained by Phase I alone include increasing the data available on the SDF and providing this information to the U.S. Geological Survey (USGS) to include in their current study of the SDF. This will allow USGS to better characterize the whole aquifer and its potential and will be a valuable resource to the entire region. This proposed project will help advance desalination technology by providing an implementation plan for the development of new potable water supplies through brackish groundwater desalination that would be applicable for other water purveyors. With the water quality

data from the proposed wells and transferring the experience from the Reynolds Desalination Plant, the feedwater treatment processes and strategies will be improved. The proposed desalination facility will utilize new, low pressure reverse osmosis membranes that will reduce power costs over the Reynolds facility. Should the Otay River Basin prove feasible, beach wells for additional feedwater intake will be studied as part of a subsequent phase of the project.

PROJECT OBJECTIVES, TASKS, AND SERVICES TO BE PERFORMED

The project plan of this agreement will be performed primarily by consultants to Sweetwater and consists of the tasks, deliverables, and project costs shown below.

1. Collect and Review Available Geologic and Groundwater Data and Reports (Task Budget = \$12,000)

This task consists of collecting and reviewing prior studies and reports and any well data available. Sources of information include the Sweetwater, Otay, San Diego County Water Authority, USGS, DWR, and the County of San Diego. This includes meeting with operating staff of Reynolds to document areas of known improvements to be applied to an Otay River Groundwater Desalination Plant.

2. Conceptual Facilities Layout and Preliminary Construction Costs: Well, Collection, Treatment, Distribution and Brine Disposal (Task Budget = \$105,000) – Deliverable = Conceptual Facility Plans (11x 17) and Cost Estimates

The facilities envisioned for the ultimate constructed project will be conceptually designed and construction costs estimated. This includes siting the groundwater well(s), collection system, desalinated water treatment plant, product water delivery system, and brine disposal facilities (brine disposal will be coordinated with Sweetwater's proposed brine disposal study). It is envisioned that the desalination facility will be similar to Reynolds, modified by lessons learned at Reynolds.

3. Design and Construct Monitoring/Test Well(s) - (Task Budget = \$300,000)

Prepare design plans and obtain County of San Diego Environmental Health Department permit to drill new wells. Construct two monitoring/test wells in the Otay River Basin.

4. Geologist Logs, Evaluate Borings and Monitoring (Task Budget = \$9,000) – Deliverable = Database of all Logs, Test and Monitoring Data Collected

The purpose of this task is to obtain lithologic logging, geophysical logging, soil samples, aquifer pumping tests, sieve analysis, infiltration testing data and to

monitor groundwater levels. This work is essential to begin to understand the nature of the SDF in the Otay River Basin. The data collected will be provided to USGS for them to add to the data they have already collected on the SDF and help them to determine its safe yield.

5. Conduct Water Quality Analyses (Task Budget = \$13,000) – Deliverable = Water Quality Laboratory Test Results

Conduct water quality analyses to determine the groundwater quality in the test wells. Groundwater constituents will be identified and the laboratory test results will be entered into a Water Quality Data Log. The water quality information will help in determining the processes and operating conditions required at the desalinated water treatment plant to meet drinking water standards.

6. Prepare Environmental Initial Study (Task Budget = \$8,000) – Deliverable = Environmental Initial Study will be included with the Task 8 deliverable

This task will complete an Environmental Initial Study based upon the Conceptual Facilities Layouts. The type of environmental document that will be required for the ultimate project will be identified, along with the potential regulatory permits/approvals.

7. Develop Long-Term Well Monitoring and Development Program and Project Implementation Plan (Task Budget = \$13,000) – Deliverable = Will be delivered with Task 8 Report

Under this task, a Long-Term Well Monitoring and Development Program will be created to identify what should be monitored over time and how the wells should be developed to generate the most useful data and/or best yield from them. A Project Implementation Plan will also be created that will define the steps to be taken in order to construct the ultimate project. These plans are essential for the ultimate understanding of the nature of the SDF in the Otay River Basin and for the safe yield of brackish groundwater.

8. Summarize Findings in a Report (Task Budget = \$25,000) – Deliverables = Draft and Final Phase I Study

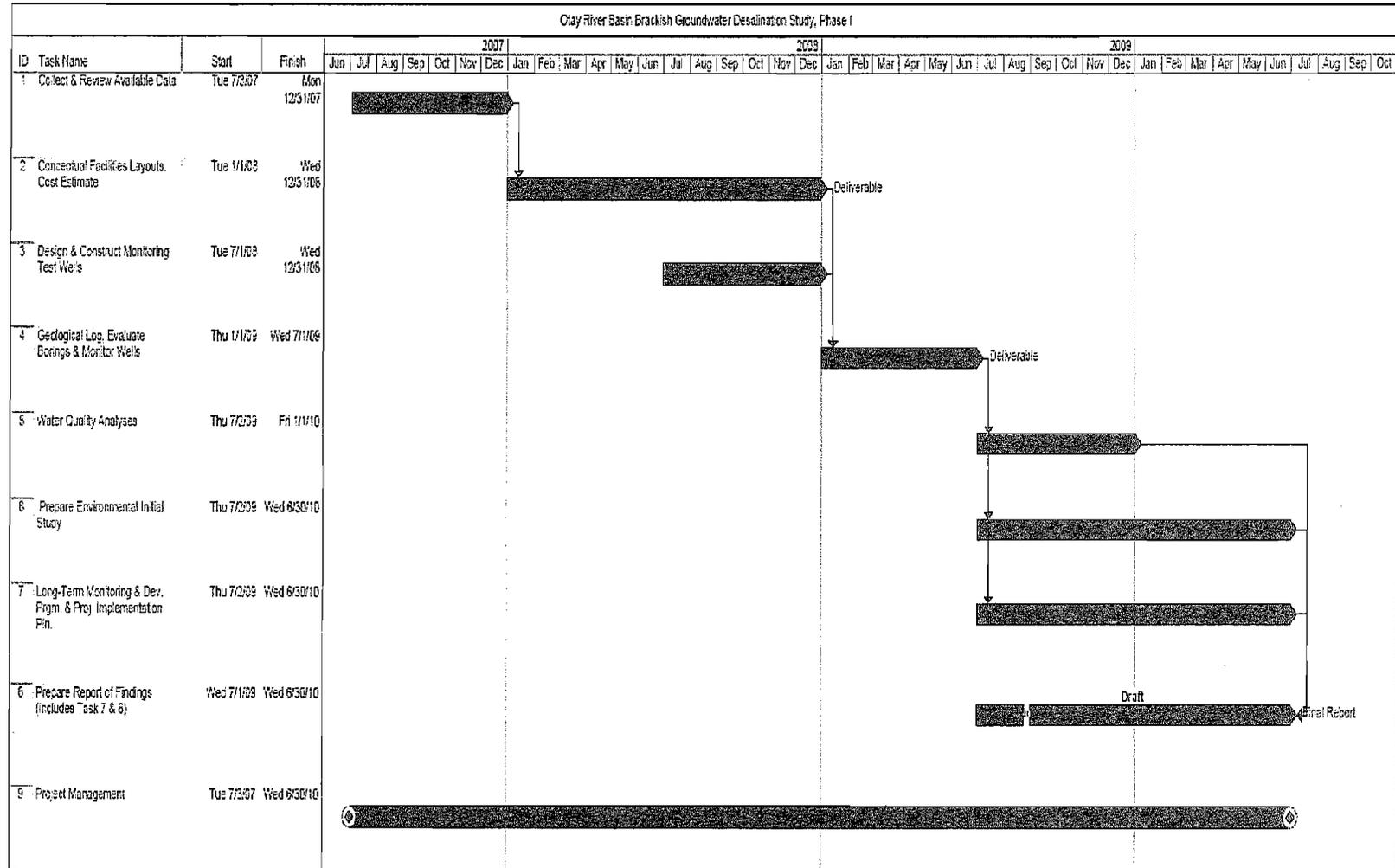
The purpose of this task is to develop the final report, which will describe in detail the procedures used to implement the study and all findings. It will include the Conceptual Facilities Layouts, cost estimates, well data, water quality data, Environmental Initial Study, Long-Term Well Monitoring and Development Program and the Project Implementation Plan. A draft and final report will be prepared under this task.

9. Project Management (Task Budget = \$14,000) – Deliverable = DWR Reports

Sweetwater's consultant will assume primary responsibility for Project Management activities, including budget and schedule tracking, resource management, performance monitoring, quality control and communication between project team members. Sweetwater will assume primary responsibility for communicating with the consultant and reporting to DWR.

Otay River Basin Brackish Groundwater Desalination Study, Phase I

PROJECT DELIVERIES



PROJECT ASSESSMENT AND MONITORING

Through progress, annual, final reports, and field visits, DWR staff will monitor and assess the project in terms of providing the projected new or alternative potable water supplies.

EXHIBIT C

**BUDGET
DWR ID: F 2006-03
SWEETWATER AUTHORITY**

	Budget Category (I)	Non State Share (II)	State Share (Grant) (III)	Total Project Costs (IV) = (II+III)
(a)	Administration:			
	Salaries, wages	\$2,800		\$2,800
	Fringe benefits	\$110		\$110
	Supplies			
	Equipment			
	Consulting services	\$5,000	\$5,000	\$10,000
	Travel			
(b)	Planning/Design/Engineering	\$35,000	\$35,000	\$70,000
(c)	Equipment Purchases/Rentals/ Rebates/Vouchers			
(d)	Materials/Installation/Implementation			
(e)	Implementation Verification			
(f)	Project Legal/License Fees	\$500	\$500	\$1,000
(g)	Structures			
(h)	Land Purchase/Easement			
(i)	Environmental Compliance/Mitigation/Enhancement	\$4,000	\$4,000	\$8,000
(j)	Construction	\$150,000	\$150,000	\$300,000
(k)	Other (specify) (Water Quality Lab Tests)	\$5,000	\$5,000	\$10,000
(l)	Monitoring and Assessment	\$4,500	\$4,500	\$9,000
(m)	Report Preparation	\$16,000	\$16,000	\$32,000
(n)	SUBTOTAL (a+ ... + m)	\$222,910	\$220,000	\$442,910
(o)	Overhead	\$11,799		\$11,799
(p)	Contingency (specify % used) (10%)	\$22,291	\$22,000	\$44,291
(q)	TOTAL (n + o + p)	\$257,000	\$242,000	\$499,000

JOINT PARTICIPATION AGREEMENT FOR
LOCAL INVESTIGATIONS AND STUDIES ASSISTANCE PROGRAM FUNDING
BETWEEN
SAN DIEGO COUNTY WATER AUTHORITY
AND
SWEETWATER AUTHORITY

See: E-SW-273

THIS AGREEMENT is made this 12th day of December 2007, between the San Diego County Water Authority, a county water authority (Water Authority) and the Sweetwater Authority, a joint powers agency (Lead Agency) with respect to the following facts:

RECITALS

1. The Water Authority has established the Local Investigations and Studies Assistance Program (LISA Program), for the purpose of facilitating local agency studies and investigations of new local water supply opportunities.
2. The purpose of the LISA Program is to encourage, through assistance in project funding, local groundwater conjunctive-use studies and investigations that could lead to local water supply projects that provide new annual core (baseload) supplies or increased dry-year supplies.
3. On June 28, 2007, the Water Authority Board of Directors approved the first funding cycle for the LISA Program.
4. The Lead Agency and the Otay Water District (Co-applicant) are conducting a study of the San Diego Formation titled "*U.S. Geological Survey Study of the San Diego Formation for Potential In-lieu Conjunctive Use*" (Study) to evaluate the potential for groundwater conjunctive-use operations in that southern portion of the San Diego Formation that underlies the Sweetwater Authority service area. The primary objectives of the Study are: (1) to develop an integrated, comprehensive understanding of the geology and hydrology of the San Diego Formation, including the sustainable yield of the formation, and (2) to use this understanding to evaluate expanded use, such as in-lieu

conjunctive use of the San Diego Formation. See **Attachment A – Scope of Work** for description of work to be performed under the Study.

5. Water Authority funding for this LISA Program Agreement is being derived from groundwater conjunctive-use funding provided by the State of California Department of Water Resources (DWR) as a result of the passage of SB 1765 (1998).
6. Studies receiving funding under this Agreement must be related to groundwater conjunctive use.

Section 1. Term of Agreement

The term of the Agreement begins at the date of execution of the Agreement and ends three (3) years from the date of execution. The final invoice for reimbursement must be submitted to the Water Authority for approval and payment within three (3) years and three (3) months from the date of the execution of the Agreement.

Section 2. Work to be Performed Under this Agreement

The approved scope of work, schedule, and budget for this Agreement is included as **Attachment A – Scope of Work, Attachment B – Project Schedule, and Attachment C – Project Budget.**

Section 3. Amount of Funding and Agency Match

The Water Authority Board has approved \$1,500,000 in matching LISA Program Funds to be provided to the Lead Agency to conduct the Study. The Lead Agency match shall be equal to or greater than the total awarded funds under the LISA Program. Agency match must also be equal to or greater than 50 percent of the total project cost. Eligible Project matching funds are described in Section 4

below. The Lead Agency may designate as matching funds eligible expenditures for work conducted by the Lead Agency and Co-applicant for a period of up to two years prior to the date of the award of the grant, June 28, 2007, but reimbursement is only authorized for work done on the Study after June 28, 2007.

Contributions to the Lead Agency and the Co-applicant from: 1) private entities; and 2) public entities located outside the County of San Diego, including but not limited to the Metropolitan Water District of Southern California, the U.S. Bureau of Reclamation, U. S. Environmental Protection Agency, California Energy Commission, American Waterworks Association, etc., shall be subtracted from the cost of the Study for the purposes of calculating eligible reimbursable funds, LISA Program grant matching requirements, and total project cost.

Section 4. Eligible Agency Matching Funds

Eligible matching funds include expenditures for third party costs or in-kind specialized services conducted in-house by either the Lead Agency or Co-applicant. Overhead and general administrative services do not qualify as in-kind matching funds. Third party costs include subcontractor work for technical support services. In-kind specialized services include technical services such as GIS, environmental review, lab work, field monitoring, and direct costs for project management. Third party costs also include qualifying expenditures by the Co-applicant.

The Water Authority retains sole discretion to determine eligible matching funds based on criteria identified above. The Water Authority shall not unreasonably deny eligibility of Lead Agency or Co-applicant matching funds.

Section 5. Funding Documentation

Before the Lead Agency can request reimbursement, the Lead Agency must submit the following documents:

- a. Executed copies of any contract or agreement for professional services with respect to the Study.
- b. Proof of formal approval of the Study by its governing Board and expenditure of matching funds solely for the purpose of the Study. Proof of approval may be in the form of a copy of an adopted resolution, or minutes of a meeting of which a motion is adopted, and the copy is certified as a true copy of an official record of the agency.
- c. Documentation of expenditure of agency matching funds, including but not limited to, copies of consultant/contractor invoices and statements of agency in-house labor time and expenses (if applicable).

Section 6. Disbursement Conditions

Funding of this Agreement is contingent upon receipt by the Water Authority of funds for the Study from the California Department of Water Resources (DWR), administered under Senate Bill 1765. If the State does not appropriate sufficient funds for this program during the current year or any subsequent years covered under this Agreement, this Agreement shall be null and void. In that event, the Water Authority will have no liability to pay any funds to the Lead Agency. If payment of invoices for reimbursement is denied by DWR, the Water Authority will have no liability to pay those funds to the Lead Agency.

Matching funds must be expended first before reimbursement is requested. The Lead Agency shall submit invoices to the Water Authority on a quarterly basis. The Water Authority will prepare and submit invoices to DWR for reimbursement to Lead Agency after the following has been completed by the Lead Agency:

For each quarterly invoice, the Lead Agency shall submit the following:

- a. Four copies of the Quarterly Report and Statement of Costs, as specified in Section 8, for the period for which reimbursement is being requested.

- b. One original invoice and three (3) copies from the Lead Agency requesting reimbursement.
- c. Four copies of consultant/contractor paid invoices and documentation of payment of those invoices; documentation of in-house labor time and expenses (if applicable) for work conducted during the quarter; and any bills of materials.

Payment of Lead Agency invoices for reimbursement is contingent upon ability of the Lead Agency and the Water Authority to meet and comply with DWR Exhibit D – “Special Terms and Conditions for Department of Water Resources (Local Public Entities - Payables)” and Exhibit E – “Additional Provisions” of DWR Agreement No. 4600007621 with the Water Authority which are combined into **Attachment F** and made part of this agreement.

Section 7. Co-Applicants

Co-applicant for the Study is the Otay Water District. Sweetwater Authority shall be designated as the Lead Agency, and will bear responsibility for meeting the terms of this Agreement. Enforcement and all related correspondence of this Agreement shall be between the Water Authority and the Lead Agency only. The Lead Agency shall be responsible for submitting quarterly reports, invoices, and statement of costs for work conducted by the Lead Agency and the Co-applicant. Reimbursable funds will be distributed to the Lead Agency only.

Section 8. Quarterly Progress Reports and Statement of Costs

The Lead Agency shall submit quarterly progress reports, January 31, April 30, July 31, and October 31, on the status of the Study and a Statement of Costs. The Quarterly Progress Report shall include work completed during the previous quarter, anticipated work to be conducted during the next quarter, percent completion of tasks (as outlined in the approved schedule), and percent completion of the total Study. The Lead Agency shall use the reporting format as shown in **Attachment D – Quarterly Progress Report**.

Statement of Costs shall include the expenditures for the previous quarter and total expenditures to date. See **Attachment E – Statement of Costs** for example of Statement of Costs.

Section 9. Performance Criteria

The following performance criteria are established:

- a. Work on the approved scope must begin within six months of award of funding.
- b. Work on the approved scope must be completed within three (3) years of the date of execution of this Agreement.
- c. If the schedule lags for greater than two quarters from the schedule included as **Attachment B**, a meeting between the Lead Agency and Water Authority staff will be held to determine cause, remedies, and a possible amendment to the schedule or Agreement.
- d. If the schedule continues to lag for an additional two quarters, Water Authority staff will have a follow up meeting with Lead Agency staff to determine continued viability of the Study.
- e. A report of the outcome of the meeting(s) and recommendations regarding the continued viability of the Agreement will be made to the Water Authority General Manager.

Section 10. Withholding of Grant Disbursement by Water Authority

If the Water Authority determines that the Study is not being completed in accordance with the Performance Criteria in Section 9 and in accordance with the provisions of the Agreement, or that the Lead Agency has failed in other respects to comply substantially with the provisions of this Agreement, the Water Authority will

demand compliance. If the Lead Agency does not remedy such failure to the Water Authority's satisfaction within a reasonable period, the Water Authority may withhold from the Lead Agency all or any portion of the Water Authority grant commitment and take any other action it deems necessary to protect its interest and to meet the goals of the LISA Program.

Section 11. Acknowledgement of Credit

In the Final Study Report, and when promoting the Study or using any data and/or information developed under the Agreement, the Lead Agency shall include appropriate acknowledgement of credit to DWR (as the funding source for the LISA Program), the Water Authority, and all cost-sharing partners for their support.

Section 12. Audit Requirements

Pursuant to Government Code Section 8546.7, the contracting parties shall be subject to the examination and audit for a period of three (3) years after the final payment under this Agreement with respect to all matters connected with the performance of this Agreement. All records of the Lead Agency and the Co-applicant, or their contractors or subcontractors, shall be preserved for this purpose for at least three (3) years after the completion of the Study.

Section 13. Competitive Bidding of Contracts and Procurements

The Lead Agency and Co-applicant shall comply with all applicable laws and regulations regarding securing competitive bids, payment of prevailing wages where applicable, and undertaking competitive negotiations in contracts for procurement of goods and services provided under this Agreement.

Section 14. Amendments

This Agreement may be amended at any time by mutual agreement of the parties, except insofar as any proposed amendments are in any way contrary to

applicable law. Requests by the Agency for amendments must be in writing stating the amendment request and the reason for the request.

Any changes in project scope that are requested after the Water Authority Board has approved the funding recommendations must be submitted to the Water Authority for approval. If approved, Agreement shall be amended to reflect the scope change.

Section 15. Relationships of Parties

The Lead Agency, the Co-applicant, contractors, subcontractors, and their respective agents and employees required for performing work under this Agreement, shall act in an independent capacity and not as officers, employees, or agents of the Water Authority.

Section 16. Project Officials and Notices

The Director of Water Resources of the Water Authority shall be the Water Authority's representative and shall have the authority to sign agreements and amendments to the agreement if needed.

The Lead Agency Project Manager shall be Michael E. Garrod. The Lead Agency Project Manager shall be Lead Agency's representative for the administration of the Agreement and shall have full authority to act on behalf of the Lead Agency, including authority to execute all payment requests. All communications given to the Lead Agency Project Manager shall be as binding as if given to the Lead Agency.

Either party may change its Project Manager upon written notice to the other party. Notices required to be given to the Water Authority in writing by the Lead Agency under this Agreement shall be sent to:

San Diego County Water Authority
Attention: LISA Program Manger – Ken Weinberg
4677 Overland Avenue
San Diego, CA 92117

Notices required to be given to the Lead Agency in writing by the Water Authority under this Agreement shall be sent to:

Sweetwater Authority
Attention: Michael E. Garrod, Project Manager
P.O. Box 2328
Chula Vista, CA 91912-2328

A change of address for delivery or notice may be made by either party by written notice of such change of address to the other party.

Section 17. Cooperation

The Lead Agency will provide the Water Authority with Quarterly Progress Reports as specified in Section 8. The Lead Agency will provide the Water Authority with copies of the draft and Final Study Report and any interim documents for the Water Authority staff's review and input. The Lead Agency will provide the Water Authority with reasonable access to information being developed or secured for the Study and report purposes including, upon request of the Water Authority, an audit of costs associated with the Study.

Water Authority reserves the right to conduct periodic review meetings with the Lead Agency and its project team. The purpose of these meetings is to provide a detailed update on Study progress, findings to date, and any challenges or other issues that have arisen during the Study.

Section 18. Completion

Within 90 days of the conclusion of the Study, the Lead Agency will submit to the Water Authority: (1) the final invoice for reimbursement; (2) final Statement of Costs; (3) Final Report; and (4) the Final Quarterly Progress Report. The Lead Agency shall furnish the Water Authority with two hardcopies of the final report and two electronic copies on CD.

Section 19. Defaults and Remedies

Any claim the Lead Agency may have regarding the performance of this Agreement including, but not limited to, claims for extension of time, shall be submitted to the Water Authority Director of Water Resources within thirty (30) days of the Lead Agency's knowledge of the claim. The Water Authority and the Lead Agency shall then attempt to negotiate a resolution of such claim. If a resolution is reached, an amendment to this Agreement will be processed to implement the terms of such resolution.

The use by either party of any remedy specified herein for the enforcement of this Agreement is not exclusive and shall not deprive the party using such remedy of, or limit the applicability of, any other remedy provided by law.

Section 20. Public Record

All reports, including the Final Report, submitted as part of the Study fall under Government Code § 6250 et. seq. are public records, and as such may be subject to public review.

Section 21. Indemnity - Hold Harmless

The Lead Agency agrees to defend, indemnify, and hold harmless the Water Authority, its officers, and employees, from all damage, injury, claims, demands, losses, and liability to the extent that the same are the result of conducting the Study, or the negligence or willful misconduct of the Lead Agency or any of its officers, employees or any other person acting pursuant to its control in performing the work under this Agreement.

Section 22. Laws and Venue

This Agreement shall be interpreted in accordance with the laws of the state of California. If any action is brought to interpret or enforce any term of this Agreement, the action shall be brought in a state or federal court in the county of San Diego.

Section 23. Assignment

The Lead Agency shall not assign, sublet, or transfer this Agreement or any rights or interest in this Agreement without the written consent of the Water Authority, which may be withheld for any reason.

Section 24. Integration

This Agreement represents the entire understanding of the Water Authority and the Lead Agency as to those matters contained herein. No prior oral or written understanding should be of any force or effect with respect to those matters covered hereunder. This Agreement may not be modified or altered except in writing signed by the Water Authority and the Lead Agency.

Section 25. Notice

Any notice or instrument required to be given or delivered by this Agreement may be given or delivered by depositing the same in any United States Post Office, registered or certified, postage prepaid, addressed to:

San Diego County Water Authority
4677 Overland Avenue
San Diego, CA 92123
Attn: Ken Weinberg
Director of Water Resources

Sweetwater Authority
505 Garrett Avenue
Chula Vista, CA. 91912-2328
Attn: Michael E. Garrod, P.E.
Engineering Manager

Section 26: Signatures

The individuals executing this Agreement represent and warrant that they have the legal capacity and authority to do so on behalf of their respective legal entities.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date written above:

SAN DIEGO COUNTY WATER AUTHORITY

By: 
Ken Weinberg
Director of Water Resources

SWEETWATER AUTHORITY

By: 
Dennis A. Bostad
General Manager

Approved as to form and legality:

By: 
Rosann Gallen, Deputy
General Counsel
San Diego County Water Authority

By: 
General Counsel
Sweetwater Authority

ATTACHMENT A
SCOPE OF WORK

ATTACHMENT A

SCOPE OF WORK

Phase I

•**Task I-1: Compile geohydrologic reports and data.** This background information includes geologic maps and sections, geophysical data, offshore bathymetry, water and oil well construction and lithologic data, ground-water quality data, and surface-water discharge and quality data. These data are needed to interpret results from Phase I. A comprehensive literature review was done to augment data that was collected as part of Phase I. Electronically available USGS surface-water, ground-water, and water-quality data were reviewed and integrated into the GIS. Surficial geologic maps of the area were obtained, digitized, and incorporated in the GIS.

•**Task I-2: Collect samples of ground-water quality.** Both areal and downhole samples will be collected. The areal sample sites will be selected to include a broad distribution of the San Diego Formation throughout the watershed. The downhole samples will be collected from production wells, and will include measurement of flow within the well bore in order to optimally select the depth to collect the sample.

•**Task I-2: Analyze InSAR data.** This type of remotely sensed data obtained from satellites can be used to help determine aquifer structure, the presence of faults and other hydrologic barriers, areas of recharge and discharge, and how the aquifer responds to different pumping amounts and temporal distribution. Some of this information was obtained and combined with surficial geologic mapping to help define the extent of the aquifer.

•**Task I-3: Conduct aquifer test.** A regional aquifer test was completed and indicated that a hydrogeologic connection exists between the brackish ground-water wells that supply the Richard A. Reynolds Desalination Facility (Desalination Facility) and the National City production wells two miles to the north. This test will be helpful in calibrating the groundwater computer model.

•**Task I-4: Installed one multiple-depth monitoring well.** The multiple-depth monitoring well was constructed approximately 1.5 miles west of the National City production wells on the San Diego Navy Base. In addition to standard lithologic and geophysical logging, core samples were taken from selected depths and analyzed for physical and chemical characteristics. The wells were constructed to provide long-term monitoring of depth-dependent water levels and water quality.

•**Task I-5: Create a public website.** This project website [ca.water.usgs.gov/sandiego] integrates and presents the data and information

collected in tasks I-1 through I-4.

The scope mentioned above, has been primarily funded by the Sweetwater Authority, with a total cost of approximately \$2 million. Sweetwater will be submitting costs of \$750,000, associated with funds spent from July 1, 2005 to June 30, 2007 in Phase I of the USGS study, as Sweetwater's share of the matching funds for the LISA program. Otay's matching funds will be part of the Phase II portion of the study.

Phase II

Phase II extends the findings of Phase I into the adjacent Otay River drainage basin, which is the southerly side of the Sweetwater River drainage basin. The approach is similar to Phase I, focusing primarily on integrating geologic data with ground-water quality constituents that identify the age, source, and three-dimensional movement of ground water.

•**Task II-1: Measure depth-dependent flow rate and collect depth-dependent water quality samples from selected production or monitoring wells in the Otay River Basin.** Following measurement of the depth-dependent flow rate of each well, samples will be collected from specific depths and then analyzed for major and minor ions, selected trace elements, tritium, and stable isotopes of oxygen and hydrogen.

•**Task II-2: Collect samples of ground-water quality.** A single composite water sample will be obtained from each selected wells and will be analyzed for major and minor ions, selected trace elements, nutrients, dissolved oxygen, noble gases, tritium, carbon-14, and stable isotopes of oxygen and hydrogen. Wells to be sampled will be selected based on their broad distribution covering the horizontal distribution of the San Diego Formation in the Otay River drainage basin. Candidate wells include a multiple-depth piezometer well that was previously installed and sampled by the USGS.

•**Task II-3a: Install multiple-depth monitoring well in the Otay River basin.** In addition to standard lithologic and geophysical logging, core samples will be taken from selected depths and analyzed for physical and chemical characteristics. The wells will be constructed to provide long-term monitoring of depth-dependent water levels and water quality. A total of three wells will be drilled through the San Diego Formation in the Otay River drainage basin.

•**Task II-3b: Install one multiple-depth monitoring well in the Sweetwater River basin.** This monitoring well will be constructed near the existing production wells that provide water to the Desalination Facility in Chula Vista. The well will be constructed to provide long-term monitoring of depth-dependent water levels and water quality.

•**Task II-3c: Install one multiple-depth monitoring well with the location to be determined.** This monitoring well will be constructed in the San Diego Formation, but the location has not yet been determined.

•**Task II-3c: Install one multiple-depth monitoring well with the location to be determined.** This monitoring well will be constructed in the San Diego

Formation, but the location has not yet been determined.

•**Task II-4: Collect and analyse geophysical and remotely-sensed data.** Types of data include surficial and airborne (gravity, aeromagnetic, seismic, InSAR, bathymetric) and borehole geophysics. This analysis will allow interpolation of point data of geologic formations throughout the drainage basins.

•**Task II-5: Data analysis and interpretation.** Data collected as part of Phase II will be analyzed together with data from Phase I in order to critique and expand the Phase I findings. The interpretation will include the regional geologic mapping, lithologic data from wells, surface and borehole geophysical data, InSAR data, GIS coverages, and historical surface-water and ground-water quality data.

•**Task II-6: Develop a water budget.** A comprehensive surface-water and ground-water budget will facilitate understanding of these systems. The budget also will provide the necessary data for development of simulation and optimization models.

•**Task II-7: Develop a regional ground-water flow model.** This interpretative tool will facilitate a better understanding of how the surface-water and ground-water systems interrelate, and will provide a basis for quantitative analysis of regional water operations. If necessary, the flow model will be modified to include the density effects of brackish and saline water.

•**Task II-8: Develop a simulation-optimization model.** A constrained optimization model will be linked to the regional ground-water flow model in order to quantitatively analyze water-management plans.

•**Task II-9: Evaluate optimal water management.** Alternative water management plans will be evaluated and compared with results from the simulation-optimization model. Specific topics to be analyzed can include in-lieu conjunctive use, effects of ground-water extraction, and enhanced interaction between rivers and near-surface ground water.

•**Task II-10: Prepare technical reports.** USGS technical reports will be prepared documenting and summarizing the geology and hydrology of the San Diego Formation.

The cost of Phase II would be approximately \$2.25 million for the work to be completed between July 1, 2007 and June 30, 2010. Sweetwater will be submitting costs of \$750,000, associated with funds spent for Phase I of the USGS study from July 1, 2005 to June 30, 2007 for Phase I of the USGS study, as Sweetwater's share of the matching funds for the LISA program.

ATTACHMENT B
PROJECT SCHEDULE

ATTACHMENT C
PROJECT BUDGET

ATTACHMENT C

USGS Study of the San Diego Formation for Potential In-lieu Conjunctive Use

Phase 1

Task I-1	Compile geohydrologic reports and data	\$	60,000
Task I-2	Collect water-quality data	\$	200,000
Task I-2	Analyze InSAR data	\$	30,000
Task I-3	Conduct aquifer test	\$	50,000
Task I-4	Install one multiple-depth monitoring well	\$	350,000
Task I-5	Create a public website	\$	60,000
Subtotal		\$	750,000

Phase II

Task II-1	Measure depth-dependent flow rate	\$	50,000
Task II-2	Collect samples of ground-water quality	\$	50,000
Task II-3a	Install multiple-depth monitoring well in the Otay River basin	\$	400,000
Task II-3b	Install one multiple-depth monitoring well in the Sweetwater River basin	\$	400,000
Task II-3c	Install one multiple-depth monitoring well, location to be determined.	\$	400,000
Task II-4	Collect and analyze geophysical and remotely sensed data	\$	30,000
Task II-5	Data analysis and interpretation	\$	250,000
Task II-6	Develop a water budget	\$	50,000
Task II-7	Develop a regional ground-water flow model	\$	300,000
Task II-8	Develop a simulation-optimization model	\$	100,000
Task II-9	Evaluate optimal water management	\$	100,000
Task II-10	Prepare final report	\$	120,000
Subtotal		\$	2,250,000
Total	Phase I and II	\$	3,000,000

ATTACHMENT D
QUARTERLY PROGRESS REPORT
FORM

ATTACHMENT D
Quarterly Technical Progress Report #1

Covering Period: January 1, 200X to March 31, 200X

Project Title: Project Title

Recipient : Name of Agency
Address

Partners: Co-applicants
Consultants

Contact Person: Name
Contact information

Date Submitted: Date

Name, Title

Signed, Reviewed by designated representative

1. Project Objective:

Discuss overall project objective

2. Project Description / Background:

Describe the project and project background

3. Progress and Status:

List project progress and status by task, including work completed during the reporting quarter and work anticipated to be conducted during the next quarter.

4. Percent Complete of Total Project:

Indicate total percent completion of project

5. Deliverables:

List deliverables, if any, for this reporting period. This may include any intermediate reports that were completed during the reporting period

6. Expenditures:

Expenditures for work performed on the project to date are as follows:

	Previous expenditures	This Quarter	Total to Date	Total Budget	Remaining Budget
Task 1 - Task name	\$0	\$0	\$0	\$0	\$0
Task 2 – Task name	\$0	\$0	\$0	\$0	\$0
Task 3 – Task name	\$0	\$0	\$0	\$0	\$0
Task 4 – Task name	\$0	\$0	\$0	\$0	\$0
Task 5 – Task name	\$0	\$0	\$0	\$0	\$0
Task 6 – Task name	\$0	\$0	\$0	\$0	\$0
Task 9 – Final Report	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0	\$0

7. Schedule Status:

Discuss project schedule status, including any delays that may have been encountered

8. Plans for Next Quarter:

Summarize the work plans for the next quarter

9. Attachments:

Discuss any attachments to the report

10. Miscellaneous Issues

Discuss any miscellaneous issues encountered during the quarter

All quarterly reports should be publicly disclosable and not contain confidential, proprietary or business sensitive information.

ATTACHMENT E
STATEMENT OF COSTS

Attachment E - Statement of Costs

Invoice **1**
Date Prepared: Date
Organization: Member Agency Name
Grant Title: LISA Program
Project Title: Title of Project
Invoice Period: From Date To Date

Invoice Amount (Reimbursable)

Budget Summary - 4th Quarter Calendar Year 2007

	Agency Cost Share				Reimbursable			
	Prior Amount Expended	Amount Expended for Quarter	Total Expended to Date	Contract Budget	Prior Amount Invoiced	Current Amount Invoiced	Total Invoiced to Date	Contract Budget
Task 1 (name)								
3rd Party								
Inkind	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Task 2 (name)								
3rd Party								
Inkind	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Task 3 (name)								
3rd Party								
Inkind	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Task 4 (name)								
3rd Party								
Inkind	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Task 5 (name)								
3rd Party								
Inkind	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Task 6 (name)								
3rd Party								
Inkind	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal		\$0.00			Subtotal	\$0.00		
Grand total				\$0				

ATTACHMENT F

SELECTED
DWR EXHIBITS D & E

OF AGREEMENT
WITH
SAN DIEGO COUNTY WATER
AUTHORITY

**EXHIBIT D--Special Terms and Conditions for
Department of Water Resources
(Local Public Entities - Payables)**

1. **RESOLUTION OF DISPUTES:** In the event of a dispute, Contractor shall file a "Notice of Dispute" with the Director or the Director's Designee within ten (10) days of discovery of the problem. The State and Contractor shall then attempt to negotiate a resolution of such claim and, if appropriate, process an amendment to implement the terms of any such resolution. If the State and Contractor are unable to resolve the dispute, the decision of the Director or the Director's Designee shall be final, unless appealed to a court of competent jurisdiction.

In the event of a dispute, the language contained within this agreement shall prevail over any other language including that of the bid proposal.

2. **PAYMENT RETENTION CLAUSE:** Ten percent of any progress payments that may be provided for under this contract shall be withheld per Public Contract Code Section 10346 pending satisfactory completion of all services under the contract.
3. **RENEWAL OF CCC:** Contractor shall renew the Contractor Certification Clauses or successor documents every (3) years or as changes occur, whichever occurs sooner.
4. **AGENCY LIABILITY:** The Contractor warrants by execution of this Agreement, that no person or selling agency has been employed or retained to solicit or secure this Agreement upon agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty, the State shall, in addition to other remedies provided by law, have the right to annul this Agreement without liability, paying only for the value of the work actually performed, or otherwise recover the full amount of such commission, percentage, brokerage, or contingent fee.
5. **POTENTIAL SUBCONTRACTORS:** Nothing contained in this Agreement or otherwise shall create any contractual relation between the State and any subcontractors, and no subcontract shall relieve the Contractor of its responsibilities and obligations hereunder. The Contractor agrees to be as fully responsible to the State for the acts and omissions of its subcontractors and of persons either directly or indirectly employed by any of them as it is for the acts and omissions of persons directly employed by the Contractor. The Contractor's obligation to pay its subcontractors is an independent obligation from the State's obligation to make payments to the Contractor. As a result, the State shall have no obligation to pay or enforce the payment of any moneys to any subcontractor.
6. **SUBCONTRACTING:** "Should it be necessary to subcontract for supplemental services or specialists, the Contractor shall obtain prior written consent from DWR. If the subcontracts total more than \$50,000 or 25% of the total contract, whichever is less, then the Contractor must certify that the subcontractor has been selected by the Contractor pursuant to a bidding process requiring at least three bids from responsible bidders or pursuant to the procedures set forth in Government Code Section 4525 et seq., as applicable. If Contractor is unable to obtain three competitive bids or three Statement of Qualifications, Contractor shall submit a written explanation to DWR. DWR will then decide whether to seek authorization to allow Contractor to proceed with the proposed subcontract. Contractors shall assure that all administrative fees for subcontracts are reasonable considering the services being provided and the oversight required. Contractor shall only pay overhead charges on the first \$25,000 for each subcontract."

7. COMPUTER SOFTWARE: For contracts in which software usage is an essential element of performance under this Agreement, the Contractor certifies that it has appropriate systems and controls in place to ensure that state funds will not be used in the performance of this contract for the acquisition, operation or maintenance of computer software in violation of copyright laws.
8. REPORT OF RECYCLED CONTENT CERTIFICATION: In accordance with Public Contract Code Sections 12200, 12205, 12209, and 12156(e), the contractor must complete and return the form DWR 9557, Recycled Content Certification, for each required products to the Department at the conclusion of the services specified in this contract. Form DWR 9557 is attached to this Exhibit and made a part of this contract by this reference.
9. REIMBURSEMENT CLAUSE: If applicable, travel and per diem expenses to be reimbursed under this contract shall be at the same rates the State provides for unrepresented employees in accordance with the provisions of Title 2, Chapter 3, of the California Code of Regulations. Contractor's designated headquarters for the purpose of computing such expenses shall be: San Diego, California.
10. TERMINATION CLAUSE: The State may terminate this contract without cause upon 30 days advance written notice. The Contractor shall be reimbursed for all reasonable expenses incurred up to the date of termination.
11. CONFLICT OF INTEREST:
 - a. Current and Former State Employees: Contractor should be aware of the following provisions regarding current or former state employees. If Contractor has any questions on the status of any person rendering services or involved with the Agreement, the awarding agency must be contacted immediately for clarification.
 - (1) Current State Employees: (PCC §10410)
 - (a) No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.
 - (b) No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.
 - (2) Former State Employees: (PCC §10411)
 - (a) For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.
 - (b) For the twelve-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving state service.
 - b. Penalty for Violation:
 - (a) If the Contractor violates any provisions of above paragraphs, such action by Contractor shall render this Agreement void. (PCC §10420)

c. Members of Boards and Commissions:

- (a) Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (PCC §10430 (e))

d. Representational Conflicts of Interest:

The Contractor must disclose to the DWR Program Manager any activities by contractor or subcontractor personnel involving representation of parties, or provision of consultation services to parties, who are adversarial to DWR. DWR may immediately terminate this contract if the contractor fails to disclose the information required by this section. DWR may immediately terminate this contract if any conflicts of interest cannot be reconciled with the performance of services under this contract.

e. Financial Interest in Contracts:

Contractor should also be aware of the following provisions of Government Code §1090:

"Members of the Legislature, state, county district, judicial district, and city officers or employees shall not be financially interested in any contract made by them in their official capacity, or by any body or board of which they are members. Nor shall state, county, district, judicial district, and city officers or employees be purchasers at any sale or vendors at any purchase made by them in their official capacity."

f. Prohibition for Consulting Services Contracts:

For consulting services contracts (see PCC §10335.5), the Contractor and any subcontractors (except for subcontractors who provide services amounting to 10 percent or less of the contract price) may not submit a bid/SOQ, or be awarded a contract, for the provision of services, procurement of goods or supplies or any other related action which is required, suggested, or otherwise deemed appropriate in the end product of such a consulting services contract (see PCC §10365.5).

1. Postconsumer material comes from products that were bought by consumers, used, then recycled. For example: a newspaper that has been purchased and read, next recycled, and then used to make another product would be postconsumer material.

If the product does not fit into any of the product categories, enter "N/A". Common N/A products include wood products, natural textiles, aggregate, concrete, electronics such as computers, TV, software on a disk or CD, telephone.

2. Product category refers to one of the product categories listed below, into which the reportable purchase falls. For products made from multiple materials, choose the category that comprises most of the product by weight, or volume.

Note: For reuse or refurbished products, there are no minimum content requirements.

For additional information visit www.ciwmb.ca.gov/BuyRecycled/

Description Product Categories	Minimum Content Requirement
Paper Products – Recycled	30 percent postconsumer fiber, by fiber weight
Printing and Writing – Recycled	30 percent postconsumer fiber, by fiber weight
Compost, Co-compost, and Mulch – Recycled	80 percent recovered materials i.e., material that would otherwise be normally disposed of in a landfill
Glass – Recycled	10 percent postconsumer, by weight
Re-refined Lubricating Oil – Recycled	70 percent re-refined base oil
Plastic – Recycled	10 percent postconsumer, by weight
Printer or duplication cartridges	<ol style="list-style-type: none"> a. Have 10 percent postconsumer material, or b. Are purchased as remanufactured, or c. Are backed by a vendor-offered program that will take back the printer cartridges after their useful life and ensure that the cartridges are recycled and comply with the definition of recycled as set forth in Section 12156 of the Public Contract Code.
Paint – Recycled	50 percent postconsumer paint (exceptions when 50 percent postconsumer content is not available or is restricted by a local air quality management district, then 10 percent postconsumer content may be substituted)
Antifreeze – Recycled	70 percent postconsumer material
Retreated Tires – Recycled	Use existing casing that has undergone retreading or recapping process in accordance with Public Resource Code (commencing with section 42400).
Tire – Derived – Recycled	50 percent post consumer tires
Metals – Recycled	10 percent postconsumer, by weight

TRAVEL AND PER DIEM EXPENSES**I. SHORT-TERM PER DIEM EXPENSES**

- A. In computing reimbursement for continuous short-term travel of more than 24 hours and less than 31 consecutive days, the employee will be reimbursed for actual costs up to the maximum allowed for each meal, incidental, and lodging expense for each complete 24 hours of travel, beginning with the traveler's times of departure and return, as follows:

1. On the first day of travel on a trip of 24 hours or more:

Trip begins at or before 6 a.m.	Breakfast may be claimed on the first day.
Trip begins at or before 11 a.m.	Lunch may be claimed on the first day.
Trip begins at or before 5 p.m.	Dinner may be claimed on the first day.

2. On the fractional day of travel at the end of a trip of more than 24 hours:

Trip ends at or after 8 a.m.	Breakfast may be claimed.
Trip ends at or after 2 p.m.	Lunch may be claimed.
Trip ends at or after 7 p.m.	Dinner may be claimed.

If the fractional day includes an overnight stay, receipted lodging may also be claimed. No meal or lodging expense may be claimed or reimbursed more than once on any given date or during any 24-hour period.

3. Reimbursement shall be for actual expenses, subject to the following maximum rates:

Meals:

Breakfast	\$ 6.00	Receipts are not required for regular short-term travel meals
Lunch	\$ 10.00	
Dinner	\$ 18.00	
Incidentals	\$ 6.00	

Lodging:

Statewide	Actual up to \$84.00 plus tax
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When required to conduct State business and obtain lodging in the counties of Los Angeles and San Diego, reimbursement will be for actual receipted lodging to a maximum of \$110 plus tax.

When required to conduct State business and obtain lodging in the counties of Alameda, San Francisco, San Mateo, and Santa Clara, reimbursement will be for actual receipted lodging to a maximum of \$140 plus tax.

If lodging receipts are not submitted, reimbursement will be for meals only at the rates and time frames set forth in B#1 below.

- B. In computing reimbursement for continuous travel of less than 24 hours, actual expenses, up to the maximums in #3 above, will be reimbursed for breakfast and/or dinner and/or lodging in accordance with the following time frames:

1. Travel begins at or before 6 a.m. and ends at or after 9 a.m.: Breakfast may be claimed. Travel begins at or before 4 p.m. and ends at or after 7 p.m.: Dinner may be claimed. If the trip of less than 24 hours includes an overnight stay, receipted lodging may be claimed. No lunch or incidentals may be reimbursed on travel of less than 24 hours.

2. Employees on short-term travel who stay in commercial lodging establishments or **commercial campgrounds** will be reimbursed for actual lodging expenses substantiated by a receipt. Employees who stay with friends or relatives, or who do not produce a lodging receipt, will be eligible to claim meals only.

II. LONG-TERM TRAVEL AND PER DIEM EXPENSES

A. Employee maintains a separate residence in the headquarters area:

1. Long-term travelers who maintain a permanent residence at their primary headquarters may claim daily long-term lodging up to \$24.00 with a receipt, and long-term meals of \$24.00 for each period of travel from 12 to 24 hours at the long-term location. For travel of less than 12 hours, the traveler may claim either \$24.00 in receipted lodging or \$24.00 in long-term meals.

B. Employee does not maintain a separate residence in headquarters area:

1. Long-term travelers who do not maintain a permanent residence at their headquarters may claim daily receipted lodging up to \$12.00, and long-term meals of \$12.00 for each period of travel from 12 to 24 hours at the long-term locations. For travel of less than 12 hours, the travelers may claim either \$12.00 in receipted lodging or \$12.00 in long-term meals.

III. MILEAGE REIMBURSEMENT

Reimbursement for personal vehicle mileage is 48.5 cents per mile.

There is no specific rate determined for the reimbursement for personal vehicle mileage using a specialized vehicle that has been modified to accommodate disabilities. In these cases, the 48.5 cents per mile reimbursement will apply.

IV. VEHICLE RENTAL

Reimbursement for vehicle rental shall be for actual and necessary costs of such rental and airplane usage shall be allowed at the lowest fare available. Claims for reimbursements shall be allowed upon submittal of the appropriate receipt. Refer to California Code of Regulations, Title 2, Sections 599.627 and 599.628.

EXHIBIT E
ADDITIONAL PROVISIONS

1. **COPYRIGHT**: All rights in copyright works created by Contractor and any subcontractors in the performance of work under this Agreement are the property of State, Department of Water Resources. State shall grant Contractor a royalty-free, nonexclusive, nontransferable, irrevocable license to reproduce, prepare derivative works and distribute copies of the deliverables so long as such deliverables are used for government; and not commercial, purposes.
2. **PUBLIC WORKS AGREEMENTS**: Contractor shall comply with the language stated in the Standard Clauses for Public Works, DWR 4197, Attachment 1, and the Standard California Nondiscrimination Construction Contract Specifications, Std. 18, Attachment 2. Contractor must use prevailing wage rates for the Apprentice Electrician, Journeyman Electrician, Laborer, and any other classifications used in the performance of the work specified in the Scope of Work. Contractor can access these rates on the internet at <http://www.dir.ca.gov> or by calling the California Department of Industrial Relations at (415) 703-4774 in San Francisco for paper copies of the rates.
3. **PREVAILING WAGES**: Labor Code Certifications.
 - a. Contractor is aware of the provisions of Section 3700 of the Labor Code, which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code and Contractor and any subcontractors will comply with such provisions before commencing the performance of the work of this contract.
 - b. In accordance with the applicable provisions of the Labor Code, the Contractor and any subcontractors shall pay their employees Prevailing Wages for the performance of work. The Director of the State Department of Industrial Relations has made the general prevailing wage rate determination covering the locality where work on this contract is to be performed. The general prevailing wage rates can be obtained from the Department of Industrial Relations or any source authorized by the Department of Industrial Relations. On the Internet, they can be found at www.dir.ca.gov. A copy of the general prevailing wage rates is also on file at the State Department of Water Resources 1416 9th Street, Sacramento CA and is available to any interested party on request. The Contractor agrees to post a copy of the applicable general prevailing wage rates for the locality of each job site.
 - c. It is hereby mutually agreed that, pursuant to Labor Code section 1775, the Contractor shall forfeit to the State 50 dollars (\$50) for each calendar day, or portion thereof, for each worker paid by him or her, or subcontractor under him or her, less than the prevailing wage so stipulated and in addition, the Contractor further agrees to pay to each worker the difference between the actual amount paid for each calendar day, or portion thereof, and the stipulated prevailing wage rate for the same. This provision shall not apply to properly registered apprentices.
 - d. It is further agreed that the maximum hours a worker is to be employed is limited to eight hours a day and 40 hours a week and the contractor shall forfeit, as a penalty to the State, twenty-five dollars (\$25) for each worker employed in the execution of the contract for each calendar day during which a worker is required or permitted to labor more than eight hours in any calendar day or more than 40 hours in any calendar week, in violation of Labor Code sections 1810-1815, inclusive.
 - e. Properly registered apprentices may be employed in the prosecution of the work. Every such apprentice shall be paid the standard wage paid to apprentices under the contract.

- e. Properly registered apprentices may be employed in the prosecution of the work. Every such apprentice shall be paid the standard wage paid to apprentices under the regulations of the craft or trade at which he or she is employed, and shall be employed only at the work of the craft or trade to which he or she is registered. The Contractor and each subcontractor must comply with the requirements of Labor Code section 1775.5 and any related regulations regarding the employment of registered apprentices.
 - f. Contractor and any subcontractors shall comply with all other applicable Labor Code requirements, including section 1776 regarding record keeping.
4. PERMITS AND LICENSES: Contractor shall procure all permits and licenses, pay all charges and fees and give all notices necessary and incidental to the due and lawful prosecution of the work.
5. PROGRESS PAYMENTS: Progress payments are permitted for tasks completed under this contract. Ten percent of the invoiced amount shall be withheld pending final completion of each task. Any funds withheld with regard to a particular task may be paid upon completion of that task.

**STANDARD CLAUSES –
GENERAL CONDITIONS FOR PUBLIC WORKS AND/OR DRILLING CONTRACTS**

LICENSE. No bidder may bid on work for which it is not properly licensed by the Contractor's State License Board. Joint Venture bidders must possess a Joint Venture License. Bidders for this Agreement must have _____ classification(s) of contractor's license. Provide license number and expiration date and certify under penalty of perjury that the foregoing is true and correct.

EXAMINATION OF BID DOCUMENTS AND SITE. Bidder shall carefully examine site of work, plans and specifications. The bidder shall investigate conditions, character, quality of surface, or subsurface materials or obstacles to be encountered. No additions to the contract amount will be made because of the Contractor's failure to examine the site of work, plans and specifications.

SUBCONTRACTORS. (See Public Contract Code Section 4104.) The bidder shall set forth in its bid:

- a. The name and business address of each subcontractor who will perform work or labor or render services in an amount in excess of one-half of one percent (.5%) of the General Contractor's total bid; and
- b. The portion of work to be done by each subcontractor. (See Public Contract Code Section 4104.)

PAYMENT BOND. The Contractor shall furnish, concurrently with signing the contract, a Payment Bond to Accompany Construction Contract, Standard Form 807, in an amount not less than 100% of the amount of the contract when the contract exceeds \$5000 (for non-construction drilling contracts, when the contract exceeds \$25,000). Such bond shall be executed by the Contractor and a corporate surety approved by the State.

NOTICE. Failure to obtain a payment bond within ten (10) days of notification of award shall cause the State to reject the bid.

WORKERS' COMPENSATION INSURANCE CERTIFICATION. Upon execution of the contract, the Contractor shall provide the State either with a certificate of insurance issued by an insurance carrier licensed to write workers' compensation insurance in the State of California, including the name of the carrier and date of expiration of the insurance, or a certificate of consent to self insure issued by the Director of the Department of Industrial Relations.

PREVAILING WAGE. It is hereby mutually agreed that the Contractor shall forfeit to the State a penalty of \$50 for each calendar day, or portion thereof, for each worker paid by it, or subcontractor under it, less than the prevailing wage so stipulated. In addition the Contractor further agrees to pay to each worker the difference between the actual amount paid for each calendar day, or portion thereof, and the stipulated prevailing wage rate for the same. This provision shall not apply to properly registered apprentices.

MAXIMUM HOURS. It is further agreed that the maximum hours a worker is to be employed is limited to 8 hours a day and 40 hours a week and the Contractor shall forfeit, as a penalty to the State, \$25 for each worker employed in the execution of the contract for each calendar day during which a worker is required or permitted to labor more than 8 hours in any calendar day or more than 40 hours in any calendar week in violation of Labor Code Sections 1810-1815, inclusive.

TRAVEL AND SUBSISTENCE PAYMENTS. Travel and subsistence payments shall be paid to each worker needed to execute the work, as such travel and subsistence payments are defined in the applicable collective bargaining agreements filed in accordance with Labor Code Section 1773.8.

APPRENTICES. Properly registered apprentices may be employed in the prosecution of the work. Every apprentice shall be paid the standard wage paid to apprentices under the regulations of the craft or trade at which he or she is employed, and shall be employed only at the work of the craft or trade to which he or she is registered. The Contractor and each subcontractor must comply with the requirements of Labor Code Section 1777.5 and any related regulations regarding the employment of registered apprentices.

SUBSTITUTIONS. Pursuant to Section 3400 of the Public Contract Code, should the Contractor seek to substitute a brand of materials other than specified, the Contractor shall submit data substantiating the request for substitution of "an equal" item. The substantiating data must be presented for approval within thirty-five (35) days after the award of the agreement. The State shall be the sole judge as the comparative quality and suitability of "an equal" item.

ANTI-TRUST CLAIMS. The Contractor offers and agrees and will require all of his subcontractors and suppliers to agree to assign to the awarding body all rights, title, and interest in and to all causes of action they may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the Cartwright Act [Chapter 2 (commencing with Sec. 165700) of Part 2 of Division 7 of the Business and Professions Code], arising from purchases of goods, services, or materials, pursuant to the public works contract or the subcontract. The assignment made by the Contractor and all additional assignments made by the subcontractors and suppliers shall be deemed to have been made and will become effective at the time the awarding body tenders final payment to the Contractor, without further acknowledgment or the necessity of tendering to the awarding body any written assignments.

If an awarding body receives, either through judgment or settlement, a monetary recovery for a cause of action assigned under Government Code Sections 4550-4554, the assignor shall be entitled to receive reimbursement for actual legal costs incurred and may, upon demand, recover from the public body any portion of the recovery, including treble damages, attributable to overcharges that were paid by the assignor but were not paid by the public body as part of the bid price, less the expenses incurred in obtaining that portion of the recovery.

Upon demand in writing by the assignor, the assignee shall, within one year from such demand, reassign the cause of action assigned under Government Code Section 4550-4554, if the assignor has been or may have been injured by the violation of law for which the cause of action arose and (a) the assignee has not been injured thereby, or (b) the assignee declines to file a court action for the cause of action.

PROGRESS PAYMENTS.

- a. Ten percent of any progress payments that may be provided for under this contract shall be withheld pending satisfactory completion of all services under the contract. The Contractor may substitute securities for such retentions and receive any interest accrued provided in Section 22300 of the Public Contract Code.
- b. Upon execution of the contract, the Contractor shall furnish a faithful performance bond for not less than the total amount payable under the contract if the contract exceeds \$10,000 and progress payments will be made.

PAYROLL RECORDS. The Contractor and each subcontractor shall comply with Labor Code Section 1776 regarding payroll records.

NONCOLLUSION AFFIDAVIT. All bidders shall submit with their bids a signed and notarized Noncollusion Affidavit (DWR 4206). (Not required for non-construction drilling contracts.)

LABOR CODE PROVISIONS. Pursuant to Sections 1770 et seq. of the California Labor Code, the Director of the State Department of Industrial Relations has made the general prevailing wage determination covering the locality where work for this contract is to be performed. The general prevailing wage rates can be obtained from the Department of Industrial Relations or any source authorized by the Department of Industrial Relations. They are also made available at

www.dir.ca.gov/

The Contractor agrees to post a copy of the **General Prevailing Wage Determination** for the locality of each job site. The Contractor also agrees to comply with all requirements of the California Labor Code and to pay for the forfeiture penalties and monies, which may become due as provided in Sections 1775 and 1813 of that Code.

UNDOCUMENTED ALIENS. No bidder or Contractor shall be eligible to bid for or receive a public works or purchase contract, who has, in the preceding five years, been convicted of violating a State or federal law respecting the employment of undocumented aliens.

SUBSTITUTION OF SUBCONTRACTORS. A prime contractor whose bid is accepted may not substitute a subcontractor listed in the original bid unless the provisions of PCC 4107 or 4107.5 apply and a hearing is held, if required.

These specifications are applicable to all state contractors and subcontractors having a construction contract or subcontract of \$5,000 or more.

1. As used in the specifications:
 - a. **"Administrator"** means Administrator, Office of Compliance Programs, California Department of Fair Employment and Housing (DFEH), or any person to whom the Administrator delegates authority;
 - b. **"Minority"** includes:
 - (i) **Black** (all persons having primary origins in any of the black racial groups of Africa, but not of Hispanic origin);
 - (ii) **Hispanic** (all persons of primary culture or origin in Mexico, Puerto Rico, Cuba, Central or South America or other Spanish derived culture or origin regardless of race);
 - (iii) **Asian/Pacific Islander** (all persons having primary origins in any of the original peoples of the Far East, Southeast Asia, the Indian Subcontinent or the Pacific Islands); and
 - (iv) **American Indian/Alaskan Native** (all persons having primary origins in any of the original peoples of North America and who maintain culture identification through tribal affiliation or community recognition).
2. Whenever the contractor or any subcontractor subcontracts a portion of the work, it shall physically include in each subcontract of \$5,000 or more the non-discrimination clause in this contract directly or through incorporation by reference. Any subcontract for work involving a construction trade shall also include the Standard California Construction Contract Specifications either directly or through incorporation by reference. Any subcontract for work involving a construction trade shall also include the Standard California Construction Contract Specifications, either directly or through incorporation by reference.
3. The contractor shall implement the specific non-discrimination standards provided in paragraphs 6(a) through (e) of these specifications.
4. Neither the provisions of any collective bargaining agreement, nor the failure by a union with whom the contractor has a collective bargaining agreement, to refer either minorities or women shall excuse the contractor's obligations under these specifications, Government Code, Section 12990, or the regulations promulgated pursuant thereto.
5. In order for the nonworking training hours of apprentices and trainees to be counted, such apprentices and trainees must be employed by the contractor during the training period, and the contractor must have made a commitment to employ the apprentices and trainees at the completion of their training, subject to the availability of employment opportunities. Trainees must be trained pursuant to training programs approved by the U.S. Department of Labor or the California Department of Industrial Relations.
6. The contractor shall take specific actions to implement its nondiscrimination program. The evaluation of the contractor's compliance with these specifications shall be based upon its effort to achieve maximum results from its actions. The contractor must be able to demonstrate fully its efforts under Steps a. through e. below:
 - a. Ensure and maintain a working environment free of harassment, intimidation, and coercion at all sites, and at all facilities at which the contractor's employees are assigned to work. The contractor, where possible, will assign two or more women to each construction project. The contractor shall specifically ensure that all leadpersons, superintendents, and other on-site supervisory personnel are aware of and carry out the contractor's obligations to maintain such a working environment, with specific attention to minority or female individuals working at such sites or in such facilities.
 - b. Provide written notification within seven days to the director of DFEH when the union or unions with which the Contractor has a collective bargaining agreement has not referred to the Contractor a minority person or woman sent by the Contractor, or when the Contractor has other information that the union referral process has impeded the Contractor's efforts to meet its obligations.
 - c. Disseminate the Contractor's equal employment opportunity policy by providing notice of the policy to unions and training, recruitment and outreach programs and requesting their cooperation in assisting the Contractor to meet its obligations; and by posting the company policy on bulletin boards accessible to all employees at each location where construction work is performed.

**STANDARD CALIFORNIA NONDISCRIMINATION
CONSTRUCTION CONTRACT SPECIFICATIONS****(GOVERNMENT CODE, SECTION 12990)**

REV. 1/85 (REVERSE)

- d. Ensure all personnel making management and employment decisions regarding hiring, assignment, layoff, termination, conditions of work, training, rates of pay or other employment decisions, including all supervisory personnel, superintendents, general leadpersons, on-site leadpersons, etc., are aware of the Contractor's equal employment opportunity policy and obligations, and discharge their responsibilities accordingly.
 - e. Ensure that seniority practices, job classifications, work assignments and other personnel practices, do not have a discriminatory effect by continually monitoring all personnel and employment related activities to ensure that the equal employment opportunity policy and the Contractor's obligations under these specifications are being carried out.
7. Contractors are encouraged to participate in voluntary associations which assist in fulfilling their equal employment opportunity obligations. The efforts of a contractor association, joint contractor-union, contractor-community, or other similar group of which the contractor is a member and participant, may be asserted as fulfilling any one or more of its obligations under these specifications provided that the contractor actively participates in the group, makes every effort to assure that the group has a positive impact on the employment of minorities and women in the industry, ensures that the concrete benefits of the program are reflected in the Contractor's minority and female workforce participation, and can provide access to documentation which demonstrates the effectiveness of actions taken on behalf of the Contractor. The obligation to comply, however, is the Contractor's.
 8. The Contractor is required to provide equal employment opportunity for all minority groups, both male and female, and all women, both minority and nonminority. Consequently, the Contractor may be in violation of the Fair Employment and Housing Act (Gov. Code Section 12990 et seq.) if a particular group is employed in a substantially disparate manner.
 9. Establishment and implementation of a bona fide affirmative action plan pursuant to Section 8104(b) of this Chapter shall create a rebuttable presumption that a contractor is in compliance with the requirements of Section 12990 of the Government Code and its implementing regulations.
 10. The Contractor shall not use the nondiscrimination standards to discriminate, harass or allow harassment against any person because of race, color, religious creed, sex, national origin, ancestry, disability (including HIV and AIDS), medical condition (cancer), age, marital status, or denial of family and medical care leave and denial of pregnancy disability leave.
 11. The Contractor shall not enter into any subcontract with any person or firm decertified from state contracts pursuant to Government Code Section 12990.
 12. The Contractor shall carry out such sanctions and penalties for violation of these specifications and the nondiscrimination clause, including suspension, termination and cancellation of existing subcontracts as may be imposed or ordered pursuant to Government Code Section 12990 and its implementing regulations by the awarding agency. Any Contractor who fails to carry out such sanctions and penalties shall be in violation of these specifications and Government Code Section 12990.
 13. The Contractor shall designate a responsible official to monitor all employment related activity to ensure that the company equal employment opportunity policy is being carried out, to submit reports relating to the provisions hereof as may be required by OCP and to keep records. Records shall at least include for each employee the name, address, telephone numbers, construction trade, union affiliation if any, employee identification number when assigned, social security number, race, sex, status, (e.g., mechanic, apprentice trainee, helper or laborer), dates of changes in status, hours worked per week in the indicated trade, rate of pay, and locations at which the work was performed. Records shall be maintained in any easily understandable and retrievable form; however, to the degree that existing records satisfy this requirement, contractors shall not be required to maintain separate records.

**Board of Directors, Workshops
and Committee Meetings
2009**

Regular Board Meetings:

January 7, 2009
February 4, 2009
March 4, 2009
April 1, 2009
May 6, 2009
June 3, 2009
July 1, 2009
August 5, 2009
September 2, 2009
October 7, 2009
November 4, 2009
December 2, 2009

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

January 21, 2009
February 18, 2009
March 18, 2009
April 22, 2009
May 20, 2009
June 17, 2009
July 22, 2009
August 19, 2009
September 23, 2009
October 21, 2009
November 18, 2009
December 16, 2009

Board Workshops:

Budget Workshop, TBD
Board Retreat Workshop, TBD



AGENDA ITEM 11a

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	March 4, 2009
SUBMITTED BY:	Sean Prendergast,  Payroll/AP Supervisor	W.O./G.F. NO:	DIV. NO. All
APPROVED BY: (Chief)	Joseph R. Beachem,  Chief Financial Officer		
APPROVED BY: (Asst. GM):	German Alvarez,  Assistant General Manager		
SUBJECT:	Director's Expenses for the 2nd Quarter of Fiscal Year 2009		

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 2nd quarter of Fiscal Year 2009.

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: 

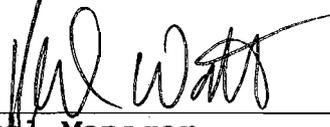
None.

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 2nd Quarter of Fiscal Year 2009
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COMMITTEE ACTION:

This item was presented to the Finance, Administration and Communications Committee at a meeting held on February 19, 2009. The expenses for each director from July 1, 2008 thru December 31, 2008 was presented. It was indicated if directors' expenses continued at the current level, the total for the fiscal year is projected to be just under \$30,000. The committee requested that staff provide a chart showing the directors total expenses from 2001 to 2009. The committee recommended that this item be presented to the full board as an informational item.

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

**FINANCE, ADMINISTRATION, AND
COMMUNICATIONS COMMITTEE MEETING
MARCH 4, 2009**

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

- Fiscal Year 2009, 2nd 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, Administration, and Communications Committee on February 19, 2009.

Board of Directors' Expenses and Per-Diems
Fiscal Year 2009 Quarter 2 (Oct 08- Dec 08)

• Director Bonilla	\$ 0.00
• Director Breitfelder	\$1,493.23
• Director Croucher	\$1,100.00
• Director Lopez	\$1,015.39
• Director Robak	<u>\$2,827.83</u>
• Total	\$6,436.45

Director Bonilla

Fiscal Year 2009 Quarter 2

	<u>Oct_08</u>	<u>Nov_08</u>	<u>Dec_08</u>	Qtr2
• Mileage Business				
• Mileage Commute				
• Conference/Seminars				
• Business Meetings				
• Director's Fees				
•				
• Monthly Totals	0.00	0.00	0.00	
• Quarterly Total				\$0.00
• Meetings Attended				
• Meetings Paid*	0	0	0	
• Fiscal Year-to-Date 2009 (Jul 08-Jun 09)				\$0.00
• *Director Bonilla does not request per-diem reimbursements				

Director Breitfelder

Fiscal Year 2009 Quarter 2

	<u>Oct_08</u>	<u>Nov_08</u>	<u>Dec_08</u>	<u>Qtr2</u>
• Mileage Business	46.80	72.54	49.14	
• Mileage Commute	17.55	17.55	52.65	
• Seminars & Travel				
• Director's Fees	400.00	300.00	300.00	
• Business Meetings		237.00		
• Monthly Totals	\$464.35	\$627.09	\$401.79	
• Quarterly Total				<u>\$1,493.23</u>
• Meetings Attended	14	5	13	
• Meetings Paid	4	3	3	
Fiscal Year-to-Date 2009 (Jul 08-Dec 08)				\$ 4,891.35

Director Croucher

Fiscal Year 2009 Quarter 2

	<u>Oct_08</u>	<u>Nov_08</u>	<u>Dec_08</u>	Qtr2
• Mileage Business				
• Mileage Commute				
• Director's Fees	100.00	400.00	600.00	
• Travel & Seminars				
• Business Meeting				
• Monthly Totals	\$100.00	\$400.00	\$600.00	
•				
• Quarterly Total				<u>\$1,100.00</u>
• Meetings Attended	1	4	7	
• Meetings Paid	1	4	6	
• Fiscal Year-to-Date 2009 (Jul 08-Dec 08)				\$4,048.25

Director Lopez

Fiscal Year 2009 Quarter 2

	<u>Oct_08</u>	<u>Nov_08</u>	<u>Dec_08</u>	Qtr2
• Mileage Business		22.23	9.36	
• Mileage Commute	11.70	23.40	11.70	
• Business Meetings		37.00		
• Director's Fees	300.00	300.00	300.00	
•				
• Monthly Totals	\$311.70	\$382.63	\$321.06	
• Quarterly Total				\$1,015.39
• Meetings Attended	3	4	3	
• Meetings Paid	3	3	3	
• Fiscal Year-to-Date 2009 (Jul 08-Dec 08)				\$1,798.02

Director Robak

Fiscal Year 2009 Quarter 2

	<u>Oct 08</u>	<u>Nov 08</u>	<u>Dec 08</u>	<u>Qtr2</u>
• Mileage Business	17.55	23.99	181.35	
• Mileage Commute	4.68	2.34	7.02	
• Director's Fees	400.00	200.00	800.00	
• Travel & Seminars			1,138.90	
• Business Meetings		37.00	15.00	
• Monthly Totals	\$422.23	\$263.33	\$2,142.27	
• Quarterly Total				<u>\$2,827.83</u>
• Meetings Attended	7	4	11	
• Meetings Paid	4	2	8	
Fiscal Year-to-Date 2009 (Jul 08-Dec 08)				\$3,995.75

Board of Directors' Expenses and Per Diems
Fiscal Year 2009 to Date (Jul 08- Dec 08)

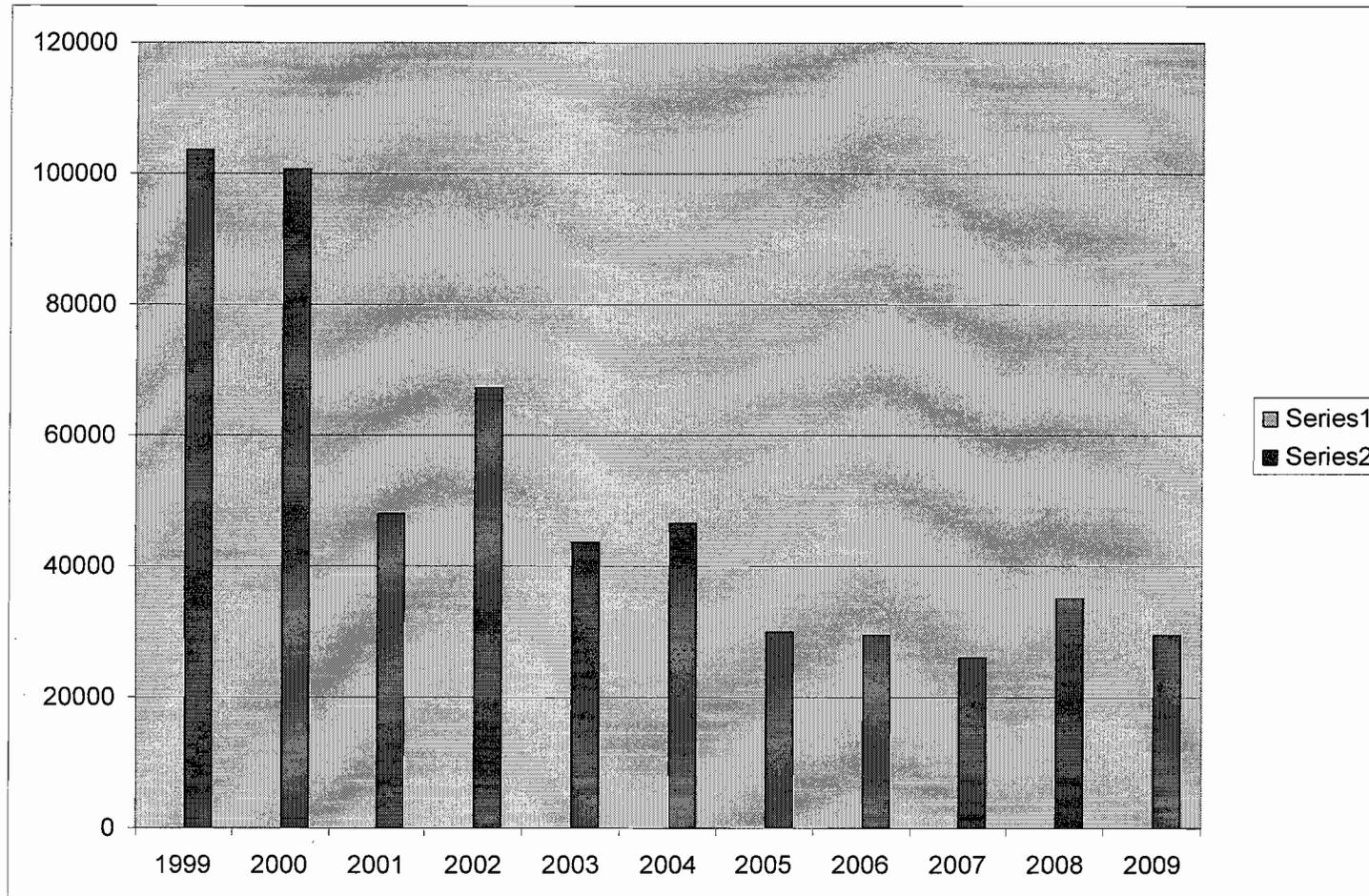
• Director Bonilla	\$ 0.00
• Director Breitfelder	\$4,891.35
• Director Croucher	\$4,048.25
• Director Lopez	\$1,798.02
• Director Robak	<u>\$3,995.75</u>
• Total	\$14,733.37

Board of Directors' Expenses and Per Diems
***Projected Fiscal Year 2009 (Jul 08- Jun 09)**

• Director Bonilla	\$ 0.00
• Director Breitfelder	\$ 9,783.00
• Director Croucher	\$ 8,097.00
• Director Lopez	\$ 3,596.00
• Director Robak	<u>\$ 7,992.00</u>
• Total	\$29,468.00

- *Based on actual expenses through 2nd quarter

Board of Directors' Expenses and Per Diems Fiscal Years 1999-2009



2009 number is projected

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2008 THROUGH DECEMBER 31, 2008**

**ATTACHMENT D
SECTION D**

DIRECTOR'S NAME: BONILLA, JAIME

Account Name	Date	Descriptions	Amount
Grand Total			-

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2008 THROUGH DECEMBER 31, 2008**

DIRECTOR'S NAME: BREITFELDER, LARRY

**ATTACHMENT E
SECTION E**

Account Name	Date	Descriptions	Amount
Business meetings			
	7/15/2008	COUNCIL OF WATER UTILITIES	\$ 25.00
	7/17/2008	WATER AGENCIES ASSOCIATION	45.00
	8/19/2008	COUNCIL OF WATER UTILITIES	25.00
	8/21/2008	CALIFORNIA SPECIAL DISTRICTS	37.00
	8/24/2008	WATER CONSERVATION GARDEN COMMITTEE MEETING	65.00
	9/18/2008	CALIFORNIA SPECIAL DISTRICTS	37.00
	9/19/2008	COUNCIL OF WATER UTILITIES	25.00
	9/26/2008	RANCHO SAN DIEGO-JAMUL	15.00
	11/13/2008	REGISTRATION FEE - ASIAN BUSINESS ASSOCIATION ANNUAL AWARDS	175.00
	11/18/2008	COUNCIL OF WATER UTILITIES	25.00
	11/20/2008	CALIFORNIA SPECIAL DISTRICTS	37.00
Business meetings Total			511.00
Director's Fee			
	8/5/2008	CSDA BOARD MEETING	100.00
	8/6/2008	REGULAR BOARD OF DIRECTORS MEETING	100.00
	8/19/2008	COUNCIL OF WATER UTILITIES	100.00
	8/20/2008	FINANCE AND ADMINISTRATIVE COMMITTEE MEETING	100.00
	8/21/2008	CSDA BOARD MEETING	100.00
	9/3/2008	REGULAR BOARD OF DIRECTORS MEETING	100.00
	9/15/2008	FINANCE AND ADMINISTRATIVE COMMITTEE MEETING	100.00
	9/16/2008	COUNCIL OF WATER UTILITIES	100.00
	9/18/2008	SPECIAL BOARD OF DIRECTORS MEETING	100.00
	9/25/2008	CSDA ANNUAL CONFERENCE SEPT. 22-25, 2008	400.00
	10/9/2008	REGULAR BOARD OF DIRECTORS MEETING	100.00
	10/16/2008	WATER AGENCIES ASSOCIATION	100.00
	10/20/2008		

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2008 THROUGH DECEMBER 31, 2008**

DIRECTOR'S NAME: BREITFELDER, LARRY

**ATTACHMENT E
SECTION E**

Account Name	Date	Descriptions	Amount
Director's Fee	10/20/2008	WATER CONSERVATION GARDEN COMMITTEE MEETING	100.00
	10/28/2008	FINANCE AND ADMINISTRATIVE COMMITTEE MEETING	100.00
	11/13/2008	REGULAR BOARD OF DIRECTORS MEETING	100.00
	11/18/2008	COUNCIL OF WATER UTILITIES	100.00
	11/20/2008	CSDA BOARD MEETING	100.00
	12/1/2008	FINANCE AND ADMINISTRATIVE COMMITTEE MEETING	100.00
	12/9/2008	FINANCE AND ADMINISTRATIVE COMMITTEE MEETING	100.00
	12/15/2008	REGULAR BOARD OF DIRECTORS MEETING	100.00
Director's Fee Total			2,300.00
Mileage - Business			
	9/31/2008	MEETING - SEPTEMBER 16, 18, 22, 23, 24, & 25, 2008	184.86
	8/31/2008	MEETING - AUG. 19 & 21, 2008	72.54
	10/31/2008	MEETING - OCT. 16 & 20, 2008	46.80
	11/20/2008	MEETING - NOV. 18 & 20, 2008	72.54
	12/16/2008	MEETING - DEC. 16, 2008	49.14
Mileage - Business Total			425.88
Mileage - Commuting			
	9/31/2008	MEETING - SEPTEMBER 3 & 15, 2008	35.10
	8/31/2008	MEETING - AUG. 5, 6 & 20, 2008	58.50
	10/9/2008	MEETING - OCT. 9, 2008	17.55
	11/13/2008	MEETING - NOV. 13, 2008	17.55
	12/15/2008	MEETING - DEC. 1, 9 & 15, 2008	52.65
Mileage - Commuting Total			181.35

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2008 THROUGH DECEMBER 31, 2008**

DIRECTOR'S NAME: BREITFELDER, LARRY

**ATTACHMENT E
SECTION E**

Account Name	Date	Descriptions	Amount
Seminars and conferences			
	9/22/2008	REGISTRATION FEE - CSDA ANNUAL CONFERENCE 9/22-25/08	425.00
		REGISTRATION FEE - CSDA GOVERNANCE FOUNDATIONS WORKSHOP SEPT. 22, 2008	225.00
	9/24/2008	REGISTRATION FEE - CSDA CALIFORNIA WOMEN LEAD PANEL	35.00
Seminars and conferences Total			685.00
Travel			
	9/25/2008	ACCOMODATIONS - CSDA ANNUAL CONFERENCE IRVINE CA ON SEPT 22-25, 2008	788.12
Travel Total			788.12
Grand Total			\$ 4,891.35

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2008 THROUGH DECEMBER 31, 2008**

DIRECTOR'S NAME: CROUCHER, GARY

**ATTACHMENT F
SECTION F**

Account Name	Date	Descriptions	Amount
Director's Fee			
	7/2/2008	REGULAR BOARD OF DIRECTORS MEETING	\$ 100.00
	7/16/2008	COMMITTEE AGENDA REVIEW	100.00
	7/22/2008	ENGINEERING, OPERATION & WATER RESOURCE COMMITTEE MEETING	100.00
	7/23/2008	LEGAL AND LEGISLATIVE COMMITTEE	100.00
	7/28/2008	BOARD AGENDA REVIEW	100.00
	8/6/2008	REGULAR BOARD OF DIRECTORS MEETING	100.00
	8/18/2008	COMMITTEE AGENDA REVIEW	100.00
	8/19/2008	ENGINEERING, OPERATION & WATER RESOURCE COMMITTEE MEETING	100.00
	8/22/2008	AD HOC - GM PERFORMANCE REVIEW COMMITTEE	100.00
	9/3/2008	REGULAR BOARD OF DIRECTORS MEETING	100.00
	9/4/2008	SEMINAR - SPECIAL DISTRICT & LOCAL GOVERNMENT INSTITUTE	100.00
	9/5/2008	SEMINAR - SPECIAL DISTRICT & LOCAL GOVERNMENT INSTITUTE	100.00
	9/6/2008	SEMINAR - SPECIAL DISTRICT & LOCAL GOVERNMENT INSTITUTE	100.00
	9/17/2008	ENGINEERING, OPERATION & WATER RESOURCE COMMITTEE MEETING	100.00
	9/18/2008	SPECIAL BOARD OF DIRECTORS MEETING	100.00
	10/28/2008	LEGAL AND LEGISLATIVE COMMITTEE MEETING	100.00
	11/3/2008	ENGINEERING, OPERATION & WATER RESOURCE COMMITTEE MEETING	100.00
	11/13/2008	REGULAR BOARD OF DIRECTORS MEETING	100.00
	11/20/2008	ENGINEERING, OPERATION & WATER RESOURCE COMMITTEE MEETING	100.00
	12/1/2008	LEGAL AND LEGISLATIVE COMMITTEE MEETING	100.00
	12/8/2008	BOARD AGENDA REVIEW	100.00
	12/9/2008	CSDA BOARD MEETING	100.00
	12/10/2008	MEETING WITH MAYOR SANDERS	100.00

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2008 THROUGH DECEMBER 31, 2008**

DIRECTOR'S NAME: CROUCHER, GARY

**ATTACHMENT F
SECTION F**

Account Name	Date	Descriptions	Amount
Director's Fee			
	12/12/2008		
		LEGAL AND LEGISLATIVE COMMITTEE MEETING	100.00
	12/15/2008		
		REGULAR BOARD OF DIRECTORS MEETING	100.00
	11/4/2008		
		BOARD AGENDA REVIEW	100.00
Director's Fee Total			2,600.00
Mileage - Business			
	9/31/2008		
		MEETING - SEPT. 4 & 6, 2008	105.30
Mileage - Business Total			105.30
Seminars and conferences			
	9/5/2008		
		REGISTRATION FEE - SPECIAL DISTRICT AND LOCAL GOVERNMENT INSTITUTE SEPT. 4-6, 2008	735.00
Seminars and conferences Total			735.00
Travel			
	12/8/2008		
		ACCOMODATIONS - SPECIAL DISTRICT LOCAL GOVERNMENT INSTITUTE FINANCE CONFERENCE FALL CONFERENCE SEPT. 3 - 6, 2008	607.95
Travel Total			607.95
Grand Total			\$ 4,048.25

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2008 THROUGH DECEMBER 31, 2008**

DIRECTOR'S NAME: LOPEZ, JOSE

**ATTACHMENT G
SECTION G**

Account Name	Date	Descriptions	Amount
Business meetings			
	9/18/2008	CALIFORNIA SPECIAL DISTRICTS	\$ 37.00
	11/20/2008	CALIFORNIA SPECIAL DISTRICTS	37.00
Business meetings Total			74.00
Director's Fee			
	7/22/2005	ENGINEERING, OPERATION & WATER RESOURCE COMMITTEE MEETING	100.00
	8/4/2008	CITY OF CHULA VISTA INTERAGENCY WATER TASK FORCE	100.00
	8/6/2008	REGULAR BOARD OF DIRECTORS MEETING	100.00
	8/22/2008	ENGINEERING, OPERATION & WATER RESOURCE COMMITTEE MEETING	100.00
	9/3/2008	REGULAR BOARD OF DIRECTORS MEETING	100.00
	9/17/2008	ENGINEERING, OPERATION & WATER RESOURCE COMMITTEE MEETING	100.00
	9/18/2008	SPECIAL BOARD OF DIRECTORS MEETING	100.00
	10/9/2008	REGULAR BOARD OF DIRECTORS MEETING	100.00
	10/16/2008	DEVELOPERS/BUSINESS MEETING	100.00
	10/27/2008	CHULA VISTA WATER AGENCIES TASK FORCE MEETING	100.00
	11/3/2008	ENGINEERING, OPERATION & WATER RESOURCE COMMITTEE MEETING	100.00
	11/13/2008	REGULAR BOARD OF DIRECTORS MEETING	100.00
	11/20/2008	ENGINEERING, OPERATION & WATER RESOURCE COMMITTEE MEETING	100.00
	12/12/2008	ENGINEERING, OPERATION & WATER RESOURCE COMMITTEE MEETING	100.00
	12/15/2008	REGULAR BOARD OF DIRECTORS MEETING	100.00
	12/19/2008	MEETING WITH ASSEMBLYWOMAN MARY SALAS REGARDING WATER ISSUES	100.00
Director's Fee Total			1,600.00

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2008 THROUGH DECEMBER 31, 2008**

DIRECTOR'S NAME: LOPEZ, JOSE

**ATTACHMENT G
SECTION G**

Account Name	Date	Descriptions	Amount
Mileage - Business			
	9/18/2008	MEETING - SEPT. 18, 2008	22.23
	11/20/2008	MEETING - NOV. 20, 2008	22.23
	12/19/2008	MEETING - DEC. 16, 2009	9.36
Mileage - Business Total			53.82
Mileage - Commuting			
	8/6/2008	MEETING - AUGUST 6, 2008	11.70
	9/3/2008	MEETING - SEPT. 3, 2008	11.70
	10/16/2008	MEETING - OCT. 16, 2008	11.70
	11/20/2008	MEETING - NOV. 13 & 20, 2008	23.40
	12/15/2008	MEETING - DEC. 15, 2008	11.70
Mileage - Commuting Total			70.20
Grand Total			\$ 1,798.02

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2008 THROUGH DECEMBER 31, 2008**

DIRECTOR'S NAME: ROBAK, MARK

**ATTACHMENT H
SECTION H**

Account Name	Date	Descriptions	Amount
Business meetings			
	11/20/2008	CSDA BOARD MEETING	\$ 37.00
	12/12/2008	REGISTRATION FEE - RANCHO SAN DIEGO-JAMUL	15.00
Business meetings Total			52.00
Director's Fee			
	7/2/2008	REGULAR BOARD OF DIRECTORS MEETING	100.00
	7/9/2008	WATER CONSERVATION GARDEN COMMITTEE MEETING	100.00
	7/21/2008	FINANCE AND ADMINISTRATIVE COMMITTEE MEETING	100.00
	8/6/2008	REGULAR BOARD OF DIRECTORS MEETING	100.00
	8/20/2008	FINANCE AND ADMINISTRATIVE COMMITTEE MEETING	100.00
	8/21/2008	WATER CONSERVATION GARDEN COMMITTEE MEETING	100.00
	9/3/2008	REGULAR BOARD OF DIRECTORS MEETING	100.00
	9/10/2008	WATER CONSERVATION GARDEN COMMITTEE MEETING	100.00
	9/15/2008	FINANCE AND ADMINISTRATIVE COMMITTEE MEETING	100.00
	9/18/2008	SPECIAL BOARD OF DIRECTORS MEETING	100.00
	9/19/2008	ANNUAL JOINT MEETING WITH BOARD OF DIRECTORS FROM HELIX, LAKESIDE, PADRE DAM & SWEETWATER	100.00
	10/7/2008	WATER CONSERVATION GARDEN AUDIT COMMITTEE MEETING	100.00
	10/8/2008	WATER CONSERVATION GARDEN COMMITTEE MEETING	100.00
	10/9/2008	REGULAR BOARD OF DIRECTORS MEETING	100.00
	10/28/2008	FINANCE AND ADMINISTRATIVE COMMITTEE MEETING	100.00
	11/12/2008	WATER CONSERVATION GARDEN COMMITTEE MEETING	100.00
	11/13/2008	REGULAR BOARD OF DIRECTORS MEETING	100.00
	12/1/2008	FINANCE AND ADMINISTRATIVE COMMITTEE MEETING	100.00
	12/2/2008	ANNUAL LUNCHEON RECOGNIZING NON-PROFIT INNOVATION & EXCELLENCE - ATTENDED WITH GARDEN EXECUTIVE DIRECTOR	100.00
	12/3/2008	ASSOCIATION OF CALFIORNIA WATER AGENCIES - LONG BEACH	100.00
	12/4/2008	ASSOCIATION OF CALFIORNIA WATER AGENCIES - LONG BEACH	100.00
	12/5/2008	ASSOCIATION OF CALFIORNIA WATER AGENCIES - LONG BEACH	100.00
	12/9/2008		

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2008 THROUGH DECEMBER 31, 2008**

DIRECTOR'S NAME: ROBAK, MARK

**ATTACHMENT H
SECTION H**

Account Name	Date	Descriptions	Amount
Director's Fee	12/9/2008	FINANCE AND ADMINISTRATIVE COMMITTEE MEETING	100.00
	12/10/2008	WATER CONSERVATION GARDEN COMMITTEE MEETING	100.00
	12/15/2008	REGULAR BOARD OF DIRECTORS MEETING	100.00
Director's Fee Total			2,500.00
Mileage - Business			
	9/31/2008	MEETING - SEPT. 6,10,15,18 & 19, 2008	21.65
	7/31/2008	MEETING - JULY 2, 9 & 21, 2008	15.21
	8/31/2008	MEETING - AUGUST 6, 20 & 21 2008	9.36
	10/31/2008	MEETING - OCT. 7, 8, 9 & 28, 2008	17.55
	11/30/2008	MEETING - NOV. 12, 13, & 20, 2008	23.99
	12/31/2008	MEETING - DEC. 1, 2, 3, 5, 9, 10 & 15, 2008	181.35
Mileage - Business Total			269.10
Mileage - Commuting			
	9/31/2008	MEETING - SEPT. 3 & 15, 2008	4.68
	7/31/2008	MEETING - JULY 4, 2008	2.34
	8/31/2008	MEETING - AUGUST 6 & 20, 2008	4.68
	10/31/2008	MEETING - OCT. 9 & 28, 2008	4.68
	11/13/2008	MEETING - NOV. 13, 2008	2.34
	12/31/2008	MEETING - DEC. 1, 9, & 15, 2008	7.02
Mileage - Commuting Total			25.74
Seminars and conferences			
	9/26/2008	RANCHO SAN DIEGO-JAMUL MEETING	10.00
	12/5/2008	2008 ACWA FALL CONFERENCE DEC. 2-5, 2008	628.00
Seminars and conferences Total			638.00
Travel			
	12/8/2008	ACCOMODATIONS - ACWA FALL CONFERENCE LONG BEACH CA ON DEC 3-6, 2008	510.90
Travel Total			510.90
Grand Total			\$ 3,995.74



EXHIBIT B

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

OCT 16 2008

Pay to: Larry Breitfelder

Period Covered:
From 10-1 to 10-30-08

Employee Number: 7013

Date	Meeting Name	Purpose / Issues Discussed	Mileage	
			Home to OWD OWD to Home	Other Locations
2	McLass Event			
7	CV city Council			
✓ 9	owd BOD		30	
10	First Friday			
12	SBFACA			
16	owd Retired Employee Event			
✓ 16	Water Agencies Assoc Mtg.			40
17	Eastlake High Event			
18	FRA			
✓ 26	Gasov. Action Comm			40
22	RWF			
23	a Mtg.			

27 Mtg w/ Councilman Hueso

TOTAL MEETING PER DIEM: \$ 400.00
(\$145 per meeting)

TOTAL MILEAGE CLAIMED: 140 miles 30

✓ 28. OWD Fin.

Larry Breitfelder
(Director's Signature)

Rec'd
GM Approval Date: 11/3/08 [Signature]

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT = \$ _____

INSTRUCTIONS ON REVERSE



AB000.1B1000.2101.528101
AB000.1B1000.2101.521102

300.00
17.55
EXHIBIT B

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

Pay To: Larry Breitfelder

Period Covered:

Employee Number: 7013

From: 11-1-08 To: 11-30-08

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
1.	6/10	CSDA			80
2.	13	OWD Board		30	
3.	17	CV City Hall			
4.	18	CWU (Council of Water Utilities)			84
5.	20	CRTL			
6.	20	CSDA			40
7.					
8.					
9.					
10.				0.*	
11.				100.00x	
12.				3.=	
13.				300.00*	
14.				0.*	
15.				30.x	
16.				0.5850	
17.				17.55*	
18.					

Per Diem

Mileage

Total Meeting Per Diem: \$ 400.00 ~~300.00~~

Total Mileage Claimed: 154 miles

[Signature]
(Director's Signature)

Receipt
GM Approval: [Signature] 1/9/2009

Date: 1-7-09

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: \$ _____

to 1/22/09
1-16-09



AB000-1B1000-2101-528101 300.00
 AB000-1B1000-2101-521102 52.65
 EXHIBIT B

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

Pay To: Larry Breitfelder

Period Covered:

Employee Number: 7013

From: 12-1-08 To: 12-31-08

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
✓*	3	OWD Fin. (Finance, Admin & Communications Comm.)		30	
	5	Mtg w/ GM			
	8	CPAD			
	9	CSOA			
✓*	9	OWD Fin. (FA&C Committee)		30	
	11	AMC		0.*	
	13	CUTA			
	13	OWD Holiday Party			
	14	SBFACA			
	15	CAC		100.*	
✓*	15	OWD BOV		300.00*	30
	16	CWU		0.*	84
	20	FRA		0.*	
				0.*	
				30.+	
				30.+	
				30.+	
				90.*	
				90.*	

Per Items

Mileage

Total Meeting Per Diem: \$ 300.00
 (\$100 per meeting)

Total Mileage Claimed: 174

90.*
 0.5850=
 52.65*

[Signature]
 (Director's Signature)

Receipt
 GM Approval: [Signature] 1/9/09

Date: _____

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: \$ _____

1/22/09
 1-16-09

AB000 · 1B4000 · 2101 · 528101 300.00
AB000 · 1B4000 · 2101 · 521102 11.70



EXHIBIT B

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

Pay To: Jose Lopez

Period Covered:

Employee Number: 7010

From: 10/01/08 To: 10/31/08

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
1.	10/9	OWD	Board Meeting	0	
2.	10/16	OWD	Developers/Business meeting	20	
3.	10/27	CVWATF	Chula Vista Water Agencies Task Force meeting	0	
4.					
5.					
6.					
7.					
8.					
9.				0 * *	
10.				5 * *	
11.				100 * *	
12.				500 * *	
13.				0 * *	
14.				20 * *	
15.				0 * 500 * *	
16.				11 * 7 ✓	
17.					
18.					

Per Diem
Mileage

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

Total Mileage Claimed: 20 miles

Attended 3

Paid 3

GM Receipt: [Signature]

[Signature]
(Director's Signature)

Date: 11/14/08

11/24/08

FROM

AB000-1B4000-2101-528101
AB000-1B4000-2101-521102

FAX NO.:

500.00
Jun. 11 1999 12:54AM P1
23.40



EXHIBIT B

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

Pay To: Jose Lopez

Period Covered:

Employee Number: 7010

From: 11/01/08 To: 11/30/08

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
✓ 1.	11/03	OWD	Committee meeting	0	
✓ 2.	11/13	OWD	Regular Special Board meeting	20	
✓ 3.	11/20	OWD	Committee meeting	20	
4.	11/20	CSDA	Quarterly meeting	28	38
5.					
6.					
7.					
8.				0.*	
9.					
10.				100.00x	
				3.=	
11.				300.00*4	
12.					
13.				0.*	
14.				20.+	
				20.+	
15.				40.*	
16.					
				40.x	
17.				0.5850=	
18.				23.4*	

Per Diems

Mileage

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

Total Mileage Claimed: 78 miles

Jose Lopez
(Director's Signature)

GM Receipt: *[Signature]*

Date: 1/16/2009

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: \$

[Handwritten notes]
1-30-09

AB000-1B5000-2101-528101
 AB000-1B5000-2101-521102

800.00
 7.02



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

Pay To: Mark Robak

Period Covered: _____

Employee Number: 70141208

From: 12-1-08 To: 12-31-08

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	12-1	Finance & Administration Committee	Monthly meeting involving finance & administration issues	4	6
✓ 2	12-2	Salute to Excellence - Bahia Hotel	Annual luncheon recognizing nonprofit innovation and excellence - Attended with Garden Executive Director (Exhibit A)	0	29
✓ 3	12-3	Association of California Water Agencies	Fall Conference - Long Beach (See Exhibit B - Agenda)	0	127
✓ 4	12-4	Association of California Water Agencies	Fall Conference - Long Beach	0	0
✓ 5	12-5	Association of California Water Agencies	Fall Conference - Long Beach	0	127
✓ 6	12-9	Finance & Administration Committee	Monthly meeting involving finance & administration issues	4	6
✓ 7	12-10	Water Conservation Garden	Monthly Meeting / General Business (See Exhibit C - Agenda)	0	9
8	12-12	Rancho San Diego-Jamul Chamber Holiday Breakfast	Cuyamaca College - No Charge	0	0
9	12-13	Annual Otay Holiday Party	Lafayette Hotel - No Charge	0	0
✓ 10	12-15	Monthly Otay Board Meeting	General District Business	4	6
11	12-29	Lunch with General Manager	Discussion of District business - No Charge	0	0
				12	310

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

Total Mileage Claimed: 322 miles

Mark Robak
 (Director's Signature)

Receipt
 GM Approval: *[Signature]*

Date: 1/24/2009

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: \$ _____

[Handwritten notes and signatures]
 2/3/09
 1-30-09



AGENDA ITEM 11b

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	March 4, 2009
SUBMITTED BY:	Ron Ripperger <i>[Signature]</i> Engineering Manager	PROJECT:	P2210 DIV. NO. ALL
APPROVED BY: (Chief)	Rod Posada <i>[Signature]</i> Chief, Engineering		
APPROVED BY: (Asst GM)	Manny Magaña <i>[Signature]</i> Assistant General Manager, Engineering and Operations		
SUBJECT:	Informational Item - Second Quarter Fiscal Year 2009 Capital Improvement Program (CIP) Report		

GENERAL MANAGER'S RECOMMENDATION:

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

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To update the Board about the status of all CIP project 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 Second Quarter Fiscal Year 2009 Report is intended to provide a detailed analysis of progress in completing these projects within the allotted time and budget.

Expenditures through the Second Quarter of Fiscal Year 2009 totaled \$8.2 million. This is 27% of the \$31 million Fiscal Year 2009 budget. The decrease in projected expenditures is due primarily to delay in the 36-Inch Pipeline Project (CIP P2009).

FISCAL IMPACT:



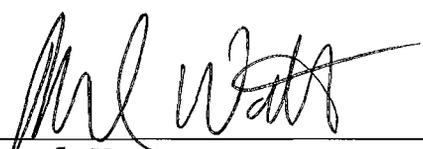
None.

STRATEGIC GOAL:

The CIP supports the mission of providing the best quality of water and wastewater services 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.



General Manager

P:\CIP\Quarterly Reports\2009\Q2 FY2009\Staff Report\BD 03-04-09, Second Quarter FY2009 CIP Report, (RR).doc

RR/RP:jf

Attachments: Attachment A
Presentation



ATTACHMENT A

SUBJECT/PROJECT: P2210	Informational Item - Second Quarter Fiscal Year 2009 Capital Improvement Program (CIP) Report
--------------------------------------	--

COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item in detail at a meeting held on February 20, 2009. It was noted that the City of El Cajon has signed off on the design of the 36" pipeline and the bids are expected to go out for the construction of the pipeline in February. Staff is continuing to coordinate with CalTrans, City of El Cajon, CWA, and other agencies to incorporate comments into the project design. It was indicated that there are no new projects anticipated in the near future for the eastern portion of the City of Chula Vista. Current projects include the 450-1 Reservoir Disinfection Facility and the pipeline conversion project on Lane Avenue from potable to recycled. The Otay Mesa area future projects include the recycled supply link project which will bring reclaimed water from the South Bay Water Reclamation plant into the Otay Mesa area and ground water exploration projects. The committee recommended presentation of the CIP update report to the full board.

ITEM 11b

Fiscal Year 2009 2nd Quarter CIP Update Report

Please reference Attachment 2 “PowerPoint” posted to
Otay Water District website.

AGENDA ITEM 12



STAFF REPORT

TYPE	Regular Board Meeting	MEETING	March 4, 2009		
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:

FLAGSHIP PROJECTS:

Update on the design of the **36-Inch Potable Water Pipeline from FCF #14 to Regulatory Site** (CIP P2009) for the month of January 2009:

- After soliciting three bids from contractors for the Otay Flow Control Facility No. 14 Temporary Reconnection, TC Construction was selected as the lowest bidder with a contract amount of \$14,000.
- The District is working with Caltrans to obtain final approval on a new permit. After a permit is issued to the District, the project will be advertised for bids.
- Staff is coordinating with CWA to include their comments on the final plans where the 36-inch pipeline crosses CWA's aqueduct. In addition, CWA has been very helpful in processing three (3) Joint Use Agreements to establish rights where the 36-inch pipeline will be in their right-of-way.

ADMINISTRATIVE SERVICES, INFORMATION TECHNOLOGY AND FINANCE:

Administrative Services:

Human Resources:

- Human Resources and Safety/Risk Administration presented a training session for all managers, supervisors and leads regarding "What Supervisors Need to Know About Liability and Workplace Accidents". A separate shorter session was also held for all field employees that emphasized the importance of remaining safe in the workplace, reporting workplace incidents, and potential liabilities.
- New Hires - There were two new hires in the month of February: Water Conservation Interns. The interns are part of a partnership between San Diego County Water Authority, Cuyamaca College and several local water districts.

Purchasing and Facilities:

- Changes to Restroom Fixtures - The District's urinals have been replaced with low-flush fixtures. A low-flush toilet is currently being tested for future retrofitting.
- There were 113 purchase orders processed in February 2009 for a total amount of \$4,102,938.31. Included in the total is a purchase order in the amount of \$987,807.00 for Professional Environmental Consulting Services for the San Miguel Habitat Management Area (P1253) as approved by the Board on January 7, 2009 and another purchase order in the amount of \$2,373,220.00 for the construction of the 1296-3 Reservoir 2.0 MG Water Shortage Facility (P2143), as approved by the board on December 15, 2008.

Safety & Security:

- Driver Awareness Training for all Operations, Survey, and Customer Service drivers was successfully completed. The presentation by CHP Officer, Brian Penning, was conducted on January 28, 2009.
- San Diego County Inspection conducted an inspection of the 1530-1 and 1655-1 Hydro Stations, 944-1 Pump Station, Hidden Mountain Sewer Lift Station, and re-inspected the Regulatory site. No citations or issues were noted. 80% of the HMBP permits have been updated.
- The newly revised Safety Manual was posted on the Inet on February 5, 2009.

Water Conservation:

- The District sent out letters to its top single-family, mixed use, potable irrigation and commercial accounts making them aware that the rate increase could be larger than the average 12.4% if they do not reduce their usage below 2008 levels. For the single-family customers, we offered a free residential survey and about 500 letters have been mailed to date. The non-residential customers are encourage to contact us to schedule a meeting to discuss the rate increase as well as our available water conservation programs in more detail.
- Water Conservation Program Activity - To date, this fiscal year, nine smart controller rebates have been processed as well as over 30,000 square feet of artificial turfgrass for single-family customers, 170,000 square feet of artificial turfgrass installed at Eastlake and Monte Vista High Schools, 20,000 square feet of turfgrass replaced with water-wise plants, 559 rotating sprinkler nozzles, 257 high efficiency washers and 91 high efficiency toilets.
- Targeted marketing to the District's top single-family accounts - In late February, the District mailed an oversized postcard promoting both the smart controller and rotating nozzle rebates to its top 30% single-family accounts (summer 2008 water use). About 14,000 accounts received this postcard.
- Water Conservation Interns - Two interns, fully funded by the Water Authority started working this month to add the District's irrigation-only accounts into the Water Authority's Water Smart Target Program, an online tool that will allow the District to better target its smart landscape program to its large landscape customers.
- Staff attended the San Diego Chapter of the Community Association Institute's Trade Show titled, "Water Conservation: Go Green or Pay Green", as well as a Sustainable Landscape Design Seminar, "Native Plants for Public Space", and the California Irrigation Institute's Annual Meeting.

Information Technology and Strategic Planning:

- Meter Reading Automation - IT is working with Operations to improve the process of automation for meter reading and changing manual to automated meter reads. This complex process will be carefully documented and analyzed

for opportunities to improve the efficiency and accuracy of the process.

- Employee Benefits Statement - IT has completed work on the updating of the Employee Benefits statement. Work done last year has been updated and saved considerable time in creating this year's statements.
- IMS Training - IT staff are training Engineering staff in both inspection and survey for use of the IMS system. Once training is completed, staff will transition to using IMS for all inspection and survey work orders.
- Records Retention - IT staff is meeting with all of the Departments to implement the new records management systems. A team of administrative workers from all departments is reviewing the new user interface prior to full implementation. Scanning of the existing records in the Records room is almost complete.
- Strategic Plan - Second quarter measurements have been received. Staff will be issuing a report to the Board in February.
- AWWA Peer Review - Senior team members have reviewed an initial proposal from AWWA to conduct a self-assessment peer review of the District. The cost will be approximately \$7,000. A contract to conduct this review will be issued in the next month.
- Field Laptops - IT staff is in the final stages of assessing new hardware for our field laptops. We are leaning toward ordering replacement Panasonic Business Toughbooks. Preliminary testing is positive and will improve our fieldplatform considerably. In addition, applications are being modified to address both speed, connectivity, and accuracy issues of the GIS and work order data.

Finance:

- Outreach to the City of Chula Vista - Otay staff met with the City of Chula Vista's Open Space Division personnel. Staff discussed a range of topics centered around ways to mitigate the economic challenges faced by the City. Otay Conservation staff discussed ways the City can reduce water usage, and Customer Service staff focused on rate increases and potential impacts of the drought. Staff had prepared an account by account analysis of the many

City meters so that the City staff can be as informed as possible. Staff will have ongoing communications with the City to help them with conservation and budgetary challenges.

- Cross-training - Within the Finance department, there are four Senior Accountants, all of whom are Certified Public Accountants. They perform some of the more difficult and complicated tasks within Finance, including: budget preparation, running financial scenarios, monitoring and explaining budget fluctuations, internal audits, coordination and preparation of external audits, CIP management, payroll backup, etc. All of these tasks are being rotated among these staff members to enhance knowledge depth within the department. Although this effort is challenging and time consuming, it will add tremendous stability to the department.
- Budget Award - For the fifth consecutive year, the Finance Department has been presented with the "Distinguished Budget Presentation Award" from the Government Finance Officers Association (GFOA) for the FY 2008-2009 Operating and Capital Budget. This award represents a significant achievement. "It reflects the commitment of the governing body and staff to meeting the highest principles of governmental budgeting."

The financial reporting for January 31, 2009 is as follows:

- For the seven months ended January 31, 2009, there are total revenues of \$39,813,098 and total expenses of \$37,384,268. The revenues exceeded expenses by \$2,428,830.

The financial reporting for investments for January 31, 2009 is as follows:

- The market value shown in the Portfolio Summary and in the Investment Portfolio Details as of January 31, 2009 total \$81,146,138.70 with an average yield to maturity of 2.659%. The total earnings year-to-date are \$1,553,331.19.

ENGINEERING AND WATER OPERATIONS:

Engineering:

- **850-4 Reservoir** - RSH completed the installation of the ring wall and tank foundation. Site paving is also

complete. The reservoir is for increased capacity in the 850 Pressure Zone, as required by the 2002 Water Resource Master Plan. This project is expected to be completed in May 2009. Project is on schedule and on budget. (P2191)

- **20-Inch Recycled Pipeline Conversion** - ARB, Inc. continues with the conversion of a 20-inch potable pipeline to a recycled pipeline in Chula Vista within the District's use area. Project is 94% complete. This project is expected to be completed in April 2009. This project is on schedule and on budget. (R2081)
- **Calavo Sewer Lift Station** - NEWest Construction has completed the installation of the new lift station. The project is complete. This project was completed within budget. (S2015)
- **RWCWRF Forcemain/Air Vac and Road Improvement Project** - Arrieta Construction has completed the installation of the section valves and is currently replacing the remaining air/vacs RWCWRF forcemain. The project is expected to be complete by March 6, 2009. The project is on schedule and on budget. (R2086)
- **Middle Sweetwater River Basin Groundwater Well Pilot Project Study** - The project concept and scope of work has been discussed with Sweetwater Authority (SWA) staff and presented to their Board on February 11, 2009. SWA staff will send a letter to the District summarizing their review and comments of our Middle Sweetwater River Basin Groundwater Well Pilot Project Study. An informational Staff Report was submitted to the District's January Engineering, Operations and Water Resources Committee Meeting and will be presented at the District's February Board Meeting. (P2129)
- **North District Recycled Water Regulatory Compliance System Development Project, Phase I Concept Study** - The results of the Study have been discussed with Sweetwater Authority (SWA) staff and presented to their Board on February 11, 2009. SWA staff will send a letter to the District summarizing their review and comments of our North District Recycled Water Regulatory Compliance System Development Project, Phase I Concept Study. The Regional Water Quality Control Board and the California Department of Public Health have also been provided with the Study for their review and comments. An informational Staff Report was submitted to the District's January Engineering, Operations

and Water Resources Committee Meeting and will be presented at the District's February Board Meeting. (R2089)

- **Water Resources Master Plan Program Environmental Impact Report (PEIR)** - PBS&J is working on the PEIR for the Water Resources Master Plan and expects to have the first draft to District staff by mid-February. They are coordinating closely with staff to ensure that the PEIR is an effective document when it is used for the environmental review of future CIP projects.
- **Otay Water District Recycled Water Infrastructure Program** - It has been reported that the proposed federal budget for this current federal fiscal year is \$4.479 million for the San Diego Area Reclamation Program for the United States Bureau of Reclamation (USBR) Title XVI Program. The USBR Temecula office staff reports that the District may be allocated 50% of the amount that eventually is approved in the federal budget less the amount the District has already received for this federal fiscal year, which is \$0.52 million, operating under the federal budget process of a continuing resolution. Hence, the District may receive an additional \$1.72 million for this federal fiscal year if the total remains at \$4.479 million and we get 50% of that figure. The USBR Title XVI amount that currently remains to be owed to the District is about \$5.05 million. Consequently, the District is closing in on getting our USBR Title XVI money!
- For the month of January 2009, the District sold 2 meters (10 EDUs) generating \$63,735 in revenue. Accumulated revenue through January 31, 2009 was \$1,258,242 for 259.0 EDUs and 74 meters. Projection for this period was 196 meters (303.0 EDUs) with budgeted revenue of \$1,657,017. Projected revenue from July 1, 2008 through June 30, 2009 is \$2,840,600.
- Approximately 49 linear feet of both CIP and developer project pipeline was installed in January 2009. The Construction Division performed quality control for these pipelines.
- The following table summarizes Engineering's Project purchases and change orders issued during the period of January 1 thru January 31, 2009 that were within Staff signatory authority:

Date	Action	Amount	Contractor/ Consultant	Project
1-06-09	Check Request	\$7,965	SDG&E	1296-3 Reservoir (P2143)
1-08-09	Check Request	\$2,304	APCD	Permits and test fees for Engines #20 (P1253)
1-12-09	C.O. #1	\$18,339	NEWest Const.	Calavo Lift Station Replacement (S2015)
1-20-09	Check Request	\$1,684	Helix Water District	Construction meter at Avocado Blvd. (S2015)
1-23-09	C.O. #3	\$10,845	Telliard Const.	Reclamation Plant Office Bldg & Recycled Water Operators Offices/HVAC (R2053)

Water Operations:

- San Diego County Water Authority (SDCWA) conducted a complete treated water shutdown beginning on January 4, 2009 and concluding on January 12, 2009. Staff was prepared and maintained 100% service levels to all our customers. Staff also maintained an excellent level of cooperation and communication with our neighboring agencies.
- During the SDCWA shutdown, and with the consent of Mexican representatives, flows to Mexico were suspended on Wednesday, December 30, 2008 and resumed on Thursday, January 15, 2009.
- In the month of January 2009 there were 11 new Automated Meter Reading (AMR) meters installed, 3 AMR meters were removed and the accounts closed and 1,235 meters were retrofitted to AMR meters. As of February 2, 2009 there was a total of 22,951 3-G Master Meter radio-read units installed.
- As of January 2009 there are 47,878 potable water meters; eleven new meters were installed and three were pulled.
- Potable water purchase (excluding flows to Mexico) for the month of January 2009 was 2,043.6 acre-feet. To date for FY 09, there has been 22,144.3 acre-feet of water

purchased. This is a 4.6% decrease from the same period last year.

- Potable water use is down by approximately five percent to date this fiscal year as compared to the first seven months of fiscal year 2008. The Water Authority allocation numbers are expected very soon and the calculation will align with the official Water Authority allocation methodology at that time. The District is currently using this number as an indication as to how well it is doing with regard to the 10% voluntary 20 Gallon Challenge target.
- Recycled water consumption for the month of January 2009 is as follows:

Total flow was 90.6 acre-feet or 29,501,868 gallons and the average daily flow was 951,671 gallons per day.

As of January 2009 there are 642 recycled water meters and no meters were installed or pulled during the month of January.

Total recycled water consumption to date for FY 2009 is 3066.4 acre-feet.

- Wastewater flows for the month of January 2009 were as follows:
 - Total basin flow, gallons per day: 1,923,000.
 - Spring Valley Sanitation District Flow to Metro, gallons per day: 638,000.
 - Total Otay flow, gallons per day: 1,284,000.
 - Flow Processed at the Ralph W. Chapman Water Recycling Facility, gallons per day: 22,581.
 - Flow to Metro from Otay Water District, gallons per day: 1,262,000.

For the month of January 2009 there was one new wastewater connection and two disconnections which bring the total count of EDUs to 6,069.

Naup Watson msc
General Manager

AGENDA ITEM 12



...Dedicated to Community Service

2554 SWEETWATER SPRINGS BOULEVARD, SPRING VALLEY, CALIFORNIA 91977-7299
TELEPHONE: 670-2222, AREA CODE 619

February 24, 2009

BOLERO HOA
9610 WAPLES ST
SAN DIEGO, CA 92121-2955

Dear BOLERO HOA:

I hope you have noticed the ad campaign warning of a water shortage for much of California this year. The shortage is due to ongoing drought in the Southwest and court-ordered pumping restrictions related to environmental issues. As a result, in June of 2008, the Otay Water District announced a Level I – Drought Watch for its service area. Since then we have worked with water agencies throughout Southern California to urge customers to save more water, and prepare for mandatory water restrictions this summer.

As water supplies become increasingly scarce, the cost of finding alternative sources of water increases. As a result, in December of 2008, the District adopted an *average* 12.4% rate increase. The new rates went into effect on January 1, 2009. In addition, the District adopted Drought Rates to enforce conservation through tiered market-based pricing.

Based upon your water use between July of 2007 and June of 2008, your bill for water service will increase significantly if you do not reduce your 2009 consumption below your 2008 level. Please see the attachment for more details. In addition, there is a high probability your rates will further increase based on the severity of the pending water shortage and the announcement of a Level 2 drought with mandatory restrictions and drought rates. To see how the new rates will affect you, use the Rate Calculator on our website at www.otaywater.gov. Please also be aware that water wholesalers are now projecting water rates could increase another 30% in 2010, and we are examining how much of a rate increase we will recommend to our Board of Directors to pass through these increased costs from wholesalers.

If you would like to meet to find out more about our water conservation programs or to discuss your account, please call us directly. For questions about the rates, please call Elaine Henderson, Customer Service Manager, at 619-670-2284. For questions about our conservation programs, please call William Granger, Water Conservation Manager, at 619-670-2290.

We look forward to working with you.

Sincerely,

Mark Watton
General Manager

Attachment

ATTACHMENT

BOLERO HOA

Account Number*	Site Address	2008 Usage (HCF)**	Estimated Rate Increase	Estimated Increase
914-0292	0 E J ST CHULA VISTA, CA 91910	6511	\$5,731.26	41%

- *Your nine digit account number, found on your water bill, is needed in order to use the Rate Calculator.
- **1 HCF equals 100 cubic feet of water or 748 gallons. One HCF also equals one unit of water.

AGENDA ITEM 12

Exhibit A

**OTAY WATER DISTRICT
COMPARATIVE BUDGET SUMMARY
FOR SEVEN MONTHS ENDED JANUARY 31, 2009**

	Annual Budget	YTD Actual	YTD Budget	YTD Variance	Var %
REVENUE:					
Water Sales	\$ 32,836,500	\$ 18,311,012	\$ 19,697,400	\$ (1,386,388)	(7.0%)
Energy Charges	2,047,100	1,209,011	1,227,200	(18,189)	(1.5%)
System Charges	10,619,400	5,770,076	5,929,800	(159,724)	(2.7%)
Penalties	906,900	383,045	535,100	(152,055)	(28.4%)
MWD & CWA Fixed Charges	2,819,500	1,724,092	1,574,300	149,792	9.5%
Total Water Sales	<u>49,229,400</u>	<u>27,397,236</u>	<u>28,963,800</u>	<u>(1,566,564)</u>	<u>(5.4%)</u>
Reclamation Sales	6,344,500	3,708,452	3,865,100	(156,648)	(4.1%)
Sewer Charges	2,145,300	1,260,814	1,269,300	(8,486)	(0.7%)
Meter Fees	103,800	41,263	60,550	(19,287)	(31.9%)
Capacity Fee Revenues	1,301,900	842,754	759,500	83,254	11.0%
Betterment Fees for Maintenance	895,900	400,438	522,600	(122,162)	(23.4%)
Annexation Fees	483,600	136,506	282,100	(145,594)	(51.6%)
Non-Operating Revenues	1,633,100	3,463,168	890,650	2,572,518	288.8%
Tax Revenues	4,137,300	2,256,104	2,286,000	(29,896)	(1.3%)
Interest	667,800	236,262	245,000	(8,738)	(3.6%)
General Fund Draw Down	120,100	70,100	70,100	-	0.0%
Total Revenue	<u>\$ 67,062,700</u>	<u>\$ 39,813,098</u>	<u>\$ 39,214,700</u>	<u>\$ 598,398</u>	<u>1.5%</u>
EXPENSES:					
Potable Water Purchases	\$ 25,183,600	\$ 13,708,679	\$ 15,231,900	\$ 1,523,221	10.0%
Recycled Water Purchases	1,490,800	776,140	925,179	149,039	16.1%
CWA-Infrastructure Access Charge	1,227,500	683,458	683,550	92	0.0%
CWA-Customer Service Charge	1,049,800	599,165	599,460	295	0.0%
CWA-Emergency Storage Charge	1,774,700	1,019,336	1,019,300	(36)	(0.0%)
MWD-Capacity Res Charge	602,800	348,732	348,400	(332)	(0.1%)
MWD-Readiness to Serve Charge	665,100	387,968	387,800	(168)	(0.0%)
Subtotal Water Purchases	<u>31,994,300</u>	<u>17,523,478</u>	<u>19,195,589</u>	<u>1,672,111</u>	<u>8.7%</u>
Power Charges	2,780,500	1,749,482	1,717,300	(32,182)	(1.9%)
Payroll & Related Costs	17,185,400	9,447,706	9,753,250	305,544	3.1%
Material & Maintenance	3,872,800	1,953,074	2,152,133	199,060	9.2%
Administrative Expenses	5,467,600	2,682,058	2,841,700	159,643	5.6%
Legal Fees	467,500	939,972	272,708	(667,263)	(244.7%)
Expansion Reserve	5,016,700	2,926,400	2,926,400	-	0.0%
Replacement Reserve	277,900	162,100	162,100	-	0.0%
Total Expenses	<u>\$ 67,062,700</u>	<u>\$ 37,384,268</u>	<u>\$ 39,021,181</u>	<u>\$ 1,636,913</u>	<u>4.2%</u>
Excess Revenue (Expense)	<u>\$ -</u>	<u>\$ 2,428,830</u>	<u>\$ 193,519</u>	<u>\$ 2,235,310</u>	

**OTAY WATER DISTRICT
INVESTMENT PORTFOLIO REVIEW
JANUARY 31, 2009**

INVESTMENT OVERVIEW & MARKET STATUS:

On December 16th, at the Federal Reserve Board's regular scheduled meeting, the federal funds rate was lowered from 1.00% to "a target range of between Zero and 0.25%" in response to the nation's ongoing financial crisis, as well as banking industry pressure to ease credit and stimulate the economy. This marked the ninth reduction in a row since September 18, 2007, when the rate was 5.25%. They went on to say: "The Committee anticipates that weak economic conditions are likely to warrant exceptionally low levels of the federal funds rate for some time." There were no further changes made to the federal funds rate at the Federal Reserve Board's subsequent regular scheduled meeting, held on January 28, 2009.

Despite the large drop in available interest rates, the District's overall effective rate of return on at January 31st was 2.78%. At the same time the LAIF return on deposits has also dropped over the last several months, reaching an average effective yield of 2.05% for the month of January 2009. Based on our success at maintaining a competitive rate of return on our portfolio during this extended period of interest rate declines, no changes in investment strategy are being considered at this time.

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

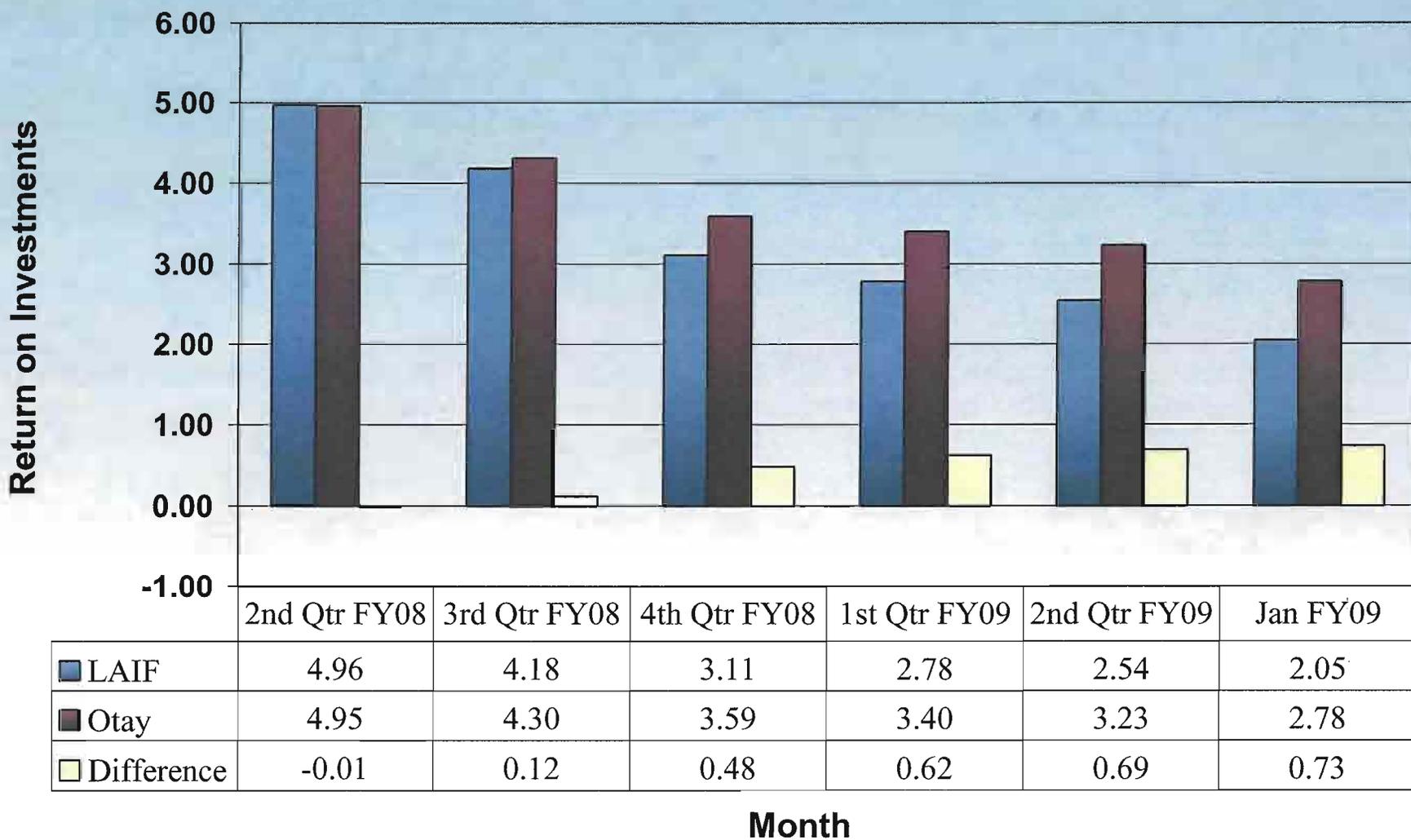
PORTFOLIO COMPLIANCE: January 31, 2009

	<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	\$26.95 Million
8.02:	Local Agency Investment Fund (Bonds)	100%	100%	1.82%
8.03:	Federal Agency Issues	100%	100%	47.06%
8.04:	Certificates of Deposit	30%	15%	1.34%
8.05:	Short-Term Commercial Notes	25%	15%	0
8.06:	Medium-Term Commercial Debt	30%	15%	2.48%
8.07:	Money Market Mutual Funds	20%	15%	0
8.08:	San Diego County Pool	100%	100%	12.95%
12.0:	Maximum Single Financial Institution	100%	50%	0.97%

Performance Measure F-12

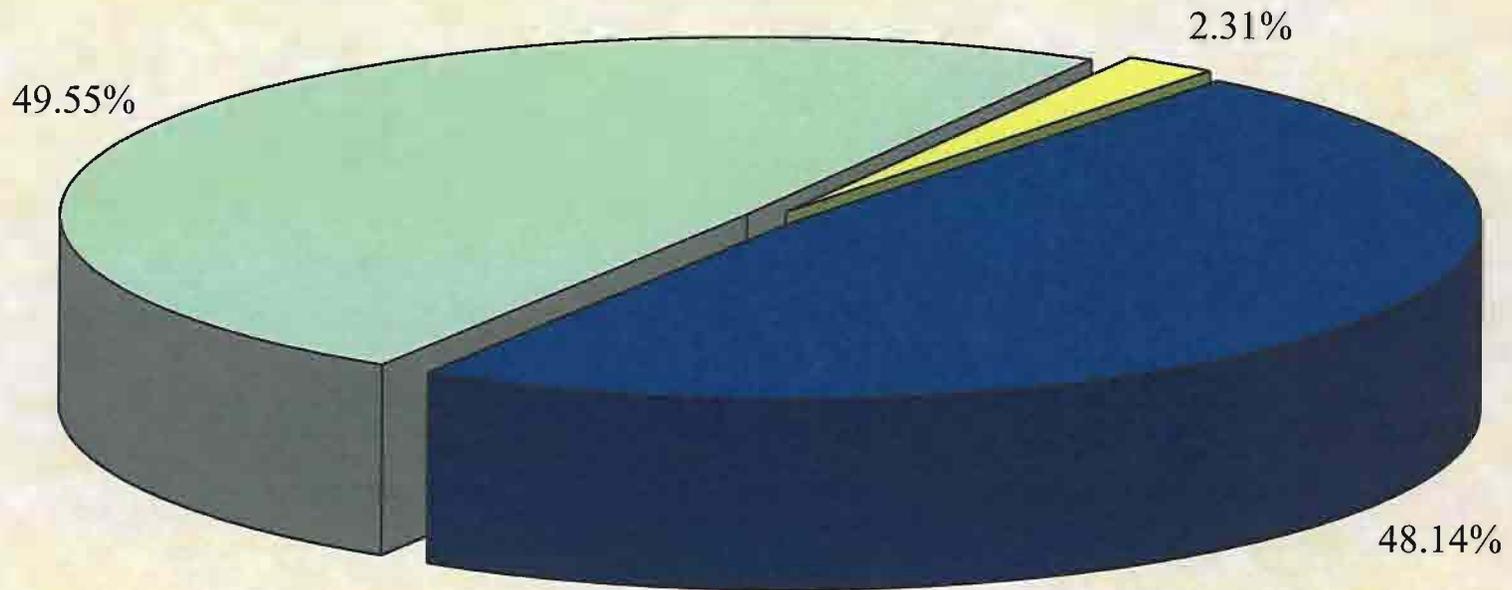
Return on Investment

Target: Meet or Exceed 100% of LAIF



■ LAIF ■ Otay ■ Difference

Otay Water District Investment Portfolio: 01/31/09



■ Banks (Passbook/Checking/CD) ■ Pools (LAIF & County) □ Agencies & Corporate Notes

OTAY
Portfolio Management
Portfolio Summary
January 31, 2009

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Corporate Notes	2,000,000.00	2,037,440.00	2,020,336.44	2.53	1,111	668	1.973	2.000
Federal Agency Issues- Callable	38,000,000.00	38,186,446.00	37,998,735.92	47.51	849	592	3.272	3.318
Certificates of Deposit - Bank	1,079,108.00	1,079,108.00	1,079,108.00	1.35	391	315	3.152	3.196
Local Agency Investment Fund (LAIF)	28,423,286.96	28,508,938.01	28,423,286.96	35.54	1	1	2.018	2.046
San Diego County Pool	10,455,230.48	10,546,313.76	10,455,230.48	13.07	1	1	2.251	2.282
	79,957,625.44	80,358,245.77	79,976,697.80	100.00%	437	303	2.659	2.695
Investments								
Cash								
Passbook/Checking (not included in yield calculations)	787,892.93	787,892.93	787,892.93		1	1	0.343	0.348
Total Cash and Investments	80,745,518.37	81,146,138.70	80,764,590.73		437	303	2.659	2.695

Total Earnings	January 31 Month Ending	Fiscal Year To Date
Current Year	189,194.35	1,553,331.19
Average Daily Balance	80,084,667.78	81,623,539.55
Effective Rate of Return	2.78%	3.23%

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.



 Joseph Beachem, Chief Financial Officer

2-23-09

OTAY
Portfolio Management
Portfolio Details - Investments
January 31, 2009

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 360	Days to Maturity	Maturity Date
Corporate Notes												
36962G2S2	2044	General Electric Capital		11/16/2007	2,000,000.00	2,037,440.00	2,020,336.44	5.000	Aaa	1.973	668	12/01/2010
Subtotal and Average			2,020,768.81		2,000,000.00	2,037,440.00	2,020,336.44			1.973	668	
Federal Agency Issues- Callable												
31398AMX7	2064	FANNIE MAE		02/22/2008	2,000,000.00	2,001,880.00	2,000,000.00	3.000		2.959	383	02/19/2010
31331YB74	2073	Federal Farm Credit Bank		04/07/2008	2,000,000.00	2,007,500.00	2,000,000.00	3.180		3.136	795	04/07/2011
3133XPWL4	2065	Federal Home Loan Bank		02/26/2008	2,000,000.00	2,002,500.00	2,000,000.00	3.000		2.959	390	02/26/2010
3133XPX90	2067	Federal Home Loan Bank		03/05/2008	2,000,000.00	2,003,760.00	2,000,000.00	3.020		2.979	397	03/05/2010
3133XQF23	2071	Federal Home Loan Bank		03/25/2008	2,000,000.00	2,006,260.00	2,000,000.00	3.250		3.205	782	03/25/2011
3133XQJ78	2072	Federal Home Loan Bank		04/14/2008	2,000,000.00	2,008,760.00	2,000,000.00	3.150		3.107	802	04/14/2011
3133XQMC3	2074	Federal Home Loan Bank		04/14/2008	2,000,000.00	2,007,500.00	2,000,000.00	2.900		2.860	620	10/14/2010
3133XQUX8	2075	Federal Home Loan Bank		04/29/2008	2,000,000.00	2,010,000.00	2,000,000.00	3.100		3.058	635	10/29/2010
3133XRNM8	2083	Federal Home Loan Bank		06/30/2008	2,000,000.00	2,008,760.00	2,000,000.00	3.650		3.598	422	03/30/2010
3133XS6Q6	2086	Federal Home Loan Bank		10/01/2008	2,000,000.00	2,008,120.00	2,000,000.00	3.500		3.452	607	10/01/2010
3133XS0C0	2088	Federal Home Loan Bank		10/14/2008	2,000,000.00	2,011,260.00	2,000,000.00	4.000		3.945	985	10/14/2011
3133XSFC7	2089	Federal Home Loan Bank		10/02/2008	2,000,000.00	2,015,626.00	2,000,000.00	3.400		3.353	60	04/02/2009
3128X7TT1	2079	Federal Home Loan Mortgage		06/02/2008	2,000,000.00	2,016,380.00	2,000,000.00	3.625		3.575	851	06/02/2011
31398ANH1	2069	Federal National Mortgage Assoc		03/10/2008	2,000,000.00	2,002,500.00	2,000,000.00	3.250		3.205	754	02/25/2011
3136F9LP6	2076	Federal National Mortgage Assoc		04/28/2008	2,000,000.00	2,009,380.00	1,999,441.25	3.000		2.989	451	04/28/2010
3136F9NB5	2077	Federal National Mortgage Assoc		05/12/2008	2,000,000.00	2,010,620.00	2,000,000.00	3.100		3.058	465	05/12/2010
31398ARD6	2078	Federal National Mortgage Assoc		05/19/2008	2,000,000.00	2,015,000.00	1,999,294.67	3.600		3.570	837	05/19/2011
3136F9SA2	2080	Federal National Mortgage Assoc		06/10/2008	2,000,000.00	2,016,260.00	2,000,000.00	3.265		3.220	494	06/10/2010
3136F9WV1	2085	Federal National Mortgage Assoc		07/02/2008	2,000,000.00	2,024,380.00	2,000,000.00	4.000		3.945	516	07/02/2010
Subtotal and Average			42,127,738.68		38,000,000.00	38,186,446.00	37,998,735.92			3.272	592	
Certificates of Deposit - Bank												
205003183	2066	California Bank & Trust		01/22/2008	79,108.00	79,108.00	79,108.00	3.180		3.180	355	01/22/2010
1005581024	2090	Neighborhood National Bank		12/11/2008	1,000,000.00	1,000,000.00	1,000,000.00	3.150		3.150	312	12/10/2009
Subtotal and Average			1,079,108.00		1,079,108.00	1,079,108.00	1,079,108.00			3.152	315	
Local Agency Investment Fund (LAIF)												
LAIF	9001	STATE OF CALIFORNIA		07/01/2004	26,953,080.09	27,034,300.80	26,953,080.09	2.046		2.018	1	
LAIF COPS07	9009	STATE OF CALIFORNIA		03/07/2007	1,470,206.87	1,474,637.21	1,470,206.87	2.046		2.018	1	
Subtotal and Average			24,118,403.35		28,423,286.96	28,508,938.01	28,423,286.96			2.018	1	

Portfolio OTAY

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Portfolio Management
Portfolio Details - Investments
January 31, 2009

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 360	Days to Maturity	Maturity Date
San Diego County Pool												
SD COUNTY POOL	9007	San Diego County		07/01/2004	10,455,230.48	10,546,313.76	10,455,230.48	2.282		2.251	1	
Subtotal and Average			10,385,625.00		10,455,230.48	10,546,313.76	10,455,230.48			2.251	1	
Total and Average			80,084,667.78		79,957,625.44	80,358,245.77	79,976,697.80			2.659	303	

OTAY
Portfolio Management
Portfolio Details - Cash
January 31, 2009

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	42,536.18	42,536.18	42,536.18	0.200		0.197	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	717,579.49	717,579.49	717,579.49	0.370		0.365	1
PAYROLL	9005	STATE OF CALIFORNIA		07/01/2004	24,977.26	24,977.26	24,977.26			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			80,084,667.78		80,745,518.37	81,146,138.70	80,764,590.73			2.659	303

OTAY
Activity Report
Sorted By Issuer
July 1, 2008 - January 31, 2009

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value Beginning Balance	Current Rate	Transaction Date	Purchases or Deposits	Par Value Redemptions or Withdrawals	Ending Balance
Issuer: STATE OF CALIFORNIA									
Union Bank									
UNION MONEY	9002	STATE OF CALIFORNIA			0.200		44,887,106.30	44,854,587.05	
UNION OPERATING PAYROLL	9004	STATE OF CALIFORNIA			0.370		2,825,547.60	3,650,376.14	
	9005	STATE OF CALIFORNIA					2,688.53	2,088.53	
Subtotal and Balance				1,579,602.22			47,715,342.43	48,507,051.72	787,892.93
Local Agency Investment Fund (LAIF)									
LAIF	9001	STATE OF CALIFORNIA			2.046		49,464,598.30	33,300,000.00	
LAIF COPS07	9009	STATE OF CALIFORNIA			2.046		30,552.09	0.00	
Subtotal and Balance				12,228,136.57			49,495,150.39	33,300,000.00	28,423,286.96
Issuer Subtotal				36.177%	13,807,738.79		97,210,492.82	81,807,051.72	29,211,179.89
Issuer: California Bank & Trust									
Certificates of Deposit - Bank									
Subtotal and Balance				79,108.00					79,108.00
Issuer Subtotal				0.098%	79,108.00		0.00	0.00	79,108.00
Issuer: FANNIE MAE									
Federal Agency Issues- Callable									
Subtotal and Balance				2,000,000.00					2,000,000.00
Issuer Subtotal				2.477%	2,000,000.00		0.00	0.00	2,000,000.00
Issuer: Federal Farm Credit Bank									
Federal Agency Issues- Callable									
Subtotal and Balance				2,000,000.00					2,000,000.00

OTAY
Activity Report
July 1, 2008 - January 31, 2009

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 Subtotal			2.477%	2,000,000.00			0.00	0.00	2,000,000.00
Issuer: Federal Home Loan Bank									
Federal Agency Issues- Callable									
3133XLT7	2037	Federal Home Loan Bank			5.550	07/30/2008	0.00	3,000,000.00	
3133XMX71	2042	Federal Home Loan Bank			4.500	08/14/2008	0.00	2,000,000.00	
3133XN6X2	2045	Federal Home Loan Bank			4.500	08/20/2008	0.00	2,000,000.00	
3133XNP52	2057	Federal Home Loan Bank			4.375	09/17/2008	0.00	2,000,000.00	
3133XNS42	2058	Federal Home Loan Bank			4.250	12/18/2008	0.00	2,000,000.00	
3133XNPR4	2059	Federal Home Loan Bank			4.350	12/24/2008	0.00	1,800,000.00	
3133XPDR2	2062	Federal Home Loan Bank			3.060	01/29/2009	0.00	2,000,000.00	
3133XPDS0	2063	Federal Home Loan Bank			3.250	01/30/2009	0.00	2,000,000.00	
3133XPZN7	2068	Federal Home Loan Bank			3.350	09/03/2008	0.00	1,905,000.00	
3133XQC91	2070	Federal Home Loan Bank			3.125	12/17/2008	0.00	2,000,000.00	
3133XRK74	2084	Federal Home Loan Bank			3.500	12/30/2008	0.00	2,000,000.00	
3133XS6Q6	2086	Federal Home Loan Bank			3.500	10/01/2008	2,000,000.00	0.00	
3133XSDG0	2087	Federal Home Loan Bank			3.650	10/02/2008	2,000,000.00	0.00	
3133XSDG0	2087	Federal Home Loan Bank				01/02/2009	0.00	2,000,000.00	
3133XSCC0	2088	Federal Home Loan Bank			4.000	10/14/2008	2,000,000.00	0.00	
3133XSFC7	2089	Federal Home Loan Bank			3.400	10/02/2008	2,000,000.00	0.00	
Subtotal and Balance				36,705,000.00			8,000,000.00	24,705,000.00	20,000,000.00
Issuer Subtotal			24.769%	36,705,000.00			8,000,000.00	24,705,000.00	20,000,000.00

Issuer: Federal Home Loan Mortgage

Federal Agency Issues- Callable									
3128X7YG3	2082	Federal Home Loan Mortgage			4.750	12/26/2008	0.00	2,000,000.00	
Subtotal and Balance				4,000,000.00			0.00	2,000,000.00	2,000,000.00
Issuer Subtotal			2.477%	4,000,000.00			0.00	2,000,000.00	2,000,000.00

Issuer: Federal National Mortgage Assoc

Federal Agency Issues- Callable									
31398AKS0	2060	Federal National Mortgage Assoc			4.500	01/07/2009	0.00	2,000,000.00	
3136F9TS2	2081	Federal National Mortgage Assoc			3.500	09/25/2008	0.00	2,000,000.00	
3136F9WV1	2085	Federal National Mortgage Assoc			4.000	07/02/2008	2,000,000.00	0.00	

Portfolio OTAY

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OTAY
Activity Report
July 1, 2008 - January 31, 2009

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value		Current Rate	Transaction Date	Par Value		Ending Balance
				Beginning Balance				Purchases or Deposits	Redemptions or Withdrawals	
Subtotal and Balance				<u>14,000,000.00</u>			<u>2,000,000.00</u>	<u>4,000,000.00</u>	<u>12,000,000.00</u>	
Issuer Subtotal			14.862%	14,000,000.00			2,000,000.00	4,000,000.00	12,000,000.00	
Issuer: General Electric Capital										
Corporate Notes										
Subtotal and Balance				<u>2,000,000.00</u>					<u>2,000,000.00</u>	
Issuer Subtotal			2.477%	2,000,000.00			0.00	0.00	2,000,000.00	
Issuer: Neighborhood National Bank										
Certificates of Deposit - Bank										
1002812475	2061	Neighborhood National Bank			4.850	12/13/2008	0.00	1,000,000.00		
1005581024	2090	Neighborhood National Bank			3.150	12/11/2008	1,000,000.00	0.00		
Subtotal and Balance				<u>1,000,000.00</u>			<u>1,000,000.00</u>	<u>1,000,000.00</u>	<u>1,000,000.00</u>	
Issuer Subtotal			1.238%	1,000,000.00			1,000,000.00	1,000,000.00	1,000,000.00	
Issuer: San Diego County										
San Diego County Pool										
SD COUNTY POOL	9007	San Diego County			2.282		278,130.99	2,000,000.00		
Subtotal and Balance				<u>12,177,099.49</u>			<u>278,130.99</u>	<u>2,000,000.00</u>	<u>10,455,230.48</u>	
Issuer Subtotal			12.948%	12,177,099.49			278,130.99	2,000,000.00	10,455,230.48	
Total			100.000%	87,768,946.28			108,488,623.81	115,512,051.72	80,745,518.37	

OTAY
GASB 31 Compliance Detail
Sorted by Fund - Fund
July 1, 2008 - January 31, 2009

CUSIP	Investment #	Fund	Investment Class	Maturity Date	Beginning Invested Value	Purchase of Principal	Addition to Principal	Redemption of Principal	Adjustment in Value		Ending Invested Value
									Amortization Adjustment	Change in Market Value	
Fund: Treasury Fund											
LAIF	9001	99	Fair Value		10,787,944.73	0.00	264,598.30	264,598.30	0.00	81,757.77	27,034,300.80
UNION MONEY	9002	99	Amortized		10,016.93	0.00	242.55	242.55	0.00	0.00	42,536.18
PETTY CASH	9003	99	Amortized		2,800.00	0.00	0.00	0.00	0.00	0.00	2,800.00
UNION OPERATING	9004	99	Amortized		1,542,408.03	0.00	10,946.16	835,774.70	0.00	0.00	717,579.49
PAYROLL	9005	99	Amortized		24,377.26	0.00	0.00	0.00	0.00	0.00	24,977.26
SD COUNTY POOL	9007	99	Fair Value		12,219,100.73	0.00	278,130.99	2,000,000.00	0.00	49,082.04	10,546,313.76
UNION IOC	9008	99	Amortized		0.00	0.00	0.00	0.00	0.00	0.00	0.00
LAIF COPS07	9009	99	Fair Value		1,439,583.11	0.00	30,552.09	0.00	0.00	4,502.01	1,474,637.21
3133XLTL7	2037	99	Fair Value	07/30/2010	3,006,562.50	0.00	0.00	3,000,000.00	0.00	-6,562.50	0.00
3133XMX71	2042	99	Fair Value	08/14/2009	2,004,375.00	0.00	0.00	2,000,000.00	0.00	-4,375.00	0.00
36962G2S2	2044	99	Fair Value	12/01/2010	2,051,704.10	0.00	0.00	0.00	0.00	-14,264.10	2,037,440.00
3133XN6X2	2045	99	Fair Value	08/20/2010	2,004,375.00	0.00	0.00	2,000,000.00	0.00	-4,375.00	0.00
3133XNP52	2057	99	Fair Value	09/17/2010	2,006,250.00	0.00	0.00	2,000,000.00	0.00	-6,250.00	0.00
3133XNS42	2058	99	Fair Value	06/18/2010	2,011,250.00	0.00	0.00	2,000,000.00	0.00	-11,250.00	0.00
3133XNPR4	2059	99	Fair Value	12/24/2010	1,810,687.50	0.00	0.00	1,800,000.00	0.00	-10,687.50	0.00
31398AKS0	2060	99	Fair Value	01/07/2011	2,012,500.00	0.00	0.00	2,000,000.00	0.00	-12,500.00	0.00
1002812475	2061	99	Amortized	12/13/2008	1,000,000.00	0.00	0.00	1,000,000.00	0.00	0.00	0.00
3133XPDR2	2062	99	Fair Value	01/29/2010	2,000,000.00	0.00	0.00	2,000,000.00	0.00	0.00	0.00
3133XPDS0	2063	99	Fair Value	07/30/2010	1,997,500.00	0.00	0.00	2,000,000.00	0.00	2,500.00	0.00
31398AMX7	2064	99	Fair Value	02/19/2010	1,998,125.00	0.00	0.00	0.00	0.00	3,755.00	2,001,880.00
3133XPWL4	2065	99	Fair Value	02/26/2010	1,996,875.00	0.00	0.00	0.00	0.00	5,625.00	2,002,500.00
205003183	2066	99	Amortized	01/22/2010	79,108.00	0.00	0.00	0.00	0.00	0.00	79,108.00
3133XPX90	2067	99	Fair Value	03/05/2010	1,997,500.00	0.00	0.00	0.00	0.00	6,260.00	2,003,760.00
3133XPZN7	2068	99	Fair Value	09/03/2010	1,905,000.00	0.00	0.00	1,905,000.00	0.00	0.00	0.00
31398ANH1	2069	99	Fair Value	02/25/2011	1,988,125.00	0.00	0.00	0.00	0.00	14,375.00	2,002,500.00
3133XQC91	2070	99	Fair Value	12/17/2010	1,985,625.00	0.00	0.00	2,000,000.00	0.00	14,375.00	0.00
3133XQF23	2071	99	Fair Value	03/25/2011	1,983,125.00	0.00	0.00	0.00	0.00	23,135.00	2,006,260.00
3133XQJ78	2072	99	Fair Value	04/14/2011	1,965,625.00	0.00	0.00	0.00	0.00	43,135.00	2,008,760.00
31331YB74	2073	99	Fair Value	04/07/2011	1,979,375.00	0.00	0.00	0.00	0.00	28,125.00	2,007,500.00
3133XQMC3	2074	99	Fair Value	10/14/2010	1,980,000.00	0.00	0.00	0.00	0.00	27,500.00	2,007,500.00

Portfolio OTAY
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OTAY
GASB 31 Compliance Detail
 Sorted by Fund - Fund

CUSIP	Investment #	Fund	Investment Class	Maturity Date	Beginning Invested Value	Purchase of Principal	Addition to Principal	Redemption of Principal	Adjustment in Value		Ending Invested Value
									Amortization Adjustment	Change in Market Value	
Fund: Treasury Fund											
3133XQUX8	2075	99	Fair Value	10/29/2010	1,987,500.00	0.00	0.00	0.00	0.00	22,500.00	2,010,000.00
3136F9LP6	2076	99	Fair Value	04/28/2010	1,994,375.00	0.00	0.00	0.00	0.00	15,005.00	2,009,380.00
3136F9NB5	2077	99	Fair Value	05/12/2010	1,991,875.00	0.00	0.00	0.00	0.00	18,745.00	2,010,620.00
31398ARD6	2078	99	Fair Value	05/19/2011	1,997,500.00	0.00	0.00	0.00	0.00	17,500.00	2,015,000.00
3128X7TT1	2079	99	Fair Value	06/02/2011	1,997,510.07	0.00	0.00	0.00	0.00	18,869.93	2,016,380.00
3136F9SA2	2080	99	Fair Value	06/10/2010	2,000,625.00	0.00	0.00	0.00	0.00	15,635.00	2,016,260.00
3136F9TS2	2081	99	Fair Value	06/25/2010	2,003,125.00	0.00	0.00	2,000,000.00	0.00	-3,125.00	0.00
3128X7YG3	2082	99	Fair Value	06/26/2013	2,006,940.00	0.00	0.00	2,000,000.00	0.00	-6,940.00	0.00
3133XRNM8	2083	99	Fair Value	03/30/2010	2,011,250.00	0.00	0.00	0.00	0.00	-2,490.00	2,008,760.00
3133XRK74	2084	99	Fair Value	12/30/2009	2,008,125.00	0.00	0.00	2,000,000.00	0.00	-8,125.00	0.00
3136F9WV1	2085	99	Fair Value	07/02/2010	0.00	2,000,000.00	0.00	0.00	0.00	24,380.00	2,024,380.00
3133XS6Q6	2086	99	Fair Value	10/01/2010	0.00	2,000,000.00	0.00	0.00	0.00	8,120.00	2,008,120.00
3133XSDG0	2087	99	Fair Value	10/02/2009	0.00	2,000,000.00	0.00	2,000,000.00	0.00	0.00	0.00
3133XSCC0	2088	99	Fair Value	10/14/2011	0.00	2,000,000.00	0.00	0.00	0.00	11,260.00	2,011,260.00
3133XSFC7	2089	99	Fair Value	04/02/2009	0.00	2,000,000.00	0.00	0.00	0.00	15,626.00	2,015,626.00
1005581024	2090	99	Amortized	12/10/2009	0.00	1,000,000.00	0.00	0.00	0.00	0.00	1,000,000.00
Subtotal					87,788,742.96	11,000,000.00	584,470.09	34,805,615.55	0.00	380,823.65	81,146,138.70
Total					87,788,742.96	11,000,000.00	584,470.09	34,805,615.55	0.00	380,823.65	81,146,138.70

OTAY
Duration Report
Sorted by Investment Type - Investment Type
Through 01/31/2009

Security ID	Investment #	Fund	Issuer	Investment Class	Book Value	Par Value	Market Value	Current Rate	YTM 365	Current Yield	Maturity/ Call Date	Effective Duration
36962G2S2	2044	99	General Electric Capital	Fair	2,020,336.44	2,000,000.00	2,037,440.00	5.000	2.000	3.935	12/01/2010	1.728
3133XPX90	2067	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,003,760.00	3.020	3.020	2.639c	03/05/2009	0.087
3128X7TT1	2079	99	Federal Home Loan Mortgage	Fair	2,000,000.00	2,000,000.00	2,016,380.00	3.625	3.625	1.971c	06/02/2009	0.331
3133XPWL4	2065	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,002,500.00	3.000	3.000	2.747c	02/26/2009	0.068
3133XQJ78	2072	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,008,760.00	3.150	3.150	2.264c	04/14/2009	0.197
3133XQF23	2071	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,006,260.00	3.250	3.250	2.616c	03/25/2009	0.142
31398AMX7	2064	99	FANNIE MAE	Fair	2,000,000.00	2,000,000.00	2,001,880.00	3.000	3.000	2.809c	02/19/2009	0.049
31331YB74	2073	99	Federal Farm Credit Bank	Fair	2,000,000.00	2,000,000.00	2,007,500.00	3.180	3.180	2.421c	04/07/2009	0.178
3133XQUX8	2075	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,010,000.00	3.100	3.100	2.090c	04/29/2009	0.238
3133XQMC3	2074	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,007,500.00	2.900	2.900	2.142c	04/14/2009	0.197
3133XSCC0	2088	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,011,260.00	4.000	4.000	2.858c	04/14/2009	0.197
3133XS6Q6	2086	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,008,120.00	3.500	3.500	2.677c	04/01/2009	0.161
31398ANH1	2069	99	Federal National Mortgage Assoc	Fair	2,000,000.00	2,000,000.00	2,002,500.00	3.250	3.250	2.996c	02/25/2009	0.065
31398ARD6	2078	99	Federal National Mortgage Assoc	Fair	1,999,294.67	2,000,000.00	2,015,000.00	3.600	3.619	2.084c	05/19/2009	0.293
3136F9SA2	2080	99	Federal National Mortgage Assoc	Fair	2,000,000.00	2,000,000.00	2,016,260.00	3.265	3.265	1.626c	06/10/2009	0.353
3136F9WV1	2085	99	Federal National Mortgage Assoc	Fair	2,000,000.00	2,000,000.00	2,024,380.00	4.000	4.000	1.543c	07/02/2009	0.413
3133XRNM8	2083	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,008,760.00	3.650	3.648	2.762c	03/30/2009	0.000
3136F9LP6	2076	99	Federal National Mortgage Assoc	Fair	1,999,441.25	2,000,000.00	2,009,380.00	3.000	3.031	2.052c	04/28/2009	0.235
3136F9NB5	2077	99	Federal National Mortgage Assoc	Fair	2,000,000.00	2,000,000.00	2,010,620.00	3.100	3.100	2.027c	05/12/2009	0.273
3133XSFC7	2089	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,015,626.00	3.400	3.400	1.823	04/02/2009	0.164
1005581024	2090	99	Neighborhood National Bank	Amort	1,000,000.00	1,000,000.00	1,000,000.00	3.150	3.194	3.150	12/10/2009	0.842 †
205003183	2066	99	California Bank & Trust	Amort	79,108.00	79,108.00	79,108.00	3.180	3.224	3.180	01/22/2010	0.956 †
LAIF COPS07	9009	99	STATE OF CALIFORNIA	Fair	1,470,206.87	1,470,206.87	1,474,637.21	2.046	2.046	2.046		0.000
LAIF	9001	99	STATE OF CALIFORNIA	Fair	26,953,080.09	26,953,080.09	27,034,300.80	2.046	2.046	2.046		0.000

Portfolio OTAY

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OTAY
Duration Report
Sorted by Investment Type - Investment Type
Through 01/31/2009

Security ID	Investment #	Fund	Issuer	Investment Class	Book Value	Par Value	Market Value	Current Rate	YTM 365	Current Yield	Maturity/ Call Date	Effective Duration
SD COUNTY	9007	99	San Diego County	Fair	10,455,230.48	10,455,230.48	10,546,313.76	2.282	2.282	2.282		0.000
Report Total					79,976,697.80	79,957,625.44	80,358,245.77			2.271		0.146†

† = Duration can not be calculated on these investments due to incomplete Market price data.

AGENDA ITEM 12



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	March 4, 2009
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:

SUMMARY	NET DEMANDS
CHECKS (2016170-2016699)	\$2,213,018.97
WIRE TO:	
CITY TREASURER - RECLAIMED WATER PURCHASE	\$19,772.62
DELTA HEALTH SYSTEMS - DENTAL & COBRA CLAIMS	\$19,832.37
LANDESBANK - CERTIFICATES OF PARTICIPATION	\$2,603.70
SAN DIEGO COUNTY WATER AUTHORITY - CAP FEES	\$139,252.00
SAN DIEGO COUNTY WATER AUTHORITY - WATER DELIVERIES	\$1,300,922.47
SPECIAL DIST RISK MGMT AUTH - INS PREMIUM MAR 09	\$189,233.25
UNION BANK - PAYROLL TAXES	\$295,977.17
UNION BANK - CERTIFICATIONS OF PARTICIPATION	\$1,055,401.63
TOTAL CASH DISBURSEMENTS	\$5,236,014.18

RECOMMENDED ACTION:

That the Board receive the attached list of demands.

Jb/Attachment

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2016170 THROUGH 2016699
RUN DATES 2/4/2009 TO 2/25/2009

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2016194	02/04/09	09858	HOME REALTY USA	Ref002392838	02/03/09	UB Refund Cst #0000141729	171.59	171.59
2016195	02/04/09	09824	ILYANA TRILLO	Ref002392800	02/03/09	UB Refund Cst #0000119434	19.97	19.97
2016196	02/04/09	09818	JAMES DIX	Ref002392794	02/03/09	UB Refund Cst #0000090110	56.53	56.53
2016197	02/04/09	09827	JOHN LITCHFIELD	Ref002392803	02/03/09	UB Refund Cst #0000123665	31.33	31.33
2016198	02/04/09	09737	KANE DEVELOPMENT	Ref002392792	02/03/09	UB Refund Cst #0000088334	134.77	134.77
2016199	02/04/09	09816	KRA LLC	Ref002392791	02/03/09	UB Refund Cst #0000088086	3,654.82	3,654.82
2016200	02/04/09	09830	LEGACY BUILDING SERVICE INC	Ref002392806	02/03/09	UB Refund Cst #0000125639	974.61	974.61
2016201	02/04/09	09851	LINDA RING	Ref002392830	02/03/09	UB Refund Cst #0000140935	28.72	28.72
2016202	02/04/09	09860	LONG BEACH MORTGAGE	Ref002392840	02/03/09	UB Refund Cst #0000141830	16.95	16.95
2016203	02/04/09	09852	MARC CARPENTER AND ASSOCIATES	Ref002392832	02/03/09	UB Refund Cst #0000141042	75.00	75.00
2016204	02/04/09	09820	MARK JOHNSON	Ref002392796	02/03/09	UB Refund Cst #0000095348	45.51	45.51
2016205	02/04/09	09844	MATTHEW CHELLI	Ref002392823	02/03/09	UB Refund Cst #0000139715	18.38	18.38
2016206	02/04/09	09856	MICHELLE MACAWILI	Ref002392836	02/03/09	UB Refund Cst #0000141655	30.49	30.49
2016207	02/04/09	09865	MICHELLE MACAWILI INC	Ref002392845	02/03/09	UB Refund Cst #0000142375	24.86	24.86
2016208	02/04/09	09837	MORTGAGE CONTRACTING SERVICES	Ref002392815	02/03/09	UB Refund Cst #0000131451	42.53	42.53
2016209	02/04/09	09821	NEIL BOLDUC	Ref002392797	02/03/09	UB Refund Cst #0000095698	36.91	36.91
2016210	02/04/09	09841	NEUMAN AND NEUMAN	Ref002392819	02/03/09	UB Refund Cst #0000138891	26.71	26.71
2016211	02/04/09	09606	NNP-SAN MIGUEL RANCH	Ref002392783	02/03/09	UB Refund Cst #0000061750	25.20	25.20
2016212	02/04/09	09823	NORMA QUINTANA	Ref002392799	02/03/09	UB Refund Cst #0000097420	54.27	54.27
2016213	02/04/09	09809	OTAY RANCH VII JC LLC	Ref002392782	02/03/09	UB Refund Cst #0000047519	26.69	26.69
2016214	02/04/09	09850	PACIFIC REO PROPERTIES	Ref002392829	02/03/09	UB Refund Cst #0000140347	25.05	25.05
2016215	02/04/09	09550	PLATINUM CIRCLE REAL ESTATE	Ref002392809	02/03/09	UB Refund Cst #0000127725	58.29	58.29
2016216	02/04/09	09769	PLATINUM CIRCLE REAL ESTATE	Ref002392822	02/03/09	UB Refund Cst #0000139625	22.85	22.85
2016217	02/04/09	09760	PREMIER NATIONAL REALTY GROUP	Ref002392810	02/03/09	UB Refund Cst #0000128023	30.37	30.37

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2016170 THROUGH 2016699
RUN DATES 2/4/2009 TO 2/25/2009

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2016218	02/04/09	09833	PREMIER NATIONAL REALTY GROUP	Ref002392811	02/03/09	UB Refund Cst #0000128114	9.10	9.10
2016219	02/04/09	09864	PREMIER NATIONAL REALTY GROUP	Ref002392844	02/03/09	UB Refund Cst #0000142346	41.70	41.70
2016220	02/04/09	05689	ROBERT NOWLIN	Ref002392785	02/03/09	UB Refund Cst #0000069741	36.91	36.91
2016221	02/04/09	09861	RUTH REYES	Ref002392841	02/03/09	UB Refund Cst #0000142019	18.78	18.78
2016222	02/04/09	09828	SAKEENAH EL-AMIN	Ref002392804	02/03/09	UB Refund Cst #0000124144	38.72	38.72
2016223	02/04/09	09847	SAN DIEGO REALTY INC	Ref002392826	02/03/09	UB Refund Cst #0000139854	10.56	10.56
2016224	02/04/09	09843	SANDRA BASSLER	Ref002392821	02/03/09	UB Refund Cst #0000139427	14.38	14.38
2016225	02/04/09	09862	SANDRA CERVANTES	Ref002392842	02/03/09	UB Refund Cst #0000142204	30.49	30.49
2016226	02/04/09	09521	SELAM VEISEL	Ref002392847	02/03/09	UB Refund Cst #0000011927	27.42	27.42
2016227	02/04/09	09854	STEVE FRIESEN	Ref002392834	02/03/09	UB Refund Cst #0000141450	46.51	46.51
2016228	02/04/09	09842	TEAM TOWNSEN	Ref002392820	02/03/09	UB Refund Cst #0000139423	45.81	45.81
2016229	02/04/09	09845	TEAM TOWNSON INC	Ref002392824	02/03/09	UB Refund Cst #0000139727	9.98	9.98
2016230	02/04/09	09848	TEAM TOWNSON INC	Ref002392827	02/03/09	UB Refund Cst #0000140115	74.60	74.60
2016231	02/04/09	09846	TEAMWERK REALTY	Ref002392825	02/03/09	UB Refund Cst #0000139803	38.57	38.57
2016232	02/04/09	09836	VIOLETA LOPEZ RUIZ	Ref002392814	02/03/09	UB Refund Cst #0000128200	16.00	16.00
2016233	02/04/09	09853	WACHOVIA	Ref002392833	02/03/09	UB Refund Cst #0000141102	109.85	109.85
2016234	02/04/09	09780	WACHOVIA BANK	Ref002392831	02/03/09	UB Refund Cst #0000140983	69.31	69.31
2016235	02/04/09	09722	WATSON H FRASURE	Ref002392781	02/03/09	UB Refund Cst #0000045302	33.48	33.48
2016236	02/04/09	09822	XIMA CARRANZA	Ref002392798	02/03/09	UB Refund Cst #0000097415	40.10	40.10
2016237	02/04/09	09863	ZULEMA MALDONADO	Ref002392843	02/03/09	UB Refund Cst #0000142322	16.72	16.72
2016238	02/04/09	01910	ABCANA INDUSTRIES	836061	01/12/09	BULK SODIUM HYPOCHLORITE	906.88	
				836209	01/15/09	BULK SODIUM HYPOCHLORITE	734.21	
				836155	01/14/09	BULK SODIUM HYPOCHLORITE	428.05	
				836062	01/12/09	BULK SODIUM HYPOCHLORITE	388.87	2,458.01
2016239	02/04/09	08488	ABLEFORCE INC	1570	01/27/09	CONSULTING SERVICES - IS DEPT	3,485.00	
				1560	01/21/09	CONSULTING SERVICES - IS DEPT	3,230.00	6,715.00

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2016170 THROUGH 2016699
RUN DATES 2/4/2009 TO 2/25/2009

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2016240	02/04/09	03677	AFFORDABLE DRAIN SERVICE INC	4347	01/14/09	CCTV INSPECTION	902.00	902.00
2016241	02/04/09	07732	AIRGAS SPECIALTY PRODUCTS INC	131111436	01/12/09	BULK AQUA AMMONIA	2,275.56	3,489.29
				131111435	01/12/09	BULK AQUA AMMONIA	1,213.73	
2016242	02/04/09	01463	ALLIED ELECTRONICS INC	83922A00	01/15/09	HONEYWELL MICROSWITCHES	1,514.56	1,514.56
2016243	02/04/09	06166	AMERICAN MESSAGING	L1109570JB	02/01/09	PAGER SERVICES	363.10	363.10
2016244	02/04/09	00107	AMERICAN WATER WORKS	2000687170	12/05/08	MEMBERSHIP RENEWAL	5,213.00	5,691.00
				2000688064	12/08/08	MEMBERSHIP RENEWAL	198.00	
				2000688180	12/08/08	MEMBERSHIP RENEWAL	198.00	
				2000688325	12/19/08	MEMBERSHIP RENEWAL	82.00	
2016245	02/04/09	08967	ANTHEM BLUE CROSS EAP	40741	01/20/09	EMPLOYEE ASSISTANCE PROGRAM SERVICES	377.20	377.20
2016246	02/04/09	03357	APEX ADVERTISING INC	350440	01/15/09	SWEATSHIRTS	765.41	765.41
2016247	02/04/09	00501	AT&T	000929	01/12/09	CONFERENCE PHONE SERVICE	247.54	247.54
2016248	02/04/09	05758	AT&T	000930	01/07/09	PHONE SERVICE	32.36	32.36
2016249	02/04/09	00145	BARRETT ENGINEERED PUMPS	064467	01/06/09	JABSCO DRUM PUMP	1,302.70	1,302.70
2016250	02/04/09	03679	BRG CONSULTING INC	08122518	12/31/08	CONSULTANT CONTRACT FOR ENV SVCS	3,564.00	3,564.00
2016251	02/04/09	00906	C & M CRANE RENTAL INC	28151	01/08/09	CRANE RENTAL	684.80	684.80
2016252	02/04/09	06281	CALIF STATE DISBURSEMENT UNIT	Ben2392873	02/05/09	PAYROLL DEDUCTION	286.73	286.73
2016253	02/04/09	02920	CALIFORNIA COMMERCIAL	81580	01/12/09	ASPHALT	2,287.06	2,287.06
2016254	02/04/09	08328	CALIFORNIA RURAL WATER	000953	01/28/09	TRAINING COURSE REGISTRATION	175.00	175.00
2016255	02/04/09	01004	CALOLYMPIC SAFETY	050401	01/12/09	SAFETY EQUIPMENT	2,652.90	2,652.90
2016256	02/04/09	09509	CAROL FLICK	15	01/28/09	WELLNESS PROGRAM	150.00	150.00
2016257	02/04/09	01894	CASS, LARRY A	754709	01/28/09	CERTIFICATION RENEWAL REIMB	90.00	90.00
2016258	02/04/09	09801	CENTERBEAM INC	12730	12/23/08	NETWORK MONITORING SERVICES	19,278.24	19,353.24
				12721	12/23/08	NETWORK CONSULTING SERVICES	75.00	
2016259	02/04/09	03811	CITY OF EL CAJON	000979	02/03/09	REFUNDABLE CASH BOND	1,500.00	2,925.00
				000978	02/03/09	PERMIT FEES	1,425.00	
2016260	02/04/09	08160	COMPLETE OFFICE	11021520	01/14/09	OFFICE SUPPLIES	69.13	69.13

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2016170 THROUGH 2016699
RUN DATES 2/4/2009 TO 2/25/2009

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2016261	02/04/09	03334	COMPUTER MASTERS	72861	01/15/09	LAPTOP	1,490.02	1,490.02
2016262	02/04/09	03706	CONSUMERS PIPE & SUPPLY CO	S1063574004 S1083405002	10/31/08	CREDIT MEMO WAREHOUSE SUPPLIES	(3.74) 23.36	19.62
2016263	02/04/09	02612	COUNCIL OF WATER UTILITIES	000961	02/02/09	MEETING REGISTRATION	25.00	25.00
2016264	02/04/09	08387	COUNTY OF SD-LANDFILL MGMNT	200901	01/13/09	MICROTURBINEPOWER GENERATION	397.19	397.19
2016265	02/04/09	06415	CUMMINS CAL PACIFIC LLC	00467836	01/09/09	REPAIR PARTS	194.31	194.31
2016266	02/04/09	03589	DEPARTMENT OF HEALTH SERVICES	000952	01/29/09	CERTIFICATION APPLICATION	120.00	120.00
2016267	02/04/09	00319	DEPARTMENT OF PUBLIC HEALTH	674809	01/28/09	CERTIFICATION RENEWAL	90.00	90.00
2016268	02/04/09	09870	DOCTORS DEVELOPMENT GROUP LLC	000971	01/28/09	WORK ORDER REFUND D0173-010008	721.49	721.49
2016269	02/04/09	09871	EARL KATZER	000969	01/28/09	WORK ORDER REFUND D0620-010276	249.01	249.01
2016270	02/04/09	02447	EDCO DISPOSAL CORPORATION	000965	01/31/09	RECYCLING SERVICES	90.00	90.00
2016271	02/04/09	06525	ELECTRIC MOTOR SPECIALISTS INC	2732 2700	01/07/09 12/09/08	20HP MOTOR PARTS & LABOR SLIDE GATE PARTS	1,327.08 920.00	2,247.08
2016272	02/04/09	08023	EMPLOYEE BENEFIT SPECIALISTS	0044780IN 0045207IN 0044692IN 0045462IN	11/25/08 12/19/08 10/27/08 01/22/09	ADMINISTRATION FEES FOR COBRA ADMINISTRATION FEES FOR COBRA ADMINISTRATION FEES FOR COBRA ADMINISTRATION FEES FOR COBRA	547.50 547.50 532.50 532.50	2,160.00
2016273	02/04/09	06813	EMPLOYMENT TRAINING	000966	02/02/09	PREVENTION TRAINING	70.00	70.00
2016274	02/04/09	07596	ENVIRONMENTAL EXPRESS INC	1000172761	01/13/09	SUSPENDED SOLIDS FILTERS	1,068.58	1,068.58
2016275	02/04/09	00645	FEDEX	907183619	01/30/09	OVERNIGHT PICK-UP & DELIVERY MAIL SVCS	9.18	9.18
2016276	02/04/09	03546	FERGUSON WATERWORKS	0300206	01/14/09	GASKETS	492.37	492.37
2016277	02/04/09	09867	IORELLA INVESTMENTS LLC	000970	01/28/09	WORK ORDER REFUND D0444-010018	1,752.64	1,752.64
2016278	02/04/09	09049	FOX CONSTRUCTION	3	10/03/08	P2465/P2466 MATERIAL STORAGE BINS/COVER	74,527.45	74,527.45
2016279	02/04/09	02344	FRANCHISE TAX BOARD	Ben2392875	02/05/09	PAYROLL DEDUCTION	313.82	313.82
2016280	02/04/09	04548	FRASER'S BOILER SERVICE INC	24086	01/08/09	MACHINE WORK	1,029.02	1,029.02
2016281	02/04/09	03537	GHA TECHNOLOGIES INC	527048 527567 527052	01/09/09 01/14/09 01/12/09	TONER SOFTWARE TONER	1,739.09 752.10 381.44	2,872.63

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2016282	02/04/09	00101	GRAINGER INC	9813715233	01/09/09	CHARTS	363.66	887.39
				9815795589	01/12/09	MAINTENANCE SUPPLIES	298.31	
				9813715241	01/09/09	GASKETS	118.36	
				9815795597	01/12/09	24 HOUR MECHANICAL TIMELOCKS	107.06	
2016283	02/04/09	03289	GRANGER, WILLIAM E	15710109	01/27/09	TRAVEL EXPENSE REIMBURSEMENT	171.56	171.56
2016284	02/04/09	09873	GROSSMONT-CUYAMACA COMM COLL	000975	01/28/09	WORK ORDER REFUND D0683-090025	1,369.44	1,369.44
2016285	02/04/09	00174	HACH COMPANY	6068636	01/15/09	CIRCUIT BOARD	779.01	779.01
2016286	02/04/09	03639	HARRIS & ASSOCIATES INC	390004	01/08/09	CIP P2009 - 36 INCH PIPELINE VALVE ENG.	18,520.00	18,520.00
2016287	02/04/09	01109	HOME DEPOT CREDIT SERVICES	4184086	01/21/09	PAINT ROLLERS	54.86	76.35
				4184088	01/21/09	SHELF	21.49	
2016288	02/04/09	09868	HTRCE LP	000968	01/28/09	WORK ORDER REFUND D0572-010221	3,326.89	3,326.89
2016289	02/04/09	03380	INSIGHT PUBLIC SECTOR INC	1100067042	01/09/09	WIRELESS SERVICE (PARTS)	22,774.69	22,774.69
2016290	02/04/09	05840	KIRK PAVING INC	4202	01/13/09	AS NEEDED PAVING SERVICES	10,797.90	10,797.90
2016291	02/04/09	02882	MAYER REPROGRAPHICS INC	0041007IN	01/09/09	REPROGRAPHICS SERVICES	496.83	527.81
				0041088IN	01/12/09	REPROGRAPHICS SERVICES	30.98	
2016292	02/04/09	03401	MODULAR MERCHANTS	1832	01/15/09	WORK STATIONS	9,957.85	9,957.85
2016293	02/04/09	02037	MWH LABORATORIES	260422LI	01/02/09	REGULATORY ANALYSES	548.00	548.00
2016294	02/04/09	03523	NATIONAL DEFERRED COMPENSATION	Ben2392857	02/05/09	DEFERRED COMP PLAN	11,506.95	11,506.95
2016295	02/04/09	03733	NEC UNIFIED SOLUTIONS INC	TM0000002295	01/12/09	LABOR FOR PHONES SVCS	177.00	177.00
2016296	02/04/09	07488	NEWMAN, DAMON	C6193008896	01/29/09	SAFETY BOOTS REIMBURSEMENT	107.15	107.15
2016297	02/04/09	00510	OFFICE DEPOT INC	459100204001	01/14/09	OFFICE SUPPLIES	99.24	172.82
				459290505001	01/14/09	OFFICE SUPPLIES	73.58	
2016298	02/04/09	02334	OTAY LANDFILL	007633	01/15/09	WASTE DISPOSAL SERVICES	4,148.61	4,148.61
2016299	02/04/09	03101	OTAY WATER DISTRICT	Ben2392859	02/05/09	PAYROLL DEDUCTION - ASSN DUES	812.00	812.00
2016300	02/04/09	07499	PACIFIC BUILDING MAINTENANCE	15987	01/07/09	JANITORIAL SERVICES	2,795.00	2,795.00
2016301	02/04/09	09872	PAUL COEBERGH	000976	01/28/09	WORK ORDER REFUND D0409-000001	1,844.88	1,844.88
2016302	02/04/09	00227	PELL MELL SUPPLY	45666200	01/12/09	PUMP BOLTS	216.38	216.38

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2016303	02/04/09	00593	PEPPER OIL COMPANY INC	609514	01/16/09	UNLEADED FUEL	9,262.87	9,262.87
2016304	02/04/09	03199	PERFORMANCE SPECIALTIES	24344	12/08/08	SMOG TESTING	45.00	
				24350	12/10/08	SMOG TESTING	45.00	
				24398	12/09/08	SMOG TESTING	45.00	
				24399	12/09/08	SMOG TESTING	45.00	
				24400	12/09/08	SMOG TESTING	45.00	
				24412	12/10/08	SMOG TESTING	45.00	
				24430	12/12/08	SMOG TESTING	45.00	
				24431	12/12/08	SMOG TESTING	45.00	
				24434	12/12/08	SMOG TESTING	45.00	
				24438	12/12/08	SMOG TESTING	45.00	
				24444	12/15/08	SMOG TESTING	45.00	
				24445	12/15/08	SMOG TESTING	45.00	
				24446	12/15/08	SMOG TESTING	45.00	
				24447	12/15/08	SMOG TESTING	45.00	
				24448	12/15/08	SMOG TESTING	45.00	
				24449	12/15/08	SMOG TESTING	45.00	
				24450	12/15/08	SMOG TESTING	45.00	
				24456	12/18/08	SMOG TESTING	45.00	810.00
2016305	02/04/09	05499	PRAXAIR DISTRIBUTION INC	31738045	12/20/08	WELDING SUPPLIES & EQUIPMENT	520.72	520.72
2016306	02/04/09	06641	PRUDENTIAL OVERALL SUPPLY	0011757	01/15/09	UNIFORMS	324.28	
				0011756	01/15/09	MATS, TOWELS & SUPPLIES	128.19	
				0011758	01/15/09	MATS, TOWELS & SUPPLIES	95.84	
				0007731	01/14/09	MATS, TOWELS & SUPPLIES	89.00	
				0011759	01/15/09	UNIFORMS	53.45	
				0007730	01/14/09	UNIFORMS	53.24	744.00
2016307	02/04/09	02166	PULLTARPS MFG	119699	01/06/09	REPLACE PULL TARP	323.83	323.83
2016308	02/04/09	01342	R J SAFETY SUPPLY CO INC	25821701	01/14/09	SAFETY SUPPLIES & APPAREL	224.99	224.99
2016309	02/04/09	08029	RANCHO SAN DIEGO-JAMUL	8212	01/30/09	SPONSORSHIP	150.00	150.00
2016310	02/04/09	06645	RELIABLE ELEVATOR INC	15439	01/01/09	ELEVATOR SERVICE & MAINTENANCE	416.01	416.01
2016311	02/04/09	00164	REXEL	800506715	12/16/08	SOFTSTART CIRCUIT BOARD	639.60	639.60
2016312	02/04/09	04542	ROBAK, MARK	70141108	11/30/08	MILEAGE REIMBURSEMENT	23.99	23.99
2016313	02/04/09	06412	ROMERO, TANYA	000956	01/28/09	TUITION REIMBURSEMENT	139.13	139.13
2016314	02/04/09	03279	ROTH STAFFING COMPANIES LP	12273479	01/30/09	TEMPORARY SERVICES - HR DEPT	789.12	789.12
2016315	02/04/09	00217	RW LITTLE CO INC	91054	01/14/09	POWDER COAT PARTS	275.00	275.00

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2016316	02/04/09	00758	SAN DIEGO BUSINESS JOURNAL	00124614	01/20/09	SUBSCRIPTION RENEWAL	79.00	79.00
2016317	02/04/09	00121	SAN DIEGO GAS & ELECTRIC	000955 000960	01/26/09 01/28/09	UTILITY EXPENSES UTILITY EXPENSES	74,396.68 1,270.32	75,667.00
2016318	02/04/09	03809	SAN DIEGO NEIGHBORHOOD NEWS	01530909001	01/09/09	JOB POSTING	143.60	143.60
2016319	02/04/09	09345	SANTOS, CESAR	39017	01/24/09	SAFETY BOOTS REIMBURSEMENT	145.44	145.44
2016320	02/04/09	00419	SHAPE PRODUCTS	138439	01/12/09	LABORATORY SUPPLIES	712.35	712.35
2016321	02/04/09	09874	SKANSKA USA CIVIL WEST CALIF	000974	01/28/09	WORK ORDER REFUND D0566-090032	2,726.25	2,726.25
2016322	02/04/09	03592	SOFTCHOICE CORPORATION	1932688	01/09/09	WORKSTATION EQUIPMENT	1,948.43	1,948.43
2016323	02/04/09	03103	SOUTHCOAST HEATING &	C39279	01/13/09	AIR CONDITIONING MAINTENANCE	908.00	908.00
2016324	02/04/09	02354	STANDARD ELECTRONICS	12028	01/15/09	SECURITY SERVICE & REPAIRS	438.78	438.78
2016325	02/04/09	06299	STATE DISBURSEMENT UNIT	Ben2392863	02/05/09	PAYROLL DEDUCTION	237.69	237.69
2016326	02/04/09	06303	STATE DISBURSEMENT UNIT	Ben2392867	02/05/09	PAYROLL DEDUCTION	836.30	836.30
2016327	02/04/09	08533	STATE DISBURSEMENT UNIT	Ben2392865	02/05/09	PAYROLL DEDUCTION	841.01	841.01
2016328	02/04/09	09572	STATE OF CALIFORNIA EDD	Ben2392869	02/05/09	PAYROLL DEDUCTION	350.71	350.71
2016329	02/04/09	02261	STATE STREET BANK & TRUST CO	Ben2392855	02/05/09	DEFERRED COMP PLAN	5,922.54	5,922.54
2016330	02/04/09	02799	TARULLI TIRE INC - SAN DIEGO	20036647	12/31/08	TIRE SERVICE	64.00	64.00
2016331	02/04/09	02376	TECHKNOWSION INC	2113	12/22/08	SCADA APPLICATION MAINT SUPPORT	11,388.86	11,388.86
2016332	02/04/09	00075	UNION TRIBUNE PUBLISHING CO	0010180622	01/15/09	AD FOR CONSULTING SERVICES	233.60	233.60
2016333	02/04/09	08262	UNITED RENTALS NORTHWEST INC	79071533001	01/14/09	CONCRETE	159.47	159.47
2016334	02/04/09	05417	UNITED STATES DEPARTMENT	Ben2392871	02/05/09	PAYROLL DEDUCTION	100.00	100.00
2016335	02/04/09	09875	URBAN WEST STRATEGIES	000972 000973	01/28/09 01/28/09	WORK ORDER REFUND D0525-010162 WORK ORDER REFUND D0525-010160	2,085.15 318.52	2,403.67
2016336	02/04/09	07674	US BANK CORPORATE PAYMENT	000962 000963	01/22/09 01/22/09	DISTRICT EXPENSES DISTRICT EXPENSES	267.55 19.12	286.67
2016337	02/04/09	04345	US CONCRETE PRECAST GROUP	0134695IN	01/14/09	INVENTORY	7,071.93	7,071.93

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2016338	02/04/09	09869	VALHALLA VILLAGE LP	000977	01/28/09	WORK ORDER REFUND D0655-090009	1,783.84	1,783.84
2016339	02/04/09	09876	VALLEY DAY SPA	10001	01/20/09	WELLNESS PROGRAM	399.00	399.00
2016340	02/04/09	01095	VANTAGEPOINT TRANSFER AGENTS	Ben2392861	02/05/09	DEFERRED COMP PLAN	7,385.66	7,385.66
2016341	02/04/09	06414	VANTAGEPOINT TRANSFER AGENTS	Ben2392851	02/05/09	401A PLAN	43,676.67	43,676.67
2016342	02/04/09	02700	WATER CONSERVATION GARDEN	OTAY30809	01/09/09	OPERATING COSTS FOR WATER GARDEN	19,687.50	19,687.50
2016343	02/04/09	00125	WESTERN PUMP INC	0073404IN	01/19/09	APCD TESTING	538.00	538.00
2016344	02/04/09	02725	WILLIAMS SCOTSMAN INC	87769866	01/12/09	28' TRAILER RENTAL	304.51	304.51
2016345	02/11/09	01910	ABCANA INDUSTRIES	836348 836347 836464	01/20/09 01/20/09 01/22/09	BULK SODIUM HYPOCHLORITE BULK SODIUM HYPOCHLORITE BULK SODIUM HYPOCHLORITE	1,330.58 973.62 435.30	2,739.50
2016346	02/11/09	08488	ABLEFORCE INC	1577	02/03/09	CONSULTING SERVICES - IS DEPT	3,995.00	3,995.00
2016347	02/11/09	00421	ADVANCED DIESEL INJECTION INC	31556	01/14/09	REPAIR PARTS	197.71	197.71
2016348	02/11/09	05758	AT&T	082164572805250E	01/25/09	OPTE MAN INTERNET BANDWIDTH	1,856.94	1,856.94
2016349	02/11/09	08330	AT&T INTERNET SERVICES	8547826250109	01/22/09	OPTE MAN INTERNET BANDWIDTH	1,200.00	1,200.00
2016350	02/11/09	08024	BACKGROUND PROFILES INC	5980000201091	02/01/09	BACKGROUND CHECKS	79.00	79.00
2016351	02/11/09	06285	BARTEL ASSOCIATES LLC	09034	01/20/09	PROFESSIONAL ACTUARY SERVICES	6,080.00	6,080.00
2016352	02/11/09	00223	C W MCGRATH INC	31987	01/16/09	CRUSHED ROCK	90.66	90.66
2016353	02/11/09	00251	CALIFORNIA ASSN OF PUBLIC	000991	01/29/09	MEMBERSHIP DUES	130.00	130.00
2016354	02/11/09	01004	CALOLYMPIC SAFETY	050387	01/20/09	MICRO-MAX CALIBRATION GAS	213.98	213.98
2016355	02/11/09	04215	CAMP DRESSER & MCKEE INC	8030620410	01/22/09	P2451 - BI-NATIONAL OCEAN DESALINATION	3,188.15	3,188.15
2016356	02/11/09	02758	CARMEL BUSINESS SYSTEMS INC	6931 6911	02/01/09 01/01/09	TEMPORARY SERVICES - RECORDS SCANNING ENGINEERING DRAWINGS	1,122.90 535.52	1,658.42
2016357	02/11/09	04204	CASA DEL MAR	24665 24664	01/20/09	CREDIT MEMO RECOGNITION SHIRTS	(850.25) 4,960.70	4,110.45
2016358	02/11/09	02593	CITY OF CHULA VISTA	AR126064	01/29/09	INDUSTRIAL WASTE PERMIT	1,000.00	1,000.00
2016359	02/11/09	00184	COUNTY OF SAN DIEGO	DEH090234D11 DEH090231D11	01/20/09 01/20/09	RECLAIMED WATER SHUT DOWN TEST RECLAIMED WATER SHUT DOWN TEST	892.50 892.50	

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				DEH090222D11	01/20/09	RECLAIMED WATER SHUT DOWN TEST	714.00	2,499.00
2016360	02/11/09	02122	COUNTY OF SD AIR POLLUTION	AP97116469	01/29/09	PERMIT FEE	1,643.00	1,643.00
2016361	02/11/09	09878	DAVE MARTIN	000981	01/20/09	CASH IN YOUR PLANTS PROGRAM	1,743.00	1,743.00
2016362	02/11/09	03417	DIRECTV	947546602	02/05/09	SATELLITE TV SERVICE	512.86	512.86
2016363	02/11/09	06525	ELECTRIC MOTOR SPECIALISTS INC	2764	01/22/09	REBUILD CHLORINE SCRUBBER MOTOR	996.00	996.00
2016364	02/11/09	09807	EMERYVILLE OCCUPATIONAL	50732	01/08/09	NEW EMPLOYEE PHYSICAL	135.00	135.00
2016365	02/11/09	00331	EMPLOYMENT DEVELOPMENT DEPT	925023841208	02/10/09	UNEMPLOYMENT INSURANCE	558.00	558.00
2016366	02/11/09	06528	ESTES EXPRESS LINES	6336601	01/16/09	FREIGHT CHARGE	110.71	110.71
2016367	02/11/09	03546	FERGUSON WATERWORKS	0301405	01/19/09	INVENTORY	4,308.73	
				0301538	01/19/09	18" PIPE	3,797.96	
				0301406	01/19/09	INVENTORY	2,583.25	10,689.94
2016368	02/11/09	08893	FIRST AMERICAN DATA TREE	900340118	11/30/08	ONLINE MAP PURCHASING SERVICE	107.35	
				900340128	12/31/08	ONLINE MAP PURCHASING SERVICE	99.00	206.35
2016369	02/11/09	04066	FIRST CHOICE SERVICES - SD	307396	01/21/09	COFFEE SUPPLIES	250.94	250.94
2016370	02/11/09	06276	GIFFORD ENGINEERING INC	3916	01/21/09	RADIO REPAIR	88.00	88.00
2016371	02/11/09	03289	GRANGER, WILLIAM E	15710209	02/05/09	REIMB CONF TRAVEL EXPENSES	400.23	400.23
2016372	02/11/09	06640	HD SUPPLY WATERWORKS LTD	8440893	01/21/09	4" VICTAULIC VALVES	2,351.32	2,351.32
2016373	02/11/09	02096	HELIX WATER DISTRICT	HWD020409OTAY.	02/04/09	SHARE OF HELIX HOA SEMINAR SUPPLIES	175.39	175.39
2016374	02/11/09	09710	HOMESTEAD TREE SERVICE INC	4729	01/16/09	TREE REMOVAL	950.00	950.00
2016375	02/11/09	06630	J C HEDEN AND ASSOCIATES INC	OWD023	01/16/09	ENGINEERING CONSTRUCTION SUPPORT	2,616.50	2,616.50
2016376	02/11/09	09882	JONATHAN G HANSON	000992	02/11/09	PERMANENT ACCESS EASEMENT	14,500.00	14,500.00
2016377	02/11/09	03172	JONES & STOKES ASSOCIATES	0059426	01/17/09	HABITAT MANAGEMENT ENVIRON. SVCS	10,178.20	
				0059428	01/17/09	ON-CALL ENVIRONMENTAL SVCS	1,785.74	
				0059427	01/17/09	ON-CALL ENVIRONMENTAL SVCS	1,690.00	13,653.94
2016378	02/11/09	04996	KNOX ATTORNEY SERVICE INC	451110	01/21/09	DELIVERY OF BOARD & COMMITTEE PACKETS	28.60	
				451109	01/21/09	DELIVERY OF BOARD & COMMITTEE PACKETS	28.60	
				451108	01/21/09	DELIVERY OF BOARD & COMMITTEE PACKETS	28.60	
				451107	01/21/09	DELIVERY OF BOARD & COMMITTEE PACKETS	28.60	
				451113	01/21/09	DELIVERY OF BOARD & COMMITTEE PACKETS	28.60	

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				451114	01/21/09	DELIVERY OF BOARD & COMMITTEE PACKETS	28.60	
				451115	01/21/09	DELIVERY OF BOARD & COMMITTEE PACKETS	28.60	
				451116	01/21/09	DELIVERY OF BOARD & COMMITTEE PACKETS	28.60	228.80
2016379	02/11/09	01859	LA PRENSA SAN DIEGO	22594	01/16/09	JOB POSTING	44.46	44.46
2016380	02/11/09	09880	LEIGH, ROB	000985	02/07/09	SAFETY BOOTS REIMBURSEMENT	135.74	135.74
2016381	02/11/09	05329	MASTER METER INC	0150012IN	01/19/09	6" METER FOR REPLACEMENT	2,677.78	2,677.78
2016382	02/11/09	01183	MCMASTER-CARR SUPPLY CO	20062095	01/22/09	REPLACEMENT GAUGES	698.65	698.65
2016383	02/11/09	06648	MEASUREMENT CONTROL	144303	01/16/09	LARGE METER TESTING	850.54	850.54
2016384	02/11/09	03745	MEDEROS, CHARLES	000987	02/09/09	TUITION REIMBURSEMENT	2,625.60	2,625.60
2016385	02/11/09	03393	MOBILE MINI LLC - CA	904187035	01/18/09	RENTAL 40' METER STORAGE CONTAINERS	173.28	173.28
2016386	02/11/09	03605	NATIONAL FIRE PROTECTION ASSOC	4482084Y	01/21/09	BOOKS	148.56	148.56
2016387	02/11/09	00510	OFFICE DEPOT INC	460391974001	01/21/09	OFFICE SUPPLIES	1,295.30	1,295.30
2016388	02/11/09	03780	OWEN, DOUGLAS WESTLEY	000986	02/06/09	TUITION REIMBURSEMENT	801.06	801.06
2016389	02/11/09	08891	PACIFIC METER SERVICES INC	115	01/19/09	WATER METER REPLACEMENT FY 2009	45,035.81	45,035.81
2016390	02/11/09	05499	PRAXAIR DISTRIBUTION INC	32010700	01/20/09	WELDING SUPPLIES & EQUIPMENT	556.63	556.63
2016391	02/11/09	06844	PROCESS MEASUREMENT	066324	01/22/09	FUEL TANK LEVEL TRANSMITTER	645.72	645.72
2016392	02/11/09	06641	PRUDENTIAL OVERALL SUPPLY	0031588	01/22/09	UNIFORMS	298.46	
				0031587	01/22/09	MATS, TOWELS & SUPPLIES	128.19	
				0031589	01/22/09	MATS, TOWELS & SUPPLIES	95.84	
				0027575	01/21/09	MATS, TOWELS & SUPPLIES	89.00	
				0031590	01/22/09	UNIFORMS	53.45	
				0027574	01/21/09	UNIFORMS	53.24	718.18
2016393	02/11/09	00078	PUBLIC EMPLOYEES RETIREMENT	Ben2392853	02/05/09	PERS CONTRIBUTION	125,683.16	125,683.16
2016394	02/11/09	01342	R J SAFETY SUPPLY CO INC	25821702	01/21/09	SAFETY SUPPLIES & APPAREL	412.15	412.15
2016395	02/11/09	00766	RANROY PRINTING COMPANY	096359	01/16/09	WATER SHUTOFF POSTCARDS	637.88	
				096514	02/05/09	BUSINESS CARDS	48.49	686.37
2016396	02/11/09	02041	RBF CONSULTING	8120634	01/20/09	CIP P2009 - 36 INCH PIPELINE	14,280.00	14,280.00
2016397	02/11/09	00021	RCP BLOCK & BRICK INC	4332884	01/20/09	CONCRETE	208.17	208.17

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2016398	02/11/09	03741	RIVAS, JUAN J	000988	02/09/09	SAFETY BOOTS REIMBURSEMENT	140.70	140.70
2016399	02/11/09	01471	ROBBINS AUTO GLASS	40148	01/17/09	GLASS REPAIR	186.04	186.04
2016400	02/11/09	03279	ROTH STAFFING COMPANIES LP	12275246	02/06/09	TEMPORARY SERVICES - HR DEPT	1,315.20	1,315.20
2016401	02/11/09	00247	SAN DIEGO DAILY TRANSCRIPT	126856 126857	01/16/09 01/16/09	BID ADVERTISEMENT ENVIRONMENTAL CONSULTING SVCS	85.55 60.05	145.60
2016402	02/11/09	00121	SAN DIEGO GAS & ELECTRIC	000982 000980	02/03/09 02/02/09	UTILITY EXPENSES UTILITY EXPENSES	58,362.42 10,365.90	68,728.32
2016403	02/11/09	07783	SCRIPPS CENTER FOR EXECUTIVE	17765	01/16/09	HEALTH EXAM	1,450.56	1,450.56
2016404	02/11/09	05983	SIEMENS WATER	7825487	01/21/09	BIOXIDE FOR TREATMENT PLANT	865.66	865.66
2016405	02/11/09	01691	SKILLPATH SEMINARS	9724513 9756675	01/05/09 02/09/09	SEMINAR REGISTRATION SEMINAR REGISTRATION	179.00 149.00	328.00
2016406	02/11/09	06853	SOUTHERN CALIFORNIA SOIL	349778 349777 349545	01/15/09 01/15/09 12/31/08	ON CALL GEOTECHNICAL SERVICES ON CALL GEOTECHNICAL SERVICES ON CALL GEOTECHNICAL SERVICES	5,783.58 2,716.56 492.00	8,992.14
2016407	02/11/09	03760	SPANKY'S PORTABLE SERVICES INC	796795 796794 796793 796792 796883	01/16/09 01/16/09 01/16/09 01/16/09 01/19/09	PORTABLE TOILET RENTAL PORTABLE TOILET RENTAL PORTABLE TOILET RENTAL PORTABLE TOILET RENTAL PORTABLE TOILET RENTAL	79.96 79.96 79.96 79.96 79.96	399.80
2016408	02/11/09	00274	STATE OF CALIFORNIA	820509	02/03/09	LICENSE RENEWAL	125.00	125.00
2016409	02/11/09	08399	SWINERTON MANAGEMENT	0806900208	02/05/09	TEMPORARY SERVICES - OPS DEPT	25,418.00	25,418.00
2016410	02/11/09	03770	TEAMAN, RAMIREZ & SMITH INC	206241505	01/19/09	AUDIT SERVICES	11,600.00	11,600.00
2016411	02/11/09	07936	TRACER ENVIRONMENTAL SCIENCES	219406	01/21/09	AQUEOUS AMMONIA SAFETY REVIEW	1,980.00	1,980.00
2016412	02/11/09	07674	US BANK CORPORATE PAYMENT	000990 000989 000983	12/22/08 01/22/09 01/22/09	DISTRICT EXPENSES DISTRICT EXPENSES DISTRICT PURCHASE	3,587.35 668.75 12.00	4,268.10
2016413	02/11/09	09218	VACO LA JOLLA LLC	BILL00000003758	01/30/09	TEMPORARY SERVICES - ENG DEPT	5,474.70	5,474.70
2016414	02/11/09	03329	VERIZON WIRELESS	0728924237	01/21/09	WIRELESS DATA SERVICES	6,559.00	6,559.00
2016415	02/11/09	02700	WATER CONSERVATION GARDEN	1011	01/22/09	WORKSHOP REIMBURSEMENT	500.00	500.00
2016416	02/11/09	09570	WESTERN PACIFIC PIPELINE CORP	9246	01/16/09	LANDSCAPE EROSION MATERIALS	576.00	576.00

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2016417	02/11/09	00125	WESTERN PUMP INC	0073405IN	01/19/09	FUEL ISLAND REPAIRS	106.25	106.25
2016418	02/11/09	02725	WILLIAMS SCOTSMAN INC	87907923	01/18/09	MOBILE OFFICE RENTAL	299.35	299.35
2016419	02/18/09	01910	ABCANA INDUSTRIES	836630	01/28/09	BULK SODIUM HYPOCHLORITE	1,374.11	
				836551	01/26/09	BULK SODIUM HYPOCHLORITE	969.28	
				836691	01/29/09	BULK SODIUM HYPOCHLORITE	470.13	
				836550	01/26/09	BULK SODIUM HYPOCHLORITE	470.13	
				836631	01/28/09	BULK SODIUM HYPOCHLORITE	384.52	
				836603	01/28/09	UTILITY SUBMERSABLE PUMP	182.67	3,850.84
2016420	02/18/09	08488	ABLEFORCE INC	Temp 1210	02/10/09	CONSULTING SERVICES - IS DEPT	4,080.00	4,080.00
2016421	02/18/09	02362	ALLIED WASTE SERVICES #509	0509003443170	01/25/09	TRASH REMOVAL SERVICES	767.95	
				0509003444553	01/25/09	ASBESTOS DISPOSAL CONTAINER RENTAL	192.12	
				0509003445364	01/25/09	TRASH REMOVAL SERVICES	120.87	1,080.94
2016422	02/18/09	08026	ARB INC	LF20009	01/06/09	R2081 - 20 INCH LANE AVENUE CONVERSION	56,268.18	56,268.18
2016423	02/18/09	05758	AT&T	001004	02/18/09	PHONE SERVICE	32.36	32.36
2016424	02/18/09	07785	AT&T	000000439487	02/18/09	PHONE SERVICES	5,749.89	5,749.89
2016425	02/18/09	00223	C W MCGRATH INC	32115	01/29/09	CRUSHED ROCK	52.42	52.42
2016426	02/18/09	06281	CALIF STATE DISBURSEMENT UNIT	Ben2393167	02/19/09	PAYROLL DEDUCTION	286.73	286.73
2016427	02/18/09	00693	CALIFORNIA SPECIAL DISTRICTS	001011	02/13/09	QUARTERLY MEETING	222.00	222.00
2016428	02/18/09	00192	CALIFORNIA WATER ENVIRONMENT	000967	01/29/09	CONFERENCE REGISTRATION	525.00	525.00
2016429	02/18/09	09458	CAMILLE BRUNO	RF004001232	02/09/09	CUSTOMER REFUND	16.78	16.78
2016430	02/18/09	03811	CITY OF EL CAJON	000998	02/12/09	PERMITS, REVIEWS & TRAFFIC CTRL FEES	1,760.00	1,760.00
2016431	02/18/09	08160	COMPLETE OFFICE	11051450	01/28/09	OFFICE SUPPLIES	667.83	667.83
2016432	02/18/09	03334	COMPUTER MASTERS	72945	01/26/09	LAPTOP	25.86	25.86
2016433	02/18/09	02612	COUNCIL OF WATER UTILITIES	001010	02/13/09	MONTHLY MEETING	75.00	75.00
2016434	02/18/09	07355	COVINGTON, ERNEST G.	000995	02/08/09	SAFETY BOOTS REIMBURSEMENT	144.42	144.42
2016435	02/18/09	07680	DELTA HEALTH SYSTEMS	P090209	02/17/09	EMPLOYEE HEALTH ADMIN SVCS	1,360.00	1,360.00
2016436	02/18/09	00550	DIETERICH-POST COMPANY	684521	01/29/09	PLOTTER PAPER	1,683.12	1,683.12

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2016437	02/18/09	00230	EDP PRODUCTS INC	805882	01/26/09	CARTRIDGE STORAGE/RETRIEVAL	219.60	219.60
2016438	02/18/09	06525	ELECTRIC MOTOR SPECIALISTS INC	2774	01/27/09	SLURRY PUMP REBUILD	2,278.06	2,278.06
2016439	02/18/09	03546	FERGUSON WATERWORKS	0301530	01/27/09	18" TAP CAP	1,872.99	
				0301170	01/26/09	SHUT-OFF TOOL	762.88	
				0301616	01/26/09	SHUT-OFF TOOL	449.09	
				0301409	01/27/09	INVENTORY	420.23	
				0302063	01/29/09	GASKETS	381.95	3,887.14
2016440	02/18/09	02344	FRANCHISE TAX BOARD	Ben2393169	02/19/09	PAYROLL DEDUCTION	313.82	313.82
2016441	02/18/09	06291	GARCIA CALDERON & RUIZ LLP	2230	02/05/09	LEGAL SERVICES DECEMBER 2008	42,057.67	42,057.67
2016442	02/18/09	00101	GRAINGER INC	9827895690	01/28/09	WAREHOUSE SUPPLIES	997.04	
				9826717580	01/27/09	ELECTRICAL MATERIAL	143.52	1,140.56
2016443	02/18/09	00174	HACH COMPANY	6088472	01/29/09	CIRCUIT BOARD	719.01	
				6087076	01/28/09	TURBIDIMETER 2100N REPAIR	257.79	976.80
2016444	02/18/09	00169	HAWTHORNE POWER SYSTEMS	PS100165510	01/28/09	ENGINE COOLANT	2,444.16	
				PS100165511	01/28/09	REPAIR PART	323.51	2,767.67
2016445	02/18/09	06640	HD SUPPLY WATERWORKS LTD	8480985	01/26/09	INVENTORY	2,074.19	
				8480764	01/26/09	INVENTORY	705.76	2,779.95
2016446	02/18/09	06843	HI-TECH AIR CONDITIONING	5450	01/27/09	AC REPAIR	2,915.00	2,915.00
2016447	02/18/09	06540	HORIZON CRANE SERVICE LLC	4938	01/27/09	CRANE RENTAL	580.00	580.00
2016448	02/18/09	07725	IMPRINT SOLUTIONS	1598	01/23/09	WATER CONSERVATION SHIRTS	75.38	75.38
2016449	02/18/09	09341	INNER-TITE CORPORATION	83076	01/28/09	PADLOCK METER SEALS	89.21	89.21
2016450	02/18/09	03380	INSIGHT PUBLIC SECTOR INC	1100070397	01/29/09	WIRELESS MESH PARTS	19,068.60	
				1100069287	01/23/09	WIRELESS MESH PARTS	308.90	19,377.50
2016451	02/18/09	03250	INTERNATIONAL PUBLIC	000964	01/29/09	REGISTRATION FEES	20.00	20.00
2016452	02/18/09	05840	KIRK PAVING INC	4207	01/28/09	AS NEEDED PAVING SERVICES	15,130.25	15,130.25
2016453	02/18/09	04996	KNOX ATTORNEY SERVICE INC	452434	01/27/09	DELIVERY OF BOARD & COMMITTEE PACKETS	28.60	
				452435	01/27/09	DELIVERY OF BOARD & COMMITTEE PACKETS	28.60	57.20
2016454	02/18/09	00628	MANHATTAN NAT'L LIFE INS CO	001007	02/18/09	VOLUNTARY LIFE INSURANCE	327.46	327.46
2016455	02/18/09	01183	MCMASTER-CARR SUPPLY CO	19812584	01/20/09	SHOP EQUIPMENT	344.04	344.04

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2016456	02/18/09	03393	MOBILE MINI LLC - CA	904189159	01/26/09	RENTAL 40' METER STORAGE CONTAINERS	179.27	179.27
2016457	02/18/09	03523	NATIONAL DEFERRED COMPENSATION	Ben2393155	02/19/09	DEFERRED COMP PLAN	11,044.64	11,044.64
2016458	02/18/09	09884	NATIONAL SAFETY COMPLIANCE INC	42199	01/31/09	HEALTH EXAMS	495.00	495.00
2016459	02/18/09	08531	NEWEST CONSTRUCTION	1	12/08/08	450-1 RESV DISINFECTION FACILITY	89,264.25	89,264.25
2016460	02/18/09	02848	NEWMAN, E PATRICK	001009	02/17/09	TUITION REIMBURSEMENT	222.41	222.41
2016461	02/18/09	03571	NEXTLEVEL INTERNET INC	17847	02/14/09	INTERNET WEB HOSTING	416.00	416.00
2016462	02/18/09	00510	OFFICE DEPOT INC	461817908001 461909371001	01/28/09 01/28/09	OFFICE SUPPLIES OFFICE SUPPLIES	240.47 29.07	269.54
2016463	02/18/09	03149	ON SITE LASER	42388	01/28/09	PRINTER SERVICE	411.69	411.69
2016464	02/18/09	03101	OTAY WATER DISTRICT	Ben2393147	02/19/09	PAYROLL DEDUCTION - ASSN DUES	819.00	819.00
2016465	02/18/09	03308	PBS&J	1032651	01/27/09	CIP P2089-RECYCLED WATER CONCEPT STUDY	12,023.26	12,023.26
2016466	02/18/09	00137	PETTY CASH CUSTODIAN	001005	02/17/09	PETTY CASH REIMBURSEMENT	902.01	902.01
2016467	02/18/09	07602	PLUMBERS DEPOT	PD10552 PD10571	01/26/09 01/29/09	6" & 8" CURVED BLADES AND CHUCK FILTER SCREENS	229.81 96.52	326.33
2016468	02/18/09	01715	PORRAS, PEDRO J	000900	12/23/08	CONFERENCE EXPENSES	652.80	652.80
2016469	02/18/09	02976	PRE-PAID LEGAL SERVICES INC	001008	02/18/09	LEGAL SERVICES	15.95	15.95
2016470	02/18/09	06641	PRUDENTIAL OVERALL SUPPLY	0051414 0051413 0051415 0047395 0051416 0047394	01/29/09 01/29/09 01/29/09 01/28/09 01/29/09 01/28/09	UNIFORMS MATS, TOWELS & SUPPLIES MATS, TOWELS & SUPPLIES MATS, TOWELS & SUPPLIES UNIFORMS UNIFORMS	311.90 134.72 100.80 93.54 55.91 55.49	752.36
2016471	02/18/09	09804	PUBLICIA PRESS LTD	20092018	01/28/09	BUSINESS CARD SHELLS	474.10	474.10
2016472	02/18/09	08331	RABO BANK NA	280208R	01/28/09	RETENTION FOR SPIESS CONSTRUCTION	12,652.25	12,652.25
2016473	02/18/09	00766	RANROY PRINTING COMPANY	096398	01/23/09	BUSINESS CARDS	151.93	151.93
2016474	02/18/09	03687	SAFETY-KLEEN SYSTEMS INC	M005365450	01/26/09	WASTE COOLANT PICK UP	100.50	100.50
2016475	02/18/09	00121	SAN DIEGO GAS & ELECTRIC	000984 000997	02/04/09 02/04/09	UTILITY EXPENSES UTILITY EXPENSE	2,527.25 9.56	2,536.81

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2016476	02/18/09	07405	SHARP BUSINESS SYSTEMS	9MM34A	01/28/09	FAX MACHINE DRUM	77.58	77.58
2016477	02/18/09	01651	SHARP REES-STEALY MEDICAL CTRS	208	01/17/09	HEALTH EXAMS	173.00	173.00
2016478	02/18/09	00258	SLOAN ELECTRIC CO	0055156	01/28/09	MACHINE STUFFING BOX	687.37	687.37
2016479	02/18/09	01669	SOUTHLAND ENVELOPE CO INC	058569	01/29/09	CUSTOMER SERVICE RETURN ENVELOPES	126.53	126.53
2016480	02/18/09	03760	SPANKY'S PORTABLE SERVICES INC	798013	01/28/09	PORTABLE TOILET RENTAL	79.96	79.96
2016481	02/18/09	03184	SPIESS CONSTRUCTION CO INC	280208	01/28/09	P2191 - 850-4 RESERVOIR (CONSTRUCTION)	113,870.25	113,870.25
2016482	02/18/09	05494	SPRINT	901500243029	02/12/09	GIS (AIR-TRAK) CELLULAR SERVICE	3,539.15	3,539.15
2016483	02/18/09	06299	STATE DISBURSEMENT UNIT	Ben2393159	02/19/09	PAYROLL DEDUCTION	237.69	237.69
2016484	02/18/09	06303	STATE DISBURSEMENT UNIT	Ben2393163	02/19/09	PAYROLL DEDUCTION	836.30	836.30
2016485	02/18/09	08533	STATE DISBURSEMENT UNIT	Ben2393161	02/19/09	PAYROLL DEDUCTION	841.01	841.01
2016486	02/18/09	02261	STATE STREET BANK & TRUST CO	Ben2393153	02/19/09	DEFERRED COMP PLAN	5,797.54	5,797.54
2016487	02/18/09	04977	T-MOBILE	415086045209	02/01/09	CELL PHONE & BLACKBERRY SERVICES	1,302.58	1,302.58
2016488	02/18/09	08262	UNITED RENTALS NORTHWEST INC	79239700001	01/23/09	CONCRETE	177.79	177.79
2016489	02/18/09	05417	UNITED STATES DEPARTMENT	Ben2393165	02/19/09	PAYROLL DEDUCTION	100.00	100.00
2016490	02/18/09	00350	UNITED STATES POSTAL SERVICE	104339510209	02/12/09	REIMBURSE POSTAGE MACHINE	1,650.00	1,650.00
2016491	02/18/09	07662	UNITEDHEALTHCARE SPECIALTY	001006	02/18/09	BASIC LIFE/AD&D & SUPP LIFE INS	5,236.75	5,236.75
2016492	02/18/09	03212	UNUM LIFE INSURANCE	Ben2393145	02/19/09	LONG TERM DISABILITY	6,622.83	6,622.83
2016493	02/18/09	07674	US BANK CORPORATE PAYMENT	001003	01/22/09	DISTRICT EXPENSES	5,070.24	5,070.24
2016494	02/18/09	06829	US SECURITY ASSOCIATES INC	425960	01/22/09	AFTER HOURS SECURITY SVCS	461.20	461.20
2016495	02/18/09	01095	VANTAGEPOINT TRANSFER AGENTS	Ben2393157	02/19/09	DEFERRED COMP PLAN	7,421.66	7,421.66
2016496	02/18/09	06414	VANTAGEPOINT TRANSFER AGENTS	Ben2393149	02/19/09	401A PLAN	11,870.45	11,870.45
2016497	02/18/09	01265	WATEREUSE ASSOCIATION	000993	02/12/09	MEMBERSHIP APPLICATION FEE	5,078.58	5,078.58
2016498	02/18/09	00014	WAXIE SANITARY SUPPLY	71091081	01/29/09	JANITORIAL SUPPLIES	1,105.11	1,105.11
2016499	02/18/09	03151	ZHAO, MING	15380308	02/18/09	TRAVEL EXPENSE REIMBURSEMENT	33.63	33.63

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2016500	02/25/09	09896	ALEJANDRO J CROSTHWAITE	Ref002393324	02/24/09	UB Refund Cst #0000144396	140.07	140.07
2016501	02/25/09	09946	ALISHA HINES	Ref002393377	02/24/09	UB Refund Cst #0000127422	86.07	86.07
2016502	02/25/09	09983	AMERICAN EAGLE REAL ESTATE	Ref002393415	02/24/09	UB Refund Cst #0000142700	67.49	67.49
2016503	02/25/09	09960	AMERICAN EAGLE REALTY ESTATE	Ref002393391	02/24/09	UB Refund Cst #0000140590	67.81	67.81
2016504	02/25/09	09919	ANA ROSA SANZ	Ref002393350	02/24/09	UB Refund Cst #0000091535	16.45	16.45
2016505	02/25/09	09898	ANDREW JONES	Ref002393327	02/24/09	UB Refund Cst #0000023174	95.54	95.54
2016506	02/25/09	09965	ANTHONY SOLFRIZO	Ref002393396	02/24/09	UB Refund Cst #0000141248	20.59	20.59
2016507	02/25/09	09980	AXIA REAL ESTATE GROUP INC	Ref002393412	02/24/09	UB Refund Cst #0000142577	60.41	60.41
2016508	02/25/09	09970	BARBARA DOWNING	Ref002393401	02/24/09	UB Refund Cst #0000141508	50.89	50.89
2016509	02/25/09	09954	BERNIE SCHMUTZLER	Ref002393385	02/24/09	UB Refund Cst #0000139954	22.81	22.81
2016510	02/25/09	09915	BOYD BROOKS	Ref002393346	02/24/09	UB Refund Cst #0000088278	43.01	43.01
2016511	02/25/09	09978	BROKEN ARROW COMMUNICATIONS	Ref002393409	02/24/09	UB Refund Cst #0000142251	722.12	722.12
2016512	02/25/09	09901	CAMBRIDGE RESTAURANT PROP	Ref002393330	02/24/09	UB Refund Cst #0000037748	144.93	144.93
2016513	02/25/09	09925	CANDI SAKAMOTO	Ref002393356	02/24/09	UB Refund Cst #0000094319	47.81	47.81
2016514	02/25/09	09914	CARLOS PEREZ	Ref002393345	02/24/09	UB Refund Cst #0000086959	28.76	28.76
2016515	02/25/09	09912	CATHLEEN ROMERO	Ref002393343	02/24/09	UB Refund Cst #0000081799	11.51	11.51
2016516	02/25/09	09933	CENTRAL MORTGAGE CO	Ref002393364	02/24/09	UB Refund Cst #0000123577	30.17	30.17
2016517	02/25/09	09949	CENTURY 21 ALL REAL ESTATE	Ref002393380	02/24/09	UB Refund Cst #0000133820	25.05	25.05
2016518	02/25/09	09897	CHERYL DENNISON	Ref002393325	02/24/09	UB Refund Cst #0000016357	95.84	95.84
2016519	02/25/09	09931	CHRISTIAN KUJAWA	Ref002393362	02/24/09	UB Refund Cst #0000122954	26.77	26.77
2016520	02/25/09	07830	CHRISTOPHER KLEMPAY	Ref002393341	02/24/09	UB Refund Cst #0000072787	90.63	90.63
2016521	02/25/09	09941	COUNTRYWIDE	Ref002393372	02/24/09	UB Refund Cst #0000126366	21.72	21.72
2016522	02/25/09	09894	DENNIS DESOUZA	Ref002393322	02/24/09	UB Refund Cst #0000143224	15.19	15.19
2016523	02/25/09	09964	DOWNEY SAVINGS	Ref002393395	02/24/09	UB Refund Cst #0000141200	75.00	75.00

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2016524	02/25/09	09921	ERIC GONZALEZ	Ref002393352	02/24/09	UB Refund Cst #0000091902	30.04	30.04
2016525	02/25/09	09957	ERICA MONJE	Ref002393388	02/24/09	UB Refund Cst #0000140399	46.38	46.38
2016526	02/25/09	09947	FIELD ASSET SERVICE	Ref002393378	02/24/09	UB Refund Cst #0000127689	48.04	48.04
2016527	02/25/09	09926	FRANCISCO OROZCO	Ref002393357	02/24/09	UB Refund Cst #0000094486	33.49	33.49
2016528	02/25/09	09962	GARY KENT AND ASSOCIATES	Ref002393393	02/24/09	UB Refund Cst #0000140900	54.18	54.18
2016529	02/25/09	09969	GARY KENT AND ASSOCIATES	Ref002393400	02/24/09	UB Refund Cst #0000141485	52.51	52.51
2016530	02/25/09	09958	GEUNHEE KIM	Ref002393389	02/24/09	UB Refund Cst #0000140409	92.59	92.59
2016531	02/25/09	09955	GLORIA M BAKER	Ref002393386	02/24/09	UB Refund Cst #0000140111	51.62	51.62
2016532	02/25/09	09981	GREGG PHILLIPSON	Ref002393413	02/24/09	UB Refund Cst #0000142624	112.70	112.70
2016533	02/25/09	09975	HERLINDA RYAN	Ref002393406	02/24/09	UB Refund Cst #0000141876	34.26	34.26
2016534	02/25/09	09940	HERLINDA RYAN INC	Ref002393371	02/24/09	UB Refund Cst #0000126005	54.15	54.15
2016535	02/25/09	09943	INNOVATIVE OIL & GAS	Ref002393374	02/24/09	UB Refund Cst #0000126726	504.08	504.08
2016536	02/25/09	09913	ISABELLE JIMENEZ	Ref002393344	02/24/09	UB Refund Cst #0000085953	64.94	64.94
2016537	02/25/09	09904	JAMES CABANA	Ref002393333	02/24/09	UB Refund Cst #0000052770	37.46	37.46
2016538	02/25/09	09927	JAMUL VISTA ESTATES LLC	Ref002393358	02/24/09	UB Refund Cst #0000094917	1,099.01	1,099.01
2016539	02/25/09	09891	JEFF JENKEL	Ref002393319	02/24/09	UB Refund Cst #0000142793	56.26	56.26
2016540	02/25/09	09936	JESUS ORALIA BELTRAN	Ref002393367	02/24/09	UB Refund Cst #0000125127	17.37	17.37
2016541	02/25/09	09924	JILL LANDRY	Ref002393355	02/24/09	UB Refund Cst #0000094267	6.89	6.89
2016542	02/25/09	09922	JOSE CASTRO	Ref002393353	02/24/09	UB Refund Cst #0000092423	37.59	37.59
2016543	02/25/09	09937	JOSE PITONES	Ref002393368	02/24/09	UB Refund Cst #0000125176	41.35	41.35
2016544	02/25/09	09930	KASHETAH BEDFORD	Ref002393361	02/24/09	UB Refund Cst #0000121387	58.73	58.73
2016545	02/25/09	09971	KELLY LEFFERDINK	Ref002393402	02/24/09	UB Refund Cst #0000141632	50.02	50.02
2016546	02/25/09	09956	KELLY SHERMAN	Ref002393387	02/24/09	UB Refund Cst #0000140205	21.73	21.73
2016547	02/25/09	09942	KERA LEGLER	Ref002393373	02/24/09	UB Refund Cst #0000126699	60.56	60.56

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2016548	02/25/09	09907	KIMBERLY ELEBY	Ref002393336	02/24/09	UB Refund Cst #0000058488	49.88	49.88
2016549	02/25/09	09893	LATHAM REALTY	Ref002393321	02/24/09	UB Refund Cst #0000143171	37.81	37.81
2016550	02/25/09	09959	LINDA RING	Ref002393390	02/24/09	UB Refund Cst #0000140431	140.43	140.43
2016551	02/25/09	09979	MANUEL ESPINOZA	Ref002393411	02/24/09	UB Refund Cst #0000142529	79.28	79.28
2016552	02/25/09	09963	MARC CARPENTER & ASSOC	Ref002393394	02/24/09	UB Refund Cst #0000140953	114.54	114.54
2016553	02/25/09	09967	MARC CARPENTER & ASSOC	Ref002393398	02/24/09	UB Refund Cst #0000141332	52.23	52.23
2016554	02/25/09	09977	MARC CARPENTER & ASSOC	Ref002393408	02/24/09	UB Refund Cst #0000142024	63.54	63.54
2016555	02/25/09	09944	MARC CARPENTER & ASSOCIATES	Ref002393375	02/24/09	UB Refund Cst #0000126876	32.84	32.84
2016556	02/25/09	09900	MARIA GUZMAN	Ref002393329	02/24/09	UB Refund Cst #0000030336	92.90	92.90
2016557	02/25/09	09895	MARIA MARTINEZ	Ref002393323	02/24/09	UB Refund Cst #0000143792	22.16	22.16
2016558	02/25/09	09910	MARLON CANGO	Ref002393339	02/24/09	UB Refund Cst #0000070373	17.94	17.94
2016559	02/25/09	09920	MICHAEL MOYLAN	Ref002393351	02/24/09	UB Refund Cst #0000091838	79.96	79.96
2016560	02/25/09	09939	OAK TREE REALTY	Ref002393370	02/24/09	UB Refund Cst #0000125650	47.59	47.59
2016561	02/25/09	09950	OAK TREE REALTY	Ref002393381	02/24/09	UB Refund Cst #0000133847	50.55	50.55
2016562	02/25/09	09982	OAK TREE REALTY	Ref002393414	02/24/09	UB Refund Cst #0000142667	68.31	68.31
2016563	02/25/09	09928	OTAY CROSSING SELF STORAGE LLC	Ref002393359	02/24/09	UB Refund Cst #0000095094	775.50	775.50
2016564	02/25/09	09945	OTAY MESA PROPERTY L	Ref002393376	02/24/09	UB Refund Cst #0000127034	353.03	353.03
2016565	02/25/09	09953	OTAY MESA PROPERTY LP	Ref002393384	02/24/09	UB Refund Cst #0000139845	296.32	296.32
2016566	02/25/09	09934	OTAY RIVER CONSTRUCTORS	Ref002393365	02/24/09	UB Refund Cst #0000123817	768.89	768.89
2016567	02/25/09	09718	PEDRO PIDO	Ref002393326	02/24/09	UB Refund Cst #0000023085	120.72	120.72
2016568	02/25/09	09938	PICKEREL BRITTANY	Ref002393369	02/24/09	UB Refund Cst #0000125305	17.45	17.45
2016569	02/25/09	09952	PLATINUM CIRCLE REAL ESTATE	Ref002393383	02/24/09	UB Refund Cst #0000139688	60.96	60.96
2016570	02/25/09	09864	PREMIER NATIONAL REALTY GROUP	Ref002393410	02/24/09	UB Refund Cst #0000142346	11.88	11.88
2016571	02/25/09	09972	PREMIER NATIONAL REALTY GROUP	Ref002393403	02/24/09	UB Refund Cst #0000141747	75.00	75.00

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2016572	02/25/09	09917	RANCHO VISTA DEL MAR	Ref002393348	02/24/09	UB Refund Cst #0000089807	383.62	383.62
2016573	02/25/09	09892	ROBERT SCHMIDT	Ref002393320	02/24/09	UB Refund Cst #0000142973	50.11	50.11
2016574	02/25/09	09923	ROSELLA PARRA	Ref002393354	02/24/09	UB Refund Cst #0000094034	154.45	154.45
2016575	02/25/09	09902	SADIK BARNO	Ref002393331	02/24/09	UB Refund Cst #0000040149	102.57	102.57
2016576	02/25/09	09976	SAN DIEGO REAL ESTATE OWNED	Ref002393407	02/24/09	UB Refund Cst #0000141884	16.72	16.72
2016577	02/25/09	09961	SAN DIEGO REALTY	Ref002393392	02/24/09	UB Refund Cst #0000140618	45.52	45.52
2016578	02/25/09	09968	SAN DIEGO REALTY	Ref002393399	02/24/09	UB Refund Cst #0000141479	45.85	45.85
2016579	02/25/09	09906	SAN MIGUEL RANCH	Ref002393335	02/24/09	UB Refund Cst #0000056565	1,059.36	1,059.36
2016580	02/25/09	09908	SERGIO CECENA	Ref002393337	02/24/09	UB Refund Cst #0000065085	80.18	80.18
2016581	02/25/09	09929	SHANE BASS	Ref002393360	02/24/09	UB Refund Cst #0000121164	79.00	79.00
2016582	02/25/09	09909	SILVIA GUZMAN	Ref002393338	02/24/09	UB Refund Cst #0000068268	11.33	11.33
2016583	02/25/09	09935	SUSAN PAYNE	Ref002393366	02/24/09	UB Refund Cst #0000124438	49.77	49.77
2016584	02/25/09	09899	TACO BELL	Ref002393328	02/24/09	UB Refund Cst #0000027163	119.96	119.96
2016585	02/25/09	09903	TACO BELL	Ref002393332	02/24/09	UB Refund Cst #0000040766	168.95	168.95
2016586	02/25/09	09905	TACO BELL	Ref002393334	02/24/09	UB Refund Cst #0000055497	702.37	702.37
2016587	02/25/09	09948	TEAM TOWNSON	Ref002393379	02/24/09	UB Refund Cst #0000132320	26.41	26.41
2016588	02/25/09	09951	TEAM TOWNSON INC	Ref002393382	02/24/09	UB Refund Cst #0000133934	50.03	50.03
2016589	02/25/09	09966	TONTZ TEAM INC	Ref002393397	02/24/09	UB Refund Cst #0000141255	135.14	135.14
2016590	02/25/09	09916	TPO LLC	Ref002393347	02/24/09	UB Refund Cst #0000089449	554.11	554.11
2016591	02/25/09	09973	TPO LLC	Ref002393404	02/24/09	UB Refund Cst #0000141815	533.13	533.13
2016592	02/25/09	09974	TPO LLC	Ref002393405	02/24/09	UB Refund Cst #0000141816	404.24	404.24
2016593	02/25/09	09918	TWANDA HARRIS	Ref002393349	02/24/09	UB Refund Cst #0000091115	27.40	27.40
2016594	02/25/09	09911	VANESSA MORENO	Ref002393342	02/24/09	UB Refund Cst #0000073881	75.00	75.00
2016595	02/25/09	09932	WILLOW GLEN PLAZA LP	Ref002393363	02/24/09	UB Refund Cst #0000123104	487.35	487.35

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2016596	02/25/09	01910	ABCANA INDUSTRIES	836799	02/02/09	BULK SODIUM HYPOCHLORITE	1,178.22	1,617.88
				836798	02/02/09	BULK SODIUM HYPOCHLORITE	439.66	
2016597	02/25/09	08488	ABLEFORCE INC	1596	02/17/09	CONSULTING SERVICES - IS DEPT	3,570.00	3,570.00
2016598	02/25/09	00132	AIRGAS WEST	103143521	01/31/09	BREATHING AIR - TREATMENT PLANT	25.73	25.73
2016599	02/25/09	01463	ALLIED ELECTRONICS INC	84959W01	02/02/09	STEEL ENCLOSURE	869.84	869.84
2016600	02/25/09	06165	ANITA FIRE HOSE COMPANY ETC	07175	02/03/09	FIRE EXTINGUISHER SERVICE	66.35	66.35
2016601	02/25/09	02829	APPLIED TECHNOLOGY GROUP INC	190651	02/04/09	RADIO EQUIPMENT	4,650.59	4,650.59
2016602	02/25/09	05753	ARRIETA CONSTRUCTION INC	4	02/04/09	R2086 RWCWRF FORCEMAIN AIR/VAC REPL	357,541.26	357,541.26
2016603	02/25/09	03763	BERGE'S GOVERNOR SERVICE	19153	01/26/09	REPAIR	3,139.76	3,139.76
2016604	02/25/09	00559	BOYLE ENGINEERING CORPORATION	062400	01/30/09	PLAN CHECKS & INSPECTION SERVICE	14,751.55	15,551.40
				062391	01/30/09	PLAN CHECK SERVICES	438.40	
				062399	01/30/09	RECYCLED WATER PLAN CHECKING SERVICES	361.45	
2016605	02/25/09	00223	C W MCGRATH INC	32153	02/03/09	CRUSHED ROCK	204.42	537.65
				32141	02/02/09	CRUSHED ROCK	200.18	
				32160	02/04/09	CRUSHED ROCK	133.05	
2016606	02/25/09	09800	CALIFORNIA BANK & TRUST	1R	12/08/08	RETENTION	9,918.25	9,918.25
2016607	02/25/09	08009	CANON BUSINESS SOLUTIONS INC	4001814360	02/01/09	COPIER MAINTENANCE	706.31	1,510.21
				4001814359	02/01/09	COPIER MAINTENANCE	487.56	
				4001816037	02/01/09	COPIER MAINTENANCE	225.88	
				4001814901	02/01/09	COPIER MAINTENANCE	90.46	
2016608	02/25/09	02758	CARMEL BUSINESS SYSTEMS INC	6930	02/01/09	RECORDS STORAGE & SUPPORT	3,457.25	3,457.25
2016609	02/25/09	04204	CASA DEL MAR	24720	02/04/09	RECOGNITION SHIRTS	123.10	123.10
2016610	02/25/09	06418	CHULA VISTA ELECTRIC CO	5863001	01/31/09	TROUBLESHOT/REPAIRED 2300 VOLT MCC	1,659.62	1,659.62
2016611	02/25/09	06519	CHULA VISTA POLICE DEPT	0902824	02/19/09	TRAFFIC COLLISION REPORT	10.00	20.00
				0903166	02/19/09	TRAFFIC COLLISION REPORT	10.00	
2016612	02/25/09	06252	CHULA VISTA SCHOOL DISTRICT	900477	01/22/09	BUS FUNDING TO WATER GARDEN	1,350.00	1,350.00
2016613	02/25/09	03334	COMPUTER MASTERS	73007	02/03/09	TARGUS MOBILE 150W AUTO POWER	538.64	538.64
2016614	02/25/09	03706	CONSUMERS PIPE & SUPPLY CO	S1093017002	02/05/09	WAREHOUSE SUPPLIES	68.10	68.10
2016615	02/25/09	07601	CREATIVE BENEFITS INC	70761	02/01/09	FLEXIBLE SPENDING ACCT ADMIN	600.00	600.00

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2016616	02/25/09	03606	DCSE INC	2	02/01/09	INTEGRATION CONSULTING SERVICES	6,690.00	6,690.00
2016617	02/25/09	07680	DELTA HEALTH SYSTEMS	IVC02743	01/31/09	EMPLOYEE HEALTH ADMIN SVCS	58.50	58.50
2016618	02/25/09	03744	DEPARTMENT OF JUSTICE	722418	02/04/09	FINGERPRINT ANALYSIS SERVICES	51.00	51.00
2016619	02/25/09	08023	EMPLOYEE BENEFIT SPECIALISTS	0045480IN	02/06/09	ADMINISTRATION FEES FOR COBRA	540.01	540.01
2016620	02/25/09	02939	ESCARCEGA, LUIS B	10823	02/19/09	CERTIFICATION REIMBURSEMENT	140.00	140.00
2016621	02/25/09	03757	FANDEL ENTERPRISES INC	1331	02/02/09	TELECOMMUNICATIONS CONSULTING SERVICE	3,990.00	3,990.00
2016622	02/25/09	03546	FERGUSON WATERWORKS	0303533	02/04/09	INVENTORY	1,683.16	1,683.16
2016623	02/25/09	08005	FIRST AMERICAN CORELOGIC INC	20436741	01/31/09	METROSCAN ONLINE DATA/MAPS	453.15	453.15
2016624	02/25/09	08893	FIRST AMERICAN DATA TREE	90034019	01/31/09	ONLINE MAP PURCHASING SERVICE	190.84	190.84
2016625	02/25/09	04066	FIRST CHOICE SERVICES - SD	308117	02/04/09	COFFEE SUPPLIES	170.55	170.55
2016626	02/25/09	02591	FITNESS TECH INC	5505	02/01/09	FITNESS EQUIPMENT MAINTENANCE	125.00	125.00
2016627	02/25/09	03609	GBA MASTER SERIES INC	608053	01/30/09	SOFTWARE CONSULTING SERVICES	3,600.00	3,600.00
2016628	02/25/09	02187	GREENSCAPE	2107	02/01/09	LANDSCAPING SERVICES	6,090.00	6,090.00
2016629	02/25/09	04979	GROSSMONT WORK TRAINING CENTER	22165	01/31/09	MAILING SERVICES	325.72	325.72
2016630	02/25/09	03773	GTC SYSTEMS INC	28599	01/31/09	TECHNICAL SUPPORT FOR CITRIX	1,987.50	1,987.50
2016631	02/25/09	02629	HANSON AGGREGATES INC	585406	02/03/09	CRUSHED AGGREGATES & ROCK	414.36	414.36
2016632	02/25/09	09889	HARVEY J WILLIAMS JR	001001	02/12/09	UTILITY EASEMENT	5,200.00	5,200.00
2016633	02/25/09	06640	HD SUPPLY WATERWORKS LTD	8535848 8503321	01/30/09 01/30/09	INVENTORY URINALS WITH FLUSH VALVE	7,273.13 6,737.61	14,010.74
2016634	02/25/09	04472	HECTOR I MARES-COSSIO	46 47	12/31/08 01/31/09	BI-NATIONAL CONSULTANT SERVICES BI-NATIONAL CONSULTANT SERVICES	3,600.00 3,600.00	7,200.00
2016635	02/25/09	00062	HELIX WATER DISTRICT	178540010209 174639860209	02/05/09 02/05/09	WATER BILL - AVOCADO BLVD WATER BILL - RUSSELL SQ	93.55 36.50	130.05
2016636	02/25/09	08610	HENRY BROS ELECTRONICS INC	131001081	01/31/09	INSTALLATION OF SOFTWARE PATCHES	2,565.00	2,565.00
2016637	02/25/09	00713	HEWLETT-PACKARD COMPANY	45562514 45557062	02/05/09 02/04/09	PERSONAL COMPUTERS PRINT SERVER	4,843.36 115.29	4,958.65

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2016638	02/25/09	06843	HI-TECH AIR CONDITIONING	5284	12/22/08	INSTALLATION OF CONDENSATE PUMPS	5,839.36	5,839.36
2016639	02/25/09	01109	HOME DEPOT CREDIT SERVICES	1197312	02/03/09	BUILDING MAINT SUPPLIES	596.98	596.98
2016640	02/25/09	06540	HORIZON CRANE SERVICE LLC	4949	02/04/09	CRANE RENTAL	797.50	797.50
2016641	02/25/09	08969	INFOSEND INC	35578 35491	02/04/09 01/30/09	POSTAGE BILL PRINTING SERVICES	16,493.24 6,897.20	23,390.44
2016642	02/25/09	03380	INSIGHT PUBLIC SECTOR INC	1100070733	01/30/09	WIRELESS SERVICE (PARTS)	4,099.47	4,099.47
2016643	02/25/09	02372	INTERIOR PLANT SERVICE INC	30077	01/31/09	PLANT SERVICE	169.00	169.00
2016644	02/25/09	06630	J C HEDEN AND ASSOCIATES INC	OWD024	02/02/09	TEMPORARY LABOR SERVICES	9,620.00	9,620.00
2016645	02/25/09	03077	JANI KING OF CA INC - SDO	SDO02090320	02/01/09	OFF-SITE JANITORIAL SERVICES	1,042.00	1,042.00
2016646	02/25/09	09887	JEFF JENKEL	RF623224421	02/19/09	CUSTOMER REFUND	16.95	16.95
2016647	02/25/09	05840	KIRK PAVING INC	4212	02/02/09	AS NEEDED PAVING SERVICES	13,088.00	13,088.00
2016648	02/25/09	04996	KNOX ATTORNEY SERVICE INC	453707 453704 453705 453706	02/02/09 02/02/09 02/02/09 02/02/09	DELIVERY OF BOARD & COMMITTEE PACKETS DELIVERY OF BOARD & COMMITTEE PACKETS DELIVERY OF BOARD & COMMITTEE PACKETS DELIVERY OF BOARD & COMMITTEE PACKETS	28.60 28.60 28.60 28.60	114.40
2016649	02/25/09	01859	LA PRENSA SAN DIEGO	001013	02/18/09	NEWSPAPER SUBSCRIPTION	75.00	75.00
2016650	02/25/09	06497	LAKESIDE LAND COMPANY	221960	02/04/09	ASPHALT	70.00	70.00
2016651	02/25/09	05220	LOGICALIS INTEGRATION SOLUTION	S922027 S922265	01/31/09 01/31/09	WIRELESS MESH PILOT PROGRAM NETWORK INFRASTRUCTURE CONSULTING	7,500.00 660.00	8,160.00
2016652	02/25/09	03019	LOPEZ, JOSE A	70101208	12/31/08	MILEAGE REIMBURSEMENT	8.80	8.80
2016653	02/25/09	02902	MARSTON+MARSTON INC	20092	02/01/09	PUBLIC RELATIONS SERVICES	4,077.50	4,077.50
2016654	02/25/09	05329	MASTER METER INC	0150910IN	02/05/09	METER REPLACEMENT	4,996.05	4,996.05
2016655	02/25/09	01524	MESA LABORATORIES INC	0327878IN	02/05/09	FLOWMETER DISPLAY	602.49	602.49
2016656	02/25/09	01577	MINARIK CORPORATION	I0645257DD I0644955DD	02/05/09 02/04/09	PROGRAMMABLE CONTROLLER PROGRAMMABLE CONTROLLER	347.24 42.59	389.83
2016657	02/25/09	04845	MOMAR INC	A35816	02/04/09	GREASE FOR CLARIFIERS	374.32	374.32
2016658	02/25/09	03623	MWH AMERICAS INC	1237476	01/06/09	PROFESSIONAL SERVICES RENDERED	3,877.50	3,877.50

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2016659	02/25/09	02037	MWH LABORATORIES	262704LI	01/30/09	LABORATORY ANALYSES	150.00	150.00
2016660	02/25/09	00510	OFFICE DEPOT INC	462560803001 462561240001	02/04/09 02/04/09	OFFICE SUPPLIES OFFICE SUPPLIES	96.33 9.69	106.02
2016661	02/25/09	00496	ONESOURCE DISTRIBUTORS LLC	S3061476001	02/03/09	POWER PANELBOARD	381.46	381.46
2016662	02/25/09	09953	OTAY MESA PROPERTY LP	001025	02/23/09	DEPOSIT FOR MAINT AGREEMENT	11,752.75	11,752.75
2016663	02/25/09	03780	OWEN, DOUGLAS WESTLEY	16330105	02/18/09	REIMBURSE CONF EXPENSES	195.96	195.96
2016664	02/25/09	07499	PACIFIC BUILDING MAINTENANCE	16028	02/06/09	JANITORIAL SERVICES	2,795.00	2,795.00
2016665	02/25/09	09984	PADRE DAM'S SANTEE LAKES	001023	02/24/09	COMPANY PICNIC DEPOSIT	545.00	545.00
2016666	02/25/09	05497	PAYPAL INC	3439736	01/31/09	ON-LINE PAYMENT SERVICES	461.50	461.50
2016667	02/25/09	03308	PBS&J	1033193	01/30/09	2009 MASTER PLAN UPDATE	55,333.21	55,333.21
2016668	02/25/09	03790	PENHALL COMPANY	21129	01/31/09	CONCRETE DRILLING SERVICES	255.00	255.00
2016669	02/25/09	07602	PLUMBERS DEPOT	PD10598	02/02/09	CCTV REPAIR	340.00	340.00
2016670	02/25/09	09890	PROGRESSIVE WEST INSURANCE CO	001021	02/23/09	CLAIM REIMB-CLAIM PAID IN ERROR	10,000.00	10,000.00
2016671	02/25/09	06641	PRUDENTIAL OVERALL SUPPLY	0070429 0070428 0070430 0066672 0070431	02/05/09 02/05/09 02/05/09 02/04/09 02/05/09	UNIFORMS MATS, TOWELS & SUPPLIES MATS, TOWELS & SUPPLIES MATS, TOWELS & SUPPLIES UNIFORMS	325.90 134.72 100.80 93.54 57.91	712.87
2016672	02/25/09	00078	PUBLIC EMPLOYEES RETIREMENT	Ben2393151	02/19/09	PERS CONTRIBUTION	123,516.63	123,516.63
2016673	02/25/09	09804	PUBLICIA PRESS LTD	20092029 20092029RP	02/05/09 02/05/09	BUSINESS CARDS BUSINESS CARDS	59.26 45.79	105.05
2016674	02/25/09	02041	RBF CONSULTING	8120547	01/30/09	SANITARY SEWER CCTV INSPECTION	2,706.00	2,706.00
2016675	02/25/09	00021	RCP BLOCK & BRICK INC	4333222	01/31/09	CONCRETE	961.67	961.67
2016676	02/25/09	06645	RELIABLE ELEVATOR INC	15812	02/01/09	ELEVATOR SERVICE & MAINTENANCE	416.01	416.01
2016677	02/25/09	03279	ROTH STAFFING COMPANIES LP	12276937	02/13/09	TEMPORARY SERVICES - HR DEPT	1,315.20	1,315.20
2016678	02/25/09	00362	RYAN HERCO PRODUCTS CORP	6538424 6538551 6544110	 01/27/09 02/04/09	CREDIT MEMO CPVC GLUE CPVC GLUE	(85.50) 124.81 124.65	163.96

**OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2016170 THROUGH 2016699
RUN DATES 2/4/2009 TO 2/25/2009**

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2016679	02/25/09	04661	SAN DIEGO COUNTY WATER	001014	02/18/09	MEMBERSHIP RENEWAL	30.00	30.00
2016680	02/25/09	00121	SAN DIEGO GAS & ELECTRIC	001017 001022	02/19/09 02/19/09	UTILITY EXPENSES UTILITY EXPENSES	30,808.09 13,957.36	44,765.45
2016681	02/25/09	03701	SAN DIEGO PROJECT HEARTBEAT	SD2592	02/05/09	AUTOMATIC EXTERNAL DEFIBRILLATORS	150.00	150.00
2016682	02/25/09	05627	SIGNA DIGITAL SOLUTIONS INC	ARS23807 ARS23892 ARS23924 ARS23927 ARS23806	01/30/09 02/03/09 02/03/09 02/03/09 01/30/09	COPIER MAINTENANCE COPIER MAINTENANCE COPIER MAINTENANCE COPIER MAINTENANCE COPIER MAINTENANCE	200.00 200.00 200.00 144.00 34.20	778.20
2016683	02/25/09	00258	SLOAN ELECTRIC CO	0055193 0055192	01/30/09 01/30/09	REBUILD PUMP VIBRATION ANALYSIS TEST	29,210.75 572.50	29,783.25
2016684	02/25/09	03760	SPANKY'S PORTABLE SERVICES INC	799163	02/05/09	PORTABLE TOILET RENTAL	98.15	98.15
2016685	02/25/09	03516	SPECIAL DISTRICT RISK	27841	02/13/09	INSURANCE PREMIUM	123.75	123.75
2016686	02/25/09	02354	STANDARD ELECTRONICS	12074	01/30/09	SECURITY SERVICE & REPAIRS	149.65	149.65
2016687	02/25/09	07678	STREAMLINE FORMS & GRAPHICS	34851	01/31/09	SITE PRE-INSPECTION FORMS	88.36	88.36
2016688	02/25/09	06841	SUPERIOR ENVIRONMENTAL	0902015	02/03/09	DATA CENTER CLEANING SERVICES	1,000.00	1,000.00
2016689	02/25/09	00408	SWEETWATER AUTHORITY	001015	02/10/09	HOA WORKSHOP SHARE	188.09	188.09
2016690	02/25/09	02799	TARULLI TIRE INC - SAN DIEGO	20036829 20036910 20036792 20036791	01/15/09 01/20/09 01/13/09 01/13/09	TIRE SERVICE TIRE SERVICE TIRE SERVICE TIRE SERVICE	105.49 101.99 20.35 17.23	245.06
2016691	02/25/09	02376	TECHKNOWSION INC	2123	02/05/09	MISC SUPPORT SERVICE	1,925.00	1,925.00
2016692	02/25/09	06847	THIRD AVENUE VILLAGE ASSN	001024	02/24/09	CINCO DE MAYO SPACE RESERVATION	150.00	150.00
2016693	02/25/09	09888	THOMAS BREEN	001002	02/12/09	TEMP CONSTRUCTION EASEMENT	700.00	700.00
2016694	02/25/09	00427	UNDERGROUND SERVICE ALERT OF	120090446	02/01/09	UNDERGROUND TRENCH SERVICE ALERTS	303.00	303.00
2016695	02/25/09	00075	UNION TRIBUNE PUBLISHING CO	0010197066	02/17/09	CONSULTING SERVICES	249.60	249.60
2016696	02/25/09	08262	UNITED RENTALS NORTHWEST INC	79405352001	02/03/09	CONCRETE	222.24	222.24
2016697	02/25/09	03436	UNITED STATES POSTAL SERVICE	OWD14095	02/24/09	POSTAGE/WATER CONSERVATION MAILINGS	2,752.63	2,752.63

OTAY WATER DISTRICT
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Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2016698	02/25/09	08028	VALLEY CONSTRUCTION MANAGEMEN	SD080204	01/31/09	AS-NEEDED CONSTRUCTION MANAGEMENT SV	11,620.00	11,620.00
2016699	02/25/09	03151	ZHAO, MING	15380808	02/17/09	REIMBURSE CONF EXPENSES	173.10	173.10
GRAND TOTAL							2,213,018.97	2,213,018.97