

OTAY WATER DISTRICT

BOARD OF DIRECTORS MEETING
DISTRICT BOARDROOM

2554 SWEETWATER SPRINGS BOULEVARD
SPRING VALLEY, CALIFORNIA

WEDNESDAY

May 7, 2014

3:30 P.M.

AGENDA

1. ROLL CALL
2. PLEDGE OF ALLEGIANCE
3. APPROVAL OF AGENDA
4. APPROVE THE MINUTES OF THE REGULAR MEETING OF APRIL 8, 2014
5. PUBLIC PARTICIPATION – OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO SPEAK TO THE BOARD ON ANY SUBJECT MATTER WITHIN THE BOARD'S JURISDICTION BUT NOT AN ITEM ON TODAY'S AGENDA

CONSENT CALENDAR

6. ITEMS TO BE ACTED UPON WITHOUT DISCUSSION, UNLESS A REQUEST IS MADE BY A MEMBER OF THE BOARD OR THE PUBLIC TO DISCUSS A PARTICULAR ITEM:
 - a) APPROVE AN AGREEMENT WITH KIRK PAVING IN AN AMOUNT NOT-TO-EXCEED \$175,000 FOR AS-NEEDED ASPHALT PAVING SERVICES FROM JULY 1, 2014 THROUGH JUNE 30, 2015
 - b) AWARD A PROFESSIONAL ENGINEERING DESIGN SERVICES CONTRACT TO RICK ENGINEERING COMPANY FOR THE DESIGN AND CONSTRUCTION SUPPORT OF THE CAMPO ROAD SEWER MAIN REPLACEMENT PROJECT IN AN AMOUNT NOT-TO-EXCEED \$805,705
 - c) DECLARE A LIST OF IDENTIFIED VEHICLES AND EQUIPMENT AS SURPLUS TO THE DISTRICT'S NEEDS

- d) RECEIVE THE DISTRICT'S INVESTMENT POLICY, BOARD OF DIRECTORS POLICY NO. 27, FOR REVIEW AND ADOPT RESOLUTION NO. 4233 REDELEGATING AUTHORITY FOR ALL INVESTMENT RELATED ACTIVITIES TO THE CHIEF FINANCIAL OFFICER IN ACCORDANCE WITH GOVERNMENT CODE SECTION 53607
- e) APPROVE THE UPDATED WATER SUPPLY ASSESSMENT AND VERIFICATION REPORT DATED JANUARY 2014 FOR THE OTAY RANCH RESORT VILLAGE PROJECT AS REQUIRED BY SENATE BILLS 610 AND 221
- f) REAFFIRM RESOLUTIONS OF INTENTION, NOS. 4219 AND 4220, INITIATING THE PROCESS FOR THE EXCLUSION OF PARCELS WITHIN IMPROVEMENT DISTRICTS (IDs) 19 AND 25 AND ALSO AMEND THESE RESOLUTIONS TO REVISE THE DATE OF THE PUBLIC HEARING TO JUNE 4, 2014, TO RECEIVE PUBLIC COMMENTS REGARDING THE DISTRICT'S INTENTION TO ANNEX THE EXCLUDED PARCELS IN IDs 19 AND 25 INTO IDs 22 AND 20, RESPECTFULLY

ACTION ITEMS

7. BOARD

- a) DISCUSSION OF THE 2014 BOARD MEETING CALENDAR

REPORTS

8. GENERAL MANAGER'S REPORT

- a) SAN DIEGO COUNTY WATER AUTHORITY UPDATE

9. DIRECTORS' REPORTS/REQUESTS

10. PRESIDENT'S REPORT/REQUESTS

11. ADJOURNMENT

AGENDA ITEM 4

MINUTES OF THE BOARD OF DIRECTORS MEETING OF THE OTAY WATER DISTRICT April 8, 2014

1. The meeting was called to order by President Lopez at 3:33 p.m.

2. ROLL CALL

Directors Present: Croucher, Lopez and Robak

Directors Absent: Gonzalez (out of town on business) and Thompson (out of town on vacation)

Staff Present: General Manager Mark Watton, Attorney Richard Romero, Asst. GM German Alvarez, Chief of Engineering Rod Posada, Chief Financial Officer Joe Beachem, Chief of Information Technology Geoff Stevens, Chief of Administration Rom Sarno, Chief of Operations Pedro Porras and District Secretary Susan Cruz and others per attached list.

3. PLEDGE OF ALLEGIANCE

4. APPROVAL OF AGENDA

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

Ayes: Directors Croucher, Lopez and Robak

Noes: None

Abstain: None

Absent: Gonzalez and Thompson

to approve the agenda.

5. APPROVE THE MINUTES OF THE REGULAR MEETING OF MARCH 11, 2014

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

Ayes: Directors Croucher, Lopez and Robak

Noes: None

Abstain: None

Absent: Gonzalez and Thompson

to approve the minutes of the regular meeting of March 11, 2014.

6. 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.

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:

Director Robak pulled item 6d, APPROVE CHANGE ORDER NO. 1 TO THE EXISTING CONTRACT WITH AECOM TECHNICAL SERVICES, INC. FOR THE OTAY MESA DESALINATION CONVEYANCE AND DISINFECTION SYSTEM PROJECT IN AN AMOUNT NOT-TO-EXCEED \$136,409; AND EXTEND THE CONTRACT COMPLETION DATE TO JUNE 30, 2018; and 6e, AWARD A CONSULTING SERVICES CONTRACT TO SILVA SILVA INTERNATIONAL LLC (SSI) FOR PROFESSIONAL CONSULTING WORK RELATED TO THE OTAY MESA DESALINATION CONVEYANCE AND DISINFECTION SYSTEM PROJECT IN AN AMOUNT NOT-TO-EXCEED \$115,000 FOR FISCAL YEARS 2014, 2015, AND 2016; for discussion.

Upon a motion by Director Robak, seconded by Director Lopez and carried with the following vote:

- Ayes: Directors Croucher, Lopez and Robak
- Noes: None
- Abstain: None
- Absent: Gonzalez and Thompson

to approve the following consent calendar items:

- a) AWARD A CONTRACT TO LAYFIELD ENVIRONMENTAL SYSTEMS CORPORATION FOR THE MAINTENANCE OF FLOATING COVERS IN AN AMOUNT NOT-TO-EXCEED \$108,800. THE CONTRACT WILL BE FOR ONE YEAR, WITH FOUR (4) ONE-YEAR OPTIONS FOR RENEWAL AT THE DISTRICT'S DISCRETION
- b) ADOPT RESOLUTION NO. 4231 DESIGNATING SPECIFIC STAFF POSITIONS TO BE AUTHORIZED AS AGENTS TO DEAL WITH THE STATE OF CALIFORNIA, OFFICE OF EMERGENCY SERVICES, ON THE DISTRICT'S BEHALF IN ALL MATTERS PERTAINING TO DISASTER ASSISTANCE
- c) ADOPT RESOLUTION NO. 4228, AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A REMARKETING AGREEMENT WITH MITSUBISHI UFJ SECURITIES (USA), INC. TO ACT AS THE

DISTRICT'S REMARKETING AGENT FOR ITS 1996 VARIABLE RATE
CERTIFICATES OF PARTICIPATION

President Lopez presented item 6d for discussion:

- d) APPROVE CHANGE ORDER NO. 1 TO THE EXISTING CONTRACT WITH AECOM TECHNICAL SERVICES, INC. FOR THE OTAY MESA DESALINATION CONVEYANCE AND DISINFECTION SYSTEM PROJECT IN AN AMOUNT NOT-TO-EXCEED \$136,409; AND EXTEND THE CONTRACT COMPLETION DATE TO JUNE 30, 2018

Environmental Compliance Specialist Lisa Coburn-Boyd indicated that staff is requesting that the board authorize amendment number one to the District's existing contract with AECOM Technical Services, Inc. for the design of the Otay Mesa Desalination Conveyance and Disinfection System Project in an amount not-to-exceed \$136,409 and to extend the contract completion date to June 30, 2018.

Ms. Coburn-Boyd stated that AECOM was awarded a professional engineering services contract for the Otay Mesa Desalination Conveyance and Disinfection System Project on Nov. 3, 2010 in an amount not-to-exceed \$3,910,297, and the contract was to be completed by the end of Fiscal Year 2016. However, AECOM's work was restricted to miscellaneous studies until January 24, 2013 when AECOM was authorized to initiate work on the preliminary design of the pipeline, pump station, and disinfection facility, along with the environmental surveys and studies for CEQA/NEPA compliance. She indicated that project management of this effort is required for an additional six months until the start of the final design phase at a cost of \$30,000. Please reference the Committee Action notes (Attachment A) attached to staffs' report for the details of Ms. Coburn-Boyd's report.

Director Robak commented that the Rosarito Desalination Project can be described as a balancing act; the District is expending funds in the anticipation of certain things moving forward in Mexico. He inquired the status of the project on Mexico's side of the border. General Manager Watton indicated that an informational report, item 9b, will be presented regarding the status of the project later on the agenda. He stated the staff report provides status on the project and fairly outlines where it currently stands. Also included with the staff report is a report from KPMG, commissioned by NSC Agua, which provides the status of the financials for the project.

Ms. Coburn-Boyd indicated that the District needs to accomplish the environmental work in order to progress the Presidential Permit application which requires a long lead time. She stated that it is very much a balancing act and the District needs to keep moving forward as it is possible that the District could get to the point where it needs to build the pipeline, but it has not yet received the permit on the necessary environmental work. This would stall the project.

Upon a motion by Director Robak, seconded by Director Croucher and carried with the following vote:

Ayes: Directors Croucher, Lopez and Robak
Noes: None
Abstain: None
Absent: Gonzalez and Thompson

to approve staffs' recommendation.

President Lopez presented item 6e for discussion:

- e) AWARD A CONSULTING SERVICES CONTRACT TO SILVA SILVA INTERNATIONAL LLC (SSI) FOR PROFESSIONAL CONSULTING WORK RELATED TO THE OTAY MESA DESALINATION CONVEYANCE AND DISINFECTION SYSTEM PROJECT IN AN AMOUNT NOT-TO-EXCEED \$115,000 FOR FISCAL YEARS 2014, 2015, AND 2016 (ENDING JUNE 30, 2016)

Engineering Manager Bob Kennedy indicated that the current agreement with SSI was approved by the Board on May 2, 2012 for \$96,000 and the agreement is scheduled to expire on June 30, 2014. SSI has been providing consulting services to the District since March 17, 2011. Please reference the Committee Action notes (Attachment A) attached to staffs' report for the details of Mr. Kennedy's report.

Director Robak inquired what Mr. Silva will be doing for the District in the near term. General Manager Watton indicated that attached to staffs' report is a copy of the agreement which indicates the "scope of work" on the technical and regulatory issues that Mr. Silva will accomplish for the District. Mr. Silva is uniquely qualified because of his past employment and knowledge of the California Department of Public Health (CDPH), having been a Presidential appointee to the Environmental Protection Agency (EPA), and having worked on the border issues with the International Boundary and Water Commission (IBWC). He indicated that the District will be working with these three agencies to assure the successful outcome of the project. Similar to the environmental work, the work with these agencies must be accomplished to acquire the Presidential Permit. Additionally, the CDPH will be moving under the State Water Quality Control Board (SWQCB) which Mr. Silva is very familiar with.

In response to an inquiry from Director Croucher, staff indicated that the project is part of the CIP budget and the transfers to the appropriate funds are approved by the board each year when the budget is approved.

Upon a motion by Director Croucher, seconded by Director Robak and carried with the following vote:

Ayes: Directors Croucher, Lopez and Robak

Noes: None
Abstain: None
Absent: Gonzalez and Thompson

to approve staffs' recommendation.

ACTION ITEMS

8. ADMINISTRATION, FINANCE AND INFORMATION TECHNOLOGY

- a) ADOPT RESOLUTION NO. 4232 APPROVING THE FORM OF DOCUMENTS REQUIRED FOR EXTENDING THE LETTER OF CREDIT WITH UNION BANK FOR THE 1996 VARIABLE RATE CERTIFICATES OF PARTICIPATION; AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE THE RELATED FIRST AMENDMENT TO THE REIMBURSEMENT AGREEMENT AND THE UNION BANK FEE LETTER

Finance Manager Kevin Koeppen indicated that staff is requesting that the board approve Resolution No. 4232 approving the form of documents required for extending the Union Bank Letter of Credit related to the 1996 Variable Rate Certificates of Participation. The current letter of credit will expire on June 29, 2014 and in order for the variable rate debt to remain on the market a bank must provide a letter of credit to guarantee the debt payments to the certificate holders.

He indicated that staff reviewed the option to convert the variable rate issuance to a fixed rate, which would eliminate the need for a line of credit based on the inexpensive borrowing cost and limited exposure to rising interest rates. However, it was determined that it is not cost effective to convert the issuance to a fixed rate. He noted, by the District having some level of variable rate debt, it serves as a hedge against lower interest income which has served the District well over the years.

He also indicated that the debt is callable at any time, so staff reviewed the option of paying down or off the variable rate debt. Staff concluded that to do so would bring the reserve levels below target or result in the need to issue a small amount of debt which is not cost effective. Please reference the Committee Action notes (Attachment A) attached to staffs' report for the details of Mr. Koeppen's report.

General Manager Watton indicated that the committee placed this item on the action calendar to highlight the District's variable rate debt and what is required to maintain it. In response to an inquiry from President Lopez, Mr. Koeppen indicated that Director Thompson's comment at the committee meeting was more with reference to the remarketing agreement (item 6c on the consent calendar) with Mitsubishi UFJ Securities, Inc. Director Thompson suggested that staff request that Mitsubishi waive the \$5,000 cost for legal fees, which Mitsubishi has agreed to do.

Upon a motion by Director Croucher, seconded by Director Robak and carried with the following vote:

Ayes: Directors Croucher, Lopez and Robak
Noes: None
Abstain: None
Absent: Gonzalez and Thompson

to approve staffs' recommendation.

9. BOARD

a) DISCUSSION OF THE 2014 BOARD MEETING CALENDAR

There were no changes to the board meeting calendar.

INFORMATIONAL ITEMS

10. THE FOLLOWING ITEMS ARE PROVIDED TO THE BOARD FOR INFORMATIONAL PURPOSES ONLY. NO ACTION IS REQUIRED ON THE FOLLOWING AGENDA ITEMS:

a) REPORT ON DIRECTORS EXPENSES FOR THE 2ND QUARTER OF FY 2014

Director Croucher requested for future reports on board member expenses that they be simplified. He commented that there was a time when board expenses were scrutinized and that this was no longer the case. He suggested that staff provide a report that simply summarizes board member expenses, similar to CWA's report.

b) INFORMATIONAL OVERVIEW REPORT ON THE ROSARITO DESALINATION PLANT PROJECT

Chief of Engineering Rod Posada indicated that in February 2014, the Desalination Project Committee requested an overview of the Rosarito Desalination Plant Project which would include an update on NSC Agua, the District's due diligence, the cost of desalinated water and an assessment of the benefits and disadvantages of a seawater desalination project. Staff prepared this report in response to the committee's request. Please reference the Committee Action notes (Attachment A) attached to staffs' report for the details of Mr. Posada's report.

General Manager Watton indicated that the committee had also inquired how likely the per acre foot cost from the Rosarito Desalination Project would be within a price point that makes sense or close to the cost of imported water. Staff researched the cost of desalinated water from plants around the world to test

NSC Agua's acre foot cost estimate. Based on the average cost of desalinated water worldwide, it is a reasonable assumption that the cost will be close to the cost of imported water.

General Manager Watton shared that the Governor of Baja has made statements to the press about his interest in getting desalination projects going in the State of Baja to assure their economy is not impacted by water shortage issues. Mexico also seems to be focused on Minute 319 and the possibility that they could monetize the water from the Colorado River that they do not take delivery of once the Desalination Plant is on line. The Governor of Baja has also appointed one of his cabinet secretaries to work with NSC Agua on the desalination plant. He indicated that there seems to be growing support for an alternative water supply like desalinated water.

Attached to staffs' report is a letter from KPMG which discusses the feasibility of financing the Rosarito Desalination Project and if it could attract the financing necessary to bring the project to fruition. KPMG concludes in their letter that the project could attract the money necessary to complete the project and in a preliminary review of the business plan for the project, KPMG agrees that it is a viable project. It is not a "done deal", but is proceeding down a track that is feasible. General Manager Watton indicated that at the appropriate time, a water purchase agreement will be signed with both Mexico and Otay WD.

In response to an inquiry from Director Lopez, General Manager Watton stated that Minute 319 only references desalination and is more of a mechanism to potentially free up Colorado River water on the Mexican side (Mexican entitlement water) of the border. It doesn't discuss whether the Desalination Project will be a public or private project. He indicated that Mexico does not have the funds for a public project. They are looking for a private project and are trying to determine what that private project would look like.

General Manager Watton indicated, in response to comments from Director Robak, that the District would need to have a more in depth review of the Sydney Desalination Plant. The project proposed in Rosarito is much different than the Sydney Plant. The Rosarito plant will be base loaded and will have a different cost structure and price point. He indicated that the question for KPMG, given the same set of circumstances, is if they would make the same recommendation.

c) FY 2013-2014 MID-YEAR STRATEGIC PLAN UPDATE REPORT

Chief of Information Technology Geoff Stevens reported on the Fiscal Year 2014 mid-year Strategic Plan update. He indicated at the end of the 2nd quarter for FY 2014, the results for the objectives is below target at 74% (the target is 90%) and the performance measures exceeded the target at 91%. He stated that the Strategic Plan objectives were below target due to timing issues with several projects where deliverables are being delayed into the next quarter. Please reference the Committee Action notes (Attachment A) attached to staffs' report for the details of Mr. Steven's report.

President Lopez inquired if the District had a measure for change orders. Chief of Information Technology Stevens indicated that the District did have a measure and the District was over target (target is 5%) on the first quarter and under target in the second quarter.

REPORTS

11. GENERAL MANAGER'S REPORT

General Manager Watton introduced new employee, Mr. Kent Payne, who is the District's new Purchasing Manager. He will be replacing Mr. Steve Dobrawa who will be retiring in May 2014.

He then presented information from his report which included Mitsubishi UFJ Securities, Inc. agreeing to waive the legal fees associated with the substitution of the Remarketing Agent for the 1996 COPs, the large meter testing program, and the upcoming Developer Meeting.

SAN DIEGO COUNTY WATER AUTHORITY UPDATE

General Manager Watton provided an update on CWA matters and indicated that CWA's board had voted to delay the vote on a policy that would delineate how the Carlsbad Desalination Project would be included in CWA's water rate. He indicated that the vote was positive for the Otay WD and that District staff would be working with the City of San Diego to develop options for an equitable rate structure (for the Carlsbad Desalination Project) that can be blended into CWA's rate structure. It is hoped that the developed options can then be proposed to CWA by November of this year.

He noted that Director Croucher, as a member of the Fiscal Sustainability Task Force, was instrumental in the outcome of the vote on the policy. He stated that Director Croucher did not always get the committee members backing with regard to the rates for the Desalination Project, but he was always there reminding them of the alternatives and of the differing opinion. This helped in the final analysis and in CWA's board voting to delay the vote on the policy.

Director Croucher indicated that General Manager Watton was very instrumental as well in getting the vote delayed at CWA. He stated that is encouraging to know that the process works and he commended staff for their work on this issue.

12. DIRECTORS' REPORTS/REQUESTS

Director Robak shared that he had attended the Butterfly Festival at the Water Conservation Garden this past Saturday. He stated that he has attended many events at the Garden, but felt this was the most well attended. He indicated that the Garden has confirmed that the Butterfly Festival received record attendance.

He also shared that he was reading an article from the publication *Water Reuse and Desalination* on Direct Potable Reuse. The article's author, Dr. Joseph Cartruvo, feels that the City of San Diego's plan to construct a pipeline from the North City Treatment Plant to the San Vicente reservoir would be a waste of money. Dr. Cartruvo is a very well respected expert in this area and his article is basically questioning placing ultra-pure water in with untreated water.

Director Robak also commented that the District had been awarded with a Certificate of Excellence from the Special District's Leadership Foundation for transparency. He stated that the District has discussed, in the past, live streaming the District's meetings on the website. He stated he would like the District to revisit this possibility.

Director Croucher acknowledged President Lopez' attendance of MWD's past meetings on rates and indicated that CWA is encouraging other Directors and staff to attend as well. He stated that CWA will provide transportation to the meetings in Los Angeles. He also shared that former CWA Director and the District's vending machine vendor, Mr. John Johnson, is going through some health issues and asked that everyone keep him in their thoughts.

13. PRESIDENT'S REPORT

President Lopez reported on meetings he attended during the month of March 2014 (a list of meetings he attended is attached). He highlighted with regard to the Metro Commission meeting that the Commission tabled the vote on the South Bay Water Reclamation Plant/Demineralization Project due to an inconsistency. It is expected to be placed on the agenda for the next Metro Commission meeting. He also shared that Ms. Elyssa Robertson, Principal Biologist, REC Consultants, Inc., is the newly elected Board President at the Water Conservation Garden.

14. CLOSED SESSION

The board recessed to closed session at 4:52 p.m. to discuss the following matter:

- a) CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION [GOVERNMENT CODE §54956.9]

2 CASES

The board reconvened at 5:16 p.m. and the District's Attorney, Mr. Richard Romero, reported that the board met in closed session and took no reportable actions.

15. BOARD PACKET ORIENTATION

Assistant Chief of Administration and Information Technology Adolfo Segura indicated that the board had requested earlier in the year for staff to evaluate the use of iPads for a paperless agenda system that would reduce the use of paper and streamline the board agenda process. Staff has evaluated, and is currently evaluating, a number of paperless solutions including Novus Solutions, Granicus, Board Docs, etc. He indicated that the cost for these software solutions start at approximately \$4,000 to \$20,000 with recurring fees of \$4,000 to \$7,000 plus the cost of administrative overhead. He indicated that staff also evaluated the use of iAnnotate, a simple, but effective \$10 application. The iAnnotate application allows functional searches, mark up of documents, and is compatible with almost all mail and cloud based storage systems. He stated that a demonstration of the application was provided the members of the Finance Administration and Communications Committee and it was well received. Given the existing technology that is owned by the District, staff is recommending, should the board decide to move forward with a paperless solution for board/committee packets, the use of iPads at a cost of \$550 per iPad and the license cost of \$10 per iPad for a total cost of \$560. Staff also reviewed projected savings if the District moved to a paperless solution and projected that through the reduced use of paper, toner, copier, staff time, etc., the District would save approximately \$6,000 per year. He noted that if the proposed devices are issued to view the District's board documents electronically, that the devices would be subject to the Brown Act and the Public Records Request Act. He presented a video highlighting the features of iAnnotate.

General Manager Watton indicated that the District has a solution already for circulating documents electronically internally for review. The software is owned by the District and there is no need to buy or lease such software. The functionality that the board is seeking, the ability to make notes, etc., are available through the iAnnotate application. It is felt that iAnnotate provides a good solution.

President Lopez indicated that Director Thompson's interest was the ability to take notes directly on the electronic board documents, highlight verbiage and be able to refer back to these notes and highlights. He stated that iAnnotate provides these features and the District will also save money by utilizing iAnnotate for this functionality.

Assistant Chief Segura indicated that it is a powerful tool and, if Directors' wish, they can add video and voice memos as well. He also indicated that there are a number of key benefits that have not been presented.

It was discussed that Directors may choose to utilize their own iPads or one issued by the District. Directors can try the new software and provide feedback to staff if it meets their needs.

Director Robak indicated that he is encouraged that the District is heading in this direction. He stated that he has viewed Board Docs and his first impression of the software is that it is an easier tool than Adobe Professional or iAnnotate. He

indicated that software like Granicus and Board Docs provide an interface for the public to the District's board documents. He indicated that he felt that Board Docs was a more robust program. He stated that he was supportive of cost effectiveness, but he would like something more interactive; like including hyperlinks, etc. He indicated that what was presented today is a good start, but he would like to see something more robust.

Assistant Chief Segura indicated one of the District's initiatives is to make over the Otay WD's public website. Possibly adding a mobile application and some social elements to facilitate community outreach and vice versa. Staff will bring back to the board a proof of concept that is very budget conscious.

Attorney Romero noted that the District's board packet must be somewhat static due to Brown Act restrictions. The same documents/information presented to the board must be available to the public as well. Thus, information available through hyperlinks in the board documents must also be available to the public. There was further discussion of the possibility that the information in the hyperlinked websites could no longer exist in the future. General Manager Watton inquired what would be the impact if a member of the public requested the documents the board utilized to make a decision and the hyperlinked information, at the time of the request, no longer existed. General Manager Watton asked Attorney Romero to do research regarding hyperlinks in board documents and what the implications are for the District's record keeping requirements.

The board supported moving forward with a paperless system and the use of iPads and the iAnnotate application for receiving and reviewing the board materials.

16. ADJOURNMENT

With no further business to come before the Board, President Lopez adjourned the meeting at 5:44 p.m.

President

ATTEST:

District Secretary

**President's Report
April 8, 2014 Board Meeting**

A) Meetings attended during the Month of *March* 2014:

- 1) **March 6: Attended a meeting of the Metro Commission** (see attached agenda)
- 2) **March 11:**
 - a. **Met with the District's Proposed Negotiator, Rick Bolanos**, Managing Partner with Liebert Cassidy Whitmore. Attendees: Director Thompson and General Manager Watton
 - b. **Attended the District's Regular Board Meeting**
- 3) **March 12: Attended a meeting of the Water Conservation Garden** (see attached copy of agenda)
- 4) **March 14: Committee Agenda Briefing.** Met with General Manager Watton to review items that will be presented at the March Committee meetings.
- 5) **March 17: Attended the District's Desalination Project Committee.** Reviewed, discussed, and made recommendation on items that will be presented at the April board meeting.
- 6) **March 18: Attended the District's Finance, Administration and Communications Committee.** Reviewed, discussed, and made recommendation on items that will be presented at the April board meeting.
- 7) **March 29: Board Agenda Briefing.** Met with General Manager Watton and General Counsel Dan Shinoff to review items that will be presented at the April Board Meeting.

AGENDA ITEM 6a



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	May 7, 2014
SUBMITTED BY:	Jose Martinez, Utility Services Manager	PROJECT:	DIV. NO. All
APPROVED BY:	<input checked="" type="checkbox"/> Pedro Porras, Chief of Water Operations <input checked="" type="checkbox"/> German Alvarez, Assistant General Manager <input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	AUTHORIZE AGREEMENT WITH KIRK PAVING FOR ANNUAL AS-NEEDED PAVING SERVICES		

GENERAL MANAGER'S RECOMMENDATION:

That the Board authorize entering into an agreement with Kirk Paving in an amount not to exceed \$175,000 for as-needed asphalt paving services from July 1, 2014 through June 30, 2015.

COMMITTEE ACTION:

Please see attachment A.

PURPOSE:

To present bid results and request that the Board authorize entering into an agreement with Kirk Paving, Lakeside, CA for as-needed asphalt paving services from July 1, 2014 through June 30, 2015 in an amount not to exceed \$175,000.

ANALYSIS:

As a regular course of business, the District is required to maintain and repair its water delivery infrastructure. Routinely this work requires the removal and re-installation of asphalt paving in public roadways. It has been shown more effective and efficient for the District to use outside contractors for its

asphalt paving work. Therefore, the District has used outside asphalt paving contract services for more than nine (9) years.

As-needed paving services have been included in the FY 2015 Operating Budget under Contracted Services. The FY 2015 budget for annual as-needed paving under Contracted Services is \$175,000.

In accordance with District's purchasing requirements, a notice was published and bids were solicited for this work on a "unit price" basis. On March 20, 2014 eleven (11) contractors attended a mandatory pre-bid meeting and on April 7, 2014 bids were received and publicly opened with the following results from seven (7) bidders:

<i>Bidder</i>	<i>Weighted Score</i>
Kirk Paving	501.04
Miller Paving	549.84
Frank & Son	579.5
Angus Asphalt	658.6
Hardy & Harper Paving	685.3
Alcantara Paving	776.3
SRM	754

The bidder with the lowest weighted score is determined to be the lowest responsible bidder, in this case it is Kirk Paving, Lakeside CA. Attachment B was produced by the purchasing manager and is attached.

Kirk Paving served as the FY 2014 as-needed paving service contractor for the District and has performed all required work with no issues noted. Staff is confident that they will continue to be able to perform the required work.

Bids have been submitted on a unit-cost basis for the different types of work typically required during paving. The types of work are assigned a weight factor based on the District's experience of the frequency they will be employed during the term of the agreement and these weights are multiplied by the unit cost to determine a unit score. Unit scores are totaled to provide the overall score of the bid and the contractor with the lowest overall score is the low bidder. Please refer to Attachment B.

FISCAL IMPACT:

Joe Beachem, Chief Financial Officer

The FY 2015 budget request includes \$175,000 for as-needed paving services. The project manager has projected that this requested amount is sufficient to meet the paving needs in the 2015 fiscal year.

STRATEGIC GOAL:

Strategy: Stewards of Public Infrastructure

Goal: Conduct the best practice preventative maintenance activities.

LEGAL IMPACT:

None.

Attachment A: Committee Action Form

Attachment B: FY 2015 As-needed Paving Services Score Sheet



ATTACHMENT A

SUBJECT/PROJECT:	AUTHORIZE AGREEMENT WITH KIRK PAVING FOR ANNUAL AS-NEEDED PAVING SERVICES
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COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a meeting held on April 17, 2014, and the following comments were made:

- Staff is requesting that the Board authorize entering into an agreement with Kirk Paving in an amount not-to-exceed \$175,000 for as-needed asphalt paving services from July 1, 2014 through June 30, 2015.
- Staff provided the staff report to the Committee and noted that the District is required to maintain and repair its water delivery infrastructure which requires routinely asphalt patch paving services in public roadways.
- Staff discussed the bid process and provided the results to the Committee. Further details of the bid results are presented on page 2 of the staff report.
- It was indicated that Kirk Paving was the lowest responsible bidder and has served as the FY 2014 as-needed paving service contractor for the District with no issues noted. Staff is confident that Kirk Paving will be able to continue to perform the required work and recommends that they be selected to perform as-needed paving services for the District.

Following the discussion, the Committee supported staffs' recommendation and presentation to the full board on the consent calendar.

ATTACHMENT B

FY 2015 As-Needed Paving Services Bid Score Sheet

Months 1-6

Item	Wght	Type of Service	Miller Paving		Angus Asphalt		Frank & Son		Kirk Paving		J Alcantara		Hardy & Harper		SRM	
			Bid Price	Total Score	Bid Price	Total Score	Bid Price	Total Score								
1	10	Asphalt 0"-6"	\$ 12.34	123.4	\$ 16.40	164.00	\$ 16.75	167.50	\$ 15.50	155.00	\$ 17.85	178.50	\$ 15.90	159.00	\$ 17.20	172.00
2	5	Asphalt 7"-12"	\$ 14.63	73.15	\$ 17.80	89.00	\$ 17.00	85.00	\$ 16.00	80.00	\$ 17.85	89.25	\$ 17.40	87.00	\$ 18.80	94.00
3	5	Cap/Sheet 0"-1"	\$ 2.85	14.25	\$ 2.20	11.00	\$ 1.25	6.25	\$ 0.20	1.00	\$ 4.95	24.75	\$ 4.80	24.00	\$ 2.60	13.00
4	1	Satin Seal	\$ 0.50	0.5	\$ 0.60	0.60	\$ 0.10	0.10	\$ 0.02	0.02	\$ 1.95	1.95	\$ 0.50	0.50	\$ 0.60	0.60
5	1	Traffic Stripping	\$ 1.75	1.75	\$ 2.70	2.70	\$ 0.95	0.95	\$ 0.25	0.25	\$ 1.85	1.85	\$ 2.00	2.00	\$ 5.00	5.00
6	1	Grinding	\$ 2.00	2	\$ 2.90	2.90	\$ 1.25	1.25	\$ 0.50	0.50	\$ 4.95	4.95	\$ 3.00	3.00	\$ 2.40	2.40
7	1	Traffic Loops	\$ 10.00	10	\$ 11.70	11.70	\$ 4.50	4.50	\$ 1.00	1.00	\$ 22.00	22.00	\$ 12.00	12.00	\$ 14.60	14.60
8	1	Sand/Seal	\$ 0.95	0.95	\$ 0.60	0.60	\$ 0.75	0.75	\$ 6.75	6.75	\$ 1.95	1.95	\$ 4.00	4.00	\$ 1.00	1.00
9	1	Base Rem/Rep	\$ 12.12	12.12	\$ 14.90	14.90	\$ 9.00	9.00	\$ 2.00	2.00	\$ 19.85	19.85	\$ 18.00	18.00	\$ 30.00	30.00
10	10	Saw Cut 0"-6"	\$ 2.30	23	\$ 1.70	17.00	\$ 0.90	9.00	\$ 0.25	2.50	\$ 2.65	26.50	\$ 1.90	19.00	\$ 2.70	27.00
11	5	Saw Cut 6"-12"	\$ 2.30	11.5	\$ 2.30	11.50	\$ 0.90	4.50	\$ 0.25	1.25	\$ 2.65	13.25	\$ 2.25	11.25	\$ 2.70	13.50
12	1	Saw Cut 12" +	\$ 2.30	2.3	\$ 3.40	3.40	\$ 0.95	0.95	\$ 0.25	0.25	\$ 3.35	3.35	\$ 2.90	2.90	\$ 3.90	3.90
Score Month 1-6			274.92		329.3		289.75		250.52		388.15		342.65		377	

Months 7-12

Item	Score	Type of Service	Miller Paving		Angus Asphalt		Frank & Son		Kirk Paving		J Alcantara		Hardy & Harper		SRM	
			Bid Price	Total Score	Bid Price	Total Score	Bid Price	Total Score								
1	10	Asphalt 0"-6"	\$ 12.34	123.4	\$ 16.40	164.00	\$ 16.75	167.5	\$ 15.50	155	\$ 17.85	178.50	\$ 15.90	159.00	\$ 17.20	172.00
2	5	Asphalt 7"-12"	\$ 14.63	73.15	\$ 17.80	89.00	\$ 17.00	85	\$ 16.00	80	\$ 17.85	89.25	\$ 17.40	87.00	\$ 18.80	94.00
3	5	Cap/Sheet 0"-1"	\$ 2.85	14.25	\$ 2.20	11.00	\$ 1.25	6.25	\$ 0.20	1	\$ 4.95	24.75	\$ 4.80	24.00	\$ 2.60	13.00
4	1	Satin Seal	\$ 0.50	0.5	\$ 0.60	0.60	\$ 0.10	0.1	\$ 0.02	0.02	\$ 1.95	1.95	\$ 0.50	0.50	\$ 0.60	0.60
5	1	Traffic Stripping	\$ 1.75	1.75	\$ 2.70	2.70	\$ 0.95	0.95	\$ 0.25	0.25	\$ 1.85	1.85	\$ 2.00	2.00	\$ 5.00	5.00
6	1	Grinding	\$ 2.00	2	\$ 2.90	2.90	\$ 1.25	1.25	\$ 0.50	0.5	\$ 4.95	4.95	\$ 3.00	3.00	\$ 2.40	2.40
7	1	Traffic Loops	\$ 10.00	10	\$ 11.70	11.70	\$ 4.50	4.5	\$ 1.00	1	\$ 22.00	22.00	\$ 12.00	12.00	\$ 14.60	14.60
8	1	Sand/Seal	\$ 0.95	0.95	\$ 0.60	0.60	\$ 0.75	0.75	\$ 6.75	6.75	\$ 1.95	1.95	\$ 4.00	4.00	\$ 1.00	1.00
9	1	Base Rem/Rep	\$ 12.12	12.12	\$ 14.90	14.90	\$ 9.00	9	\$ 2.00	2	\$ 19.85	19.85	\$ 18.00	18.00	\$ 30.00	30.00
10	10	Saw Cut 0"-6"	\$ 2.30	23	\$ 1.70	17.00	\$ 0.90	9	\$ 0.25	2.5	\$ 2.65	26.50	\$ 1.90	19.00	\$ 2.70	27.00
11	5	Saw Cut 6"-12"	\$ 2.30	11.5	\$ 2.30	11.50	\$ 0.90	4.5	\$ 0.25	1.25	\$ 2.65	13.25	\$ 2.25	11.25	\$ 2.70	13.50
12	1	Saw Cut 12" +	\$ 2.30	2.3	\$ 3.40	3.40	\$ 0.95	0.95	\$ 0.25	0.25	\$ 3.35	3.35	\$ 2.90	2.90	\$ 3.90	3.90
Score Month 7-12			274.92		329.3		289.75		250.52		388.15		342.65		377	
Total Score			549.84		658.6		579.5		501.04		776.3		685.3		754	

AGENDA ITEM 6b



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	May 7, 2014
SUBMITTED BY:	Steve Beppler Senior Civil Engineer	PROJECT:	S2024- DIV. NO. 3 001102
	Bob Kennedy Engineering Manager		
APPROVED BY:	<input checked="" type="checkbox"/> Rod Posada, Chief, Engineering <input checked="" type="checkbox"/> German Alvarez, Assistant General Manager <input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	Award of a Professional Engineering Design Services Contract to Rick Engineering Company for the Campo Road Sewer Main Replacement Project		

GENERAL MANAGER’S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) award a professional Engineering Design Services contract to Rick Engineering Company (Rick Engineering) and authorize the General Manager to execute an agreement with Rick Engineering for design and construction support of the Campo Road Sewer Main Replacement Project in an amount not-to-exceed \$805,705 (see Exhibit A for Project location).

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To obtain Board authorization for the General Manager to enter into a professional Engineering Design Services contract with Rick Engineering for design and construction support of the Campo Road Sewer Main Replacement Project in an amount not-to-exceed \$805,705.

ANALYSIS:

The District requires the services of a professional engineering design consultant in support of the Campo Road Sewer Main Replacement Project (Project). The Project was originally identified in the Wastewater Management Plan as being deficient in several segments of its length, creating the potential for a sewage spill. Much of the alignment is located in an environmentally sensitive area where maintenance is greatly hindered and access to make a repair requires environmental permitting. A sewage spill in this area would have a significant impact and potentially not be noticed immediately.

The Project includes the replacement of approximately 9,225 linear feet of 10-inch gravity sewer with a new 15-inch gravity sewer system, starting at the Avocado Boulevard entrance to the Rancho San Diego Village Shopping Center, along SR-94/Campo Road to Singer Lane. Additionally, the Project includes the repair/replacement of four segments of 8-inch gravity sewer located along Avocado Boulevard, Campo Road at Via Mercado, and the Rancho San Diego Village Shopping Center to rectify existing deficiencies due to piping sags, root intrusion, and/or pipe damage. Refer to Exhibit A for a map view of the locations described above.

The District requires a consulting team to provide a range of professional services, including civil, pipeline, Caltrans permitting, environmental, surveying, geotechnical, potholing, public outreach, and constructability reviews associated with the Project. With the existing and replacement sewer alignment running along Route 94/Campo Road, a knowledge of Caltrans requirements is seen as a vital part of the Project.

The District solicited engineering design services by placing an advertisement on the Otay Water District's website on January 24, 2014 and with various other publications including the San Diego Daily Transcript. Fourteen (14) firms submitted a letter of interest and a statement of qualifications. The Request for Proposal (RFP) for Engineering Design Services was sent to fourteen (14) of the firms resulting in five (5) proposals received on February 26, 2014.

- Harris and Associates
- Psomas
- RBF Consulting
- Rick Engineering
- Tran Consulting

Among the engineering design firms that submitted letters of interest, but did not propose were: Aegis, Atkins, Dudek, ICF, J.C. Heden and Associates, KEH, Kennedy-Jenks, Landmark, and Nasland.

In accordance with the District's Policy 21, Staff evaluated and scored all written proposals and interviewed the five (5) firms on March 26, 2014. Rick Engineering received the highest score for their services based on their extensive and direct experience in the Project area, comprehensive understanding of the scope of work, proposed method to accomplish the work, and they provided the best overall value to the District. A summary of the complete evaluation is shown in Exhibit B.

Rick Engineering stood out among the submitting firms because their lead Caltrans Coordinator was involved on the Campo Road/Jamacha Road widening project which is the same area as this Project. The firm was also integrally involved in the development of the Skyline Wesleyan Church, Rancho San Diego Sheriff Substation, and Rancho San Diego Town Center, all located along the proposed sewer alignment. Their knowledge of the existing conditions in the area is seen as an asset to the Project.

Fee negotiation with Rick Engineering concluded on March 28, 2014, which resulted in a fee decrease of \$179,995 from their original proposal fee of \$985,700, yielding the revised proposed fee of \$805,705. The scope of services was not changed by the fee negotiation. Staff reviewed the revised fee and concluded that the modifications were appropriate.

Rick Engineering submitted the Company Background Questionnaire as required by the RFP and staff did not find any significant issues. In addition, staff checked their references and performed an internet search on the company. Staff found the references to be excellent and did not find any outstanding issues with the internet search.

FISCAL IMPACT: Joe Beachem, Chief Financial Officer

The total budget for CIP S2024, as approved in the FY 2014 budget, is \$5,500,000. Total expenditures, plus outstanding commitments and forecast, are \$910,522. See Attachment B Budget Detail.

Based on a review of the financial budget, the Project Manager anticipates that the budget for CIP S2024 will be sufficient to support the Project.

The Finance Department has determined that 100% of the funding is available through the Betterment Fund.

STRATEGIC GOAL:

This Project supports the District's Mission statement, "To provide high value water and wastewater services to the customers of the Otay Water District in a professional, effective, and efficient manner" and the District's Vision, "A District that is innovative in providing water services at affordable rates, with a reputation for outstanding customer service."

LEGAL IMPACT:

None.

SB/BK:jf

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Attachments: Attachment A - Committee Action
Attachment B - Budget Detail
Exhibit A - Project Location Map
Exhibit B - Summary of Proposal Rankings



ATTACHMENT A

SUBJECT/PROJECT: S2024-001102	Award of a Professional Engineering Design Services Contract to Rick Engineering Company for the Campo Road Sewer Main Replacement Project
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COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee (Committee) reviewed this item at a meeting held on April 17, 2014, and the following comments were made:

- Staff recommended that the Board award a professional Engineering Design Services contract to Rick Engineering Company (Rick Engineering) and authorize the General Manager to execute an agreement with Rick Engineering for design and construction support of the Campo Road Sewer Main Replacement Project in an amount not-to-exceed \$805,705.
- Staff stated that the District requires services from a professional engineering design consultant in support of the Campo Road Sewer Main Replacement Project; the Project includes the replacement of approximately 9,225 linear feet of 10-inch sewer with a new 15-inch PVC gravity sewer system.
- The Project starts at the Avocado Boulevard entrance to the Rancho San Diego Village Shopping Center and continues along SR-94/Campo Road to Singer Lane. It will include the repair/replacement of four segments of 8-inch gravity sewer located near the Rancho San Diego Village Shopping Center.
- It was indicated that Rick Engineering has knowledge of Caltrans permitting requirements, and will also provide environmental documentation, surveying, geotechnical, potholing, public outreach, and constructability reviews associated with the Project.
- Staff discussed the District's solicitation process which is illustrated on Page 2 of the staff report. The result of the evaluation process is provided on Page 3 of the staff report.
- Staff indicated that Rick Engineering received the highest score for their services based on their extensive and direct experience in the Project area, comprehensive understanding of the scope of work,

proposed method to accomplish the work, and they provided the best overall value to the District.

- In response to a question by the Committee, staff stated that the District has not directly worked with Rick Engineering but the company stood out among the submitting firms because their lead Caltrans Coordinator was involved on the Campo Road/Jamacha Road widening project and they were also involved in the development of several projects located along the proposed sewer alignment. The Company's knowledge of the existing conditions in the area is seen as an asset to the Project.

Following the discussion, the Committee supported staffs' recommendation and presentation of this item to the full board on the consent calendar.



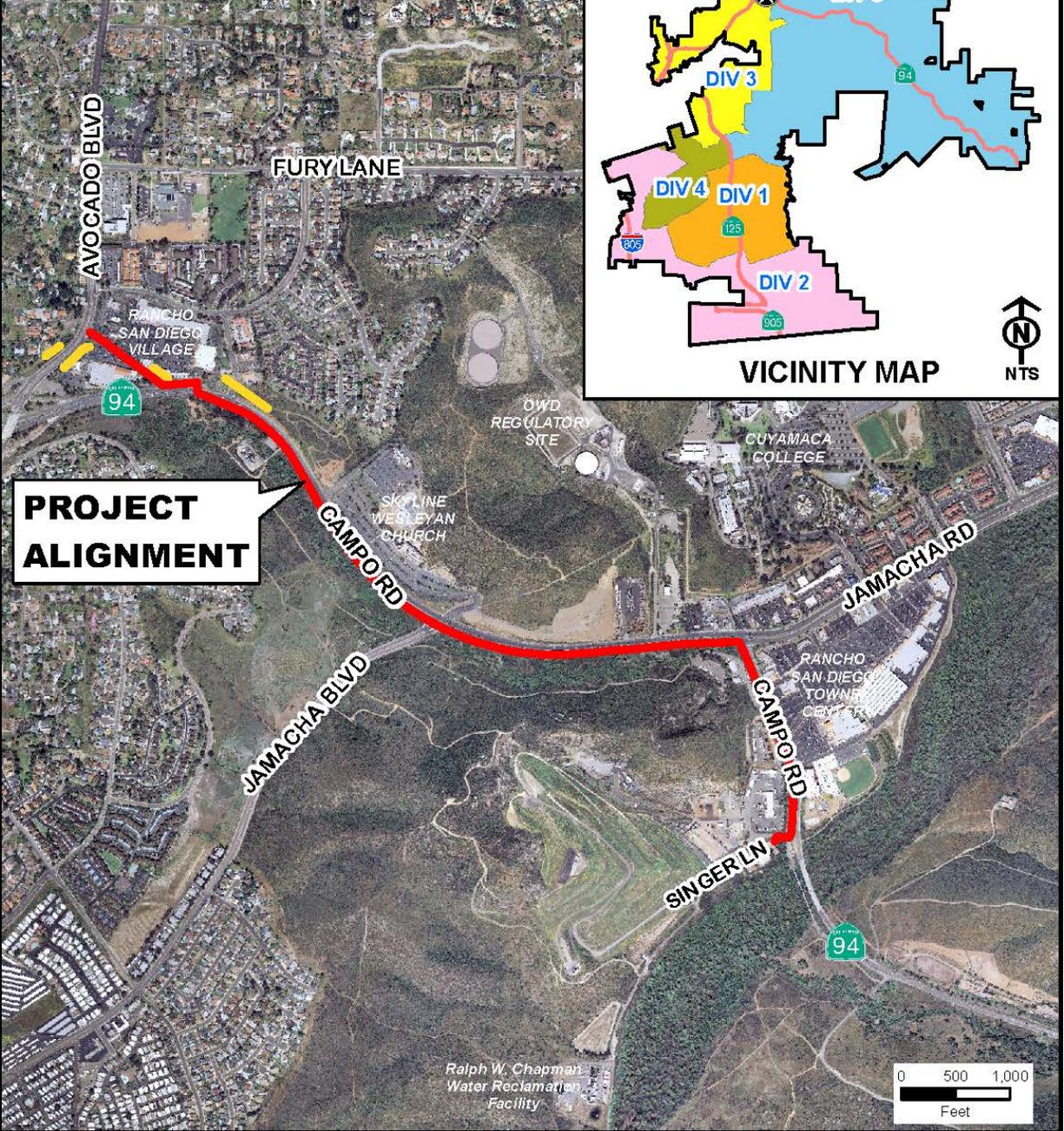
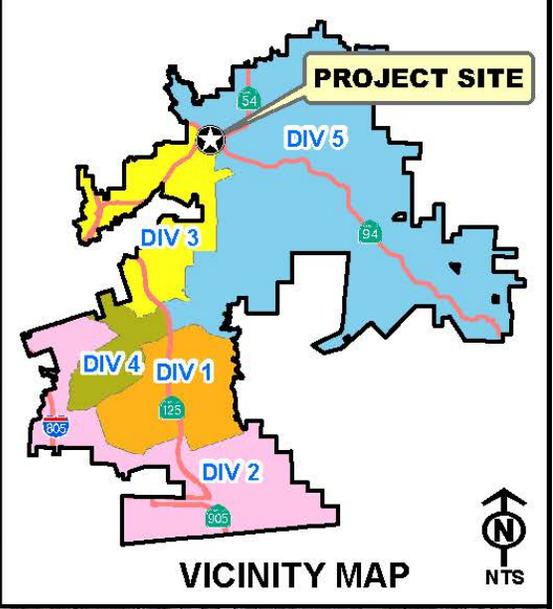
ATTACHMENT B – Budget Detail

SUBJECT/PROJECT:	Award of a Professional Engineering Design Services Contract to Rick Engineering Company for the Campo Road Sewer Main Replacement Project
S2024-001102	

Otay Water District					Date Updated: 3/27/2014
s2024-Campo Road Sewer Main Replacement					
<i>Budget</i>	<i>Committed</i>	<i>Expenditures</i>	<i>Outstanding Commitment & Forecast</i>	<i>Projected Final Cost</i>	<i>Vendor/Comments</i>
5,500,000					
Planning					
Consultant Contracts	19,920	19,920	-	19,920	AEGIS ENGINEERING MGMT INC
Regulatory Agency Fees	132	132	-	132	US BANK
Standard Salaries	75,942	75,942	-	75,942	
Total Planning	95,994	95,994	-	95,994	
Design					
Service Contracts	158	158	-	158	SAN DIEGO DAILY TRANSCRIPT
Standard Salaries	8,567	8,567	-	8,567	
Service Contracts	750,109	-	750,109	750,109	Rick Engineering
Total Design	758,834	8,725	750,109	758,834	
Construction					
Standard Salaries	98	98	-	98	
Service Contracts	55,596	-	55,596	55,596	Rick Engineering
Total Construction	55,694	98	55,596	55,694	
Grand Total	910,522	104,817	805,705	910,522	

Legend

- Proposed 15-inch Sewer Main Alignment
- 8-inch Sewer Repairs



OTAY WATER DISTRICT
CAMPO ROAD SEWER MAIN REPLACEMENT
LOCATION MAP



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EXHIBIT A

SUMMARY OF PROPOSAL RANKINGS

EXHIBIT B

Campo Road Sewer Main Replacement

		WRITTEN							ORAL					TOTAL SCORE	REFERENCES		
		Qualifications of Staff	Understanding of Scope, Schedule and Resources	Soundness and Viability of Proposed Project Plan	INDIVIDUAL SUBTOTAL - WRITTEN	AVERAGE SUBTOTAL - WRITTEN	Proposed Fee*	Consultant's Commitment to DBE	AVERAGE TOTAL WRITTEN	Additional Creativity and Insight	Strength of Project Manager	Presentation, Communication Skills	Quality of Response to Questions			INDIVIDUAL TOTAL - ORAL	AVERAGE TOTAL ORAL
MAXIMUM POINTS		30	25	30	85	85	15	Y/N	100	15	15	10	10	50	50	150	Poor/Good/Excellent
Harris & Associates	<i>Jeff Marchioro</i>	29	24	29	82	79	1	Y	80	12	14	8	9	43	40	120	
	<i>Lisa Coburn-Boyd</i>	27	24	29	80					13	13	8	8	42			
	<i>Dan Martin</i>	28	23	29	80					12	12	7	7	38			
	<i>Kevin Cameron</i>	27	23	27	77					11	12	8	7	38			
	<i>Damon Newman</i>	24	23	27	74					10	12	10	9	41			
Psomas	<i>Jeff Marchioro</i>	28	20	23	71	74	1	Y	75	14	14	9	8	45	44	119	
	<i>Lisa Coburn-Boyd</i>	27	23	25	75					13	13	9	7	42			
	<i>Dan Martin</i>	28	23	27	78					13	13	7	8	41			
	<i>Kevin Cameron</i>	26	23	24	73					14	13	9	9	45			
	<i>Damon Newman</i>	24	25	25	74					15	12	10	10	47			
RBF Consulting	<i>Jeff Marchioro</i>	27	20	24	71	71	14	Y	85	11	14	7	7	39	39	124	
	<i>Lisa Coburn-Boyd</i>	25	23	25	73					12	14	7	7	40			
	<i>Dan Martin</i>	26	22	21	69					12	13	7	7	39			
	<i>Kevin Cameron</i>	25	21	25	71					11	12	7	7	37			
	<i>Damon Newman</i>	25	23	24	72					12	11	8	8	39			
Rick Engineering	<i>Jeff Marchioro</i>	29	23	27	79	77	3	Y	80	15	14	9	10	48	46	126	Excellent
	<i>Lisa Coburn-Boyd</i>	27	23	27	77					14	13	8	8	43			
	<i>Dan Martin</i>	27	22	25	74					14	13	8	9	44			
	<i>Kevin Cameron</i>	27	24	28	79					13	14	9	9	45			
	<i>Damon Newman</i>	25	24	26	75					14	14	10	10	48			
Tran Consulting	<i>Jeff Marchioro</i>	28	19	23	70	71	15	Y	86	9	13	5	5	32	32	118	
	<i>Lisa Coburn-Boyd</i>	26	22	23	71					9	12	6	6	33			
	<i>Dan Martin</i>	28	19	23	70					10	10	6	5	31			
	<i>Kevin Cameron</i>	27	20	23	70					9	10	6	5	30			
	<i>Damon Newman</i>	25	22	25	72					10	13	5	8	36			

Review Panel does not see or consider fee when scoring other categories. Fee is scored by the PM, who is not on Review Panel.

FEE SCORING CHART			
Consultant	Proposed Fee	Position	Score
Tran	\$664,867	lowest	15
RBF	\$682,195		14
Rick	\$985,700		3
Harris	\$1,047,737		1
Psomas	\$1,052,263	highest	1

Note: Rick Engineering original fee used in proposal rating. Negotiated fee amount is \$805,705.

AGENDA ITEM 6c



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	May 7, 2014
		PROJECT:	Various DIV. NO. ALL
SUBMITTED BY:	Kent Payne Purchasing and Facilities Manager		
APPROVED BY:	<input checked="" type="checkbox"/> Rom Sarno, Chief of Administrative Services <input checked="" type="checkbox"/> German Alvarez, Assistant General Manager <input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	DECLARATION OF SURPLUS VEHICLES AND EQUIPMENT		

GENERAL MANAGER'S RECOMMENDATION:

That the Board declare the identified vehicles and equipment as surplus to the District's needs.

COMMITTEE ACTION:

See "Attachment A".

PURPOSE:

To present a list of vehicles and equipment and obtain Board declaration that the items identified on the list are surplus to the District's needs.

ANALYSIS:

Listed below are various vehicles and equipment that have been determined by the user departments to be of no use, obsolete (spare parts and service not available), beyond useful life, and/or not cost-effective to repair or operate and therefore, surplus to the District's needs.

Vehicles Identified as Surplus

<u>Item</u>	<u>Qty</u>	<u>Description</u>	<u>Reason for Declaration</u>
1	1	Unit 122, 2001 Ford Explorer, FA # 8122, VIN 1FMDU72E51ZA30384, 99,000 miles	No longer required; meets fleet criteria of 7 years/100,000 miles.
2	1	Unit 156, 2005 Ford Ranger Pickup, FA #8156, VIN 1FTYR44E05PA42799, 95,650 miles	No longer required; meets fleet criteria of 7 years/100,000 miles.
3	1	Unit 162, 2006 Ford F-250, FA #8162, VIN#1FTNX20546EB83018, 105,000 miles	No longer required; meets fleet criteria of 7 years/100,000 miles.
4	1	Unit 165, 2007 Toyota Matrix, FA #8165, VIN 2T1KR32E67C653909, 107,012 miles	No longer required; meets fleet criteria of 7 years/100,000 miles.
5	1	Unit 171, 2007 Ford Ranger Pickup, FA #8171, VIN 1FTYR14U27PA99370, 100,493 miles	No longer required; meets fleet criteria of 7 years/100,000 miles.

Equipment Identified as Surplus

<u>Item</u>	<u>Qty</u>	<u>Description</u>	<u>Reason for Declaration</u>
6	1	2729 Zieman Backhoe Trailer; Serial No. FA#2729; VIN 1ZCT29A2XRZP18018	No longer required as it has been replaced.
7	1	1980 Caterpillar 3406 Pump Engine, SN 90U8967	No longer required; not cost-effective to repair.
8	1	1980 Cummins Generator Set KT1150, 300 KW, SN 31113566	No longer required; not cost-effective to operate, maintain, or repair.
9	3	Drivelines and vibration isolators (870-1 high head pump station)	No longer required; not cost-effective to repair; no longer serviceable.
10	3	Mufflers (870-1 high head pump station)	No longer required; not cost-effective to repair; no longer serviceable.
11	1	Portable Water Pump, SN 2105	No longer required.
12	2	Discharge Solids Water Pumps: (1) Pump #55-254T-50; (2) Size #SR/6/246/LS	Spare parts not available.

13	2	Gear Drives: (1) SN 860005115.1.01.86.001, Model KF76DZ5BDT100LS4TH (2) SN 86000888.1.03.86.001, Model KF76024BDT9014TH	Spare parts not available.
14	1	Rotork Actuator, SN B13149.F3, Model AQ830U14.1	No longer serviceable/spare parts not available.
15	2	Process Air Blowers (Lamson): (1) SN 911825 (2) SN 911810	Broken/inoperable; no longer required.
16	3	Blower Motors, 100 HP, 3540 RPM, 460 V, 120 A, 60 HZ: (1) SN IMA486796-G1-UE (2) SN IMA486796-G2-UE (3) SN IMA486796-G3-UE	No longer required; not cost-effective to repair; no longer serviceable/spare parts not available; not cost-effective to operate and maintain.
17	3	Spencer Blower, 100 HP, 3500 RPM, 2226 CFM, 112 Diff. pressure, 14.65 psi A-inlet: (1) SN 254900, CAT No. 70100-H MOD (2) SN 254901, CAT No. 70100-H MOD (3) SN 254902, CAT No. 70100-H MOD	No longer required; not cost-effective to repair; no longer serviceable/spare parts not available; not cost-effective to operate and maintain.
18	1	Ion Chromatograph DX-120, SN 99090451, RFID A0227	No longer required.
19	1	Autosampler for DX-120, SN 99100043, RFID A0228	No longer required.
20	1	2300 V Motor Control Center and Switchgear (870-1 PS)	Broken/inoperable; no longer required; not cost-effective to repair; no longer serviceable/spare parts not available; no longer supported by manufacturer; not cost-effective to operate and maintain.
21	1	Disinfection Trailer, FA #2738	No longer required.
22	1	Ingersol Rand Air Compressor, FA #2308	No longer required.
23	3	Catalytic Converters (870-1 PS)	No longer required.

Before vehicles and equipment (where the individual acquisition cost exceeded \$5,000) can be disposed of, the Board must first declare the items as surplus (*ref: Purchasing Manual, Section 12*).

The District's Purchasing Manual identifies the process for disposing of material, equipment, and supplies that have been declared surplus. Typically, items declared surplus are disposed of by sale through public auction.

FISCAL IMPACT: Joe Beachem, Chief Financial Officer

The salvage value of the items will not be known until the disposal of the property. None of the items have a remaining book value on the District's books so all of the proceeds, net of disposal costs, will be recorded as a gain on the sale of the assets.

STRATEGIC GOAL:

This action supports the District's goal to ensure financial health through efficient operations.

LEGAL IMPACT:

None.

Attachments: Attachment A - Committee Action Report



ATTACHMENT A

SUBJECT/PROJECT:	DECLARATION OF SURPLUS VEHICLES AND EQUIPMENT
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COMMITTEE ACTION:

The Finance, Administration, and Communications Committee reviewed this item at a meeting held on April 22, 2014 and the following comments were made:

- Staff indicated that Section 12 of the District's Purchasing Policy requires that vehicles and equipment with an acquisition cost in excess of \$5,000, that have been identified by user departments to be beyond its useful life and/or is not cost effective to repair or operate, must be declared surplus to the District's needs by the board of directors before they can be disposed of.
- Staffs' report identifies five vehicles and 18 categories of miscellaneous equipment that are to be declared surplus.
- It was discussed that once the presented items are declared surplus by the District's board, they will be disposed of through public auction.
- Staff indicated that since the identified vehicles and equipment have no remaining value on the District's books, the proceeds from their sale will be recorded as a gain.
- Staff is requesting that the board declare the identified vehicles and equipment as surplus to the District's needs. This action supports the District' strategic goal to operate in an efficient fashion.
- In response to an inquiry from the committee, staff indicated that the \$5,000 acquisition limit has been in place for about six (6) years. Staff will be reviewing the surplus policy and possibly recommend increasing the \$5,000 acquisition limit to match the asset capitalization amount of \$10,000.
- It was indicated that the District has sold approximately 80% of the items that were last declared as surplus and has

received approximately \$100,000 from the sales through auction.

- Staff indicated in response to another inquiry from the committee that the District has made a real effort to surplus equipment as soon as it is possible. Due to this effort, there are not many items being held to be surplus.
- The committee inquired if the surplus criteria of 7 years/100,000 miles still made sense. It was felt that it did. The District is managing its fleet based on when vehicles warranties expire, how much maintenance work the vehicles require when the warranty ends, and getting the best return value on surplus vehicles. Staff is managing the balance between these factors to obtain the lowest maintenance cost and highest return for its fleet vehicles.

Staff noted that the 7 years/100,000 miles criteria only applied to fleet vehicles. There are different criteria identified for specialty equipment/vehicles. The fleet vehicles are managed by operations.

Following the discussion, the committee supported staffs' recommendation and presentation to the full board on the consent calendar.



AGENDA ITEM 6d

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	May 7, 2014
SUBMITTED BY:	Kevin Koeppen, Finance Manager	PROJECT:	DIV.NO. All
APPROVED BY:	<input checked="" type="checkbox"/> Joseph R. Beachem, Chief Financial Officer <input checked="" type="checkbox"/> German Alvarez, Assistant General Manager <input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	Annual Review of Investment Policy (Policy No. 27) and Adoption of Resolution No. 4233 Amending the Policy and Re-Delegating Authority for all Investment Related Activities to the Chief Financial Officer		

GENERAL MANAGER'S RECOMMENDATION:

That the Board receives the District's Investment Policy (Policy #27) for review, and adopts Resolution No. 4233 amending the policy and re-delegating authority for all investment related activities to the Chief Financial Officer (CFO), in accordance with Government Code Section 53607.

COMMITTEE ACTION: _____

See Attachment A.

PURPOSE:

Government Code Section 53646 recommends that the District's Investment Policy be rendered to the Board on an annual basis for review. In addition, Government Code Section 53607 requires that for the CFO's delegation of authority to remain effective, the governing board must re-delegate authority over investment activities on an annual basis.

ANALYSIS:

The primary goals of the investment policy are to assure compliance with the California Government Code, Sections 53600 et seq. The primary objectives, in priority order, of investment activities are:

1. Protect the principal of the funds.
2. Remain sufficiently liquid to enable the District to meet all operating requirements which might be reasonably anticipated.

3. The District's return is a market rate of return that is commensurate with the conservative investments approach to meet the first two objectives of safety and liquidity.

The code provides a broad range of investment options for local agencies, including Federal Treasuries, Federal Agencies, Callable Federal Agencies, the State Pool, the County Pool, high-grade corporate debt, and others. Over recent years, the size of the District's portfolio has declined from \$110 million in 2010 to \$80 million as of March 31, 2014. The reduction is primarily due to planned outlays for construction projects and the drawdown of debt proceeds.

Because of the District's adherence to a conservative range of authorized investments, we have been able to maintain a healthy and diversified portfolio with no investment losses despite an extended period of turmoil and instability in the national financial markets. The policy is consistent with the current law and the overall objectives of the policy are being met.

FISCAL IMPACT: _____

None.

STRATEGIC GOAL:

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

LEGAL IMPACT: _____

None.

General Manager

Attachments:

- A) Committee Action Form
- B) Resolution No. 4233
Exhibit 1: Strike-through Investment Policy No. 27
- C) Proposed Investment Policy No. 27
- D) Presentation



ATTACHMENT A

SUBJECT/PROJECT:	Annual Review of Investment Policy (Policy No. 27) and Adoption of Resolution No. 4233 Amending the Policy and Re-delegating Authority for All Investment Related Activities to the Chief Financial Officer
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COMMITTEE ACTION:

The Finance, Administration, and Communications Committee reviewed this item at a meeting held on April 22, 2014 and the following comments were made:

- Staff indicated that Government Code Section 53646 recommends that the Board review the District's Investment Policy annually and Government Code Section 53607 requires that for a delegation of investing authority to remain effective it must be redelegated annually. Staff recommends that the board redelegate authority for investment related activities to the Chief Financial Officer's (CFO).
- Investment Policy guidelines fall under Government Code Sections 53600 through 53692. The District's Investment Policy has received certification from the Association of Public Treasurers of the United States and Canada.
- Staff is proposing one change to Section 10.0 of the policy in order to make it consistent with Section 8.04. Verbiage is proposed to be added indicating that Collateralization will be required on certificates of deposit that exceed the FDIC insured maximum of \$250,000.
- The objectives of the Investment Policy, in order of priority, is to safeguard principal (safety), maintain liquidity (liquidity) and to achieve a market investment return (yield).
- The District investments are placed in various instruments:
 - Bank Deposits
 - LAIF
 - County Pool
 - GSE's

Staff reviewed the objectives of Safety, Liquidity and Yield and how they relate to each of the District's investment categories (please see Attachment D to staffs' report).

- It was indicated that all the District's investments can be converted into cash within three (3) days.
- The annual yield on the District's various investments, as of March 31, 2014, are as follows:

	<u>FY14</u>	<u>FY13</u>
Otay	0.37%	0.42%
LAIF	0.26%	0.30%
County Pool	0.42%	0.41%

The County Pool and LAIF invests primarily in durations that are shorter than the District. The County Pool, however, does have some investments that go out four (4) to five (5) years in duration, which is longer than the District

- The District reconciles cash and performs a rolling seven (7) day forecast on a daily basis. Currently, the levels in each investment type are as follows:
 - Bank Deposits retain a balance to cover outstanding checks and immediate electronic payments.
 - LAIF typically holds 30 to 60 day obligations and are generally used for CWA and sewer payments, and those obligations with extended terms, such as 45 to 60 days.
 - The County Pool typically holds amounts in excess of the LAIF targets that are related to investments in GSE's or to fund short-term obligations similar to the \$9 million debt service obligation.
 - GSE's target 2-3 year issuances and investments with laddering maturities.

These levels are subject to change based on applicable interest levels to maximize the District's interest earnings.

- Staff presented a breakdown of the District's investment portfolio, as of March 31, 2014, which totaled approximately \$80 million (please see Attachment D to staffs' report) where \$11.4 million is invested in LAIF, \$44.2 million in Government Agency Bonds, \$3.1 million in Bank Deposits and CD's, and \$21.2 million in the San Diego County Pool.

- In response to an inquiry from the committee, it was indicated that the District only holds about \$86,000 in cd's. Staff indicated, in response to another inquiry from the committee, that the County Pool return has been higher in the last couple years due likely to the duration the investments are held.
- The committee inquired why the District does not put the entire investment in LAIF into the County Pool since the County Pool is out performing LAIF. Staff indicated that the District has approximately \$6 to \$7 million of current obligations. The District can withdraw its investment out of LAIF faster than it can in the County Pool.
- The committee inquired, based on an assumption that interest rates will rise over the next year, which investment would be better to be invested in. Staff indicated that at this moment, the better investment would be the County Pool because the yield is currently greater than LAIF.
- The committee suggested, with regard to staffs' recommendation to change the Investment Policy to reflect the new FDIC insured limit of \$250,000, to not indicate the insured limit in the policy. By doing so, the policy would not need to be brought back when, or if, the FDIC insured amount changes. Staff indicated that there was no reason to indicate the insured amount and it certainly can be left general. Staff will make the committee's suggested change to the policy.
- In response to a comment by the committee concerning the possible investment by the District in a Credit Union institution's cd, as their returns are better, staff stated that the limit for investments in cd's makes it administratively unattractive as an investment from a financial perspective. The District may also need to have an account to invest in a Credit Union investment instrument. The committee asked that staff look into the possibility as it is a way for the District to support community businesses. However, if it is a burden administratively, then the committee would leave the District's practice as is with regard to cd investments.
- The committee inquired with regard to Section 2, Scope, of the Investment Policy if there is ever a difference between the District's policy and what guides the documents for a bond issuance. Does the District match the documents against the

District's Reserve Policy to make sure that it is at least as conservative as the District's Policy? Staff indicated that the current investments do comply with the investment policy. Subsequent to the meeting, staff compared the investment policy and the bond indenture and have included the findings in Attachment A.1.

- The committee inquired with regard to Section 7 of the Investment Policy, if the list of financial institutions, held by the CFO, which are authorized to provide investment services to the District changes from year to year. It was indicated that the list has remained consistent from year to year. The committee further inquired how many institutions were on the list, who the District utilized the last 20 times, and if the District rotates services. It was indicated that the District does rotate the use of institutions and the financial vendors are selected based on the services needed at the time of the selection. The vendors and the total purchases from each in the past year are listed on the attached response, Attachment A.1.

The committee inquired how a financial institution would get on the list. Staff indicated that there are relatively few transaction each year but if a new broker were needed they would need to meet the District's requirements in section 7.0. The committee indicated that they would like to see a reasonable representation of local vendors on the list.

The committee further inquired if the fees paid to the Brokers was consistent with District's procurement policy. Subsequent to the meeting staff researched this question and the answer is on attachment A.1 to these notes.

- There was discussion that this item may require that it be presented to the board as an action item and may not be adopted on the consent calendar. The District's attorney reviewed State statute and indicated that the item may be approved/adopted by the board on the consent calendar.

Following the discussion, the committee supported staffs' recommendation with a change to leave the reference in the Investment Policy to the FDIC insurance limit currently in effect as opposed to identifying a specific limit and presentation to the full board on the consent calendar.

Attachment A.1

I. In response to the Finance, Administration and Communications Committee's request for information pertaining to the District's Broker/Dealer investment relationships, staff has documented the listing of the Broker/Dealers currently being utilized and their history with the District.

- Higgins Capital - Deborah Higgins - A local Broker/Dealer specializing in the investment of public funds and the related California Government Code. The District has been working with Deborah for 27 years.
- Wedbush - Don Collins - A regional Broker/Dealer specializing in the investment of public funds and the related California Government Code. The District has been working with Don for 17 years.
- Citigroup Global Markets - Bill Blackwell - A regional Broker/Dealer specializing in the investment of public funds and the related California Government Code. The District has been working with Bill for 25 years.

Staff will review the qualifications of additional Broker/Dealers as additional brokers are needed.

II. In response to the Finance, Administration and Communications Committee's inquiry regarding compliance with the District's procurement process related to the District's Broker/Dealer investment relationships, staff has documented the fee process and approximate fees earned by the Broker/Dealers during the recent year.

- The Broker/Dealers fees are paid by the GSE responsible for issuing the debt.
- Fee's are paid for by the GSE and do not come from District funds. The District does attempt to use each Broker equally to ensure an equitable treatment.
- Fee's are fixed by the GSE so that each broker/dealer earns the same rate.
- The GSE rate structure typically ranges from \$250 to \$500 per million dollars of purchased issuance.

- Below is a table of estimated fees earned by each Broker/Dealer for the current fiscal year through March 31, 2014.

Broker/Dealer	GSE Purchases	Estimated Fees
Higgins Capital	\$ 8,000,000	\$2,000 to \$4,000
Wedbush	\$10,000,000	\$2,500 to \$5,000
Citigroup Global Markets	\$ 7,550,000	\$1,888 to \$3,775

These fees do conform with the District procurement as these are not controlled or paid by the District.

III. The District holds and invests reserves for the most recent bond issuance of 2010. These reserves are held in GSE's and LAIF investments which are consistent with the authorized investments of the investment policy. The investment policy and the California Government Code allow debt reserves to be invested as per the Bond Indenture. The Bond Indenture specifies 11 investments for the bond reserves. Of these 11 investments, the only investments not included in the District investment policy are Guaranteed Investment Contracts (GIC), Resolution Trust Corp (a GSE), highly rated Municipal Debt, and money market funds holding only authorized GSE's. The only significant differences are GICs. A GIC would allow the District to invest funds at a term that would match the Debt term however with the current low interest rates this is not advisable.

RESOLUTION NO.4233

A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE OTAY WATER DISTRICT AMENDING
INVESTMENT POLICY NO.27 OF THE
DISTRICT'S CODE OF ORDINANCES

WHEREAS, the Otay Water District Board of Directors has been presented with an amended Investment Policy No. 27 of the District's Code of Ordinances for the financial management of the Otay Water District; and

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

WHEREAS, the strike-through copy of the proposed policy is attached as Exhibit 1 to this resolution; and

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Board of Directors of the Otay Water District that the amended Investment Policy, incorporated herein as Attachment C, is hereby adopted.

PASSED, APPROVED AND ADOPTED by the Board of Directors of Otay Water District at a board meeting held this 7th day of May 2014, by the following vote:

Ayes:
Noes:
Abstain:
Absent:

ATTEST:

President

District Secretary

OTAY WATER DISTRICT BOARD OF DIRECTORS POLICY			
Subject	Policy Number	Date Adopted	Date Revised
INVESTMENT POLICY	27	9/15/93	7/3/13 5/7/14

1.0: POLICY

It is the policy of the Otay Water District to invest public funds in a manner which will provide maximum security with the best interest return, while meeting the daily cash flow demands of the entity and conforming to all state statues governing the investment of public funds.

2.0: SCOPE

This investment policy applies to all financial assets of the Otay Water District. The District pools all cash for investment purposes. These funds are accounted for in the District's audited Comprehensive Annual Financial Report (CAFR) and include:

- 2.1) General Fund
- 2.2) Capital Project Funds
 - 2.2.1) Designated Expansion Fund
 - 2.2.2) Restricted Expansion Fund
 - 2.2.3) Designated Betterment Fund
 - 2.2.4) Restricted Betterment Fund
 - 2.2.5) Designated Replacement Fund
 - 2.2.6) Restricted New Water Supply Fund
- 2.3) Other Post Employment Fund (OPEB)
- 2.4) Debt Reserve Fund

Exceptions to the pooling of funds do exist for tax-exempt debt proceeds, debt reserves and deferred compensation funds. Funds received from the sale of general obligation bonds, certificates of participation or other tax-exempt financing vehicles are segregated from pooled investments and the investment of such funds are guided by the legal documents that govern the terms of such debt issuances.

3.0: PRUDENCE

Investments should be made with judgment and care, under current prevailing circumstances, which persons of prudence, discretion and intelligence, exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

The standard of prudence to be used by investment officials shall be the "Prudent Person" and/or "Prudent Investor" standard (California Government Code 53600.3) and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

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exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

4.0: OBJECTIVE

As specified in the California Government Code 53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives, in priority order, of the investment activities shall be:

- 4.1) Safety: Safety of principal is the foremost objective of the investment program. Investments of the Otay Water District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, the District will diversify its investments by investing funds among a variety of securities offering independent returns and financial institutions.
- 4.2) Liquidity: The Otay Water District's investment portfolio will remain sufficiently liquid to enable the District to meet all operating requirements which might be reasonably anticipated.
- 4.3) Return on Investment: The Otay Water District's investment portfolio shall be designed with the objective of attaining a benchmark rate of return throughout budgetary and economic cycles, commensurate with the District's investment risk constraints and the cash flow characteristics of the portfolio.

5.0 DELEGATION OF AUTHORITY

Authority to manage the Otay Water District's investment program is derived from the California Government Code, Sections 53600 through 53692. Management responsibility for the investment program is hereby delegated to the Chief Financial Officer (CFO), who shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials and their procedures in the absence of the CFO.

The CFO shall establish written investment policy procedures for the operation of the investment program consistent with this policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an

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investment transaction except as provided under the terms of this policy and the procedures established by the CFO.

6.0: ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the General Manager any material financial interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the District.

7.0: AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The Chief Financial Officer shall maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers who are authorized to provide investment services in the State of California. These may include "primary" dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (Uniform Net Capital Rule). No public deposit shall be made except in a qualified public depository as established by state laws.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the District with the following, as appropriate:

- Audited Financial Statements.
- Proof of National Association of Security Dealers (NASD) certification.
- Proof of state registration.
- Completed broker/dealer questionnaire.
- Certification of having read the District's Investment Policy.
- Evidence of adequate insurance coverage.

An annual review of the financial condition and registrations of qualified bidders will be conducted by the CFO. A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the District invests.

OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY

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8.0: AUTHORIZED AND SUITABLE INVESTMENTS

From the governing body perspective, special care must be taken to ensure that the list of instruments includes only those allowed by law and those that local investment managers are trained and competent to handle. The District is governed by the California Government Code, Sections 53600 through 53692, to invest in the following types of securities, as further limited herein:

8.01) United States Treasury Bills, Bonds, Notes or those instruments for which the full faith and credit of the United States are pledged for payment of principal and interest. There is no percentage limitation of the portfolio which can be invested in this category, although a five-year maturity limitation is applicable.

8.02) Local Agency Investment Fund (LAIF), which is a State of California managed investment pool, may be used up to the maximum permitted by State Law (currently \$50 million). The District may also invest bond proceeds in LAIF with the same but independent maximum limitation.

8.03) Bonds, debentures, notes and other evidence of indebtedness issued by any of the following government agency issuers:

- Federal Home Loan Bank (FHLB)
- Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")
- Federal National Mortgage Association (FNMA or "Fannie Mae")
- Government National Mortgage Association (GNMA or "Ginnie Mae")
- Federal Farm Credit Bank (FFCB)
- Federal Agricultural Mortgage Corporation (FAMCA or "Farmer Mac")

There is no percentage limitation of the portfolio which can be invested in this category, although a five-year maturity limitation is applicable. Government agencies whose implied guarantee has been reduced or eliminated shall require an "A" rating or higher by a nationally recognized statistical rating organization.

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

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8.04) Interest-bearing demand deposit accounts and Certificates of Deposit (CD) will be made only in Federal Deposit Insurance Corporation (FDIC) insured accounts. For deposits in excess of the applicable FDIC insured maximum ~~of \$250,000~~, approved collateral shall be required in accordance with California Government Code, Section 53652. Investments in CD's are limited to 15 percent of the District's portfolio.

8.05) Commercial paper, which is short-term, unsecured promissory notes of corporate and public entities. Purchases of eligible commercial paper may not exceed 10 percent of the outstanding paper of an issuing corporation, and maximum investment maturity will be restricted to 270 days. Investment is further limited as described in California Government Code, Section 53601(h). Purchases of commercial paper may not exceed 10 percent of the District's portfolio and no more than 10 percent of the outstanding commercial paper of any single issuer.

8.06) Medium-term notes defined as all corporate debt securities with a maximum remaining maturity of five years or less, and that meet the further requirements of California Government Code, Section 53601(k). Investments in medium-term notes are limited to 10 percent of the District's portfolio.

8.07) Money market mutual funds that invest only in Treasury securities and repurchase agreements collateralized with Treasury securities, and that meet the further requirements of California Government Code, Section 53601(l). Investments in money market mutual funds are limited to 10 percent of the District's portfolio.

8.08) The San Diego County Treasurer's Pooled Money Fund, which is a County managed investment pool, may be used by the Otay Water District to invest excess funds. There is no percentage limitation of the portfolio which can be invested in this category.

8.09) Under the provisions of California Government Code 53601.6, the Otay Water District shall not invest any funds covered by this Investment Policy in inverse floaters, range notes, interest-only strips derived from mortgage pools, or any investment that may result in a zero interest accrual if held to maturity. Also, the borrowing of funds for investment purposes, known as leveraging, is prohibited.

OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY

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9.0: INVESTMENT POOLS/MUTUAL FUNDS

A thorough investigation of the pool/fund is required prior to investing, and on a continual basis. There shall be a questionnaire developed which will answer the following general questions:

- A description of eligible investment securities, and a written statement of investment policy and objectives.
- A description of interest calculations and how it is distributed, and how gains and losses are treated.
- A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
- A description of who may invest in the program, how often, and what size deposits and withdrawals are allowed.
- A schedule for receiving statements and portfolio listings.
- Are reserves, retained earnings, etc., utilized by the pool/fund?
- A fee schedule, and when and how is it assessed.
- Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

10.0 COLLATERALIZATION

Collateralization will be required on certificates of deposit exceeding the \$250,000 applicable FDIC insured maximum. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 102% of market value of principal and accrued interest. Collateral will always be held by an independent third party with whom the entity has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the entity and retained. The right of collateral substitution is granted.

11.0: SAFEKEEPING AND CUSTODY

All security transactions entered into by the Otay Water District shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third party custodian designated by the District and evidenced by safekeeping receipts.

12.0: DIVERSIFICATION

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The Otay Water District will diversify its investments by security type and institution, with limitations on the total amounts invested in each security type as detailed in Paragraph 8.0, above, so as to reduce overall portfolio risks while attaining benchmark average rate of return. With the exception of U.S. Treasury securities, government agencies, and authorized pools, no more than 50% of the District's total investment portfolio will be invested with a single financial institution.

13.0: MAXIMUM MATURITIES

To the extent possible, the Otay Water District will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the District will not directly invest in securities maturing more than five years from the date of purchase. However, for time deposits with banks or savings and loan associations, investment maturities will not exceed two years. Investments in commercial paper will be restricted to 270 days.

14.0: INTERNAL CONTROL

The Chief Financial Officer shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

15.0: PERFORMANCE STANDARDS

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

The Otay Water District's investment strategy is passive. Given this strategy, the basis used by the CFO to determine whether market yields are being achieved shall be the State of California Local Agency Investment Fund (LAIF) as a comparable benchmark.

16.0: REPORTING

The Chief Financial Officer shall provide the Board of Directors monthly investment reports which provide a clear picture of the status of the current investment portfolio. The management report should include comments on the fixed income markets and economic conditions, discussions regarding restrictions on percentage of investment by categories, possible changes in the portfolio structure going forward

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and thoughts on investment strategies. Schedules in the quarterly report should include the following:

- A listing of individual securities held at the end of the reporting period by authorized investment category.
- Average life and final maturity of all investments listed.
- Coupon, discount or earnings rate.
- Par value, amortized book value, and market value.
- Percentage of the portfolio represented by each investment category.

17.0: INVESTMENT POLICY ADOPTION

The Otay Water District's investment policy shall be adopted by resolution of the District's Board of Directors. The policy shall be reviewed annually by the Board and any modifications made thereto must be approved by the Board.

18.0: GLOSSARY

See Appendix A.

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

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APPENDIX A: GLOSSARY

ACTIVE INVESTING: Active investors will purchase investments and continuously monitor their activity, often looking at the price movements of their stocks many times a day, in order to exploit profitable conditions. Typically, active investors are seeking short term profits.

AGENCIES: Federal agency securities and/or Government-sponsored enterprises.

BANKERS' ACCEPTANCE (BA): A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BENCHMARK: A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BROKER/DEALER: Any individual or firm in the business of buying and selling securities for itself and others. Broker/dealers must register with the SEC. When acting as a broker, a broker/dealer executes orders on behalf of his/her client. When acting as a dealer, a broker/dealer executes trades for his/her firm's own account. Securities bought for the firm's own account may be sold to clients or other firms, or become a part of the firm's holdings.

CERTIFICATE OF DEPOSIT (CD): A short or medium term, interest bearing, FDIC insured debt instrument offered by banks and savings and loans. Money removed before maturity is subject to a penalty. CDs are a low risk, low return investment, and are also known as "time deposits", because the account holder has agreed to keep the money in the account for a specified amount of time, anywhere from a few months to several years.

COLLATERAL: Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMMERCIAL PAPER: An unsecured short-term promissory note, issued by corporations, with maturities ranging from 2 to 270 days.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report for the Otay Water District. It includes detailed financial information prepared in conformity with generally accepted accounting

**OTAY WATER DISTRICT
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principles (GAAP). It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed statistical section.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a set date.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE: A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DERIVATIVES: (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

DISCOUNT: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g., U.S. Treasury Bills.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

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FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures deposits in member banks and thrifts, currently up to \$100,000 per deposit.

FEDERAL FARM CREDIT BANK (FFCB): The Federal Farm Credit Bank system supports agricultural loans and issues securities and bonds in financial markets backed by these loans. It has consolidated the financing programs of several related farm credit agencies and corporations.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

Federal Agricultural Mortgage Corporation (FAMC or Farmer Mac): A stockholder owned, publicly-traded corporation that was established under the Agricultural Credit Act of 1987, which added a new Title VIII to the Farm Credit Act of 1971. Farmer Mac is a government sponsored enterprise, whose mission is to provide a secondary market for agricultural real estate mortgage loans, rural housing mortgage loans, and rural utility cooperative loans. The corporation is authorized to purchase and guarantee securities. Farmer Mac guarantees that all security holders will receive timely payments of principal and interest.

FEDERAL HOME LOAN BANK (FHLB): Government sponsored wholesale banks (currently 12 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies.

FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC or Freddie Mac): A stockholder owned, publicly traded company chartered by the United States federal government in 1970 to purchase mortgages and related securities, and then issue securities and bonds in financial markets backed by those mortgages in secondary markets. Freddie Mac, like its competitor Fannie Mae, is regulated by the United States Department of Housing and Urban Development (HUD).

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA or Fannie Mae): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities

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are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): A government owned agency which buys mortgages from lending institutions, securitizes them, and then sells them to investors. Because the payments to investors are guaranteed by the full faith and credit of the U.S. Government, they return slightly less interest than other mortgage-backed securities.

INTEREST-ONLY STRIPS: A mortgage backed instrument where the investor receives only the interest, no principal, from a pool of mortgages. Issues are highly interest rate sensitive, and cash flows vary between interest periods. Also, the maturity date may occur earlier than that stated if all loans within the pool are pre-paid. High prepayments on underlying mortgages can return less to the holder than the dollar amount invested.

INVERSE FLOATER: A bond or note that does not earn a fixed rate of interest. Rather, the interest rate is tied to a specific interest rate index identified in the bond/note structure. The interest rate earned by the bond/note will move in the opposite direction of the index. An inverse floater increases the market rate risk and modified duration of the investment.

LEVERAGE: Investing with borrowed money with the expectation that the interest earned on the investment will exceed the interest paid on the borrowed money.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL AGENCY INVESTMENT FUND (LAIF): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

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MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase/reverse repurchase agreements that establish each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrower.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

MUTUAL FUNDS: An open-ended fund operated by an investment company which raises money from shareholders and invests in a group of assets, in accordance with a stated set of objectives. Mutual funds raise money by selling shares of the fund to the public. Mutual funds then take the money they receive from the sale of their shares (along with any money made from previous investments) and use it to purchase various investment vehicles, such as stocks, bonds, and money market instruments.

MONEY MARKET MUTUAL FUNDS: An open-end mutual fund which invests only in money markets. These funds invest in short term (one day to one year) debt obligations such as Treasury bills, certificates of deposit, and commercial paper.

NATIONAL ASSOCIATION OF SECURITIES DEALERS (NASD): A self-regulatory organization of the securities industry responsible for the operation and regulation of the NASDAQ stock market and over-the-counter markets. Its regulatory mandate includes authority over firms that distribute mutual fund shares as well as other securities.

PASSIVE INVESTING: An investment strategy involving limited ongoing buying and selling actions. Passive investors will purchase investments with the intention of long term appreciation and limited maintenance, and typically don't actively attempt to profit from short term price fluctuations. Also known as a buy-and-hold strategy.

PRIMARY DEALER: A designation given by the Federal Reserve System to commercial banks or broker/dealers who meet specific criteria, including capital requirements and participation in Treasury auctions. These dealers submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include

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Securities and Exchange Commission registered securities broker/dealers, banks, and a few unregulated firms.

PRUDENT PERSON RULE: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state—the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

PUBLIC SECURITIES ASSOCIATION (PSA): A trade organization of dealers, brokers, and bankers who underwrite and trade securities offerings.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RANGE NOTE: An investment whose coupon payment varies and is dependent on whether the current benchmark falls within a pre-determined range.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

REGIONAL DEALER: A securities broker/dealer, registered with the Securities & Exchange Commission (SEC), who meets all of the licensing requirements for buying and selling securities.

REPURCHASE AGREEMENT (RP OR REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money that is increasing bank reserves.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

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SECONDARY MARKET: A market made for the purchase and sale of outstanding securities issues following their initial distribution.

SECURITIES & EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SEC RULE 15C3-1: See Uniform Net Capital Rule.

STRUCTURED NOTES: Notes issued by Government Sponsored Enterprises (FHLB, FNMA, FAMCA, etc.), and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BONDS: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

TREASURY NOTES: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

YIELD: The rate of annual income return on an investment, expressed as a percentage. (a) INCOME YIELD is obtained by dividing the current dollar income by the current market price for the security. (b) NET YIELD or YIELD TO MATURITY is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

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1.0: POLICY

It is the policy of the Otay Water District to invest public funds in a manner which will provide maximum security with the best interest return, while meeting the daily cash flow demands of the entity and conforming to all state statues governing the investment of public funds.

2.0: SCOPE

This investment policy applies to all financial assets of the Otay Water District. The District pools all cash for investment purposes. These funds are accounted for in the District's audited Comprehensive Annual Financial Report (CAFR) and include:

- 2.1) General Fund
- 2.2) Capital Project Funds
 - 2.2.1) Designated Expansion Fund
 - 2.2.2) Restricted Expansion Fund
 - 2.2.3) Designated Betterment Fund
 - 2.2.4) Restricted Betterment Fund
 - 2.2.5) Designated Replacement Fund
 - 2.2.6) Restricted New Water Supply Fund
- 2.3) Other Post Employment Fund (OPEB)
- 2.4) Debt Reserve Fund

Exceptions to the pooling of funds do exist for tax-exempt debt proceeds, debt reserves and deferred compensation funds. Funds received from the sale of general obligation bonds, certificates of participation or other tax-exempt financing vehicles are segregated from pooled investments and the investment of such funds are guided by the legal documents that govern the terms of such debt issuances.

3.0: PRUDENCE

Investments should be made with judgment and care, under current prevailing circumstances, which persons of prudence, discretion and intelligence, exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

The standard of prudence to be used by investment officials shall be the "Prudent Person" and/or "Prudent Investor" standard (California Government Code 53600.3) and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes,

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provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

4.0: OBJECTIVE

As specified in the California Government Code 53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives, in priority order, of the investment activities shall be:

- 4.1) Safety: Safety of principal is the foremost objective of the investment program. Investments of the Otay Water District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, the District will diversify its investments by investing funds among a variety of securities offering independent returns and financial institutions.
- 4.2) Liquidity: The Otay Water District's investment portfolio will remain sufficiently liquid to enable the District to meet all operating requirements which might be reasonably anticipated.
- 4.3) Return on Investment: The Otay Water District's investment portfolio shall be designed with the objective of attaining a benchmark rate of return throughout budgetary and economic cycles, commensurate with the District's investment risk constraints and the cash flow characteristics of the portfolio.

5.0 DELEGATION OF AUTHORITY

Authority to manage the Otay Water District's investment program is derived from the California Government Code, Sections 53600 through 53692. Management responsibility for the investment program is hereby delegated to the Chief Financial Officer (CFO), who shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials and their procedures in the absence of the CFO.

The CFO shall establish written investment policy procedures for the operation of the investment program consistent with this policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the CFO.

6.0: ETHICS AND CONFLICTS OF INTEREST

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Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the General Manager any material financial interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the District.

7.0: AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The Chief Financial Officer shall maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers who are authorized to provide investment services in the State of California. These may include "primary" dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (Uniform Net Capital Rule). No public deposit shall be made except in a qualified public depository as established by state laws.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the District with the following, as appropriate:

- Audited Financial Statements.
- Proof of National Association of Security Dealers (NASD) certification.
- Proof of state registration.
- Completed broker/dealer questionnaire.
- Certification of having read the District's Investment Policy.
- Evidence of adequate insurance coverage.

An annual review of the financial condition and registrations of qualified bidders will be conducted by the CFO. A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the District invests.

8.0: AUTHORIZED AND SUITABLE INVESTMENTS

From the governing body perspective, special care must be taken to ensure that the list of instruments includes only those allowed by law and those that local investment managers are trained and competent to

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handle. The District is governed by the California Government Code, Sections 53600 through 53692, to invest in the following types of securities, as further limited herein:

8.01) United States Treasury Bills, Bonds, Notes or those instruments for which the full faith and credit of the United States are pledged for payment of principal and interest. There is no percentage limitation of the portfolio which can be invested in this category, although a five-year maturity limitation is applicable.

8.02) Local Agency Investment Fund (LAIF), which is a State of California managed investment pool, may be used up to the maximum permitted by State Law (currently \$50 million). The District may also invest bond proceeds in LAIF with the same but independent maximum limitation.

8.03) Bonds, debentures, notes and other evidence of indebtedness issued by any of the following government agency issuers:

- Federal Home Loan Bank (FHLB)
- Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")
- Federal National Mortgage Association (FNMA or "Fannie Mae")
- Government National Mortgage Association (GNMA or "Ginnie Mae")
- Federal Farm Credit Bank (FFCB)
- Federal Agricultural Mortgage Corporation (FAMCA or "Farmer Mac")

There is no percentage limitation of the portfolio which can be invested in this category, although a five-year maturity limitation is applicable. Government agencies whose implied guarantee has been reduced or eliminated shall require an "A" rating or higher by a nationally recognized statistical rating organization.

8.04) Interest-bearing demand deposit accounts and Certificates of Deposit (CD) will be made only in Federal Deposit Insurance Corporation (FDIC) insured accounts. For deposits in excess of the applicable FDIC insured maximum, approved collateral shall be required in accordance with California Government Code, Section 53652. Investments in CD's are limited to 15 percent of the District's portfolio.

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8.05) Commercial paper, which is short-term, unsecured promissory notes of corporate and public entities. Purchases of eligible commercial paper may not exceed 10 percent of the outstanding paper of an issuing corporation, and maximum investment maturity will be restricted to 270 days. Investment is further limited as described in California Government Code, Section 53601(h). Purchases of commercial paper may not exceed 10 percent of the District's portfolio and no more than 10 percent of the outstanding commercial paper of any single issuer.

8.06) Medium-term notes defined as all corporate debt securities with a maximum remaining maturity of five years or less, and that meet the further requirements of California Government Code, Section 53601(k). Investments in medium-term notes are limited to 10 percent of the District's portfolio.

8.07) Money market mutual funds that invest only in Treasury securities and repurchase agreements collateralized with Treasury securities, and that meet the further requirements of California Government Code, Section 53601(l). Investments in money market mutual funds are limited to 10 percent of the District's portfolio.

8.08) The San Diego County Treasurer's Pooled Money Fund, which is a County managed investment pool, may be used by the Otay Water District to invest excess funds. There is no percentage limitation of the portfolio which can be invested in this category.

8.09) Under the provisions of California Government Code 53601.6, the Otay Water District shall not invest any funds covered by this Investment Policy in inverse floaters, range notes, interest-only strips derived from mortgage pools, or any investment that may result in a zero interest accrual if held to maturity. Also, the borrowing of funds for investment purposes, known as leveraging, is prohibited.

9.0: INVESTMENT POOLS/MUTUAL FUNDS

A thorough investigation of the pool/fund is required prior to investing, and on a continual basis. There shall be a questionnaire developed which will answer the following general questions:

- A description of eligible investment securities, and a written statement of investment policy and objectives.

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- A description of interest calculations and how it is distributed, and how gains and losses are treated.
- A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
- A description of who may invest in the program, how often, and what size deposits and withdrawals are allowed.
- A schedule for receiving statements and portfolio listings.
- Are reserves, retained earnings, etc., utilized by the pool/fund?
- A fee schedule, and when and how is it assessed.
- Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

10.0 COLLATERALIZATION

Collateralization will be required on certificates of deposit exceeding the applicable FDIC insured maximum. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 102% of market value of principal and accrued interest. Collateral will always be held by an independent third party with whom the entity has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the entity and retained. The right of collateral substitution is granted.

11.0: SAFEKEEPING AND CUSTODY

All security transactions entered into by the Otay Water District shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third party custodian designated by the District and evidenced by safekeeping receipts.

12.0: DIVERSIFICATION

The Otay Water District will diversify its investments by security type and institution, with limitations on the total amounts invested in each security type as detailed in Paragraph 8.0, above, so as to reduce overall portfolio risks while attaining benchmark average rate of return. With the exception of U.S. Treasury securities, government agencies, and authorized pools, no more than 50% of the District's total investment portfolio will be invested with a single financial institution.

13.0: MAXIMUM MATURITIES

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To the extent possible, the Otay Water District will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the District will not directly invest in securities maturing more than five years from the date of purchase. However, for time deposits with banks or savings and loan associations, investment maturities will not exceed two years. Investments in commercial paper will be restricted to 270 days.

14.0: INTERNAL CONTROL

The Chief Financial Officer shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

15.0: PERFORMANCE STANDARDS

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

The Otay Water District's investment strategy is passive. Given this strategy, the basis used by the CFO to determine whether market yields are being achieved shall be the State of California Local Agency Investment Fund (LAIF) as a comparable benchmark.

16.0: REPORTING

The Chief Financial Officer shall provide the Board of Directors monthly investment reports which provide a clear picture of the status of the current investment portfolio. The management report should include comments on the fixed income markets and economic conditions, discussions regarding restrictions on percentage of investment by categories, possible changes in the portfolio structure going forward and thoughts on investment strategies. Schedules in the quarterly report should include the following:

- A listing of individual securities held at the end of the reporting period by authorized investment category.
- Average life and final maturity of all investments listed.
- Coupon, discount or earnings rate.
- Par value, amortized book value, and market value.
- Percentage of the portfolio represented by each investment category.

17.0: INVESTMENT POLICY ADOPTION

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The Otay Water District's investment policy shall be adopted by resolution of the District's Board of Directors. The policy shall be reviewed annually by the Board and any modifications made thereto must be approved by the Board.

18.0: GLOSSARY

See Appendix A.

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APPENDIX A: GLOSSARY

ACTIVE INVESTING: Active investors will purchase investments and continuously monitor their activity, often looking at the price movements of their stocks many times a day, in order to exploit profitable conditions. Typically, active investors are seeking short term profits.

AGENCIES: Federal agency securities and/or Government-sponsored enterprises.

BANKERS' ACCEPTANCE (BA): A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BENCHMARK: A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BROKER/DEALER: Any individual or firm in the business of buying and selling securities for itself and others. Broker/dealers must register with the SEC. When acting as a broker, a broker/dealer executes orders on behalf of his/her client. When acting as a dealer, a broker/dealer executes trades for his/her firm's own account. Securities bought for the firm's own account may be sold to clients or other firms, or become a part of the firm's holdings.

CERTIFICATE OF DEPOSIT (CD): A short or medium term, interest bearing, FDIC insured debt instrument offered by banks and savings and loans. Money removed before maturity is subject to a penalty. CDs are a low risk, low return investment, and are also known as "time deposits", because the account holder has agreed to keep the money in the account for a specified amount of time, anywhere from a few months to several years.

COLLATERAL: Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMMERCIAL PAPER: An unsecured short-term promissory note, issued by corporations, with maturities ranging from 2 to 270 days.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report for the Otay Water District. It includes detailed financial information prepared in conformity with generally accepted accounting principles (GAAP). It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual

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provisions, extensive introductory material, and a detailed statistical section.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a set date.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE: A bond secured only by the general credit of the issuer.

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FEDERAL HOME LOAN BANK (FHLB): Government sponsored wholesale banks (currently 12 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies.

FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC or Freddie Mac): A stockholder owned, publicly traded company chartered by the United States federal government in 1970 to purchase mortgages and related securities, and then issue securities and bonds in financial markets backed by those mortgages in secondary markets. Freddie Mac, like its competitor Fannie Mae, is regulated by the United States Department of Housing and Urban Development (HUD).

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA or Fannie Mae): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
INVESTMENT POLICY	27	9/15/93	5/7/14

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): A government owned agency which buys mortgages from lending institutions, securitizes them, and then sells them to investors. Because the payments to investors are guaranteed by the full faith and credit of the U.S. Government, they return slightly less interest than other mortgage-backed securities.

INTEREST-ONLY STRIPS: A mortgage backed instrument where the investor receives only the interest, no principal, from a pool of mortgages. Issues are highly interest rate sensitive, and cash flows vary between interest periods. Also, the maturity date may occur earlier than that stated if all loans within the pool are pre-paid. High prepayments on underlying mortgages can return less to the holder than the dollar amount invested.

INVERSE FLOATER: A bond or note that does not earn a fixed rate of interest. Rather, the interest rate is tied to a specific interest rate index identified in the bond/note structure. The interest rate earned by the bond/note will move in the opposite direction of the index. An inverse floater increases the market rate risk and modified duration of the investment.

LEVERAGE: Investing with borrowed money with the expectation that the interest earned on the investment will exceed the interest paid on the borrowed money.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL AGENCY INVESTMENT FUND (LAIF): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase/reverse repurchase agreements that establish each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrower.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
INVESTMENT POLICY	27	9/15/93	5/7/14

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

MUTUAL FUNDS: An open-ended fund operated by an investment company which raises money from shareholders and invests in a group of assets, in accordance with a stated set of objectives. Mutual funds raise money by selling shares of the fund to the public. Mutual funds then take the money they receive from the sale of their shares (along with any money made from previous investments) and use it to purchase various investment vehicles, such as stocks, bonds, and money market instruments.

MONEY MARKET MUTUAL FUNDS: An open-end mutual fund which invests only in money markets. These funds invest in short term (one day to one year) debt obligations such as Treasury bills, certificates of deposit, and commercial paper.

NATIONAL ASSOCIATION OF SECURITIES DEALERS (NASD): A self-regulatory organization of the securities industry responsible for the operation and regulation of the NASDAQ stock market and over-the-counter markets. Its regulatory mandate includes authority over firms that distribute mutual fund shares as well as other securities.

PASSIVE INVESTING: An investment strategy involving limited ongoing buying and selling actions. Passive investors will purchase investments with the intention of long term appreciation and limited maintenance, and typically don't actively attempt to profit from short term price fluctuations. Also known as a buy-and-hold strategy.

PRIMARY DEALER: A designation given by the Federal Reserve System to commercial banks or broker/dealers who meet specific criteria, including capital requirements and participation in Treasury auctions. These dealers submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission registered securities broker/dealers, banks, and a few unregulated firms.

PRUDENT PERSON RULE: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state—the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
INVESTMENT POLICY	27	9/15/93	5/7/14

PUBLIC SECURITIES ASSOCIATION (PSA): A trade organization of dealers, brokers, and bankers who underwrite and trade securities offerings.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RANGE NOTE: An investment whose coupon payment varies and is dependent on whether the current benchmark falls within a pre-determined range.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

REGIONAL DEALER: A securities broker/dealer, registered with the Securities & Exchange Commission (SEC), who meets all of the licensing requirements for buying and selling securities.

REPURCHASE AGREEMENT (RP OR REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money that is increasing bank reserves.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding securities issues following their initial distribution.

SECURITIES & EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SEC RULE 15C3-1: See Uniform Net Capital Rule.

STRUCTURED NOTES: Notes issued by Government Sponsored Enterprises (FHLB, FNMA, FAMCA, etc.), and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the

OTAY WATER DISTRICT
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volatility of the imbedded options and shifts in the shape of the yield curve.

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BONDS: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

TREASURY NOTES: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

YIELD: The rate of annual income return on an investment, expressed as a percentage. (a) INCOME YIELD is obtained by dividing the current dollar income by the current market price for the security. (b) NET YIELD or YIELD TO MATURITY is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.



INVESTMENT POLICY No. 27 & PERFORMANCE REVIEW

May 7, 2014



POLICY REVIEW

- **Purpose:**

- Annual Policy Review

- Delegation of Investment Authority



INVESTMENT POLICY GUIDELINES

A. California Government Code:

Sections 53600 through 53692

B. Investment Policy Certification:

Association of Public Treasurers of the United States & Canada (APT US&C)



Policy Changes

Change is needed to be consistent with Section 8.04 of the policy.

➤ 10.0 – Collateralization

Collateralization will be required on certificates of deposit that exceed the FDIC insured maximum of \$250,000.



INVESTMENT OBJECTIVE

To safeguard principal, maintain liquidity and to achieve a market invest return

Fund Objectives (in order of priority)

- Safety
- Liquidity
- Yield

Safety

Category	Safety
Bank Deposits	Amounts in excess of \$250,000 FDIC limit are required by California Government Code to be 110% collateralized by the Bank.
LAIF	Mandated by applicable State Statutes* and State law, invested in a conservative manner and limits the investments to fixed-income securities.
County Pool	Mandated by State law, invested in a conservative manner and limits the investments to fixed-income securities. S&P Rating of AAf/S1, which indicates extremely strong protection against losses and low sensitivity to changing market conditions.
GSE's	Guaranteed by Federal Government.

* Applicable State Statutes

- No. California Government Code 16429.3 states that monies placed with the Treasurer for deposit in the LAIF by cities, counties, special districts, nonprofit corporations, or qualified quasi-governmental agencies shall not be subject to either of the following:
 - Transfer or loan pursuant to Sections 16310, 16312, or 16313.
 - Impoundment or seizure by any state official or state agency.
- California Government Code 16429.4 states that the right of a city, county, city and county, special district, nonprofit corporation, or qualified quasi-governmental agency, to withdraw its deposited money from the LAIF upon demand may not be altered, impaired, or denied in any way by any state official or state agency based upon the States failure to adopt a State Budget by July 1 of each new fiscal year.



Liquidity

- Maintain highly liquid investments with a hold strategy.

Category	Availability
Bank Deposits	Immediately
LAIF	Same day
County Pool	2-3 days
GSE's	Can be converted to cash in 2-3 days



Annual Yield Performance

YTD as of March 31:

	FY14	FY13
Otay	0.37%	0.42%
LAIF	0.26%	0.30%
County Pool	0.42%	0.41%



Cash Management

- The District reconciles cash and performs a rolling 7 day forecast on a daily basis.

Levels by Investment Type

Category	Target Levels
Bank Deposits	Outstanding checks and current days electronic payments.
LAIF	Short-term (30-60 days) obligations.
County Pool	Amounts in excess of bank deposit and LAIF targets that are to be invested using the laddering approach or fund short-term obligations.
GSE's	Target 2-3 year issuances with a laddering approach.

INVESTMENT PORTFOLIO

As of March 31

		Authorized	
	\$('000s)	\$ / %	Actual %
LAIF (Operating)	\$11,455	\$50 Mil	14.30%
Govt. Agency Bonds	\$44,289	100%	55.30%
Bank Deposits & CDs	\$3,117*	15%	3.89%
San Diego County Pool	\$21,232	50%	26.51%
TOTAL:	\$80,093		

* As of March 31, 2014, Bank Deposits & CD's include \$2.0MM in funds for the purchase of a government agency bond on April 1, 2014.



REQUESTED BOARD ACTION

Adopt Resolution No. 4233 to amend Investment Policy No. 27 and Re-delegate authority for all investment related activities to the Chief Financial Officer (CFO, in accordance with Government Code Section 53607.



Questions?



AGENDA ITEM 6e

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	May 7, 2014
SUBMITTED BY:	Lisa Coburn-Boyd Environmental Specialist Bob Kennedy Engineering Manager	CIP./G.F. NO:	D0909- DIV. NO. NA 090175 & D0910- 090176
APPROVED BY:	<input checked="" type="checkbox"/> Rod Posada, Chief, Engineering <input checked="" type="checkbox"/> German Alvarez, Assistant General Manager <input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	Approval of an Updated Water Supply Assessment and Verification Report (January 2014) for the Otay Ranch Resort Village Project		

GENERAL MANAGER' S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) approve the updated Water Supply Assessment and Verification Report (WSA&V Report) dated January 2014 for the Otay Ranch Resort Village Project (Resort Project), as required by Senate Bill 610 and 221 (see Exhibit A for Project location).

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To obtain Board approval of the January 2014 updated WSA&V Report for the Resort Project, as required by Senate Bill 610 and Senate Bill 221 (SB 610 and SB 221).

ANALYSIS:

The County of San Diego submitted a request to the District for an updated WSA&V Report pursuant to SB 610 and SB 221. SB 610 and SB 221 require that, upon the request of the City or County, a water purveyor, such as the District, prepare a water supply assessment and verification report to be included in the California Environmental Quality Act (CEQA) environmental documentation. The original WSA&V report for the Resort Project

was approved by the District in February 2009. An updated WSA&V report is needed because of changes in the configuration of the Project and in the Project's potable water demand. There have also been updates to the planning documents that include the Resort Project since the original approval by the Board.

SB 610 requires a city or county to evaluate whether water supplies will be sufficient to meet the projected water demand for certain "projects" that are otherwise subject to the requirement of the CEQA. SB 610 provides its own definition of "project" in Water Code Section 10912.

SB 221 requires affirmative written verification from the water purveyor of the public water system that sufficient water supplies are planned to be available for certain residential subdivisions of property. The requirements of SB 610 and SB 221 are addressed by the January 2014 WSA&V Report for this Project. The WSA&V Report was prepared by the District in consultation with Dexter Wilson Engineering, the San Diego County Water Authority (Water Authority), and the County of San Diego (County).

Prior to transmittal to the County, the WSA&V Report must be approved by the Board of Directors. An additional explanation of the intent of SB 610 and SB 221 is provided in Exhibit B, and the Resort Project WSA&V Report is provided as Exhibit D.

The County is the responsible land use agency for the Resort Project that requested an updated SB 610 and SB 221 water supply assessment and verification report from the District. The request for the updated WSA&V Report, in compliance with SB 610 and SB 221 requirements, was made by the County because the Project meets or exceeds one or both of the following SB 610 and SB 221 criteria:

- A proposed residential development of more than 500 dwelling units.
- A proposed commercial office building employing more than 1,000 persons or having more than 250,000 square feet of floor space.
- A mixed-use project that includes one or more of the land uses specified in SB 610.

- A project that would demand an amount of water equivalent to, or greater than, the amount of water required by a 500 dwelling unit project.

The Resort Project is located in the unincorporated area of San Diego County. The Upper and Lower Otay Reservoirs generally bound the Project to the west and south. The Resort Project is not currently within the jurisdictions of the District, Water Authority, and Metropolitan Water District of Southern California (MWD), but will be annexed into these jurisdictions at a later date.

The Resort Project is approximately 1,869 acres and is planned as a combination of land uses consisting of a resort/hotel and associated facilities, a mix of single-family residential neighborhoods, a multiple use neighborhood, an elementary school, a public safety facilities site, commercial, open space, preserve land, circulation elements, parks, and recreational facilities. The total number of resort/hotel units is planned to be 200. Approximately 527 acres of the total Project site are designated for 1,881 single-family detached homes and 57 multi-family homes are part of a multiple use site with up to 20,000 square feet of commercial/retail uses. Typically, a development project of this magnitude is constructed in several phases over many years. The table below provides a comparison between the land uses proposed in the January 2009 WSA&V report and the current WSA&V report (January 2014).

Land Use Description	WSA&V (Jan 2009)		WSA&V (Jan 2014)	
	Area (acres)	Dwelling Units	Area (acres)	Dwelling Units
Single-Family Residential	534.5	1,738	526.5	1,881
Multi-Family Residential	10.3	200	14.1	57
Elementary School	10.1		10.0	
Public Safety	3.4		2.1	
Resort/Hotel	17.4	200	17.4	200
Commercial	8.5		(in M-F)	
Parks	26.0		29.6	
Irrigated Open Space	138.7		143.0	
Circulation	41.6		37.2	
Open Space Preserve	1,078.1		1,089.2	
Totals	1,868.6	2,138	1,868.6	2,138

The expected potable water demand for the Resort Project is 1.44 million gallons per day (MGD) or about 1,615 acre-feet per year

(AFY). This is 142 AFY lower than the demand estimate in the January 2009 WSA&V report that was prepared for the Project and approved by the Board in February 2009. The previously estimated 1,757 AFY demand (January 2009 WSA&V) was accounted for in the District's 2010 Urban Water Management Plan (UWMP) and the Water Authority's 2010 UWMP. Therefore, based on the findings from the District's 2010 UWMP and the Water Authority's 2010 UWMP, this Project will result in no unanticipated demands.

The January 2009 WSA&V Report for the Resort Project considered that recycled water could be used for landscape irrigation, offsetting 417 AFY of potable water, although the project had not yet received regulatory approval for the use of recycled water. The entire watershed of the Resort Project is tributary to the Upper and Lower Otay Reservoirs. The use of recycled water within watersheds tributary to surface water storage reservoirs that provide supply for potable domestic water uses must be approved by the owners of the reservoirs in order to protect water quality in these reservoirs. The developers of the Resort Project (JPB Development, LLC and Baldwin and Sons, LLC) have met with and discussed the use of recycled water with the City of San Diego, the owner and operator of the reservoirs. The City of San Diego will not allow the Project to use recycled water because they are concerned about the runoff from the Project entering the reservoirs and increasing nutrients and salinity (see Exhibit C for letters regarding recycled water use from the developers and the City of San Diego). For this reason, the projected water use within the Resort Project has been estimated with the assumption that the use of recycled water within the Project will not be allowed.

The request for compliance with SB 221 requirements was made by the County because the Project will exceed the SB 221 criteria of a proposed residential development subdivision of more than 500 dwelling units.

Pursuant to SB 610 and SB 221, the updated WSA&V Report incorporates by reference the current Urban Water Management Plans and other water resources planning documents of the District, the Water Authority, and the MWD. The District prepared the updated WSA&V Report in consultation with Dexter Wilson Engineering, the Water Authority, and the County which demonstrates and documents that sufficient water supplies are planned for and are intended to be made available over a 20-year planning horizon under normal supply conditions and in single- and multiple-dry years to meet the projected demand of the

Resort Project, and other planned development projects within the District.

FISCAL IMPACT: Joe Beachem, Chief Financial Officer

The District has been reimbursed \$8,000 for all costs associated with the preparation of the Otay Ranch Resort Village Project updated WSA&V Report. The reimbursement was accomplished via an \$8,000 deposit the Project proponents placed with the District on January 7, 2014.

STRATEGIC GOAL:

The preparation and approval of the updated WSA&V Report for the Otay Ranch Resort Village Project supports the District's Mission statement, "To provide high value water and wastewater services to the customers of the Otay Water District in a professional, effective, and efficient manner" and the District's Strategic Goal, in planning for infrastructure and supply to meet current and future potable water demands.

LEGAL IMPACT:

Approval of an updated WSA&V Report for the Otay Ranch Resort Village Project in form and content satisfactory to the Board of Directors would allow the District to comply with the requirements of Senate Bills 610 and 221.

LCB/BK:jf

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- Attachments:
- Attachment A - Committee Action
 - Exhibit A - Project Location Map
 - Exhibit B - Explanation of the Intent of SB 610 & SB 221
 - Exhibit C - Developer & City of San Diego Letters re. Recycled Water Use
 - Exhibit D - Otay Ranch Resort Village Project WSA&V Report
 - Exhibit E - Presentation



ATTACHMENT A

SUBJECT/PROJECT: D0909-090175 & D0910-090176	Approval of an Updated Water Supply Assessment and Verification Report (January 2014) for the Otay Ranch Resort Village Project
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COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee (Committee) reviewed this item at a meeting held on April 17, 2014, and the following comments were made:

- Staff requested that the Board approve the updated Water Supply Assessment and Verification Report (WSA&V Report) dated January 2014 for the Otay Ranch Resort Village Project (Resort Project), as required by Senate Bill 610 and 221.
- Staff indicated that the District received a request from the County of San Diego to prepare an updated WSA&V Report for the Resort Project pursuant to SBs 610 & 221. An exhibit was provided to the Committee that showed the location of the project site.
- It was indicated that the Resort Project is located in unincorporated San Diego County and is bounded by the upper and lower Otay Reservoirs to the West and the South. Staff noted that it is not currently within the jurisdictions of the District, CWA or MWD but will be annexed at a later date once the Project's Environmental Impact Report is completed. The total area of the Resort Project is 1,869 acres and will include a resort hotel with 200 units, single and multiple family homes, 20,000 sq. ft. of commercial and retail, a school, public safety facilities, and open and preserve lands.
- The Resort Project's expected demand is approximately 1,615 AFY of potable water. Staff stated that this is actually 142 AFY lower than the demand presented in the January 2009

WSA&V Report (1,757 AFY) that was previously approved by the Board in January 2009. Therefore, the Resort Project will not result in any unanticipated demands.

- Since the approval of the January 2009 WSA&V Report, Developers met with the city of San Diego, the owner and operator of the Otay reservoir, to discuss the use of recycled water for the Resort Project. Staff indicated that the city of San Diego will not allow the project to use recycled water because of their concern regarding runoff from the development increasing salinity and nutrients in the reservoir. Letters that detail this information are included as Exhibit C to the staff report.
- A PowerPoint presentation was provided to the Committee that included the following:
 - Background of Senate Bills 610 and 221, which became effective on January 1, 2002, and its intent and how it relates to the WSA&V Report
 - Land use plan and description for the Resort Project
 - Potable demand estimates for the Resort Project
 - Otay Water District's, San Diego County Water Authority's, and Metropolitan Water District's Urban Water Management Plan
- It was noted that the Resort Project's WSA&V Report includes (4) four other Otay Water District Planned Local Water Supply Projects:
 - Rancho Del Rey Groundwater Well (500 AFY)
 - Rosarito Ocean Desalination Project (20,000-50,000 AFY)
 - Otay Mesa Lot 7 Groundwater Well (300 AFY)
 - Otay Mesa Recycled Water Supply Link Project (800 AFY)
- A slide was presented that showed the Water Authority Supplies, which included IID Water Transfer, ACC and CC Lining, and the Carlsbad Desalination project.
- Staff indicated that the status of the current water supply situation is documented in the WSA&V Report with the intent that the water agencies plan to develop sufficient water supplies to meet demands. Staff stated that the Board has

met the intent of SB 610 and 221 statutes in that Land use agencies and water suppliers have demonstrated strong linkage. The Resort Project's WSA&V Report clearly documents the current water supply situation. Based on existing documentation, the WSA&V Report demonstrates and documents that sufficient water supplies are planned for and are intended to be acquired and also identifies the actions necessary to develop the supplies for a 20-year planning horizon.

- In response to a question by the Committee, staff indicated that the District asked the developer to provide a letter describing the limitations that the city of San Diego had imposed on the use of recycled water for the Resort Project. This letter, which is attached to the staff report, can be used during the District's discussions with the city of San Diego as it negotiates the amount of recycled water it is obligated to purchase from the city.
- Mr. Kilkenney, a representative of one of the Resort Project's Developers, emphasized the reduction in the water supply demand for the Resort Project since its 2009 WSA&V report and indicated that he anticipates an additional reduction once the overall development is completed. Mr. Kilkenney stated that the Resort Project includes a water conservation plan and is required to meet the city of Chula Vista's Pre-Plumbing Installation standards.

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

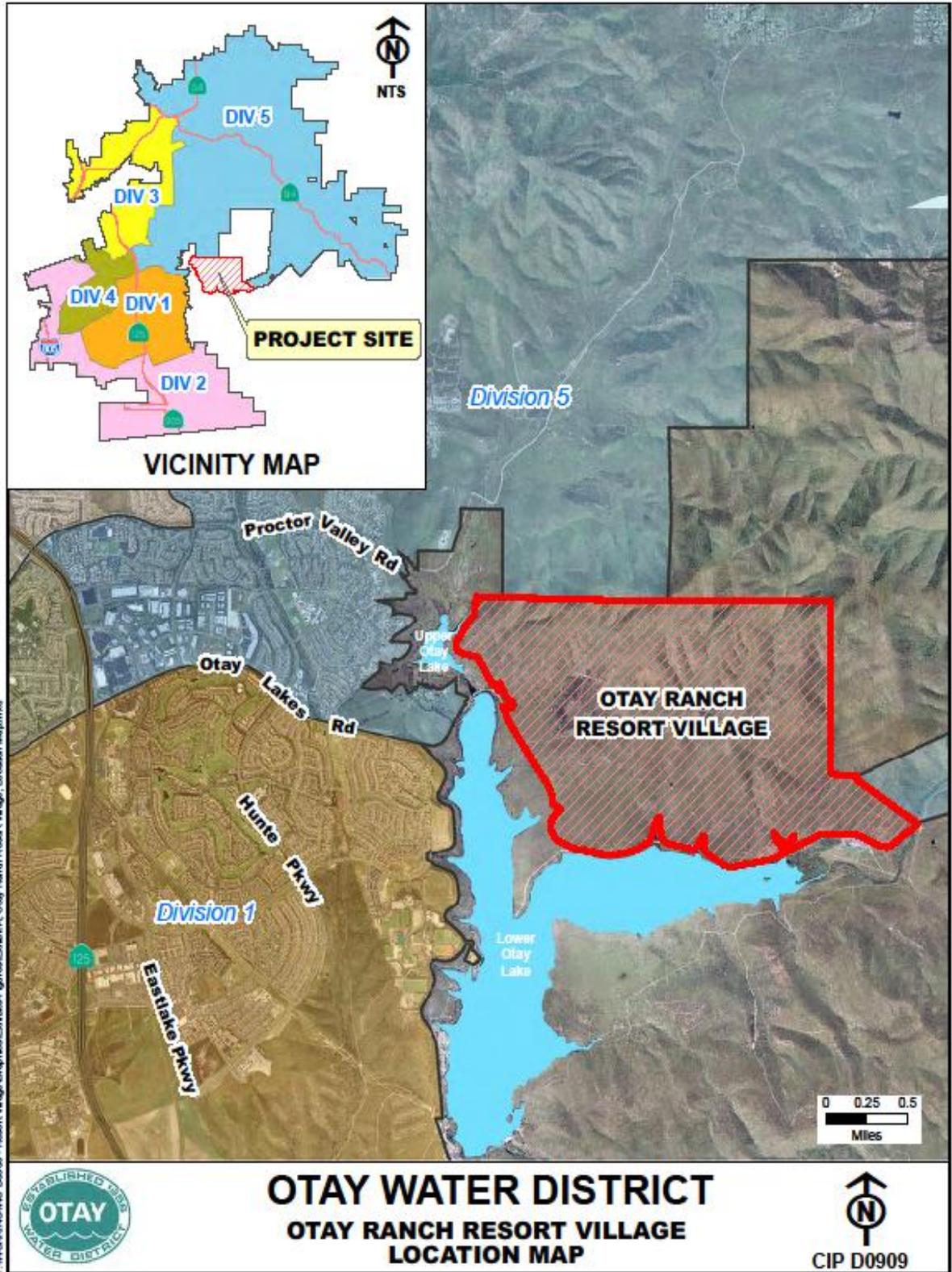


EXHIBIT A

EXHIBIT B

Background Information

The Otay Water District (District) prepared the January 2014 updated Water Supply Assessment and Verification (WSA&V) Report for the Otay Ranch Resort Village Project at the request of the County of San Diego. The County's WSA&V request letter was received by the District on February 10, 2014 so the 90-day deadline for the District to provide the Board an approved WSA&V Report to the City ends May 8, 2014. The Resort Village Project is located within the 23,000 acre Otay Ranch master planned community within the unincorporated area of the County of San Diego. See Exhibit A for the Project location.

The Otay Ranch Resort Village Project is not currently within the jurisdictions of the District, the San Diego County Water Authority (Water Authority), and the Metropolitan Water District of Southern California (MWD), but will be required to annex into these jurisdictions in order to obtain permanent imported water supply service.

The January 2014 updated WSA&V Report for the Otay Ranch Resort Village Project has been prepared by the District in consultation with Dexter Wilson Engineering, the Water Authority, and the County pursuant to Public Resources Code Section 21151.9 and California Water Code Sections 10631, 10656, 10910, 10911, 10912, and 10915 referred to as Senate Bill (SB) 610 and Government Code Sections 65867.5, 66455.3, and 66473.7 referred to as SB 221. SB 610 and SB 221 amended state law, effective January 1, 2002, intending to improve the link between information on water supply availability and certain land use decisions made by cities and counties. SB 610 requires that the water purveyor of the public water system prepare a water supply assessment to be included in the California Environmental Quality Act (CEQA) environmental documentation and approval process of certain proposed projects. SB 221 requires affirmative written verification from the water purveyor of the public water system that sufficient water supplies are to be available for certain residential subdivision of property. The requirements of SB 610 and SB 221 are addressed in the January 2014 updated WSA&V Report for the Otay Ranch Resort Village Project.

The Otay Ranch Resort project, also referred to as the Resort or Village 13, is included within a land use planning document known as, "The Otay Ranch General Development Plan/Sub-Regional Plan" (Otay Ranch GDP). The County of San Diego and City of Chula Vista jointly prepared and adopted the Otay Ranch GDP. The Resort project, identified as Village 13 in the Otay Ranch GDP, is located within what is defined as the Proctor Valley Parcel of the Otay Ranch GDP. The project is a part of the designated 14 villages and five (5) planning areas within the Otay Ranch GDP area. The Resort project current development plan approval is dependent on the County's eventual adoption of their entitlement application.

The Chula Vista City Council and the San Diego County Board of Supervisors adopted the Otay Ranch GDP on October 28, 1993, which was accompanied by a Program Environmental Impact Report EIR-90-01 (SCH #89010154).

The approximately 23,000 acre Otay Ranch is a master-planned community that includes a broad range of residential, commercial, retail, and industrial development interwoven with civic and community uses, such as libraries, parks, and schools, together with an open space preserve system consisting of approximately 11,375 acres.

The proposed development concept for the approximately 1,869 acres is generally planned as a combination of land uses consisting of a resort/hotel and associated facilities, a mix of single-family residential neighborhoods, a multiple use neighborhood, an elementary school, a public safety facilities site, commercial, open space, preserve land, circulation elements, parks, and recreational facilities. The total number of resort/hotel units is planned to be 200. Approximately 527 acres of the total project site are designated for 1,881 single-family detached homes and 57 multi-family homes are part of a multiple use site with up to 20,000 square feet of commercial/retail uses. Typically, a development project of this magnitude is constructed in several phases over many years.

The expected potable water demand for the Otay Ranch Resort Village Project is 1.44 million gallons per day (MGD) or about 1,615 acre-feet per year (AFY). This is 142 AFY lower than the demand estimate in the January 2009 WSA&V that was prepared for the project and approved by the Board in February 2009. Therefore, based on the findings from the Otay WD's 2010 UWMP and the Water Authority's 2010 UWMP, this Project will result in no unanticipated demands.

The entire watershed of the Resort project is tributary to the Upper and Lower Otay Reservoirs. The use of recycled water within watersheds tributary to surface water storage reservoirs that provide supply for potable domestic water uses must be approved by the owners of the reservoirs in order to protect water quality in these reservoirs. The developers of the Resort Village Project (JPB Development, LLC and Baldwin and Sons, LLC) have met with and discussed the use of recycled water with the City of San Diego, the operator of the reservoirs. The City of San Diego has requested that the project not use recycled water because they are concerned about the runoff from the project entering the reservoirs and increasing nutrients and salinity. For this reason, the projected water use within the Resort project has been estimated with the assumption that the use of recycled water within the project will not be allowed.

The District currently depends on the Water Authority and the MWD for all of its potable water supplies and regional water resource planning. The District's 2010 Urban Water Management Plan (UWMP) relies heavily on the UWMP's and Integrated Water Resources Plans (IRPs) of the Water Authority and MWD for documentation of supplies available to meet projected demands. These plans are developed to manage the uncertainties and variability of multiple supply sources and demands over the long-term through preferred water resources strategy adoption and resource development target approvals for implementation.

MWD in October 2010 approved the update of their Integrated Water Resources Plan (IRP). The 2010 IRP Update describes an adaptive management approach to mitigate against future water supply uncertainty. The new uncertainties that are significantly affecting California's water resources include:

- The Federal Court ruling on previous operational limits on Sacramento-San Joaquin Delta to protect the Delta species. Water agencies are still trying to determine what effect the ruling will have on State Water Project (SWP) deliveries. Actual supply curtailments for MWD are contingent upon fish distribution, behavioral patterns, weather, Delta flow conditions, and how water supply reductions are divided between state and federal projects.
- Periodic extended drought conditions.

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

MWD is currently involved in several proceedings concerning Delta operations to evaluate and address environmental concerns. In addition, at the State level, the Delta Vision and Bay-Delta Conservation Plan processes are defining long-term solutions for the Delta.

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

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

As calculated by MWD (December 11, 2012), the Water Authority's current preferential right is 17.22% of MWD's supply, while the Water Authority accounted for approximately 25% of MWD's total revenue. So MWD could theoretically cut back the Water Authority's supply and theoretically, the Water Authority should have alternative water supply sources to make up for the difference. In the Water Authority's 2010 UWMP, they had already planned to reduce reliance on MWD supplies. This reduction is planned to be achieved through diversification of their water supply portfolio.

The Water Authority's Drought Management Plan (May 2006) provides the Water Authority and its member agencies with a series of potential actions to engage when faced with a shortage of imported water supplies due to prolonged drought conditions.

Such actions help avoid or minimize impacts of shortages and ensure an equitable allocation of supplies throughout the San Diego County region.

The Otay Water District Board of Directors could acknowledge the ever-present challenge of balancing water supply with demand and the inherent need to possess a flexible and adaptable water supply implementation strategy that can be relied upon during normal and dry weather conditions. The responsible regional water supply agencies have and will continue to adapt their resource plans and strategies to meet climatological, environmental, and legal challenges so that they may continue to provide water supplies to their service areas. The regional water suppliers (i.e., the Water Authority and MWD), along with the District, fully intend to maintain sufficient reliable supplies through the 20-year planning horizon under normal, single-, and multiple-dry year conditions to meet projected demand of the Otay Ranch Resort Village Project, along with existing and other planned development projects within the District's service area.

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

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

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

With District Board approval of the Otay Ranch Resort Village Project updated WSA&V Report, the Otay Ranch Resort Village Project proponents can proceed with the draft environmental documentation required for the CEQA review process. The water supply issues will be addressed in these environmental documents, consistent with the updated WSA&V Report.

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

Some recent actions regarding water supply assessments and verification reports by Otay Water District are as follows:

- The Board approved water supply assessment and verification reports for the City of Chula Vista Village 8 West Sectional Plan Area and Village 9 Sectional Plan Area on January 5, 2011.
- The Board approved the water supply assessment report for the San Diego-Tijuana Cross Border Facility on February 2, 2011.
- The Board approved the water supply assessment for the County of San Diego Rabago Technology Park on April 6, 2011.
- The Board approved the water supply assessment report for the Pio Pico Energy Center Project on October 5, 2011.
- The Board approved the water supply assessment report for the Hawano Project on March 7, 2012.
- The Board approved the water supply assessment reports for the Sunroad Otay Plaza and Otay Tech Center Projects on March 6, 2013.
- The Board approved the water supply assessment reports for the Otay Ranch Planning Area 12 Freeway Commercial Project and the City of San Diego Otay Mesa Community Plan Update on July 3, 2013.
- The Board approved the water supply assessment report for the University Villages project on November 6, 2013.

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

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

Accordingly, after approval of an updated WSA&V Report for the Otay Ranch Resort Village Project by the District's Board of Directors, the WSA&V Report may be used to comply with the requirements of the legislation enacted by Senate Bills 610 and 221 as follows:

Senate Bill (SB) 610 Water Supply Assessment: The District's Board of Directors approved WSA&V Report may be incorporated into the California Environmental Quality Act (CEQA) compliance process for the Otay Ranch Resort Village Project as a water supply assessment report consistent with the requirements of the legislation enacted by SB 610. The County of San Diego, as lead agency under the CEQA for the Otay Ranch Resort Village Project environmental documentation, may cite the approved WSA&V Report as evidence that a sufficient water supply is planned and intended to be available to serve the Otay Ranch Resort Village Project.

Senate Bill (SB) 221 Water Supply Verification: The District's Board of Directors approved WSA&V Report may be incorporated into the County's Otay Ranch Resort Village Project as a water supply verification report, consistent with the requirements of the legislation enacted by SB 221. The County, within their process of approving the Otay Ranch Resort Village Project, may cite the approved WSA&V Report as verification of intended sufficient water supply to serve the Project.

EXHIBIT C

JPB Development
1392 E. Palomar Street, Suite #202
Chula Vista, CA 91913

Baldwin and Sons
610 W. Ash Street, Suite #1500
San Diego, CA 92101

April 9, 2014

Mr. Bob Kennedy
Engineering Manager
Otay Water District
2554 Sweetwater Springs Boulevard
Spring Valley, CA 91978

RE: Removal of Recycled Water in Otay Ranch Resort Village Project, TM 5361 (A) and (B)

Dear Mr. Kennedy:

Otay Water District approved a Water Supply and Assessment Verification Report for the Resort Village project in January 2009 which contemplated the potable water demand for the Resort Village project. The approved WSAV noted the potable demand could be reduced through the use of recycled water; however, due to the proximity of the project site to the Lower Otay Reservoir, a water supply source owned and controlled by the City of San Diego, as well as historic constraints by the RWQCB, the use of recycled water was not a condition of approval of the WSAV, rather, OWD required the applicants to pursue the use of recycled water.

Subsequent to the approval of the prior WSAV, the applicants worked with the City of San Diego to design a water quality treatment system acceptable to the City to protect the water quality of Lower Otay Reservoir. This letter is to provide additional detail to the Otay Water District on the City of San Diego's review of the Resort Village Project related to the use of recycled water and to clarify why recycled water service was removed from the Project. On July 13, 2011, the City completed a preliminary review of the Project's Drainage Study and Storm Water Management Plan.

In their attached review letter, the City of San Diego identified salt loading as a "major concern for surface water reservoirs in the San Diego Region" (please see comment #10 from the City's Public Utilities Department). The City stated in comment #12 that "the City is very concerned about salt loading from the Project area into Otay Reservoir. This problem is exacerbated by the proposed use of recycled water to irrigate landscaping in the project area. Recycled water carries salt loads well in excess of the drinking water standard. Salt in recycled water is about double that in imported water and about four times that in local runoff." The City of San Diego has taken a similar position on other projects tributary to the reservoir including Rolling Hills Ranch Phase 2 and portions of the EastLake Master Plan Community.

JPB Development
1392 E. Palomar Street, Suite #202
Chula Vista, CA 91913

Baldwin and Sons
610 W. Ash Street, Suite #1500
San Diego, CA 92101

In light of the City of San Diego's review comments, and after several meetings and discussions with the City regarding measures to protect the potable water supply and minimize and/or eliminate the effect of salt loading, recycled water service is proposed to be removed from the Project plans.

Respectfully Submitted,



Stephen M. Haase, AICP, LEED AP
Senior Vice President – Forward Planning
Baldwin & Sons



Sean Kilkenny
Vice President
Otay Ranch New Homes

Attachment: July 13, 2011, City of San Diego Resort Village 13 Preliminary Review Report



THE CITY OF SAN DIEGO

July 13, 2011

Stephen Haase
Baldwin and Sons
610 West Ash Street, Suite 1500
San Diego, California 92101

Dear Mr. Haase:

Subject: Resort Village 13; Preliminary Review Report; Project No. 232221; Internal Order No. 24001538; Otay Mesa

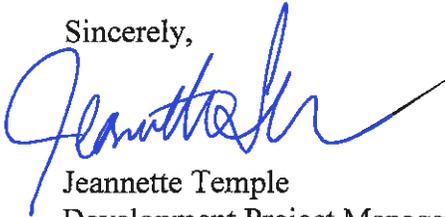
The Development Services Department has completed the resubmitted Preliminary Review of the above referenced project and I apologize for the delay in comments. Attached to this letter is a Cycle Issues Report (Enclosure 1) which contains review comments from staff representing Engineering and Reservoir Management, and the word document provided by Reservoir Management (Enclosure 2). In the interest of time, this brief cover letter is being provided.

Jeffrey Pasek, Watershed Manager from the Public Utilities Department, has offered that a meeting may be desired by the applicant. If so, please contact me to arrange.

If any additional requirements should arise during the subsequent review of your project, we will identify the issue and the reason for the additional requirement. To resolve any outstanding issues, please provide the information that is requested in the Cycle Issues Report. Should you require clarification about specific comments from the staff reviewing team, feel free to contact the reviewer directly.

If you have any questions regarding any of the information above, please contact me by phone at (619) 557-7908 or via e-mail at jtemple@sandiego.gov.

Sincerely,



Jeannette Temple
Development Project Manager

Attachments: Issues Report
Response to Responses July 11, 2011



Development Services

1222 First Avenue, MS 501 • San Diego, CA 92101-4155
Tel (619) 446-5460



L64A-003A

<u>Cleared?</u>	<u>Issue Num</u>	<u>Issue Text</u>
<input checked="" type="checkbox"/>	8	Stormwater Management Plan [SWMP] 1] Table 2 on p. 4 and throughout the document - Use the terms Lower Otay Reservoir and Upper Otay Reservoir. Otay Lake is incorrect. 2] Table 2 on p. 4, box 1, 9th and 10th paragraphs - The text here correctly states that the project must comply with the City's Source Water Protection Guidelines [SWPGs], and the text then states that the SWPGs are located in Attachment I. While it might seem obvious, the text nowhere states that the SWPGs were actually employed. (From Cycle 1)
<input checked="" type="checkbox"/>	9	It would be well for there to be an explanation of how the SWPGs were used to guide BMP selection or, alternatively, how the selected BMPs match up with the steps of the SWPGs. (From Cycle 1)
<input type="checkbox"/>	10	3] Table 6 on p. 12 and Table 7 on p.13 - These tables describe the pollutants of concern specified by County stormwater criteria. The City's Source Water Protection Guidelines [SWPGs] also list pollutants of concern specific to drinking source waters. The pollutants of concern for drinking source water is somewhat different that the pollutants of concern specified by County stormwater criteria. This difference is the reason the SWPGs are needed. Salt loading [i.e., total dissolved solids, TDS] is a major concern for surface water reservoirs in the San Diego Region [see SWPGs, p.5 and p.6 (From Cycle 1)
<input type="checkbox"/>	11	Salts or TDS are one of three major pollutants of concern called out in the SWPGs. Salts or TDS are not identified as a pollutant of concern in the SWMP. Regulations for drinking water established by the California Department of Health Services set 500 mg/l as the limit for TDS in drinking water. Conventional potable water treatment - such as used at the Otay Water Treatment Plant - does not remove salt. Thus, any salt loading in the source water is expressed directly in the finished treated water. (From Cycle 1)
<input type="checkbox"/>	12	The City is very concerned about salt loading from the project area into Otay Reservoir. This problem is exacerbated by the proposed use of recycled water to irrigate landscaping in the project area. Recycled water carries salt loads well in excess of the drinking water standard. Salt in recycled water is about double that in imported water and about four times that in local runoff. (From Cycle 1)
<input type="checkbox"/>	13	Even if there is no direct runoff of irrigation water to the reservoir, the salt in the irrigation water accumulates on the land surface or in shallow soil, and is subsequently carried by rainfall runoff to the reservoir. The SWMP needs to address salt loading from the project area into the reservoir. It would be appropriate for the SWMP to assess the total amount of salt brought into the project area via irrigation water, the fate of this salt across the landscape, and the transport of salt to the reservoir. The SWMP should specify mitigations for salt loading by the project. (From Cycle 1)
<input type="checkbox"/>	14	Should it be the case that salt loading from the project area to the reservoir cannot be addressed and resolved through the SWMP, salt loading then becomes a significant impact of the project that needs to be mitigated. In this case we would expect the matter to be taken up and resolved in the project's Environmental Impact Report. (From Cycle 1)
<input type="checkbox"/>	15	4] p. 37, "Funding Sources" - The text states that long-term maintenance of each BMP " will be the responsibility of the Otay Ranch Village 13 Homeowners Association." The City desires to see some sort of legal instrument in place that assures the BMPs will be managed, maintained, repaired, and replaced in perpetuity. We expect this would come as a condition of the site development permit. Most of the BMPs selected for the project area are some type of hard infrastructure; e.g., inlet filters, water quality basins, Filterra units. (From Cycle 1)
<input type="checkbox"/>	16	Even vegetated swales are hard infrastructure, in part. Infrastructure wears out over time, and to sustain the protection the BMPs provide to Otay Reservoir it will be necessary to repair and replace the infrastructure. It is very important to understand that Otay Reservoir has been providing high quality water to the City's public water supply for more than a century [since 1894, 117 years]. The reservoir will serve the City for a similar span of time into the future; and planning for the maintenance, repair, and replacement of BMPs needs to have the same sort of timeline. (From Cycle 1)
<input type="checkbox"/>	17	The text quoted above regarding maintenance falls far short of the long-term assurances needed. (From Cycle 1)

Second Review-07/11

<u>Cleared?</u>	<u>Issue Num</u>	<u>Issue Text</u>
<input type="checkbox"/>	19	Regarding Nos. 10-14 above, and item no. 3 in Staff's comments regarding the SWMP: We now understand that reclaimed water will not be used anywhere in the project area; this will lessen the salt loading from the project. However, there will be several different sources of salt loading from the project area to the reservoir - reclaimed water is just one source. Other sources of salt loading are: (New Issue)





OTAY WATER DISTRICT

WATER SUPPLY ASSESSMENT AND VERIFICATION REPORT

Otay Ranch Resort Village

Prepared by:

Lisa Coburn-Boyd

Environmental Compliance Specialist

and

Robert Kennedy, P.E.

Engineering Manager

Otay Water District

in consultation with

Dexter Wilson Engineering, Inc.

and

San Diego County Water Authority

January 2014

Otay Water District
Water Supply Assessment and Verification Report
January 2014
Otay Ranch Resort Village

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Otay Water District Water Supply Assessment and Verification Report January 2014

Otay Ranch Resort Village

Executive Summary

The Otay Water District (Otay WD) prepared this updated Water Supply Assessment and Verification Report (WSA&V Report) at the request of the County of San Diego (County) for the Otay Ranch Resort Village project, hereafter referred to as the Resort project. JPB Development, LLC and Baldwin and Sons, LLC submitted an entitlement application to the County for the development of the Resort project.

Project Overview and Water Use

The Resort project is not currently located within the jurisdictions of the Otay WD, the San Diego County Water Authority (Water Authority), and the Metropolitan Water District (MWD). The Resort project is required to annex into the jurisdictions of the Otay WD, Water Authority, and MWD to utilize imported water supply (i.e. to obtain imported water supply service).

The Resort project is identified and described within a land use planning document known as the Otay Ranch General Development Plan/Sub-regional Plan (Otay Ranch SRP). The County of San Diego and City of Chula Vista jointly prepared and adopted the Otay Ranch SRP. The Resort project, identified as Village 13 within the Otay Ranch SRP, is located within what is defined as the Proctor Valley Parcel of the Otay Ranch SRP. The Resort project is part of the designated 14 villages and five planning areas within the Otay Ranch SRP area. The Chula Vista City Council and the San Diego County Board of Supervisors adopted the Otay Ranch SRP on October 28, 1993, which was accompanied by a Program Environmental Impact Report EIR-90-01 (SCH #89010154). As the Otay Ranch area has developed over time, the Otay Ranch SRP has been periodically amended to address land use and circulation element issues specific to individual Villages.

The JPB Development, LLC and Baldwin and Sons, LLC (“Applicants”) proposed development concept for the approximately 1,869 acre Resort property is generally planned as a combination of land uses. These land uses consist of a resort/hotel and associated facilities, a mix of single family residential neighborhoods, a multiple use neighborhood, an elementary school, a public safety facilities site, commercial, open space, preserve land, circulation elements, parks, and recreational facilities. The total number of resort/hotel units is planned to be 200. Approximately 527 acres of the total project site are designated for 1,881 single-

family detached homes and 57 multi-family homes are part of a multiple use site with up to 20,000 square feet of commercial/retail uses. Typically a development of this magnitude is constructed in several phases over many years.

The expected potable water demand for the Resort Project is 1.44 million gallons per day (mgd) or about 1,615 acre feet per year (AFY). This is 142 AFY lower than the demand estimate in the January 2009 WSA&V Report that was prepared for the project and approved by the Otay WD Board (February 2009). The previously estimated 1,757 AFY demand (January 2009 WSA&V Report) was accounted for in the District's 2010 Urban Water Management Plan (UWMP) and the Water Authority's 2010 UWMP. Therefore, based on the findings from the Otay WD's 2010 UWMP and the Water Authority's 2010 UWMP, this project will result in no unanticipated demands.

The entire watershed of the Resort project is tributary to the Upper and Lower Otay Reservoirs. The use of recycled water within watersheds tributary to surface water storage reservoirs that provide supply for potable domestic water uses must be approved by the owners of the reservoirs in order to protect water quality in these reservoirs. The Applicants for the Resort Village Project, JPB Development, LLC and Baldwin and Sons, LLC, have met with and discussed the use of recycled water with the City of San Diego, the operator of the reservoirs. The City of San Diego has requested that the project not use recycled water because they are concerned about the runoff from the project entering the reservoirs and increasing nutrients and salinity. For this reason, the projected water use within the Resort project has been estimated with the assumption that the use of recycled water within the project will not be allowed.

Planned Imported Water Supplies from the Water Authority and MWD

The Water Authority and Metropolitan Water District (MWD) have an established process that ensures supplies are being planned to meet future growth. Any annexations and revisions to established land use plans are captured in the San Diego Association of Governments (SANDAG) updated forecasts for land use planning, demographics, and economic projections. SANDAG serves as the regional, intergovernmental planning agency that develops and provides forecast information. The Water Authority and MWD update their demand forecasts and supply needs based on the most recent SANDAG forecast approximately every five years to coincide with preparation of their UWMP's. Prior to the next forecast update, local jurisdictions may require water supply assessment and/or verification reports for proposed land developments that are not within the Otay WD, Water Authority, nor MWD jurisdictions (i.e. pending or proposed annexations) or that have revised land use plans than what is reflected in the existing growth forecasts. The Otay WD, Water Authority, and MWD next demand forecast and supply requirements and associated planning documents will capture any increase or decrease in demands and required supplies as a result of annexations or revised land use planning decisions such as the proposed annexation of the Resort project into Otay WD, Water Authority, and MWD jurisdictions. This WSA&V report documents a decrease in the potable water demand of the Resort project since the previous

WSA&V report (January 2009 WSA&V). This updated information will be incorporated within and become a permanent part of the water resources planning processes and documents for the Otay WD, Water Authority, and MWD.

The California Urban Water Management Planning Act (Act), which is included in the California Water Code, requires all urban water suppliers within the state to prepare an UWMP and update it every five years. The purpose and importance of the UWMP has evolved since it was first required 25 years ago. State agencies and the public frequently use the document to determine if agencies are conducting adequate planning to reliably meet future demands. As such, UWMPs serve as an important element in documenting supply availability for the purpose of compliance with state laws, Senate Bills 610 and 221, linking water supply sufficiency to large land-use development approval. Agencies must also have a UWMP prepared, pursuant to the Act, in order to be eligible for state funding and drought assistance.

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

Water supply agencies throughout California continue to face climatological, environmental, legal, and other challenges that impact water source supply conditions, such as the court rulings regarding the Sacramento-San Joaquin Delta issues and the current drought impacting the western states. Challenges such as these will always be present. However, even in the face of these challenges, the regional water supply agencies, the Water Authority and MWD, along with Otay WD fully intend to have sufficient, reliable supplies to serve demands.

In Section ES-5 of MWD's 2010 Regional Urban Water Management Plan (2010 RUWMP), MWD states that MWD has supply capacities that would be sufficient to meet expected demands from 2015 through 2035. MWD has plans for supply implementation and continued development of a diversified resource mix including programs in the Colorado River Aqueduct, State Water Project, Central Valley Transfers, local resource projects, and in-region storage that enables the region to meet its water supply needs. MWD's 2010 RUWMP identifies potential reserve supplies in the supply capability analysis (Tables 2-9, 2-10, and 2-11), which could also be available to meet unanticipated demands.

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

As part of the preparation of a written water supply assessment report, an agency’s shortage contingency analysis should be considered in determining sufficiency of supply. Section 11 of the Water Authority’s 2010 UWMP contains a detailed shortage contingency analysis that addresses a regional catastrophic shortage situation and drought management. The analysis demonstrates that the Water Authority and its member agencies, through the Emergency Response Plan, Emergency Storage Project, and Drought Management Plan (DMP) are taking actions to prepare for and appropriately handle an interruption of water supplies. The DMP, adopted in May 2006, provides the Water Authority and its member agencies with a series of potential actions to take when faced with a shortage of imported water supplies from MWD due to prolonged drought or other supply shortfall conditions. The actions will help the region avoid or minimize the impacts of shortages and ensure an equitable allocation of supplies.

Otay Water District Water Supply Development Program

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

Findings

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

supply requirements for the proposed Resort project are currently within the UWMP, WRMP, and other water resource planning documents of the Otay WD.

To fully quantify probable demands to be served by the Water Authority, lands with impending or proposed applications for annexation to the Otay WD, Water Authority, and MWD service areas were identified in the Water Authority 2010 UWMP. Estimated water demands for the Resort project were provided to the Water Authority and then added to the Water Authority forecast. The Water Authority included the Resort project potable water demands within their 2010 UWMP to provide for more comprehensive supply planning and assist in complying with the requirements of Senate Bills 610 and 221.

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

Accordingly, after approval of the updated WSA&V Report for the Resort project by the Otay WD Board of Directors (Board), the WSA&V Report may be used to comply with the requirements of the legislation enacted by Senate Bills 610 and 221 as follows:

1. Senate Bill 610 Water Supply Assessment: The Otay WD Board approved WSA&V Report may be incorporated into the California Environmental Quality Act (CEQA) Environmental Impact Report (EIR) compliance process for the Resort project as a water supply assessment report consistent with the requirements of the legislation enacted by SB 610. The County as lead agency under CEQA for the Resort project EIR may cite the approved WSA&V Report as evidence that a sufficient water supply is planned for and is intended to be made available to serve the Resort project.
2. Senate Bill 221 Water Supply Verification: The Otay WD Board approved WSA&V Report may be incorporated into the County's Tentative Map approval process for the Resort project as a water supply verification report, consistent with the requirements of the legislation enacted by SB 221. The County, within their process of approving the Resort project's Tentative Map, may cite the approved WSA&V Report as verification of intended sufficient water supply to serve the Resort project.

Section 1 - Purpose

The Resort project is located in the Proctor Valley Parcel area of Otay Ranch. JPB Development, LLC and Baldwin and Sons, LLC ("Applicants") submitted an entitlement

application package to the County of San Diego (County) for the development of the Resort project. The County requested that Otay WD prepare a WSA&V Report for the Resort project. This original WSA&V Report was approved by the Otay WD Board of Directors in February, 2009. The County requested that an updated WSA&V Report be submitted for approval because of changes in the configuration of the project and slight changes in the potable water demand. Since 2009, there have also been updates to the planning documents that include the Resort project. The current Resort project description is provided in Section 3 of this WSA&V Report.

This updated WSA&V Report for the Resort project has been prepared by the Otay WD in consultation with Dexter Wilson Engineering, Inc., the Water Authority, and the County pursuant to Public Resources Code Section 21151.9 and California Water Code Sections 10631, 10656, 10910, 10911, 10912, and 10915 referred to as Senate Bill (SB) 610 and Business and Professions Code Section 11010 and Government Code Sections 65867.5, 66455.3, and 66473.7 referred to as SB 221. SB 610 and SB 221 amended state law, effective January 1, 2002. The intent of these bills is to improve the link between information on water supply availability and certain land use decisions made by cities and counties. SB 610 requires that the water purveyor of the public water system prepare a water supply assessment to be included in the California Environmental Quality Act (CEQA) environmental documentation and approval process of certain proposed projects. SB 221 requires affirmative written verification from the water purveyor of the public water system that sufficient water supplies are to be available for certain residential subdivisions of property prior to approval of a tentative map. The requirements of SB 610 and SB 221 are being addressed by this WSA&V Report.

The County also requested, since the requirements of SB 610 and SB 221 are substantially similar, that Otay WD prepare both the water supply assessment and verification concurrently.

This WSA&V Report evaluates water supplies that are planned to be available during normal, single dry year, and multiple dry water years during a 20-year planning horizon to meet existing demands, expected demands of the Resort project, and reasonably foreseeable planned future water demands served by Otay WD. The Otay WD Board of Directors approved WSA&V Report is planned to be used by the County in its evaluation of the Resort project under the CEQA and Tentative Map approval processes.

Section 2 - Findings

The Otay WD prepared this updated WSA&V Report at the request of the County for the Resort project. The Resort project is also known as Otay Ranch Village 13. JPB Development, LLC and Baldwin and Sons, LLC submitted an entitlement application to the County for the Resort project.

The Resort project is not currently within the jurisdictions of the Otay WD, Water Authority, or MWD. The Resort project is required to annex into the jurisdictions of the Otay WD, Water Authority, and MWD to utilize imported water supply (i.e. to obtain imported water supply service).

The expected potable water demand for the Resort Project is 1,441,760 gallons per day (GPD) or about 1,615 acre feet per year (AFY). The current development plan is expected to decrease the water demand for this project by 142 AFY from the January 2009 Water Supply Assessment and Verification Report that was prepared for the Resort project and approved by the Otay WD Board.

The previously estimated 1,757 AFY (January 2009 WSA&V) demand was accounted for in the Water Authority's 2010 UWMP and the Otay WD's 2010 UWMP. Therefore, the updated expected potable water demand for the Resort Project of 1,615 AFY will not result in any unanticipated demands since this amount is 142 AFY less than what was previously anticipated for the Resort project.

The Water Authority and MWD have an established process that ensures supplies are being planned to meet future growth. Any annexations and revisions to established land use plans are captured in the SANDAG updated forecasts for land use planning, demographics, and economic projections. SANDAG serves as the regional, intergovernmental planning agency that develops and provides forecast information. The Water Authority and MWD update their demand forecasts and supply needs based on the most recent SANDAG forecast approximately every five years to coincide with preparation of their urban water management plans. Prior to the next forecast update, local jurisdictions may require water supply assessment and/or verification reports for proposed land developments that are not within the Otay WD, Water Authority, nor MWD jurisdictions (i.e. pending or proposed annexations) or that have revised land use plans than reflected in the existing growth forecasts. Proposed land areas with pending or proposed annexations or revised land use plans typically result in creating higher demand and supply requirements than anticipated. The Otay WD, the Water Authority, and MWD next demand forecast and supply requirements and associated planning documents would then capture any increase or decrease in demands and required supplies as a result of annexations or revised land use planning decisions such as the proposed annexation of the Resort project. The Resort project will be annexed into the jurisdictions of the Otay WD, Water Authority, and MWD. In anticipation of this annexation, water demand and supply planning information for the Resort project were incorporated into and became a permanent part of their water resources planning processes and documents. Since the Resort project had a WSA&V report approved by the Otay WD Board of Directors in 2009, the Water Authority included the Resort project potable water demands within their 2010 UWMP to provide for more comprehensive supply planning and assist in complying with the requirements of Senate Bills 610 and 221.

This process is utilized by the Water Authority and MWD to document the water supplies necessary to serve the demands of the proposed Resort project, along with existing and other projected future users, as well as the actions necessary to develop these supplies. Through this process, it is assured that the necessary demand and supply information is identified and incorporated within the water supply planning documents of the Water Authority and MWD.

The Otay Water District 2010 UWMP included a water conservation component to comply with Senate Bill 7 of the Seventh Extraordinary Session (SBX 7-7), which became effective February 3, 2010. This new law was the water conservation component to the Delta legislation package, and seeks to achieve a 20 percent statewide reduction in urban per capita water use in California by December 31, 2020. Specifically, SBX 7-7 from this Extraordinary Session requires each urban retail water supplier to develop urban water use targets to help meet the 20 percent reduction goal by 2020 (20x2020), and an interim water reduction target by 2015.

Otay WD has adopted Method 1 to set its 2015 interim and 2020 water use targets. Method 1 requires setting the 2020 water use target to 80 percent of baseline per capita water use target as provided in the State's Draft 20x2020 Water Conservation Plan. The Otay WD 2015 target is 171 gpcd and the 2020 gpcd target at 80 percent of baseline is 152 gpcd.

The Otay WD's recent per capita water use has been declining to the point where current water use already meets the 2020 target for Method 1. This recent decline in per capita water use is largely due to drought water use restrictions, increased water costs, and economic conditions. However, Otay WD's effective water use awareness campaign and the enhanced conservation mentality of its customers will likely result in some long-term carryover of these reduced consumption rates.

To fully quantify probable demands to be served by the Water Authority, lands with impending or proposed applications for annexation to the Otay WD, Water Authority, and MWD service areas were identified in the Water Authority 2010 UWMP. Estimated water demands for the Resort project were provided to the Water Authority and then added to the Water Authority forecast. The Water Authority included the Resort project potable water demands within their 2010 UWMP to provide for more comprehensive supply planning and assist in complying with the requirements of Senate Bills 610 and 221.

In evaluating the availability of sufficient water supply, the Resort project proponents are required to participate in the development of alternative water supply project(s). This can be achieved through payment of the New Water Supply Fee adopted by the Otay Water District Board in May 2010. These water supply projects are in addition to those identified as sustainable supplies in the current Water Authority and MWD UWMP, IRP, Master Plans, and other planning documents. These new water supply projects are in response to the regional water supply issues related to the Sacramento-San Joaquin Delta and the current ongoing western states drought conditions. These new additional water supply projects are not currently developed and are in various stages of the planning process. A few examples of

these alternative water supply projects include the Middle Sweetwater River Basin Groundwater Well project, the North District Recycled Water Supply Concept, the Rosarito Ocean Desalination Facility project, and the Rancho del Rey Groundwater Well project. The Water Authority and MWD next forecast and supply planning documents would capture any increase in water supplies resulting from any new water resources developed by the Otay WD.

Water supplies necessary to serve the demands of the proposed Resort project, along with existing and other reasonably foreseeable projected future users, as well as the actions necessary to develop these supplies and their status, will be identified and included within the water supply planning documents of the Water Authority and MWD. This WSA&V Report demonstrates and verifies that, with development of the resources currently identified and those that may be additionally acquired, there are sufficient water supplies being planned for and developed over the next 20-year planning horizon to meet the projected demand of the proposed Resort project and any existing and other reasonably foreseeable planned development projects within the Otay WD.

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

Based on a normal water supply year, the five-year increments for a 20-year projection indicate projected potable and recycled water supply is being planned for and is intended to be acquired to meet the estimated water demand targets of the Otay WD (44,883 acre-feet (ac-ft) in 2015 to 56,614 ac-ft in 2035 per the Otay WD 2010 UWMP). Based on dry year forecasts, the estimated water supply is also being planned for and is intended to be acquired to meet the projected water demand, during single dry and multiple dry year scenarios. On average, the dry-year demands are about 6.4 percent higher than the normal year demands. The Otay WD recycled water supply is assumed to be drought-proof and not subject to reduction during dry periods.

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

Section 3 - Project Description

The Otay Ranch Resort project, also referred to as the Resort or Village 13, is located in the unincorporated area of the County of San Diego, California. Refer to **Appendix A** for a regional location map for the proposed project. The Upper and Lower Otay Reservoirs generally bound the Resort project to the west and south. The Resort project is not currently within the jurisdictions of the Otay WD, Water Authority, and MWD.

The Resort project is included within a land use planning document known as the Otay Ranch General Development Plan/Sub-regional Plan (Otay Ranch SRP). The County of San Diego and City of Chula Vista jointly prepared and adopted the Otay Ranch SRP. The Resort project, identified as Village 13 in the Otay Ranch SRP, is located within what is defined as the Proctor Valley Parcel of the Otay Ranch SRP. The project is a part of the designated 14 villages and five planning areas within the Otay Ranch SRP area. The Resort project current development plan approval is dependent on the County's eventual adoption of their entitlement application.

The Chula Vista City Council and the San Diego County Board of Supervisors adopted the Otay Ranch SRP on October 28, 1993, which was accompanied by a Program Environmental Impact Report EIR-90-01 (SCH #89010154).

The approximately 23,000 acre Otay Ranch is a master-planned community that includes a broad range of residential, commercial, retail, and industrial development interwoven with civic and community uses, such as libraries, parks, and schools, together with an open space preserve system consisting of approximately 11,375 acres.

The proposed development concept for the approximately 1,869 acre Resort project is planned as a combination of land uses as shown in Table 1.

Table 1
Otay Ranch Resort Proposed Land Uses

Location	Land Use Description	Area, ac	Dwelling Units
Otay Ranch Resort	Single Family Residential	527.3	1,881

Otay Ranch Resort	Multi-Family Residential	---	57
Otay Ranch Resort	Elementary School	10	---
Otay Ranch Resort	Public Safety	2.1	---
Otay Ranch Resort	Resort/Hotel	17.4	200
Otay Ranch Resort	Commercial	14.1	---
Otay Ranch Resort	Developed Open Space	141	---
Otay Ranch Resort	Parks	29.6	---
Otay Ranch Resort	Natural Open Space Preserve	1,091.5	---
Otay Ranch Resort	Circulation	36	---
TOTAL		1,869	2,138

The proposed development concept for the approximately 1,869 acre Resort property is generally planned as a combination of land uses consisting of a resort hotel and associated facilities, a mix of single and multi-family residential neighborhoods, a multiple-use neighborhood, an elementary school, a public safety facilities site, commercial, open space, preserve land, circulation elements, parks, and recreational facilities. The total number of resort/hotel units is planned to be 200. Approximately 527 acres of the total project site are designated for 1,881 single-family detached homes and 57 multi-family homes are proposed as part of a multiple use site with up to 20,000 square feet of commercial/retail uses. Typically a development of this magnitude is constructed in several phases over many years.

The County has identified discretionary actions and/or permit approval requirements for the Resort project. The projected potable water demands and resulting water supply requirements associated with the Resort project have considered the discretionary actions and/or permit approvals and are incorporated into and used in this WSA&V Report. The water demands for the proposed Resort project are provided in Section 5 – Historical and Projected Water Demands.

Section 4 – Otay Water District

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

The Otay WD currently relies on the Water Authority for 100 percent of its treated potable water supply. The Water Authority is the agency responsible for the supply of imported water into San Diego County through its membership in MWD. The Water Authority currently

obtains the vast majority of its imported supply from MWD, but is in the process of diversifying its available supplies.

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

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

The planning area addressed in the Otay WD 2010 Water Resources Master Plan Update and the Otay WD 2010 Urban Water Management Plan (2010 UWMP) includes the land within the jurisdictional boundary of the Otay WD and those areas outside of the present Otay WD boundaries considered to be in the Area of Influence of the Otay WD. Figure 2-1 contained within the Otay WD 2010 WRMP Revision shows the jurisdictional boundary of the Otay WD and the Area of Influence which includes the Resort project area. The planning area is approximately 143 square miles, of which approximately 125 square miles are within the Otay WD current boundaries and approximately 18 square miles are in the Area of Influence. The area east of Otay WD is rural and currently not within any water purveyor jurisdiction and potentially could be served by the Otay WD in the future if the need for imported water becomes necessary, as is the case for the Area of Influence.

The City of Chula Vista, the City of San Diego, and the County of San Diego are the three land use planning agencies within the Otay WD jurisdiction. Data on forecasts for land use planning, demographics, economic projections, population, and the future rate of growth within Otay WD were obtained from SANDAG. SANDAG serves as the regional, intergovernmental planning agency that develops and provides forecast information through the year 2050. Population growth within the Otay WD service area is expected to increase from the 2010 figure of approximately 198,616 to an estimated 284,997 by 2035. Land use information used to develop water demand projections are based upon Specific or Sectional Planning Areas, the Otay Ranch General Development Plan/Sub-regional Plan, East Otay

Mesa Specific Plan Area, San Diego County Community Plans, and City of San Diego Otay Mesa Community Plan, City of Chula Vista, and County of San Diego General Plans.

The Otay WD long-term historic growth rate has been approximately 4 percent. The growth rate has significantly slowed due to the current economic conditions and it is expected to slow as the inventory of developable land is diminished.

Climatic conditions within the Otay WD service area are characteristically Mediterranean near the coast, with mild temperatures year round. Inland areas are both hotter in summer and cooler in winter, with summer temperatures often exceeding 90 degrees and winter temperatures occasionally dipping to below freezing. Most of the region's rainfall occurs during the months of December through March. Average annual rainfall is approximately 12.17 inches per year.

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

4.1 Urban Water Management Plan

In accordance with the California Urban Water Management Planning Act and recent legislation, the Otay WD Board of Directors adopted an UWMP in June 2011 and subsequently submitted the plan to the California Department of Water Resources (DWR). As required by law, the Otay Water District 2010 UWMP includes projected water supplies required to meet future demands through 2035. In accordance with Water Code Section 10910 (c)(2) and Government Code Section 66473.7 (c)(3), information from the Otay WD 2010 UWMP along with supplemental information from the 2010 Otay WD WRMP Revision have been utilized to prepare this WSA&V Report and are incorporated herein by reference.

The state Legislature passed Senate Bill 7 as part of the Seventh Extraordinary Session (SBX 7-7) on November 10, 2009, which became effective February 3, 2010. This new law was the water conservation component to the Delta legislation package and seeks to achieve a 20 percent statewide reduction in urban per capita water use in California by December 31, 2020. Specifically, SBX 7-7 from this Extraordinary Session requires each urban retail water supplier to develop urban water use targets to help meet the 20 percent reduction goal by 2020 (20x2020), and an interim water reduction target by 2015.

The SBX 7-7 target setting process includes the following: (1) baseline daily per capita water use; (2) urban water use target; (3) interim water use target; (4) compliance daily per capita water use, including technical bases and supporting data for those determinations. In order for an agency to meet its 2020 water use target, each agency can increase its use of recycled water to offset potable water use and also step up its water conservation measures. The

required water use targets for 2020 and an interim target for 2015 are determined using one of four target methods – each method has numerous methodologies. The 2020 urban water use target may be updated in a supplier’s 2015 UWMP.

In 2015, urban retail water suppliers will be required to report interim compliance followed by actual compliance in 2020. Interim compliance is halfway between the baseline water use and 2020 target. Baseline, target, and compliance-year water use estimates are required to be reported in gallons per capita per day (gpcd).

Failure to meet adopted targets will result in the ineligibility of a water supplier to receive grants or loans administered by the State unless one (1) of two (2) exceptions is met. Exception one (1) states a water supplier may be eligible if they have submitted a schedule, financing plan, and budget to DWR for approval to achieve the per capita water use reductions. Exception two (2) states a water supplier may be eligible if an entire water service area qualifies as a disadvantaged community.

Otay WD has adopted Method 1 to set its 2015 interim and 2020 water use targets. Method 1 requires setting the 2020 water use target to 80 percent of baseline per capita water use target as provided in the State’s Draft 20x2020 Water Conservation Plan. The Otay WD 2015 target is 171 gpcd and the 2020 gpcd target at 80 percent of baseline is 152 gpcd.

The Otay WD’s recent per capita water use has been declining to the point where current water use already meets the 2020 target for Method 1. This recent decline in per capita water use is largely due to drought water use restrictions, increased water costs, and poor economic conditions. However, Otay WD’s effective water use awareness campaign and enhanced conservation mentality of its customers will likely result in some long-term carryover of these reduced consumption rates beyond the current drought period.

Section 5 – Historical and Projected Water Demands

The projected demands for Otay WD are based on Specific or Sectional Planning Areas, the Otay Ranch General Development Plan/Sub-regional Plan, the East Otay Mesa Specific Plan Area, San Diego County Community Plans, and City of San Diego Otay Mesa Community Plan, City of Chula Vista and County of San Diego General Plans. This land use information is also used by SANDAG as the basis for its most recent forecast data. This land use information is utilized in the preparation of the Otay WD 2010 WRMP Revision, and the Otay WD 2010 UWMP in order to develop the forecasted demands and supply requirements. In 1994, the Water Authority selected the Institute for Water Resources-Municipal and Industrial Needs (MAIN) computer model to forecast municipal and industrial water use for the San Diego region. The MAIN model uses demographic and economic data to project sector-level water demands (i.e. residential and non-residential demands). This econometric model has over a quarter of a century of practical application and is used by many cities and water agencies throughout the United States. The Water Authority’s version of the MAIN

model was modified to reflect the San Diego region's unique parameters and is known as CWA-MAIN.

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

Consistent with the previous CWA-MAIN modeling efforts, on February 26, 2010, the SANDAG Board of Directors accepted the Series 12: 2050 Regional Growth Forecast. The 2050 Regional Growth Forecast will be used by SANDAG as the foundation for the next Regional Comprehensive Plan update. SANDAG forecasts also are used by local governments for planning, including the San Diego County Water Authority 2010 Urban Water Management Plan update.

The municipal and industrial forecast also included an updated accounting of projected conservation savings based on projected regional implementation of the California Urban Water Conservation Council (CUWCC) Best Management Practices and SANDAG demographic information for the period 2010 through 2035. These savings estimates were then factored into the baseline municipal and industrial demand forecast.

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

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

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

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

In addition, MWD's 2010 Regional UWMP identified potential reserve supplies in the supply capability analysis (Tables 2-9, 2-10, and 2-11), which could be available to meet any unanticipated demands. The Water Authority and MWD's next forecast and supply planning documents would capture any increase in necessary supply resources resulting from any new water supply resources.

The Otay WD water demand projection methodology utilizes a component land use approach. This is done by applying representative values of water use to the acreage of each land use type and then aggregating these individual land use demand projections into an overall total demand for the Otay WD. This is called the water duty method, and the water duty is the amount of water used in acre-feet per acre per year. This approach is used for all the land use types except residential development where a demand per dwelling unit was applied. In addition, commercial and industrial water use categories are further subdivided by type including separate categories for golf courses, schools, jails, prisons, hospitals, etc. where specific water demands are established.

To determine water duties for the various types of land use, the entire water meter database of the Otay WD is utilized and sorted by the appropriate land use types. The metered consumption records are then examined for each of the land uses, and water duties are determined for the various types of residential, commercial, industrial, and institutional land uses. For example the water duty factors

for commercial and industrial land uses are estimated using 1,785 and 893 gallons per day per acre, respectively. Residential water demand is established based on the same data but computed on a per-dwelling unit basis. The focus is to ensure that for each of the residential land use categories (very low, low, medium, and high densities), the demand criteria used is adequately represented based upon actual data. This method is used because residential land uses constitute a substantial percentage of the total developable planning area of the Otay WD.

The 2010 WRMP Revision calculates potable water demand by taking the gross acreage of a site and applying a potable water reduction factor (PWRF), which is intended to represent the percentage of acreage to be served by potable water and that not served by recycled water for irrigation. For industrial land use, as an example, the PWRF is 0.95 (i.e., 95% of the site is assumed to be served by potable water, 5% of the site is assumed to be irrigated with recycled water). The potable net acreage is then multiplied by the unit demand factor corresponding to its respective land use. This approach is used in the 2010 WRMP Revision for all the land use types except residential development where a demand per dwelling unit is applied. In addition, commercial and industrial water use categories are further subdivided by type including separate categories for golf courses, schools, jails, prisons, hospitals, etc. where specific water demands are allocated.

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

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

Table 2
Historical and Projected Potable Water Fiscal Year Demands (acre-feet)

Water Use Sectors	2005	2010	2015	2020	2025	2030	2035
Single Family	21,233	17,165	23,633	28,312	33,600	37,211	40,635
Multi-Family	3,095	3,605	3,444	4,126	4,897	5,423	5,922
Commercial & Ind.	1,657	2,243	1,844	2,209	2,622	2,904	3,171
Institutional/Gov.	2,262	1,867	2,518	3,017	3,580	3,965	4,330
Landscape	6,458	3,732	10,134	12,141	14,408	15,957	17,425
AFG*			697	697	697	697	697
Other	2,426	584	2,700	3,235	3,839	4,252	4,643
Unaccounted for	547	23	610	728	865	957	1,045
Totals	37,678	29,219	45,580	54,465	64,508	71,366	77,868

*Accelerated Forecasted Growth Increment

Source: Otay Water District 2010 UWMP.

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

Table 3
Historical and Projected Recycled Water Fiscal Year Demands (acre-feet)

Water Use Sector	2005	2010	2015	2020	2025	2030	2035
Landscape	4,090	4,000	4,400	5,000	5,800	6,800	8,000
Totals	4,090	4,000	4,400	5,000	5,800	6,800	8,000

Source: Otay Water District 2010 UWMP, Table 10.

Using the land use demand projection criteria as established in the Otay WD 2010 WRMP Revision, the current projected potable water demand for the proposed Resort project is shown in Table 4, and totals approximately 1.44 mgd or about 1,615 ac-ft/yr. This is 142 ac-ft/yr less than what was estimated in the January 2009 WSA&V report for the project.

Table 4
Otay Ranch Resort

Projected Potable Water Annual Average Demands

Location (Land Use)	Quantity	Unit Rate	Average Demand, GPD
SF Residential(3-8 DU/ac)	1,881 units	500 GPD/unit	940,500
MF Residential (3-8 DU/AC)	57 units	500 GPD/unit	28,500
Elementary School	10 ac	1,785 GPD/ac	17,850
Public Safety	2.1 ac	1,785 GPD/ac	3,749
Resort/Hotel	200 units	300 GPD/unit	60,000
MU Commercial	2 ac*	1,785 GPD/ac	3,570
Parks	29.6 ac	2,155 GPD/ac	63,788
Resort Commercial	2 ac*	1,785 GPD/ac	3,570
Irrigated Open Space	141 ac	2,155 GPD/ac	303,855
Irrigated Common Areas	7.6 ac	2,155 GPD/ac	16,378
Circulation	36 ac	0	0
Natural Open Space/Preserve	1091.5 ac	0	0
TOTAL	2,138 units		1,441,760

*20,000 SF of commercial is proposed on approximately 2.0 acres of these sites.

5.1 Demand Management (Water Conservation)

Demand management, or water conservation is a critical part of the Otay WD 2010 UWMP and its long term strategy for meeting water supply needs of the Otay WD customers. Water conservation, is frequently the lowest cost resource available to any water agency. The goals of the Otay WD water conservation programs are to:

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

The Otay WD is signatory to the Memorandum of Understanding (MOU) Regarding Urban Water Conservation in California, which created the California Urban Water Conservation Council (CUWCC) in 1991 in an effort to reduce California's long-term water demands. Water conservation programs are developed and implemented on the premise that water conservation increases the water supply by reducing the demand on available supply, which is vital to the optimal utilization of a region's water supply resources. The Otay WD

participates in many water conservation programs designed and typically operated on a shared cost participation program basis among the Water Authority, MWD, and their member agencies. The demands shown in Tables 2 and 3 take into account implementation of water conservation measures within Otay WD.

As one of the first signatories to the MOU Regarding Urban Water Conservation in California, the Otay WD has made BMP implementation for water conservation the cornerstone of its conservation programs and a key element in its water resource management strategy. As a member of the Water Authority, Otay WD also benefits from regional programs performed on behalf of its member agencies. The BMP programs implemented by Otay WD and regional BMP programs implemented by the Water Authority that benefit all their member agencies are addressed in the Otay WD 2010 UWMP. In partnership with the Water Authority, the County of San Diego, City of San Diego, City of Chula Vista, and developers, the Otay WD water conservation efforts are expected to grow and expand. The resulting savings directly relate to additional available water in the San Diego County region for beneficial use within the Water Authority service area, including the Otay WD.

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

- Supervisory Control and Data Acquisition System

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

- Water Conservation Ordinance

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

1. A general water supply shortage due to increased demand or limited supplies.

2. Distribution or storage facilities of the Water Authority or other agencies become inadequate.
3. A major failure of the supply, storage, and distribution facilities of MWD, Water Authority, and/or Otay WD.

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

Otay WD is currently engaged in a number of conservation and water use efficiency activities. Listed below are the current programs that are either on-going or were recently concluded:

- Residential Water Surveys: 1,349 completed since 1994
- Large Landscape Surveys: 194 completed since 1990
- Cash for Water Smart Plants Landscape Retrofit Program: over 217,600 square feet of turf grass replaced with water wise plants since 2003
- Rotating Nozzles Rebated: 3,170
- Residential Weather-Based Irrigation Controller (WBIC) Incentive Program: 231 distributed or rebated since 2004
- Residential High Efficiency Clothes Washers: 7,187 rebates since 1994
- Residential ULFT/HET Rebate Program: 22,376 rebates provided between 1991-2010
- Outreach Efforts to Otay WD Customers - the Otay WD promotes its conservation programs through staffing outreach events, bill inserts, articles in the Otay WD's quarterly customer Pipeline newsletter, direct mailings to Otay WD customers, the Otay WD's webpage and through the Water Authority's marketing efforts.
- School Education Programs- the Otay WD funds school tours of the Water Conservation Garden, co-funds Splash Labs, provides classroom water themed kits, maintains a library of school age appropriate water themed books, DVDs, and videos, and runs both a school poster contest and a water themed photo contest.
- Water efficiency in new construction through Cal Green and the Model Water Efficient Landscape Ordinance
- Focus on Commercial/Institutional/Industrial through Promoting MWD's Save a Buck (Commercial) Program in conjunction with the Otay WD's own Commercial Process Improvement Program

As a signatory to the MOU Regarding Urban Water Conservation in California, the Otay WD is required to submit biannual reports that detail the implementation of current water conservation practices. The Otay WD voluntarily agreed to implement the fourteen water conservation Best Management Practices beginning in 1992. The Otay WD submits its report

to the CUWCC every two years. The Otay WD BMP Reports for 2005 to 2010, as well as the BMP Coverage Report for 1999-2010, are included in the Otay WD 2010 UWMP.

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

Section 6 - Existing and Projected Supplies

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

The Water Authority through two delivery pipelines, referred to as Pipeline No. 4 and the 36-inch Jamacha Pipeline, currently supply the Otay WD with 100 percent of its potable water. The Water Authority in turn, currently purchases the majority of its water from MWD. Due to the Otay WD reliance on these two agencies, this WSA&V Report includes referenced documents that contain information on the existing and projected supplies, supply programs, and related projects of the Water Authority and MWD. The Otay WD, Water Authority, and MWD are actively pursuing programs and projects to diversify their water supply resources.

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

6.1 Metropolitan Water District of Southern California 2010 Regional Urban Water Management Plan

In November 2010, MWD adopted its 2010 Regional Urban Water Management Plan (RUWMP). The 2010 RUWMP provides MWD's member agencies, retail water utilities, cities, and counties within its service area with, among other things, a detailed evaluation of the supplies necessary to meet future demands, and an evaluation of reasonable and practical efficient water uses, recycling, and conservation activities. During the preparation of the 2010 RUWMP, MWD also utilized the current SANDAG regional growth forecast in calculating regional water demands for the Water Authority service area.

6.1.1 Availability of Sufficient Supplies and Plans for Acquiring Additional Supplies

MWD is a wholesale supplier of water to its member public agencies and obtains its supplies from two primary sources: the Colorado River, via the Colorado River Aqueduct (CRA), which it owns and operates, and Northern California, via the State Water Project (SWP). The 2010 RUWMP documents the availability of these existing supplies and additional supplies necessary to meet future demands.

6.1.1.1 MWD Supplies

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

In November 2010, MWD adopted its 2010 RUWMP in accordance with state law. The resource targets included in the preceding 2010 IRP Update serve as the foundation for the planning assumptions used in the 2010 RUWMP. MWD's 2010 RUWMP contains a water supply reliability assessment that includes a detailed evaluation of the supplies necessary to meet demands over a 25-year period in average, single dry year, and multiple dry year periods. As part of this process, MWD also uses the current SANDAG regional growth forecast in calculating regional water demands for the Water Authority's service area.

As stated in MWD's 2010 RUWMP, that plan may be used as a source document for meeting the requirements of SB 610 and SB 221 until the next scheduled update is completed in 2015. The 2010 RUWMP includes a "Justifications for Supply Projections" in Appendix A.3, that provides detailed documentation of the planning, legal, financial, and regulatory basis for including each source of supply in the plan. A copy of MWD's 2010 RUWMP can be found on the World Wide Web at the following site address: http://www.mwdh2o.com/mwdh2o/pages/yourwater/RUWMP/RUWMP_2010.pdf

Water supply agencies throughout California continue to face climatological, environmental, legal, and other challenges that impact water source supply conditions, such as the court rulings regarding the Sacramento-San Joaquin Delta and the current western states drought conditions. Challenges such as these essentially always will be present. The regional water supply agencies, the Water Authority and MWD, along with Otay WD nevertheless fully intend to have sufficient, reliable supplies to serve demands.

6.1.2 MWD Capital Investment Plan

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

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

6.2 San Diego County Water Authority Regional Water Supplies

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

- In accordance with the Urban Water Management Planning Act, the Water Authority adopted their 2010 UWMP in June 2011. The updated Water Authority 2010 UWMP identifies a diverse mix of local and imported water supplies to meet future demands. A copy of the updated Water Authority 2010 UWMP can be found on the internet at <http://www.sdcwa.org/2010-urban-water-management-plan>
- Deliveries of conserved agricultural water from the Imperial Irrigation District (IID) to San Diego County have increased annually since 2003, with 70,000 ac-ft of deliveries in Fiscal Year (FY) 2010. These quantities will increase annually to 200,000 ac-ft/yr by 2021, and then remain fixed for the duration of the transfer agreement.
- As part of the October 2003 Quantification Settlement Agreement (QSA), the Water Authority was assigned MWD's rights to 77,700 ac-ft/yr of conserved water from the All-American Canal (AAC) and Coachella Canal (CC) lining projects. Deliveries of this conserved water from the CC reached the region in 2007 and deliveries from the AAC reached the region in 2010. Expected supplies from the canal lining projects are considered verifiable Water Authority supplies.

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

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

6.2.1 Availability of Sufficient Supplies and Plans for Acquiring Additional Supplies

The Water Authority currently obtains imported supplies from MWD, conserved water from the AAC and CC lining projects, and an increasing amount of conserved agricultural water from IID. Of the twenty-seven member agencies that purchase water supplies from MWD, the Water Authority is MWD's largest customer.

Section 135 of MWD's Act defines the preferential right to water for each of its member agencies. As calculated by MWD, the Water Authority's preferential right as of December 11, 2012 is 17.22 percent of MWD's supply, while the Water Authority accounted for approximately 25 percent of MWD's total revenue. Under preferential rights, MWD could allocate water without regard to historic water purchases or dependence on MWD. The Water Authority and its member agencies are taking measures to reduce dependence on MWD through development of additional supplies and a water supply portfolio that would not be jeopardized by a preferential rights allocation. MWD has stated, consistent with Section 4202 of its Administrative Code that it is prepared to provide the Water Authority's service area with adequate supplies of water to meet expanding and increasing needs in the years ahead. When and as additional water resources are required to meet increasing needs, MWD stated it will be prepared to deliver such supplies. In Section ES-5 of their 2010 RUWMP, MWD states that MWD has supply capacities that would be sufficient to meet expected demands from 2015 through 2035. MWD has plans for supply implementation and continued development of a diversified resource mix including programs in the Colorado River Aqueduct, State Water Project, Central Valley Transfers, local resource projects, and in-region storage that enables the region to meet its water supply needs.

The Water Authority has made large investments in MWD's facilities and will continue to include imported supplies from MWD in the future resource mix. As discussed in the Water Authority's 2010 UWMP, the Water Authority and its member agencies are planning to diversify the San Diego regions supply portfolio and reduce purchases from MWD.

As part of the Water Authority's diversification efforts, the Water Authority is now taking delivery of conserved agricultural water from IID and water saved from the AAC and CC lining projects. The CC lining project is complete and the Water Authority has essentially

completed construction of the AAC lining project. Table 5 summarizes the Water Authority’s supply sources with detailed information included in the sections to follow. Deliveries from MWD are also included in Table 5, which is further discussed in Section 6.1 above. The Water Authority’s member agencies provided the verifiable local supply targets for groundwater, groundwater recovery, recycled water, and surface water, which are discussed in more detail in Section 5 of the Water Authority’s 2010 UWMP.

Table 5
Projected Verifiable Water Supplies – Water Authority Service Area
 Normal Year (acre feet)

Water Supply Sources	2015	2020	2025	2030	2035
Water Authority Supplies					
MWD Supplies	358,189	230,601	259,694	293,239	323,838
Water Authority/IID Transfer	100,000	190,000	200,000	200,000	200,000
AAC and CC Lining Projects	80,200	80,200	80,200	80,200	80,200
Proposed Regional Seawater Desalination (1)	0	56,000	56,000	56,000	56,000
Member Agency Supplies					
Surface Water	48,206	47,940	47,878	47,542	47,289
Water Recycling	38,660	43,728	46,603	48,278	49,998
Groundwater	11,710	11,100	12,100	12,840	12,840
Groundwater Recovery	10,320	15,520	15,520	15,520	15,520
Total Projected Supplies	647,285	675,089	717,995	753,619	785,685

Source: Water Authority 2010 Urban Water Management Plan – Table 9-1.

Note 1: On November 29, 2012, the Water Authority approved a water purchase agreement with Poseidon for 48,000 AFY with the right to purchase up to 56,000 AFY

Section 5 of the Water Authority’s 2010 UWMP also includes a discussion on the local supply target for seawater desalination. Seawater desalination supplies represent a significant future local resource in the Water Authority’s service area.

The Carlsbad Desalination Project (Project) is a fully-permitted seawater desalination plant and conveyance pipeline designed to provide a highly reliable local supply of up to 56,000 acre-feet (AF) per year for the region. In 2020, the Project would account for approximately 8% of the total projected regional supply and 30% of all locally generated water in San Diego County. When the project becomes operational in 2016, it will more than double the amount of local supplies developed in the region since 1991. The desalination plant itself will be fully financed, built, and operated by Poseidon. The Water Authority will purchase water from the plant under a water purchase agreement. The new pipeline connecting the desalination plant with the Water Authority’s Second Aqueduct will be owned and operated by the Water Authority, but responsibility for design and construction will reside with Poseidon through a separate Design-Build Agreement. The Water Authority will be responsible for aqueduct improvements, including the relining and rehabilitation of Pipeline 3 to accept desalinated water under higher operating pressures, modifications to the San Marcos Vent that allows the

flow of water between Pipelines 3 and 4, and improvements at the Twin Oaks Valley Water Treatment Plant necessary to integrate desalinated water into the Water Authority's system for optimal distribution to member agencies.

On July 22, 2010, the Board approved a Term Sheet between the Water Authority and Poseidon Resources that outlined the key terms and conditions that would be detailed and incorporated in a comprehensive Water Purchase Agreement (WPA). Beginning in October 2011 and under the direction of the Board's Carlsbad Desalination Project Advisory Group, staff began developing and negotiating with Poseidon a WPA consistent with the July 22, 2010 Board approved Term Sheet. The July 2010 Term Sheet also identified specific conditions precedent to Board consideration of the WPA. On November 29, 2012, the Water Authority Board adopted a resolution approving the Water Purchase Agreement (WPA).

The Water Authority's existing and planned supplies from the IID transfer and canal lining projects are considered "drought-proof" supplies and should be available at the yields shown in Table 6 in normal water year supply and demand assessment. Single dry year and multiple dry year scenarios are discussed in more detail in Section 9 of the Water Authority's 2010 UWMP.

As part of preparation of a written water supply assessment and/or verification report, an agency's shortage contingency analysis should be considered in determining sufficiency of supply. Section 11 of the Water Authority's 2010 UWMP contains a detailed shortage contingency analysis that addresses a regional catastrophic shortage situation and drought management. The analysis demonstrates that the Water Authority and its member agencies, through the Emergency Response Plan, Emergency Storage Project, and Drought Management Plan (DMP) are taking actions to prepare for and appropriately handle an interruption of water supplies. The DMP, adopted in May 2006, provides the Water Authority and its member agencies with a series of potential actions to take when faced with a shortage of imported water supplies from MWD due to prolonged drought or other supply shortfall conditions. The actions will help the region avoid or minimize the impacts of shortages and ensure an equitable allocation of supplies throughout the San Diego region.

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

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

On April 29, 1998, the Water Authority signed a historic agreement with IID for the long-term transfer of conserved Colorado River water to San Diego County. The Water Authority-IID

Water Conservation and Transfer Agreement (Transfer Agreement) is the largest agriculture-to-urban water transfer in United States history. Colorado River water will be conserved by Imperial Valley farmers who voluntarily participate in the program and then transferred to the Water Authority for use in San Diego County.

Implementation Status

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

On November 5, 2003, IID filed a complaint in Imperial County Superior Court seeking validation of 13 contracts associated with the Transfer Agreement and the QSA. Imperial County and various private parties filed additional suits in Superior Court, alleging violations of the California Environmental Quality Act (CEQA), the California Water Code, and other laws related to the approval of the QSA, the water transfer, and related agreements. The lawsuits were coordinated for trial. The IID, Coachella Valley Water District, MWD, the Water Authority, and state are defending these suits and coordinating to seek validation of the contracts. In January 2010, a California Superior Court judge ruled that the QSA and 11 related agreements were invalid, because one of the agreements created an open-ended financial obligation for the state, in violation of California's constitution. The QSA parties appealed this decision and are continuing to seek validation of the contracts. The appeal is currently pending in the Third District Court of Appeal. A stay of the trial court judgment has been issued during the appeal. Implementation of the transfer provisions is proceeding during litigation.

Expected Supply

Deliveries into San Diego County from the transfer began in 2003 with an initial transfer of 10,000 acre feet per year. The Water Authority received increasing amounts of transfer water each year, according to a water delivery schedule contained in the transfer agreement. In 2012, the Water Authority will receive 90,000 acre feet per year. The quantities will increase annually to 200,000 acre feet per year by 2021 then remain fixed for the duration of the transfer agreement. The initial term of the Transfer Agreement is 45 years, with a provision that either agency may extend the agreement for an additional 30-year term.

During dry years, when water availability is low, the conserved water will be transferred under the IID Colorado River rights, which are among the most senior in the Lower Colorado River Basin. Without the protection of these rights, the Water Authority could suffer delivery cutbacks. In recognition for the value of such reliability, the 1998 contract required the Water Authority to pay a premium on transfer water under defined regional shortage circumstances. The shortage premium period duration is the period of consecutive days during which any of the following exist: 1) a Water Authority shortage; 2) a shortage condition for the Lower Colorado

River as declared by the Secretary; and 3) a Critical Year. Under terms of the October 2003 amendment, the shortage premium will not be included in the cost formula until Agreement Year 16.

Transportation

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

Cost/Financing

The costs associated with the transfer are financed through the Water Authority's rates and charges. In the agreement between the Water Authority and IID, the price for the transfer water started at \$258 per acre-foot and increased by a set amount for the first seven years. In December 2009, the Water Authority and IID executed a fifth amendment to the water transfer agreement that sets the price per acre-foot for transfer water for calendar years 2010 through 2015, beginning at \$405 per acre-foot in 2010 and increasing to \$624 per acre-foot in 2015. For calendar years 2016 through 2034, the unit price will be adjusted using an agreed-upon index. The amendment also required the Water Authority to pay IID \$6 million at the end of calendar year 2009 and another \$50 million on or before October 1, 2010, provided that a transfer stoppage is not in effect as a result of a court order in the QSA coordinated cases. Beginning in 2035, either the Water Authority or IID can, if certain criteria are met, elect a market rate price through a formula described in the water transfer agreement.

The October 2003 exchange agreement between MWD and the Water Authority set the initial cost to transport the conserved water at \$253 per acre-foot. Thereafter, the price is set to be equal to the charge or charges set by MWD's Board of Directors pursuant to applicable laws and regulation, and generally applicable to the conveyance of water by MWD on behalf of its member agencies. The transportation charge in 2010 was \$314 per acre-foot.

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

As part of implementation of the QSA and water transfer, the Water Authority also entered into an environmental cost sharing agreement. Under this agreement the Water Authority is

contributing a total of \$64 million to fund environmental mitigation projects and the Salton Sea Restoration Fund.

Written Contracts or Other Proof

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

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

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

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

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

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

Fifth Amendment to Agreement Between Imperial Irrigation District and San Diego County Water Authority for Transfer of Conserved Water (December 21, 2009). This agreement implements a settlement between the Water Authority and IID regarding the base contract price of transferred water.

Federal, State, and Local Permits/Approvals

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

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

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

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

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

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

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

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

6.2.1.2 All-American Canal and Coachella Canal Lining Projects

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

Implementation Status

The CC lining project began in November 2004 and was completed in 2006. Deliveries of conserved water to the Water Authority began in 2007. The project constructed a 37-mile parallel canal adjacent to the CC. The AAC lining project was begun in 2005 and was completed in 2010. The lining project constructed a concrete-lined canal parallel to 24 miles of the existing AAC from Pilot Knob to Drop 3.

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

Expected Supply

The AAC lining project makes 67,700 acre-feet of Colorado River water per year available for allocation to the Water Authority and San Luis Rey Indian water rights settlement parties. The CC lining project makes 26,000 acre-feet of Colorado River water each year available for allocation. The 2003 Allocation Agreement provides for 16,000 acre-feet per year of conserved canal lining water to be allocated to the San Luis Rey Indian Water Rights Settlement Parties. The remaining amount, 77,700 acre-feet per year, is to be available to the Water Authority, with up to an additional 4,850 acre-feet per year available to the Water Authority depending on environmental requirements from the CC lining project. For planning purposes, the Water Authority assumes that 2,500 acre-feet of the 4,850 acre-feet will be available each year for delivery, for a total of 80,200 acre-feet per year of that supply. According to the Allocation Agreement, IID has call rights to a portion (5,000 acre-feet per year) of the conserved water upon termination of the QSA for the remainder of the 110 years of the Allocation Agreement and upon satisfying certain conditions. The term of the QSA is for up to 75 years.

Transportation

The October 10, 2003, Exchange Agreement between the Water Authority and MWD also provides for the delivery of the conserved water from the canal lining projects. The Water Authority will pay MWD's applicable wheeling rate for each acre-foot of exchange water

delivered. In the Agreement, MWD will deliver the canal lining water for the term of the Allocation Agreement (110 years).

Cost/Financing

Under California Water Code Section 12560 et seq., the Water Authority received \$200 million in state funds for construction of the canal lining projects. In addition, \$20 million was made available from Proposition 50 and \$36 million from Proposition 84. The Water Authority was responsible for additional expenses above the funds provided by the state.

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

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

Written Contracts or Other Proof

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

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

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

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

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

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

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

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

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

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

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

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

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

California Water Code Section 79567. This Water Code Section identifies \$20 million as available for appropriation by the California Legislature from the Water Security, Clean Drinking Water, Coastal, and Beach Protection Fund of 2002 (Proposition 50) to DWR for grants for canal lining and related projects necessary to reduce Colorado River water use.

According to the Allocation Agreement, it is the intention of the agencies that those funds will be available for use by the Water Authority, IID, or CVWD for the AAC and CC lining projects.

California Public Resources Code Section 75050(b)(1). This section identifies up to \$36 million as available for water conservation projects that implement the Allocation Agreement as defined in the Quantification Settlement Agreement.

Federal, State, and Local Permits/Approvals

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

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

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

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

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

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

6.2.1.3 Carlsbad Seawater Desalination Project

Development of seawater desalination in San Diego County will assist the region in diversifying its water resources, reduce dependence on imported supplies, and provide a new drought-proof, locally treated water supply. The Carlsbad Desalination Project is a fully-permitted seawater desalination plant and conveyance pipeline currently being developed by Poseidon, a private investor-owned company that develops water and wastewater infrastructure. The project, located at the Encina Power Station in Carlsbad, has been in development since 1998 and was incorporated into the Water Authority's 2003 Water Facilities Master Plan and the 2010 UWMP. The Carlsbad Desalination Project has obtained

all required permits and environmental clearances and, when completed, will provide a highly reliable local supply of 48,000 to 56,000 acre-feet per year for the region.

Implementation Status

The Project has obtained all required permits and environmental clearances, including the following:

- National Pollutant Discharge Elimination System (NPDES) Discharge Permit (Regional Water Quality Control Board)
- Conditional Drinking Water Permit (California Department of Health Services)
- State Lands Commission Lease (State Lands Commission)
- Coastal Development Permit (California Coastal Commission)

IDE Technologies, a worldwide leader in the design, construction, and operation of desalination plants, was selected by Poseidon to be the desalination process contractor for the Project.

On July 22, 2010, the Board approved a Term Sheet between the Water Authority and Poseidon Resources that outlined the key terms and conditions that would be detailed and incorporated in a comprehensive Water Purchase Agreement (WPA). Beginning in October 2011 and under the direction of the Board's Carlsbad Desalination Project Advisory Group, staff began developing and negotiating with Poseidon a WPA consistent with the July 22, 2010 Board approved Term Sheet. The July 2010 Term Sheet also identified specific conditions precedent to Board consideration of the WPA.

On November 29, 2012, the Water Authority Board adopted a resolution approving the Design-Build Agreement between the Water Authority and Poseidon. The Design-Build Agreement establishes the commercial and technical terms for implementation of the desalination product pipeline improvements. These improvements consist of an approximate 10-mile long, 54-inch diameter conveyance pipeline connecting the Desalination Plant to the Water Authority's Second Aqueduct. The pipeline will generally be constructed within improved streets in commercial and industrial areas in the cities of Carlsbad, Vista, and San Marcos. The Water Authority will own the Project Water Pipeline Improvements upon execution of the Design-Build Agreement, and upon completion and acceptance of construction, the Water Authority will assume operational control of all pipeline improvements.

Expected Supply

When completed, the Project will provide a highly reliable local supply of 48,000 to 56,000 acre-feet per year of supply for the region, available in both normal and dry hydrologic conditions. In 2020, the Project would account for approximately 8% of the total projected regional supply and 30% of all locally generated water in San Diego County. When the project becomes operational in 2016, it will more than double the amount of local supplies developed in the region since 1991.

Transportation

On November 29, 2012, the Water Authority Board adopted a resolution approving the Design-Build Agreement between the Water Authority and Poseidon. The Design-Build Agreement establishes the commercial and technical terms for implementation of the desalination product pipeline improvements. These improvements consist of an approximate 10-mile long, 54-inch diameter conveyance pipeline connecting the Desalination Plant to the Water Authority's Second Aqueduct. The pipeline will generally be constructed within improved streets in commercial and industrial areas in the cities of Carlsbad, Vista, and San Marcos. The Water Authority will own the Project Water Pipeline Improvements upon execution of the Design-Build Agreement, and upon completion and acceptance of construction, the Water Authority will assume operational control of all pipeline improvements.

The Water Authority will be responsible for aqueduct improvements, including the relining and rehabilitation of Pipeline 3 to accept desalinated water under higher operating pressures, modifications to the San Marcos Vent that allows the flow of water between Pipelines 3 and 4, and improvements at the Twin Oaks Valley Water Treatment Plant necessary to integrate desalinated water into the Water Authority's system for optimal distribution to member agencies.

Cost/Financing

The plant and the offsite pipeline will be financed through tax exempt government bonds issued for the Water Authority by the California Pollution Control Financing Authority (CPCFA). On November 29, 2012, the Water Authority Board adopted a resolution approving agreements to accomplish tax exempt project financing through the CPCFA.

A preliminary September 2012 unit cost estimate was \$2,300/AF. The Water Authority's water purchase costs would be financed through Water Authority rates and charges. Poseidon is financing the capital cost of the Project with a combination of private equity and tax-exempt Private Activity Bonds.

Written Contracts or Other Proof

The expected supply and costs associated with the Carlsbad Desalination Project are based primarily on the following documents:

Development Agreement between City of Carlsbad and Poseidon (October 2009). A Development Agreement between Carlsbad and Poseidon was executed on October 5, 2009

Agreement of Term Sheet between the Water Authority and Poseidon Resources (July 2010). The Water Authority approved the Term Sheet at its July 2010 Board Meeting. The Term Sheet outlines the terms and conditions of a future Water Purchase Agreement with Poseidon and allocates the resources to prepare the draft Water Purchase Agreement.

Federal, State, and Local Permits/Approvals

Carlsbad Desalination Project Final EIR

The City of Carlsbad, acting as lead agency for Carlsbad Seawater Desalination Plant and appurtenant facilities proposed by Poseidon (the “Project”) prepared an Environmental Impact Report for the Project in compliance with the California Environmental Quality Act (“CEQA”), which the City of Carlsbad certified on June 13, 2006.

<http://www.sdewa.org/rwfmp-peir>

The City of Carlsbad prepared an Addendum to the Carlsbad EIR (“Addendum”) which was adopted on September 15, 2009, and reflects minor and immaterial design modifications to the Project site plan, appurtenant facilities, and water delivery pipeline network.

The environmental documents and permits are found at the following link:

<http://www.carlsbad-desal.com/EIR.asp>

The Water Authority, as a Responsible Agency under CEQA, adopted a resolution on November 29, 2012 approving a Second Addendum to the Carlsbad Precise Development Plan and Desalination Plant Final EIR and First Addendum that evaluates the environmental impacts of several proposed facility modifications that are necessary to allow for operational flexibility and efficiency in receiving and delivering desalination product water. These modifications include: a realignment of a portion of the approved desalination pipeline, the addition of chemical injection at the approved San Marcos Aqueduct Connection site, the relining of a portion of Pipeline 3, the addition of a pipeline and expanded flow control facility at Twin Oaks Valley Water Treatment Plant and a replacement of the San Marcos Vent on Pipeline 4. Impacts associated with the proposed modifications would not result in a new significant impact or substantial increase in the severity of impacts previously evaluated in the Carlsbad FEIR or the First Addendum. There are no substantial changes to the circumstances under which the project will be undertaken, and no new information of

substantial importance that was not known and could not have been known when the FEIR was certified and the First Addendum was approved, and that have since been identified. Therefore, the Second Addendum satisfies the CEQA requirements for the proposed project modifications.

Regional Water Facilities Master Plan EIR

On November 20, 2003, the Water Authority Board of Directors adopted Resolution No. 2003-34 certifying the Final Program Environmental Impact Report (State Clearinghouse No. 2003021052) for the Water Authority's Regional Water Facilities Master Plan Project (the "Master Plan EIR"), which evaluated, among other things, potential growth inducing impacts associated with new water supplies to the region including, but not limited to, up to 150 million gallons per day ("MGD") of new supplies from seawater desalination. This certification included a 50 MGD plant located in the City of Carlsbad.

The environmental documents and permits are found at the following link:

<http://www.sdcwa.org/rwfmp-peir>

Sub regional Natural Community Conservation Plan/Habitat Conservation Plan (NCCP/HCP)

On December 8, 2010, the Board adopted Resolution No. 2010-18 certifying a Final environmental Impact Report/Environmental Impact Statement for the San Diego County Water Authority Subregional Natural Community Conservation Plan/Habitat Conservation Plan (State Clearinghouse No. 2003121012) (the "Habitat Conservation Plan EIR/EIS"), which Plan was implemented on December 28, 2011.

The environmental documents and permits are found at the following link:

<http://www.sdcwa.org/nccp-hcp>

Twin Oaks Valley Water Treatment Plant EIR

On September 8, 2005, the Board adopted Resolution No. 2005-31 certifying a Final Environmental Impact Report for the Twin Oaks Valley Water Treatment Plant Project (State Clearinghouse No. 20040071034) (the "Twin Oaks EIR"), which project was constructed as a 100 MGD submerged membrane water treatment facility, including treated water holding tanks and distribution pipelines and other facilities, consistent with the conditions and mitigation measures included in the Twin Oaks EIR.

<http://www.sdcwa.org/twin-oaks-valley-treatment-plant-final-eir>

2010 Urban Water Management Plan

<http://www.sdcwa.org/2010-urban-water-management-plan>

Drinking Water Permit (October 2006). The California Department of Health Services approved the Conditional Drinking Water Permit on October 19, 2006.

Coastal Development Permit

The Project is fully permitted, with the California Coastal Commission issuing the following permits: Coastal Development Permit No. E-06-013, Energy Minimization and Greenhouse Gas Reduction Plan (December 2008), Marine Life Mitigation Plan (December 2008), Erosion Control Plan (November 2009), Landscaping Plan (September 2009), Lighting Plan (August 2009), Construction Plan (September 2009), and Water Pollution Control Plan (September 2009); the California Department of Public Health issuing Conceptual Approval Letter dated October 19, 2006; the California Regional Water Quality Control Board issuing NPDES Permit No. CA0109223 and Notice of Intent to Discharge for Storm Water Associated with Construction Activities (WDID #9 37C361181); the City of Carlsbad issuing Redevelopment Permit RP 05-12(A), Specific Plan 144 with Amendment 144(J) SP 144(J), Habitat Management Plan Permit Amendment HMP 05-08(A), Precise Development Plan PDP 00-02(B), Mitigation Monitoring and Reporting Program for EIR 03-05(A), Development Agreement DA 05-01(A), Standard Urban Storm Water Mitigation Program (September 2009), and Coastal Development Permit 04-41; the State of California State Lands Commission issuing an Amendment of Lease PRC 8727.1 (August 2008). The environmental documents and permits are found at the following link:

<http://www.sdcwa.org/carlsbad-desalination-project-approved-permits-and-plans>

State Lands Commission Lease Application (Amendment of Lease PRC 8727.1 August 2008). Amends lease of land by Cabrillo Power I LLC (Cabrillo) from the State Lands Commission for the lands where the project will be constructed. Cabrillo and Poseidon entered into agreement on July 1, 2003, authorizing Poseidon to use those lands to construct the project.

6.2.2 Water Authority Capital Improvement Program and Financial Information

The Water Authority's Capital Improvement Program (CIP) can trace its beginnings to a report approved by the Board in 1989 entitled, The Water Distribution Plan, and a Capital Improvement Program through the Year 2010. The Water Distribution Plan included ten projects designed to increase the capacity of the aqueduct system, increase the yield from existing water treatment plants, obtain additional supplies from MWD, and increase the reliability and flexibility of the aqueduct system. Since that time the Water Authority has made numerous additions to the list of projects included in its CIP as the region's infrastructure needs and water supply outlook have changed.

The current list of projects included in the CIP is based on the results of planning studies, including the 2005 UWMP and the 2002 Regional Water Facilities Master Plan. These CIP projects, which are most recently described in the Water Authority's Adopted Multi-Year Budget, include projects valued at \$3.50 billion. These CIP projects are designed to meet projected water supply and delivery needs of the member agencies through 2035. The projects include a mix of new facilities that will add capacity to existing conveyance, storage, and treatment facilities, as well as repair and replace aging infrastructure:

- Asset Management – The primary components of the asset management projects include relining and replacing existing pipelines and updating and replacing metering facilities.
- New Facilities – These projects will expand the capacity of the aqueduct system, complete the projects required under the Quantification Settlement Agreement (QSA), and evaluate new supply opportunities.
- Emergency Storage Project – Projects remaining to be completed under the ongoing ESP include the San Vicente Dam Raise, the Lake Hodges projects, and a new pump station to extend ESP supplies to the northern reaches of the Water Authority service area.
- Other Projects – This category includes out-of-region groundwater storage, increased local water treatment plant capacity, and projects that mitigate environmental impacts of the CIP.

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

6.3 Otay Water District

The Otay WD 2010 WRMP Revision and the 2010 UWMP contain comparisons of projected supply and demands through the year 2035. Projected potable water resources to meet planned demands as documented were planned to be supplied entirely with imported water received from the Water Authority. Recycled water resources to meet projected demands are planned to be supplied from local wastewater treatment plants. The Otay WD currently has no local supply of raw water, potable water, or groundwater resources.

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

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

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

6.3.1 Availability of Sufficient Supplies and Plans for Acquiring Additional Supplies

The availability of sufficient potable water supplies and plans for acquiring additional potable water supplies to serve existing and future demands of the Otay WD is founded upon the preceding discussions regarding MWD’s and the Water Authority’s water supply resources and water supplies to be acquired by the Otay WD. Historic imported water deliveries from the Water Authority to Otay WD and recycled water deliveries from the Otay WD Ralph W. Chapman Water Reclamation Facility (RWCWRF) are shown in Table 6. Since the year 2000 through mid May 2007, recycled water demand has exceeded the recycled water supply capability typically in the summer months. The RWCWRF is limited to a maximum production of about 1,300 ac-ft/yr. The recycled water supply shortfall had been met by supplementing with potable water into the recycled water storage system as needed by adding potable water supplied by the Water Authority. On May 18, 2007 an additional source of recycled water supply from the City of San Diego’s South Bay Water Reclamation Plant (SBWRP) became available. The supply of recycled water from the SBWRP is a result of essentially completing construction and commencement of operations of the transmission, storage, and pump station systems necessary to link the SBWRP recycled water supply source to the existing Otay WD recycled water system.

Table 6
Historic Imported and Local Water Supplies
Otay Water District

Calendar Year	Imported Water (acre-feet)	Recycled Water (acre-feet)	Total (acre-feet)
1980	12,558	0	12,558
1985	14,529	0	14,529
1990	23,200	0	23,200
1995	21,957	614	22,571
2000	30,630	948	31,578
2005	39,932	1,227	41,159
2010	29,386	3,785	33,171
2011	30,158	3,878	34,036
2012	31,268	4,155	35,423

Source: Otay Water District operational records.

6.3.1.1 Imported and Regional Supplies

The availability of sufficient imported and regional potable water supplies to serve existing and planned uses within Otay WD is demonstrated in the above discussion on MWD and the Water Authority's water supply reliability. The County Water Authority Act, Section 5 subdivision 11, states that the Water Authority "as far as practicable, shall provide each of its member agencies with adequate supplies of water to meet their expanding and increasing needs." The Water Authority provides between 75 to 95 percent of the total supplies used by its 24 member agencies, depending on local weather and supply conditions. In calendar year 2012 the supply to Otay WD was 31,268 ac-ft of supply from the Water Authority. An additional 4,155 ac-ft of recycled water from the City of San Diego and from the District's Ralph W. Chapman Water Reclamation Facility. The demand for potable water within the Otay WD is expected to increase to about 77,177 ac-ft by 2035 as per the Otay WD 2010 UWMP.

Potable Water System Facilities

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

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

- The Otay WD entered into an agreement with the Water Authority, known as the East County Regional Treated Water Improvement Program (ECRTWIP Agreement). The ECRTWIP Agreement provides for transmission of raw water to the Helix WD R. M. Levy WTP for treatment and delivery to Otay WD. The supply system link to implement the ECRTWIP Agreement is complete allowing access to the regions raw water supply system and the local water treatment plant. This supply link consists of the typical transmission, pumping, storage, flow control, and appurtenances to receive and transport the potable water from the R. M. Levy WTP to Otay WD. The Otay WD is required to take a minimum of 10,000 ac-ft/yr of treated water from the R.M. Levy WTP supplied from the regions raw water system.

Cost and Financing

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

Written Agreements, Contracts, or Other Proof

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

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

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

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

Federal, State, and Local Permits/Approvals

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

The transmission main project constructed about 26,000 feet of a 36-inch diameter steel pipeline from the Otay 14 Flow Control Facility to the 640-1 and 640-2 Reservoirs project. The Otay 14 Flow Control Facility modification increased the capacity of the existing systems from 8 mgd to 16 mgd. CEQA documentation is complete for both projects. Construction of both of these projects was completed October 2010.

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

6.3.1.2 Recycled Water Supplies

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

The Otay WD projects that annual average demands for recycled water will increase to 8,000 acre-feet per year by 2035. About 1,300 acre-feet per year of supply is generated by the RWCWRF, with the remainder planned to be supplied to Otay WD by the City of San Diego's SBWRP.

North District Recycled Water Concept

The Otay WD is a recognized leader in the use of recycled water for irrigation and other commercial uses. The Otay WD continues the quest to investigate all viable opportunities to expand the successful recycled water program into areas that are not currently served. One of these areas is in the portion of the service area designated as the North District, located within the Middle Sweetwater River Basin watershed upstream of the Sweetwater River. The close

proximity of the recycled water markets in the North District to the Otay WD's source of recycled water, the RWCWRF, means that the distribution system to serve this area could be constructed relatively cost effectively. This makes the North District a logical location for the expansion of the Otay WD's recycled water system and market area.

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

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

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

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

Recycled Water System Facilities

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

Cost and Financing

The capital improvement costs associated with the recycled water supply and distribution systems are financed through the Otay WD water meter capacity fee and user rate structures. The Otay WD recycled water sales revenue, along with MWD and the Water Authority's recycled water sales incentive programs are used to help offset the costs for the wholesale purchase and production of the recycled water supply, the operating and maintenance expenses, and the capital costs of the recycled water system facilities.

Written Agreements, Contracts, or Other Proof

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

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

Federal, State, and Local Permits/Approvals

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

The California Regional Water Quality Control Board San Diego Region (RWQCB) "Master Reclamation Permit for Otay Water District Ralph W. Chapman Reclamation Facility" was adopted on May 9, 2007 (Order No. R9-2007-0038). This order establishes master

reclamation requirements for the production, distribution, and use of recycled water in the Otay WD service area. The order includes the use of tertiary treated water produced and received from the City of San Diego's SBWRP. Recycled water received from and produced by the SBWRP is regulated by Regional Board Order No. 2000-203 and addenda. The City of San Diego is required to meet all applicable federal, state, and local health and water quality requirements for the recycled water produced at the SBWRP and delivered to Otay WD in conformance with Order No. 2000-203.

6.3.1.3 Potential Groundwater Supplies

The Otay WD 2010 UWMP, the 2010 WRMP Revision, and the Otay WD March 2007 Integrated Water Resources Plan (2007 IRP) all contain a description of the development of potential groundwater supplies. Over the past several years, Otay WD has studied numerous potential groundwater supply options that have shown, through groundwater monitoring well activities, poor quality water and/or insufficient yield from the basins at a cost effective level. The Otay WD has a few capital improvement program projects to continue the quest to develop potential groundwater resources. Local Otay WD groundwater supply development is currently considered as a viable water supply resource to meet projected demands.

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

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

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

Middle Sweetwater River Basin Groundwater Well

The Middle Sweetwater River Basin Groundwater Well is an additional water supply project that was thoroughly studied and documented in the 1990s. The Middle Sweetwater River Basin is located within the Sweetwater River watershed and that reach of the river extends from Sweetwater Reservoir to the upstream Loveland Reservoir. The next step in development of the Middle Sweetwater River Basin Groundwater Well is the implementation of a pilot well project. The ultimate objective of the Otay WD is to develop a groundwater

well production system within the Middle Sweetwater River Basin capable of producing a sustainable yield of potable water as a local supply.

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

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

The groundwater conjunctive use concept is described as the extraction of the quantity of water from the groundwater basin that was placed there by customers of the Otay Water District, Helix Water District, and Padre Dam Municipal Water District by means of their use of imported treated water that contributed to the overall volume of groundwater within the basin. An estimated quantity was developed to be approximately 12.5 percent of the total consumption of the Otay WD customers within that basin, as measured by water meters. In the 1994-1995 period, the quantity of water that was returned to the groundwater basin by Otay WD customers was estimated to be 810 acre-feet per year. Currently, that 12.5 percent quantity could be on the order of 1,000 acre-feet per year. A future scope of work will need to address this concept while considering further development of the groundwater basin as an additional supply resource. If it is deemed that a Middle Sweetwater River Basin Groundwater Well Production Project is viable then the consultant will develop and provide a groundwater well production project implementation plan, cost estimate, and related scope of work.

Further development of the groundwater basin to enhance the total groundwater production could be accomplished by the Otay WD by means of additional extraction of water from the basin that is placed there by means of either injection and/or spreading basins using imported untreated water as the resource supply. The existing La Mesa Sweetwater Extension Pipeline, owned by the Water Authority, once converted to an untreated water delivery system, could be the conveyance system to transport untreated water for groundwater recharge in support of this conjunctive use concept. These two distinct water resource supply conjunctive use concepts will be addressed so they may coexist and to allow for their development as separate phases.

The scope of work to complete Middle Sweetwater River Basin Groundwater Well Pilot Project consists of many major tasks and is to address the groundwater supply concepts outlined above. It is anticipated that the cost for the entire scope of work, will be on the order

of \$2,000,000, which includes a contingency and may take up to one and a half years to complete.

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

Otay Mesa Lot 7 Groundwater Well

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

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

- For the existing well to be used as a potable water supply resource, a sanitary seal must be installed in accordance with the CDPH guidelines.
- Drawdown in the well must be limited to avoid the possibility of collapsing the casing.
- Recover from drawdown from pumping is slow and extraction would need to be terminated for up to 2 days to allow for groundwater level recovery.
- The well water would need to be treated and/or blended with potable water prior to introduction into the potable water distribution system.

The existing Otay Mesa Lot 7 Well, based upon the above findings, was determined not to be a reliable municipal supply of potable water and that better water quality and quantity perhaps could be discovered deeper or at an alternative location within the San Diego Formation.

The Otay WD may still continue to pursue the Otay Mesa groundwater well opportunity with due consideration of the recommendations of the existing report. Based on the

recommendations of the investigation report, a groundwater well production facility at Otay Mesa Lot 7 could realistically extract approximately 300 acre-feet per year.

Rancho del Rey Groundwater Well

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

In 1997, the Otay WD purchased an existing 7-inch well and the surrounding property on Rancho del Rey Parkway from the McMillin Company with the intent to develop it as a source of potable water. Treatment was required to remove salts and boron, among other constituents, using reverse osmosis membranes and ion exchange.

In 2000, having received proposals for the design and construction of a reverse osmosis treatment facility that far exceeded the allocated budget, the Board of Directors instructed staff to suspend the project until such time as it became economically viable.

In January 2010, citing the rising cost of imported water and the Otay WD's interest in securing its own water source for long-term supply reliability, the Board authorized Phase 1 for drilling and development of the Rancho del Rey Well.

On March 3, 2010, the Board adopted the Mitigated Negative Declaration for this project and a Notice of Determination was filed with the County of San Diego on March 5, 2010. In September 2010, a new 12-inch production well was drilled to a depth of 900 feet through the groundwater formation and into fractured bedrock. Testing showed the long-term yield of the new well to be 450 GPM, higher than previous studies had estimated. Separation Processes, Inc. (SPI), a highly qualified membrane treatment firm, was hired to conduct a detailed economic feasibility study to confirm that the annualized unit cost of the new water source was economically competitive with other sources. The economic study estimated the unit cost of water to be \$1,500 to \$2,000 per acre-feet for an alternative that utilizes a seawater membrane for treating both salts and boron. When compared with the current imported treated water rate from the Water Authority, and with the knowledge that this rate will continually increase as MWD and the Water Authority raise their rates, the Rancho del Rey Well project appears to be economically viable.

The Otay WD is continuing to pursue the Rancho del Rey groundwater well opportunity with due consideration of the recommendations of the existing reports and plans to develop a groundwater well production facility to extract approximately 500 acre-feet per year. For

water planning purposes, production of groundwater from the Rancho del Rey well is considered “additional planned” for local supplies. The Otay WD has contracted for design services for the wellhead treatment facilities.

6.3.1.4 Otay Water District Desalination Project

The Otay WD is currently investigating the feasibility of purchasing desalinated water from a seawater reverse osmosis plant that is planned to be located in Rosarito, Mexico, known as the Otay Mesa Desalinated Water Conveyance System (Desalination) project. The treatment facility is intended to be designed, constructed, and operated in Mexico by a third party. The Otay WD’s draft Desalination Feasibility Study, prepared in 2008, discusses the likely issues to be considered in terms of water treatment and monitoring, potential conveyance options within the United States from the international border to potential delivery points, and environmental, institutional, and permitting considerations for the Otay WD to import the Desalination project product water as a new local water supply resource.

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

The Otay WD, or any other potential participating agencies, will be required to obtain approval from the CDPH in order to use the desalinated seawater as a water source. Several alternative approaches are identified for getting this approval. These alternatives vary in their cost and their likelihood of meeting CDPH approval.

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

On November 3, 2010, the Otay WD authorized the General Manager to enter into an agreement with AECOM for the engineering design, environmental documentation, and the permitting for the construction of the conveyance pipeline, pump station, and disinfection

facility to be constructed within the Otay WD. The supply target is assumed to be 50 mgd while the ultimate capacity of the plant will be 100 mgd.

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

6.3.2 Otay WD Capital Improvement Program

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

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

Section 7 – Conclusion: Availability of Sufficient Supplies

The Resort project is not currently located within the jurisdictions of the Otay WD, Water Authority, and MWD. To obtain permanent imported water supply service, land areas are required to be within the jurisdictions of the Otay WD, Water Authority, and MWD to utilize imported water supply.

The Water Authority and MWD have an established process that ensures supplies are being planned to meet future growth. Any annexations and revisions to established land use plans are captured in the San Diego Association of Governments (SANDAG) updated forecasts for land use planning, demographics, and economic projections. SANDAG serves as the regional, intergovernmental planning agency that develops and provides forecast information. The Water Authority and MWD update their demand forecasts and supply needs based on the most recent SANDAG forecast approximately every five years to coincide with preparation of

their urban water management plans. Prior to the next forecast update, local jurisdictions with land use authority may require water supply assessment and/or verification reports for proposed land developments that are not within the Otay WD, Water Authority, or MWD jurisdictions (i.e. pending or proposed annexations) or that have revised land use plans with either lower or higher development intensities than reflected in the existing growth forecasts. Proposed land areas with pending or proposed annexations, or revised land use plans, typically result in creating higher demand and supply requirements than previously anticipated. The Otay WD, Water Authority, and MWD next demand forecast and supply requirements and associated planning documents would then capture any increase or decrease in demands and required supplies as a result of annexations or revised land use planning decisions such as the proposed annexation of the Resort project into Otay WD, Water Authority, and MWD jurisdictions. The Resort project will be annexed into the jurisdictions of the Otay WD, Water Authority, and MWD. In anticipation of this annexation, water demand and supply planning information for the Resort project were incorporated into and became a permanent part of their water resources planning processes and documents.

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

In Section ES-5 of their 2010 RUWMP, MWD states that they have supply capacities that would be sufficient to meet expected demands from 2015 through 2035. MWD has plans for supply implementation and continued development of a diversified resource mix including programs in the Colorado River Aqueduct, State Water Project, Central Valley Transfers, local resource projects, and in-region storage that enables the region to meet its water supply needs. MWD's 2010 RUWMP identifies potential reserve supplies in the supply capability analysis (Tables 2-9, 2-10, and 2-11), which could be available to meet the unanticipated demands.

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

As part of preparation of a written water supply assessment report, an agency's shortage contingency analysis should be considered in determining sufficiency of supply. Section 11 of the Water Authority's 2010 Updated UWMP contains a detailed shortage contingency analysis that addresses a regional catastrophic shortage situation and drought management. The analysis demonstrates that the Water Authority and its member agencies, through the Emergency Response Plan, Emergency Storage Project, Carlsbad Desalination Project, and Drought Management Plan (DMP) are taking actions to prepare for and appropriately handle an interruption of water supplies. The DMP, adopted in May 2006, provides the Water Authority and its member agencies with a series of potential actions to take when faced with a shortage of imported water supplies from MWD due to prolonged drought or other supply shortfall conditions. The actions will help the region avoid or minimize the impacts of shortages and ensure an equitable allocation of supplies.

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

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

Table 7 presents the forecasted balance of water demands and required supplies for the Otay WD service area under average or normal year conditions. The total actual demand for FY 2012 was 35,423 acre feet. The demand for FY 2012 is 5,736 acre feet lower than the demand in FY 2005 of 41,159 acre feet. The drop in demand is a result of the unit price of water, the conservation efforts of users as a result of the prolonged drought, and the economy.

Table 8 presents the forecasted balance of water demands and supplies for the Otay WD service area under single dry year conditions. Table 8 presents the forecasted balance of water demands and supplies for the Otay WD service area under multiple dry year conditions for the three year period ending in 2015. The multiple dry year conditions for periods ending in 2023, 2028, and 2033 are provided in the Otay WD 2010 UWMP. The projected potable demand and supply requirements shown in Tables 7 and 8 are from the Otay WD 2010 UWMP and include the Resort project. Hot, dry weather may generate urban water demands that are about 6.4 percent greater than normal. This percentage was utilized to generate the

dry year demands shown in Table 8. The recycled water supplies are assumed to experience no reduction in a dry year.

Table 7
Projected Balance of Water Demands and Supplies Normal Year Conditions (acre feet)

Description	FY 2015	FY 2020	FY 2025	FY 2030	FY 2035
Demands					
Otay WD Demands	44,883	53,768	63,811	70,669	77,171
Freeway Commercial Demands	127	127	127	127	127
Village 2 Demands	529	529	529	529	529
University Villages Demands	41	41	41	41	41
Additional Conservation Target	0	(7,447)	(13,996)	(17,895)	(20,557)
Total Demand	45,580	47,018	50,512	53,472	57,311
Supplies					
Water Authority Supply	40,483	41,321	44,015	45,974	48,614
Water Authority Accelerated Forecast Growth Increment	697	697	697	697	697
Recycled Water Supply	4,400	5,000	5,800	6,800	8,000
Total Supply	45,580	47,018	50,512	53,472	57,311
Supply Surplus/(Deficit)	0	0	0	0	0
The 697 (127+529+41) AFY increase in demand is accounted for through the Accelerated Forecasted Growth demand increment of the Water Authority's 2010 UWMP.					

**Table 8
 Projected Balance of Water Demands and Supplies
 Single Dry and Multiple Dry Year Conditions (acre feet)**

	Normal Year	Single Dry Year	Multiple Dry Years		
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Demands					
OWD Demands	37,176	41,566	43,614	46,385	50,291
Total Demand	37,176	41,566	43,614	46,385	50,291
Supplies					
Water Authority Supply	33,268	37,535	39,460	42,108	45,891
Recycled Water Supply	3,908	4,031	4,154	4,277	4,400
Total Supply	37,176	41,566	43,614	46,385	50,291
Supply Surplus/(Deficit)	0	0	0	0	0
District Demand totals with SBX7-7 conservation target achievement plus single dry year increase as shown. The Water Authority could implement its DMP. In this instances, the Water Authority may have to allocate supply shortages based on it equitable allocation methodology in its DMP.					

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

The Otay WD acknowledges the ever-present challenge of balancing water supply with demand and the inherent need to possess a flexible and adaptable water supply

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

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

Source Documents

County of San Diego, Otay Ranch Resort Village SB 610 and SB 221 Compliance request letter received February 10, 2014.

City of Chula Vista, "Otay Ranch General Development Plan/Sub-regional Plan, The Otay Ranch Joint Planning Project," October 1993 amended June 1996.

County of San Diego, "East Otay Mesa Specific Plan Area," adopted July 27, 1994.

Otay Water District, "2010 Water Resources Master Plan Update," Dated November, 2010.

Atkins and Otay Water District, "Otay Water District 2010 Urban Water Management Plan," June 2011.

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

San Diego County Water Authority, "Urban Water Management Plan 2010 Update," June 2011.

Metropolitan Water District of Southern California, "2010 Regional Urban Water Management Plan," June 2011.

Dexter Wilson Engineering, Inc., "Overview of Water Service for the Otay Ranch Resort Village" December 2010.

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

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

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

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

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

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

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

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

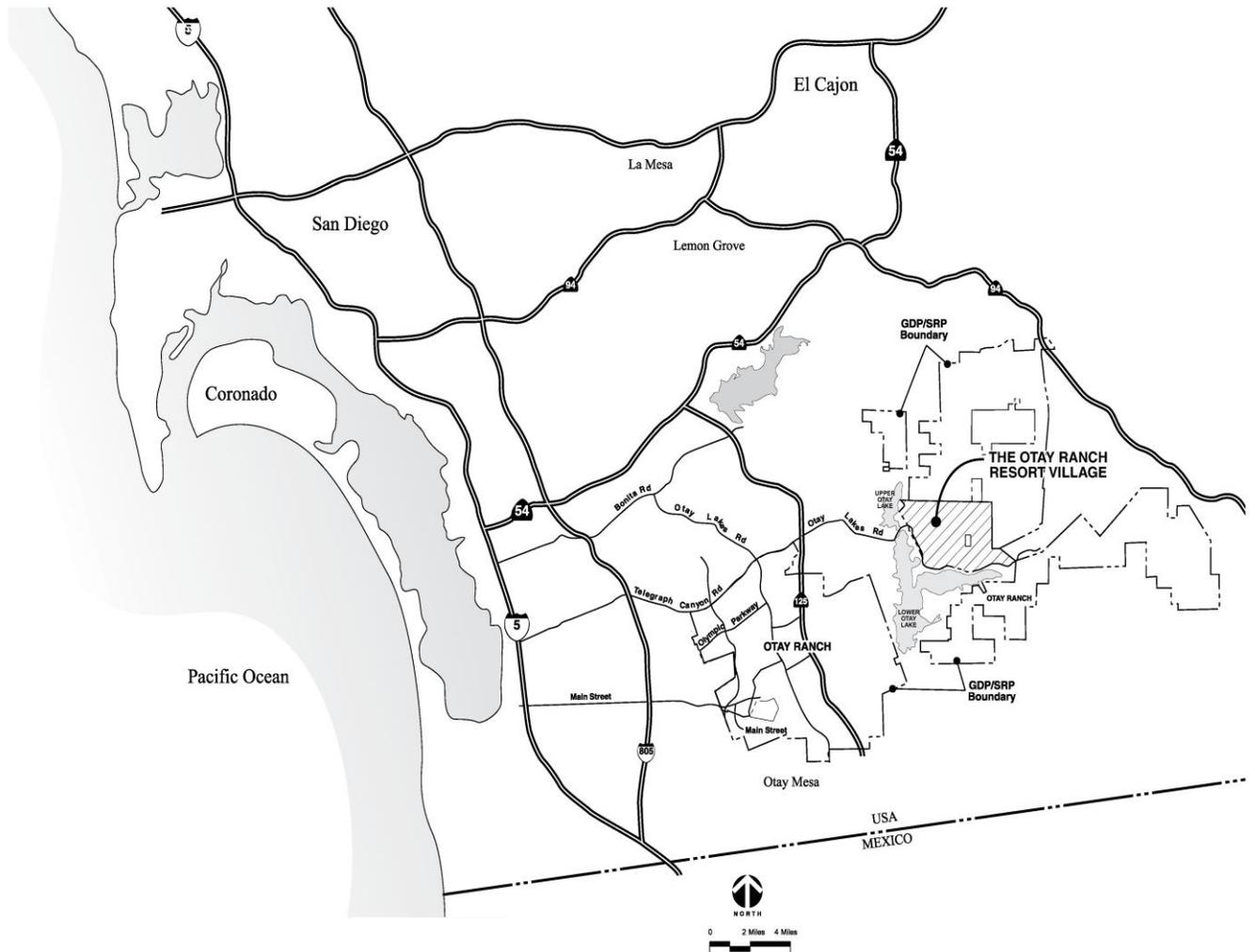
Agreement between the San Diego County Water Authority and Otay Water District regarding Implementation of the East County Regional Treated Water Improvement Program.

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

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

Appendix A

Otay Ranch Resort Regional Location Map



Appendix B

Otay Ranch Resort Proposed Development Plan

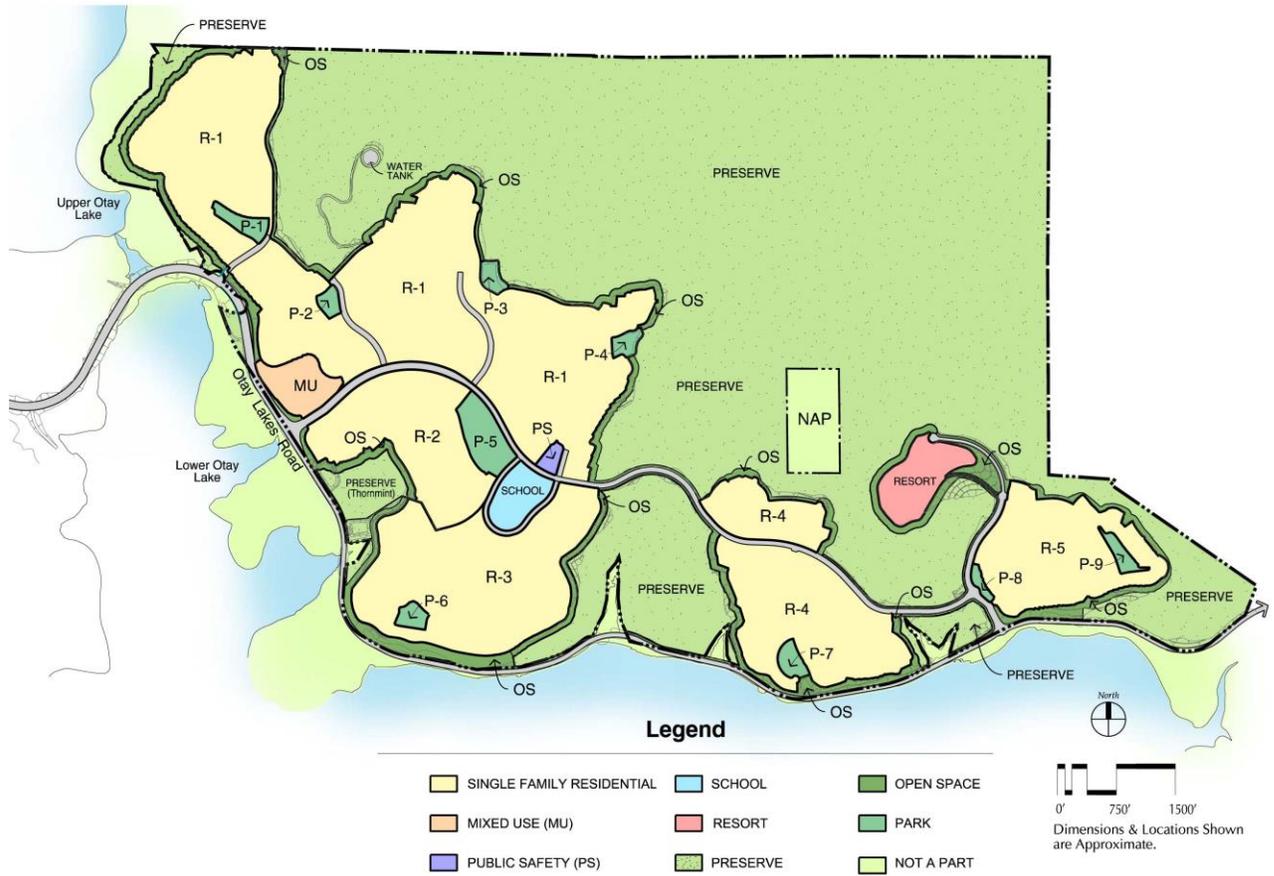
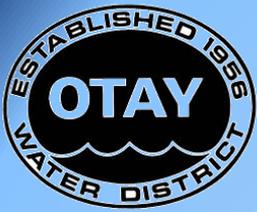


Exhibit 3

Otay Ranch Resort Village Site Utilization Plan



Otay Water District Board of Directors Meeting

EXHIBIT E

May 7, 2014

Water Supply Assessment & Verification Report Update for the Otay Ranch Resort Village Project SB 610 & SB 221 Compliance



BACKGROUND

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

SB 610 Water Supply Assessment (WSA):

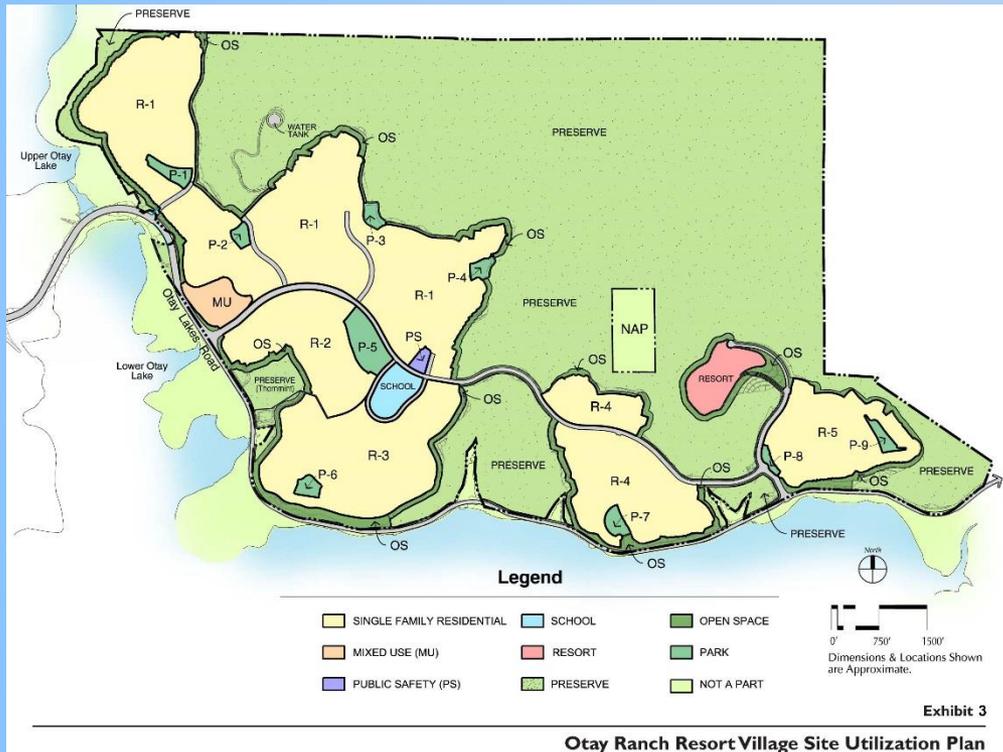
- **Requires water purveyor to prepare a Water Supply Assessment Report for inclusion in agency CEQA documentation.**

SB 221 Water Supply Assessment & Verification (WSA&V):

- **Requires water purveyor to prepare a Water Supply Assessment & Verification Report for inclusion in agency CEQA documentation.**
- **Board approval required for submittal of the WSA&V Report to County of San Diego.**

Otay Ranch Resort Village Project

**Total Potable Water Demand
1,615 AFY* / 1.44 MGD****



- **1,869 acres total**
- **Resort/hotel – 200 units**
- **1,881 single-family homes**
- **57 multi-family homes in a multiple use site with 20,000 sq. ft. of commercial/retail**
- **Elementary school**
- **Public Safety facilities site**
- **Open Space**
- **Preserve lands**

* AFY = Acre-Feet per Year

** MGD = Million Gallons per Day

Changes since the 2009 WSA&V

- Potable water demand was 1,757 AFY in 2009, as compared to 1,615 AFY in 2014
- Recycled water was proposed for irrigation in 2009, will not be used for the project in 2014
- Land use changes

Land Use Description	WSA&V (Jan 2009)		WSA&V (Jan 2014)	
	Area (acres)	Dwelling Units	Area (acres)	Dwelling Units
Single-Family Residential	534.5	1,738	526.5	1,881
Multi-Family Residential	10.3	200	14.1	57
Elementary School	10.1		10.0	
Public Safety	3.4		2.1	
Resort/Hotel	17.4	200	17.4	200
Commercial	8.5		(in M-F)	
Parks	26.0		29.6	
Irrigated Open Space	138.7		143.0	
Circulation	41.6		37.2	
Open Space Preserve	1,078.1		1,089.2	
Totals	1,868.6	2,138	1,868.6	2,138

Water Supply Assessment & Verification Report

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

Water Supply Assessment & Verification Report

- **The Report documents the planned water supply projects and the actions necessary to develop the supplies.**
- **Water supply for the Projects and for existing and future developments within the District for a 20-year planning horizon, under normal and in single-dry and multiple-dry years, are planned for and are intended to be made available.**

Otay Water District

Planned Local Water Supply Projects	Supply (AF)
Rancho del Rey Groundwater Well	500
Rosarito Ocean Desalination Project	20,000-50,000
Otay Mesa Lot 7 Groundwater Well	300
Otay Mesa Recycled Water Supply Link Project	800

Water Authority Supplies

WATER AUTHORITY SUPPLIES (AFY)	2015	2020	2025	2030 / 2035
IID Water Transfer	100,000	190,000	200,000	200,000
ACC and CC Lining	80,200	80,200	80,200	80,200
Carlsbad Desalination	0	56,000	56,000	56,000
Sub-Total:	180,200	326,200	336,200	336,200

Source: Table 9-1 Water Authority 2010 UWMP

Otay Water District

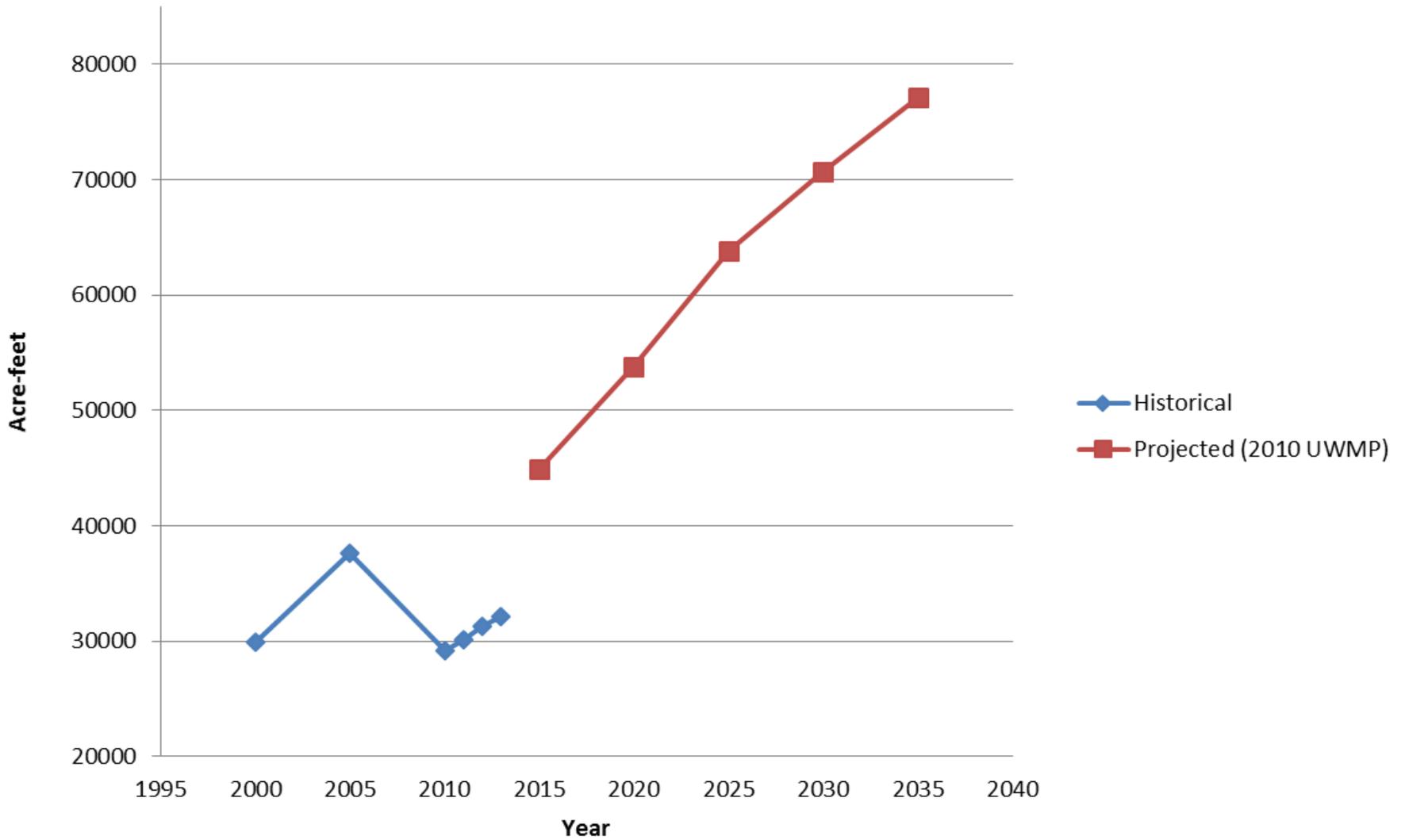
Projected Balance of Supply and Demand

Description	FY 2015	FY 2020	FY 2025	FY 2030	FY 2035
Demands					
Otay WD Demands	44,883	53,768	63,811	70,669	77,171
Univ. Villages Demands	41	41	41	41	41
Village 2 Demands	529	529	529	529	529
Freeway Commercial Demands	127	127	127	127	127
Additional Conservation Target	0	(7,447)	(13,996)	(17,895)	(20,557)
Total Demand	45,580	47,018	50,512	53,472	57,311
Supplies*					
Water Authority Supply	40,483	41,321	44,015	45,974	48,614
Water Authority Accel. Forecast Growth Increment	697	697	697	697	697
Recycled Water Supply	4,400	5,000	5,800	6,800	8,000
Total Supply	45,580	47,018	50,512	53,472	57,311
Supply Surplus/(Deficit)	0	0	0	0	0
The 697 (41+529+127) AFY increase in demand is accounted for through the Accelerated Forecasted Growth demand increment of the Water Authority's 2010 UWMP.					

*Rosarito Desalination Project not included, will be added to future supplies when a Water Purchase Agreement is approved by the OWD Board.

Source: Table 7 of the Otay Ranch Resort Village WSA&V Report.

Projected & Historical Potable Water Fiscal Year Demands



CONCLUSION

- **Water demand and supply forecasts are included in the planning documents of Metropolitan Water District of Southern California, San Diego County Water Authority, and the Otay Water District.**
- **Actions necessary to develop the identified water supplies are documented.**
- **The Otay Ranch Resort Village Project SB 610 & SB 221 WSA&V Reports demonstrate and document that sufficient water supplies are planned for and are intended to be available over the next 20 years.**

CONCLUSION (continued)

- **It is believed that the Board has met the intent of SB 610 & SB 221 statute in that:**
 - 1) Land use agencies and water suppliers have demonstrated strong linkage.**
 - 2) The Otay Ranch Resort Village Project Water Supply Assessment & Verification Reports clearly document the current water supply situation.**

STAFF RECOMMENDATION

That the Board of Directors approve Senate Bills 610 & 221 updated Water Supply Assessment & Verification Report dated January 2014 for the Otay Ranch Resort Village Project.





QUESTIONS?



AGENDA ITEM 6f



STAFF REPORT

TYPE MEETING: Regular Board

MEETING DATE: May 7, 2014

PROJECT: DIV. NO. All

SUBMITTED BY: Rita Bell, Finance Manager

APPROVED BY: Joseph R. Beachem, Chief Financial Officer
 German Alvarez, Assistant General Manager
 Mark Watton, General Manager

SUBJECT: Adopt Amendments to Resolution Nos. 4219 and 4220 to Consolidate Improvement District (ID) 19 into ID 22 and ID 25 into ID 20 and Authorize Advertising of these Resolutions as Required by the Water Code and Government Code

GENERAL MANAGER'S RECOMMENDATION:

That the Board reaffirm the attached Resolutions of Intention, Nos. 4219 and 4220, initiating the process for the exclusion of parcels within Improvement Districts (IDs) 19 and 25 and also amend these resolutions to revise the date of the public hearing to June 4, 2014, to receive public comments regarding the District's intention to annex the excluded parcels in IDs 19 and 25 into IDs 22 and 20, respectfully. The Board had previously approved the District's intention to exclude parcels in IDs 19 and 25 and annex those parcels into IDs 22 and 20, respectively, at a meeting held on November 6, 2013, but is now simply setting a new date for the public hearing.

Concurrent with said action, that the Board also reaffirm the attached Resolutions of Intention, Nos. 4221 and 4222 that are necessary to initiate the process for the annexation of the excluded parcels in IDs 19 and 25 into IDs 22 and 20, respectively.

PURPOSE:

That the Board authorize and initiate the process for the exclusion of parcels within Improvement Districts (IDs) 19 and 25 to be annexed into IDs 22 and 20, respectively.

Authorize staff to advertise, per Government Code Section 6066, the attached Resolutions of Intention 4219, 4220, 4221, and 4222 for a

period of two weeks. Once this requirement has been complied with, a second set of resolutions will be presented to confirm the exclusions and annexations. Direct staff to submit the appropriate forms and fees required to complete the Board action with the State Board of Equalization and the County of San Diego that would exclude parcels within IDs 19 and 25 to be annexed into IDs 22 and 20, respectively. A subsequent action will request that IDs 19 and 25 be dissolved effective July 1, 2014.

ANALYSIS:

On May 14, 2013, the Board directed staff to move forward with the consolidation process. This action is the first of two necessary steps to complete this consolidation. Once the exclusion and annexation are initiated by the Board, staff will publish the resolutions as required by statute and then the Board will have the ability to confirm the exclusion and annexation at a subsequent meeting. The exclusion will then become effective on the 31st day after completion of the publication and posting of the resolutions to exclude. The annexations become effective after the date of the adoption of the resolutions approving the annexation.

The availability charges and water rates and charges are identical between IDs 19 and 22 and IDs 25 and 20, and staff has determined that there is no longer a reason to separate these parcels. This will streamline the accounting and tracking of these parcels within the District's various information systems.

Because the proposed consolidation technically imposes a "new" charge on customers, in compliance with the Proposition 218 requirements notices were sent to all customers within these IDs to inform them of their option to protest rate changes. The required public hearing took place at the September 4, 2013 Board Meeting where the Board determined there were no protests regarding this action.

FISCAL IMPACT: Joe Beachem, Chief Financial Officer

None.

STRATEGIC GOAL:

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

LEGAL IMPACT:

None.

Attachments:

- A) Resolution No. 4219
 - Exhibit A - Legal Description ID 19
 - Exhibit B - Map ID 19
- B) Resolution No. 4220
 - Exhibit A - Legal Description ID 25
 - Exhibit B - Map ID 25
- C) Resolution No. 4221
 - Exhibit A - Legal Description ID 19
 - Exhibit B - Map ID 19
- D) Resolution No. 4222
 - Exhibit A - Legal Description ID 25
 - Exhibit B - Map ID 25

RESOLUTION NO. 4219

RESOLUTION OF THE BOARD OF DIRECTORS OF
OTAY WATER DISTRICT DECLARING ITS
INTENTION TO EXCLUDE PARCELS FROM
IMPROVEMENT DISTRICT 19

WHEREAS, on April 19th, 1971 by Resolution No. 866, the Otay Water District Board of Directors (“Board”) formed Improvement District (“ID”) 19 for the purpose of incurring necessary bonded indebtedness for the acquisition, construction and completion of water improvements and works; and

WHEREAS, on July 3rd, 1972 by Resolution No. 986, the Board formed ID 22 for the purpose of incurring necessary bonded indebtedness for the acquisition, construction, and completion of water improvements and works; and

WHEREAS, the availability charges and water rates and charges are identical between IDs 19 and 22; and

WHEREAS, staff has determined that there is no longer a reason to separate these parcels; and

WHEREAS, by initiating proceedings to consolidate ID 19 into ID 22 it would streamline the accounting and tracking of these parcels; and

WHEREAS, the Board hereby declares, by its own motion, its intention to exclude parcels in ID 19 pursuant to Water Code Sections 72080, *et seq.*, with an eye towards annexing the excluded parcels into ID 22; and

WHEREAS, in compliance with Proposition 218, the Otay Water District held the required public hearing on the new fees and charges for the parcels excluded from ID 19 and annexed into ID 22, which were approved at its September 4, 2013 Board meeting, where the Board determined that there were no protests regarding this action;

NOW, THEREFORE, BE IT RESOLVED as follows:

1. That the Board of Directors, on its own motion, does hereby declare its intention to exclude parcels within ID 19, as identified in Exhibits A & B to this resolution.

2. That the taxes for carrying out the purposes of ID 19 will not be levied upon taxable property in the excluded territory following such exclusion.

3. That there is no bond debt on ID 19 and, therefore, taxes for the payment of principal and interest on any outstanding bonds of ID 19 will not be levied upon taxable property in the excluded territory following such exclusion.

4. That, following such exclusion, the taxable property in the territory remaining in ID 19, if any, shall continue to be levied upon and taxed to provide funds for the purposes of ID 19.

5. That a map showing the exterior boundaries of the proposed territory to be excluded, with relation to the territory remaining in ID 19, is on file with the Secretary of the District and is available for inspection by any person or persons interested. Said map shall govern for all details as to the extent of the proposed exclusion.

6. That notice is hereby given that a hearing shall be held by the Board on Wednesday, June 4th, 2014 at 3:30 p.m. on the questions of the proposed exclusion and the effect of such exclusion upon the Otay Water District, ID 19 and the territory to be excluded. At such time and place, any person interested, including all persons owning property in the Otay Water District or in ID 19, will be heard.

BE IT FURTHER RESOLVED that the Board directs staff to provide notice of the proposed exclusion and publish a copy of this Resolution of Intention to Exclude pursuant to and consistent with Government Code section 6066 and Water Code section 72084.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Otay Water District at a regular meeting held this 7th day of May, 2014.

President

ATTEST:

Secretary

EXHIBIT "A"

GEOGRAPHIC DESCRIPTION IMPROVEMENT DISTRICT 19

ALL THOSE PORTIONS OF FRACTIONAL SECTIONS 16, 20 AND 21 IN TOWNSHIP 17 SOUTH, RANGE 1 WEST, SAN BERNARDINO MERIDIAN IN SAN DIEGO COUNTY, STATE OF CALIFORNIA ACCORDING TO THE UNITED STATES GOVERNMENT SURVEY THEREOF AND A PORTION OF SAN MIGUEL CITY ACCORDING TO THE MAP THEREOF NO. 335 AND A PORTION OF M.S. ROOTS VILLAGE SITES ACCORDING TO THE MAP THEREOF NO. 586, BOTH MAPS ON FILE IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER FRACTIONAL SECTION 16, TOWNSHIP 21 SOUTH, RANGE 1 WEST, SAN BERNARDINO BASE AND MERIDIAN, ACCORDING TO SAID UNITED STATES GOVERNMENT SURVEY;

THENCE (1) NORTH 89°49'14" WEST, A DISTANCE OF 1,338.86 FEET ALONG THE SOUTH LINE OF SAID FRACTIONAL SECTION 16, TOWNSHIP 17 SOUTH, RANGE 1 WEST, ACCORDING TO SAID UNITED STATES GOVERNEMENT SURVEY TO THE CENTERLINE OF B STREET, AS SHOWN ON M. S. ROOT'S VILLA SITES, ACCORDING TO MAP NO. 586;

THENCE (2) SOUTH 00°04'39" WEST, A DISTANCE OF 1,318.72 FEET ALONG THE CENTERLINE OF B STREET, AS SHOWN ON SAID MAP NO. 586, TO THE SOUTHERLY LINE OF OLIVE AVENUE, AS SHOWN ON SAID MAP NO. 586;

THENCE (3) NORTH 89°51'51" WEST, A DISTANCE OF 1,307.38 FEET ALONG SOUTHERLY LINE OF OLIVE AVENUE TO NORTH-SOUTH CENTERLINE OF FRACTIONAL SECTION 21, TOWNSHIP 17 SOUTH, RANGE 1 WEST, ACCORDING TO SAID UNITED STATES GOVERNEMENT SURVEY;

THENCE (4) SOUTH 00°08'11" WEST, A DISTANCE OF 2,636.91 FEET TO THE SOUTH LINE OF THE NORTH HALF OF THE SOUTHWEST QUARTER OF SAID SECTION 21;

THENCE (5) NORTH 89°48'46" WEST, A DISTANCE OF 2,650.02 FEET TO THE WEST LINE OF SAID SECTION 21;

THENCE (6) SOUTH 00°09'43" WEST, A DISTANCE OF 23.32 FEET ALONG THE WEST LINE OF SAID SECTION 21 TO THE NORTHERLY LINE OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF FRACTIONAL SECTION 20, TOWNSHIP 17 SOUTH, RANGE 1 WEST;

THENCE (7) NORTH 89°42'09" WEST, A DISTANCE OF 221.52 FEET ALONG SAID NORTHERLY LINE TO THE EASTERLY LINE OF QUARTER SECTION 5 OF RANCHO DE LA NACION, ACCORDING TO MAP NO. 166, SAID POINT ALSO BEING ON THE EXISTING OTAY WATER DISTRICT BOUNDARY;

THENCE (8) NORTH 17°51'58" WEST, A DISTANCE OF 1,564.70 FEET ALONG THE EASTERLY LINE OF SAID QUARTER SECTION 5;

THENCE (9) NORTH 70°43'41" EAST, A DISTANCE OF 749.46 FEET TO A POINT ON THE WESTERLY LINE OF SECTION 21;

THENCE (10) NORTH 00°14'14" EAST, A DISTANCE OF 959.66 FEET ALONG THE WESTERLY LINE OF SAID SECTION 21;

THENCE (11) SOUTH 89°52'49" EAST, A DISTANCE OF 270.21 FEET;

THENCE (12) NORTH 00°15'07" EAST, A DISTANCE OF 594.18 FEET;

THENCE (13) SOUTH 70°14'36" EAST, A DISTANCE OF 1,116.85 FEET;

THENCE (14) SOUTH 00°12'13" WEST, A DISTANCE OF 93.66 FEET;

THENCE (15) SOUTH 89°31'44" EAST, A DISTANCE OF 976.92 FEET;

THENCE (16) NORTH, A DISTANCE OF 1,154.68 FEET TO THE SOUTH LINE OF SECTION 16;

THENCE (17) SOUTH 89°55'04" EAST, A DISTANCE OF 25.32 FEET ALONG THE SOUTH LINE OF SECTION 16;

THENCE (18) NORTH 00°11'02" EAST, A DISTANCE OF 586.34 FEET;

THENCE (19) SOUTH 89°42'44" EAST, A DISTANCE OF 573.93 FEET;

THENCE (20) NORTH, A DISTANCE OF 588.73 FEET;

THENCE (21) EAST, A DISTANCE OF 568.19 FEET;

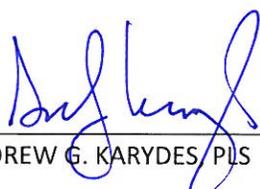
THENCE (22) NORTH, A DISTANCE OF 267.62 FEET;

THENCE (23) SOUTH 89°43'30" EAST, A DISTANCE OF 1,729.62 FEET TO THE EASTERLY LINE OF SECTION 16;

THENCE (24) SOUTH 03°47'26" EAST, A DISTANCE OF 1,438.09 FEET ALONG THE EASTERLY LINE OF SAID SECTION 16 TO THE POINT OF BEGINNING.

CONTAINING 324.395 ACRES, MORE OR LESS.

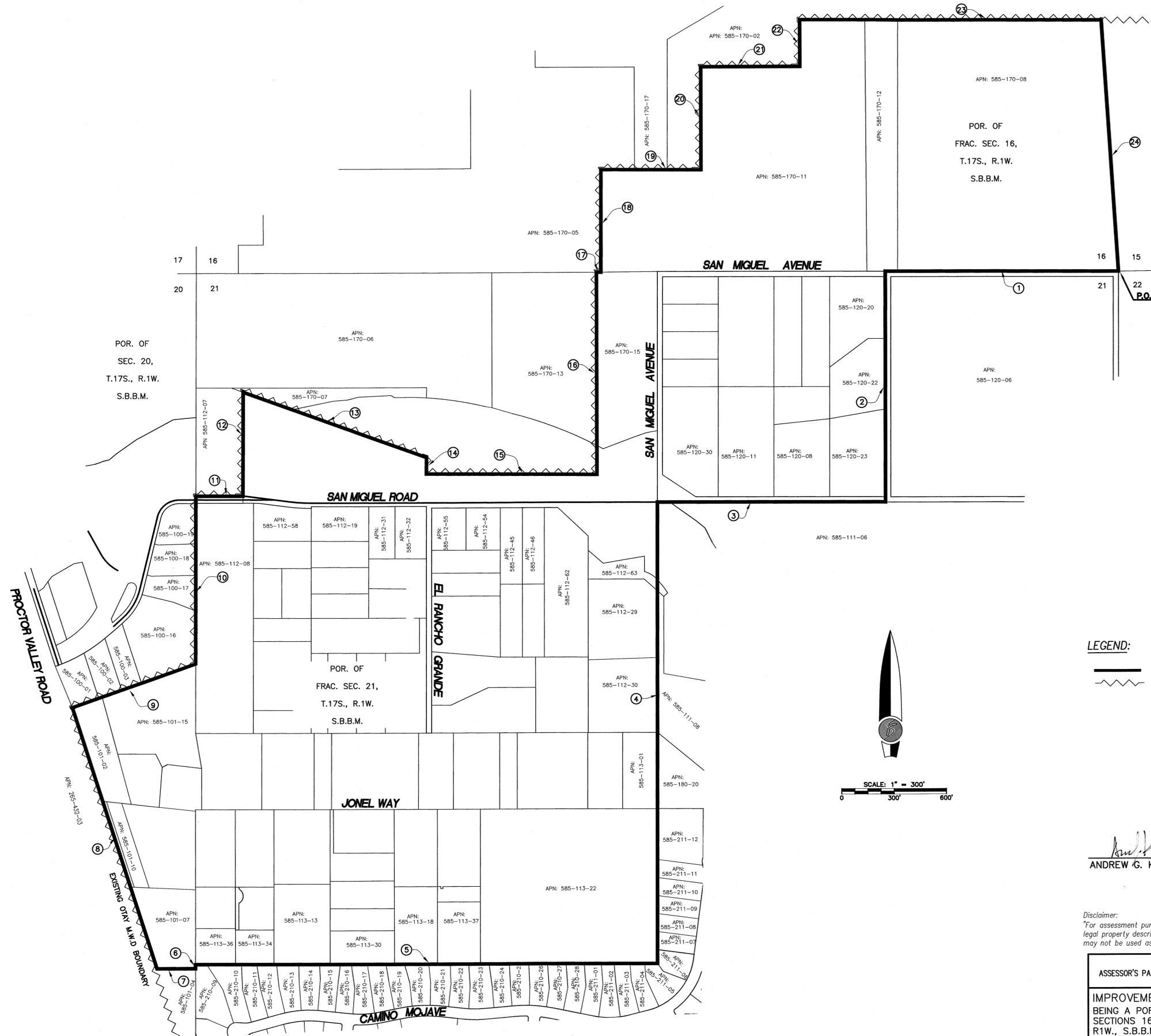
For assessment purposes only. This description of land is not a legal property description as defined in the Subdivision Map Act and may not be used as the basis for an offer for sale of the land described.



ANDREW G. KARYDES, PLS 1/02/14
DATE



EXHIBIT "B"

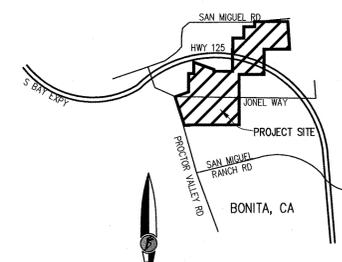
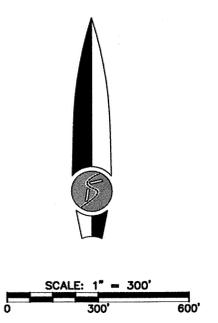


COURSES:

1	N89°49'14"W	1338.86'
2	S0°04'39"W	1318.72'
3	N89°51'51"W	1307.38'
4	S0°08'11"W	2636.91'
5	N89°48'46"W	2650.02'
6	S0°09'43"W	23.32'
7	N89°42'09"W	221.52'
8	N17°51'58"W	1564.70'
9	N70°43'41"E	749.46'
10	N0°14'14"E	959.66'
11	S89°52'49"E	270.21'
12	N0°15'07"E	594.18'
13	S70°14'36"E	1116.85'
14	S0°12'13"W	93.66'
15	S89°31'44"E	976.92'
16	N0°00'00"E	1154.68'
17	S89°55'04"E	25.32'
18	N0°11'02"E	586.34'
19	S89°42'44"E	573.93'
20	N0°00'00"E	588.73'
21	N90°00'00"E	568.19'
22	N0°00'00"E	267.62'
23	S89°43'30"E	1729.62'
24	S3°47'26"E	1438.09'

324.39 ACRES

LEGEND:
 IMPROVEMENT DISTRICT 19
 EXISTING OWD BOUNDARY



Andrew G. Karydes
 ANDREW G. KARYDES, PLS 01/02/14 DATE



Disclaimer:
 "For assessment purposes only, this description of land is not a legal property description as defined in the Subdivision Map Act and may not be used as the basis for the sale of land described."

ASSESSOR'S PARCEL NUMBER(S):	SEE MAP	ACREAGE	DATE	SCALE
		324.39	01/02/14	1" = 300'
IMPROVEMENT DISTRICT NO. 19 BEING A PORTION OF FRACTIONAL SECTIONS 16, 20, AND 21 T.17S., R1W., S.B.B.M. SAN DIEGO COUNTY		SAN DIEGUITO ENGINEERING, INC. 4407 MANCHESTER, SUITE 105 ENCINITAS, CA. 92024 PHONE: (760) 753-5525 CIVIL ENGINEERING • PLANNING LAND SURVEYING		

RESOLUTION NO. 4220

RESOLUTION OF THE BOARD OF DIRECTORS OF
OTAY WATER DISTRICT DECLARING ITS
INTENTION TO EXCLUDE PARCELS FROM
IMPROVEMENT DISTRICT 25

WHEREAS, on May 1st, 1978 by Resolution No. 1498, the Otay Water District Board of Directors (“Board”) formed Improvement District (“ID”) 25 for the purpose of incurring bonded indebtedness for the construction of a water transmission and distribution system; and

WHEREAS, on May 17th, 1971 by Resolution No. 880, the Board formed ID 20 for the purpose of incurring necessary bonded indebtedness for the acquisition, construction, and completion of water improvements and works; and

WHEREAS, the availability charges and water rates and charges are identical between IDs 25 and 20; and

WHEREAS, staff has determined that there is no longer a reason to separate these parcels; and

WHEREAS, by initiating proceedings to consolidate ID 25 into ID 20 it would streamline the accounting and tracking of these parcels; and

WHEREAS, the Board hereby declares, by its own motion, its intention to exclude parcels in ID 25 pursuant to Water Code Sections 72080, *et seq.*, with an eye towards annexing the excluded parcels into ID 20; and

WHEREAS, in compliance with Proposition 218, the Otay Water District held the required public hearing on the new fees and charges for the parcels excluded from ID 25 and annexed into ID 20, which were approved at its September 4, 2013 Board meeting, where the Board determined that there were no protests regarding this action;

NOW, THEREFORE, BE IT RESOLVED as follows:

1. That the Board of Directors, on its own motion, does hereby declare its intention to exclude parcels within ID 25, as identified in Exhibits A & B to this resolution.

2. That the taxes for carrying out the purposes of ID 25 will not be levied upon taxable property in the excluded territory following such exclusion.

3. That there is no bond debt on ID 25 and, therefore, taxes for the payment of principal and interest on any outstanding bonds of ID 25 will not be levied upon taxable property in the excluded territory following such exclusion.

4. That, following such exclusion, the taxable property in the territory remaining in ID 25, if any, shall continue to be levied upon and taxed to provide funds for the purposes of ID 25.

5. That a map showing the exterior boundaries of the proposed territory to be excluded, with relation to the territory remaining in ID 25, is on file with the Secretary of the District and is available for inspection by any person or persons interested. Said map shall govern for all details as to the extent of the proposed exclusion.

6. That notice is hereby given that a hearing shall be held by the Board on Wednesday, June 4th, 2014, at 3:30 p.m. on the questions of the proposed exclusion and the effect of such exclusion upon the Otay Water District, ID 25 and the territory to be excluded. At such time and place, any person interested, including all persons owning property in the Otay Water District or in ID 25, will be heard.

BE IT FURTHER RESOLVED that the Board directs staff to provide notice of the proposed exclusion and publish a copy of this Resolution of Intention to Exclude pursuant to and consistent with Government Code section 6066 and Water Code section 72084.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Otay Water District at a regular meeting held this 7th day of May, 2014.

President

ATTEST:

Secretary

EXHIBIT "A"

GEOGRAPHIC DESCRIPTION IMPROVEMENT DISTRICT 25

ALL THAT PORTION OF EAST SAN DIEGO VILLA HEIGHTS ACCORDING TO THE MAP THEREOF NO. 1317 FILED IN THE OFFICE OF THE RECORDER OF SAN DIEGO COUNTY, STATE OF CALIFORNIA, BEING A PORTION OF SECTION 4, TOWNSHIP 17 SOUTH, RANGE 1 WEST, SAN BERNARDINO MERIDIAN ACCORDING TO THE UNITED STATES GOVERNMENT SURVEY THEREOF, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SECTION 4, TOWNSHIP 17 SOUTH, RANGE 1 WEST, SAN BERNARDINO MERIDIAN OF SAID UNITED STATES GOVERNMENT SURVEY;

THENCE (1) NORTH 89°40'36" EAST, A DISTANCE OF 631.20 FEET ALONG THE NORTHERLY LINE OF SAID SECTION 4 TO A POINT OF INTERSECTION WITH THE CENTERLINE OF RAMONA AVENUE, AS SHOWN ON SAID MAP NO. 1317, AND THE **TRUE POINT OF BEGINNING**, SAID POINT ALSO BEING ON THE EXISTING OTAY WATER DISTRICT BOUNDARY;

THENCE (2) NORTH 89°40'36" EAST, A DISTANCE OF 909.25 FEET ALONG SAID NORTHERLY LINE OF SAID SECTION TO A POINT OF INTERSECTION WITH THE CENTERLINE OF LA PRESA AVENUE, AS SHOWN ON SAID MAP NO. 1317;

THENCE (3) SOUTH 01°09'20" WEST, A DISTANCE OF 395.86 FEET ALONG THE CENTERLINE OF SAID LA PRESA AVENUE TO A POINT OF INTERSECTION OF THE WESTERLY PROLONGATION OF THE SOUTHERLY LINE OF LOTS 9 AND 22, BLOCK 99, OF SAID MAP NO. 1317;

THENCE (4) SOUTH 88°44'07" EAST, A DISTANCE OF 303.13 FEET ALONG SAID SOUTHERLY LINE TO A POINT OF INTERSECTION WITH THE CENTERLINE OF SAN MIGUEL AVENUE, AS SHOWN ON SAID MAP NO. 1317;

THENCE (5) NORTH 01°07'59" EAST, A DISTANCE OF 404.26 FEET ALONG SAID CENTERLINE OF SAN MIGUEL AVENUE TO THE NORTHERLY LINE OF SAID SECTION 4 AND THE NORTHERLY LINE OF IVY STREET, AS SHOWN ON SAID MAP NO. 1317, SAID POINT ALSO BEING ON THE EXISTING OTAY WATER DISTRICT BOUNDARY;

THENCE (6) NORTH 89°40'36" EAST, A DISTANCE OF 813.94 FEET ALONG SAID NORTHERLY LINE OF SAID SECTION;

THENCE (7) SOUTH 89°09'48" EAST, A DISTANCE OF 176.13 FEET CONTINUING ALONG SAID NORTHERLY LINE OF SAID SECTION;

THENCE (8) SOUTH 00°50'12" WEST, A DISTANCE OF 46.00 FEET TO THE SOUTHERLY LINE OF IVY STREET, AS SHOWN ON SAID MAP NO. 1317;

THENCE (9) NORTH 89°09'48" WEST, A DISTANCE OF 175.66 FEET ALONG SAID SOUTHERLY LINE OF IVY STREET, AS SHOWN ON SAID MAP NO. 1317;

THENCE (10) SOUTH 89°40'36" WEST, A DISTANCE OF 182.24 FEET CONTINUING ALONG SAID SOUTHERLY LINE OF IVY STREET TO THE EASTERLY LINE OF PORTOLA AVENUE, AS SHOWN ON SAID MAP NO. 1317;

THENCE (11) SOUTH 01°10'35" WEST, A DISTANCE OF 119.26 FEET ALONG THE EASTERLY LINE OF PORTOLA AVENUE TO THE NORTHWEST CORNER OF LOT 13, BLOCK 96, OF SAID MAP NO. 1317;

THENCE (12) SOUTH 88°22'01" EAST, A DISTANCE OF 303.18 FEET ALONG THE NORTHERLY LINE OF SAID LOT 13, LOT 18, AND THE EASTERLY PROLONGATION THEREOF, TO THE EASTERLY LINE OF CORONADO AVENUE, AS SHOWN ON SAID MAP NO. 1317;

THENCE (13) SOUTH 01°09'50" WEST, A DISTANCE OF 685.65 FEET ALONG THE EASTERLY LINE OF SAID CORONADO AVENUE TO A POINT OF INTERSECTION WITH THE CENTERLINE OF HEMLOCK STREET, AS SHOWN ON SAID MAP NO. 1317;

THENCE (14) SOUTH 88°22'29" EAST, A DISTANCE OF 1,209.33 FEET ALONG THE CENTERLINE OF SAID HEMLOCK STREET TO THE CENTERLINE OF SANGAMON STREET, AS SHOWN ON SAID MAP NO. 1317;

THENCE (15) SOUTH 01°27'48" WEST, A DISTANCE OF 1,815.88 FEET ALONG THE CENTERLINE OF SANGAMON STREET TO THE EASTERLY PROLONGATION OF THE SOUTHERLY LINE OF LOTS 3 AND 22 OF BLOCKS 53 THROUGH 65 OF SAID MAP NO. 1317;

THENCE (16) NORTH 88°24'52" WEST, A DISTANCE OF 3,957.69 FEET ALONG SAID SOUTHERLY LINE OF SAID LOTS 3 AND 22 OF SAID BLOCKS 53 THROUGH 65, TO THE CENTERLINE OF GRAND AVENUE, AS SHOWN ON SAID MAP NO. 1317, SAID POINT ALSO BEING ON THE EXISTING OTAY WATER DISTRICT BOUNDARY;

THENCE (17) NORTH 01°15'51" EAST, A DISTANCE OF 1,170.94 FEET ALONG THE CENTERLINE OF SAID GRAND AVENUE TO A POINT OF INTERSECTION WITH GRAPE STREET, AS SHOWN ON SAID MAP NO. 1317;

THENCE (18) SOUTH 88°23'18" EAST, A DISTANCE OF 303.53 FEET ALONG THE CENTERLINE OF GRAPE STREET, TO A POINT OF INTERSECTION WITH THE CENTERLINE OF PARAISO AVENUE, AS SHOWN ON SAID MAP NO. 1317;

THENCE (19) NORTH 01°14'31" EAST, A DISTANCE OF 274.20 FEET ALONG THE CENTERLINE OF PARAISO AVENUE, TO A POINT WHICH BEARS SOUTH 88°45'29" EAST, A DISTANCE OF 25.00 FEET FROM THE NORTHEAST CORNER OF LOT 20, BLOCK 79, OF SAID MAP NO. 1317;

THENCE (20) NORTH 88°45'29" WEST, A DISTANCE OF 25.00 FEET TO THE NORTHEAST CORNER OF SAID LOT 20;

THENCE (21) NORTH 88°22'48" WEST, A DISTANCE OF 253.42 FEET ALONG THE NORTH LINE OF LOT 20, BLOCK 79, OF MAP NO. 1317, TO THE NORTHWEST CORNER OF SAID LOT 20;

THENCE (22) NORTH 88°44'09" WEST, A DISTANCE OF 25.00 FEET TO THE CENTERLINE OF GRAND AVENUE, AS SHOWN ON SAID MAP NO. 1317, SAID POINT ALSO BEING ON THE EXISTING OTAY WATER DISTRICT BOUNDARY;

THENCE (23) NORTH 01°15'51" EAST, A DISTANCE OF 373.86 FEET ALONG SAID CENTERLINE OF GRAND AVENUE, TO A POINT OF INTERSECTION WITH THE CENTERLINE OF HEMLOCK STREET, AS SHOWN ON SAID MAP NO. 1317;

THENCE (24) SOUTH 88°22'25" EAST, A DISTANCE OF 606.57 FEET ALONG THE CENTERLINE OF HEMLOCK STREET, TO A POINT OF INTERSECTION WITH THE CENTERLINE OF RAMONA AVENUE, AS SHOWN ON SAID MAP NO. 1317;

THENCE (25) NORTH 01°13'13" EAST, A DISTANCE OF 788.18 FEET ALONG THE CENTERLINE OF RAMONA AVENUE TO THE NORTHERLY LINE OF SAID SECTION 4 AND THE TRUE POINT OF BEGINNING;

CONTAINING 200.403 ACRES, MORE OR LESS.

For assessment purposes only. This description of land is not a legal property description as defined in the Subdivision Map Act and may not be used as the basis for an offer for sale of the land described.



ANDREW G. KARYDES, PLS 1/02/14
DATE



EXHIBIT "B"

SEC. 33
T.16S., R.1W.
S.B.B.M.

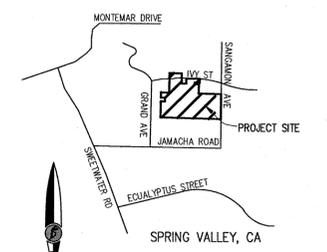
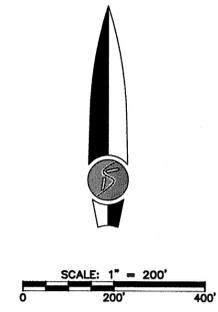


COURSES:

- 1 N89°40'36"E 631.20'
- 2 N89°40'36"E 908.25'
- 3 S1°09'20"W 395.86'
- 4 S88°44'07"E 303.13'
- 5 N1°07'59"E 404.26'
- 6 N89°40'36"E 813.94'
- 7 S89°09'48"E 176.13'
- 8 S0°50'12"W 46.00'
- 9 N89°09'48"W 175.66'
- 10 S89°40'36"W 182.24'
- 11 S1°10'35"W 119.26'
- 12 S88°22'01"E 303.18'
- 13 S1°09'50"W 685.65'
- 14 S88°22'29"E 1208.33'
- 15 S1°27'48"W 1815.88'
- 16 N88°24'52"W 3957.69'
- 17 N1°15'51"E 1170.94'
- 18 S88°23'18"E 303.53'
- 19 N1°14'31"E 274.20'
- 20 N88°45'29"W 25.00'
- 21 N88°22'48"W 253.42'
- 22 N88°44'09"W 25.00'
- 23 N1°15'51"E 373.86'
- 24 S88°22'25"E 606.57'
- 25 N1°13'13"E 788.18'

200.40 ACRES

POR. SEC. 5
T.17S., R.1W.
S.B.B.M.



LEGEND:
 IMPROVEMENT DISTRICT 25
 EXISTING OMD BOUNDARY

Andrew G. Karydes
 ANDREW G. KARYDES, PLS DATE 01/02/14



Disclaimer:
For assessment purposes only, this description of land is not a legal property description as defined in the Subdivision Map Act and may not be used as the basis for the sale of land described.

ASSESSOR'S PARCEL NUMBER(S):	SEE MAP	ACREAGE	200.40	DATE	01/02/14	SCALE	1" = 200'
IMPROVEMENT DISTRICT NO. 25 BEING A PORTION OF SECTION 4, T.17S., R.1W., S.B.B.M. SAN DIEGO COUNTY				SAN DIEGO ENGINEERING, INC. 4407 MANCHESTER, SUITE 105 ENCINITAS, CA. 92024 PHONE: (760) 753-5525 CIVIL ENGINEERING • PLANNING LAND SURVEYING			

RESOLUTION NO. 4221

A RESOLUTION OF THE BOARD OF DIRECTORS OF
OTAY WATER DISTRICT DECLARING ITS INTENTION TO
ANNEX PARCELS EXCLUDED FROM IMPROVEMENT
DISTRICT 19 INTO IMPROVEMENT DISTRICT 22

WHEREAS, on April 19th, 1971 by Resolution No. 866, the Otay Water District Board of Directors (“Board”) formed Improvement District (“ID”) 19 for the purpose of incurring necessary bonded indebtedness for the acquisition, construction and completion of water improvements and works; and

WHEREAS, on July 3rd, 1972 by Resolution No. 986, the Board formed ID 22 for the purpose of incurring necessary bonded indebtedness for the acquisition, construction, and completion of water improvements and works; and

WHEREAS, the availability charges and water rates and charges are identical between IDs 19 and 22; and

WHEREAS, staff has determined that there is no longer a reason to separate these parcels; and

WHEREAS, by initiating proceedings to consolidate ID 19 into ID 22 it would streamline the accounting and tracking of these parcels; and

WHEREAS, the Board hereby declares its intention to annex parcels excluded from ID 19, if approved, into ID 22, pursuant to Water Code sections 72700, *et seq.*; and

WHEREAS, in compliance with Proposition 218, the Otay Water District held the required public hearing on the new fees and changes for the parcels excluded from ID 19 and annexed into ID 22 at its September 4, 2013 Board meeting, where the Board determined that there were no protests regarding this action;

NOW, THEREFORE, BE IT RESOLVED as follows:

1. That the Board of Directors, pursuant to Water Code sections 72700, *et seq.*, does hereby declare its intention to annex the parcels excluded from ID 19, if approved, into ID 22, as described in Exhibit A:

2. That the purpose of the proposed annexation, in conjunction with the exclusion of parcels from ID 19, is to streamline the accounting and tracking of parcels in IDs with the same availability charges and water rates and charges, thereby increasing efficiencies for the Otay Water District without resulting in any changes to the fees or charges imposed on property owners.

3. A depiction of the area proposed to be annexed, and the boundaries of IDs 19 and 22 following the annexation, is set forth on a map in Exhibit B filed with the Secretary of the District, which map shall govern for all details as to the area proposed to be annexed.

4. That the annexation of said parcels is subject to the owners complying with the following terms and conditions:

- (a) Payment of yearly assessment fees of \$30.00 per acre of land and \$10.00 per parcel of land less than one acre which will be collected through the County Tax Assessor's office.
- (c) In the event that water service is to be provided, the payment of all applicable water meter fees per Equipment Dwelling Unit (EDU) at the time the meter is purchased.
- (d) Payment of all other applicable local or state agency fees or charges.

5. That the holders of title to any of the parcels to be annexed may file written protests with the Secretary of the District regarding the annexation or the annexation upon the terms and conditions identified above, to the following address:

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

4. That notice is hereby given that a hearing shall be held by the Board on Wednesday, June 4th, at 3:30 p.m. at which the Board will receive written protests theretofore filed with the Secretary of the District, receive additional written protests, and hear from any and all persons interested in the annexation.

BE IT FURTHER RESOLVED that the Board directs staff to provide notice of the proposed annexation and publish and post a copy of this Resolution of Intention to Annex pursuant to and consistent with Government Code section 6066 and Water Code sections 72702 and 72703.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Otay Water District at a regular meeting held this 7th day of May, 2014.

President

ATTEST:

District Secretary

EXHIBIT "A"

GEOGRAPHIC DESCRIPTION IMPROVEMENT DISTRICT 19

ALL THOSE PORTIONS OF FRACTIONAL SECTIONS 16, 20 AND 21 IN TOWNSHIP 17 SOUTH, RANGE 1 WEST, SAN BERNARDINO MERIDIAN IN SAN DIEGO COUNTY, STATE OF CALIFORNIA ACCORDING TO THE UNITED STATES GOVERNMENT SURVEY THEREOF AND A PORTION OF SAN MIGUEL CITY ACCORDING TO THE MAP THEREOF NO. 335 AND A PORTION OF M.S. ROOTS VILLAGE SITES ACCORDING TO THE MAP THEREOF NO. 586, BOTH MAPS ON FILE IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER FRACTIONAL SECTION 16, TOWNSHIP 21 SOUTH, RANGE 1 WEST, SAN BERNARDINO BASE AND MERIDIAN, ACCORDING TO SAID UNITED STATES GOVERNMENT SURVEY;

THENCE (1) NORTH 89°49'14" WEST, A DISTANCE OF 1,338.86 FEET ALONG THE SOUTH LINE OF SAID FRACTIONAL SECTION 16, TOWNSHIP 17 SOUTH, RANGE 1 WEST, ACCORDING TO SAID UNITED STATES GOVERNEMENT SURVEY TO THE CENTERLINE OF B STREET, AS SHOWN ON M. S. ROOT'S VILLA SITES, ACCORDING TO MAP NO. 586;

THENCE (2) SOUTH 00°04'39" WEST, A DISTANCE OF 1,318.72 FEET ALONG THE CENTERLINE OF B STREET, AS SHOWN ON SAID MAP NO. 586, TO THE SOUTHERLY LINE OF OLIVE AVENUE, AS SHOWN ON SAID MAP NO. 586;

THENCE (3) NORTH 89°51'51" WEST, A DISTANCE OF 1,307.38 FEET ALONG SOUTHERLY LINE OF OLIVE AVENUE TO NORTH-SOUTH CENTERLINE OF FRACTIONAL SECTION 21, TOWNSHIP 17 SOUTH, RANGE 1 WEST, ACCORDING TO SAID UNITED STATES GOVERNEMENT SURVEY;

THENCE (4) SOUTH 00°08'11" WEST, A DISTANCE OF 2,636.91 FEET TO THE SOUTH LINE OF THE NORTH HALF OF THE SOUTHWEST QUARTER OF SAID SECTION 21;

THENCE (5) NORTH 89°48'46" WEST, A DISTANCE OF 2,650.02 FEET TO THE WEST LINE OF SAID SECTION 21;

THENCE (6) SOUTH 00°09'43" WEST, A DISTANCE OF 23.32 FEET ALONG THE WEST LINE OF SAID SECTION 21 TO THE NORTHERLY LINE OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF FRACTIONAL SECTION 20, TOWNSHIP 17 SOUTH, RANGE 1 WEST;

THENCE (7) NORTH 89°42'09" WEST, A DISTANCE OF 221.52 FEET ALONG SAID NORTHERLY LINE TO THE EASTERLY LINE OF QUARTER SECTION 5 OF RANCHO DE LA NACION, ACCORDING TO MAP NO. 166, SAID POINT ALSO BEING ON THE EXISTING OTAY WATER DISTRICT BOUNDARY;

THENCE (8) NORTH 17°51'58" WEST, A DISTANCE OF 1,564.70 FEET ALONG THE EASTERLY LINE OF SAID QUARTER SECTION 5;

THENCE (9) NORTH 70°43'41" EAST, A DISTANCE OF 749.46 FEET TO A POINT ON THE WESTERLY LINE OF SECTION 21;

THENCE (10) NORTH 00°14'14" EAST, A DISTANCE OF 959.66 FEET ALONG THE WESTERLY LINE OF SAID SECTION 21;

THENCE (11) SOUTH 89°52'49" EAST, A DISTANCE OF 270.21 FEET;

THENCE (12) NORTH 00°15'07" EAST, A DISTANCE OF 594.18 FEET;

THENCE (13) SOUTH 70°14'36" EAST, A DISTANCE OF 1,116.85 FEET;

THENCE (14) SOUTH 00°12'13" WEST, A DISTANCE OF 93.66 FEET;

THENCE (15) SOUTH 89°31'44" EAST, A DISTANCE OF 976.92 FEET;

THENCE (16) NORTH, A DISTANCE OF 1,154.68 FEET TO THE SOUTH LINE OF SECTION 16;

THENCE (17) SOUTH 89°55'04" EAST, A DISTANCE OF 25.32 FEET ALONG THE SOUTH LINE OF SECTION 16;

THENCE (18) NORTH 00°11'02" EAST, A DISTANCE OF 586.34 FEET;

THENCE (19) SOUTH 89°42'44" EAST, A DISTANCE OF 573.93 FEET;

THENCE (20) NORTH, A DISTANCE OF 588.73 FEET;

THENCE (21) EAST, A DISTANCE OF 568.19 FEET;

THENCE (22) NORTH, A DISTANCE OF 267.62 FEET;

THENCE (23) SOUTH 89°43'30" EAST, A DISTANCE OF 1,729.62 FEET TO THE EASTERLY LINE OF SECTION 16;

THENCE (24) SOUTH 03°47'26" EAST, A DISTANCE OF 1,438.09 FEET ALONG THE EASTERLY LINE OF SAID SECTION 16 TO THE POINT OF BEGINNING.

CONTAINING 324.395 ACRES, MORE OR LESS.

For assessment purposes only. This description of land is not a legal property description as defined in the Subdivision Map Act and may not be used as the basis for an offer for sale of the land described.

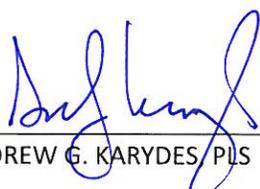
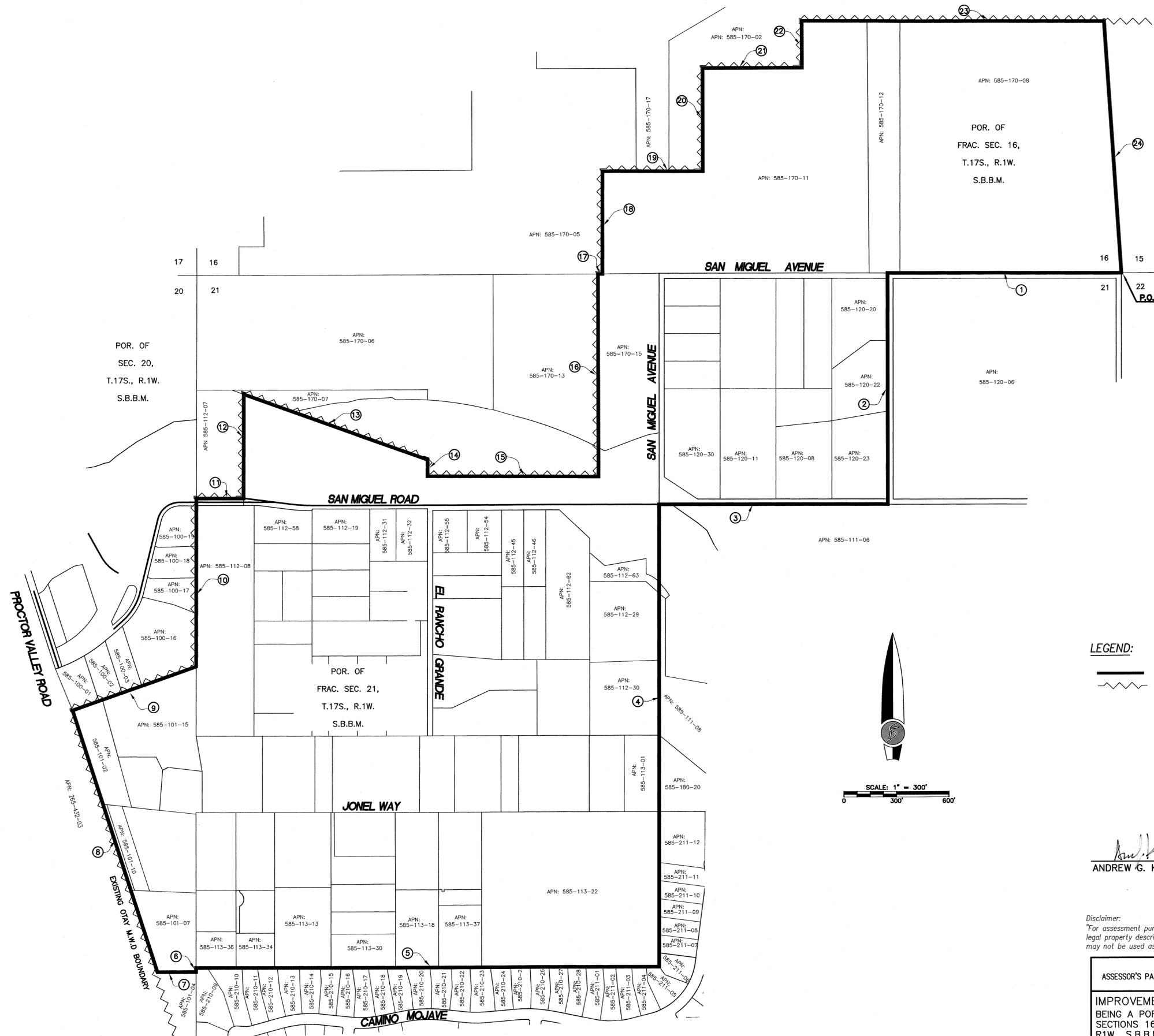

ANDREW G. KARYDES, PLS
1/02/14
DATE



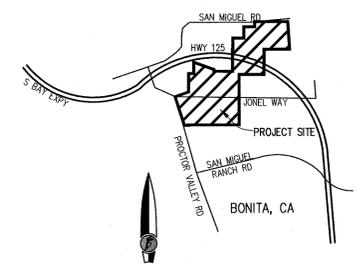
EXHIBIT "B"



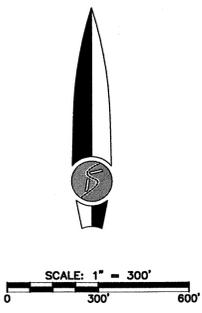
COURSES:

1	N89°49'14"W	1338.86'
2	S0°04'39"W	1318.72'
3	N89°51'51"W	1307.38'
4	S0°08'11"W	2636.91'
5	N89°48'46"W	2650.02'
6	S0°09'43"W	23.32'
7	N89°42'09"W	221.52'
8	N17°51'58"W	1564.70'
9	N70°43'41"E	749.46'
10	N0°14'14"E	959.66'
11	S89°52'49"E	270.21'
12	N0°15'07"E	594.18'
13	S70°14'36"E	1116.85'
14	S0°12'13"W	93.66'
15	S89°31'44"E	976.92'
16	N0°00'00"E	1154.68'
17	S89°55'04"E	25.32'
18	N0°11'02"E	586.34'
19	S89°42'44"E	573.93'
20	N0°00'00"E	588.73'
21	N90°00'00"E	568.19'
22	N0°00'00"E	267.62'
23	S89°43'30"E	1729.62'
24	S3°47'26"E	1438.09'

324.39 ACRES



LEGEND:
 IMPROVEMENT DISTRICT 19
 EXISTING OWD BOUNDARY



Andrew G. Karydes 01/02/14
 ANDREW G. KARYDES, PLS DATE



Disclaimer:
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ASSESSOR'S PARCEL NUMBER(S):	SEE MAP	ACREAGE	DATE	SCALE
		324.39	01/02/14	1" = 300'
IMPROVEMENT DISTRICT NO. 19 BEING A PORTION OF FRACTIONAL SECTIONS 16, 20, AND 21 T.17S., R1W., S.B.B.M. SAN DIEGO COUNTY		SAN DIEGUITO ENGINEERING, INC. 4407 MANCHESTER, SUITE 105 ENCINITAS, CA. 92024 PHONE: (760) 753-5525 CIVIL ENGINEERING • PLANNING LAND SURVEYING		

RESOLUTION NO. 4222

A RESOLUTION OF THE BOARD OF DIRECTORS OF
OTAY WATER DISTRICT DECLARING ITS INTENTION TO
ANNEX PARCELS EXCLUDED FROM IMPROVEMENT
DISTRICT 25 INTO IMPROVEMENT DISTRICT 20

WHEREAS, on May 1st, 1978 by Resolution No. 1498, the Otay Water District Board of Directors (“Board”) formed Improvement District (“ID”) 25 for the purpose of incurring bonded indebtedness for the construction of a water transmission and distribution system; and

WHEREAS, on May 17th, 1971 by Resolution No. 880, the Board formed ID 20 for the purpose of incurring necessary bonded indebtedness for the acquisition, construction, and completion of water improvements and works; and

WHEREAS, the availability charges and water rates and charges are identical between IDs 25 and 20; and

WHEREAS, staff has determined that there is no longer a reason to separate these parcels; and

WHEREAS, by initiating proceedings to consolidate ID 25 into ID 20 it would streamline the accounting and tracking of these parcels; and

WHEREAS, the Board hereby declares its intention to annex parcels excluded from ID 20, if approved, into ID 25, pursuant to Water Code sections 72700, *et seq.*; and

WHEREAS, in compliance with Proposition 218, the Otay Water District held the required public hearing on the new fees and changes for the parcels excluded from ID 25 and annexed into ID 20 at its September 4, 2013 Board meeting, where the Board determined that there were no protests regarding this action;

NOW, THEREFORE, BE IT RESOLVED as follows:

1. That the Board of Directors, pursuant to Water Code sections 72700, *et seq.*, does hereby declare its intention to annex the parcels excluded from ID 25, if approved, into ID 20, as described in Exhibit A:

2. That the purpose of the proposed annexation, in conjunction with the exclusion of parcels from ID 25, is to streamline the accounting and tracking of parcels in IDs with the same availability charges and water rates and charges, thereby increasing efficiencies for the Otay Water District without resulting in any changes to the fees or charges imposed on property owners.

3. A depiction of the area proposed to be annexed, and the boundaries of IDs 25 and 20 following the annexation, is set forth on a map in Exhibit B filed with the Secretary of the District, which map shall govern for all details as to the area proposed to be annexed.

4. That the annexation of said parcels is subject to the owners complying with the following terms and conditions:

- (a) Payment of yearly assessment fees of \$30.00 per acre of land and \$10.00 per parcel of land less than one acre which will be collected through the County Tax Assessor's office.
- (c) In the event that water service is to be provided, the payment of all applicable water meter fees per Equipment Dwelling Unit (EDU) at the time the meter is purchased.
- (d) Payment of all other applicable local or state agency fees or charges.

5. That the holders of title to any of the parcels to be annexed may file written protests with the Secretary of the District regarding the annexation or the annexation upon the terms and conditions identified above, to the following address:

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

4. That notice is hereby given that a hearing shall be held by the Board on Wednesday, June 4th, 2014 at 3:30 p.m. at which the Board will receive written protests theretofore filed with the Secretary of the District, receive additional written protests, and hear from any and all persons interested in the annexation.

BE IT FURTHER RESOLVED that the Board directs staff to provide notice of the proposed annexation and publish and post a copy of this Resolution of Intention to Annex pursuant to and consistent with Government Code section 6066 and Water Code sections 72702 and 72703.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Otay Water District at a regular meeting held this 7th day of May, 2014.

President

ATTEST:

District Secretary

EXHIBIT "A"

GEOGRAPHIC DESCRIPTION IMPROVEMENT DISTRICT 25

ALL THAT PORTION OF EAST SAN DIEGO VILLA HEIGHTS ACCORDING TO THE MAP THEREOF NO. 1317 FILED IN THE OFFICE OF THE RECORDER OF SAN DIEGO COUNTY, STATE OF CALIFORNIA, BEING A PORTION OF SECTION 4, TOWNSHIP 17 SOUTH, RANGE 1 WEST, SAN BERNARDINO MERIDIAN ACCORDING TO THE UNITED STATES GOVERNMENT SURVEY THEREOF, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SECTION 4, TOWNSHIP 17 SOUTH, RANGE 1 WEST, SAN BERNARDINO MERIDIAN OF SAID UNITED STATES GOVERNMENT SURVEY;

THENCE (1) NORTH 89°40'36" EAST, A DISTANCE OF 631.20 FEET ALONG THE NORTHERLY LINE OF SAID SECTION 4 TO A POINT OF INTERSECTION WITH THE CENTERLINE OF RAMONA AVENUE, AS SHOWN ON SAID MAP NO. 1317, AND THE **TRUE POINT OF BEGINNING**, SAID POINT ALSO BEING ON THE EXISTING OTAY WATER DISTRICT BOUNDARY;

THENCE (2) NORTH 89°40'36" EAST, A DISTANCE OF 909.25 FEET ALONG SAID NORTHERLY LINE OF SAID SECTION TO A POINT OF INTERSECTION WITH THE CENTERLINE OF LA PRESA AVENUE, AS SHOWN ON SAID MAP NO. 1317;

THENCE (3) SOUTH 01°09'20" WEST, A DISTANCE OF 395.86 FEET ALONG THE CENTERLINE OF SAID LA PRESA AVENUE TO A POINT OF INTERSECTION OF THE WESTERLY PROLONGATION OF THE SOUTHERLY LINE OF LOTS 9 AND 22, BLOCK 99, OF SAID MAP NO. 1317;

THENCE (4) SOUTH 88°44'07" EAST, A DISTANCE OF 303.13 FEET ALONG SAID SOUTHERLY LINE TO A POINT OF INTERSECTION WITH THE CENTERLINE OF SAN MIGUEL AVENUE, AS SHOWN ON SAID MAP NO. 1317;

THENCE (5) NORTH 01°07'59" EAST, A DISTANCE OF 404.26 FEET ALONG SAID CENTERLINE OF SAN MIGUEL AVENUE TO THE NORTHERLY LINE OF SAID SECTION 4 AND THE NORTHERLY LINE OF IVY STREET, AS SHOWN ON SAID MAP NO. 1317, SAID POINT ALSO BEING ON THE EXISTING OTAY WATER DISTRICT BOUNDARY;

THENCE (6) NORTH 89°40'36" EAST, A DISTANCE OF 813.94 FEET ALONG SAID NORTHERLY LINE OF SAID SECTION;

THENCE (7) SOUTH 89°09'48" EAST, A DISTANCE OF 176.13 FEET CONTINUING ALONG SAID NORTHERLY LINE OF SAID SECTION;

THENCE (8) SOUTH 00°50'12" WEST, A DISTANCE OF 46.00 FEET TO THE SOUTHERLY LINE OF IVY STREET, AS SHOWN ON SAID MAP NO. 1317;

THENCE (9) NORTH 89°09'48" WEST, A DISTANCE OF 175.66 FEET ALONG SAID SOUTHERLY LINE OF IVY STREET, AS SHOWN ON SAID MAP NO. 1317;

THENCE (10) SOUTH 89°40'36" WEST, A DISTANCE OF 182.24 FEET CONTINUING ALONG SAID SOUTHERLY LINE OF IVY STREET TO THE EASTERLY LINE OF PORTOLA AVENUE, AS SHOWN ON SAID MAP NO. 1317;

THENCE (11) SOUTH 01°10'35" WEST, A DISTANCE OF 119.26 FEET ALONG THE EASTERLY LINE OF PORTOLA AVENUE TO THE NORTHWEST CORNER OF LOT 13, BLOCK 96, OF SAID MAP NO. 1317;

THENCE (12) SOUTH 88°22'01" EAST, A DISTANCE OF 303.18 FEET ALONG THE NORTHERLY LINE OF SAID LOT 13, LOT 18, AND THE EASTERLY PROLONGATION THEREOF, TO THE EASTERLY LINE OF CORONADO AVENUE, AS SHOWN ON SAID MAP NO. 1317;

THENCE (13) SOUTH 01°09'50" WEST, A DISTANCE OF 685.65 FEET ALONG THE EASTERLY LINE OF SAID CORONADO AVENUE TO A POINT OF INTERSECTION WITH THE CENTERLINE OF HEMLOCK STREET, AS SHOWN ON SAID MAP NO. 1317;

THENCE (14) SOUTH 88°22'29" EAST, A DISTANCE OF 1,209.33 FEET ALONG THE CENTERLINE OF SAID HEMLOCK STREET TO THE CENTERLINE OF SANGAMON STREET, AS SHOWN ON SAID MAP NO. 1317;

THENCE (15) SOUTH 01°27'48" WEST, A DISTANCE OF 1,815.88 FEET ALONG THE CENTERLINE OF SANGAMON STREET TO THE EASTERLY PROLONGATION OF THE SOUTHERLY LINE OF LOTS 3 AND 22 OF BLOCKS 53 THROUGH 65 OF SAID MAP NO. 1317;

THENCE (16) NORTH 88°24'52" WEST, A DISTANCE OF 3,957.69 FEET ALONG SAID SOUTHERLY LINE OF SAID LOTS 3 AND 22 OF SAID BLOCKS 53 THROUGH 65, TO THE CENTERLINE OF GRAND AVENUE, AS SHOWN ON SAID MAP NO. 1317, SAID POINT ALSO BEING ON THE EXISTING OTAY WATER DISTRICT BOUNDARY;

THENCE (17) NORTH 01°15'51" EAST, A DISTANCE OF 1,170.94 FEET ALONG THE CENTERLINE OF SAID GRAND AVENUE TO A POINT OF INTERSECTION WITH GRAPE STREET, AS SHOWN ON SAID MAP NO. 1317;

THENCE (18) SOUTH 88°23'18" EAST, A DISTANCE OF 303.53 FEET ALONG THE CENTERLINE OF GRAPE STREET, TO A POINT OF INTERSECTION WITH THE CENTERLINE OF PARAISO AVENUE, AS SHOWN ON SAID MAP NO. 1317;

THENCE (19) NORTH 01°14'31" EAST, A DISTANCE OF 274.20 FEET ALONG THE CENTERLINE OF PARAISO AVENUE, TO A POINT WHICH BEARS SOUTH 88°45'29" EAST, A DISTANCE OF 25.00 FEET FROM THE NORTHEAST CORNER OF LOT 20, BLOCK 79, OF SAID MAP NO. 1317;

THENCE (20) NORTH 88°45'29" WEST, A DISTANCE OF 25.00 FEET TO THE NORTHEAST CORNER OF SAID LOT 20;

THENCE (21) NORTH 88°22'48" WEST, A DISTANCE OF 253.42 FEET ALONG THE NORTH LINE OF LOT 20, BLOCK 79, OF MAP NO. 1317, TO THE NORTHWEST CORNER OF SAID LOT 20;

THENCE (22) NORTH 88°44'09" WEST, A DISTANCE OF 25.00 FEET TO THE CENTERLINE OF GRAND AVENUE, AS SHOWN ON SAID MAP NO. 1317, SAID POINT ALSO BEING ON THE EXISTING OTAY WATER DISTRICT BOUNDARY;

THENCE (23) NORTH 01°15'51" EAST, A DISTANCE OF 373.86 FEET ALONG SAID CENTERLINE OF GRAND AVENUE, TO A POINT OF INTERSECTION WITH THE CENTERLINE OF HEMLOCK STREET, AS SHOWN ON SAID MAP NO. 1317;

THENCE (24) SOUTH 88°22'25" EAST, A DISTANCE OF 606.57 FEET ALONG THE CENTERLINE OF HEMLOCK STREET, TO A POINT OF INTERSECTION WITH THE CENTERLINE OF RAMONA AVENUE, AS SHOWN ON SAID MAP NO. 1317;

THENCE (25) NORTH 01°13'13" EAST, A DISTANCE OF 788.18 FEET ALONG THE CENTERLINE OF RAMONA AVENUE TO THE NORTHERLY LINE OF SAID SECTION 4 AND THE TRUE POINT OF BEGINNING;

CONTAINING 200.403 ACRES, MORE OR LESS.

For assessment purposes only. This description of land is not a legal property description as defined in the Subdivision Map Act and may not be used as the basis for an offer for sale of the land described.



ANDREW G. KARYDES, PLS 1/02/14
DATE



EXHIBIT "B"

SEC. 33
T.16S., R.1W.
S.B.B.M.

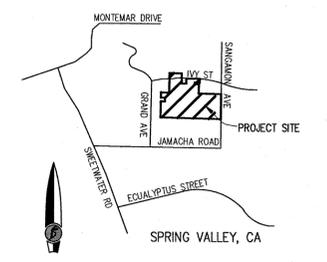
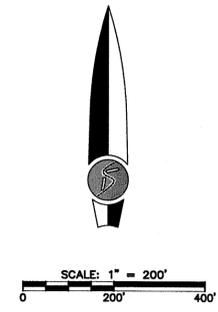


COURSES:

- 1 N89°40'36"E 631.20'
- 2 N89°40'36"E 908.25'
- 3 S1°09'20"W 395.86'
- 4 S88°44'07"E 303.13'
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- 14 S88°22'29"E 1208.33'
- 15 S1°27'48"W 1815.88'
- 16 N88°24'52"W 3957.69'
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200.40 ACRES

POR. SEC. 5
T.17S., R.1W.
S.B.B.M.



LOCATION MAP
NOT TO SCALE

LEGEND:
 IMPROVEMENT DISTRICT 25
 EXISTING OMD BOUNDARY

Andrew G. Karydes
 ANDREW G. KARYDES, PLS 01/02/14 DATE



Disclaimer:
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ASSESSOR'S PARCEL NUMBER(S):	SEE MAP	ACREAGE	200.40	DATE	01/02/14	SCALE	1" = 200'
IMPROVEMENT DISTRICT NO. 25 BEING A PORTION OF SECTION 4, T.17S., R.1W., S.B.B.M. SAN DIEGO COUNTY				SAN DIEGO ENGINEERING, INC. 4407 MANCHESTER, SUITE 105 ENCINITAS, CA. 92024 PHONE: (760) 753-5525 CIVIL ENGINEERING • PLANNING LAND SURVEYING			



AGENDA ITEM 7a

STAFF REPORT

TYPE MEETING:	Regular Board Meeting	MEETING DATE:	May 7, 2014
SUBMITTED BY:	Mark Watton, General Manager	W.O./G.F. NO:	DIV. NO.
APPROVED BY:	<input checked="" type="checkbox"/> Susan Cruz, District Secretary <input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	Board of Directors 2014 Calendar of Meetings		

GENERAL MANAGER'S RECOMMENDATION:

At the request of the Board, the attached Board of Director's meeting calendar for 2014 is being presented for discussion.

PURPOSE:

This staff report is being presented to provide the Board the opportunity to review the 2014 Board of Director's meeting calendar and amend the schedule as needed.

COMMITTEE ACTION:

N/A

ANALYSIS:

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

STRATEGIC GOAL:

N/A

FISCAL IMPACT:

None.

LEGAL IMPACT:

None.

Attachment: Calendar of Meetings for 2014

**Board of Directors, Workshops
and Committee Meetings
2014**

Regular Board Meetings:

January 7, 2014
February 5, 2014
March 11, 2014
April 8, 2014
May 7, 2014
June 4, 2014
July 2, 2014
August 6, 2014
September 3, 2014
October 1, 2014
November 5, 2014
December 3, 2014

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

January 21, 2014
February 19, 2014
March 17, 2014
April 16, 2014
May 21, 2014
June 18, 2014
July 16, 2014
August 20, 2014
September 17, 2014
October 15, 2014
November 19, 2014
December 17, 2014

SPECIAL BOARD MEETINGS:

BOARD WORKSHOPS:

May 19, 2014

AGENDA ITEM 8



STAFF REPORT

TYPE		MEETING			
MEETING:	Regular Board	DATE:	May 7, 2014		
SUBMITTED	Mark Watton	W.O./G.F.	N/A	DIV.	N/A
BY:	General Manager	NO:	NO.		
APPROVED BY:	<input checked="" type="checkbox"/> Mark Watton, General Manager				
SUBJECT:	General Manager's Report				

ADMINISTRATIVE SERVICES:

Purchasing and Facilities:

- Purchase Orders - There were 70 purchase orders processed in April for a total of \$309,718.
- Purchasing Department Changes - The Purchasing staff has been relocated from the Administrative Services area to the Finance and Accounting area to be closer to AP and Accounting. Kent Payne assumed the role of Purchasing & Facilities Manager on April 7, 2014. Steve Dobrowa's retirement date is May 1, 2014; the overlap provides for an efficient transition of duties.
- Elevator Inspection - Cal-OSHA conducted an elevator inspection on April 8th. All was found in good order pending load testing. 24 Hour Elevator, Inc., the District's elevator maintenance and service provider, will complete the required tests.

Human Resources:

- Employee Picnic and Holiday Party Scheduled - Please mark your calendars to attend our Picnic and Holiday Party. The Picnic will be held at Santee Lakes on August 2nd from 11:00 am - 4:00 pm, and the Holiday Party will be on the Berkeley Ferry (San Diego Maritime Museum) on December 13th from 6:00 pm - 11:00 pm.
- Recruitments - HR is currently recruiting for Utility Crew Leader and is preparing to recruit for Senior Civil Engineer.

- New Hires - There were two new hires in the month of April: Purchasing & Facilities Manager and Information Technology Manager.

Safety & Security:

- NIMS/SEMS/ICS Program Review/Training - As required, District staff is undergoing a review and completion of the Level I training for all Otay employees (ICS-100 for Public Works and IS-700 Introduction to NIMS). Target date for completion is May 30, 2014.
- California Environmental Reporting Systems (CERS) - Under the CAL/EPA electronic reporting system, effective January 1, 2013, all CUPA regulated businesses are required by law (Assembly Bill 2286) to submit business information electronically through the California Environmental Reporting System (CERS).
Update on District Status: The District has 26 qualified facilities and 17 are 100% complete and have been accepted by County of San Diego inspectors. The remainder facilities have been submitted and are undergoing review process by County of San Diego inspectors.
- Alarm Security Testing and Inspection Update - A District- wide alarm security testing, inspection and reprogramming project is underway -- 18 out of 31 facilities are completed, and the 14 remaining are in the process of completion (estimate time of completion is June 2014).
- Monthly WebEOC Exercise (March) - Completed; exercise consisted of finding the WebEOC Quick Reference Card in the File Library and forward it via email to colvera@sdcwa.org.

INFORMATION TECHNOLOGY AND STRATEGIC PLANNING:

- Cityworks Project Update - IT is currently completing the second round of Discovery and Planning workshops. The workshops will incorporate input from all District departments and groups. The District project, which includes members from Operations, Finance, Customer Service and IT, will review the proposed configuration within the next 45 days. A working test configuration of the new Cityworks work order system is expected to follow within the next 60 days. Overall, the project is progressing as scheduled.
- ArcGIS 10.1 Upgrade - IT staff recently completed the GIS system server/desktop upgrade to ArcGIS version 10.1. The District uses ESRI's GIS technology for the maintenance of its geographic boundary maps, facility locations and general asset telemetry. The new version provides key software patches, as well as improved overall system functionality.

FINANCE:

- Annual Special Assessment Process - Staff had a kick-off meeting for the annual process to continue water and sewer availability charges for customers for Fiscal Year 2014-2015 to be collected through property tax bills. The availability charges generate over \$1 million in revenue each year. The required resolutions will be brought to the Board in a few months.
- Agreement on Emergency Deliveries to Tijuana - Pursuant to Section 2.17 of Amendment No. 2 to the agreement to provide emergency delivery of water to Tijuana, San Diego County Water Authority, acting as a lead agency, filed a Notice of Exemption under the California Environmental Quality Act (CEQA). Otay Water District, as a responsible agency to the agreement, filed a CEQA Notice of Exemption for the emergency deliveries of water to Mexico on April 10, 2014.
- Water and Sewer Capacity and Annexation Fee Study - Staff held a developer luncheon where the capacity fee study methodology was reviewed. The study will be completed soon and will be presented to the Board of Directors at the June Board meeting.

Water Conservation:

- MWD Increasing Turfgrass Removal Incentive - MWD announced that starting July 1, 2014, the turfgrass removal incentive would be raised from \$1.00/sq. ft. to \$2.00/sq. ft. When combined with CWA's regional incentive of \$1.50/sq. ft., residential and commercial sites within the District can now receive a total of \$3.50/sq. ft. to remove grass and replace it with drought tolerant plants.
- Best in District Landscape Contest Winner - George and Donna McWalter of Spring Valley are the residential winner in the District's 2014 landscape contest. Participating in the District's Cash-for-Plants Program in 2011, they removed 3,177 sq. ft. of grass. They will be acknowledged as the "Best in District" winner at the regional landscape contest awards ceremony scheduled for Saturday, May 17th at the Water Conservation Garden.
- Cuyamaca College and the Water Conservation Garden's Spring Garden Festival - District staff will participate in a water agency booth shared by Helix Water District, Sweetwater Authority, and the CSD's Public Utilities Department on Saturday, May 3rd. The event showcases the Water Conservation Garden and the diverse educational programs provided by the college.

- Financial Reporting:
 - o For the nine months ended March 31, 2014, there are total revenues of \$65,468,570 and total expenses of \$64,770,573. The revenues exceeded expenses by \$697,997.
 - o The market value shown in the Portfolio Summary and in the Investment Portfolio Details as of March 31, 2014 total \$79,937,760.20 with an average yield to maturity of 0.37%. The total earnings year-to-date are \$227,965.56.

ENGINEERING AND WATER OPERATIONS:

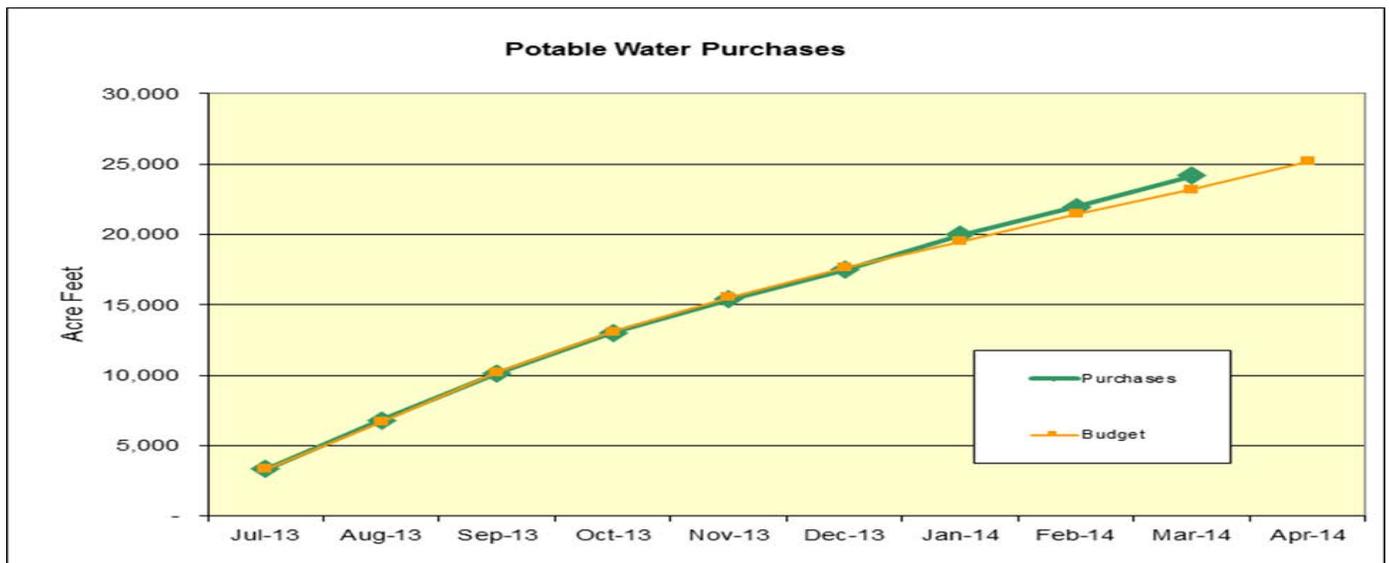
Engineering:

- **SR-11 Potable Water Utility Relocations - Sequence 1:** This project consists of the relocation of existing pipelines in Sanyo Avenue and utility easements to accommodate the construction of the future SR-11 right-of-way. At the request of Caltrans, the District's relocations were bid as six (6) separate "work windows" to provide flexibility to Caltrans' contractor and coordinate with the SR-11 freeway construction. The project was awarded to Coffman Specialties Incorporated and a Notice to Proceed was issued to begin work on February 10, 2014. The current work includes coordination with the Caltrans' SR-11 construction contract and submittal review/approval. The project is within budget and on schedule and is anticipated to complete in August 2016. (P2453)
- **927-1 Reservoir Liner and Cover Replacement:** This project consists of replacing the liner and floating cover on the 927-1 recycled water reservoir which is also known as Pond 4 located in the Salt Creek Golf Course. The existing liner and cover have reached the end of their useful life and are in need of replacement. The project was awarded to Layfield Environmental Systems Corporation and a Notice to Proceed was issued on November 18, 2013. The current work involves installation of the new cover and placing the reservoir into service. The project is within budget and on schedule and anticipated to be complete in May 2014. (R2108)
- **624-2 Reservoir Interior/Exterior Coatings & Upgrades:** This project consists of removing and replacing the interior and exterior coatings of the 624-2 8.0 MG Reservoir, along with providing structural upgrades to ensure the tanks comply with both State and Federal OSHA standards as well as American Water Works Association and County Health Department standards. At the January 2014 Board Meeting, the Board awarded the construction contract to Advanced Industrial Services. The current work consists of blasting and coating operations to the exterior of the reservoir. The project is within budget and on schedule and is anticipated to be completed in June 2014. (P2493)

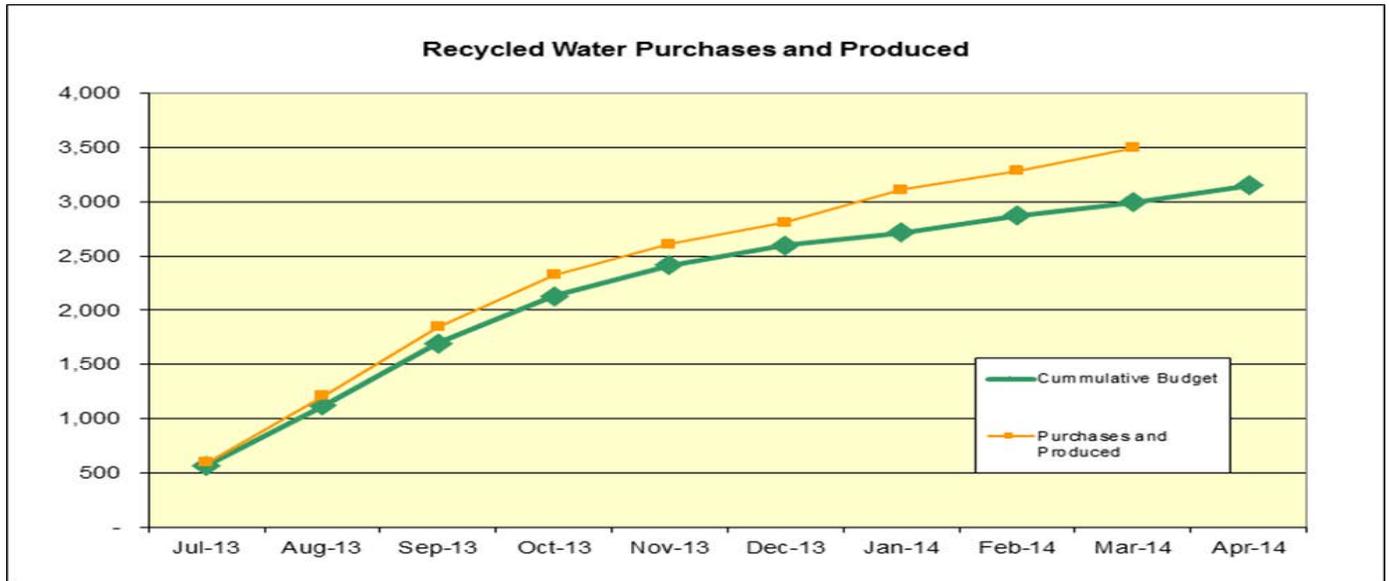
- Administration Building Fire Sprinkler Replacement:** This project consists of evaluating and rehabilitating the existing fire sprinkler system in the Administration Building. A recent inspection of the fire sprinkler system identified corrosion throughout the system. A&D Fire Sprinkler, Inc. recommended the first phase to be a replacement of the visually corroded fixtures. This was completed on January 21, 2014, and as a result, the District received a 5 year certification on the Administration Building. The second phase includes installing an automated system to inject a chemical solution that will treat the corrosion. Staff is finalizing the RFP for the second phase. Proposals are due on May 15, 2014. (P2538)
- Approximately 1,710 linear feet of both CIP and developer pipeline was installed in March 2014. The Construction Division performed quality assurance and quality control for these pipelines.
- For the month of March 2014, the District sold 20 meters (20 EDUs) generating \$193,872 in revenue. Projection for this period was 17.5 meters (29.5 EDUs) with budgeted revenue of \$266,447. Total revenue for Fiscal Year 2014 through March 2014 is \$1,461,061 against the annual budget of \$3,197,767.

Water Operations:

- Total number of potable water meters is 49,217.
- The March potable water purchases were 2,215.9 acre-feet which is 26.0% above the budget of 1,759.2 acre-feet. The cumulative purchases through March is 24,189.1 acre-feet which is 4.2% above the cumulative budget of 23,215.5 acre-feet.



- The March recycled water purchases and production was 216.1 acre-feet which is 73.8% above the budget of 124.7 acre-feet. The cumulative production and purchases through March is 3,497.2 acre-feet which is 16.8% above the cumulative budget of 2,993.4 acre-feet. This increase was caused by less rainfall and higher than normal temperatures, a temporary customer that was not anticipated in the FY 2014 budget, and a new meter from the City for water sales from the SBWRP that is running approximately 10% higher than Otay's meter.



- Recycled water consumption for the month of March is as follows:
 - Total consumption was 196.7 acre-feet or 64,075,664 gallons and the average daily consumption was 2,067,086 gallons per day.
 - Total recycled water consumption as of March for FY 2014 is 3,497.9 acre-feet.
 - Total number of recycled water meters is 710.
- Wastewater flows for the month of March were as follows:
 - Total basin flow, gallons per day: 1,671,547.
 - Spring Valley Sanitation District Flow to Metro, gallons per day: 553,509.
 - Total Otay flow, gallons per day: 1,118,037.
 - Flow Processed at the Ralph W. Chapman Water Recycling Facility, gallons per day: 1,008,037.
 - Flow to Metro from Otay Water District was 110,000 gallons per day.
- By the end of March there were 6,088 wastewater EDUs.

**OTAY WATER DISTRICT
COMPARATIVE BUDGET SUMMARY
FOR NINE MONTHS ENDED MARCH 31, 2014**

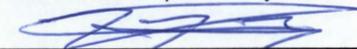
	Annual Budget	YTD Actual	YTD Budget	YTD Variance	Var %
REVENUES:					
Water Sales	\$ 42,668,400	\$ 32,978,897	\$ 31,958,300	\$ 1,020,597	3.2%
Energy Charges	1,958,100	1,533,230	1,430,200	103,030	7.2%
System Charges	11,184,200	8,349,438	8,357,700	(8,262)	(0.1%)
MWD & CWA Fixed Charges	10,399,700	7,532,506	7,562,100	(29,594)	(0.4%)
Penalties	823,100	639,829	608,800	31,029	5.1%
Total Water Sales	<u>67,033,500</u>	<u>51,033,900</u>	<u>49,917,100</u>	<u>1,116,800</u>	<u>2.2%</u>
Recycled Water Sales	8,340,100	7,015,790	6,154,500	861,290	14.0%
Sewer Charges	2,701,600	2,065,288	2,014,500	50,788	2.5%
Meter Fees	81,600	57,217	61,200	(3,983)	(6.5%)
Capacity Fee Revenues	1,291,200	832,715	968,400	(135,685)	(14.0%)
Betterment Fees for Maintenance	776,700	386,837	582,500	(195,663)	(33.6%)
Non-Operating Revenues	1,846,000	1,462,306	1,351,000	111,306	8.2%
Tax Revenues	3,597,100	2,245,063	2,220,200	24,863	1.1%
Interest	69,100	96,255	51,800	44,455	85.8%
Transfer from OPEB	149,800	112,400	112,400	-	0.0%
General Fund Draw Down	61,600	46,200	46,200	-	0.0%
Transfer from General Fund	152,800	114,600	114,600	-	0.0%
Total Revenues	<u>\$ 86,101,100</u>	<u>\$ 65,468,570</u>	<u>\$ 63,594,400</u>	<u>\$ 1,874,170</u>	<u>2.9%</u>
EXPENSES:					
Potable Water Purchases	\$ 33,028,900	\$ 25,978,858	\$ 24,981,100	\$ (997,758)	(4.0%)
Recycled Water Purchases	1,599,500	1,231,267	1,215,150	(16,117)	(1.3%)
CWA-Infrastructure Access Charge	1,856,100	1,388,064	1,387,800	(264)	(0.0%)
CWA-Customer Service Charge	1,753,600	1,307,866	1,307,400	(466)	(0.0%)
CWA-Emergency Storage Charge	4,515,500	3,345,068	3,345,000	(68)	(0.0%)
MWD-Capacity Res Charge	531,000	381,821	381,600	(221)	(0.1%)
MWD-Readiness to Serve Charge	1,740,500	1,305,383	1,305,900	517	0.0%
Subtotal Water Purchases	<u>45,025,100</u>	<u>34,938,326</u>	<u>33,923,950</u>	<u>(1,014,376)</u>	<u>(3.0%)</u>
Power Charges	2,693,300	1,947,200	2,031,900	84,700	4.2%
Payroll & Related Costs	18,675,500	14,360,208	14,195,400	(164,808)	(1.2%)
Material & Maintenance	3,532,900	2,408,134	2,513,887	105,753	4.2%
Administrative Expenses	4,702,600	2,573,519	2,999,619	426,100	14.2%
Legal Fees	380,000	224,284	285,000	60,716	21.3%
Expansion Reserve	3,428,000	2,571,000	2,571,000	-	0.0%
Betterment Reserve	125,000	93,800	93,800	-	0.0%
Replacement Reserve	4,230,000	3,172,500	3,172,500	-	0.0%
Sewer General Fund	152,800	114,600	114,600	-	0.0%
OPEB Trust	1,242,900	932,200	932,200	-	0.0%
Potable General Fund	1,913,000	1,434,800	1,434,800	-	0.0%
Total Expenses	<u>\$ 86,101,100</u>	<u>\$ 64,770,573</u>	<u>\$ 64,268,656</u>	<u>\$ (501,916)</u>	<u>(0.8%)</u>
EXCESS REVENUES(EXPENSE)	<u>\$ -</u>	<u>\$ 697,997</u>	<u>\$ (674,256)</u>	<u>\$ 1,372,254</u>	

**OTAY
Portfolio Management
Portfolio Summary
March 31, 2014**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Federal Agency Issues- Callable	42,285,000.00	42,223,034.25	42,288,777.35	54.88	993	762	0.537	0.544
Federal Agency Issues - Coupon	2,000,000.00	1,991,520.00	2,000,000.00	2.60	1,096	1,084	0.888	0.900
Certificates of Deposit - Bank	81,784.76	81,784.76	81,784.76	0.11	730	661	0.030	0.030
Local Agency Investment Fund (LAIF)	11,455,312.70	11,458,607.48	11,455,312.70	14.87	1	1	0.233	0.236
San Diego County Pool	21,232,019.39	21,148,000.00	21,232,019.39	27.55	1	1	0.421	0.427
Investments	77,054,116.85	76,902,946.49	77,057,894.20	100.00%	574	448	0.468	0.475
Cash								
Passbook/Checking (not included in yield calculations)	3,034,813.71	3,034,813.71	3,034,813.71		1	1	0.076	0.077
Total Cash and Investments	80,088,930.56	79,937,760.20	80,092,707.91		574	448	0.468	0.475

Total Earnings	March 31 Month Ending	Fiscal Year To Date
Current Year	30,027.33	227,965.56
Average Daily Balance	81,360,718.88	81,796,432.41
Effective Rate of Return	0.43%	0.37%

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 July 3, 2013. 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

4-18-14

Reporting period 03/01/2014-03/31/2014

Run Date: 04/16/2014 - 10:18

Portfolio OTAY
AP
PM (PRF_PM1) 7.3.0
Report Ver. 7.3.3b

**OTAY WATER DISTRICT
INVESTMENT PORTFOLIO REVIEW
March 31, 2014**

INVESTMENT OVERVIEW & MARKET STATUS:

The federal funds rate has remained constant now for over 5 years. On December 16, 2008, at the Federal Reserve Board's regular scheduled meeting, the federal funds rate was lowered from 1.00% to "a target range of between Zero and 0.25%" in response to the nation's ongoing financial crisis, as well as banking industry pressure to ease credit and stimulate the economy. This marked the ninth reduction in a row since September 18, 2007, when the rate was 5.25%. There have been no further changes made to the federal funds rate at the Federal Reserve Board's subsequent regular scheduled meetings, the most recent of which was held on March 19, 2014. They went on to say: *"In determining how long to maintain the current 0 to 1/4 percent target range for the federal funds rate, the Committee will assess progress--both realized and expected--toward its objectives of maximum employment and 2 percent inflation. This assessment will take into account a wide range of information, including measures of labor market conditions, indicators of inflation pressures and inflation expectations, and readings on financial developments. The Committee continues to anticipate, based on its assessment of these factors, that it likely will be appropriate to maintain the current target range for the federal funds rate for a considerable time after the asset purchase program ends, especially if projected inflation continues to run below the Committee's 2 percent longer-run goal, and provided that longer-term inflation expectations remain well anchored."*

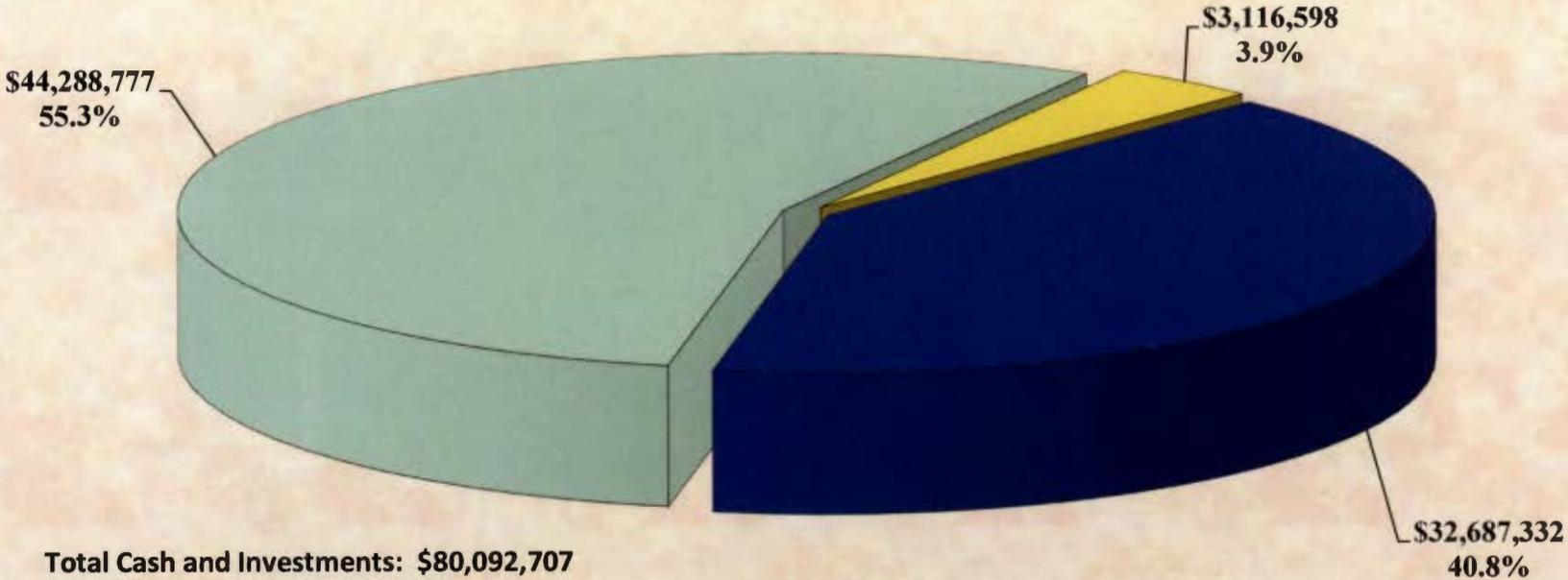
Despite the large drop in available interest rates, the District's overall effective rate of return at March 31, 2014 was 0.43%, which was 2 basis points below the previous month. At the same time the LAIF return on deposits remained unchanged from the previous month, maintaining an average effective yield of 0.236% for the month of March 2014. 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 regarding returns on investment are being considered at this time. This desired portfolio mix is important in mitigating any liquidity risk from unforeseen changes in LAIF or County Pool policy.

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: March 31, 2014

<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)	\$50 Million	\$50 Million	\$11.46 Million
8.02: Local Agency Investment Fund (Bonds)	100%	100%	0
8.03: Federal Agency Issues	100%	100%	55.30%
8.04: Certificates of Deposit	30%	15%	0.10%
8.05: Short-Term Commercial Notes	25%	10%	0
8.06: Medium-Term Commercial Debt	30%	10%	0
8.07: Money Market Mutual Funds	20%	10%	0
8.08: San Diego County Pool	100%	100%	26.51%
12.0: Maximum Single Financial Institution	100%	50%	3.79%

Otay Water District Investment Portfolio: 03/31/2014



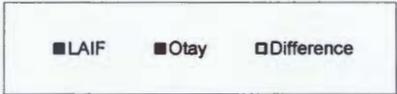
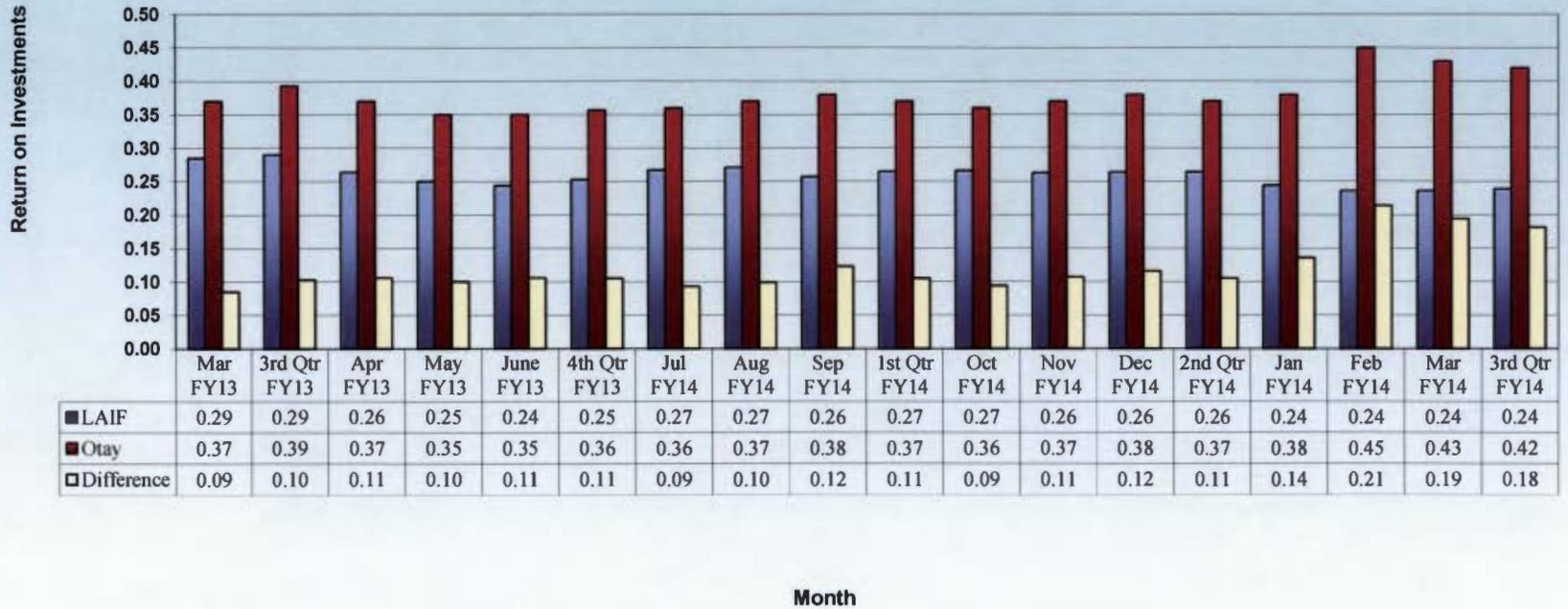
■ Banks (Passbook/Checking/CD)

■ Pools (LAIF & County)

■ Agencies & Corporate Notes

Performance Measure FY-14 Return on Investment

Target: Meet or Exceed 100% of LAIF



OTAY
Portfolio Management
Portfolio Details - Investments
March 31, 2014

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 360	Days to Maturity	Maturity Date
Federal Agency Issues- Callable												
31315PWT2	2267	Federal Agricultural Mortgage		04/25/2013	2,000,000.00	1,999,680.00	2,000,000.00	0.400		0.395	664	01/25/2016
3135GOXR9	2269	Fannie Mae		06/06/2013	2,000,000.00	1,992,880.00	2,000,000.00	0.550	AA	0.542	889	09/06/2016
3133EC6F6	2258	Federal Farm Credit Bank		12/05/2012	3,000,000.00	3,004,620.00	3,000,000.00	0.350	AA	0.345	426	06/01/2015
3133EC7H1	2260	Federal Farm Credit Bank		12/17/2012	3,000,000.00	3,002,400.00	3,000,000.00	0.340		0.335	503	08/17/2015
3133ECA61	2261	Federal Farm Credit Bank		12/18/2012	3,000,000.00	3,000,060.00	2,999,635.83	0.320		0.325	443	06/18/2015
3133EDD41	2278	Federal Farm Credit Bank		01/07/2014	2,000,000.00	1,999,180.00	2,000,000.00	0.625		0.616	828	07/07/2016
313382R39	2265	Federal Home Loan Bank		04/22/2013	2,705,000.00	2,703,512.25	2,705,000.00	0.375	AA	0.370	569	10/22/2015
313382R39	2266	Federal Home Loan Bank		04/22/2013	1,030,000.00	1,029,433.50	1,030,000.00	0.375	AA	0.370	569	10/22/2015
313382YY3	2268	Federal Home Loan Bank		05/22/2013	2,000,000.00	1,993,460.00	2,000,000.00	0.350	AA	0.345	692	02/22/2016
313383EE7	2270	Federal Home Loan Bank		06/19/2013	2,000,000.00	1,989,920.00	2,000,000.00	0.500	AA	0.493	902	09/19/2016
3130A0QF0	2279	Federal Home Loan Bank		02/14/2014	1,550,000.00	1,551,348.50	1,550,000.00	1.050	AA	1.036	1,050	02/14/2017
3130A0QC7	2280	Federal Home Loan Bank		01/29/2014	2,000,000.00	1,999,120.00	2,000,000.00	0.700		0.690	850	07/29/2016
3130A0VG2	2281	Federal Home Loan Bank		02/25/2014	2,000,000.00	1,991,980.00	2,000,000.00	0.700		0.690	969	11/25/2016
3130A0YG9	2282	Federal Home Loan Bank		03/12/2014	2,000,000.00	1,990,980.00	2,000,000.00	0.750		0.740	986	12/12/2016
3134G4HV3	2272	Federal Home Loan Mortgage		10/29/2013	2,000,000.00	2,000,840.00	2,001,558.33	0.625		0.578	759	04/29/2016
3134G4PX0	2277	Federal Home Loan Mortgage		12/27/2013	2,000,000.00	1,997,000.00	2,000,000.00	0.500		0.493	818	06/27/2016
3134G4WJ3	2284	Federal Home Loan Mortgage		03/19/2014	2,000,000.00	1,997,200.00	2,000,000.00	0.625		0.616	902	09/19/2016
3138G1WT2	2273	Federal National Mortgage Assoc		11/21/2013	2,000,000.00	1,997,040.00	2,000,000.00	0.800	AA	0.789	965	11/21/2016
3138G1XZ7	2274	Federal National Mortgage Assoc		12/19/2013	2,000,000.00	1,990,100.00	2,000,000.00	0.670		0.661	993	12/19/2016
3135G0YW7	2276	Federal National Mortgage Assoc		12/04/2013	2,000,000.00	1,992,280.00	2,002,583.19	0.750		0.691	969	11/25/2016
Subtotal and Average			40,708,187.73		42,285,000.00	42,223,034.25	42,288,777.35			0.537	762	
Federal Agency Issues - Coupon												
3134G4WH7	2285	Federal Home Loan Mortgage		03/20/2014	2,000,000.00	1,991,520.00	2,000,000.00	0.900		0.888	1,084	03/20/2017
Subtotal and Average			774,193.55		2,000,000.00	1,991,520.00	2,000,000.00			0.888	1,084	
Certificates of Deposit - Bank												
2050003183-6	2283	California Bank & Trust		01/22/2014	81,784.76	81,784.76	81,784.76	0.030		0.030	661	01/22/2016
Subtotal and Average			81,784.76		81,784.76	81,784.76	81,784.76			0.030	661	
Local Agency Investment Fund (LAIF)												
LAIF	9001	STATE OF CALIFORNIA		07/01/2004	11,455,312.70	11,458,607.48	11,455,312.70	0.236		0.233	1	
LAIF BABS 2010	9012	STATE OF CALIFORNIA		04/21/2010	0.00	0.00	0.00	0.236		0.233	1	
Subtotal and Average			16,778,524.02		11,455,312.70	11,458,607.48	11,455,312.70			0.233	1	

OTAY
Portfolio Management
Portfolio Details - Investments
March 31, 2014

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 360	Days to Maturity	Maturity Date
San Diego County Pool												
SD COUNTY POOL	9007	San Diego County		07/01/2004	21,232,019.39	21,148,000.00	21,232,019.39	0.427		0.421	1	
Subtotal and Average			21,232,019.39		21,232,019.39	21,148,000.00	21,232,019.39			0.421	1	
Total and Average			81,360,718.88		77,054,116.85	76,902,946.49	77,057,894.20			0.468	448	

OTAY
Portfolio Management
Portfolio Details - Cash
March 31, 2014

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 360	Days to Maturity
Union Bank											
UNION MONEY	9002	STATE OF CALIFORNIA		07/01/2004	2,014,020.66	2,014,020.66	2,014,020.66	0.010		0.010	1
PETTY CASH	9003	STATE OF CALIFORNIA		07/01/2004	2,950.00	2,950.00	2,950.00			0.000	1
UNION OPERATING	9004	STATE OF CALIFORNIA		07/01/2004	853,031.81	853,031.81	853,031.81	0.250		0.247	1
PAYROLL	9005	STATE OF CALIFORNIA		07/01/2004	27,592.60	27,592.60	27,592.60			0.000	1
RESERVE-10 COPS	9010	STATE OF CALIFORNIA		04/20/2010	30,030.26	30,030.26	30,030.26	0.010		0.010	1
RESERVE-10 BABS	9011	STATE OF CALIFORNIA		04/20/2010	79,528.04	79,528.04	79,528.04	0.010		0.010	1
UBNA-2010 BOND	9013	STATE OF CALIFORNIA		04/20/2010	51.89	51.89	51.89			0.000	1
UBNA-FLEX ACCT	9014	STATE OF CALIFORNIA		01/01/2011	27,608.45	27,608.45	27,608.45			0.000	1
		Average Balance	0.00								1
Total Cash and Investments			81,360,718.88		80,088,930.56	79,937,760.20	80,092,707.91			0.468	448

OTAY
Portfolio Management
Interest Earnings Summary
March 31, 2014

	March 31 Month Ending	Fiscal Year To Date
CD/Coupon/Discount Investments:		
Interest Collected	9,570.00	116,377.59
Plus Accrued Interest at End of Period	54,386.16	54,390.59
Less Accrued Interest at Beginning of Period	(45,087.25)	(29,749.47)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
Interest Earned during Period	18,868.91	141,018.71
Adjusted by Premiums and Discounts	-118.74	-1,886.31
Adjusted by Capital Gains or Losses	0.00	699.18
Earnings during Periods	18,750.17	139,831.58
Pass Through Securities:		
Interest Collected	0.00	0.00
Plus Accrued Interest at End of Period	0.00	0.00
Less Accrued Interest at Beginning of Period	(0.00)	(0.00)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
Interest Earned during Period	0.00	0.00
Adjusted by Premiums and Discounts	0.00	0.00
Adjusted by Capital Gains or Losses	0.00	0.00
Earnings during Periods	0.00	0.00
Cash/Checking Accounts:		
Interest Collected	353.06	77,337.27
Plus Accrued Interest at End of Period	34,657.26	34,657.26
Less Accrued Interest at Beginning of Period	(23,733.16)	(23,860.55)
Interest Earned during Period	11,277.16	88,133.98
Total Interest Earned during Period	30,146.07	229,152.69
Total Adjustments from Premiums and Discounts	-118.74	-1,886.31
Total Capital Gains or Losses	0.00	699.18
Total Earnings during Period	30,027.33	227,965.56

OTAY
Interest Earnings
Sorted by Fund - Fund
March 1, 2014 - March 31, 2014
Period Yield on Beginning Book Value

CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Ending Book Value	Maturity Date	Current Rate	Yield This Period	Adjusted Interest Earnings		
										Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings
Fund: Treasury Fund												
LAIF	9001	99	LA1	11,455,312.70	14,255,312.70	11,455,312.70		0.236	0.021	2,940.07	0.00	2,940.07
UNION MONEY	9002	99	PA1	2,014,020.66	10,004.82	2,014,020.66		0.010	0.053	5.33	0.00	5.33
UNION OPERATING	9004	99	PA1	853,031.81	985,850.49	853,031.81		0.250	0.021	208.41	0.00	208.41
SD COUNTY POOL	9007	99	LA3	21,232,019.39	21,232,019.39	21,232,019.39		0.427	0.036	7,699.95	0.00	7,699.95
RESERVE-10 COPS	9010	99	PA1	30,030.26	2,620.54	30,030.26		0.010	0.005	0.12	0.00	0.12
RESERVE-10 BABS	9011	99	PA1	79,528.04	7,493.29	79,528.04		0.010	0.004	0.30	0.00	0.30
LAIF BABS 2010	9012	99	LA1	0.00	4,088,721.94	0.00		0.236	0.010	422.98	0.00	422.98
3133EC2L7	2255	99	MC1	0.00	3,000,000.00	0.00	11/13/2015	0.440	0.038	110.00	0.00	110.00
3133EC6F6	2258	99	MC1	3,000,000.00	3,000,000.00	3,000,000.00	06/01/2015	0.350	0.029	875.00	0.00	875.00
3133EC7H1	2260	99	MC1	3,000,000.00	3,000,000.00	3,000,000.00	08/17/2015	0.340	0.028	850.00	0.00	850.00
3133ECA61	2261	99	MC1	3,000,000.00	2,999,610.83	2,999,635.83	06/18/2015	0.320	0.028	800.00	25.00	825.00
313382R39	2265	99	MC1	2,705,000.00	2,705,000.00	2,705,000.00	10/22/2015	0.375	0.031	845.31	0.00	845.31
313382R39	2266	99	MC1	1,030,000.00	1,030,000.00	1,030,000.00	10/22/2015	0.375	0.031	321.88	0.00	321.88
31315PWT2	2267	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	01/25/2016	0.400	0.033	666.67	0.00	666.67
313382YY3	2268	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	02/22/2016	0.350	0.029	583.33	0.00	583.33
3135GOXR9	2269	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	09/06/2016	0.550	0.046	916.67	0.00	916.67
313383EE7	2270	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	09/19/2016	0.500	0.042	833.33	0.00	833.33
3134G4HV3	2272	99	MC1	2,000,000.00	2,001,620.83	2,001,558.33	04/29/2016	0.625	0.049	1,041.67	-62.50	979.17
3136G1WT2	2273	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	11/21/2016	0.800	0.067	1,333.34	0.00	1,333.34
3138G1XZ7	2274	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	12/19/2016	0.670	0.056	1,116.67	0.00	1,116.67
3135G0YW7	2276	99	MC1	2,000,000.00	2,002,864.43	2,002,583.19	11/25/2016	0.750	0.058	1,250.00	-81.24	1,168.76
3134G4PX0	2277	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	06/27/2016	0.500	0.042	833.33	0.00	833.33
3133EDD41	2278	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	07/07/2016	0.625	0.052	1,041.67	0.00	1,041.67
3130A0QF0	2279	99	MC1	1,550,000.00	1,550,000.00	1,550,000.00	02/14/2017	1.050	0.088	1,356.25	0.00	1,356.25
3130A0QC7	2280	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	07/29/2016	0.700	0.058	1,166.67	0.00	1,166.67
3130A0VG2	2281	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	11/25/2016	0.700	0.058	1,166.67	0.00	1,166.67
3130A0YG9	2282	99	MC1	2,000,000.00	0.00	2,000,000.00	12/12/2016	0.750	0.061	791.67	0.00	791.67
2050003183-6	2283	99	BCD	81,784.76	81,784.76	81,784.76	01/22/2016	0.030	0.003	2.11	0.00	2.11
3134G4WJ3	2284	99	MC1	2,000,000.00	0.00	2,000,000.00	09/19/2016	0.625	0.050	416.67	0.00	416.67

OTAY
Interest Earnings
March 1, 2014 - March 31, 2014

CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Ending Book Value	Maturity Date	Current Rate	Yield This Period	Adjusted Interest Earnings		
										Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings
Fund: Treasury Fund												
3134G4WH7	2285	99	FAC	2,000,000.00	0.00	2,000,000.00	03/20/2017	0.900	0.071	550.00	0.00	550.00
			Subtotal	80,030,727.62	81,952,704.02	80,034,504.97			0.037	30,146.07	-118.74	30,027.33
			Total	80,030,727.62	81,952,704.02	80,034,504.97			0.037	30,146.07	-118.74	30,027.33

OTAY
Activity Report
Sorted By Issuer
March 1, 2014 - March 31, 2014

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			0.010		11,096,812.60	9,092,796.76	
UNION OPERATING	9004	STATE OF CALIFORNIA			0.250		1,298,216.13	1,431,034.81	
RESERVE-10 COPS	9010	STATE OF CALIFORNIA			0.010		27,409.72	0.00	
RESERVE-10 BABS	9011	STATE OF CALIFORNIA			0.010		72,034.75	0.00	
UBNA-2010 BOND	9013	STATE OF CALIFORNIA					0.00	99,444.47	
UBNA-FLEX ACCT	9014	STATE OF CALIFORNIA					0.00	12,394.22	
		Subtotal and Balance		<u>1,176,010.77</u>			<u>12,494,473.20</u>	<u>10,635,670.26</u>	<u>3,034,813.71</u>
Local Agency Investment Fund (LAIF)									
LAIF	9001	STATE OF CALIFORNIA			0.236		5,500,000.00	8,300,000.00	
LAIF BABS 2010	9012	STATE OF CALIFORNIA			0.236		0.00	4,088,721.94	
		Subtotal and Balance		<u>18,344,034.64</u>			<u>5,500,000.00</u>	<u>12,388,721.94</u>	<u>11,455,312.70</u>
		Issuer Subtotal	18.093%	<u>19,520,045.41</u>			<u>17,994,473.20</u>	<u>23,024,392.20</u>	<u>14,490,126.41</u>
Issuer: California Bank & Trust									
Certificates of Deposit - Bank									
		Subtotal and Balance		<u>81,784.76</u>					<u>81,784.76</u>
		Issuer Subtotal	0.102%	<u>81,784.76</u>			<u>0.00</u>	<u>0.00</u>	<u>81,784.76</u>
Issuer: Federal Agricultural Mortgage									
Federal Agency Issues- Callable									
		Subtotal and Balance		<u>2,000,000.00</u>					<u>2,000,000.00</u>
		Issuer Subtotal	2.497%	<u>2,000,000.00</u>			<u>0.00</u>	<u>0.00</u>	<u>2,000,000.00</u>
Issuer: Fannie Mae									

OTAY
Activity Report
March 1, 2014 - March 31, 2014

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: Fannie Mae									
Federal Agency Issues- Callable									
				2,000,000.00					2,000,000.00
				2,000,000.00			0.00	0.00	2,000,000.00
Issuer: Federal Farm Credit Bank									
Federal Agency Issues- Callable									
3133EC2L7	2255	Federal Farm Credit Bank			0.440	03/04/2014	0.00	3,000,000.00	
				14,000,000.00			0.00	3,000,000.00	11,000,000.00
			13.735%	14,000,000.00			0.00	3,000,000.00	11,000,000.00
Issuer: Federal Home Loan Bank									
Federal Agency Issues- Callable									
3130A0YG9	2282	Federal Home Loan Bank			0.750	03/12/2014	2,000,000.00	0.00	
				13,285,000.00			2,000,000.00	0.00	15,285,000.00
			19.085%	13,285,000.00			2,000,000.00	0.00	15,285,000.00
Issuer: Federal Home Loan Mortgage									
Federal Agency Issues- Callable									
3134G4WJ3	2284	Federal Home Loan Mortgage			0.625	03/19/2014	2,000,000.00	0.00	
				4,000,000.00			2,000,000.00	0.00	6,000,000.00
Federal Agency Issues - Coupon									
3134G4WH7	2285	Federal Home Loan Mortgage			0.900	03/20/2014	2,000,000.00	0.00	
				0.00			2,000,000.00	0.00	2,000,000.00
			9.989%	4,000,000.00			4,000,000.00	0.00	8,000,000.00
Issuer: Federal National Mortgage Assoc									
Federal Agency Issues- Callable									

OTAY
Activity Report
March 1, 2014 - March 31, 2014

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value Beginning Balance	Current Rate	Transaction Date	Purchases or Deposits	Par Value Redemptions or Withdrawals	Ending Balance
				6,000,000.00					6,000,000.00
				6,000,000.00			0.00	0.00	6,000,000.00
Issuer: San Diego County									
				21,232,019.39					21,232,019.39
				21,232,019.39			0.00	0.00	21,232,019.39
				82,118,849.56			23,994,473.20	26,024,392.20	80,088,930.56

OTAY
GASB 31 Compliance Detail
Sorted by Fund - Fund
March 1, 2014 - March 31, 2014

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		14,259,412.81	0.00	5,500,000.00	8,300,000.00	0.00	-805.34	11,458,607.48
UNION MONEY	9002	99	Amortized		10,004.82	0.00	11,096,812.60	9,092,796.76	0.00	0.00	2,014,020.66
PETTY CASH	9003	99	Amortized		2,950.00	0.00	0.00	0.00	0.00	0.00	2,950.00
UNION OPERATING	9004	99	Amortized		985,850.49	0.00	1,298,216.13	1,431,034.81	0.00	0.00	853,031.81
PAYROLL	9005	99	Amortized		27,592.60	0.00	0.00	0.00	0.00	0.00	27,592.60
SD COUNTY POOL	9007	99	Fair Value		21,124,000.00	0.00	0.00	0.00	0.00	24,000.00	21,148,000.00
RESERVE-10 COPS	9010	99	Amortized		2,620.54	0.00	27,409.72	0.00	0.00	0.00	30,030.26
RESERVE-10 BABS	9011	99	Amortized		7,493.29	0.00	72,034.75	0.00	0.00	0.00	79,528.04
LAIF BABS 2010	9012	99	Fair Value		4,089,897.94	0.00	0.00	4,088,721.94	0.00	-1,176.00	0.00
UBNA-2010 BOND	9013	99	Amortized		99,496.36	0.00	0.00	99,444.47	0.00	0.00	51.89
UBNA-FLEX ACCT	9014	99	Amortized		40,002.67	0.00	0.00	12,394.22	0.00	0.00	27,608.45
3133EC2L7	2255	99	Fair Value	11/13/2015	3,000,030.00	0.00	0.00	3,000,000.00	0.00	-30.00	0.00
3133EC6F6	2258	99	Fair Value	06/01/2015	3,004,440.00	0.00	0.00	0.00	0.00	180.00	3,004,620.00
3133EC7H1	2260	99	Fair Value	08/17/2015	3,002,910.00	0.00	0.00	0.00	0.00	-510.00	3,002,400.00
3133ECA61	2261	99	Fair Value	06/18/2015	3,000,030.00	0.00	0.00	0.00	0.00	30.00	3,000,060.00
313382R39	2265	99	Fair Value	10/22/2015	2,706,082.00	0.00	0.00	0.00	0.00	-2,569.75	2,703,512.25
313382R39	2266	99	Fair Value	10/22/2015	1,030,412.00	0.00	0.00	0.00	0.00	-978.50	1,029,433.50
31315PWT2	2267	99	Fair Value	01/25/2016	2,000,860.00	0.00	0.00	0.00	0.00	-1,180.00	1,999,680.00
313382YY3	2268	99	Fair Value	02/22/2016	1,999,420.00	0.00	0.00	0.00	0.00	-5,960.00	1,993,460.00
3135GOXR9	2269	99	Fair Value	09/06/2016	1,996,080.00	0.00	0.00	0.00	0.00	-3,200.00	1,992,880.00
313383EE7	2270	99	Fair Value	09/19/2016	1,996,140.00	0.00	0.00	0.00	0.00	-6,220.00	1,989,920.00
3134G4HV3	2272	99	Fair Value	04/29/2016	2,001,520.00	0.00	0.00	0.00	0.00	-680.00	2,000,840.00
3136G1WT2	2273	99	Fair Value	11/21/2016	2,001,920.00	0.00	0.00	0.00	0.00	-4,880.00	1,997,040.00
3136G1XZ7	2274	99	Fair Value	12/19/2016	1,996,200.00	0.00	0.00	0.00	0.00	-8,100.00	1,990,100.00
3135G0YW7	2276	99	Fair Value	11/25/2016	1,997,660.00	0.00	0.00	0.00	0.00	-5,380.00	1,992,280.00
3134G4PX0	2277	99	Fair Value	06/27/2016	2,000,140.00	0.00	0.00	0.00	0.00	-3,140.00	1,997,000.00
3133EDD41	2278	99	Fair Value	07/07/2016	2,000,480.00	0.00	0.00	0.00	0.00	-1,280.00	1,999,180.00
3130A0QF0	2279	99	Fair Value	02/14/2017	1,552,139.00	0.00	0.00	0.00	0.00	-790.50	1,551,348.50
3130A0QC7	2280	99	Fair Value	07/29/2016	2,001,380.00	0.00	0.00	0.00	0.00	-2,260.00	1,999,120.00
3130A0VG2	2281	99	Fair Value	11/25/2016	1,998,900.00	0.00	0.00	0.00	0.00	-6,920.00	1,991,980.00
3130A0YG9	2282	99	Fair Value	12/12/2016	0.00	2,000,000.00	0.00	0.00	0.00	-9,020.00	1,990,980.00

OTAY
 GASB 31 Compliance Detail
 Sorted by Fund - Fund

CUSIP	Investment #	Fund	Investment Class	Maturity Date	Beginning Invested Value	Purchase of Principal	Addition to Principal	Redemption of Principal	Adjustment in Value		Ending Invested Value
									Amortization Adjustment	Change in Market Value	
Fund: Treasury Fund											
2050003183-6	2283	99	Amortized	01/22/2016	81,784.76	0.00	0.00	0.00	0.00	0.00	81,784.76
3134G4WJ3	2284	99	Fair Value	09/19/2016	0.00	2,000,000.00	0.00	0.00	0.00	-2,800.00	1,997,200.00
3134G4WH7	2285	99	Fair Value	03/20/2017	0.00	2,000,000.00	0.00	0.00	0.00	-8,480.00	1,991,520.00
Subtotal					82,017,829.28	6,000,000.00	17,994,473.20	26,024,392.20	0.00	-50,150.09	79,937,760.20
Total					82,017,829.28	6,000,000.00	17,994,473.20	26,024,392.20	0.00	-50,150.09	79,937,760.20

OTAY
Duration Report
Sorted by Investment Type - Investment Type
Through 03/31/2014

Security ID	Investment #	Fund	Issuer	Investment Class	Book Value	Par Value	Market Value	Current Rate	YTM 360	Current Yield	Maturity/ Call Date	Modified Duration
3134G4WJ3	2284	99	Federal Home Loan Mortgage	Fair	2,000,000.00	2,000,000.00	1,997,200.00	.6250000	0.616	0.682	09/19/2016	2.443
3134G4PX0	2277	99	Federal Home Loan Mortgage	Fair	2,000,000.00	2,000,000.00	1,997,000.00	.5000000	0.493	0.568	06/27/2016	2.220
3134G4HV3	2272	99	Federal Home Loan Mortgage	Fair	2,001,558.33	2,000,000.00	2,000,840.00	.6250000	0.578	0.605	04/29/2016	2.056
3136G1XZ7	2274	99	Federal National Mortgage Assoc	Fair	2,000,000.00	2,000,000.00	1,990,100.00	.6700000	0.661	0.855	12/19/2016	2.680
3136G1WT2	2273	99	Federal National Mortgage Assoc	Fair	2,000,000.00	2,000,000.00	1,997,040.00	.8000000	0.789	0.857	11/21/2016	2.598
3135G0YW7	2276	99	Federal National Mortgage Assoc	Fair	2,002,583.19	2,000,000.00	1,992,280.00	.7500000	0.691	1.528	11/25/2016	2.602
313382R39	2266	99	Federal Home Loan Bank	Fair	1,030,000.00	1,030,000.00	1,029,433.50	.3750000	0.370	0.410	10/22/2015	1.549
3130A0YG9	2282	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	1,990,980.00	.7500000	0.740	0.920	12/12/2016	2.661
3130A0VG2	2281	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	1,991,980.00	.7000000	0.690	0.853	11/25/2016	2.617
313382R39	2265	99	Federal Home Loan Bank	Fair	2,705,000.00	2,705,000.00	2,703,512.25	.3750000	0.370	0.410	10/22/2015	1.549
3130A0QC7	2280	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	1,999,120.00	.7000000	0.690	0.719	07/29/2016	2.302
3130A0QF0	2279	99	Federal Home Loan Bank	Fair	1,550,000.00	1,550,000.00	1,551,348.50	1.050000	1.036	1.019	02/14/2017	2.816
313383EE7	2270	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	1,989,920.00	.5000000	0.493	0.706	09/19/2016	2.442
313382YY3	2268	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	1,993,460.00	.3500000	0.345	0.524	02/22/2016	1.881
3133EDD41	2278	99	Federal Farm Credit Bank	Fair	2,000,000.00	2,000,000.00	1,999,180.00	.6250000	0.616	0.643	07/07/2016	2.244
3133EC6F6	2258	99	Federal Farm Credit Bank	Fair	3,000,000.00	3,000,000.00	3,004,620.00	.3500000	0.345	0.218	06/01/2015	1.163
3133ECA61	2261	99	Federal Farm Credit Bank	Fair	2,999,635.83	3,000,000.00	3,000,060.00	.3200000	0.325	0.318	06/18/2015	1.209
3133EC7H1	2260	99	Federal Farm Credit Bank	Fair	3,000,000.00	3,000,000.00	3,002,400.00	.3400000	0.335	0.180	08/17/2015	1.374
3135GOXR9	2269	99	Fannie Mae	Fair	2,000,000.00	2,000,000.00	1,992,880.00	.5500000	0.542	1.267	09/06/2016	2.401
31315PWT2	2267	99	Federal Agricultural Mortgage	Fair	2,000,000.00	2,000,000.00	1,999,680.00	.4000000	0.395	0.409	01/25/2016	1.804
3134G4WH7	2285	99	Federal Home Loan Mortgage	Fair	2,000,000.00	2,000,000.00	1,991,520.00	.9000000	0.888	1.045	03/20/2017	2.920
2050003183-6	2283	99	California Bank & Trust	Amort	81,784.76	81,784.76	81,784.76	.0300000	0.030	0.030	01/22/2016	1.806
LAIF COPS07	9009	99	STATE OF CALIFORNIA	Fair	0.00	0.00	0.00	.0000001	0.000	0.000		0.000
LAIF BABS 2010	9012	99	STATE OF CALIFORNIA	Fair	0.00	0.00	0.00	.2360000	0.233	0.236		0.000
LAIF	9001	99	STATE OF CALIFORNIA	Fair	11,455,312.70	11,455,312.70	11,458,607.48	.2360000	0.233	0.236		0.000

OTAY
Duration Report
Sorted by Investment Type - Investment Type
Through 03/31/2014

Security ID	Investment #	Fund	Issuer	Investment Class	Book Value	Par Value	Market Value	Current Rate	YTM 360	Current Yield	Maturity/ Call Date	Modified Duration
SD COUNTY	9007	99	San Diego County	Fair	21,232,019.39	21,232,019.39	21,148,000.00	.4270000	0.421	0.427		0.000
Report Total					77,057,894.20	77,054,116.85	76,902,946.49			0.537		1.210



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	May 7, 2014
SUBMITTED BY:	Kevin Koeppen, Finance Manager, Treasury & Acct	W.O./G.F. NO:	DIV. NO.
APPROVED BY:	Joseph Beachem, Chief Financial Officer (Chief)		
APPROVED BY:	German Alvarez, Assistant General Manager (Asst. GM)		
SUBJECT:	Accounts Payable Demand List		

PURPOSE:

Attached is the list of demands for the Board's information.

FISCAL IMPACT:

SUMMARY FOR PERIOD 3/20/2014 - 4/23/2014	NET DEMANDS
CHECKS (2039745 - 2040080)	\$ 2,009,897.21
VOID CHECKS (4)	(\$ 391.09)
TOTAL CHECKS	\$ 2,009,506.12
WIRE TO:	
CALPERS - OTHER POST EMPLOYMENT BENEFITS (MONTHLY)	\$ 171,250.00
CITY OF CHULA VISTA - BI-MONTHLY SEWER CHARGES (JAN-FEB 2014)	\$ 2,883,491.23
CITY TREASURER - RECLAIMED WATER PURCHASE (JAN 2014)	\$ 77,270.62
DELTA DENTAL OF CALIFORNIA - DENTAL & COBRA CLAIMS (MAR 2014)	\$ 20,817.90
JP MORGAN SECURITIES INC - REMARKETING FEE (QUARTERLY)	\$ 2,196.99
OTAY WATER DISTRICT - BI-WEEKLY PAYROLL DEDUCTION	\$ 707.00
OTAY WATER DISTRICT - BI-WEEKLY PAYROLL DEDUCTION	\$ 693.00
OTAY WATER DISTRICT - BI-WEEKLY PAYROLL DEDUCTION	\$ 693.00
SAN DIEGO COUNTY WATER AUTH - WATER DELIVERIES & CHARGES (FEB 2014)	\$ 2,974,453.75
SPECIAL DISTRICT RISK - HEALTH ADMINISTRATION (APR 2014)	\$ 276,395.52
SPECIAL DISTRICT RISK - HEALTH ADMINISTRATION (MAY 2014)	\$ 271,127.22
STATE DISBURSEMENT UNIT - BI-WEEKLY PAYROLL DEDUCTION	\$ 237.69
STATE DISBURSEMENT UNIT - BI-WEEKLY PAYROLL DEDUCTION	\$ 831.23
STATE DISBURSEMENT UNIT - BI-WEEKLY PAYROLL DEDUCTION	\$ 208.72
STATE DISBURSEMENT UNIT - BI-WEEKLY PAYROLL DEDUCTION	\$ 237.69
STATE DISBURSEMENT UNIT - BI-WEEKLY PAYROLL DEDUCTION	\$ 831.23
STATE DISBURSEMENT UNIT - BI-WEEKLY PAYROLL DEDUCTION	\$ 215.46
UNION BANK - BI-WEEKLY PAYROLL TAXES	\$ 147,937.07
UNION BANK - BI-WEEKLY PAYROLL TAXES	\$ 145,290.32
UNION BANK NA - COPS 1996 (MONTHLY)	\$ 589.04
UNION BANK NA - COPS 1996 (QUARTERLY)	\$ 28,278.33
TOTAL CASH DISBURSEMENTS	\$ 9,013,259.13

RECOMMENDED ACTION:

That the Board received the attached list of demands.

Jb/Attachment

CHECK REGISTER

Otay Water District

Date Range: 3/20/2014 - 4/23/2014

Check #	Date	Vendor	Vendor Name	Invoice	Inv. Date	Description	Amount	Check Total
2039960	04/16/14	02097	3E COMPANY ENV ECOL & ENGG	3EU0053381	03/26/14	SDS ON-DEMAND SVC RENEWAL (4/1/14-3/31/15)	977.50	977.50
2039961	04/16/14	15285	A&D FIRE SPRINKLES INC	305139	03/28/14	SPRINKLER SYSTEM	285.00	285.00
2039962	04/16/14	08488	ABLEFORCE INC	4187	03/18/14	PROGRAMMING SERVICES (2/21/14-2/27/14)	562.50	562.50
2039963	04/16/14	12174	AECOM TECHNICAL SERVICES INC	16	03/20/14	DISINFECTION SYSTEM (ENDING 2/21/14)	73,884.34	73,884.34
2039894	04/09/14	11462	AEGIS ENGINEERING MGMT INC	1209	01/24/14	AS NEEDED DESIGN SVCS (12/1/13-1/3/14)	16,537.40	16,537.40
2039964	04/16/14	11462	AEGIS ENGINEERING MGMT INC	1307	03/21/14	AS-NEEDED DEVELOPER PROJ (2/1/14-2/28/14)	19,824.56	19,824.56
2039801	04/02/14	11803	AEROTEK ENVIRONMENTAL	OE01020384	03/20/14	TEMPORARY EMPLOYMENT (3/3/14-3/7/14)	1,650.00	
				OE01022253	03/27/14	TEMPORARY EMPLOYMENT (3/10/14-3/14/14)	1,320.00	2,970.00
2039965	04/16/14	11803	AEROTEK ENVIRONMENTAL	OE01024054	04/03/14	TEMPORARY EMPLOYMENT (3/17/14-3/21/14)	1,650.00	
				OE01026013	04/10/14	TEMPORARY EMPLOYMENT (3/24/14-3/28/14)	1,650.00	3,300.00
2039802	04/02/14	07951	AHLEE BACKFLOW SERVICE INC	51900	03/06/14	HYDRANT METER STAND	1,650.00	1,650.00
2039746	03/26/14	13753	AIRGAS USA LLC	9916683387	02/28/14	BREATHING AIR	41.75	41.75
2040030	04/23/14	13753	AIRGAS USA LLC	9917471921	03/31/14	BREATHING AIR	41.75	41.75
2039966	04/16/14	15024	AIRX UTILITY SURVEYORS INC	5	03/20/14	LAND SURVEYING (2/1/14-2/28/14)	2,730.00	2,730.00
2039747	03/26/14	14811	ALARMS UNLIMITED INC	160161	03/13/14	ALARM INSTALLATION	4,631.35	4,631.35
2039803	04/02/14	14811	ALARMS UNLIMITED INC	160190	03/19/14	ONSITE SERVICES	419.00	419.00
2039895	04/09/14	14811	ALARMS UNLIMITED INC	161006	03/31/14	WIRELESS TRANSMITTERS	6,947.72	
				161041	04/01/14	ALARM/VIDEO MONITORING (APR 2014)	326.00	
				161001	03/28/14	ALARM/VIDEO MONITORING #1 (2/25/14-4/30/14)	74.67	
				161008	03/31/14	ALARM/VIDEO MONITORING #2 (3/13/14-4/30/14)	63.70	7,412.09
2039896	04/09/14	15525	ALICIA FLORES	Ref002433428	04/07/14	UB Refund Cst #0000175195	8.14	8.14
2039804	04/02/14	01463	ALLIED ELECTRONICS INC	9002802089	03/06/14	KNOCKOUT PUNCH DRAW STUD	60.42	60.42
2039897	04/09/14	02362	ALLIED WASTE SERVICES # 509	0509005557785	03/25/14	TRASH SERVICES (APR 2014)	67.49	67.49
2039967	04/16/14	02362	ALLIED WASTE SERVICES # 509	0509005556176	03/25/14	TRASH SERVICES (APR 2014)	530.33	530.33
2039805	04/02/14	14462	ALYSON CONSULTING	CM201416	03/14/14	MGMT/INSP P2493 (2/1/14-2/28/14)	3,750.00	
				CM201415	03/14/14	MGMT/INSP R2108 (2/1/14-2/28/14)	3,320.00	
				CM201417	03/14/14	MGMT/INSP P2453 (2/1/14-2/28/14)	900.00	
				CM201414	03/14/14	MGMT/INSP P2518/P2519 (2/1/14-2/28/14)	600.00	8,570.00

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Otay Water District

Date Range: 3/20/2014 - 4/23/2014

Check #	Date	Vendor	Vendor Name	Invoice	Inv. Date	Description	Amount	Check Total
2039898	04/09/14	06166	AMERICAN MESSAGING	L11095700D	04/01/14	PAGER SERVICES (MAR 2014)	205.38	205.38
2039899	04/09/14	03088	ANDERSON, LINCOLN	O0000000080	04/03/14	SAFETY BOOT REIMBURSEMENT	130.78	130.78
2039806	04/02/14	15498	ANNIE MCHENRY	Ref002433293	04/01/14	UB Refund Cst #0000177423	233.78	233.78
2039748	03/26/14	00002	ANSWER INC	9677	03/22/14	ANSWERING SERVICES (MONTHLY)	1,100.00	1,100.00
2040031	04/23/14	00002	ANSWER INC	9844	04/22/14	ANSWERING SERVICES (MONTHLY)	1,100.00	1,100.00
2039968	04/16/14	08967	ANTHEM BLUE CROSS EAP	41210	03/25/14	EMPLOYEE ASSISTANCE PROGRAM	318.89	318.89
2039807	04/02/14	03492	AQUA-METRIC SALES COMPANY	0050972IN	03/04/14	SENSUS OMNI METER	8,455.59	8,455.59
2039808	04/02/14	15520	ARCHIE MARVEL	Ref002433318	04/01/14	UB Refund Cst #0000194983	185.03	185.03
2039749	03/26/14	05758	AT&T	6196705309031	03/15/14	LONG DISTANCE (MONTHLY)	37.78	37.78
2039750	03/26/14	05758	AT&T	3378413045031	03/07/14	ACCESS TRANSPORT SVCS (3/7/14-4/6/14)	31.56	31.56
2039900	04/09/14	05758	AT&T	0821645728032	03/25/14	ACCESS TRANSPORT SVCS (3/25/14-4/24/14)	2,293.08	
				6194225605031	03/20/14	ACCESS TRANSPORT SVCS (3/20/14-4/19/14)	78.55	2,371.63
2039901	04/09/14	05758	AT&T	6196985140031	03/24/14	LONG DISTANCE (MONTHLY)	37.78	37.78
2040032	04/23/14	05758	AT&T	3378413045041	04/07/14	ACCESS TRANSPORT SVCS (4/7/14-5/6/14)	31.65	31.65
2039902	04/09/14	07785	AT&T	000005093038	02/02/14	CALNET 2 PHONE SVCS (1/2/14-2/1/14)	5,713.70	
				000005181920	03/02/14	CALNET 2 PHONE SVCS (2/2/14-3/1/14)	5,705.79	
				000005181025	03/01/14	CALNET 2 PHONE SVCS (2/1/14-2/28/14)	1,229.08	
				000005184136	03/02/14	CALNET 2 PHONE SVCS (2/2/14-3/1/14)	16.30	12,664.87
2040033	04/23/14	07785	AT&T	000005269146	04/02/14	CALNET 2 PHONE SVCS (3/2/14-4/1/14)	5,702.45	
				000005268210	04/01/14	CALNET 2 PHONE SVCS (3/1/14-3/31/14)	1,229.08	
				000005271362	04/02/14	CALNET 2 PHONE SVCS (3/2/14-4/1/14)	16.30	6,947.83
2039903	04/09/14	15524	BENJAMIN RIVERA	Ref002433427	04/07/14	UB Refund Cst #0000161095	121.09	121.09
2039904	04/09/14	06520	BENSKIN, RONALD	O0000000083	04/03/14	SAFETY BOOT REIMBURSEMENT	150.00	150.00
2039751	03/26/14	15489	BLUE CENTURION HOMES LLC	Ref002433137	03/24/14	UB Refund Cst #0000206094	62.87	62.87
2039969	04/16/14	03470	BONITA BUSINESS & PROFESSIONAL	000282014	12/19/13	MEMBERSHIP RENEWAL	350.00	350.00
2040034	04/23/14	15556	BRANDI ROBINSON	Ref002433676	04/21/14	UB Refund Cst #0000197498	14.11	14.11
2039809	04/02/14	10970	BRENNTAG PACIFIC INC	BPI395572	03/06/14	SODIUM HYPOCHLORITE	1,322.11	

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Otay Water District

Date Range: 3/20/2014 - 4/23/2014

Check #	Date	Vendor	Vendor Name	Invoice	Inv. Date	Description	Amount	Check Total
				BPI397466	03/13/14	SODIUM HYPOCHLORITE	1,079.52	
				BPI395573	03/06/14	SODIUM HYPOCHLORITE	846.03	3,247.66
2039970	04/16/14	10970	BRENNTAG PACIFIC INC	BPI399986	03/20/14	SODIUM HYPOCHLORITE	2,213.63	
				BPI399544	03/20/14	SODIUM HYPOCHLORITE	1,440.38	
				BPI399543	03/20/14	SODIUM HYPOCHLORITE	1,103.78	
				BPI402382	03/28/14	SODIUM HYPOCHLORITE	1,061.33	
				BPI401918	03/27/14	SODIUM HYPOCHLORITE	986.53	6,805.65
2039752	03/26/14	15472	BRIAN DANIELAK	Ref002433119	03/24/14	UB Refund Cst #0000030008	177.25	177.25
2039753	03/26/14	08156	BROWNSTEIN HYATT FARBER	547831	10/01/13	LEGISLATIVE ADVOCACY (THRU 8/31/13)	5,831.00	
				542040	08/26/13	LEGISLATIVE ADVOCACY (THRU 7/31/13)	4,307.50	
				551360	12/13/13	LEGISLATIVE ADVOCACY (THRU 11/30/13)	4,161.82	
				550261	11/27/13	LEGISLATIVE ADVOCACY (THRU 10/31/13)	3,982.50	
				557524	02/24/14	LEGISLATIVE ADVOCACY (THRU 1/31/14)	2,380.00	
				547835	10/31/13	LEGISLATIVE ADVOCACY (THRU 9/30/13)	1,062.50	
				545986	10/11/13	LEGISLATIVE ADVOCACY (THRU 8/31/13)	526.50	22,251.82
2039905	04/09/14	08156	BROWNSTEIN HYATT FARBER	561178	03/31/14	LEGISLATIVE ADVOCACY (THRU FEB 2014)	4,119.00	4,119.00
2039810	04/02/14	10206	CALIF DEPT OF PUBLIC HEALTH	O0000000079	03/27/14	CERTIFICATION APPLICATION	90.00	90.00
2039754	03/26/14	01243	CALIFORNIA-NEVADA SECTION	2646	03/14/14	CONFERENCE REGISTRATION	515.00	515.00
2039971	04/16/14	01004	CALOLYMPIC SAFETY	3261411	03/19/14	HAZWOPPER GASTECH	967.60	
				326643	03/24/14	GAS TECH SENSORS 02 & LEL	634.52	
				326142	03/19/14	HAZWOPPER GASTECH	95.00	1,697.12
2039972	04/16/14	14781	CARDIAC SCIENCE CORPORATION	1609312	03/28/14	SAFETY EQUIPMENT	3,321.80	3,321.80
2039811	04/02/14	11057	CAREY, ANDREA	032514032714	04/01/14	REIMB TRAVEL EXPENSE (3/25/14-3/27/14)	558.26	558.26
2040035	04/23/14	04653	CARO, PATRICIA	a000086	04/23/14	TUITION REIMBURSEMENT	1,897.13	1,897.13
2039812	04/02/14	15507	CATHRINE DIAZ	Ref002433302	04/01/14	UB Refund Cst #0000184135	126.90	126.90
2039906	04/09/14	03232	CDW GOVERNMENT INC	JV94027	02/13/14	ROUTER	1,539.00	1,539.00
2039813	04/02/14	14673	CGR MANAGEMENT CONSULTANTS LL	10316002	03/15/14	SCADA SYSTEM SOFTWARE	20,119.04	20,119.04
2039755	03/26/14	15490	CHELSEY CLAIR	Ref002433138	03/24/14	UB Refund Cst #0000206266	38.51	38.51
2039756	03/26/14	01828	CHICAGO TITLE COMPANY	00015043	03/03/14	PRELIMINARY TITLE REPORTS	750.00	

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Otay Water District

Date Range: 3/20/2014 - 4/23/2014

Check #	Date	Vendor	Vendor Name	Invoice	Inv. Date	Description	Amount	Check Total
				00015047	03/03/14	PRELIMINARY TITLE REPORTS	750.00	
				00015046	03/03/14	PRELIMINARY TITLE REPORTS	750.00	
				00015042	03/03/14	PRELIMINARY TITLE REPORTS	750.00	3,000.00
2039907	04/09/14	01828	CHICAGO TITLE COMPANY	00015596	03/21/14	TITLE REPORT	750.00	750.00
2039814	04/02/14	02026	CHULA VISTA ELEM SCHOOL DIST	AR042984	03/11/14	GARDEN TOURS (FEB 4,5,11-13)	1,150.00	1,150.00
2039757	03/26/14	15256	CIGNA GROUP INSURANCE / LINA	0952049267031	03/26/14	AD&D & SUPP LIFE INS (APR 2014)	4,437.76	4,437.76
2040036	04/23/14	15256	CIGNA GROUP INSURANCE / LINA	0952049267041	04/23/14	AD&D & SUPP LIFE INS (APR 2014)	4,513.13	4,513.13
2039758	03/26/14	00446	CITY OF CHULA VISTA	NBS021214	03/20/14	PROPERTY TAX FEES	151.44	151.44
2039973	04/16/14	04119	CLARKSON LAB & SUPPLY INC	72433	03/31/14	BACTERIOLOGICAL TESTING SERVICES (D0866)	322.00	
				72434	03/31/14	BACTERIOLOGICAL TESTING SERVICES (D0866)	322.00	
				72435	03/31/14	BACTERIOLOGICAL TESTING SERVICES (D0876)	241.00	885.00
2040037	04/23/14	15565	COLFIN AI-CA 4 LLC	Ref002433685	04/21/14	UB Refund Cst #0000205423	42.22	42.22
2039908	04/09/14	08160	COMPLETE OFFICE	15785990	02/12/14	TONERS	419.89	419.89
2039759	03/26/14	12334	CORODATA MEDIA STORAGE INC	DS1261887	02/28/14	TAPE STORAGE	425.91	425.91
2039974	04/16/14	12334	CORODATA MEDIA STORAGE INC	DS1262300	03/31/14	TAPE STORAGE	432.43	432.43
2039909	04/09/14	15532	CORT FURUOKA	Ref002433435	04/07/14	UB Refund Cst #0000203395	38.08	38.08
2039815	04/02/14	12026	CO'S TRAFFIC CONTROL INC	00047695	03/06/14	SAFETY ORANGE CONES	1,139.56	1,139.56
2039760	03/26/14	02612	COUNCIL OF WATER UTILITIES	COWU21814	03/20/14	BUSINESS MEETING	75.00	75.00
2039816	04/02/14	00099	COUNTY OF SAN DIEGO	DPWAROTAYM	03/24/14	EXCAVATION PERMITS (FEB 2014)	1,227.50	1,227.50
2039817	04/02/14	00184	COUNTY OF SAN DIEGO	DEH2010HUPFI	03/13/14	UPFP PERMIT RENEWAL (4/30/2014 - 4/30/2015)	446.00	446.00
2039910	04/09/14	00184	COUNTY OF SAN DIEGO	DEH140299D11	03/25/14	SHUT DOWN TEST (2/5/2014)	355.00	
				DEH140306D11	03/25/14	SHUT DOWN TEST (2/25/2014)	142.00	
				DEH140303D11	03/25/14	SHUT DOWN TEST (2/27/2014)	142.00	639.00
2039818	04/02/14	02122	COUNTY OF SAN DIEGO	2014470304544	03/03/14	PERMIT FEES # 04544 (MAY 2014-MAY 2015)	358.00	
				2014	03/03/14	PERMIT FEES # 04745 (MAY 2014-MAY 2015)	358.00	716.00
2039975	04/16/14	02756	COX COMMUNICATIONS SAN DIEGO	27170314	03/29/14	INTERNET SERVICES (3/29/14-4/28/14)	1,500.00	
				28810314	03/29/14	INTERNET SERVICES (3/29/14-4/28/14)	1,500.00	3,000.00
2039761	03/26/14	15480	CRYSTAL FRENCH	Ref002433128	03/24/14	UB Refund Cst #0000197269	21.19	21.19

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Otay Water District

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2040038	04/23/14	00693	CSDA, SAN DIEGO CHAPTER	CSDA22714	02/27/14	BUSINESS MTG	117.00	117.00
2039976	04/16/14	06415	CUMMINS CAL PACIFIC LLC	00842898	03/21/14	AUXILIARY OUTPUTS BOARD	436.77	436.77
2040039	04/23/14	15547	DANIEL LOPEZ	Ref002433667	04/21/14	UB Refund Cst #0000087030	30.49	30.49
2039977	04/16/14	14362	DAY WIRELESS SYSTEMS {20}	67906	03/31/14	WAP INSTALL	974.00	974.00
2040040	04/23/14	14362	DAY WIRELESS SYSTEMS {20}	37420	02/28/14	FIRETIDE NORTH SEGMENT OPTIMIZATION	12,427.00	12,427.00
2039911	04/09/14	00319	DEPARTMENT OF PUBLIC HEALTH	1450514	03/21/14	WATER SYSTEMS FEES #3710034	9,971.20	9,971.20
2040041	04/23/14	15559	DEREK WARD	Ref002433679	04/21/14	UB Refund Cst #0000198289	48.74	48.74
2039978	04/16/14	15287	DEVONNA ALMAGRO	104	03/27/14	NEWSLETTERS - SPANISH TRANSLATION	172.20	172.20
2039762	03/26/14	03417	DIRECTV	22713514078	03/19/14	SATELLITE TV (3/18/14-4/17/14)	6.00	6.00
2039979	04/16/14	03417	DIRECTV	22834635525	04/05/14	SATELLITE TV (4/4/14-5/3/14)	18.00	18.00
2040042	04/23/14	15541	DIXON FAMILY TRUST	Ref002433661	04/21/14	UB Refund Cst #0000003299	75.08	75.08
2040043	04/23/14	05134	DYCHITAN, MARISSA	042114	04/21/14	REIMBURSEMENT	139.00	139.00
2039912	04/09/14	02447	EDCO DISPOSAL CORPORATION	1554580314	03/31/14	RECYCLING SERVICES (MAR 2014)	95.00	95.00
2039763	03/26/14	15492	ELENA QUINTERO	Ref002433140	03/24/14	UB Refund Cst #0000206877	8.07	8.07
2039913	04/09/14	15526	ELIZABETH VALENZUELA	Ref002433429	04/07/14	UB Refund Cst #0000175976	120.00	120.00
2039764	03/26/14	08023	EMPLOYEE BENEFIT SPECIALISTS	0063259IN	12/31/13	EMPLOYEE BENEFITS (DEC 2013)	695.00	
				0064015IN	02/28/14	EMPLOYEE BENEFITS (FEB 2014)	687.50	
				0063667IN	01/31/14	EMPLOYEE BENEFITS (JAN 2014)	687.50	2,070.00
2039914	04/09/14	13825	ENRIQUEZ, LUIS	031914032014	04/01/14	MILEAGE REIMBURSEMENT (3/20/14)	109.76	
				031114031214	04/01/14	MILEAGE REIMBURSEMENT (3/12/14)	50.96	160.72
2039819	04/02/14	03227	ENVIROMATRIX ANALYTICAL INC	4030566	03/10/14	RECYCLED WATER ANALYSIS (2/21/14-2/26/14)	400.00	400.00
2039915	04/09/14	03227	ENVIROMATRIX ANALYTICAL INC	4030797	03/17/14	RECYCLED WATER ANALYSIS (2/27/14-3/6/14)	490.00	490.00
2039980	04/16/14	03227	ENVIROMATRIX ANALYTICAL INC	4031171	03/31/14	RECYCLED WATER ANALYSIS (3/13/14-3/21/14)	535.00	
				4030994	03/24/14	RECYCLED WATER ANALYSIS (3/7/14-3/12/14)	400.00	935.00
2040044	04/23/14	15549	ERIK LANNING	Ref002433669	04/21/14	UB Refund Cst #0000175630	40.26	40.26
2039981	04/16/14	14320	EUROFINS EATON ANALYTICAL INC	I0159234	03/18/14	OUTSIDE LAB SERVICES (2/19/14)	2,100.00	
				L0160037	03/25/14	OUTSIDE LAB SERVICES (3/4/14)	255.00	

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				I0159422	03/19/14	OUTSIDE LAB SERVICES (2/19/14)	100.00	2,455.00
2040045	04/23/14	15542	EVELYN GANAS	Ref002433662	04/21/14	UB Refund Cst #0000036854	7.19	7.19
2039765	03/26/14	15396	EVOQUA WATER TECHNOLOGIES LLC	901608302	02/28/14	DI TANK EXCHANGES	260.80	260.80
2039916	04/09/14	15396	EVOQUA WATER TECHNOLOGIES LLC	901619265	03/06/14	ULTRASONIC TRANSDUCER	654.30	654.30
2039982	04/16/14	15396	EVOQUA WATER TECHNOLOGIES LLC	901632997	03/19/14	CL2 GAS	2,542.08	2,542.08
2039917	04/09/14	04986	FARR, STEVEN	O0000000081	04/03/14	SAFETY BOOT REIMBURSEMENT	136.06	136.06
2039766	03/26/14	00645	FEDEX	259691365	03/21/14	MAIL SERVICES	5.84	5.84
2039918	04/09/14	00645	FEDEX	261171974	04/04/14	MAIL SERVICES	7.46	7.46
2039820	04/02/14	03546	FERGUSON WATERWORKS # 1083	0466578	03/05/14	INVENTORY	3,650.85	
				0465568	03/05/14	INVENTORY	1,412.64	
				04665781	03/14/14	INVENTORY	84.49	
				04651872	03/13/14	HYDRANT PARTS	28.62	5,176.60
2039983	04/16/14	03546	FERGUSON WATERWORKS # 1083	0466577	03/27/14	INVENTORY	3,957.12	
				0469169	03/26/14	INVENTORY	2,458.79	
				0468104	03/19/14	INVENTORY	1,978.56	
				0467338	03/26/14	36" BUTTSTRAP	1,620.00	
				0468106	03/18/14	UNDERGROUND REFERENCE ZN	999.08	
				04651873	03/26/14	HYDRANT PARTS	891.54	
				04681061	03/27/14	ANOEDS	583.20	12,488.29
2039984	04/16/14	12187	FIRST AMERICAN DATA TREE LLC	9003400314	03/31/14	ONLINE DOCUMENTS (MONTHLY)	99.00	99.00
2039821	04/02/14	04066	FIRST CHOICE SERVICES - SD	016804	03/17/14	COFFEE SUPPLIES	422.79	422.79
2039767	03/26/14	00035	FISHER SCIENTIFIC	4140875		CREDIT MEMO	-186.07	
				2864489	02/28/14	LABORATORY SUPPLIES	401.53	215.46
2039822	04/02/14	00035	FISHER SCIENTIFIC	3903471	03/14/14	LABORATORY EQUIPMENT	416.56	
				3549020	03/10/14	LABORATORY EQUIPMENT	207.70	
				3120103	03/04/14	LABORATORY SUPPLIES	154.20	778.46
2039985	04/16/14	00035	FISHER SCIENTIFIC	4391375	03/24/14	LABORATORY EQUIPMENT	70.08	70.08
2039986	04/16/14	14478	FISHER WIRELESS SERVICES INC	221235	03/28/14	RADIO UPGRADES	720.97	720.97
2039823	04/02/14	11962	FLEETWASH INC	x246223	03/07/14	FLEET VEHICLE WASHING	124.83	
				x249193	03/14/14	FLEET VEHICLE WASHING	98.55	223.38

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2039987	04/16/14	11962	FLEETWASH INC	4156778	03/21/14	FLEET VEHICLE WASHING	105.12	
				x254930	03/28/14	FLEET VEHICLE WASHING	50.37	155.49
2039768	03/26/14	01612	FRANCHISE TAX BOARD	Ben2433225	03/27/14	BI-WEEKLY PAYROLL DEDUCTION	50.00	50.00
2039919	04/09/14	01612	FRANCHISE TAX BOARD	Ben2433515	04/10/14	BI-WEEKLY PAYROLL DEDUCTION	50.00	50.00
2040046	04/23/14	01612	FRANCHISE TAX BOARD	Ben2433742	04/24/14	BI-WEEKLY PAYROLL DEDUCTION	50.00	50.00
2039769	03/26/14	02344	FRANCHISE TAX BOARD	Ben2433227	03/27/14	BI-WEEKLY PAYROLL DEDUCTION	81.00	81.00
2039920	04/09/14	02344	FRANCHISE TAX BOARD	Ben2433517	04/10/14	BI-WEEKLY PAYROLL DEDUCTION	81.00	81.00
2040047	04/23/14	02344	FRANCHISE TAX BOARD	Ben2433744	04/24/14	BI-WEEKLY PAYROLL DEDUCTION	81.00	81.00
2039959	04/10/14	15521	FRANCISCO LOPEZ	UB250649601	04/07/14	CUSTOMER REFUND	1,430.88	1,430.88
2040048	04/23/14	15552	FRANCISCO RUIZ	Ref002433672	04/21/14	UB Refund Cst #0000187303	11.08	11.08
2040049	04/23/14	15544	FRANK LOY	Ref002433664	04/21/14	UB Refund Cst #0000062515	52.29	52.29
2039988	04/16/14	13563	FRIENDS OF THE WATER	189	03/20/14	GARDEN TOURS (3/12/14-3/19/14)	1,860.00	1,860.00
2039824	04/02/14	03094	FULLCOURT PRESS	26777	03/07/14	FULLCOURT PRESS (INSERTS)	1,274.68	1,274.68
2039989	04/16/14	14480	GARCIA, GERMAN	O0000000089	04/10/14	SAFETY BOOT REIMBURSEMENT	127.51	127.51
2039921	04/09/14	14073	GARCIA, LAWRENCE	O0000000088	04/07/14	SAFETY BOOT REIMBURSEMENT	150.00	150.00
2039922	04/09/14	15533	GB INLAND PROPERTIES, LLC	Ref002433436	04/07/14	UB Refund Cst #0000203956	34.89	34.89
2039825	04/02/14	10817	GEXPRO	S107186832001	03/17/14	GE 90-30 PLC MODULES	3,743.42	3,743.42
2039990	04/16/14	10817	GEXPRO	S107197869001	03/21/14	RX3I PROGRAMMING CABLES	211.98	211.98
2039923	04/09/14	02634	GRACIA, GUSTAVO	E000070	04/07/14	SAFETY BOOTS REIMBURSEMENT	136.25	136.25
2039770	03/26/14	00101	GRAINGER INC	9378422639	03/03/14	SMALL TOOLS	659.45	
				93782090234	02/28/14	SMALL TOOLS	329.82	
				9378422647	03/03/14	SMALL TOOLS	110.37	1,099.64
2039826	04/02/14	00101	GRAINGER INC	9385410353	03/10/14	MAINTENANCE	548.40	
				9381026450	03/05/14	SHARKBITE	316.04	
				9379927883	03/04/14	FLUKE ACCESSORIES	98.66	
				9382851948	03/06/14	HOLE SAW KIT	95.34	
				9387335038	03/12/14	COTTON SWABS	35.71	
				9381026476	03/05/14	SHARKBITE HAND SAW	29.77	

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				9386397104	03/11/14	MAINTENANCE	10.33	
				9385668547	03/10/14	MAINTENANCE	2.58	1,136.83
2039991	04/16/14	00101	GRAINGER INC	9394868542	03/21/14	MAINTENANCE	316.24	
				9381026468	03/18/14	SHARKBITE SAW	73.87	390.11
2039992	04/16/14	01576	GRAYBAR ELECTRIC CO INC	972016390		CREDIT MEMO	-10.45	
				971733053	03/24/14	ELECTRICAL ENCLOSURE	113.62	103.17
2039924	04/09/14	15527	GREGORY SCHUFF	Ref002433430	04/07/14	UB Refund Cst #0000182323	30.64	30.64
2039827	04/02/14	00174	HACH COMPANY	8743472	03/15/14	HACH APA6000	1,259.79	1,259.79
2039993	04/16/14	00174	HACH COMPANY	8754278	03/24/14	HACH APA6000	945.32	
				8746727	03/19/14	NO-3 CAL SOLUTION	41.84	987.16
2039828	04/02/14	15370	HALAX2 INC	100	02/25/14	SOFTWARE PROGRAMMING	2,300.00	2,300.00
2039771	03/26/14	15474	HANK MILLER REALITY	Ref002433121	03/24/14	UB Refund Cst #0000083327	18.90	18.90
2039829	04/02/14	02350	HARPER & ASSOCIATES	ENG4881	03/06/14	COATING INSPECTION SVCS (ENDING 2/28/14)	6,722.00	6,722.00
2039830	04/02/14	00201	HARRINGTON INDL PLASTICS LLC	004E3946	03/11/14	VACUUM BREAKER	336.57	336.57
2039994	04/16/14	00201	HARRINGTON INDL PLASTICS LLC	004E4645		CREDIT MEMO	-1,665.28	
				004E4347	03/25/14	CPVC FITTINGS	3,521.62	
				004E4258	03/21/14	CPVC FITTINGS	251.00	2,107.34
2039772	03/26/14	02795	HARTFORD INSURANCE CO, THE	Ben2433213	03/27/14	MONTHLY CONTRIBUTION TO LTD	5,460.24	5,460.24
2040050	04/23/14	02795	HARTFORD INSURANCE CO, THE	Ben2433730	04/24/14	MONTHLY CONTRIBUTION TO LTD	5,440.69	5,440.69
2039925	04/09/14	15534	HAZARD CONSTRUCTION CO	Ref002433437	04/07/14	UB Refund Cst #0000204278	1,618.33	1,618.33
2039995	04/16/14	10973	HDR ENGINEERING INC	1	03/28/14	CORROSION SERVICES (12/1/13-1/25/14)	8,506.32	8,506.32
2039996	04/16/14	15349	HDR INC	146490B	04/10/14	CONSULTING SERVICES (MAR 2014)	7,962.00	7,962.00
2040051	04/23/14	00062	HELIX WATER DISTRICT	178540010414	04/09/14	WATER PURCHASE (2/6/14-4/7/14)	42.93	
				174639860414	04/09/14	WATER PURCHASE (2/6/14-4/8/14)	42.93	85.86
2039831	04/02/14	12335	HP ENTERPRISE SERVICES LLC	U3159929	03/12/14	IVR PAYMENT SERVICES (FEB 2014)	2,059.60	2,059.60
2040052	04/23/14	12013	IMS RECYCLING SERVICES INC	UB912177401	04/21/14	CUSTOMER REFUND	355.29	355.29
2039832	04/02/14	08969	INFOSEND INC	77958	03/04/14	BILL PRINTING SERVICES (FEB 2014)	2,027.45	2,027.45
2039997	04/16/14	08969	INFOSEND INC	78741	03/31/14	BILL PRINTING SERVICES (MAR 2014)	12,387.98	

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				78740	03/31/14	BILL PRINTING SERVICES (MAR 2014)	3,640.32	16,028.30
2039998	04/16/14	15368	INTEGRITY MUNICIPAL SYSTEMS	3880	03/31/14	SCRUBBER SERVICE	1,800.00	1,800.00
2039999	04/16/14	02372	INTERIOR PLANT SERVICE INC	7585	03/20/14	PLANT SERVICES (MAR 2014)	205.00	205.00
2039926	04/09/14	13899	INTERMEDIA.NET INC	2013168731	04/01/14	EMAIL SERVICES (3/2/14-4/2/14)	3,722.33	3,722.33
2039927	04/09/14	13467	INTERNATIONAL INDUSTRIAL PARK	7	11/26/13	REIMB/ALTA ROAD (3/1/13-10/31/13)	51,705.61	51,705.61
2039773	03/26/14	15486	JAMES WHEATON	Ref002433134	03/24/14	UB Refund Cst #0000204924	41.44	41.44
2039928	04/09/14	15523	JANET HERRING	Ref002433426	04/07/14	UB Refund Cst #0000053856	200.00	200.00
2040000	04/16/14	03077	JANI-KING OF CALIFORNIA INC	SDO03140141	03/01/14	JANITORIAL SERVICES (MAR 2014)	1,135.50	1,135.50
2039833	04/02/14	10563	JCI JONES CHEMICALS INC	611614		CREDIT MEMO	-3,000.00	
				611550	03/06/14	CHLORINE	4,684.65	1,684.65
2040001	04/16/14	02269	JENAL ENGINEERING CORP	14685	03/25/14	DUSTO INSPECTIONS (MAR 2014)	100.00	100.00
2039929	04/09/14	15528	JENNIFER CARDWELL	Ref002433431	04/07/14	UB Refund Cst #0000198079	47.49	47.49
2039774	03/26/14	15488	JERAD WORTHAM	Ref002433136	03/24/14	UB Refund Cst #0000205996	57.23	57.23
2039930	04/09/14	15531	JESSICA COBARRUBIAS	Ref002433434	04/07/14	UB Refund Cst #0000199242	75.00	75.00
2039931	04/09/14	15529	JOE MCLEAN	Ref002433432	04/07/14	UB Refund Cst #0000198563	30.64	30.64
2039775	03/26/14	15481	JOHN HILL	Ref002433129	03/24/14	UB Refund Cst #0000197445	38.47	38.47
2040053	04/23/14	15554	JOHN NGUYEN	Ref002433674	04/21/14	UB Refund Cst #0000194367	29.28	29.28
2039932	04/09/14	15537	JOHN WINDLE	Ref002433440	04/07/14	UB Refund Cst #0000206429	131.21	131.21
2039834	04/02/14	03172	JONES & STOKES ASSOCIATES INC	0099513	03/07/14	ENVIRONMENTAL CONS SVC (1/1/14-2/21/14)	1,910.00	
				0099512	03/07/14	ENVIRONMENTAL CONS SVC (1/25/14-2/21/14)	585.75	
				0099511	03/07/14	ENVIRONMENTAL CONS SVC (1/25/14-2/21/14)	350.00	2,845.75
2040054	04/23/14	15555	KATHRYN PRESCOTT	Ref002433675	04/21/14	UB Refund Cst #0000197053	19.31	19.31
2040055	04/23/14	15546	KATHY CAIN	Ref002433666	04/21/14	UB Refund Cst #0000084208	25.89	25.89
2039835	04/02/14	15496	KB HOME COASTAL INC	Ref002433290	04/01/14	UB Refund Cst #0000175048	76.14	76.14
2039836	04/02/14	15497	KB HOME COASTAL INC	Ref002433291	04/01/14	UB Refund Cst #0000175050	101.52	101.52
2039837	04/02/14	15508	KB HOME COASTAL INC	Ref002433303	04/01/14	UB Refund Cst #0000184636	25.38	25.38

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2039838	04/02/14	15514	KB HOME COASTAL INC	Ref002433310	04/01/14	UB Refund Cst #0000186382	431.46	431.46
2039839	04/02/14	15494	KEITH PRICE	Ref002433288	04/01/14	UB Refund Cst #0000169306	193.70	193.70
2040056	04/23/14	15564	KENDALL KEREKES	Ref002433684	04/21/14	UB Refund Cst #0000205227	40.45	40.45
2039776	03/26/14	15479	KIM LOMELI	Ref002433127	03/24/14	UB Refund Cst #0000196586	19.11	19.11
2039933	04/09/14	15538	KIRK PAVING	Ref002433441	04/07/14	UB Refund Cst #0000207616	1,834.38	1,834.38
2039840	04/02/14	05840	KIRK PAVING INC	5528	03/07/14	AS NEEDED PAVING SERVICES FY14	16,277.80	16,277.80
2040002	04/16/14	04996	KNOX ATTORNEY SERVICE INC	4043023	03/31/14	DELIVERY SERVICES (3/7/14-3/14/14)	199.50	199.50
2040057	04/23/14	03336	KREINBRING, THERESA	041414041714	04/21/14	TRAVEL EXPENSE REIMB (4/14/14-4/17/14)	944.55	944.55
2039934	04/09/14	02063	LA MESA - SPRING VALLEY	3657	03/21/14	GARDEN TOUR (3/12/14)	236.00	236.00
2039841	04/02/14	15518	LANES END LLC	Ref002433316	04/01/14	UB Refund Cst #0000193331	38.07	38.07
2039842	04/02/14	13470	LAS PALMAS 56 DEVELOPMENT LLC	Ref002433292	04/01/14	UB Refund Cst #0000177376	50.76	50.76
2039843	04/02/14	15499	LAS PALMAS 56 DEVELOPMENT LLC	Ref002433294	04/01/14	UB Refund Cst #0000177644	139.59	139.59
2039844	04/02/14	15500	LAS PALMAS 56 DEVELOPMENT LLC	Ref002433295	04/01/14	UB Refund Cst #0000177646	140.26	140.26
2039845	04/02/14	15501	LAS PALMAS 56 DEVELOPMENT LLC	Ref002433296	04/01/14	UB Refund Cst #0000177647	126.90	126.90
2039846	04/02/14	15519	LAS PALMAS 56 DEVELOPMENT LLC	Ref002433317	04/01/14	UB Refund Cst #0000193507	267.16	267.16
2040058	04/23/14	15561	LAUREN WHALLEY	Ref002433681	04/21/14	UB Refund Cst #0000198519	46.53	46.53
2040003	04/16/14	09511	LAYFIELD ENVIRONMENTAL SYSTEMS	3A	03/28/14	927-1 COVER/LINER REPL (ENDING 3/31/14)	333,559.44	333,559.44
2039847	04/02/14	15510	LEAH LORENZO	Ref002433306	04/01/14	UB Refund Cst #0000185743	142.94	142.94
2039935	04/09/14	03607	LEE & RO INC	LR16187	02/03/14	INTERCONNECTION (10/26/13-1/31/14)	34,113.75	34,113.75
2040004	04/16/14	03019	LOPEZ, JOSE	030114033114	04/08/14	MILEAGE REIMBURSEMENT (MAR 2014)	19.04	19.04
2039936	04/09/14	15530	MAGALI SCHULLER	Ref002433433	04/07/14	UB Refund Cst #0000199122	23.58	23.58
2039777	03/26/14	15475	MANUELITO JARINA	Ref002433122	03/24/14	UB Refund Cst #0000154150	127.85	127.85
2039778	03/26/14	15487	MARIA NARVAEZ	Ref002433135	03/24/14	UB Refund Cst #0000205151	73.61	73.61
2040059	04/23/14	15548	MARIANO ROMERO BUELNA	Ref002433668	04/21/14	UB Refund Cst #0000125669	17.41	17.41
2040005	04/16/14	02902	MARSTON & MARSTON INC	20144	03/27/14	COMMUNITY OUTREACH (MAR 2014)	1,375.00	1,375.00
2039779	03/26/14	15473	MARYANN TAYLOR	Ref002433120	03/24/14	UB Refund Cst #0000079789	84.95	84.95

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2039937	04/09/14	01183	MCMASTER-CARR SUPPLY CO	75534376	02/27/14	NITRATE SENSOR MATERIALS	57.77	57.77
2039848	04/02/14	14955	MCMILLIN	Ref002433286	04/01/14	UB Refund Cst #0000000718	1,148.80	
				Ref002433287	04/01/14	UB Refund Cst #0000000718	63.45	1,212.25
2039849	04/02/14	14656	MCMILLIN INDIGO II LLC	Ref002433314	04/01/14	UB Refund Cst #0000193037	532.98	
				Ref002433315	04/01/14	UB Refund Cst #0000193042	456.84	989.82
2039850	04/02/14	15509	MCMILLIN INDIGO LLC	Ref002433305	04/01/14	UB Refund Cst #0000185307	647.19	647.19
2039851	04/02/14	15512	MCMILLIN JACARANDA LLC	Ref002433308	04/01/14	UB Refund Cst #0000185871	266.49	266.49
2039852	04/02/14	15517	MCMILLIN JACARANDA LLC	Ref002433313	04/01/14	UB Refund Cst #0000192911	279.18	279.18
2039853	04/02/14	15503	MCMILLIN ROLLING HILLS RANCH	Ref002433298	04/01/14	UB Refund Cst #0000182961	38.07	38.07
2039854	04/02/14	15504	MCMILLIN ROLLING HILLS RANCH	Ref002433299	04/01/14	UB Refund Cst #0000182963	25.38	25.38
2039855	04/02/14	15505	MCMILLIN ROLLING HILLS RANCH	Ref002433300	04/01/14	UB Refund Cst #0000182965	88.83	88.83
2039856	04/02/14	15511	MCMILLIN ROLLING HILLS RANCH L	Ref002433307	04/01/14	UB Refund Cst #0000185869	253.80	253.80
2039938	04/09/14	03745	MEDEROS, CHARLES	O0000000082	04/03/14	SAFETY BOOT REIMBURSEMENT	124.20	124.20
2039857	04/02/14	14866	MELANIE ROMERO	Ref002433304	04/01/14	UB Refund Cst #0000185276	166.98	166.98
2039939	04/09/14	15535	MELISSA GUTIERREZ	Ref002433438	04/07/14	UB Refund Cst #0000204954	10.31	10.31
2040060	04/23/14	03169	MENDEZ-SCHOMER, ALICIA	041314041714	04/21/14	TRAVEL EXPENSE REIMB (4/13/14-4/17/14)	988.27	988.27
2039858	04/02/14	01824	MERKEL & ASSOCIATES INC	14031701	03/17/14	ENVIRONMENTAL SERVICES (2/1/14-2/28/14)	11,108.26	11,108.26
2039859	04/02/14	09581	MICHAEL R WELCH PHD PE	71314	03/14/14	PLANNING SERVICES (12/2/13-2/28/14)	2,835.00	2,835.00
2039780	03/26/14	15482	MICHELE HAINES	Ref002433130	03/24/14	UB Refund Cst #0000198039	43.52	43.52
2039860	04/02/14	14699	MISSION COMMUNICATIONS LLC	40023866	02/25/14	SERVICE RENEWAL	2,839.20	2,839.20
2039861	04/02/14	15136	MISSION UNIFORM SERVICE	340274723	03/10/14	UNIFORM SERVICES	403.59	
				340275790	03/17/14	UNIFORM SERVICES	403.59	
				340275789	03/17/14	UNIFORM SERVICES	125.65	
				340267224	01/13/14	UNIFORM SERVICES	116.57	
				340274722	03/10/14	UNIFORM SERVICES	114.17	
				S340273619	03/10/14	UNIFORM SERVICES	95.52	
				340274726	03/10/14	UNIFORM SERVICES	91.19	
				340275793	03/17/14	UNIFORM SERVICES	91.18	

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				S340274504	03/10/14	UNIFORM SERVICES	45.76	
				D340275367	03/17/14	UNIFORM SERVICES	41.33	1,528.55
2040006	04/16/14	15136	MISSION UNIFORM SERVICE	340276869	03/24/14	UNIFORM SERVICES	403.59	
				340277912	03/31/14	UNIFORM SERVICES	403.59	
				340276868	03/24/14	UNIFORM SERVICES	114.17	
				340277911	03/31/14	UNIFORM SERVICES	114.17	
				340276872	03/24/14	UNIFORM SERVICES	91.19	
				340277915	03/31/14	UNIFORM SERVICES	91.19	1,217.90
2040061	04/23/14	15543	MONA H WONG	Ref002433663	04/21/14	UB Refund Cst #0000047095	78.00	78.00
2039781	03/26/14	15478	MONICA ELMER	Ref002433126	03/24/14	UB Refund Cst #0000195901	143.28	143.28
2039862	04/02/14	12908	NARASIMHAN CONSULTING SERVICES	039015	03/05/14	HYDRAULIC MODELING SVCS (1/1/14-2/28/14)	8,286.70	8,286.70
2039782	03/26/14	15491	NATION ENGINEERING	Ref002433139	03/24/14	UB Refund Cst #0000206780	729.77	729.77
2039783	03/26/14	03523	NATIONAL DEFERRED COMPENSATION	Ben2433219	03/27/14	BI-WEEKLY DEFERRED COMP PLAN	10,808.27	10,808.27
2039940	04/09/14	03523	NATIONAL DEFERRED COMPENSATION	Ben2433509	04/10/14	BI-WEEKLY DEFERRED COMP PLAN	10,808.27	10,808.27
2040062	04/23/14	03523	NATIONAL DEFERRED COMPENSATION	Ben2433736	04/24/14	BI-WEEKLY DEFERRED COMP PLAN	10,938.27	10,938.27
2039863	04/02/14	13690	NEAL ELECTRIC CORP	60471	03/10/14	SCADA HDWKS OCAL	4,296.00	
				60470	03/10/14	SCADA HDWKS CONDUIT	2,837.00	7,133.00
2039864	04/02/14	00745	NEWARK	24876217	03/05/14	12VDC RELAYS	89.44	89.44
2040007	04/16/14	00745	NEWARK	24966319	03/27/14	RELAYS AND RELAY BASES	540.57	540.57
2039865	04/02/14	14856	NEXUS IS INC	JC639460	03/17/14	NETWORK EQUIPMENT	82,012.33	82,012.33
2039784	03/26/14	15493	NN JAECHKE INC	Ref002433141	03/24/14	UB Refund Cst #0000206895	1,634.29	1,634.29
2039785	03/26/14	15483	NOEMI MARRON	Ref002433131	03/24/14	UB Refund Cst #0000198102	25.50	25.50
2039866	04/02/14	08656	NORTH STATE ENVIRONMENTAL	204306	03/17/14	HAZ WASTE DISPOSAL	1,883.30	1,883.30
2039786	03/26/14	00510	OFFICE DEPOT INC	692211141001	01/25/14	COMPACT CAMERA	377.99	
				693627226001	02/26/14	OFFICE SUPPLIES	63.59	
				700344441001	02/14/14	INK CARTRIDGE	55.62	497.20
2039867	04/02/14	00510	OFFICE DEPOT INC	696439559001	03/13/14	OFFICE SUPPLIES	216.50	
				695792852001	03/07/14	OFFICE SUPPLIES	73.69	290.19
2040008	04/16/14	00510	OFFICE DEPOT INC	702906256001	03/28/14	OFFICE SUPPLIES	170.38	

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				702907045001	03/28/14	OFFICE SUPPLIES	25.28	
				696439654001	03/18/14	OFFICE SUPPLIES	10.94	206.60
2039868	04/02/14	03149	ON SITE LASER LLC	48300	03/20/14	PRINTER SERVICES (3/19/14)	358.60	358.60
2039869	04/02/14	13115	ONESOURCE DISTRIBUTORS LLC	S4269071001	03/12/14	TERMINAL BLOCKS/FUSE HOLDERS	509.07	
				S4272102001	03/14/14	1/4A FUSES	28.18	537.25
2040009	04/16/14	01718	OTAY MESA CHAMBER OF COMMERCE	OMCOC4314	04/03/14	MEMBERSHIP RENEWAL	600.00	600.00
2039870	04/02/14	15516	OTAY RANCH VILLAGE II	Ref002433312	04/01/14	UB Refund Cst #0000188889	711.31	711.31
2039871	04/02/14	01002	PACIFIC PIPELINE SUPPLY	165619	03/06/14	EQUIPMENT TOOLS	207.36	207.36
2039787	03/26/14	15477	PATRICK GERMAN	Ref002433125	03/24/14	UB Refund Cst #0000184644	45.94	45.94
2040063	04/23/14	15560	PAUL JOHNSON	Ref002433680	04/21/14	UB Refund Cst #0000198307	16.14	16.14
2040010	04/16/14	05497	PAYPAL INC	30965779	03/31/14	PHONE PAYMENT SVCES (MAR 2014)	54.10	54.10
2039872	04/02/14	12472	PCNATION	P053177001016	03/11/14	UPS	1,553.46	1,553.46
2039873	04/02/14	00137	PETTY CASH CUSTODIAN	040114	04/01/14	PETTY CASH REIMBURSEMENT	306.78	306.78
2040064	04/23/14	00137	PETTY CASH CUSTODIAN	042114	04/21/14	PETTY CASH REIMBURSEMENT	396.53	396.53
2039874	04/02/14	02449	POLLARDWATER.COM	I374610IN	03/04/14	INFRASTRUCTURE EQUIPMENT	683.50	
				I374601IN	03/04/14	SMALL TOOLS	94.80	778.30
2039941	04/09/14	01715	PORRAS, PEDRO	040314	04/08/14	COMPUTER LOAN	1,599.32	1,599.32
2039875	04/02/14	03351	POSADA, ROD	031914032114	03/27/14	TRAVEL EXPENSE REIMB (3/19/14-3/21/14)	1,191.52	
				032314032714	03/28/14	TRAVEL EXPENSE REIMB (3/23/14-3/27/14)	790.24	1,981.76
2040065	04/23/14	07161	POULIN, WILLIAM	041314041614	04/18/14	TRAVEL EXPENSE REIMB (4/13/14-4/16/14)	870.96	870.96
2039788	03/26/14	07346	PRIME ELECTRICAL SERVICES INC	12520	02/20/14	ELECTRICAL WORK	140.00	140.00
2040011	04/16/14	13059	PRIORITY BUILDING SERVICES	38701	03/01/14	JANITORIAL SERVICES (MAR 2014)	3,664.00	3,664.00
2039876	04/02/14	00078	PUBLIC EMPLOYEES RET SYSTEM	Ben2433215	03/27/14	BI-WEEKLY PERS CONTRIBUTION	159,507.65	159,507.65
2040012	04/16/14	00078	PUBLIC EMPLOYEES RET SYSTEM	Ben2433505	04/10/14	BI-WEEKLY PERS CONTRIBUTION	158,517.68	158,517.68
2039745	03/20/14	15470	PUBLIC EMPLOYMENT RELATIONS BD	A000076	03/17/14	ARBITRATOR LIST	50.00	50.00
2039877	04/02/14	01342	R J SAFETY SUPPLY CO INC	32242201	03/12/14	SAFETY SUPPLIES	48.60	48.60
2040066	04/23/14	15563	RACHEL MADRIZ	Ref002433683	04/21/14	UB Refund Cst #0000204368	20.26	20.26

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2039878	04/02/14	00021	RCP BLOCK & BRICK INC	30113090	02/26/14	CONCRETE	880.20	880.20
2040013	04/16/14	02950	RDO EQUIPMENT CO	W15710		CREDIT MEMO	-305.49	
				R11195		CREDIT MEMO	-58.40	
				W15570	09/06/13	BACK HOE REPAIR	655.96	292.07
2039942	04/09/14	03741	RIVAS, JUAN	O0000000084	04/03/14	SAFETY BOOT REIMB FOR JUAN RIVAS	147.13	147.13
2040067	04/23/14	04542	ROBAK, MARK	periodcovered	04/16/14	MILEAGE REIMBURSEMENT (11/16/13-1/15/14)	13.44	13.44
2039943	04/09/14	15536	ROBERT ARTMAN	Ref002433439	04/07/14	UB Refund Cst #0000205873	40.39	40.39
2040014	04/16/14	15539	ROBINHOOD POINT HOMEOWNERS	E000071	04/14/14	EASEMENT ACQUISITION	3,100.00	3,100.00
2039789	03/26/14	15476	RODI MIKHA	Ref002433123	03/24/14	UB Refund Cst #0000161904	31.88	31.88
2039790	03/26/14	15485	RONALD WAGNER	Ref002433133	03/24/14	UB Refund Cst #0000203626	38.38	38.38
2039944	04/09/14	01700	RUBALCAVA, GILBERT	O0000000087	04/03/14	SAFETY BOOT REIMBURSEMENT	147.14	147.14
2039879	04/02/14	15502	RUEL AGUILAR	Ref002433297	04/01/14	UB Refund Cst #0000182681	142.94	142.94
2040068	04/23/14	15551	RYAN WALLS	Ref002433671	04/21/14	UB Refund Cst #0000187083	28.41	28.41
2040015	04/16/14	12470	SAN DIEGO BUSINESS JOURNAL	SDBJ33114	03/31/14	SUBSCRIPTION RENEWAL	99.00	99.00
2039880	04/02/14	11596	SAN DIEGO CONSTRUCTION WELDING	9220	03/12/14	HEADWORKS RAILING	4,830.00	4,830.00
2040016	04/16/14	11596	SAN DIEGO CONSTRUCTION WELDING	9308	03/25/14	WELDING SERVICES	1,940.00	1,940.00
2039881	04/02/14	02586	SAN DIEGO COUNTY ASSESSOR	2013193	03/11/14	ASSESSOR DATA (MONTHLY)	125.00	125.00
2039882	04/02/14	00247	SAN DIEGO DAILY TRANSCRIPT	426132	03/13/14	ADVERTISEMENT	118.80	
				424715	03/05/14	ADVERTISEMENT	99.30	218.10
2039945	04/09/14	00247	SAN DIEGO DAILY TRANSCRIPT	426412	03/14/14	BID ADVERTISEMENT	122.10	122.10
2040017	04/16/14	03231	SAN DIEGO EAST COUNTY	177765	04/01/14	MEMBERSHIP RENEWAL	354.00	354.00
2039791	03/26/14	00121	SAN DIEGO GAS & ELECTRIC	030614	03/06/14	UTILITY EXPENSES (MONTHLY)	59,704.70	59,704.70
2039883	04/02/14	00121	SAN DIEGO GAS & ELECTRIC	032014	03/20/14	UTILITY EXPENSES (MONTHLY)	14,352.27	14,352.27
2039946	04/09/14	00121	SAN DIEGO GAS & ELECTRIC	032714	03/27/14	UTILITY EXPENSES (MONTHLY)	59,961.75	
				032614	03/26/14	UTILITY EXPENSES (MONTHLY)	24,090.32	
				032514	03/25/14	UTILITY EXPENSES (MONTHLY)	14,201.11	98,253.18
2040018	04/16/14	00121	SAN DIEGO GAS & ELECTRIC	040414	04/04/14	UTILITY EXPENSES (MONTHLY)	63,300.95	

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				032814	03/28/14	UTILITY EXPENSES (MONTHLY)	22,660.70	
				040314	04/03/14	UTILITY EXPENSES (MONTHLY)	7,700.96	93,662.61
2039792	03/26/14	15471	SAN DIEGUITO WATER DISTRICT	791-CLFC5	03/20/14	LANDSCAPE CONTEST ADVERTISEMENT	18.33	18.33
2039793	03/26/14	07676	SAN MIGUEL FIRE PROTECTION	SMG24703	02/21/14	BUSINESS INSPECTION (ANNUAL)	394.00	394.00
2039884	04/02/14	15506	SHEA HOMES LP	Ref002433301	04/01/14	UB Refund Cst #0000183277	1,313.81	1,313.81
2039885	04/02/14	15513	SHEA HOMES LP	Ref002433309	04/01/14	UB Refund Cst #0000185938	12.69	12.69
2039886	04/02/14	15515	SHEA HOMES LP	Ref002433311	04/01/14	UB Refund Cst #0000186533	50.76	50.76
2039887	04/02/14	15495	SHELI SEAMAN	Ref002433289	04/01/14	UB Refund Cst #0000171894	220.42	220.42
2039888	04/02/14	15307	SIERRA ANALYTICAL LABS INC	4C20006	03/20/14	LABORATORY SERVICES (3/12/14)	220.00	
				4C26004	03/26/14	LABORATORY SERVICES (3/19/14)	220.00	440.00
2039947	04/09/14	15307	SIERRA ANALYTICAL LABS INC	4D03001	04/03/14	LABORATORY SERVICES (3/25/14)	220.00	220.00
2039948	04/09/14	13327	SILVA-SILVA INTERNATIONAL	1404	04/01/14	PROJECT CONSULTANT (MAR 2014)	4,010.00	4,010.00
2039949	04/09/14	15522	SILVIA CONTRERAS	Ref002433425	04/07/14	UB Refund Cst #0000016858	5.17	5.17
2039950	04/09/14	12281	SIR SPEEDY PRINTING	6079	03/05/14	BUSINESS CARDS	64.96	64.96
2040069	04/23/14	15562	SLF IV MCMILLIN MILLENIA JV	Ref002433682	04/21/14	UB Refund Cst #0000203828	1,884.46	1,884.46
2040019	04/16/14	00258	SLOAN ELECTRIC COMPANY	0063364	03/31/14	125 HP MOTOR FOR PUMP #3 @ 944-1 P/S	11,454.50	11,454.50
2040020	04/16/14	11618	SOUTH COAST COPY SYSTEMS	AR148478	03/31/14	COPIER MAINTENANCE (APR 2014)	1,682.59	1,682.59
2040021	04/16/14	03103	SOUTHCOAST HEATING &	C53236	03/10/14	AC MAINTENANCE (MAR 2014)	480.00	
				C53227	03/10/14	IT AC MAINTENANCE (MAR 2014)	205.00	685.00
2040022	04/16/14	15176	SOUTHCOAST HEATING &	C53217	03/10/14	AC MAINTENANCE (MAR 2014)	1,068.00	1,068.00
2039951	04/09/14	03760	SPANKY'S PORTABLE SERVICES INC	984082	03/10/14	PORTABLE TOILET RENTAL (3/8/14-4/4/14)	79.98	
				984006	03/07/14	PORTABLE TOILET RENTAL (3/7/14-4/3/14)	79.98	
				984007	03/07/14	PORTABLE TOILET RENTAL (3/7/14-4/3/14)	79.98	
				984008	03/07/14	PORTABLE TOILET RENTAL (3/7/14-4/3/14)	79.98	319.92
2040023	04/16/14	03760	SPANKY'S PORTABLE SERVICES INC	985623	03/28/14	PORTABLE TOILET RENTAL (3/27/14-4/23/14)	98.17	
				985270	03/24/14	PORTABLE TOILET RENTAL (3/19/14-4/15/14)	79.98	178.15
2039889	04/02/14	03516	SPECIAL DISTRICT RISK	PD1314005677-	03/19/14	PROPERTY DEDUCTIBLE	500.00	500.00
2039794	03/26/14	04843	SPRING VALLEY KIWANIS	ABU030514	03/05/14	KIWANIS EVENT	250.00	250.00

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2040024	04/16/14	02354	STANDARD ELECTRONICS	19874	03/07/14	SYSTEM MONITORING (MAR 2014)	1,352.50	1,352.50
2040025	04/16/14	00320	STANDARD REGISTER COMPANY	4143992	03/20/14	TONER CARTRIDGE	477.09	477.09
2040026	04/16/14	01460	STATE WATER RESOURCES	SW0082148	04/02/14	ANNUAL PERMIT INDEX #217932	1,791.00	1,791.00
2039952	04/09/14	05755	STATE WATER RESOURCES	O0000000085	04/03/14	CERTIFICATION RENEWAL	300.00	
				O0000000086	04/03/14	CERTIFICATION REIMBURSEMENT	300.00	600.00
2040070	04/23/14	12809	STUTZ ARTIANO SHINOFF	94703	04/10/14	LEGAL SERVICES (FEB 2014)	31,290.79	31,290.79
2040071	04/23/14	15550	SYDNEY SKIDMORE	Ref002433670	04/21/14	UB Refund Cst #0000176622	94.00	94.00
2040027	04/16/14	02376	TECHKNOWSION INC	2499	03/18/14	SCADA UPGRADES	138,943.64	
				2500	03/19/14	SCADA SUPPORT SVCS (NOV 2013-FEB 2014)	1,190.00	140,133.64
2039795	03/26/14	13564	THE STAR-NEWS PUBLISHING CO	STARNEWS201	03/20/14	SUBSCRIPTION RENEWAL	90.00	90.00
2040072	04/23/14	15557	THOMAS MARZOLINO	Ref002433677	04/21/14	UB Refund Cst #0000197602	33.95	33.95
2039890	04/02/14	14177	THOMPSON, MITCHELL	030114033114	03/26/14	MILEAGE REIMBURSEMENT (MAR 2014)	23.52	23.52
2039891	04/02/14	15398	TIMMONS GROUP INC	159054	03/11/14	CONSULTANT SERVICES (THRU 2/28/14)	11,635.60	11,635.60
2039796	03/26/14	15423	TOSHIHIRO WAKAYAMA	Ref002433124	03/24/14	UB Refund Cst #0000172843	84.22	84.22
2040073	04/23/14	15553	TRIDENT HOLDINGS INC	Ref002433673	04/21/14	UB Refund Cst #0000188313	112.59	112.59
2040074	04/23/14	15566	UPWARD TREND LLC	Ref002433686	04/21/14	UB Refund Cst #0000206398	104.52	104.52
2039797	03/26/14	07674	US BANK	O0000000078	02/24/14	CAL CARD EXPENSES (MONTHLY)	43,118.81	
				A000077	02/22/14	CAL-CARD EXPENSES (MONTHLY)	28,492.46	
				SC022014	02/24/14	CAL CARD EXPENSES (MONTHLY)	2,732.36	
				SC1113	11/22/13	CAL CARD EXPENSES (MONTHLY)	1,506.49	75,850.12
2039953	04/09/14	07674	US BANK	E000069	03/24/14	CAL CARD EXPENSES (MONTHLY)	781.48	
				E000068	03/24/14	CAL CARD EXPENSES (MONTHLY)	435.00	1,216.48
2040075	04/23/14	07674	US BANK	A000081	04/17/14	CAL CARD EXPENSES (MONTHLY)	11,597.03	
				SC32414	03/24/14	CAL CARD EXPENSES (MONTHLY)	830.91	
				MW32414	03/24/14	CAL CARD EXPENSES (MONTHLY)	47.94	12,475.88
2039798	03/26/14	01095	VANTAGEPOINT TRANSFER AGENTS	Ben2433221	03/27/14	BI-WEEKLY DEFERRED COMP PLAN	12,678.72	12,678.72
2039954	04/09/14	01095	VANTAGEPOINT TRANSFER AGENTS	Ben2433511	04/10/14	BI-WEEKLY DEFERRED COMP PLAN	12,701.86	12,701.86
2040076	04/23/14	01095	VANTAGEPOINT TRANSFER AGENTS	Ben2433738	04/24/14	BI-WEEKLY DEFERRED COMP PLAN	12,995.33	12,995.33

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Date Range: 3/20/2014 - 4/23/2014

Check #	Date	Vendor	Vendor Name	Invoice	Inv. Date	Description	Amount	Check Total
2039799	03/26/14	06414	VANTAGEPOINT TRANSFER AGENTS	Ben2433223	03/27/14	BI-WEEKLY 401A PLAN	4,144.95	4,144.95
2039955	04/09/14	06414	VANTAGEPOINT TRANSFER AGENTS	Ben2433513	04/10/14	BI-WEEKLY 401A PLAN	3,277.85	3,277.85
2040077	04/23/14	06414	VANTAGEPOINT TRANSFER AGENTS	Ben2433740	04/24/14	BI-WEEKLY 401A PLAN	2,789.85	2,789.85
2039956	04/09/14	03329	VERIZON WIRELESS	9722195264	03/21/14	VERIZON SERVICES (2/22/14-3/21/14)	6,340.49	6,340.49
2039957	04/09/14	15158	VILLA, JOSE RAUL	031914032014	04/01/14	MILEAGE REIMBURSEMENT (3/19/14)	113.84	
				031114031214	04/01/14	MILEAGE REIMBURSEMENT (3/11/14)	54.32	168.16
2040078	04/23/14	15558	VIRGINIA BRAWLEY	Ref002433678	04/21/14	UB Refund Cst #0000198124	37.15	37.15
2039958	04/09/14	07487	WARRIX, DENNY	13896957	03/28/14	SAFETY GLASSES	305.99	305.99
2039892	04/02/14	14879	WATER CONSERVATION GARDEN	1123	03/10/14	GARDEN COSTS (4TH QTR FY 2013-2014)	24,961.75	24,961.75
2040079	04/23/14	03781	WATTON, MARK	030114033114	04/15/14	MILEAGE REIMBURSEMENT (MAR 2014)	151.76	151.76
2039893	04/02/14	01343	WE GOT YA PEST CONTROL	87988	03/14/14	BEE REMOVAL SERVICES	115.00	115.00
2040028	04/16/14	01343	WE GOT YA PEST CONTROL	88121	03/20/14	BEE REMOVAL SERVICES	115.00	
				88109	03/21/14	BEE REMOVAL SERVICES	115.00	
				88256	03/21/14	BEE REMOVAL SERVICES	115.00	
				88361	03/28/14	BEE REMOVAL SERVICES	115.00	460.00
2039800	03/26/14	15484	XIMENA MUNOZ	Ref002433132	03/24/14	UB Refund Cst #0000199229	23.65	23.65
2040080	04/23/14	15545	ZHAO JUN LIU	Ref002433665	04/21/14	UB Refund Cst #0000069162	96.59	96.59
2040029	04/16/14	03151	ZHAO, MING	031014031314	04/08/14	TRAVEL EXPENSE REIMB (3/10/14-3/13/14)	888.45	888.45
Amount Pd Total:							2,009,897.21	
Check Grand Total:							2,009,897.21	