

OTAY WATER DISTRICT

BOARD OF DIRECTORS MEETING
DISTRICT BOARDROOM

2554 SWEETWATER SPRINGS BOULEVARD
SPRING VALLEY, CALIFORNIA

WEDNESDAY

March 5, 2008

3:30 P.M.

AGENDA

1. ROLL CALL
2. PLEDGE OF ALLEGIANCE
3. APPROVAL OF AGENDA
4. 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
5. APPROVAL OF MINUTES OF THE REGULAR BOARD MEETING OF NOVEMBER 7, 2007 AND SPECIAL MEETING OF NOVEMBER 19, 2007

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) AWARD OF A PROFESSIONAL SERVICES CONTRACT TO RBF CONSULTING FOR THE SEWER SYSTEM INSPECTION AND ASSESSMENT PROJECT AND TO AUTHORIZE THE GENERAL MANAGER TO EXECUTE AN AGREEMENT WITH RBF IN AN AMOUNT NOT TO EXCEED \$121,185 DURING FISCAL YEARS 2008 AND 2009
 - b) AWARD OF A PROFESSIONAL ENVIRONMENTAL CONSULTING SERVICES CONTRACT TO RECON FOR THE PREPARATION OF THE OTAY WATER DISTRICT SUBAREA PLAN AND TO AUTHORIZE THE GENERAL MANAGER TO EXECUTE AN AGREEMENT WITH RECON IN AN AMOUNT NOT TO EXCEED \$270,853

- c) AUTHORIZATION FOR EXECUTION OF AN AGREEMENT FOR OTAY BI-NATIONAL DESALINATION FEASIBILITY STUDY UPDATE WITH CAMP DRESSER & MCKEE, INC. IN AN AMOUNT NOT TO EXCEED \$94,552
- d) UPDATE REPORT OF DIRECTORS' EXPENSES FOR THE 2ND QUARTER OF FISCAL YEAR 2008
- e) ADOPT RESOLUTION NO. 4117 TO APPROVE AN AGREEMENT WITH THE CALIFORNIA PUBLIC EMPLOYEE'S RETIREMENT SYSTEM TO PREFUND OTHER POST EMPLOYMENT BENEFITS (OPEB) THROUGH CALPERS; CERTIFY THE FUNDING POLICY OF THE BOARD AT 100% OF THE ANNUAL REQUIRED CONTRIBUTION; DELEGATE AUTHORITY TO REQUEST DISBURSEMENTS TO THE GENERAL MANAGER AND CHIEF FINANCIAL OFFICER; AUTHORIZE THE TRANSFER OF \$11,543,000 TO THE PERS TRUST TO FULLY FUND THE ACTUARIAL ACCRUED LIABILITY AND THE FIRST YEAR'S NORMAL COST; AND AUTHORIZE THE TRANSFER OF THE REMAINING MONEY IN THE DESIGNATED OPEB FUND TO THE GENERAL FUND TO PAY FOR THE APPROVED SIX-YEAR LABOR AGREEMENT

ACTION ITEMS

- 7. GENERAL MANAGER
 - a) REVIEW OF CUSTOMER PIPELINE NEWSLETTER AND PROVIDE DIRECTION ON MOVING TO FULL-COLOR PRINTING (BUELNA)
- 8. BOARD
 - a) DISCUSSION OF 2008 BOARD MEETING CALENDAR

INFORMATIONAL ITEMS

- 9. THESE ITEMS ARE PROVIDED TO THE BOARD FOR INFORMATIONAL PURPOSES ONLY. NO ACTION IS REQUIRED ON THE FOLLOWING AGENDA ITEMS.
 - a) DISCUSSION OF REVIEW PROCESS FOR DISTRICT'S CURRENT BANKING SERVICES (CUDLIP)
 - b) FISCAL YEAR 2008 MID-YEAR STRATEGIC PLAN AND PERFORMANCE MEASURES REPORT (STEVENS)
 - c) 2ND QUARTER CIP UPDATE (RIPPERGER)

REPORTS

- 10. GENERAL MANAGER'S REPORT

a) SAN DIEGO COUNTY WATER AUTHORITY UPDATE

11. DIRECTORS' REPORTS/REQUESTS

12. PRESIDENT'S REPORT

RECESS TO CLOSED SESSION

13. CLOSED SESSION

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

(i) SEYMOUR/LEWIS DEVELOPMENT, LTD. v. OTAY WATER DISTRICT, et al.

(ii) ROBERT PEREZ, et al. v. OTAY WATER DISTRICT, et al.

(iii) K&S DREAMERS, LLC, et al. v. OTAY WATER DISTRICT, et al.

(iv) SAN DIEGO ELECTRIC SIGN, INC., et al. v. OTAY WATER DISTRICT, et al.

(v) JOSEPH PADILLA, JR. et al. v. OTAY WATER DISTRICT, et al.

(vi) AMY WISE et al. v. OTAY WATER DISTRICT, et al.

(vii) SEYMOUR/LEWIS DEVELOPMENT, LTD v. JUMPIN' JUMPS, et al.

b) CONFERENCE WITH LEGAL COUNSEL – POTENTIAL LITIGATION [GOVERNMENT CODE §54956.9(b)]

(i) MULTIPLE POTENTIAL CASES RELATED TO THE FENTON BUSINESS CENTER

RETURN TO OPEN SESSION

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

15. ADJOURNMENT

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

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

Certification of Posting

I certify that on February 29, 2008, I posted a copy of the foregoing agenda near the regular meeting place of the Board of Directors of Otay Water District, said time being at least 72 hours in advance of the regular meeting of the Board of Directors (Government Code Section §54954.2).

Executed at Spring Valley, California on February 29, 2008.



Susan Cruz, District Secretary

AGENDA ITEM 5

MINUTES OF THE BOARD OF DIRECTORS MEETING OF THE OTAY WATER DISTRICT November 7, 2007

1. The meeting was called to order by President Croucher at 3:31 p.m.

2. ROLL CALL

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

Directors Absent: None

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

3. PLEDGE OF ALLEGIANCE

4. APPROVAL OF AGENDA

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

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

to approve the agenda.

5. APPROVAL OF MINUTES

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

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

to approve the minutes of the Special Board Meeting of August 20, 2007 and Regular Board Meeting of September 5, 2007.

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

Mr. Gary Rogers of Dudek & Associates introduced himself and indicated that he was in attendance to observe the proceedings.

CONSENT CALENDAR

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

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

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

to approve the following consent calendar items:

- a) APPROVE THE REIMBURSEMENT REQUEST WITH MCMILLIN OTAY RANCH, LLC, FOR THE COMPLETED CAPITAL IMPROVEMENT PROJECT, MCMILLIN OTAY RANCH SPA 2, VILLAGE 6 DEVELOPMENT, PL 16-INCH, 711 ZONE, BIRCH ROAD – LA MEDIA/SR 125 (CIP P2435[W101]), FOR THE AMOUNT OF \$215,418
- b) AWARD OF A PROFESSIONAL CORROSION SERVICES CONTRACT TO SCHIFF ASSOCIATES FOR THE CATHODIC PROTECTION PROGRAM AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE AN AGREEMENT WITH SCHIFF ASSOCIATES IN AN AMOUNT NOT TO EXCEED \$250,000 DURING FISCAL YEARS 2007-2008 AND 2008-2009
- c) AWARD OF A PROFESSIONAL ENGINEERING DESIGN SERVICES CONTRACT TO LEE & RO, INC. AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE AN AGREEMENT WITH LEE & RO FOR AN AMOUNT NOT TO EXCEED \$175,000 DURING FISCAL YEARS 2007-2008 AND 2008-2009
- d) AWARD A CONTRACT TO TECHKNOWSION, INC. FOR MAINTENANCE AND TECHNICAL SUPPORT OF THE SUPERVISORY CONTROL AND DATA ACQUISITION (SCADA) SYSTEM

- e) APPROVE AMENDMENT NO. 1 TO THE AGREEMENT WITH CRICKET COMMUNICATIONS, INC. FOR AN EXISTING COMMUNICATIONS FACILITY AT THE 485-1 RESERVOIR SITE
- f) AWARD A PROFESSIONAL SERVICES CONTRACT TO BOYLE ENGINEERING CORPORATION FOR AS-NEEDED POTABLE AND OFF-SITE RECYCLED WATER PLAN CHECKING SERVICES FOR DEVELOPER PROJECTS IN AN AMOUNT NOT TO EXCEED \$150,000
- g) ADOPT RESOLUTION NO. 4108 ANNEXING THOSE LANDS DESCRIBED AS CALTRANS STATE ROUTE 125 AND STATE ROUTE 54 INTERCHANGE AND ANNEXING SAID PROPERTY TO IMPROVEMENT DISTRICT NO. 1 OF THE OTAY WATER DISTRICT FOR WATER SERVICE
- h) AWARD A PAVING CONTRACT TO KIRK PAVING IN THE AMOUNT OF \$73,068.00 TO REPAIR THE ROAD SURFACE AT THE INTERSECTION OF JAMACHA BLVD. AND SWEETWATER SPRINGS BLVD.
- i) CONSIDERATION TO CAST VOTES TO ELECT FIVE (5) REPRESENTATIVES TO THE NATIONAL WATER RESOURCES ASSOCIATION'S CALIFORNIA CAUCUS BOARD OF DIRECTORS

INFORMATION / ACTION ITEMS

8. FINANCE AND ADMINISTRATION SERVICES

- a) ACCEPT THE DISTRICT'S AUDITED FINANCIAL STATEMENTS, INCLUDING THE AUDITORS' UNQUALIFIED OPINION, FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Finance Manager Jim Cudlip indicated that staff is presenting the audited financial statements for the Fiscal Year ended June 30, 2007 for the board's acceptance. He stated that the staff report provides a number of detailed statistics on the income, expenses and percentages, but the main item of interest is that the District has received an unqualified opinion on its financials and internal controls. He introduced Mr. Rich Teaman of Teaman, Ramirez & Smith, Inc., the District's auditor to provide further information on the findings of the audit.

Mr. Teaman indicated that he is happy to report that the District received a "clean opinion" in the audit of its financial statements. He stated that this is the highest level opinion that can be issued. He noted that the board might notice that the opinion letter is dated approximately one month later than in previous audits. He indicated that the date change is due to new Standards issued in December 2006 by the American Institute of Certified Public Accountants which changed how the audit report is dated. In past, the report is dated the last day of the

auditor's field work. The new standard requires that drafts be issued and representation be acquired that management has reviewed the drafts. When this process is complete, the report can be dated. He noted that the audit report is being presented at approximately the same time, but the date is different due to this new process.

He also indicated that the financial statements show some changes related to the issuance of the 2007 Certificates of Participation. He stated that the District's liabilities and cash have increased due to the bond issue.

Mr. Teaman also noted that along with the Financial Statements, they issue an *Internal Controls and Financial Compliance Report* in which the audit determined that there were no findings or exceptions to report. He stated this report is included in the *Single Audit Report*, a new report which includes a schedule indicating the District's expenditures of Federal awards (grants). The *Single Audit Report* looks at additional compliance items and internal controls related to the Federal grants program administered by the District. The audit found no issues or findings to report with regard to the grant program.

The audit reviewed procedures relating to the District's investments and investment policy. He stated the audit randomly selects transactions and determines whether the transactions follow the District's *Investment Policy*. Again, there were no exceptions or issues to report.

There were also no issues to report with regard to the *SAS 61 Report* which indicates that if the auditing firm felt that they were selected because they would provide a favorable opinion, they would need to report this concern within the *SAS 61 Report*.

Mr. Teaman indicated that the *Management Letter* indicates, thus, that there were no management letter comments for this engagement.

Director Robak stated that the Finance, Administration and Communications Committee reviewed the audit findings in detail with Mr. Teaman and the committee was pleased with the results of the audit and recommends that the board accept the Audited Financial Statements for the Fiscal Year ended June 30, 2007.

Director Bonilla inquired with regard to the banking institutional change the District made a couple years ago, if it would be wise to include, within the audit, an evaluation of the District's banking services. Mr. Teaman indicated that it certainly could be included, however, the District could also do a review internally and prepare an evaluation of the services. He stated that through a bidding process, the District may discover new innovative ideas from another banking institution that is seeking the District's business. He indicated that the bidding process may be more suitable.

General Manager Watton indicated that this is an issue that can be reviewed by the Finance, Administration and Communications Committee.

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

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

to accept the District's Audited Financial Statements, including the auditors' unqualified opinion, for Fiscal Year ended June 30, 2007.

9. ENGINEERING AND WATER OPERATIONS

- a) APPROVE THE PROPOSED PLAN AND SCHEDULE FOR THE DEVELOPMENT OF THE DISTRICT'S SEWER SYSTEM MANAGEMENT PLAN (SSMP)

Assistant Civil Engineer Meryl Gonzalez indicated that staff is requesting the board's approval of the proposed Plan and Schedule for the development of the District's Sewer System Management Plan (SSMP). She stated that in May 2006, the State Water Resources Control Board issued the Statewide General Waste Discharge Requirements (WDRs) for sanitary sewer systems. She indicated that the WDRs serve as the regulatory mechanism for all agencies that own or operate sewer collection systems with the ultimate goal of reducing both the frequency and volume of sewer spills. According to the WDRs, each agency must develop and implement a system-specific SSMP. She indicated before the District can implement the elements of its SSMP, and to maintain compliance with the State Board's WDRs, the District's SSMP Development Plan and Schedule must be approved by the Board of Directors. Ms. Gonzales referenced Attachment B to staffs' report which outlines the District's development plan and schedule which consists of eleven elements (see attachment). She noted that each item has a milestone due date in which they must be completed with an ultimate completion target date of August 2, 2009.

She stated that staff recommends that the board approve the development plan and schedule for the preparation of the District's SSMP.

Director Lopez indicated that this item was reviewed by the Engineering, Operations and Water Resources Committee and the committee was comfortable with staffs' recommendation and supports approval of the development plan and schedule.

Director Robak inquired if the District has been penalized for any breaks or spills. Chief of Operations Pedro Porras indicated that the District has had overflows

due to clogged pipes, but no spills and no penalties. It was indicated that the District is very proactive in scheduling cleanings, etc., to avoid spills.

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

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

to approve staffs' recommendation.

- b) AWARD OF A PROFESSIONAL ENGINEERING PLANNING SERVICES CONTRACT TO PBS&J FOR THE NORTH DISTRICT RECYCLED WATER CONCEPT (NDRWC) STUDY, PHASE I PROJECT IN AN AMOUNT NOT TO EXCEED \$149,595

Assistant Civil Engineer Gonzalez indicated that earlier in the year the District completed an Integrated Water Resources Plan (IRP) that examined potential water supply options to enhance the reliability and diversification of the District's water resources supply portfolio. One of the outcomes of the IRP effort included the development of the North District Recycled Water System to maximize recycled water use while decreasing imported supply needs and operating cost of the District's existing recycled water system. She stated in order to allow for future recycled water infrastructure, the District must address the regulatory and institutional requirements for recycled water use in the Jamacha Basin.

She presented a slide showing the Jamacha Basin with the Ralph Chapman Water Recycling Facility and the Sweetwater Reservoir which are located within the basin. Ms. Gonzalez stated the purpose of the North District Recycled Water Concept Study (Phase I) is to:

- Identify and investigate all opportunities and challenges associated with recycled water use in the Jamacha Basin
- Develop an implementation plan that presents various strategies to meet regulatory requirements and inter-agency coordination and stakeholder support

She indicated that District staff plans to formulate the study in collaboration with Sweetwater Authority, Regional Water Control Board, California Department of Public Health, County of San Diego, City of San Diego, development communities and other planning groups, as well as, all other interested stakeholders. She indicated based on preliminary estimates, six potential customers have been identified with a total recycled demand of 1,550 acre feet per year.

Director Robak indicated that Cuyamaca College is plumbing their new landscapes with purple pipe and inquired if their demand has been factored into the potential customers demand. It was indicated that Cuyamaca College is a current customer and they would be included in the final report as the report will be more detailed. Ms. Gonzalez reviewed the project scope which included research and data gathering; stakeholder outreach, involvement and coordination; identification and assessment of evaluation of regulatory, institutional, environmental, and key permitting issues; opportunities and constraints assessment; mitigation and monitoring plan, etc.

She indicated that in accordance with Policy 21, staff solicited proposals for Phase I of the study and received two proposals:

- RMC Eater and Environment
- PBS&J

The proposals were reviewed by a consultant selection panel and PBS&J was selected based on the District's criteria. It is recommended that the contract be awarded to PBS&J for an amount not-to-exceed \$149,595.

It was discussed that the regional board will be the biggest stakeholder as they have a concern with the use of recycled water up-stream in the basin. Staff will be meeting with the regional board next week to explore their concerns.

It was inquired how much extra capacity the District can access from the South Bay Water Reclamation Plant. It was indicated that the District is taking all recycled water available from the plant. The plant has a capacity of 9 million gallons (MG); the city requires 3 MG and the District takes the remaining 6 MG.

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

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

to approve staffs' recommendation.

10. BOARD INFORMATION / ACTION ITEMS

a) DISCUSSION OF 2007 BOARD MEETING CALENDAR

There were no changes to the Board meeting calendar.

REPORTS

11. GENERAL MANAGER'S REPORT

General Manager Watton indicated that he provided copies of correspondence from the Ramona Municipal Water District thanking the District for its assistance during the Witch Fire and the City of Chula Vista thanking the Salt Creek Golf Club for allowing the City of Chula Vista Fire Department to utilize its facilities as an Emergency Operating Center to combat the Harris Fire. He also noted pictures taken of the Harris Fire that were published in the state-wide distributed *Brown and Caldwell Water News*.

He introduced Mr. Jim Gerber who recently joined the District as its Safety Administrator.

He indicated that he is scheduled to make a presentation to the City of Chula Vista Council on the water supply outlook and Bay Delta issues.

He noted that the District set up its Emergency Operations Center (EOC) on October 22 to respond to the fires threatening the District's facilities. He indicated that it was gratifying to see staff work together effectively and with the City of Chula Vista, San Miguel Fire Department, Cal Fire and other fire agencies. He noted that when the fire threatened the District administrative facilities, staff was able to quickly organize an alternate location for the EOC. The District's vehicles and personnel were moved to the new location without any incident. He stated that none of the District's water facilities were damaged in the fire, but there was economic loss to the District's habitat management area which will be assessed and a request for assistance will be submitted to appropriate agencies.

Information Technology Chief Geoff Stevens indicated that the District received an award from the 2006-2007 Municipal Information Systems Association of California (MISAC) Award for excellence in information technology practices that have surpassed local government standards. He indicated that 300 cities and agencies belong to MISAC and in conjunction with a city college, they have developed a set of business practices that they measure IT organizations against. The District received the highest award presented by the organization.

General Manager Watton shared that the District has implemented an "Out-Dialer" which is an automated system that calls customers with a pre-recorded phone message that is tailored to their specific situation. He indicated that the District saves one full-time equivalent by utilizing the out-dialer as customer service staff member no longer need to make such calls.

He indicated that Governor Schwarzenegger signed AB554 and the District is now able to establish the OPEB trust with PERS as has been discussed in past meetings. The Finance Department is currently working on this effort.

He noted that Director Bonilla had shared with staff that new laws have been adopted that provides full protection of CD investments by the FDIC. He

indicated that staff originally thought that investing in the new CD's would require changes to the District's investment policy. However, due to the anticipated return on the CD investment and the fact that it will be fully covered by the FDIC, it was determined that changes were not required to the investment policy. He stated that the District will be investing in a CD with Neighborhood Bank who has offered the District a very good rate of return. He noted that the investment fits in with the District's investment program and meets the returns sought by the Strategic Plan.

He indicated that staff had shared with the board at its workshop on October 9 that there is a slowdown in growth within the District. He stated that the slowdown is continuing and staff is exploring areas of efficiency and how the District can delay or slowdown some projects to balance the budget. He indicated that it is early in the fiscal year which gives time for staff to be proactive to manage the budget.

He noted that the District is in discussions with Helix WD, Padre Dam MWD and Sweetwater Authority of the possibility of Otay joining the Joint Water Agencies NCCP/HCP efforts. He stated staff believes that it is a superior environmental program and he wished to share with the board that staff is actively working with its neighboring agencies on an environmental plan.

12. SAN DIEGO COUNTY WATER AUTHORITY UPDATE

General Manager Watton indicated that CWA had a very short meeting – due to fires – in which much of the discussion centered on the construction consultant contracts. The remainder of the matters will be brought forward for discussion at the December board meeting.

13. DIRECTORS' REPORTS/REQUESTS

Director Robak indicated that he was also affected by the fire and he wished to thank Otay staff for their assistance. He also shared that on Saturday, November 10, the California Friendly Garden Festival will be held at the Water Conservation Garden. He stated at 10:00 a.m. they will be honoring the firefighters of San Miguel Consolidated Fire Protection District and Cal Fire. He understands that Supervisor Dianne Jacob will attend and possibly Mayor Jerry Sanders as well. He also mentioned that he received a mailer for Helix Water District customers regarding their artificial turf program. He indicated it was a very nice piece and he would share a copy with the District.

Director Lopez indicated that it was gratifying that none of the District's staff experienced any loss from the fires especially in knowing that Rancho Bernardo had tragically lost 390 homes. He commended General Manager Watton for keeping the board informed during the firestorm and staff for their hard work during the emergency.

Director Bonilla indicated that there were elections in Baja California and the new Governor was sworn in last Thursday. He indicated that the new Governor had headed the water agency for the State many years ago and has been very involved in water issues. He was looking forward to meeting with staff to discuss cross-border water issues. He stated that the new mayor of Tijuana was also the former director of the Baja Water District. He stated that he is very optimistic in the District's relationship with Mexico and that there was a lot of interest in the desalination plant project in Rosarito. He stated that he would like to move forward with the coordination of meetings with Mexico.

Director Breitfelder thanked Directors Lopez and Robak for their participation in the Water Conservation Summit. He stated that Mayor Sanders made the opening address and the discussions were very active and produced a document which would be distributed at the next scheduled Conservation Action Committee. He indicated that he would provide an update at a future meeting following the committee's meeting. He indicated that Senator Kehoe spoke at the Council Water Utilities meeting. He stated that he was very appreciative of the resources shared between agencies during the firestorm and that he has only heard positive comments about the District's emergency operations. He indicated that the District has received invitations from SDG&E and AT&T to discuss their emergency operations and, as it seems the fires have become more common than they have been in the past, he thought it might be a good idea to take advantage of some of these type invitations. He indicated that he planned on doing so and getting a little more involved.

14. PRESIDENT'S REPORT

President Croucher indicated that he was very impressed with the shared resources for auto and mutual aid of the fire and water districts. He indicated that he was proud to be associated with Otay Water District and how the District immediately offered assistance to other agencies and the community they serve during the fires. He stated that he is very thankful for his time on the board as he has learned a great deal about water agencies which has assisted him in his profession as a firefighter. He noted that there was no loss of property or injuries to firefighters or civilians within the San Miguel Consolidated Fire Protection District.

RECESS TO CLOSED SESSION

15. CLOSED SESSION

President Croucher indicated that Item 13(a)(i), HARRON v. OTAY WATER DISTRICT, has been pulled from the agenda as the Board no longer needs to discuss this item. The Board will only discuss Items 13(a)(ii) and 13(b).

The board recessed to closed session at 4:56 p.m. to discuss the following matters:

16. CLOSED SESSION

a) ANTICIPATED LITIGATION (GOVERNMENT CODE §54956.9)

78 CASES RELATED TO THE FENTON BUSINESS CENTER

RETURN TO OPEN SESSION

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

The board reconvened from closed session at 5:30 p.m. General Counsel Yuri Calderon indicated that the board had taken action by a motion made by Director Bonilla, seconded by Director Breifelder and carried with the following vote

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

to accept 64 claims and deny 11 claims (due to insufficient information) related to the Fenton Business Center.

He stated that no other reportable actions were taken in closed session.

18. ADJOURNMENT

With no further business to come before the Board, President Croucher adjourned the meeting at 5:31 p.m.

President

ATTEST:

District Secretary

AGENDA ITEM 5

**MINUTES OF THE
SPECIAL MEETING OF THE BOARD OF DIRECTORS
OTAY WATER DISTRICT
November 19, 2007**

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

2. ROLL CALL

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

Directors Absent: None

Staff Present: General Manager Mark Watton, Asst. GM Administration and Finance German Alvarez, Asst. GM Engineering and Water Operations Manny Magana, Chief of Information Technology Geoff Stevens , Chief Financial Officer Joe Beachem, Chief of Operations Pedro Porrás, Chief of Engineering Rod Posada, Chief of Administration Rom Sarno, General Counsel Aerobel Banielos, Conservation Manager William Granger, District Secretary Cruz and others per attached list.

3. PLEDGE OF ALLEGIANCE

4. APPROVAL OF AGENDA

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

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

to approve the agenda.

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

No one wished to be heard.

WORKSHOP

6. WATER SOLUTIONS AND BAY DELTA UPDATE

General Manager Watton indicated that as many may have heard on the news or read in the papers, the situation on the Bay Delta is very tenuous today. He stated that he will be reviewing the Bay Delta situation and the water supply picture. He

indicated that there are also uncertainties in the Colorado River due to the drought and the fact that it is now fully subscribed whereas in past the Metropolitan Water District (MWD) had the full Colorado River aqueduct to fall back upon (1.3 million acre feet [AF]). He stated that this year, MWD will only be taking an amount closer to its full entitlement which is just over 600,000 AF. Another impact to water supply is the Bay Delta which is in a "judicial drought" as a result of the Endangered Species Act (ESA) issues. He indicated that he would be talking more about the Delta later in the meeting.

He presented a slide which notes San Diego County Water Authority's (CWA) available water supply through various resources (see attached copy of presentation) totaling approximately 812,367 AF. He noted that voluntary conservation (through the 20 Gallon Challenge Program), currently, represents approximately 51,089 AF, but in future (2009 or 2010) we may be requiring mandatory conservation. He noted that the Otay's website also highlights the "20 Gallon Challenge" and he encouraged the board, along with staff, to participate. He noted that some water agencies have taken action to make water conservation mandatory such as Long Beach Water Department.

He indicated that the water from the Bay Delta represents approximately 30% of Southern California's supply. He noted that San Francisco, East Bay and Oakland seem to believe that they are not affected by the Bay Delta issues. However, 33% of their water supply, on average, originates from the Bay Delta. In some regions of the East Bay area, up to 100% of their supply is from the Bay Delta. He stated that these areas are just now realizing that they are just as dependent on the Bay Delta as Southern California. In areas where they are 100% dependant, there will be more dire consequences to the judicial drought caused by the ESA issues.

General Manager Watton indicated on a slide within his presentation where the water to the Bay Delta originates. He indicated that 80% of the inflow is from the Sacramento River (good quality water) and 15% originates from the San Joaquin River (poor quality water). The Bay Delta also receives water from the East Side Rivers (5%) which is good quality and ocean which has high salinity.

He also presented a slide showing how water flows from the Bay Delta to the State Water Project (SWP) and the Central Valley Project (CVP) pumps. He stated that Southern California receives its water from the SWP and when the pumps are turned up to take their full allotment from the Bay Delta, they are pulling more water from the San Joaquin River and the ocean which is poor quality water and, thus, impacting water quality. He indicated that one of the challenges is how we improve the water to avoid the water quality issues.

He noted that a ruling was made in the Federal Court by U.S. District Judge Oliver Wanger (September 2007) to cut back water flow from the Bay Delta due to the Delta Smelt. He indicated that the court decision essentially restricts the north-to-south flow of water as a requirement to protect the Delta Smelt (a listed fish species under the ESA). The Delta cutback impacts water management and, thus, our region's Integrated Resources Plans due to the following supply losses:

- Loss of Export Supply
- Loss of Voluntary Transfers
- Loss of Replenishment Water for Storage

The water agencies developed a “blueprint for California water” for a solution to the State’s water situation which includes many things that the State can do from water quality to desalination. The blueprint included the following:

- Improve the existing Delta water conveyance system.
- Evaluate long-term threats to the Delta system.
- Ensure delivery of adequate Colorado River supplies.
- Implement and Fund the Sacramento Valley Water Management Program.
- Develop additional groundwater and surface water storage.
- Support and fund local efforts to recycle water and implement best management practices.
- Improve the quality of California’s drinking water.
- Work with local agencies to develop seawater and brackish groundwater desalination.
- Modernize the federal Endangered Species Act.
- Expedite the approval process for voluntary water transfers.
- Clarify and expand the state’s role in flood control.
- Support integrated regional water management plans.

It was indicated that Judge Wanger’s issues are:

- How do we get the proper permits
- How do we address the existing ESA issues without modification to the Act (There is some movement to make changes to the ESA to modernize it.)

General Manager Watton noted that it is highly unlikely that changes to the ESA would occur as it would be very difficult. He stated that it will take approximately 18 months for the Department of Water Resources to obtain the proper permits. He stated that there are other short-term improvements that can be made to the Delta to avoid killing the smelt and some longer term things that can be done.

He stated in today’s environment, we will need to respond to the environmental concerns and that mitigation/improvements will no longer be acceptable. A comprehensive solution must be developed. Solutions will need to include substantial investments in water use efficiency, such as, recycling, efficient devices (appliances, toilets, etc.), and desalination. We will also need to balance diverse interests which include:

- Senate Democrats and environmental groups believe California does not need to build new reservoirs. Instead, the state should rely on conservation, underground storage and boosting the height of existing dams. They insist “Increase conservation measures could make new dams unnecessary.”
- Legislative Republicans and farmers are among those saying new reservoirs are needed as part of any response to global warming.

- Gov. Schwarzenegger believes boosting surface storage must be part of the state's long-term water planning. He also advocates desalination, among other measures.
- Urban users want a reliable, high-quality, and environmentally sustainable water supply.

He stated with regard to the large dams and reservoirs that are included in some of the bond issues, they really benefit the farmers in the Central Valley. He stated that this is where ACWA and some agencies in Southern California do not agree. ACWA supports the large dams and reservoirs as they are more dominated by the large farming interest and, thus, it is natural for them to be supportive. However, for the 18 to 20 million people that live in the southern portion of the state, the dams and reservoirs would have very little benefit to this region.

He indicated that urban users must be prepared to pay for the improvements. If the urban users pay, they (we) will demand reliable and high-quality water (this is new). He stated that urban users would also like the bond issue to pay for some of the environmental backbone work. However, the farmers would like the bond issue to pay for the whole reservoirs and dams. The agencies have proposed to a few legislators that the farmers should be placed at the same level as urban users. The farmers would be provided bond monies to pay for feasibility and environmental studies. However, they would be responsible to pay for the bulk of the project. He indicated this is how it has been handled by the State Water Project historically.

He noted that a near-term possible action includes what is termed an "eco-crescent" which is weirs that can be installed in the Delta to raise water levels. This will avoid impacting the smelt habitat. He stated that the weirs can be removed as well as the water levels change or the smelt migrate. He stated the cost for this solution is approximately \$200 million and could be completed in approximately three (3) years.

He noted that we are coming to realize that we will not be continually increasing our take from the Delta, so large peripheral canal facilities are no longer needed and we must determine what our real requirements are to water supply needs. This is what is being studied when determining facilities either through or around the Delta.

General Manager Watton indicated that there are two competing bond issues. The Republican issue concerns the construction of large dams in the central area and is supported by the Governor (approximately \$9 billion). Senator Pro Tem Don Perata's measure does not include monies for Delta conveyance, but includes approximately \$2 billion for environmental work and he is modifying his proposal to include the funding by urban users of some facilities (pay-to-play) to bring stability and reliability of the supply through the Delta (Perata's bond measure is approximately \$6 billion). He stated that there is talk by the Republican side to also make this modification. The two groups are also trying to work together to develop a bond measure that both could agree upon as neither group wishes to have competing bond issues on the ballot. There has been discussion that it would be a \$10 billion measure and would include dams, environmental, pay-to-play for urban

users, and funding for projects for different regional areas of California (ie, additional funding for the All American Lining and the San Vicente Dam, etc.).

In the short-term we will need to push water conservation (possibly mandatory conservation in 2009-2010), determine some short-term solutions to the Delta issue and in the long-term we will need a State vote on a bond measure to solve the environmental and water issues in the Bay Delta for the long-term.

7. REVIEW OF CURRENT BOARD POLICY ON CONTINGENCY PLANNING FOR DROUGHT MANAGEMENT AND DIRECTION FOR FUTURE

Water Conservation Manager William indicated that he would be providing an overview of Section 39, Conservation and Water Shortage Response Program, of the District's Code of Ordinances. He stated that approximately two years ago, as part of the Urban Water Management Plan, staff updated Section 39 and a number of other sections. He stated that the changes made during that time are reflected in today's presentation. He indicated the District has three stages which is very similar to San Diego County Water Authority's (CWA) Drought Response Plan, but is not identical. He reviewed each stage:

- Stage I: Temporary general water supply shortage due to increased demand or limited supplies.
- Stage II: Long-term shutdown or unscheduled shutdown, major system disruption, or multi-year drought; dependent on the severity and estimated duration of the water shortage.
 - This stage is expected to be implemented in 2009 or 2010.
 - Water savings targets during State II range from 1% to 50%.
- Stage III: Major unscheduled shutdown or disruption to the treated or untreated water systems such as those caused by natural disaster, major system failure, or acts of war.

He presented slides indicating prohibited water practices and the stage in which they become prohibited (see attached copy of presentation). He noted that some practices within the different stages would only be implemented if a 15%, 25% or 50% reduction in water use was required. He noted that staff is aware that the District's code (Sections 25 and 39) has some discrepancies with regard to "mandating" or in "consider mandating" certain restrictions. He indicated that staff will be meeting Wednesday, to discuss direction with regard to these areas of the code.

He also noted that the code in Section 39 also outlines violations and charges to customers who do violate the ordinance which includes:

- 1st Violation: Letter of Warning
- 2nd Violation: Notice of Violation to customer who received 1st Violation Letter within a 12-month rolling year.
- 3rd Violation: \$100 surcharge within 12-month rolling year.
- 4th Violation: \$200 surcharge within 12-month rolling year.
- Subsequent Violations: \$400 surcharge within 12-month rolling year.

- Other preventative measures may also be taken by the District beginning with the 2nd violation.

He stated that limiting or discontinuing service to a customer may be imposed for violations or repeated violations by a customer. Staff may also install flow restrictors, temporarily deactivate a meter, or discontinue service.

General Manager Watton inquired of the board how they would like to proceed when enforcing water use prohibitions to promote water conservation:

- Mandate prohibited uses
- Provide a water budget to customers and not necessarily indicate when they can water
- Fine all customers for over water use, or just the large water users

He stated there are a number of questions that need to be reviewed to fine tune how the District wishes to approach water use management, especially as supplies become tighter.

Director Bonilla inquired about other agencies and what they were doing. General Manager Watton indicated that the City of Long Beach and Fallbrook Municipal Water District have declared mandatory conservation. The City of Long Beach has mandated even and odd watering days for their customers, prohibited watering between 7:00 a.m. and 6:00 p.m., and prohibited customer from washing their cars on their driveways. He stated that they also have personnel who travel their water district and enforce the mandates.

He stated the City of San Diego wishes to request users to voluntarily conserve as long as possible and the agencies around the District indicate that they wish to be in concert with the City of San Diego. The agencies feel that they should all move together so that they are all uniform in their mandates which provides for a stronger message.

Director Bonilla inquired what would occur with the water that is wheeled to Mexico. General Manager Watton indicated that to the extent that we have room to wheel water to Mexico (in the past we had system constraints), we would continue to do so. General Manager Watton indicated that this is something that we would need to clarify.

Director Croucher indicated that he must leave the meeting. He stated that there was good discussion on this issue at today's meeting and he suggested that the issue be forwarded to the Conservation Committee for further discussion. He turned the meeting over to Vice President Lopez and left the meeting at 4:25 p.m.

Director Robak inquired how the District is affected by the agricultural cutbacks. General Manager Watton indicated that the District's "interruptible" agricultural water is approximately 100 acre feet (AF). A 30% reduction is approximately 30 AF.

Director Bonilla left the meeting at 4:30 p.m.

Director Robak indicated that he is hearing that CWA and the Metropolitan Water District (MWD) indicate that if we have another dry winter, our region could be facing 30% cutbacks by the summer of next year. He asked if the 30% cutback affects only agricultural users.

General Manager Watton indicated that there is a little confusion in the message. He stated that the agricultural cutback (Interim Agricultural Program [IAP]) becomes effective January 1, 2008. He stated for all other users, we are currently in the voluntary 20 Gallon Challenge Program with the goal of cutting water use in the county by 10%. He stated that CWA and MWD have reviewed water supplies and feel that the region should be in good shape through the end of Fiscal Year 2008. In Fiscal Year 2009, General Manager Watton indicated that he believed that we will be looking at 15 to 20% cutback which may require mandatory prohibitions.

General Manager Watton indicated that though we may get good rain this winter, due to the judicial drought (environmental issues in the Bay Delta), we still will not be out of the woods. The MWD has decided to spread their storage supplies over a number of years, which requires that we conserve water in 2009 and 2010 to make up for supplies lost due to the judicial drought. He stated we need to get past the judicial drought and felt that in the near term we need to get the bonds approved and get the proper permits issued, which will end the judicial drought. By 2015 to 2020, if we have a little more normal rain year and we implement the longer-term/permanent fixes, then we will have a more stable supply.

There was a long discussion by the board in how to educate the public to conserve and in developing a universal conservation program that would be promoted throughout MWD's territory. Currently, the programs throughout the region are all different. It was indicated that the agencies need to be proactive now to try to get people to change before things get critical.

8. ADJOURNMENT

With no further business to come before the Board, Vice President Lopez adjourned the meeting in at 4:53 p.m.

President

ATTEST:

District Secretary

AGENDA ITEM 6a



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	March 5, 2008
SUBMITTED BY:	Ron Ripperger <i>[Signature]</i> Engineering Manager	PROJECT/ SUBPROJECT:	P1210 DIV.NO. 3, 025000 4,5
APPROVED BY:	Rod Posada <i>[Signature]</i> (Chief) Chief, Engineering		
APPROVED BY:	Manny Magaña <i>[Signature]</i> (Asst. GM): Assistant General Manager, Engineering and Operations		
SUBJECT:	Award of a Professional Services Contract to RBF Consulting for the Sanitary Sewer CCTV Inspection and Condition Assessment Project		

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board award a professional services contract to RBF Consulting (RBF) for the Sewer System Inspection & Assessment Project, and authorize the General Manager to execute an agreement with RBF in an amount not to exceed \$121,185 during Fiscal Years 2008 and 2009.

COMMITTEE ACTION: _____

Please see Attachment A.

PURPOSE:

That the Board authorizes the General Manager to enter into a professional services agreement with RBF for the Sewer System Inspection and Assessment Project. The contract amount is not to exceed \$121,185 for providing inspection and condition assessment services.

ANALYSIS:

In 2006, District staff completed a Sewer Model Calibration Capacity Analysis and System Assessment to determine capacity

issues and closed circuit television inspection (CCTV) prioritization as part of the Sewer System Management Plan (SSMP).

As such, the District requires the services of a professional engineering consulting firm to assist with the field evaluation of the District's existing system by performing Sanitary Sewer CCTV Inspection and Condition Assessment. This service will be performed on pipelines identified as priority (1) and (2) in the previous study (See Exhibit A). The program will require televised inspection of sewer lines, investigation and analysis of the existing sewer system, rehabilitation recommendations for operational improvements of the District's pipelines and manholes. The rehabilitation priority list created will be used by the District to develop and initiate an annual "Rehabilitation and Replacement Program."

The agreement with RBF will include a variety of tasks that will assist staff in effectively managing the SSMP. Their scope of services is as follows:

- Review District provided data, identify properties requiring access permission and public relations and confirm inspection, condition assessment, and rating system.
- Provide the necessary traffic control and acquire the proper permits.
- Manhole locating, raising (if necessary), and inspection.
- CCTV televising of sewer pipelines. Red flag critical conditions for immediate response.
- Review inspection data and compile condition assessment of sewer system.
- Provide final report and digital video files.

The project was advertised on the District's website and other publications, including the Union Tribune and San Diego Daily Transcript. Three firms submitted a letter of interest and a statement of qualifications. On December 21, 2007, the District issued a formal Request for Proposal (RFP) to the three consulting firms, who submitted a letter of interest, and who specialize in sewer system CCTV inspection and assessment. On January 15, 2008, three proposals were received from the following firms:

- RBF Consulting
- PBS&J
- Boyle Engineering Corporation

In accordance with the District's Policy 21, staff evaluated and scored all written proposals. RBF received the highest rating based on their written proposal. The overall evaluation summary

sheet indicates how each firm was scored (see Attachment B). RBF received the highest overall score based on their experience, proposed method to accomplish the work, and their ability to complete projects on schedule.

It is anticipated that RBF's scope of services will take six (6) months to complete. RBF has worked successfully for the District in the past and is readily available to provide the services required.

FISCAL IMPACT:

RFB

The SSMP is an on-going maintenance effort in the District. As such, this expenditure is funded in the Operating Budget. Based on a review of the budget, the Project Manager has determined that the Operating Budget will be sufficient to fund the Sanitary Sewer CCTV Inspection and Condition Assessment Project. The project amount of \$150,000 was budgeted for in the Fiscal Year 2008 Operating Budget.

STRATEGIC GOAL:

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

LEGAL IMPACT:

None.



General Manager

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RR:jf

Attachments: Attachment A
Attachment B



ATTACHMENT A

SUBJECT/PROJECT: P1210-025000	Award of a Professional Services Contract to RBF Consulting for the Sanitary Sewer CCTV Inspection and Condition Assessment Project
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COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a meeting held on February 25, 2008. The following comments were made:

- In 2006, Staff completed the Sewer Model Calibration Capacity Analysis and System Assessment. With the results from this analysis, the District plans to develop an annual maintenance program to televise and field review the sewer system to determine what areas require rehabilitation. In order to begin the first phase of this maintenance effort staff will require the services of a professional engineering consultant firm to perform the televising of the high priority critical areas and provide the results.
- The Committee discussed the panel interview and scoring procedures that the District uses those results in the ranking for selection of the various consultants. President Croucher asked that staff perform a sensitivity analysis of the scoring process for potential improvements to the process.
- There was discussion regarding the State's requirements requiring agencies to better monitor and maintain their sewer systems according to a Sewer System Management Plan (SSMP). It was noted that reporting requirements and fines for non-compliance in maintaining these systems are increasing.

Upon completion of the discussion, the Committee indicated that this item be agenized on the Consent calendar at the March 5,

2008 Board meeting. The Committee supported Staff's recommendation to award the professional services contract to RBF Consulting.



ATTACHMENT B

SUBJECT/PROJECT: P1210-025000	Award of a Professional Services Contract to RBF Consulting for the Sanitary Sewer CCTV Inspection and Condition Assessment Project
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ATTACHMENT B

PROPOSAL RANKING

SANITARY SEWER CCTV INSPECTION AND CONDITION ASSESSMENT (P1210-025000)

		← WRITTEN →								TOTAL SCORE	AVERAGE SCORE	REFERENCES
Consultant	Reviewer:	Qualifications, experience of Consultant's assigned personnel	Experience relevant to type of project being considered	Proposed method to accomplish work	Knowledge of jurisdictional agencies, local area environmental concerns, and regulatory requirements	Proposed Fee	Completeness, addressed requested information	Ability to complete projects on schedule	Consultant's commitment to EBE, DBE, MBE, SBE			
		15	15	10	10	20	15	10	5	100		✓
Boyle Engineering Corporation	Ron Ripperger	14	14	10	9	18	14	10	4	93	86.8	
	Daniel Kay	13	14	8	10	18	12	8	4	87		
	Gary Stalker	10	9	7	8	18	10	8	4	74		
	Jerry Munoz	13	15	10	10	18	13	10	4	93		
	David Charles	14	14	8	8	18	13	8	4	87		
PBS&J	Ron Ripperger	13	13	8	8	18	10	10	5	85	88.6	
	Daniel Kay	14	14	9	8	18	13	9	5	90		
	Gary Stalker	12	12	8	8	18	13	8	5	84		
	Jerry Munoz	15	13	10	10	18	15	10	5	96		
	David Charles	13	14	8	8	18	14	8	5	88		
RBF Consulting	Ron Ripperger	13	14	8	9	20	13	10	5	92	91.8	✓
	Daniel Kay	13	14	8	9	20	13	8	5	90		
	Gary Stalker	13	12	9	8	20	13	8	5	88		
	Jerry Munoz	15	15	10	10	20	15	10	5	100		
	David Charles	13	13	8	8	20	14	8	5	89		

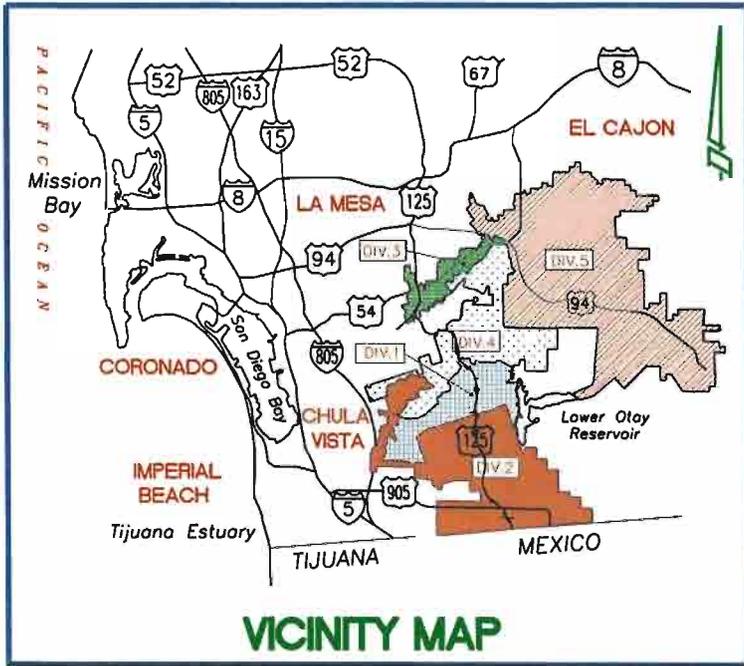
Consultant	Proposed Fee	% Higher	Lowest Bid	
RBF	\$121,185	Lowest Bid	0-10%	19
PBS&J	\$138,655	14%	11-20%	18
BOYLE	\$142,729	18%	21-30%	17

PM Signature: _____

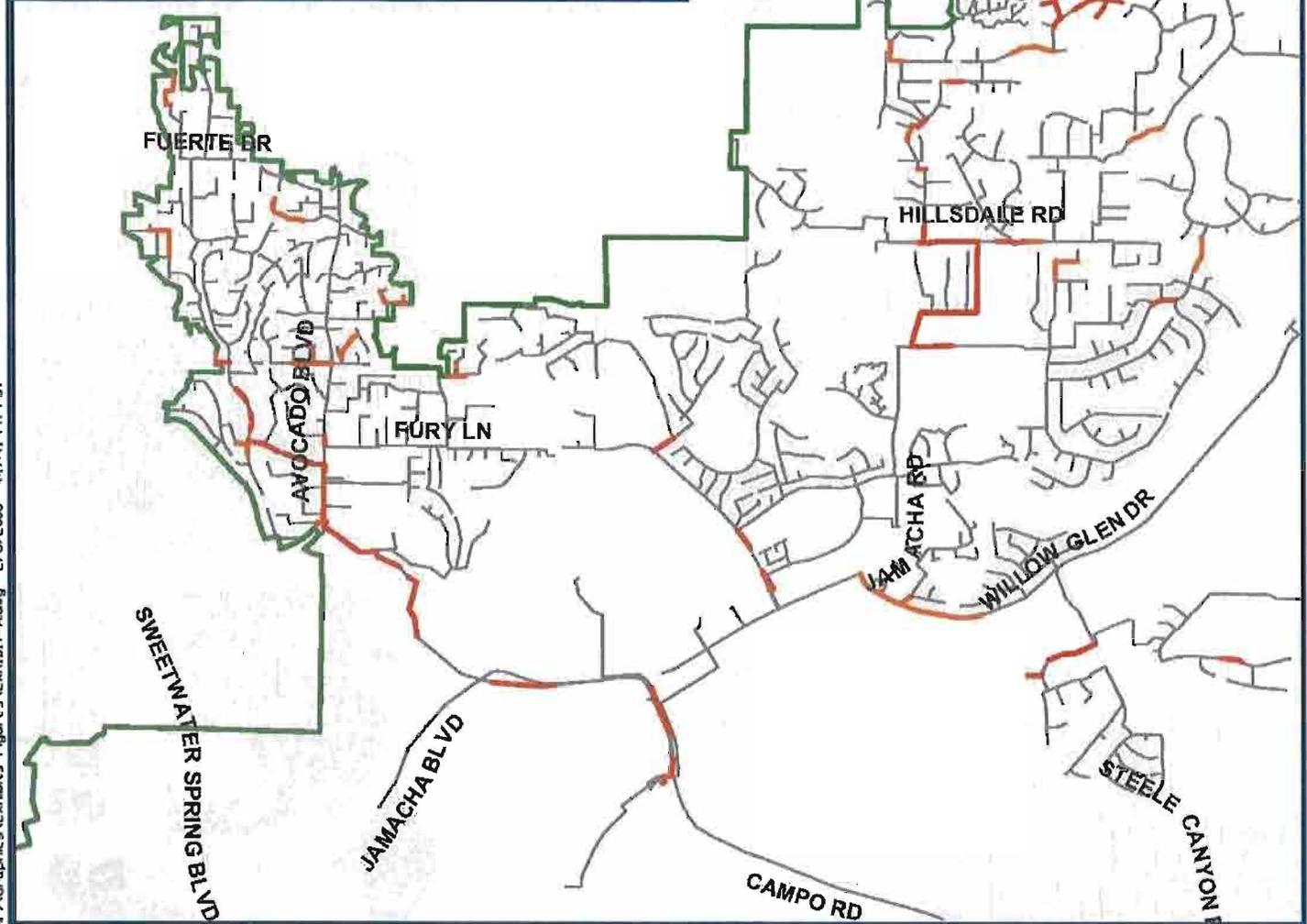
D. Oh

Engineering Manager: _____

Ronald A. Tupper



**SEWER CCTV
PRIORITY**



OTAY WATER DISTRICT

SANITARY SEWER CCTV INSPECTION
& CONDITION ASSESSMENT
LOCATION MAP

P1210-025000

EXHIBIT A

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STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	March 5, 2008		
SUBMITTED BY:	Lisa Coburn-Boyd <i>LCB</i> Environmental Compliance Specialist	PROJECT No./	P1253/	DIV.	ALL
		SUBPROJECT:	006000	NO.	
	Ron Ripperger <i>RR</i> Engineering Manager				
APPROVED BY: (Chief)	Rod Posada <i>RPosada</i> Chief, Engineering				
APPROVED BY: (Asst. GM):	Manny Magaña <i>M Magaña</i> Assistant General Manager, Engineering and Operations				
SUBJECT:	Award of a Professional Environmental Consulting Services Contract to RECON for the Preparation of the Otay Water District Subarea Plan				

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board award a professional environmental consulting services contract to RECON for the Preparation of the Otay Water District Subarea Plan and to authorize the General Manager to execute an agreement with RECON in an amount not to exceed \$270,853.

COMMITTEE ACTION: _____

Please see Attachment A.

PURPOSE:

That the Board authorizes the General Manager to enter into a professional environmental consulting services agreement with RECON in the amount not to exceed \$270,853 for the preparation of the Otay Water District Subarea Plan.

ANALYSIS:

The goal of the District in developing a subarea plan is to have this Plan incorporated into the Joint Water Agencies (JWA) Natural Communities Conservation Plan / Habitat Conservation

Plan (NCCP/HCP). This program is currently being developed by the JWA partners, Helix Water District (HWD), Padre Dam Municipal Water District (PDWD), and the Sweetwater Authority (SWA). The Otay Water District service area is bordered by portions of the service areas of each of these three Districts which makes it a logical fit for inclusion into the JWA NCCP/HCP.

A meeting was held in September 2007 with the General Managers of Helix, Padre Dam, and Sweetwater to discuss whether they would support the inclusion of the District as a partner in the Joint Water Agencies NCCP/HCP. The decision was that they would welcome the District as a partner, but only after their existing plan has gotten final approval from the wildlife agencies and their permits are in place. This approval and permitting is expected to be complete in the first half of 2008. In order to be included in the JWA NCCP/HCP, the District must have their own subarea plan. Because the completion of a subarea plan can take eighteen months to two years, the District began the process in late 2007 to hire a consultant with the expertise and experience to prepare our Subarea Plan.

The District's Subarea Plan will describe the specific conservation management, facility siting, land use, and other actions that will be undertaken by the District in order to implement the goals, guidelines, and standards of the JWA NCCP Subregional Plan. This Subregional Plan is an "umbrella document" which is used to guide the preparation of subarea plans by agencies that would like to participate in the JWA NCCP. The combination of the District's Subarea Plan and the JWA Subregional Plan will serve as a multiple species Habitat Conservation Plan (HCP) under Section 10 (a)(1)(B) of the United States Endangered Species Act, as amended. This would allow the District to obtain advance authorization for incidental take for projects that could affect habitats occupied or potentially occupied by listed species. Essentially this means that the District would be able to "self permit" for its projects under the approved conditions of the JWA NCCP/HCP and the District's individual Subarea Plan. Currently, the District must address any need for incidental take authorization on a project by project basis, a process which is becoming increasingly time consuming and costly.

The scope of work for the Preparation of the District's Subarea Plan consists of the following tasks: 1) Project Management and Administration; 2) Project Coordination; 3) Wildlife Agency Consultation; 4) Public Involvement Process; 5) Scientific Advisory Process; 6) Research, Data and Information Gathering; 7) Prepare Subarea Plan; 8) Environmental Compliance for the

Subarea Plan; 9) Approval and Implementation of the District's Subarea Plan.

In accordance with Policy 21, the District solicited Professional Environmental Consulting Services from consulting firms by placing an advertisement on the District's website and several other publications including the Union Tribune and San Diego Daily Transcript.

Fourteen (14) firms submitted a letter of interest and a statement of qualifications. The Request for Proposal (RFP) for Professional Engineering Planning Services was sent to all fourteen firms resulting in five (5) proposals, received on December 14, 2007, from the following consulting firms:

- Ecosystems Restoration Associates (ERA)
- Helix Environmental Planning (Helix)
- Jones & Stokes
- RECON
- Technology Associates International Corporation (TAIC)

The consultant selection panel was comprised of four District staff members, and one SWA staff member. Staff evaluated and scored the written proposals and interviewed the four top-rated firms, Helix, Jones & Stokes, RECON and TAIC. ERA was not selected to be interviewed because of their low score on the written proposal, as compared to the other four firms. After holding the interviews, the panel completed the consultant ranking process and RECON was the firm that received the highest overall score. RECON also had the lowest fees. References for RECON were checked and received high ratings. A summary of the complete evaluation is shown in Attachment B.

FISCAL IMPACT:

LAB

The funds for this project will be expended during FY2008 through FY2010 from the District's Operating Budget. Based on a review of the operating budget, the Project Manager has determined that the FY2008-FY2009 budget will be sufficient to fund this contract. The FY2008 Operating Budget for this project is \$150,000, with only \$100,000 anticipated to be expended within FY2008; \$50,000 will carry over into FY2009 with the remaining contract balance of \$120,853 budgeted in the FY2009 Operating Budget; a portion may carry over into FY2010 if there are delays in the review of the Subarea Plan by the Wildlife Agencies.

STRATEGIC GOAL:

This project supports the District's strategic goal of creating a comprehensive environmental program that is proactive in response to environmental compliance.

LEGAL IMPACT: _____

None

A handwritten signature in black ink, appearing to be "M. Q. White", written over a horizontal line.

General Manager

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Attachments: Attachment A
Attachment B



ATTACHMENT A

SUBJECT/PROJECT: P1253-006000	Award of a Professional Environmental Consulting Services Contract to RECON for the Preparation of the Otay Water District Subarea Plan
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COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a meeting held on February 25, 2008. The following comments were made:

- Staff indicated that this subarea plan will be incorporated into the Joint Water Agencies (JWA) Natural Communities Conservation Plan after the District receives final approval from the wildlife agencies and permits are in place.
- In order to complete the plan, the District will need the assistance of a professional environmental consulting services firm. The project was advertised and 14 firms submitted a letter of interest.
- After staff evaluated and scored the written proposals submitted and interviewed four firms, RECON was chosen as the most qualified bidder. RECON also had the lowest fees.

Upon completion of the discussion, the Committee indicated that this item be agenized on the consent calendar at the March 5, 2008 Board meeting. The Committee supported Staff's recommendation to award the professional environmental consulting services contract to RECON.



ATTACHMENT B

SUBJECT/PROJECT: P1253-006000	Award of a Professional Environmental Consulting Services Contract to RECON for the Preparation of the Otay Water District Subarea Plan
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Attachment B

SUMMARY OF PROPOSAL RANKINGS BY PANEL MEMBERS

Professional Environmental Consulting Services for the Preparation of the OWD Subarea Plan (P1253/006000)

	WRITTEN								ORAL*					TOTAL SCORE	AVERAGE SCORE	References	
	Qualifications, experience of Consultant's assigned personnel	Experience relevant to type of project being considered	Proposed method to accomplish work	Knowledge of jurisdictional agencies, local area environmental concerns, and regulatory requirements	Proposed Fee	Completeness, addressed requested information	Ability to complete projects on schedule	Consultant's commitment to EBE, DBE, MBE, SBE	Additional creativity, insight to issues	Understanding of scope, schedule, resources	Strength of project manager	Presentation, communication skills	Quality of response to questions				
SCORE	15	15	10	10	20	15	10	5	10	10	10	10	10	150 **		✓	
ERA	Lisa Coburn-Boyd	11	8	7	8	10	11	7	5					67	68		
	Ron Ripperger	13	13	7	8	10	11	9	5					76			
	Rod Posada	9	10	6	8	10	11	7	5	DID NOT INTERVIEW			86				
	Gary Stalker	10	10	8	7	10	12	8	5					70			
	Rick Alexander	8	8	6	6	10	8	10	5					61			
Helix	Lisa Coburn-Boyd	12	13	8	8	12	14	9	5	7	8	8	7	8	119		
	Ron Ripperger	13	13	8	8	12	12	9	5	9	8	9	9	9	124		
	Rod Posada	13	13	8	9	12	13	10	5	9	8	9	8	9	126		
	Gary Stalker	10	11	8	8	12	11	9	5	6	7	8	7	8	110		
	Rick Alexander	14	12	6	5	12	14	10	5	8	8	9	6	7	116		
Jones & Stokes	Lisa Coburn-Boyd	14	14	9	9	19	14	10	5	8	8	8	8	8	134	126	
	Ron Ripperger	13	13	8	8	19	12	9	5	7	7	8	8	8	125		
	Rod Posada	13	14	7	9	19	13	10	5	8	7	7	7	8	127		
	Gary Stalker	12	12	8	8	19	10	8	5	9	9	8	6	6	120		
	Rick Alexander	13	13	6	7	19	13	10	5	7	8	8	6	7	122		
RECON	Lisa Coburn-Boyd	14	14	8	8	20	12	9	5	8	9	10	9	8	134	130	✓
	Ron Ripperger	13	13	8	8	20	11	9	5	5	6	9	8	8	123		
	Rod Posada	14	14	8	9	20	13	10	5	8	8	10	8	10	137		
	Gary Stalker	12	12	7	8	20	10	7	5	9	8	9	7	8	122		
	Rick Alexander	15	15	6	10	20	12	10	5	8	9	10	7	7	134		
TAIC	Lisa Coburn-Boyd	14	14	9	9	14	13	9	5	7	9	8	7	8	126	126	
	Ron Ripperger	13	15	9	8	14	13	9	5	8	10	8	8	8	128		
	Rod Posada	14	14	9	10	14	13	10	5	9	9	9	7	9	132		
	Gary Stalker	11	11	8	8	14	9	7	5	9	8	8	7	7	112		
	Rick Alexander	15	15	8	10	14	15	10	5	8	10	10	6	8	134		

Consultant	Proposed Fee	% Higher	Score
RECON	\$270,853	Lowest Fee	20
Jones & Stokes	\$293,205	0-10%	19
TAIC	\$419,483	51-60%	14
Helix	\$474,519	71-80%	12
ERA	\$671,280	>100%	10

PM Signature: Lisa Coburn-Boyd

Engineering Manager: Ronald H. Tapp



AGENDA ITEM 6c

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	March 5, 2008
SUBMITTED BY:	Rod Posada <i>Rod Posada</i> Chief, Engineering	W.O./G.F. NO:	P2451- DIV. NO. ALL 001101
APPROVED BY: (Chief)	Rod Posada Chief, Engineering		
APPROVED BY: (Asst. GM):	Manny Magaña <i>M Magaña</i> Assistant General Manager, Engineering & Operations		
SUBJECT:	Authorization to Execute Agreement for Otay Bi-National Desalination Feasibility Study Update with Camp Dresser & McKee, Inc.		

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors authorize the General Manager to execute an agreement with Camp Dresser & McKee, Inc. (CDM) to assist the District with the Otay Bi-National Ocean Desalination Feasibility Study Update in an amount not to exceed \$94,552.

COMMITTEE ACTION: _____

Please see Attachment A.

PURPOSE:

That the Board authorize the General Manager to enter into an agreement with CDM in an amount not to exceed \$94,552 for the Otay Bi-National Ocean Desalination Feasibility Study Update.

ANALYSIS:

In the recently prepared Integrated Water Resources Plan (IRP), one of the recommendations for supply diversification is to explore the feasibility of a bi-national ocean desalination facility within Mexico. Directors and Staff recently met with State and local authorities in Baja California to discuss the feasibility of such a project. It was determined that a desalination facility is high on the agenda at all levels of government in Mexico including, the President.

CDM completed the IRP for the District in 2007. The main objective of the IRP was to identify alternate supplies of potable and recycled water. Uncertainty of surrounding imported water supplies, due to drought or a potential seismic event, have made it necessary for the District to look elsewhere to meet present and future water demands in a reliable and cost effective manner.

The IRP identified ocean water desalination as a potential source of potable water that is also drought proof. The District has followed very closely the development of Poseidon's Desalination Facility in Carlsbad, California, as well as having preliminary discussions with officials in Baja California, Mexico. In 2005, the San Diego County Water Authority (SDCWA), commissioned a report titled "Seawater Desalination Development Opportunities for the San Diego/Tijuana Region." In the SDCWA report, two sites were identified in Mexico; one was the Rosarito Power Plant Site and the other was the La Mision Beach Well site. See Exhibit A for these project's locations. Baja California authorities are more inclined to go with the Rosarito Power Plant site because they already own the land and it is closer to the U.S. border.

With CDM's recent experience in completing the IRP for the District, staff believes it is in the District's best interest to have CDM further evaluate and update the Feasibility Study. In addition to having prepared the IRP, CDM is very familiar with District facilities and intimately familiar with the water facilities in Tijuana and Rosarito. CDM prepared the Water Resources Master Plan (WRMP) for CESPT, the State agency serving Tijuana and portions of Rosarito. Mr. Salvador Lopez and Mr. Enrique Lopez, two principals with CDM, worked on the IRP and Tijuana's WRMP.

CDM's scope of work includes the evaluation of conveyance, storage, treatment, and regulatory requirements to receive and serve desalinated water from a facility located in Mexico, as well as an evaluation of routing, storage, and regulatory compliance in the United States (see Attachment B).

FISCAL IMPACT:



The total CIP budget for this Project is \$1,000,000. The approved Fiscal Year 2008 budget is \$5,000. To date there has been no expenditures. District Policy #06 states, "The General Manager is authorized to redistribute funds between approved

projects as long as the total fiscal year budget is not exceeded and the total budget for a specific project is not exceeded." It is expected that half of the contract amount will be spent within Fiscal Year 2008 and the remainder during Fiscal Year 2009. Based on a review of the departmental budget, the Project Manager has determined that the budget will be sufficient to fund the Otay Bi-National Desalination Feasibility Study Update agreement.

Finance has determined that 100% funding for this project will be available from the Expansion Fund.

STRATEGIC GOAL:

This project supports the District's Mission Statement, "To provide safe, reliable water, recycled water, and wastewater services to our community in an innovative, cost efficient, water wise and environmentally responsible manner," and the District's Strategic Goal, "To satisfy current and future water needs for potable, recycled, and wastewater services."

LEGAL IMPACT: _____

Legal Counsel reviewed District policies and determined that the Board, at its discretion, may direct the General Manager to enter into a non-competitive agreement for special studies.



General Manager

P:\WORKING\Staff Rpts Misc\BD 3-5-08, Staff Report, Otay Bi-National Desalination Feasibility Study Update, (RP).doc

RP:jf

Attachments: Attachment A
Attachment B
Exhibit A



ATTACHMENT A

SUBJECT/PROJECT: (P2451-01101)	Authorization to Execute Agreement for Otay Bi-National Desalination Feasibility Study Update with Camp Dresser & McKee, Inc.
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COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a meeting held on February 25, 2008. The following comments were made:

- Staff is seeking approval from the Board for execution of an agreement with CDM to assist with the Otay Bi-National Ocean Desalination Feasibility Study Update.
- CDM was selected to perform the Study because it is very familiar with the District's facilities, and the City of San Diego and City of Tijuana.
- Staff indicated Director Jaime Bonilla, a member of the Ad Hoc International Issues Committee, and several District Staff have met with State and local authorities from Baja California to discuss the feasibility of this project.
- There was a question regarding sharing costs of the Study with Mexico. It was noted that this Study will only benefit Otay and will be funded by Otay.

Upon completion of the discussion, the Committee indicated that this item be agendized on the consent calendar at the March 5, 2008 Board Meeting. The Committee supported Staff's recommendation to execute an agreement with CDM.

ATTACHMENT B

Study for the Conveyance of Desalinated Water from a Bi-National Desalination Facility to the Otay Water District Service Area

Scope of Work

Introduction:

Otay Water District (OWD) is interested in exploring the feasibility of participating in a bi-national seawater desalination plant jointly with the City of Tijuana or the Comisión Estatal de Servicios Públicos de Tijuana (CESPT), Tijuana's water utility. Under this concept, a seawater desalination facility would be located in Mexico and product water would be delivered to Tijuana and/or Playas de Rosarito in Mexico, and to OWD in the U.S.

A feasibility study was commissioned by the San Diego County Water Authority in 2005 in which different siting alternatives in both countries were evaluated, including two potential sites in Mexico: at the Rosarito Power Plant, and at the Mission well site. The purpose of this new study will be to further investigate the feasibility of a joint program in which OWD could participate and receive desalinated water from a desalination facility located at the Rosarito site. The study will evaluate infrastructure requirements, probable construction cost and implementation issues for the facilities required in the U.S. to receive, store, treat and distribute the desalinated water in the OWD service area. The study will result in a sequence of action items that should be implemented to further advance the project.

This new study will rely heavily on the 2005 feasibility study and on the Tijuana and Playas de Rosarito Water and Wastewater Master Plan (CDM, 2003).

Task 1 – Project Management

The study will have a duration of 4 months. During this time the Consultant will provide day-to-day project management and budget and schedule controls, and will attend two (2) meetings at the OWD offices. Additional meetings and site visits are identified under each task.

Task 2 – Define demands and capacities

The capacity of the desalination facility, and the allocation of the plant's capacity between both countries, could be a function of:

- projected water supply deficits that need to be met by OWD and Tijuana with new water sources
- the level of diversification in the water supply portfolio desired by each community

- the physical ability of existing water conveyance and distribution systems to accommodate a new water source
- Affordability and other implementation issues (e.g. permitting)

The purpose of this exercise will be to identify a “target” capacity for the desalination plant from the perspective of OWD. As a first step in defining the potential capacity of the project, the Consultant will update OWD’s projected demands and supplies from the Integrated Resources Plan (IRP). This update will be conducted by discussing with OWD staff any updated information or planned projects, and will not entail a detailed review of demographic, land use, or per capita demand projections.

At the same time, the consultant will ascertain in coordination with OWD staff the capacity of key OWD infrastructure that could be used to receive, store and distribute the desalinated water, such as the emergency connection and main storage facilities. The ability of the distribution network to receive and distribute water from Mexico will be an important consideration.

Furthermore, this discussion will attempt to define the desired level of diversification of the District, and thus the desired amount of desalinated water. Defining this level of diversification will be a strategic decision made by the District, and thus will require close involvement by District staff. The IRP (CDM, 2007) will be used as a guiding document in determining the level of diversification desired.

A workshop will be conducted with OWD staff to discuss the target capacity and to develop a recommendation.

The potential allocation of the project’s capacity to OWD will be refined in subsequent phases as additional information is gained regarding permitting issues, additional treatment required in the U.S. and the hydraulic evaluation of the system to accommodate this new water source.

Demands for Tijuana will not be developed and will be assumed as given.

Task 3 – Infrastructure Requirements in the U.S.

The purpose of this task is to identify at a general level the different infrastructure component (e.g. treatment, conveyance) needed in the OWD service area to receive, store, treat and distribute the desalinated water.

3.1 Additional Treatment in U.S.

While the desalination facility may be designed and operated to comply with United States and California regulations in every manner, additional treatment may be required inside the U.S. to provide a product water that blends appropriately with existing OWD water supplies (e.g. Colorado River and State Water Project water) and which complies with specific monitoring and disinfection requirements of the USEPA and the CDPH.

The consultant will identify potential treatment requirements in the U.S., in addition to the desalination processes conducted in Mexico. Such additional treatment may include pH adjustment, alkalinity adjustment, additional filtration, ultraviolet disinfection, and secondary disinfection with chlorine and/or chloramines. In addition potential requirements for storage, impoundment, and monitoring of the imported water will be identified.

This evaluation will be based on the anticipated treatment and desalination process being considered in Mexico, as summarized in the 2005 report, and on drinking water regulations in the U.S. The consultant will not conduct a detailed evaluation of the proposed desalination process but will issue an opinion identifying any potential issues.

This task will involve an assessment of the classification imported desalinated water is likely to receive by U.S. regulators, and to clarify what measures can be taken to allow specific treatment credits to be received when carried out outside the jurisdiction of the regulatory agency. The consultant will hold a meeting with California Department of Public Health staff, if appropriate and upon OWD's authorization, to discuss and identify potential additional treatment, storage and monitoring requirements.

Based on the findings of this investigation, the consultant will develop a conceptual configuration and preliminary sizing of the required treatment infrastructure in the U.S.

3.2 Conveyance/routing to U.S.

A key component of the project is the ability to safely, reliably and cost-effectively convey the product water from the desalination facility in Rosarito to the OWD system. The purpose of this task is to evaluate: (1) infrastructure required to cross the border; and (2) conveyance and infrastructure required within the U.S. to receive, convey and store the desalinated water. Conveyance requirements in Mexico are evaluated in the 2005 report and will be taken as given. The consultant will not evaluate any further conveyance requirements in Mexico.

3.2.1 Evaluation of Border Crossing

An evaluation of the existing emergency connection near the Otay Mesa border crossing will be conducted to determine if the existing pipeline has sufficient flow and pressure capacity to receive water from the desalination facility and convey this water to the U.S. In addition to the physical capacity of the connection, the consultant will evaluate whether this connection can be used as part of this project given the need or desire to maintain the emergency connection operational after the construction of the desalination facility. The feasibility of operating the connection in both directions of flow will be discussed.

A second option for conveying water across the border will be evaluated based on capacity, constructability and permitting issues. The conceptual location of a new border crossing will be identified.

3.2.2 Evaluation of U.S. connection point

Once in the U.S. the desalinated water needs to be conveyed, stored, distributed and monitored in accordance with applicable regulations.

It is assumed at this time that water received from Mexico has to go to a storage facility prior to distribution to the public. At this point the quality of the water can be monitored and additional treatment provided if needed as determined in Task 3.1.

Regulatory requirements will be considered to determine the nature of the U.S. connection point. A means of water quality testing, and sufficient detention time to “catch” non-conforming water prior to its introduction to the distribution system may be necessary. Utilization and/or modification of existing storage facilities will be considered.

In coordination with OWD staff during a workshop the consultant will identify and evaluate one potential delivery point. Facilities needed to convey and store water will be sized and located at a preliminary level, including conceptual pipeline alignments, volume of storage requirements, and pumping requirements.

Task 4 – Recommendations

Based on the options short-listed above, a project concept will be developed, including an opinion of probable construction cost and a list of action items required to further develop this project.

4.1 Infrastructure requirements

The preliminary size/capacity of each major infrastructure component will be defined based on the analysis of tasks 2 and 3 above. Size and capacity information will be limited to preliminary length and diameter for major conveyance infrastructure; capacity of treatment facilities and key unit processes (e.g. additional disinfection in the U.S.); etc. Preliminary design activities will not be conducted.

4.2 Opinion of probable construction cost

Based on the preliminary dimension of key facilities, and by applying unit costs and other factors (e.g. contingencies), an opinion of probable construction cost will be developed for the concept project under consideration.

4.3 Environmental regulations and permits

A preliminary assessment of environmental and permitting issues will be conducted. The purpose of this activity is to identify potential issues or constraints that require further consideration and warrant special attention in subsequent planning phases. The evaluation will focus only on the U.S. The purpose of this task is not to develop an environmental assessment document.

4.4 Institutional issues

Institutional issues and potential constraints will be identified for each alternative. Potential issues include approval by U.S. and California regulatory agencies for the distribution of desalinated water imported from Mexico, bi-national issues related to the export of water resources, permitting and monitoring requirements, etc.

4.5 Next steps

The consultant will develop a list of activities that need to be conducted to further develop the bi-national desalination project. Activities may include additional technical evaluations, environmental constraints analysis, and regulatory and permitting coordination.

Task 5 – Report

A brief draft report will be prepared summarizing the evaluation process and the recommended alternative. A final report will be prepared in which comments from OWD will be incorporated.

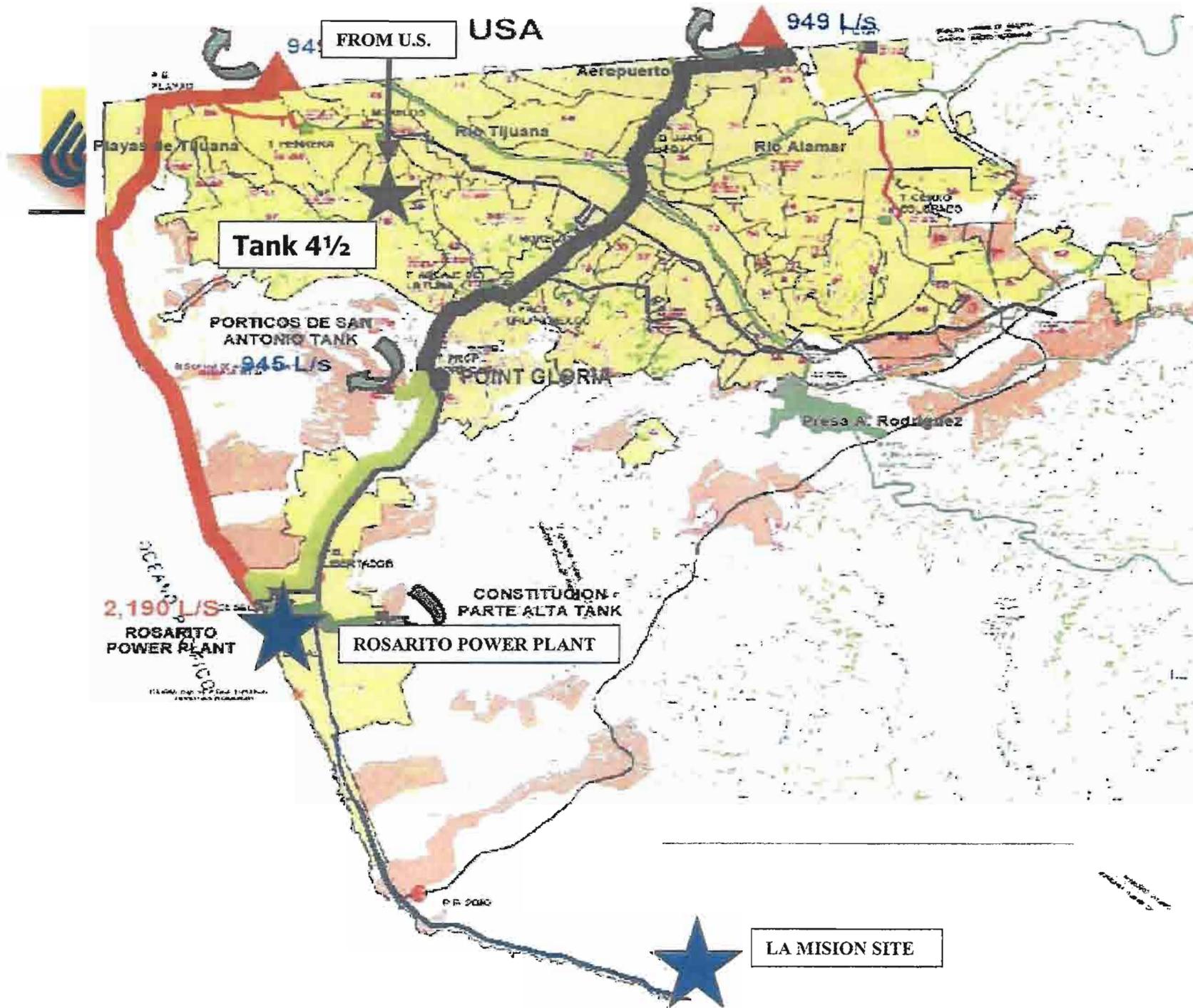


EXHIBIT A



AGENDA ITEM 6d

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	March 5, 2008
SUBMITTED BY:	Sean Prendergast, 	W.O./G.F. NO:	DIV. NO. All
	Payroll/AP Supervisor		
APPROVED BY:	Joseph R. Beachem, Chief Financial Officer		
(Chief)			
APPROVED BY:	German Alvarez, Assistant General Manager		
(Asst. GM):			
SUBJECT:	Director's Expenses for the 2nd Quarter of Fiscal Year 2008		

GENERAL MANAGER'S RECOMMENDATION:

This is an informational item only.

COMMITTEE ACTION: _____

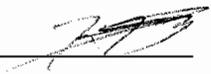
Please see Attachment A.

PURPOSE:

To inform the Board of the Director's expenses for the 2nd quarter of Fiscal Year 2008.

ANALYSIS:

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

FISCAL IMPACT: 

None.

STRATEGIC GOAL:

Prudently manage District funds.

LEGAL IMPACT: _____

Compliance with State law.



General Manager

Attachments:

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



ATTACHMENT A

SUBJECT/PROJECT:	Director's Expenses for the 2nd Quarter of Fiscal Year 2008
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COMMITTEE ACTION:

This item was received by the Finance, Administrative and Communications Committee on February 26, 2008. The committee requested a correction on page 3 of Attachment E. Director Breitfelder was not able to attend the Asian Business Association meeting held in November 2007 and a staff member had attended instead. It was requested that the report be updated. The committee supported presentation to the full board on the consent calendar.

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

**BOARD OF DIRECTORS MEETING
MARCH 5, 2008**

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

- Fiscal Year 2008, 2nd Quarter
- The expenses are shown in detail by Board member, month and expense type.
- This presentation is in alphabetical order.
- This information was presented to the Finance, Administration, and Communications Committee on February 26, 2008

Board of Directors' Expenses and Per-Diems
Fiscal Year 2008 Quarter 2 (Oct 07- Dec 07)

• Director Bonilla	0.00
• Director Breitfelder	\$3,673.44
• Director Croucher	\$800.00
• Director Lopez	\$1,502.06
• Director Robak	<u>\$2,373.66</u>
• Total	\$8,349.16

Director Bonilla

Fiscal Year 2008 Quarter 2

	<u>Oct 07</u>	<u>Nov 07</u>	<u>Dec 07</u>	Qtr2
• Mileage Business				
• Mileage Commute				
• Conference				
• Travel				
• Director's Fees	_____	_____	_____	
•				
• Monthly Totals	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	
• Quarterly Total				0.00
• Meetings Attended	Director Bonilla does not request			
• Meetings Paid	Per-Diem reimbursements.			
• Fiscal Year-to-Date 2008 (Jul 07-Dec 07)				0.00

Director Breitfelder

Fiscal Year 2008 Quarter 2

	<u>Oct 07</u>	<u>Nov 07</u>	<u>Dec 07</u>	Qtr2
• Mileage Business	127.07	190.61	74.21	
• Mileage Commute	43.65	36.38	58.20	
• Seminars & Travel		721.32		
• Director's Fees	700.00	900.00	700.00	
• Business Meetings	<u>65.00</u>	<u>32.00</u>	<u>25.00</u>	
• Monthly Totals	935.72	1,880.31	857.41	
• Quarterly Total				3,673.44
• Meetings Attended	14	15	13	
• Meetings Paid	7	9	7	
Fiscal Year-to-Date 2008 (Jul 07-Dec 07)				6,620.11

Director Croucher

Fiscal Year 2008 Quarter 2

	<u>Oct 07</u>	<u>Nov 07</u>	<u>Dec 07</u>	Qtr2
• Mileage Business				
• Mileage Commute				
• Director's Fees	200.00	300.00	300.00	
• Business Meeting				
• Monthly Totals	<u>200.00</u>	<u>300.00</u>	<u>300.00</u>	
• Quarterly Total				800.00
• Meetings Attended	3	5	4	
• Meetings Paid	2	3	3	
• Fiscal Year-to-Date 2008 (Jul 07-Dec 07)				2,100.00

Director Lopez

Fiscal Year 2008 Quarter 2

	<u>Oct_07</u>	<u>Nov_07</u>	<u>Dec_07</u>	Qtr2
• Mileage Business		140.65		
• Mileage Commute	22.31	19.40	9.70	
• Business Meetings	110.00			
• Director's Fees	<u>400.00</u>	<u>600.00</u>	<u>200.00</u>	
• Monthly Totals	532.31	760.05	209.70	
• Quarterly Total				1,502.06
• Meetings Attended	4	6	2	
• Meetings Paid	4	6	2	
• Fiscal Year-to-Date 2008 (Jul 07-Dec 07)				4,974.68

Director Robak

Fiscal Year 2008 Quarter 2

	<u>Oct 07</u>	<u>Nov 07</u>	<u>Dec 07</u>	Qtr2
• Mileage Business	83.24	144.53	26.19	
• Mileage Commute	3.88	3.88	1.94	
• Director's Fees	800.00	800.00	400.00	
• Business Meetings	<u>110.00</u>			
• Monthly Totals	997.12	948.41	428.13	
• Quarterly Total				2,373.66
• Meetings Attended	10	9	6	
• Meetings Paid	8	8	4	
Fiscal Year-to-Date 2008 (Jul 07-Dec 07)				5,739.52

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

• Director Bonilla	0.00
• Director Breitfelder	\$6,620.11
• Director Croucher	\$2,100.00
• Director Lopez	\$4,974.68
• Director Robak	<u>\$5,739.52</u>
• Total	\$19,434.31

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

• Director Bonilla	0.00
• Director Breitfelder	\$13,540.00
• Director Croucher	\$4,200.00
• Director Lopez	\$9,949.00
• Director Robak	<u>\$11,479.00</u>
• Total	\$38,868.00

- *Based on actual numbers as of 2nd quarter

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2007 THROUGH DECEMBER 31, 2007**

**ATTACHMENT D
SECTION D**

DIRECTOR'S NAME: JAIME BONILA

ACCOUNT NAME	DATE	DESCRIPTION	AMOUNT
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Total			
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Grand Total			
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**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2007 THROUGH DECEMBER 31, 2007**

**ATTACHMENT E
SECTION E**

DIRECTOR'S NAME: BREITFELDER, LARRY

Account Name	Date	Descriptions	Amount
Business meetings			
	07/17/07	COUNCIL OF WATER UTILITIES	\$ 25.00
	07/19/07	WATER AGENCIES ASSOCIATION	40.00
	08/16/07	AUGUST BUSINESS AFTER HOURS CSDA QUARTERLY MEETING	10.00 32.00
	09/18/07	COUNCIL OF WATER UTILITIES REGISTRATION MEETING-JULY 17, 2007	25.00 25.00
	11/15/2007	CSDA QUARTERLY MEETING	32.00
	10/16/2007	COUNCIL OF WATER UTILITIES	25.00
	10/18/2007	WATER AGENCIES ASSOCIATION	40.00
	12/18/2007	COUNCIL OF WATER UTILITIES	25.00
Business meetings Total			279.00

Director's fees

07/10/07	REGULAR BOARD MEETING	100.00
07/11/07	CAC MODEL ORDINANCE COMMISSION	100.00
07/17/07	COUNCIL OF WATER UTILITIES	100.00
07/19/07	WATER AGENCIES ASSOCIATION	100.00
07/20/07	JOINT AGENCIES BOARD MEETING	100.00
07/23/07	GAS ACTION COMMITTEE	100.00
07/24/07	FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
08/01/07	REGULAR BOARD MEETING	100.00
08/02/07	METRO COMMISSION	-

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2007 THROUGH DECEMBER 31, 2007**

**ATTACHMENT E
SECTION E**

DIRECTOR'S NAME: BREITFELDER, LARRY

Account Name	Date	Descriptions	Amount
Business meetings			
	08/16/07	MODEL ORDINANCE COMMITTEE MEETING	100.00
	08/20/07	SPECIAL BOARD OF DIRECTORS MEETING	100.00
	08/21/07	TAXPAYER ASSOCIATION WATER PANEL DISTRICT	100.00
	08/22/07	FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
	08/24/07	GM CONTRACT AD HOC COMMITTEE	100.00
	08/30/07	AD HOC MEETING - FENTON BUSINESS CENTER	100.00
	09/05/07	REGULAR BOARD MEETING	100.00
	09/07/07	MODEL ORDINANCE COMMITTEE MEETING	100.00
	09/14/07	AD HOC MEETING - FENTON BUSINESS CENTER	100.00
	09/17/07	FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
	09/18/07	COUNCIL OF WATER UTILITIES	100.00
	09/20/07	PATHS TO PARTNERSHIP FORUM (CONSTRUCTION OUTREACH)	100.00
	09/24/07	WATER CONSERVATION GARDEN COMMITTEE MEETING	100.00
	09/25/07	SPECIAL BOARD OF DIRECTORS MEETING	100.00
	11/15/2007	CSDA QUARTERLY MEETING	100.00
	10/3/2007	REGULAR BOARD MEETING	100.00
	10/9/2007	SPECIAL BOARD OF DIRECTORS MEETING	100.00
	10/12/2007	WATER CONSERVATION SUMMIT	100.00
	10/16/2007	COUNCIL OF WATER UTILITIES	100.00
	10/18/2007	WATER AGENCIES ASSOCIATION	100.00

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2007 THROUGH DECEMBER 31, 2007**

**ATTACHMENT E
SECTION E**

DIRECTOR'S NAME: BREITFELDER, LARRY

Account Name	Date	Descriptions	Amount
Business meetings			
	10/29/2007	FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
	10/30/2007	AD HOC MEETING - FENTON BUSINESS CENTER	100.00
	11/6/2007	FY 09-11 DISTRICT'S STRATEGIC PLAN WITH DOUG SPIERS OF WESTIN ENGINEERING	100.00
	11/7/2007	REGULAR BOARD MEETING	100.00
	11/19/2007	SPECIAL BOARD OF DIRECTORS MEETING	100.00
	11/26/2007	FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
	11/27/2007	SEMI-ANNUAL ACWA CONFERENCE IN PALM SPRINGS	100.00
	11/28/2007	SEMI-ANNUAL ACWA CONFERENCE IN PALM SPRINGS	100.00
	11/29/2007	SEMI-ANNUAL ACWA CONFERENCE IN PALM SPRINGS	100.00
	11/30/2007	SEMI-ANNUAL ACWA CONFERENCE IN PALM SPRINGS	100.00
	12/3/2007	AD HOC GM REVIEW	100.00
	12/5/2007	REGULAR BOARD MEETING	100.00
	12/10/2007	CAC MODEL ORDINANCE COMMISSION	100.00
	12/11/2007	MEETING - STATE MODEL ORDINANCE MEETING	100.00
	12/13/2007	OTAY INFRASTRUCTURE TOUR	100.00
	12/17/2007	FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
	12/18/2007	COUNCIL OF WATER UTILITIES	100.00
Director's fees Total			4,500.00

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2007 THROUGH DECEMBER 31, 2007**

**ATTACHMENT E
SECTION E**

DIRECTOR'S NAME: BREITFELDER, LARRY

Account Name	Date	Descriptions	Amount
Business meetings			
Mileage - Business			
	07/31/07	MEETING - JULY 17, 11, 19, 20, & 23	104.76
	08/31/07	MEETING - AUGUST 3 & 16	53.35
	09/30/07	MEETING - SEPTEMBER 7, 18, 20 & 24	96.52
	10/31/2007	MEETING - Oct. 9, 12 & 16, 2007	127.07
	12/31/2007	MEETING - Dec. 10, 11 & 17, 2007	74.21
	11/31/2007	MEETING - Nov. 6, 15, 27, 28, 29 & 30, 2007	190.61
Mileage - Business Total			646.51
Mileage - Commuting			
	07/31/07	MEETING - JULY 10 & 24, 2007	29.10
	08/31/07	MEETING - AUGUST 2, 20, 22, 24 & 30, 2007	72.75
	09/30/07	MEETING - SEPTEMBER 5, 14, 17 & 25	58.20
	10/31/2007	MEETING - Oct. 7, 29 & 30, 2007	43.65
	11/30/2007	MEETING - Nov. 7, 19 & 26, 2007	36.38
	12/31/2007	MEETING - Dec. 3, 5, 13, & 17, 2007	58.20
Mileage - Commuting Total			298.28
Seminars and conferences			
	9/20/2007	REGISTRATION FEE - PATHS TO PARTNERSHIPS	25.00
	09/28/07	ECONOMIC SUMMIT - SEPTEMBER 28, 2007	150.00

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2007 THROUGH DECEMBER 31, 2007**

**ATTACHMENT E
SECTION E**

DIRECTOR'S NAME: BREITFELDER, LARRY

Account Name	Date	Descriptions	Amount
Business meetings			
Seminars and conferences Total			175.00
Travel			
	11/30/2007		
		HOTEL ACCOMMODATIONS - ACWA CONFERENCE NOV. 27 - 30. 2007	721.32
Travel Total			721.32
Grand Total			\$ 6,620.11

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2007 THROUGH DECEMBER 31, 2007**

**ATTACHMENT F
SECTION F**

DIRECTOR'S NAME CROUCHER, GARY

Account Name	Date	Descriptions	Amount
Director's fees			
	7/9/2007	EMPLOYEE NEGOTIATIONS/AD HOC COMMITTEE	\$ 100.00
	7/10/2007	REGULAR BOARD MEETING	100.00
	7/18/2007	ENGINEERING & OPERATIONS COMMITTEE MEETING	100.00
	7/20/2007	JOINT AGENCIES BOARD MEETING	100.00
	8/1/2007	REGULAR BOARD MEETING	100.00
	8/17/2007	EMPLOYEE NEGOTIATIONS/AD HOC COMMITTEE	100.00
	8/20/2007	ENGINEERING & OPERATIONS COMMITTEE MEETING	100.00
	8/21/2007	TAXPAYER ASSOCIATION WATER PANEL DISTRICT	100.00
	8/27/2007	AD HOC NEGOTIATIONS	100.00
	9/5/2007	REGULAR BOARD MEETING	100.00
	9/11/2007	MEETING WITH GENERAL MANAGER	100.00
	9/13/2007	ENGINEERING & OPERATIONS COMMITTEE MEETING	100.00
	9/25/2007	SPECIAL BOARD OF DIRECTORS MEETING	100.00
	10/3/2007	REGULAR BOARD MEETING	100.00
	10/9/2007	BOARD MEETING ANNUAL REVIEW	100.00
	11/7/2007	REGULAR BOARD MEETING	100.00
	11/19/2007	SPECIAL BOARD OF DIRECTORS MEETING	100.00
	11/26/2007	ENGINEERING & OPERATIONS COMMITTEE MEETING	100.00
	12/5/2007	REGULAR BOARD MEETING	100.00
	12/12/2007	FY 09-11 DISTRICT'S STRATEGIC PLAN WITH DOUG SPIERS OF WESTIN ENGINEERING	100.00
	12/14/2007	ENGINEERING & OPERATIONS COMMITTEE MEETING	100.00
Director's fees Total			2,100.00
Grand Total			\$ 2,100.00

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2007 THROUGH DECEMBER 31, 2007**

**ATTACHMENT G
SECTION G**

DIRECTOR'S NAME: LOPEZ, JOSE

Account Name	Date	Descriptions	Amount
Business meetings			
	8/16/2007	AUGUST BUSINESS AFTER HOURS	\$ 10.00
		SAN DIEGO EAST COUNTY MEETING	10.00
	10/16/2007	REGISTRATION FEE - WEFTEC CONFERENCE	70.00
	10/18/2007	WATER AGENCIES ASSOCIATION	40.00
Business meetings Total			130.00
Director's fees			
	7/9/2007	EMPLOYEE NEGOTIATIONS/AD HOC COMMITTEE	100.00
	7/10/2007	REGULAR BOARD MEETING	100.00
	7/18/2007	ENGINEERING & OPERATIONS COMMITTEE MEETING	100.00
	8/1/2007	REGULAR BOARD MEETING	100.00
	8/16/2007	WATER CONSERVATION GARDEN/EAST COUNTY CHAMBER	100.00
	8/17/2007	EMPLOYEE NEGOTIATIONS/AD HOC COMMITTEE	100.00
	8/20/2007	ENGINEERING & OPERATIONS COMMITTEE MEETING	100.00
	8/21/2007	WATER PANELISTS PRESENTATION	100.00
	8/31/2007	OWD TOUR-CV	100.00
	9/5/2007	REGULAR BOARD MEETING	100.00
	9/9/2007	NATIONAL WATEREUSE CONFERENCE	100.00
	9/10/2007	NATIONAL WATEREUSE CONFERENCE	100.00
	9/11/2007	NATIONAL WATEREUSE CONFERENCE	100.00
	9/12/2007	NATIONAL WATEREUSE CONFERENCE	100.00
	9/14/2007	ENGINEERING & OPERATIONS COMMITTEE MEETING	100.00
	9/25/2007		
		SPECIAL BOARD OF DIRECTORS MEETING	100.00
	10/3/2007	REGULAR BOARD MEETING	100.00
	10/9/2007	SPECIAL BOARD OF DIRECTORS MEETING	100.00
	10/12/2007		

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2007 THROUGH DECEMBER 31, 2007**

**ATTACHMENT G
SECTION G**

DIRECTOR'S NAME: LOPEZ, JOSE

Account Name	Date	Descriptions	Amount
Business meetings			
Director's fees	10/12/2007	WATER CONSERVATION SUMMIT	100.00
	10/29/2007	FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
	11/7/2007	REGULAR BOARD MEETING	100.00
	11/19/2007	SPECIAL BOARD OF DIRECTORS MEETING	100.00
	11/26/2007	ENGINEERING & OPERATIONS COMMITTEE MEETING	100.00
	11/28/2007	SEMI-ANNUAL ACWA CONFERENCE IN PALM SPRINGS	100.00
	11/29/2007	SEMI-ANNUAL ACWA CONFERENCE IN PALM SPRINGS	100.00
	11/30/2007	SEMI-ANNUAL ACWA CONFERENCE IN PALM SPRINGS	100.00
	12/31/2007	ENGINEERING & OPERATIONS COMMITTEE MEETING	100.00
		REGULAR BOARD MEETING	100.00
Director's fees Total			2,800.00
Mileage - Business			
	8/31/2007	MEETING - August 16 & 21, 2007	32.01
	9/12/2007	PARK, SHUTTLE & FLY AIRPORT PARKING	25.00
	11/30/2007	MEETING - Nov. 28, 29, & 30 2007	140.65
Mileage - Business Total			197.66
Mileage - Commuting			
	7/31/2007	MEETING - July 10 2007	9.70
	8/31/2007	MEETING - August 1, 20 & 31, 2007	29.10
	9/30/2007	MEETING - SEPTEMBER 5, 14 & 25, 2007	29.10
	10/31/2007	MEETING - Oct. 3 & 9 2007	22.31
	11/30/2007	MEETING - Nov. 7 & 19 2007	19.40
	12/31/2007	MEETING - Dec. 5 & 14, 2007	9.70
Mileage - Commuting Total			119.31
Seminars and conferences			
	9/8/2007	DINNER - WATEREUSE CONFERENCE	11.25
		SUPER SHUTTLE FROM AIRPORT TO HOTEL	13.00
	9/9/2007		

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2007 THROUGH DECEMBER 31, 2007**

**ATTACHMENT G
SECTION G**

DIRECTOR'S NAME: LOPEZ, JOSE

Account Name	Date	Descriptions	Amount
Business meetings			
Seminars and conferences	9/9/2007	BREAKFAST - WATEREUSE CONFERENCE	18.14
		DINNER - WATEREUSE CONFERENCE	13.00
	9/11/2007	DINNER - WATEREUSE CONFERENCE	23.31
		LUNCH - WATEREUSE CONFERENCE	11.25
	9/12/2007	A-1 TAXI & LIMO	14.00
		LUNCH - WATEREUSE CONFERENCE	12.25
	9/30/2007	HOTEL ACCOMMODATIONS - NATIONAL WATEREUSE CONFERENCE SEPT. 9-12. 2007	801.92
		REGISTRATION FEE - 22ND ANNUAL WATEREUSE SYMPOSIUM ON SEPT. 9-12. 2007	590.00
Seminars and conferences Total			1,508.11
Travel			
	9/30/2007	AIRFARE TO ATLANTA GEORGIA FOR WATEREUSE SYMPOSIUM ON SEPT. 9-12. 2007	219.60
Travel Total			219.60
Grand Total			\$ 4,974.68

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2007 THROUGH DECEMBER 31, 2007**

**ATTACHMENT H
SECTION H**

DIRECTOR'S NAME: ROBAK, MARK

Account Name	Date	Descriptions	Amount
Business meetings			
	07/19/07	WATER AGENCIES ASSOCIATION	\$ 40.00
	10/16/2007	REGISTRATION FEE - WEFTEC CONFERENCE	70.00
	10/18/2007	WATER AGENCIES ASSOCIATION	40.00
Business meetings Total			150.00
Director's fees			
	07/10/07	REGULAR BOARD MEETING	100.00
	07/11/07	WATER CONSERVATION GARDEN COMMITTEE MEETING	100.00
	07/12/07	METRO COMMISSION	-
	07/19/07	WATER AGENCIES ASSOCIATION	100.00
	07/20/07	JOINT AGENCIES BOARD MEETING	100.00
	07/24/07	FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
	09/05/07	REGULAR BOARD MEETING	100.00
	09/17/07	FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
	09/25/07	SPECIAL BOARD OF DIRECTORS MEETING	100.00
	09/11/07	NATIONAL WATEREUSE CONFERENCE	100.00
	09/09/07	NATIONAL WATEREUSE CONFERENCE	100.00
	09/10/07	NATIONAL WATEREUSE CONFERENCE	100.00
	09/12/07	NATIONAL WATEREUSE CONFERENCE	100.00
	09/06/07	NATIONAL WATEREUSE CONFERENCE	100.00
		GARDEN EXECUTIVE DIRECTOR MEETING	100.00

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2007 THROUGH DECEMBER 31, 2007**

DIRECTOR'S NAME: ROBAK, MARK

Account Name	Date	Descriptions	Amount
Director's fees	11/15/2007		
		WATER CONSERVATION GARDEN COMMITTEE MEETING	100.00
	10/2/2007		
		MEETING WITH AUDIT AD-HOC COMMITTEE AND GARDEN AUDITO	100.00
	10/3/2007		
		REGULAR BOARD MEETING	100.00
	10/4/2007		
		METRO COMMISSION	-
	10/9/2007		
		SPECIAL BOARD OF DIRECTORS MEETING	100.00
	10/10/2007		
		WATER CONSERVATION GARDEN COMMITTEE MEETING	100.00
	10/12/2007		
		2ND ANNUAL WATER CONSERVATION SUMMIT AT USD	100.00
	10/16/2007		
		WEFTEC CONFERENCE - SAN DIEGO CONVENTION CENTER	100.00
	10/18/2007		
		WATER AGENCIES ASSOCIATION	100.00
	10/29/2007		
		FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
	11/6/2007		
		FY 09-11 DISTRICT'S STRATEGIC PLAN WITH DOUG SPIERS OF WESTIN ENGINEERING	100.00
	11/7/2007		
		REGULAR BOARD MEETING	100.00
	11/19/2007		
		SPECIAL BOARD OF DIRECTORS MEETING	100.00
	11/26/2007		
		FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
	11/28/2007		
		SEMI-ANNUAL ACWA CONFERENCE IN PALM SPRINGS	100.00
	11/29/2007		
		SEMI-ANNUAL ACWA CONFERENCE IN PALM SPRINGS	100.00
	11/30/2007		
		SEMI-ANNUAL ACWA CONFERENCE IN PALM SPRINGS	100.00
	12/5/2007		
		REGULAR BOARD MEETING	100.00
	12/11/2007		
		IRRIGATION ASSOCIATION ANNUAL CONVENTION	100.00
	12/12/2007		
		WATER CONSERVATION GARDEN COMMITTEE MEETING	100.00
	12/17/2007		
		FINANCE & ADMINISTRATIVE COMMITTEE MEETING	100.00
Director's fees Total			3,300.00

Mileage - Business

07/31/07

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2007 THROUGH DECEMBER 31, 2007**

DIRECTOR'S NAME: ROBAK, MARK

Account Name	Date	Descriptions	Amount
Mileage - Business	07/31/07	MEETING - July 10, 11, 12 19, 20, 24 & 25 2007	72.27
	09/30/07		
	09/12/07	MEETING - SEPTEMBER 5, 8, 12 & 25	37.83
	10/16/2007	PARK, SHUTTLE & FLY AIRPORT PARKING	25.00
	10/31/2007	PARKING - WEFTEC AT HILTON CONVENTION CENTER	10.00
	11/30/2007	MEETING - Oct. 2, 3, 4, 9, 10, 12, 16, 29 & 30 2007	73.24
	12/31/2007	MEETING - Nov. 7, 15, 19, 26, 28 & 30 2007	144.53
		MEETING - Dec. 5, 11, 12, & 17 2007	26.19
Mileage - Business Total			389.06
Mileage - Commuting	07/31/07		
		MEETING - July 10, 2007	1.94
	09/30/07		
		MEETING - SEPTEMBER 5, 17, & 25	5.82
	11/29/2007		
		MEETING - Oct. 3 & 29, 2007	3.88
	11/30/2007		
		MEETING - Nov. 7 & 19, 2007	3.88
	12/5/2007		
		MEETING - Dec. 2007	1.94
Mileage - Commuting Total			17.46
Seminars and conferences	09/30/07		
		REGISTRATION FEE - 22ND ANNUAL WATEREUSE SYMPOSIUM ON SEPT. 9-12. 2007	590.00
		HOTEL ACCOMMODATIONS - NATIONAL WATEREUSE CONFERENCE SEPT. 9-12. 2007	801.92
	09/11/07		
		DINNER - WATEREUSE CONFERENCE	23.31
		LUNCH - WATEREUSE CONFERENCE	11.25
	09/09/07		
		BREAKFAST - WATEREUSE CONFERENCE	18.14
		DINNER - WATEREUSE CONFERENCE	15.00
	09/12/07		
		DINNER - WATEREUSE CONFERENCE	6.09
		A-1 TAXI & LIMO	14.00
		LUNCH - WATEREUSE CONFERENCE	11.45
	09/08/07		
		SUPER SHUTTLE FROM AIRPORT TO HOTEL	13.00
		DINNER - WATEREUSE CONFERENCE	11.25
Seminars and conferences Total			1,515.40

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2007 THROUGH DECEMBER 31, 2007**

DIRECTOR'S NAME: ROBAK, MARK

Account Name	Date	Descriptions	Amount
Travel			
	09/30/07	AIRFARE TO ATLANTA GEORGIA FOR WATEREUSE SYMPOSIUM ON SEPT. 9-12. 2007	317.60
Travel Total			317.60
Books, Periodicals and Subscriptions			
	7/31/2007	SUBSCRIPTION RENEWAL - WESTERN WATER YEAR 2007	50.00
Books, Periodicals and Subscriptions Total			50.00
Grand Total			\$ 5,739.52

AY2000-1151000-2101-528101 100.00
 AY3000-131000-2101-521102 43.65



Recorded

EXHIBIT B

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

Pay To: Larry Breitfelder

Period Covered:

Employee Number: 7013

From: 10-1-07 To: 10-30-07

ITEM	DATE	MEETING	PURPOSE / ISSUES	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
	1	CV Chamber Ad hoc	<u>DISCUSSED</u>		
✓	3	OWD Board			
	7	Celsoley		30	
✓	9	OWD Board workshop	<i>Per Diem</i>	44	44
✓	12	Conserv Summit			40
	13	FACC	7.0x 100.00=		
	14	SBFA	<i>D</i> 700.00*		
✓	16	Council Water Utilitie	0.*		84
✓	18	Water Agency Assoc.	0.*		94
	25	CVCC Budget Mtg			
	26		<i>Mileage</i> 30.+		
	29	78/79 AD mtg	30.+		
✓	29	OWD Finance	30.+	30	
✓	30	OWD Ad hoc	90.*	30	
	30	CV Chamber EDC	90.* 0.4850= 43.65*		

Total Meeting Per Diem: \$ 700.00
 (\$100 per meeting)

Total Mileage Claimed: 352 miles

J 12/11/07

 (Director's Signature)

GM Receipt:

Date: 12/5/2007

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: \$ _____

07 DEC 10 PM 2:04

INSTRUCTIONS ON REVERSE

12-11-07

AB000 · 1B1000 · 2101 · 520101
 AB000 · 1B1000 · 2101 · 521102

EXHIBIT B

Revised

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

Pay To: Larry Breitfelder

Period Covered:

Employee Number: 7013

From: 11-1-07 To: 11-30-07

ITEM	DATE	MEETING	PURPOSE / ISSUES	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
	1	National City State of (City Address)	DISCUSSED		
	3	Phil Librand Mus. Event			
✓*	6	Mag. w/ Doug Spiers, Westli		1	35
	6	CSDA Exec. Committee			
	7	Lincoln Club			
✓*	7	OWD BOB Mts.		30	
	15	Mtg w/ ABC			
	15	S. Bay Fwy Opening			
✓*	15	CSDA Qtrly Meeting			30
✓*	19	Special BOB mtg		30	
✓*	26	OWD Finance		15	
✓*	27, 28, 29	ACWA Conference			328
✓	28				
✓	29				

Per Diem

Mileage

0.*
9.*
100.00=
900.00*

0.*
30.+
30.+
15.+
75.*
75.*

✓ 30
 Total Meeting Per Diem: \$ 900.00
 (\$100 per meeting)

Total Mileage Claimed: 468 miles

0.4850=
36.375*

Larry Breitfelder
 (Director's Signature)

12/21/07

GM Receipt: [Signature]

Date: 12/18/07

12/20/07

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: \$ _____

'07 DEC 18 PM 4:53

INSTRUCTIONS ON REVERSE

AB0000. 1 B1000. 2101. 528101
 AB0000. 1 B1000. 2101. 521102

EXHIBIT B

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

revised

Pay To: Larry Breitfelder

Period Covered:

Employee Number: 7013

From: 12-1-07 To: 12-30-07

ITEM	DATE	MEETING	PURPOSE / ISSUES	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
✓*	3	Ad hoc GM Review		30	
	3	FACE			
✓*	5	owd BoD		30	
	6	Rep. Party Exec			
✓*	10	CAL Conservation Action	<i>Per Diem</i> 0.*		40
	11	mtg w/ GM	7.*		
✓*	11	State Model Ordin. mtg G	100.00 =		
	11	State Model Ordin. mtg G	700.00*		29
	12	mtg w/ La Presa			
✓*	13	owd Infra. tour CC	0.*	30	
	15	owd Holiday Party	30.+		
✓*	17	owd FIR, Admin & Comm	30.+	30	
✓*	18	Council of Water Utils	30.+		84
	20	CVTA mtg	120.*		
			120.*		
			0.4850 =		
			58.2*		

Total Meeting Per Diem: \$ 700.00
 (\$100 per meeting)

Total Mileage Claimed: 273 miles

Larry Breitfelder
 (Director's Signature)

GM Receipt: [Signature]

Date: 12/18/07

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: \$ _____

12/20/07
12/20/07

HD 000-1134000-2101-528102 *Rec'd 1/15/08 @ 6004*
 000-1134000-2101-521102 **EXHIBIT B**
revised 19.40



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

Pay To: Jose Lopez

Period Covered:

Employee Number: 7010

From: 11/01/07 To: 11/30/07

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
1.	11/07/07	OWD	Board of Directors Meeting	20	
2.	11/19/07	OWD	Special Board of Directors Meeting	20	
3.	11/20/07	OWD	Operations/Engineering Committee	0	
4.	11/28/07	ACWA	ACWA Fall Conference -Palm Springs		290
5.	11/29/07	ACWA	ACWA Fall Conference		
6.	11/30/07	ACWA	ACWA Fall Conference		
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					
16.					
17.					
18.					

Per Diem
 6 * x
 100.00 =
 600.00 *

Mileage
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 20 * +
 20 * +
 40 * *
 40 * x
 0.4850 =
 19.4 *

Total Meeting Per Diem: \$600
 (\$100 per meeting)

Total Mileage Claimed: _____ miles

(Director's Signature)

GM Receipt: *M. A.* 1/14/08

Date: 01/14/08

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: \$ _____

08 JAN 17 PM 12:35

1/22/08
1-22-08



EXHIBIT B

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

recd
FEB 15 2008

Pay To: Jose Lopez

Period Covered:

Employee Number: 7010

From: 12/01/07 To: 12/31/07

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
1.	12/05	OWD	Regular Board Meeting	20	
2.	12/14	OWD	Operations/Engineering Committee Mtg	0	
3.					
4.					
5.					
6.					
7.					
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11.					
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13.					
14.					
15.					
16.					
17.					
18.					

Total Meeting Per Diem: \$200
(\$100 per meeting)

Total Mileage Claimed: 20

miles = 9.70

Jose A. Lopez
(Director's Signature)

GM Receipt: *[Signature]*

Date: 2/20/08

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: \$ _____



H10000 · 1155000 · 2101 · 320101 · 100000
 AB000 · 1155000 · 2101 · 521102 · 3.88
revised

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

Pay To: Mark Robak

Period Covered:

Employee Number: 70141007

From: 10-1-07 To: 10-31-07

3217 Fair Oaks Lane, Spring Valley, CA 91978

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
✓ 1	10-2	Water Conservation Garden	Meeting with Audit Ad-Hoc Committee and Garden Auditor	0	11
✓ 2	10-3	Monthly Otay Board Meeting	General District Business	4	6
✓ 3	10-4	Metro Commission	Monthly Meeting / General Business (See Exhibit A - Agenda)	0	22
✓ 4	10-9	Otay Special Board Meeting	Annual Board Workshop	0	15
✓ 5	10-10	Water Conservation Garden	Monthly Meeting / General Business (See Exhibit B - Agenda)	0	11
✓ 6	10-12	Water Conservation Summit		0	35
✓ 7	10-16	WEFTEC Conference – San Diego Convention Center		0	25
✓ 8	10-18	Water Agencies Association Quarterly Dinner		0	0
✓ 9	10-29	Finance & Administration Committee		4	6
10	10-30	Lunch meeting with Metro Chair, Henry Abarbanel		0	20
				8	151

Per Diem
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 9 *
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 900 * 00 *
Mileage
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 4 * +
 4 * +
 8 * *

Total Meeting Per Diem: \$900
 (\$100 per meeting)
 Total Mileage Claimed: 159

8 * x
 0.4850 =
 3.88 *

Mark Robak
 (Director's Signature)

Receipt
 GM Approval: _____

Date: *11/26/07*

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: \$ _____

11/26/07

07 NOV 20 AM 10:31



AGENDA ITEM 6e

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	March 5, 2008
SUBMITTED BY:	Joseph R. Beachem <i>JRB</i> Chief Financial Officer	W.O./G.F. NO:	DIV. NO. All
APPROVED BY: (Chief)			
APPROVED BY: (Asst. GM):	<i>GA</i> German Alvarez, Assistant General Manager		
SUBJECT:	Resolution 4117, and Other Post Employment Benefits (OPEB) Follow-up Analysis		

GENERAL MANAGER'S RECOMMENDATION:

That the Board adopt Resolution 4117, as described in the February 6, 2008 Staff Report.

COMMITTEE ACTION: _____

See Attachment I.

BACKGROUND:

The original Staff Report was presented to the Board on February 6, 2008 (See Attachment V). The Board requested staff to provide additional details concerning the status of District reserve funds and any potential impacts on the District's long-range financial flexibility, as a result of transferring \$11.5 million from the District's Designated OPEB Fund to the CalPERS Trust. Also, Staff was directed to present this report to the Engineering and Operations Committee for review and recommendations. Further, it was requested that the District's Financial Advisor and Actuary be available for questions.

ANALYSIS:

In regards to the question of financial flexibility, staff has outlined, in the attached presentation, how the benefits of a PERS Trust outweigh the cost of the reduced flexibility. The primary benefits are the significant savings, approximately \$5 million, made available to fund the six-year labor contract, and the demonstration of continued fiscal responsibility. The District is evaluated by many organizations including credit rating agencies, the State, LAFCO, neighboring water agencies, cities, and business partners. Addressing this financial

liability in a proactive and responsible manner adds to the District's already strong financial status. This action is possible due to the fiscal discipline of the Board which has maintained the financial strength of the District and its reserves. All the District's reserves are at or on target and are expected to remain so throughout the next 6 years. The General Fund and Replacement Fund are currently both over target and provide significant flexibility in the event a draw on reserves is desired. Based on the guidelines outlined in the District's Reserve Policy, these two reserves would be used to address any financial difficulties prior to the OPEB Fund. The Replacement Fund is projected to remain over \$30 million for the next 6 years and alone provides all the flexibility that would be prudent to use before other actions would be advisable.

The economic slowdown is expected to have an impact on the District's financial projections. As highlighted in the October 9th workshop, a 50% reduction in annexation fees would equate to a 1% increase in the projected rates, and a reduction of water sales of 10%/20%/30%/20% over four years would result in a 2.6% rate increase, in order to maintain all reserves and the debt coverage ratio at target levels. This combined impact totals to a 3.6% increase over what is currently projected. This is a relatively moderate increase for such dramatic changes in the economic forecast of the District. When the economic slowdown is over, we could expect a corresponding reduction in rates. The reason for this is the District's diverse revenue structure and the ability of the District to moderate construction spending as growth moderates.

FISCAL IMPACT:

SPC

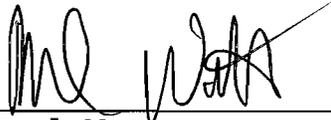
The use of a PERS Trust for long-term Post Retirement Medical Benefits allows the District to obtain a higher yield on its investments and, therefore, the current funding requirement is substantially lower.

STRATEGIC OUTLOOK:

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.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

General Manager

Attachments:

- I) Committee Action Form
- II) Adopt Resolution No. 4117
- III) Financial Advisor Opinion
- IV) OPEB Presentation - Benefits and Drawbacks
- V) Staff Report, dated February 6, 2008



ATTACHMENT I

SUBJECT/PROJECT:

Adopt Resolution No. 4117 to Authorize the General Manager to Enter into an Agreement with the California Public Employee's Retirement System (PERS) to Prefund Other Post Employment Benefits (OPEB) through CalPERS; Certify the Funding Policy of the Board at 100% of the Annual Required Contribution (ARC); Delegate Authority to Request Disbursements to the General Manager and Chief Financial Officer; Authorize the Transfer of \$11,543,000 to the PERS Trust to Fully Fund the Actuarial Accrued Liability and the First Year's Normal Cost; and Authorize the Transfer of the Remaining Money in the Designated OPEB Fund to the General Fund to Pay for the Approved Six-Year Labor Agreement

COMMITTEE ACTION:

The Engineering, Operations and Water Resources Committee reviewed this item at a meeting held on February 25, 2008. The following comments were made:

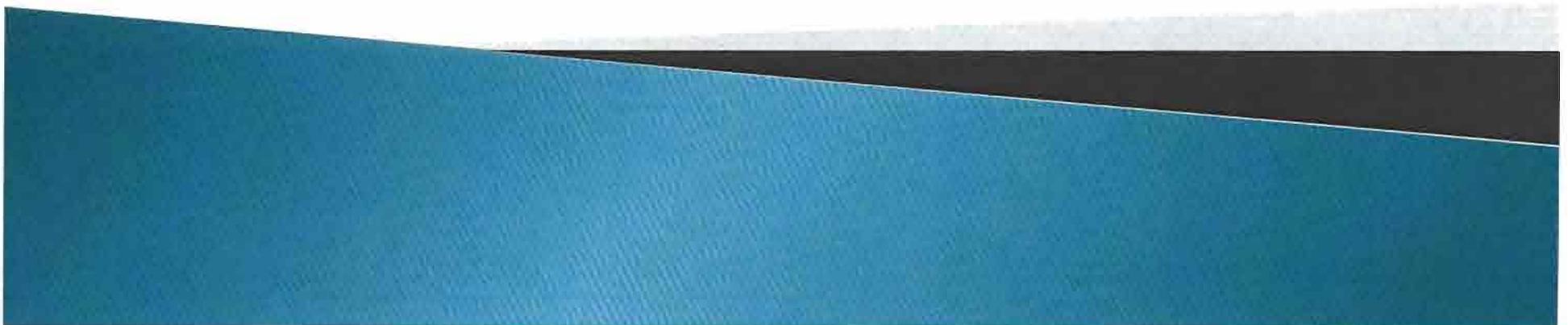
- Staff reviewed the PowerPoint presentation "Otay Water District OPEB Funding - Benefits and Drawbacks" in detail noting the benefits and drawbacks of entering into an agreement with CalPERS to prefund OPEB through CalPERS.
- Staff noted that reduction of financial flexibility during an economic slowdown or major disaster is a drawback but because of the health of the reserves that it is not a significant drawback.
- There was discussion regarding the District's financial strength. Staff explained that funds will be established in an irrevocable trust for retired employees.
- It was noted the District has maintained financial strength by moderate increases in rates which has prevented the need to transfer monies from the reserve fund. However, if growth revenues and water sales are decreased due to downturns in the economy, the District will have to consider its options in the future to either increase rates or pull from its reserve funds.

- Staff indicated that in accordance with the District's Reserve Policy, monies are taken first from designated or general reserves with balances over maximum levels, over target levels, and then over minimum levels, in that order. Based on this priority, the District has close to \$30 million in reserves that would be drawn on prior to using the OPEB reserve, providing substantial flexibility. Other funding sources would be recommended prior to using the \$30 million of available funds.
- Suzanne Harrell with the firm of Harrell & Company Advisors, LLC noted that in a private 401A that the funds would not be available for use, similar to an irrevocable trust. She mentioned District's sound management practices have helped Otay increase its bond rating to AA-. In addition, Susanne said that she wished that the rating agencies could have been present to hear the discussion of how the District intends to modify the CIP expenditures to match the reduced meter sale revenues. This type of planning is exactly what the rating agencies would hope to see.
- The Committee discussed the various benefits of the trust and how this shift would be in line with the intended purpose of the fund.

Upon completion of the discussion, the Committee indicated that this item be agendaized on the consent calendar at the March 5, 2008 Board meeting. The Committee supported Staff's recommendation that the Board adopt Resolution 4117 to authorize the General Manager to enter into an agreement.

OTAY WATER DISTRICT OPEB FUNDING

Benefits and Drawbacks



Benefits of Funding

- ▶ Implements Prudent Recommendations Consistent with our Financial Model and Reserve Policy
- ▶ Positively Impacts Credit Rating
 - Eliminates Balance Sheet Liability
 - Continues Financial Consistency
- ▶ Complies with the Recommendation of the Governor's Commission
- ▶ Complies with GASB 45
- ▶ Reduces Exposure to Criticism
- ▶ Earns a Higher Rate of Return
- ▶ Reduces the Cost of the OPEB Benefits
- ▶ Places \$5 Million into the GF
- ▶ Covers the Cost of the 2008 Contract Negotiations for 6 years
- ▶ Protects Reserves from State "Borrowing"

Higher Return

- ▶ Current Reserve @5% – \$16.7 Million
- ▶ Trust @7% –
- ▶ PERS Trust @7.75% – \$11.4 Million

Higher returns are due to the Long-Term focus and the ability to invest in the Equity Markets

Savings of approximately \$4 million to place in a long-term trust

Savings of approximately \$5 million if placed in an irrevocable PERS trust

Drawbacks of Funding an Irrevocable Trust

- ▶ Reduced financial flexibility during an economic slowdown or major disaster

District's Financial Strength

▶ Reserve Levels at Target for the Full Term of the 6-year Rate Model

	<u>12-31-07 Balance</u>	<u>6-30-08 Target¹</u>	<u>Over Target</u>	<u>Additional Spending²</u>
<u>General Use</u>				
General Fund (3 months)	\$18.6M	\$15.0M	\$3.6M	\$0.0M
Replacement Fund(4% of Assets)	\$35.6M	\$22.1M	\$13.5M	\$2.3M
<u>Restricted</u>				
Betterment Fund(6 months)	\$6.1M	\$3.2M	\$2.9M	\$2.6M
Expansion Fund(6 months)	\$19.6M	\$13.5M	\$6.1M	\$4.6M
OPEB Fund (100%)	\$16.7M	\$11.4M	\$5.3M	

¹ Per the 2008 Rate Model

² Based on a 72.5% CIP spending rate

Reserve Policy – Use of Reserves

- ▶ 4.1 Fund Transfers – “Funds that exceed their maximums are first to be considered for transfers out followed by funds that exceed their targets.”
 - The replacement reserve and the general fund are the two general use funds that are currently over their target levels and would be the first to be used if the occasion required.
- ▶ 4.1 Fund Transfers – “Funds that exceed their minimums are also available for fund transfer out by only when other options are not available.”
 - Other Options: The District would look to borrow low cost funds via the Debt Markets or bank credit before pulling reserves from a high yielding fund such as a long-term trust.



Economic Slowdown October 9th Workshop

- ▶ Growth Revenues cut by 50%
 - CIP cut to 75% of budget eliminates the funding shortfall
 - Currently accomplishing 70% – 75% of the CIP with and expectation that this can be continued
 - Operating budget impact is a temporary 1% increase
- ▶ Water sales cut by 10%/20%/30%/20% in consecutive years
 - Operating budget impact is a temporary 2.6% increase

RESOLUTION NO. 4117

A RESOLUTION OF THE BOARD OF DIRECTORS
OF OTAY WATER DISTRICT TO APPROVE AN AGREEMENT WITH
THE CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM
TO PREFUND OTHER POST EMPLOYMENT BENEFITS (OPEB)
THROUGH CALPERS AND TO DELEGATE AUTHORITY TO THE GENERAL
MANAGER AND CHIEF FINANCIAL OFFICER TO REQUEST DISBURSEMENTS
FROM THE FUND ON BEHALF OF THE DISTRICT

WHEREAS, the District had established a designated fund for the purpose of funding OPEB medical benefits of qualified employees; and

WHEREAS, the board has authorized periodic transfers of money to the fund to ensure the District was covering the cost to provide OPEB benefits and actuarial studies have been performed periodically to validate that the fund is being adequately funded; and

WHEREAS, the District now wishes to utilize the fund to establish a trust with PERS to fully fund the OPEB medical benefits of qualified employees; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Otay Water District that the Board adopts this resolution establishing and funding a trust with PERS for the purpose of funding OPEB medical benefits of qualified employees and:

1. Authorizes the General Manager to enter into an agreement with the California Public Employee's Retirement System (PERS) to prefund Other Post Employment Benefits (OPEB) through CalPERS;

2. Certifies the Funding Policy of the Board at 100% of the Annual Required Contribution (ARC);
3. Delegates authority to request disbursements to the General Manager and Chief Financial Officer;
4. Authorizes the transfer of \$11,543,000 to the PERS Trust to fully fund the Actuarial Accrued Liability (AAL) and the first year's "Normal Cost;"
5. Authorizes the transfer of the remaining money in the Designated OPEB Fund to the General Fund to pay for the approved six-year labor agreement.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Otay Water District at a regular meeting held this 5th day of March, 2008.

Ayes:
Noes:
Abstain:
Absent:

President

ATTEST:

Secretary



February 19, 2008

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

Dear Board of Directors:

Over the past 4 years it has been my pleasure to act as the District's Financial Advisor for two bond issues and to assist in the creation of the District's March 2004 Financing Plan and Financial Plan Update. In addition, I was intimately involved in the District's successful effort to obtain a rating upgrade from A+ to AA-. As a result of that rating process, I am very familiar with the District, its management, its financial policies and its planning tools. It was my pleasure to work with such a well organized and dynamic group.

The District's current strong financial position comes, in part, from the Board's willingness to support sound financial practices. This goes hand-in-hand with a management team that is capable and dedicated to this mission. It is my opinion that if the Board maintains its financial discipline and continues to act with the clarity of purpose and resolve that it has shown over the past eight years, the District is in a position to fund an irrevocable trust for its OPEB liability and maintain its financial strength despite the economic downturn.

The rating agencies' recognized in their reports that the District's financial success is based on a combination of a large and diverse customer base, together with its strong management, which "...includes practices to ensure solid finances going forward..." These practices include the monitoring and ongoing enhancement of the Strategic Plan, a well-documented Reserve Policy and the 6-year Rate Model. These management tools provide comfort that the District is continually in touch with changes that require adjustments to the Rate Model and so, maintains its ability to react to economic slowdown in a much more timely manner than other agencies.

The rating evaluation is made with a long-term perspective and considers the District's ability to maintain adequate coverage and liquidity even as growth slows. For many years, District staff has been projecting how the District would meet debt coverage requirements in an economy with no growth and has been addressing the impact on rates and charges. This forecasting is exactly the type of management strength that is addressed in the rating reports. The District knew that it had to be prepared for an economic slowdown or recession and demonstrated a plan of action to the rating agencies. This included addressing the impact on rates as well as the potential impact on reserves, liquidity and the CIP.

As part of its financial strategy, the District has planned on prefunding in full its OPEB liability. The shifting of \$11.4 million OPEB liability from the Otay balance sheet to an irrevocable trust is significant. As long as the District has control of the cash, that cash could potentially provide short-term liquidity for District operations, but in the long-term, the District will use the money to fund the liability. The District's other reserves provide continued and substantial financial flexibility. At June 30, 2007, the District's operating reserve was at a much higher level than required (3 months of operations) by policy. Further, the District maintains a Replacement reserve at 4% of existing assets. This is a long-term reserve that is projected to remain over \$30 million over the next six years. This reserve has a major role in the future funding of facilities as their useful life ends. However, due to the relative age of the District's facilities, this reserve has many years before it will be drawn on in a serious manner.

District staff currently expects no use of reserves to support operations over the 6-year forecasted period. If further economic pressures were to prompt the unplanned use of reserves, the District could temporarily borrow from the replacement reserve in lieu of raising rates. It is important to note that a departure from the planned use of the reserve should be considered carefully and could have an impact on the District's credit rating if the District prolongs a rate increase necessary to replenish it. This option would need to be managed carefully with a clear plan to bring the replacement fund back to its target levels.

It is my opinion that the District can fund the OPEB trust as planned without limiting its options for dealing with today's economy or impacting its ability to meet its obligations.

Sincerely,



Suzanne Harrell



STAFF REPORT

TYPE MEETING: Regular Board *[Signature]* MEETING DATE: February 6, 2008
SUBMITTED BY: Joseph R. Beachem *[Signature]* W.O./G.F. NO: DIV. NO. All
Chief Financial Officer
APPROVED BY: (Chief)
APPROVED BY: German Alvarez *[Signature]* Assistant General Manager
(Asst. GM):
SUBJECT: Adopt Resolution No. 4117 to Authorize the General Manager to Enter into an Agreement with the California Public Employee's Retirement System (PERS) to Prefund Other Post Employment Benefits (OPEB) through CalPERS; Certify the Funding Policy of the Board at 100% of the Annual Required Contribution (ARC); Delegate Authority to Request Disbursements to the General Manager and Chief Financial Officer; Authorize the Transfer of \$11,543,000 to the PERS Trust to Fully Fund the Actuarial Accrued Liability and the First Year's Normal Cost; and Authorize the Transfer of the Remaining Money in the Designated OPEB Fund to the General Fund to Pay for the Approved Six-Year Labor Agreement

GENERAL MANAGER'S RECOMMENDATION:

That the Board Adopt Resolution No. 4117 to:

1. Authorize the General Manager to enter into an agreement with the California Public Employee's Retirement System (PERS) to prefund Other Post Employment Benefits (OPEB) through CalPERS (Attachment B);
2. Certify the Funding Policy of the Board at 100% of the Annual Required Contribution (ARC) (Attachment C);
3. Delegate authority to request disbursements to the General Manager and Chief Financial Officer (Attachment D);
4. Authorize the transfer of \$11,543,000 to the PERS Trust to fully fund the Actuarial Accrued Liability (AAL) and the first year's "Normal Cost."
5. Authorize the transfer of the remaining money in the Designated OPEB Fund to the General Fund to pay for the approved six-year labor agreement.

COMMITTEE ACTION: _____

See Attachment A.

PURPOSE:

To establish and fund a trust with PERS for the purpose of funding OPEB medical benefits of qualified employees.

ANALYSIS:

OPEB Medical Benefits

As a part of the District's benefit package, retirees that qualify receive various levels of medical coverage. The Board established a designated fund and periodically authorized transfers of money to the fund to ensure that the District was covering the cost to provide this benefit. Actuarial studies have also been performed periodically to validate that the fund was adequately funded. These fiscally responsible actions by the Board have placed the District in the position to now fully fund a GASB 45 compliant trust.

Trust Implementation

The District has numerous options when it comes to implementing a trust. The option recommended by staff is to contract with PERS to manage the trust and invest the funds. The District could manage every aspect of the trust; however, with a PERS Trust the District is able to use the PERS expertise and market influence at a nominal cost to obtain the maximum net return on investments. The PERS selection is also indirectly supported by the actuarial evaluation which will use the highest rate of return only for a PERS Trust. This rate of return is 7.75% while other trusts would be projected to earn 7.0%.

With the implementation of GASB 45, the District must identify as a liability on our financial statements, any required annual funding that is not placed in an irrevocable trust or used to pay benefits. The District must also show the entire amount as unfunded even though the District has set aside funds for this purpose. This negative impact to the financial statements can be avoided by establishing a trust and moving the District's designated funds into the trust. By doing this, the District can then show the OPEB liability as fully funded.

Financially Conservative

To have a fully funded OPEB Trust dramatically reduces the risk of financial difficulties that may be faced by many government agencies.

Few agencies have had the foresight and financial strength to fully fund their OPEB liability. With a fully funded PERS Trust the District's annual OPEB expense will be \$135,000. If the District had not funded its OPEB liability or if it was unwilling to implement a trust, the OPEB expense would not only include the \$135,000 for the currently earned benefits, but would also include an additional \$711,000 annual expense to "catch up" for benefits earned in the past. Avoiding this higher annual expense dramatically improves the District's financial statements and demonstrates the District's financial strength and foresight.

While the creation and funding of this trust is looked upon favorably, this does come at a cost of reduced flexibility. Under the District's current funding plan the funds have been designated by the Board; however, these funds can still be used for any purpose if the Board takes a formal action to do so. This flexibility is exactly what GASB 45 is taking exception with as the funding must be irrevocable in order to qualify. When placed in a GASB 45 compliant trust, these funds become legally committed and are irrevocably set aside to meet the OPEB obligation. The irrevocable nature of the trust is the certainty that is needed. The funds will remain in the trust until they are used to reimburse the District for medical costs paid on behalf of retirees or until there are no future benefits to pay, at which time the remaining funds can be used for other District purposes.

As a part of the PERS application process the District is asked to formally express its intention to fully fund the ongoing costs of the trust. This intent is documented in the "Certification of Funding Policy" (Attachment C) which will be sent to PERS with the signed agreement.

Actuarial Evaluation

Attached is the Actuarial Report (Attachment E) which summarizes the liability that has been incurred by the District through June 30, 2007. This is, in effect, the cost of the benefits that have been earned to date by the employees. This cost is also referred to as the Actuarial Accrued Liability (AAL). The total amount of the AAL is \$11,408,000 and if approved for transfer, this will establish the trust as a "fully funded" trust.

If the trust is approved, it will be funded by the District on an annual basis but it will also be making reimbursement payments to the District for OPEB costs paid by the District. The District will submit a request for reimbursement from the trust for all OPEB expenses incurred. One of the forms to be sent to PERS is the

delegation of authority to the General Manager and the Chief Financial Officer to make these requests (see Attachment D).

Prior to receiving the actuarial report, staff calculated an estimated AAL from numerous source documents including prior actuarial reports. This was done in order to project the amount potentially available in the OPEB designated fund to pay for increased salaries and benefits over the next six-year time period. While there were many variables at work throughout the negotiation process, staff's original estimate resulted in a projected surplus, putting the negotiated benefits target within reach. With the completion of the negotiation process and the settling of all the various options, the actuary was able to finalize the cost of the OPEB liability. This update used the latest information such as new retirees, negotiated benefits, and updated health costs. The actuary was able to put a fine point to the liability which turned out to be higher than projected by staff, leaving the negotiated benefits costing \$100,000 per year more than what was available in the designated fund. Staff's recommendation is still to fully fund the trust using the 2007 budget surplus to fund the unanticipated difference thereby avoiding any impact on rates.

Financial Statement Impact

To move the funds to PERS will result in a one-time expenditure in the income statement that will be highlighted in a footnote. This footnote will describe how the District is fully funding it's liability in an irrevocable trust. This action is certainly something that the District will highlight to interested parties as it again demonstrates foresight and financial strength. While GASB does not allow for much embellishment in the footnote, the significance of this will be understood by sophisticated users of the Financial Statements, such as the rating agencies.

FISCAL IMPACT:



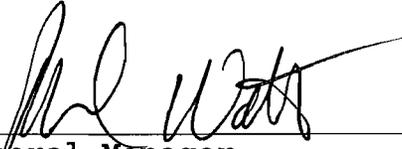
The use of a PERS Trust for long-term Post Retirement Medical Benefits allows the District to obtain a higher yield on its investments and, therefore, the current funding requirement is substantially lower. Approval of the recommended actions will result in a fully funded OPEB Trust and the use of unanticipated 2007 revenues to fund the variance between staff's projection and the final actuarial estimates. With the availability of the 2007 budget surplus, this action will not raise rates above the rate model projections.

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.



General Manager

Attachments:

- A) Committee Action Form
- B) Agreement and Election to Prefund Other Post Employment Benefits through CalPERS
- C) Certification of Funding Policy
- D) Delegation of Authority to Request Disbursements
- E) Actuarial Valuation
- F) Excerpts from "Funding Pensions & Retiree Health Care for Public Employees" Report
- G) OPEB Presentation



ATTACHMENT A

SUBJECT/PROJECT:	Adopt Resolution No. 4117 to Authorize the General Manager to Enter into an Agreement with the California Public Employee's Retirement System (PERS) to Prefund Other Post Employment Benefits (OPEB) through CalPERS; Certify the Funding Policy of the Board at 100% of the Annual Required Contribution (ARC); Delegate Authority to Request Disbursements to the General Manager and Chief Financial Officer; Authorize the Transfer of \$11,543,000 to the PERS Trust to Fully Fund the Actuarially Accrued Liability and the First Year's Normal Cost; and Authorize the Transfer of the Remaining Money in the Designated OPEB Fund to the General Fund to Pay for the Approved Six-Year Labor Agreement
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COMMITTEE ACTION:

The Finance, Administration, and Communications Committee reviewed this item at a meeting held on January 22, 2008. The following comments were made:

- Staff is recommending that the board establish and fully fund a trust with PERS for the purpose of funding OPEB (Other Post Employment Benefits) medical benefits of qualified employees.
- In 1998 the Financial Accounting Standards Board (FASB) issued SFAS 132 which standardizes accounting for medical pensions. One year after the release of SFAS 132, the District commissioned an actuarial study on its OPEB and in 2000 the board approved an OPEB policy and set aside \$4 million to partially fund the District's OPEB.
- In 2004 the Governmental Accounting Standards Board (GASB) issued GASB No. 45 with a focus on irrevocable trusts. The District then updated the actuarial study and the board set aside \$12.1 million to fully fund the District's OPEB.
- During the MOU negotiations process in 2007, the District identified \$5 million in savings if the OPEB was fully funded within a PERS Trust. The District then could offer expanded compensation and benefits with the savings. However, this was predicated upon the State Governor

approving AB 554, which he approved and became effective January 1, 2008.

- The actuarial results indicated that the Actuarial Accrued Liability (AAL) for the OPEB is \$11,408,00 and the Annual Required Contribution (ARC) is \$135,000. If the District does not fully fund the OPEB, the cost annually would be \$135,000 plus the UAAL (Unfunded AAL) of \$711,000 for a total of \$846,000.
- The \$5 million that is made available from current funds is based on the actuary's estimate of a 7.75% return on the PERS Trust (higher returns) and lower costs.
- When the OPEB funds are placed in a GASB 45 compliant trust, these funds become legally committed and are irrevocably set aside to meet the OPEB obligation. This will take the liability off of the District's financial statements and is favorably looked upon by the bond markets and rating agencies.
- The District will commission an actuarial study every two years and any adjustment of the annual payments will be smoothed out over a 30 year time period.
- It was noted that the District can invest its own OPEB funds as a governmental entity, however, it would not be cost effective unless the fund is very large.
- The committee requested occasional updates on how other agencies' ratings have been affected by not fully funding their OPEB.

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

CALIFORNIA EMPLOYER'S RETIREE BENEFIT TRUST PROGRAM ("CERBT")

**AGREEMENT AND ELECTION
OF**

(NAME OF EMPLOYER)

**TO PREFUND OTHER POST EMPLOYMENT
BENEFITS THROUGH CalPERS**

WHEREAS (1) Government Code Section 22940 establishes in the State Treasury the Annuitants' Health Care Coverage Fund for the prefunding of health care coverage for annuitants (Prefunding Plan); and

WHEREAS (2) The California Public Employees' Retirement System (CalPERS) Board of Administration (Board) has sole and exclusive control and power over the administration and investment of the Prefunding Plan (sometimes also referred to as CERBT), the purposes of which include, but are not limited to (i) receiving contributions from participating employers and establishing separate Employer Prefunding Accounts in the Prefunding Plan for the performance of an essential governmental function (ii) investing contributed amounts and income thereon, if any, in order to receive yield on the funds and (iii) disbursing contributed amounts and income thereon, if any, to pay for costs of administration of the Prefunding Plan and to pay for health care costs or other post employment benefits in accordance with the terms of participating employers' plans; and

WHEREAS (3) _____
(NAME OF EMPLOYER)

(Employer) desires to participate in the Prefunding Plan upon the terms and conditions set by the Board and as set forth herein; and

WHEREAS (4) Employer may participate in the Prefunding Plan upon (i) approval by the Board and (ii) filing a duly adopted and executed Agreement and Election to Prefund Other Post Employment Benefits (Agreement) as provided in the terms and conditions of the Agreement; and

WHEREAS (5) The Prefunding Plan is a trust fund that is intended to perform an essential governmental function within the meaning of Section 115 of the Internal Revenue Code as an agent multiple-employer plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 43 consisting of an aggregation of single-employer plans, with pooled administrative and investment functions;

NOW, THEREFORE, BE IT RESOLVED THAT EMPLOYER HEREBY MAKES THE FOLLOWING REPRESENTATION AND WARRANTY AND THAT THE BOARD AND EMPLOYER AGREE TO THE FOLLOWING TERMS AND CONDITIONS:

A. Representation and Warranty

Employer represents and warrants that it is a political subdivision of the State of California or an entity whose income is excluded from gross income under Section 115 (1) of the Internal Revenue Code.

B. Adoption and Approval of the Agreement; Effective Date; Amendment

(1) Employer's governing body shall elect to participate in the Prefunding Plan by adopting this Agreement and filing with the CalPERS Board a true and correct original or certified copy of this Agreement as follows:

Filing by mail, send to: CalPERS
 Constituent Relations Office
 CERBT (OPEB)
 P.O. Box 942709
 Sacramento, CA 94229-2709

Filing in person, deliver to:
 CalPERS Mailroom
 Attn: Employer Services Division
 400 Q Street
 Sacramento, CA 95814

(2) Upon receipt of the executed Agreement, and after approval by the Board, the Board shall fix an effective date and shall promptly notify Employer of the effective date of the Agreement.

(3) The terms of this Agreement may be amended only in writing upon the agreement of both CalPERS and Employer, except as otherwise provided herein. Any such amendment or modification to this Agreement shall be adopted and executed in the same manner as required for the Agreement. Upon receipt of the executed amendment or modification, the Board shall fix the effective date of the amendment or modification.

(4) The Board shall institute such procedures and processes as it deems necessary to administer the Prefunding Plan, to carry out the purposes of this Agreement, and to maintain the tax exempt status of the Prefunding Plan. Employer agrees to follow such procedures and processes.

C. Actuarial Valuation and Employer Contributions

(1) Employer shall provide to the Board an actuarial valuation report on the basis of the actuarial assumptions and methods prescribed by the Board. Such report shall be for the Board's use in financial reporting, shall be prepared at least as often as the minimum frequency required by GASB Statement No. 43, and shall be:

- (a) prepared and signed by a Fellow or Associate of the Society of Actuaries who is also a Member of the American Academy of Actuaries or a person with equivalent qualifications acceptable to the Board;
- (b) prepared in accordance with generally accepted actuarial practice and GASB Statement Nos. 43 and 45; and,
- (c) provided to the Board prior to the Board's acceptance of contributions for the valuation period or as otherwise required by the Board.

(2) The Board may reject any actuarial valuation report submitted to it, but shall not unreasonably do so. In the event that the Board determines, in its sole discretion, that the actuarial valuation report is not suitable for use in the Board's financial statements or if Employer fails to provide a required actuarial valuation, the Board may obtain, at Employer's expense, an actuarial valuation that meets the Board's financial reporting needs. The Board may recover from Employer the cost of obtaining such actuarial valuation by billing and collecting from Employer or by deducting the amount from Employer's account in the Prefunding Plan.

(3) Employer shall notify the Board of the amount and time of contributions which contributions shall be made in the manner established by the Board.

(4) Employer contributions to the Prefunding Plan may be limited to the amount necessary to fully fund Employer's actuarial present value of total projected benefits, as supported by the actuarial valuation acceptable to the Board. As used throughout this document, the meaning of the term "actuarial present value of total projected benefits" is as defined in GASB Statement No. 45. If Employer's contribution causes its assets in the Prefunding Plan to exceed the amount required to fully fund the actuarial present value of total projected benefits, the Board may refuse to accept the contribution.

(5) Any Employer contribution will be at least \$5000 or be equal to Employer's Annual Required Contribution as that term is defined in GASB Statement No. 45. Contributions can be made at any time following the seventh day after the effective date of the Agreement provided that Employer has first complied with the requirements of Paragraph C.

D. Administration of Accounts, Investments, Allocation of Income

- (1) The Board has established the Prefunding Plan as an agent plan consisting of an aggregation of single-employer plans, with pooled administrative and investment functions, under the terms of which separate accounts will be maintained for each employer so that Employer's assets will provide benefits only under employer's plan.
- (2) All Employer contributions and assets attributable to Employer contributions shall be separately accounted for in the Prefunding Plan (Employer's Prefunding Account).
- (3) Employer's Prefunding Account assets may be aggregated with prefunding account assets of other employers and may be co-invested by the Board in any asset classes appropriate for a Section 115 Trust.
- (4) The Board may deduct the costs of administration of the Prefunding Plan from the investment income or Employer's Prefunding Account in a manner determined by the Board.
- (5) Investment income shall be allocated among employers and posted to Employer's Prefunding Account as determined by the Board but no less frequently than annually.
- (6) If Employer's assets in the Prefunding Plan exceed the amount required to fully fund the actuarial present value of total projected benefits, the Board, in compliance with applicable accounting and legal requirements, may return such excess to Employer.

E. Reports and Statements

- (1) Employer shall submit with each contribution a contribution report in the form and containing the information prescribed by the Board.
- (2) The Board shall prepare and provide a statement of Employer's Prefunding Account at least annually reflecting the balance in Employer's Prefunding Account, contributions made during the period and income allocated during the period, and such other information as the Board determines.

F. Disbursements

- (1) Employer may receive disbursements not to exceed the annual premium and other costs of post employment healthcare benefits and other post employment benefits.
- (2) Employer shall notify CalPERS in writing in the manner specified by CalPERS of the persons authorized to request disbursements from the Prefunding Plan on behalf of Employer.

(3) Employer's request for disbursement shall be in writing signed by Employer's authorized representative, in accordance with procedures established by the Board. The Board may require that Employer certify or otherwise establish that the monies will be used for the purposes of the Prefunding Plan.

(4) Requests for disbursements that satisfy the requirements of paragraphs (2) and (3) that are received on or after the first of a month will be processed by the 15th of the following month. (For example, a disbursement request received on or between March 1st and March 31st will be processed by April 15th; and a disbursement request received on or between April 1st and April 30th will be processed by May 15th.)

(5) CalPERS shall not be liable for amounts disbursed in error if it has acted upon the instruction of an individual authorized by Employer to request disbursements. In the event of any other erroneous disbursement, the extent of CalPERS' liability shall be the actual dollar amount of the disbursement, plus interest at the actual earnings rate but not less than zero.

(6) No disbursement shall be made from the Prefunding Plan which exceeds the balance in Employer's Prefunding Account.

G. Costs of Administration

Employer shall pay its share of the costs of administration of the Prefunding Plan, as determined by the Board.

H. Termination of Employer Participation in Prefunding Plan

(1) The Board may terminate Employer's participation in the Prefunding Plan if:

- (a) Employer gives written notice to the Board of its election to terminate;
- (b) The Board finds that Employer fails to satisfy the terms and conditions of this Agreement or of the Board's rules or regulations.

(2) If Employer's participation in the Prefunding Plan terminates for any of the foregoing reasons, all assets in Employer's Prefunding Account shall remain in the Prefunding Plan, except as otherwise provided below, and shall continue to be invested and accrue income as provided in Paragraph D.

(3) After Employer's participation in the Prefunding Plan terminates, Employer may not make contributions to the Prefunding Plan.

(4) After Employer's participation in the Prefunding Plan terminates, disbursements from Employer's Prefunding Account may continue upon Employer's instruction or otherwise in accordance with the terms of this Agreement.

(5) After thirty-six (36) months have elapsed from the effective date of this Agreement:

- (a) Employer may request a trustee to trustee transfer of the assets in Employer's Prefunding Account. Upon satisfactory showing to the Board that the transfer will satisfy applicable requirements of the Internal Revenue Code and the Board's fiduciary duties, then the Board shall effect the transfer within one hundred twenty (120) days. The amount to be transferred shall be the amount in the Employer's Prefunding Account as of the disbursement date and shall include investment earnings up to the investment earnings allocation date immediately preceding the disbursement date. In no event shall the investment earnings allocation date precede the transfer by more than 120 days.
- (b) Employer may request a disbursement of the assets in Employer's Prefunding Account. Upon satisfactory showing to the Board that all of Employer's obligations for payment of post employment health care benefits and other post employment benefits and reasonable administrative costs of the Board have been satisfied, then the Board shall effect the disbursement within one hundred twenty (120) days. The amount to be disbursed shall be the amount in the Employer's Prefunding Account as of the disbursement date and shall include investment earnings up to the investment earnings allocation date immediately preceding the disbursement date. In no event shall the investment earnings allocation date precede the disbursement by more than 120 days.

(6) After Employer's participation in the Prefunding Plan terminates and at such time that no assets remain in Employer's Prefunding Account, this Agreement shall terminate.

(7) If, for any reason, the Board terminates the Prefunding Plan, the assets in Employer's Prefunding Account shall be paid to Employer after retention of (i) amounts sufficient to pay post employment health care benefits and other post employment benefits to annuitants for current and future annuitants, and (ii) amounts sufficient to pay reasonable administrative costs of the Board.

(8) If Employer ceases to exist but Employer's Prefunding Plan continues to exist and if no provision has been made by Employer for ongoing payments to pay post employment health care benefits and other post employment benefits to annuitants for current and future annuitants, the Board is authorized to and shall appoint a third party administrator to carry out Employer's Prefunding Plan. Any and all costs associated

with such appointment shall be paid from the assets attributable to contributions by Employer.

(9) If Employer should breach the representation and warranty set forth in Paragraph A., the Board shall take whatever action it deems necessary to preserve the tax-exempt status of the Prefunding Plan.

I. General Provisions

(1) Books and Records.

Employer shall keep accurate books and records connected with the performance of this Agreement. Employer shall ensure that books and records of subcontractors, suppliers, and other providers shall also be accurately maintained. Such books and records shall be kept in a secure location at the Employer's office(s) and shall be available for inspection and copying by CalPERS and its representatives at any time.

(2) Audit.

- (a) During and for three years after the term of this Agreement, Employer shall permit the Bureau of State Audits, CalPERS, and its authorized representatives, and such consultants and specialists as needed, at all reasonable times during normal business hours to inspect and copy, at the expense of CalPERS, books and records of Employer relating to its performance of this Agreement.
- (b) Employer shall be subject to examination and audit by the Bureau of State Audits, CalPERS, and its authorized representatives, and such consultants and specialists as needed, during the term of this Agreement and for three years after final payment under this Agreement. Any examination or audit shall be confined to those matters connected with the performance of this Agreement, including, but not limited to, the costs of administering this Agreement. Employer shall cooperate fully with the Bureau of State Audits, CalPERS, and its authorized representatives, and such consultants and specialists as needed, in connection with any examination or audit. All adjustments, payments, and/or reimbursements determined to be necessary by any examination or audit shall be made promptly by the appropriate party.

(3) Notice.

- (a) Any notice, approval, or other communication required or permitted under this Agreement will be given in the English language and will be deemed received as follows:

1. Personal delivery. When personally delivered to the recipient. Notice is effective on delivery.
2. First Class Mail. When mailed first class to the last address of the recipient known to the party giving notice. Notice is effective three delivery days after deposit in a United States Postal Service office or mailbox.
3. Certified mail. When mailed certified mail, return receipt requested. Notice is effective on receipt, if delivery is confirmed by a return receipt.
4. Overnight Delivery. When delivered by an overnight delivery service, charges prepaid or charged to the sender's account, Notice is effective on delivery, if delivery is confirmed by the delivery service.
5. Telex or Facsimile Transmission. When sent by telex or fax to the last telex or fax number of the recipient known to the party giving notice. Notice is effective on receipt, provided that (i) a duplicate copy of the notice is promptly given by first-class or certified mail or by overnight delivery, or (ii) the receiving party delivers a written confirmation of receipt. Any notice given by telex or fax shall be deemed received on the next business day if it is received after 5:00 p.m. (recipient's time) or on a nonbusiness day.
6. E-mail transmission. When sent by e-mail using software that provides unmodifiable proof (i) that the message was sent, (ii) that the message was delivered to the recipient's information processing system, and (iii) of the time and date the message was delivered to the recipient along with a verifiable electronic record of the exact content of the message sent.

Addresses for the purpose of giving notice are as shown in Paragraph B.(1) of this Agreement.

- (b) Any correctly addressed notice that is refused, unclaimed, or undeliverable because of an act or omission of the party to be notified shall be deemed effective as of the first date that said notice was refused, unclaimed, or deemed undeliverable by the postal authorities, messenger or overnight delivery service.
- (c) Any party may change its address, telex, fax number, or e-mail address by giving the other party notice of the change in any manner permitted by this Agreement.

- (d) All notices, requests, demands, amendments, modifications or other communications under this Agreement shall be in writing. Notice shall be sufficient for all such purposes if personally delivered, sent by first class, registered or certified mail, return receipt requested, delivery by courier with receipt of delivery, facsimile transmission with written confirmation of receipt by recipient, or e-mail delivery with verifiable and unmodifiable proof of content and time and date of sending by sender and delivery to recipient. Notice is effective on confirmed receipt by recipient or 3 business days after sending, whichever is sooner.

(4) Modification

This Agreement may be supplemented, amended, or modified only by the mutual agreement of the parties. No supplement, amendment, or modification of this Agreement shall be binding unless it is in writing and signed by the party to be charged.

(5) Survival

All representations, warranties, and covenants contained in this Agreement, or in any instrument, certificate, exhibit, or other writing intended by the parties to be a part of their Agreement shall survive the termination of this Agreement until such time as all amounts in Employer's Prefunding Account have been disbursed.

(6) Waiver

No waiver of a breach, failure of any condition, or any right or remedy contained in or granted by the provisions of this Agreement shall be effective unless it is in writing and signed by the party waiving the breach, failure, right, or remedy. No waiver of any breach, failure, right, or remedy shall be deemed a waiver of any other breach, failure, right, or remedy, whether or not similar, nor shall any waiver constitute a continuing waiver unless the writing so specifies.

(7) Necessary Acts, Further Assurances

The parties shall at their own cost and expense execute and deliver such further documents and instruments and shall take such other actions as may be reasonably required or appropriate to evidence or carry out the intent and purposes of this Agreement.

A majority vote of Employer's Governing Body at a public meeting held on the _____ day of the month of _____ 2007, authorized entering into this Agreement.

Signature of the Presiding Officer: _____

Printed Name of the Presiding Officer: _____

Name of Governing Body: _____

Name of Employer: _____

Date: _____

BOARD OF ADMINISTRATION
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY _____
KENNETH W. MARZION
ACTUARIAL AND EMPLOYER SERVICES BRANCH
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

To be completed by CalPERS

The effective date of this Agreement is: _____



**CERTIFICATION OF OPEB ACTUARIAL
INFORMATION AND FUNDING POLICY**

CERTIFICATION OF OPEB ACTUARIAL INFORMATION

As Actuary for the plan, I certify that the valuation for Otay Water District upon which the enclosed summary of actuarial information is based, meets the following criteria:

- The valuation was prepared on the basis of the OPEB assumption model prescribed by the CalPERS Board and in effect at the time of the valuation.
- The valuation has been prepared and signed by a Fellow or Associate of the Society of Actuaries who is also a Member of the American Academy of Actuaries.¹
- The valuation has been prepared in accordance with generally accepted actuarial principles.
- In the case where the actuarial valuation is to be performed on a biennial cycle:
 - this valuation includes (ARC) information that covers two fiscal years
 - other actuarial information for the second fiscal year will be provided after actual benefit payments and contributions are provided by the agency.
- The valuation has been prepared in accordance with the requirements set forth in Governmental Accounting Standards Board (GASB) Statements No. 43 and No. 45.
- If employer assets to pre-fund other post-employment benefits are invested in an irrevocable OPEB trust other than the California Employers' Retiree Benefit Trust, the liabilities associated with those assets are not included in the summary of actuarial information.

I further certify that the discount rate is consistent with the anticipated level of funding pursuant to the relevant section of GASB 43, and the employer's certification.

June 30, 2007

Valuation Date

John E. Bartel, ASA, FCA, EA, MAAA

Printed Name of Actuary and Designation



Signature

January 3, 2008

Date

¹In cases where the actuary performing the work does not meet these criteria, the valuation may be acceptable if the person has equivalent qualifications that are acceptable to the CalPERS Board. Please provide the qualifications of the actuary performing the valuation.

CERTIFICATION OF FUNDING POLICY

As the employer, I certify that our funding policy is to contribute consistently an amount at least equal to 100% of the ARC.

Otay Water District

Name of Employer

Printed Name and Title of Person Signing the Form

Signature

Date



DELEGATION OF AUTHORITY TO REQUEST DISBURSEMENTS

RESOLUTION OF THE

(GOVERNING BODY)

OF THE

(NAME OF EMPLOYER)

The _____ delegates to the incumbents in
(GOVERNING BODY)

the positions of _____ and
(TITLE)

_____ authority to request on behalf
(TITLE)

of the Employer disbursements from the Other Post Employment Prefunding

Plan and to certify as to the purpose for which the disbursed funds will be used.

By _____

Title _____

Witness _____

Date _____



**Otay Water District
Retiree Healthcare Plan**

BARTEL
ASSOCIATES, LLC

Actuarial Valuation as of June 30, 2007

January 2008

Bartel Associates, LLC
411 Borel Avenue, Suite 445
San Mateo, California 94402
Phone: 650/377-1600
Fax: 650/345-8057

ACTUARIAL VALUATION CERTIFICATION

This report presents the June 30, 2007 actuarial valuation for the Otay Water District Retiree Healthcare Plan ("Plan"). The purpose of this valuation is to:

- determine the Plan Benefit Obligations as of June 30, 2007 pursuant to Governmental Accounting Standards Board Statement No. 45 (GASB 45), and
- calculate the Annual Required Contribution for the 2007/08 fiscal year.

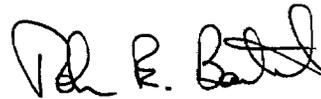
This report includes the following sections:

- Section 1 presents a summary of the June 30, 2007 valuation results.
- Section 2 provides estimated financial accounting information for the fiscal year ending June 30, 2008.
- Section 3 provides detailed results for the June 30, 2007 actuarial valuation.
- Sections 4, 5, and 6 summarize the census data, Plan provisions, funding methods, and actuarial assumptions that form the basis of the actuarial valuation.
- Section 7 includes a summary of GASB 45.

This report presents Bartel Associates' best estimate of the Otay Water District Retiree Healthcare Plan liabilities and costs in accordance with accepted actuarial principles and our understanding of GASB 45.

The undersigned is a member of the American Academy of Actuaries and meets Academy Qualification Standards to render the actuarial results and opinions in this report.

Respectfully submitted,
Bartel Associates, LLC



John E. Bartel, ASA, MAAA
President

January 3, 2008

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Actuarial and Accounting Terminology used in this Report

- AAL – Actuarial Accrued Liability
- AOC – Annual OPEB Cost
- ARC – Annual Required Contribution
- EAN – Entry Age Normal Cost Method
- GASB 45 – Governmental Accounting Standards Board Statement No. 45
- NOO – Net OPEB Obligation
- OPEB – Other (than pensions) Post Employment Benefits
- PVB – Present Value of Benefits
- UAAL – Unfunded Actuarial Accrued Liability

SECTION 1 SUMMARY

The Otay Water District provides postretirement healthcare benefits to eligible employees who retire directly from the District. GASB 45 financial information for the 2007/08 fiscal year is as follows (amounts in 000's), assuming the District implements the GASB 45 accounting standard for the 2007/08 fiscal year:

■ Present Value of Benefits (PVB) as of 6/30/07	\$12,522
The Present Value of Benefits is a measure of the District obligation for expected retiree healthcare benefits due to both past and future service for current employees and retirees.	
■ Actuarial Accrued Liability (AAL) as of 6/30/07	11,408
The Actuarial Accrued Liability is a measure of the District obligation for benefits earned or allocated to past service.	
■ Plan Assets as of 6/30/07	0
Plan Assets include funds that have been segregated and restricted in a trust so that they can only be used to pay plan benefits.	
■ Unfunded Actuarial Accrued Liability (UAAL) as of 6/30/07	11,408
The Unfunded Actuarial Accrued Liability is the excess of the AAL over Plan Assets. This represents the amount of the Actuarial Accrued Liability at the valuation date that still must be funded.	
■ Annual Required Contribution (ARC) for 2007/08	846
The Annual Required Contribution is the sum of the Normal Cost plus an amortization of the Unfunded Actuarial Accrued Liability (or less an amortization of excess assets) determined as of the end of the fiscal year. The Normal Cost is the value of District-provided benefits expected to be earned or allocated to the fiscal year.	
■ Estimated Net OPEB Obligation (NOO) as of 6/30/07	0
The Net OPEB Obligation is the historical difference between the ARC and actual contributions. The Net OPEB Obligation is assumed to be zero as of June 30, 2007, the date the District implemented GASB 45.	
■ Annual OPEB Cost (AOC) for 2007/08	846
The Annual OPEB Cost is the expense recognized on the District's income statement for providing post-retirement healthcare benefits. The first year that the District complies with GASB 45, the AOC will equal the ARC. In subsequent years, the AOC will equal the ARC, adjusted for prior differences between the ARC and actual contributions.	
■ Expected Benefit Payments for 2007/08	701
Expected Benefit Payments, or the Pay-As-You-Go-Cost, are the expected District-paid retiree healthcare benefit payments for the fiscal year. (Amount shown here reflects 2008 premium rates for a full year and includes both the cash subsidy and the implied subsidy.)	

SECTION 2
ACCOUNTING INFORMATION

The District's current contribution policy is to contribute the full ARC to the CalPERS California Employers' Retiree Benefit Trust Fund (CERBT) annually. In addition, the District intends to fund the full Actuarial Accrued Liability as of June 30, 2007 during the 2007/08 fiscal year. The 2007/08 ARC and AOC and the estimated June 30, 2008 NOO are as follows:

Annual Required Contribution (ARC)

The 2007/08 Annual Required Contribution includes the Normal Cost plus a 30-year amortization of the Unfunded AAL, both as a level percentage of payroll and determined as of the end of the fiscal year (amounts in 000's):

	<u>Cash Subsidy</u>	<u>Implied Subsidy</u>	<u>Total</u>
■ Normal Cost	\$99	\$36	\$135
■ UAAL Amortization	<u>649</u>	<u>62</u>	<u>711</u>
■ Total ARC	748	98	846
■ ARC as % of Payroll	6.8%	0.9%	7.7%

Annual OPEB Cost (AOC)

The AOC equals the ARC, except when the District has a NOO at the beginning of the year. In that case, the AOC will equal the ARC adjusted for expected interest on the NOO and reduced by an amortization of the NOO. The 2007/08 AOC is determined as follows (amounts in 000's):

	<u>Cash Subsidy</u>	<u>Implied Subsidy</u>	<u>Total</u>
■ ARC	\$748	\$98	\$846
■ Interest on NOO	0	0	0
■ Amortization of NOO	<u>0</u>	<u>0</u>	<u>0</u>
■ Total AOC	748	98	846

Estimated Net OPEB Obligation (NOO)

The NOO is the historical difference between the ARC and actual contributions to a segregated trust. If the District contributes an amount equal to the Normal Cost (determined as of the end of the fiscal year) plus the 6/30/07 Actuarial Accrued Liability during 2007/08, the estimated June 30, 2008 NOO is (amounts in \$000's):

	<u>Cash Subsidy</u>	<u>Implied Subsidy</u>	<u>Total</u>
■ June 30, 2007 NOO ¹	\$0	\$0	\$0
■ AOC	748	98	846
■ Contributions (including benefit payments)	<u>(10,507)</u>	<u>(1,036)</u>	<u>(11,543)</u>
■ June 30, 2008 NOO	(9,759)	(938)	(10,697)

¹ Assumes the June 30, 2007 Net OPEB Obligation is zero.

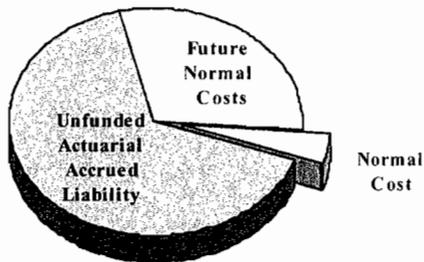
SECTION 3
ACTUARIAL VALUATION RESULTS

Benefit Obligations

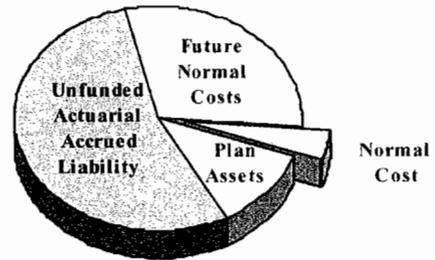
The following actuarial definitions are used in this section:

- The **Present Value of Benefits (PVB)** or Present Value of Projected Benefits is a measure of the total District obligation for expected retiree healthcare benefits due to both past and future service for current employees and retirees.
- The **Actuarial Accrued Liability (AAL)** is a measure of the District obligation for benefits earned or allocated to past service.
- The **Normal Cost** is the value of District-provided benefits expected to be earned or allocated to the current fiscal year determined as of the end of the fiscal year.
- **Plan Assets** include funds that have been segregated and restricted in a trust so that they can only be used to pay plan benefits.

This report develops the AAL and Normal Cost using the Entry Age Normal actuarial cost method. This method is designed to produce a Normal Cost which, if all assumptions are met, will be a level percent of payroll. The following charts illustrate the components of the PVB, with the shaded area representing the unfunded AAL.



**Present Value of Benefits
(Without Plan Assets)**



**Present Value of Benefits
(With Plan Assets)**

SECTION 3
ACTUARIAL VALUATION RESULTS

Benefit Obligations – June 30, 2007

(amounts in 000's)

	<u>Cash Subsidy</u>	<u>Implied Subsidy</u>	<u>Total</u>
■ PVB			
• Actives	\$3,674	\$752	\$4,426
• Retirees	<u>7,528</u>	<u>568</u>	<u>8,096</u>
• Total	11,202	1,320	12,522
■ AAL			
• Actives	2,880	432	3,312
• Retirees	<u>7,528</u>	<u>568</u>	<u>8,096</u>
• Total	10,408	1,000	11,408
■ Assets	<u>0</u>	<u>0</u>	<u>0</u>
■ Unfunded AAL	10,407	1,000	11,408
■ Expected Benefit Payments ²	600	101	701

² Expected benefit payments were calculated assuming the 2008 premium rates are effective for the full 2007/08 fiscal year. Financial reporting of the District's healthcare cost for active employees should be offset by the expected payments for the retirees' implied subsidy.

SECTION 3
ACTUARIAL VALUATION RESULTS

Annual Required Contribution (ARC) – 2007/08

(amounts in 000's)

	<u>Cash Subsidy</u>	<u>Implied Subsidy</u>	<u>Total</u>
■ ARC - \$			
● Normal Cost	\$99	\$36	\$135
● UAAL Amortization ³	<u>649</u>	<u>62</u>	<u>711</u>
● Total at End of Fiscal Year	748	98	846
■ Annual Payroll	10,951	10,951	10,951
■ ARC - % of Payroll			
● Normal Cost	0.9%	0.3%	1.2%
● UAAL Amortization	<u>5.9%</u>	<u>0.6%</u>	<u>6.5%</u>
● Total at End of Fiscal Year	6.8%	0.9%	7.7%

³ 30-year amortization.

SECTION 3
ACTUARIAL VALUATION RESULTS

Benefit Obligations – June 30, 2007

(amounts in 000's)

	<u>Tier I</u>	<u>Tier II</u>	<u>Tier III</u>	<u>Directors</u>	<u>Total</u>
■ PVB					
● Actives	\$727	\$3,042	\$657	\$0	\$4,426
● Retirees	<u>5,317</u>	<u>2,623</u>	<u>0</u>	<u>156</u>	<u>8,096</u>
● Total	6,044	5,665	657	156	12,522
■ AAL					
● Actives	665	2,433	213	0	3,312
● Retirees	<u>5,317</u>	<u>2,623</u>	<u>0</u>	<u>156</u>	<u>8,096</u>
● Total	5,982	5,056	213	156	11,408
■ Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
■ Unfunded AAL	5,981	5,056	213	156	11,408
■ Expected Benefit Payments ⁴	450	227	1	23	701

⁴ Includes cash and implied subsidy.

SECTION 3
ACTUARIAL VALUATION RESULTS

Annual Required Contribution (ARC) – 2007/08

(amounts in 000's)

	<u>Tier I</u>	<u>Tier II</u>	<u>Tier III</u>	<u>Directors</u>	<u>Total</u>
■ ARC - \$					
● Normal Cost	\$8	\$80	\$47	\$0	\$135
● UAAL Amortization ⁵	<u>373</u>	<u>315</u>	<u>13</u>	<u>10</u>	<u>711</u>
● Total at End of Fiscal Year	381	395	60	10	846
■ Annual Payroll	465	2,416	8,070	n/a	10,951
■ ARC - % of Payroll					
● Normal Cost	1.7%	3.3%	0.6%	n/a	1.2%
● UAAL Amortization	<u>80.2%</u>	<u>13.0%</u>	<u>0.2%</u>	<u>n/a</u>	<u>6.5%</u>
● Total at End of Fiscal Year	81.9%	16.4%	0.7%	n/a	7.7%

⁵ 30-year amortization.

Benefit Obligations – June 30, 2007

(amounts in 000's)

	<u>Exec</u>	<u>Confid</u>	<u>Manager</u>	<u>Super</u>	<u>Admin</u>	<u>Field</u>	<u>Directors</u>	<u>Total</u>
■ PVB								
● Actives	\$266	\$174	\$766	\$439	\$922	\$1,859	\$0	\$4,426
● Retirees								<u>8,095</u>
● Total								12,521
■ AAL								
● Actives	171	111	637	350	622	1,422	0	3,312
● Retirees								<u>8,095</u>
● Total								11,407
■ Assets								<u>0</u>
■ Unfunded AAL								11,407
■ Expected Benefit Payments ⁶								701

⁶ Includes cash and implied subsidy.

Annual Required Contribution (ARC) – 2007/08

(amounts in 000's)

	<u>Exec</u>	<u>Confid</u>	<u>Manager</u>	<u>Super</u>	<u>Admin</u>	<u>Field</u>	<u>Directors</u>	<u>Total</u>
■ ARC - \$								
● Normal Cost	\$11	\$7	\$18	\$9	\$35	\$54	\$0	\$135
● UAAL Amortization ⁷								<u>711</u>
● Total at End of Fiscal Year								846
■ Annual Payroll	1,245	1,037	1,120	803	3,319	3,426	n/a	10,951
■ ARC - % of Payroll								
● Normal Cost	0.9%	0.7%	1.6%	1.1%	1.1%	1.6%	n/a	1.2%
● UAAL Amortization								<u>6.5%</u>
● Total at End of Fiscal Year								7.7%

⁷ 30-year amortization.

Cash Flow Projection

(amounts in 000's)

The following table shows the projected “pay-as-you-go” benefit payments for the next 10 years as estimated from the June 30, 2007 actuarial valuation. The projection was done on a closed group basis, that is, no new hires were assumed.

<u>Fiscal Year</u>	<u>Benefit Payments</u>
2007/08 ⁸	\$701
2008/09	752
2009/10	792
2010/11	851
2011/12	887
2012/13	894
2013/14	952
2014/15	962
2015/16	1,003
2016/17	1,043

⁸ Expected benefit payments were calculated assuming the 2008 premium rates are effective for the full 2007/08 fiscal year.

SECTION 4
DEMOGRAPHIC INFORMATION

Participant Statistics
6/30/07

	<u>Tier I</u>	<u>Tier II</u>	<u>Tier III</u>	<u>Directors</u>	<u>Total</u>
■ Actives ⁹					
● Count ¹⁰	6	29	124	5	164
● Average Age	51.5	49.6	42.5	49.6	44.3
● Average Service	29.9	18.2	4.1	5.2	7.5
● Payroll (000's) ¹¹	\$ 465	\$ 2,416	\$ 8,070	n/a	\$ 10,951
● Average Pay ¹¹	77,417	83,322	65,080	n/a	68,873
■ Retirees ¹²					
● Count < 65	22	14	0	0	36
● Count ≥ 65	<u>22</u>	<u>6</u>	<u>0</u>	<u>3</u>	<u>31</u>
● Total	44	20	0	3	67
● Average Age	68.1	64.1	n/a	81.5	67.5
● Average Ret Age	59.2	59.0	n/a	67.7	59.5

⁹ General Manager included with Tier II.

¹⁰ Excludes 1 Tier III part-time employee.

¹¹ Total excludes 5 active Directors elected after 1/1/95 reported with zero pay.

¹² Robert Griego included with Tier I.

Participant Statistics

6/30/07

	Exec	Confid	Manager	Super	Admin	Field	Directors	Total
■ Actives								
● Count	8	13	10	10	57	61	5	164
● Average Age	51.9	43.3	50.4	47.0	41.6	44.2	49.6	44.3
● Average Service	9.4	5.3	15.1	12.0	5.0	8.3	5.2	7.5
● Est 2007/08 Pay (000's) ¹³	\$ 1,245	\$ 1,037	\$ 1,120	\$ 803	\$ 3,319	\$ 3,426	n/a	\$ 10,951
● Average Pay ¹³	155,612	79,802	112,002	80,345	58,231	56,161	n/a	68,873
■ Retirees								
● Count < 65								36
● Count ≥ 65								<u>31</u>
● Total								67
● Average Age								67.5
● Average Ret Age								59.5

¹³ Excludes 5 active Directors elected after 1/1/95 with zero reported pay.

Healthcare Coverage

Medical - Actives

Plan	Single	2-Party	Family	Waived	Total
EPO	46	26	38	n/a	110
Gold PPO	14	14	15	n/a	43
Silver PPO	0	0	1	n/a	1
Waived	n/a	n/a	n/a	10	10
Total	60	40	54	10	164

Medical – Retirees Under Age 65

Plan	Single	2-Party	Family	Waived	Total
EPO	1	8	0	n/a	9
Gold PPO	10	15	1	n/a	26
Silver PPO	0	1	0	n/a	1
Waived	n/a	n/a	n/a	0	0
Total	11	24	1	0	36

Medical - Retirees Over Age 65

Plan	Single	2-Party	Family	Waived	Total
EPO	0	0	0	n/a	0
Gold PPO	4	26	0	n/a	30
Silver PPO	0	0	0	n/a	0
Waived	n/a	n/a	n/a	1	1
Total	4	26	0	1	31

Dental

Plan	Single	2-Party	Family	Waived	Total
Actives	61	37	66	0	164
Retirees < 65	6	16	1	13	36
Retirees ≥ 65	5	26	0	0	31

Active Employees ¹⁴
Age/Service/Pay Distribution

		Service							
Age		Under 1	1-4	5-9	10-14	15-19	20-24	25 & Over	Total
Under 25	Count	1	1	-	-	-	-	-	2
	Average Pay	37,444	51,684	-	-	-	-	-	44,564
25-29	Count	7	2	-	-	-	-	-	9
	Average Pay	54,577	44,229	-	-	-	-	-	52,277
30-34	Count	5	8	4	1	-	-	-	18
	Average Pay	63,144	48,652	53,064	68,711	-	-	-	54,773
35-39	Count	5	8	10	3	-	-	-	26
	Average Pay	61,847	54,832	69,264	67,510	-	-	-	63,194
40-44	Count	5	8	7	3	5	2	-	30
	Average Pay	50,747	65,721	55,377	76,163	79,154	67,505	-	64,214
45-49	Count	3	11	6	1	2	1	3	27
	Average Pay	60,356	52,270	75,949	51,602	125,550	50,619	73,120	66,089
50-54	Count	4	8	4	-	9	3	3	31
	Average Pay	64,094	87,319	88,225	-	76,125	71,955	96,394	80,581
55-59	Count	1	2	6	-	2	-	1	12
	Average Pay	44,576	111,853	77,185	-	83,957	-	64,604	80,326
60-64	Count	2	2	1	2	2	-	-	9
	Average Pay	61,788	83,511	57,654	53,721	66,898	-	-	65,499
65 & Over	Count	-	-	-	-	-	-	-	-
	Average Pay	-	-	-	-	-	-	-	-
Total	Count	33	50	38	10	20	6	7	164
	Average Pay	57,690	63,161	68,997	65,877	81,685	66,916	81,878	66,773

¹⁴ Includes 5 active Directors with zero reported pay.

**SECTION 5
PLAN PROVISIONS**

Benefit Summary
(Effective 1/1/08)

	Tier I	Tier II	Tier III	Directors																																				
<ul style="list-style-type: none"> ■ Medical Benefit Eligibility 	<ul style="list-style-type: none"> • Service or Disability Retirement from the District • Full-time employees • Receiving CalPERS pension (50 & 5) 																																							
	<u>Hired < 1/1/81</u> <ul style="list-style-type: none"> • Ret 55 & 5 	<u>Hired ≥ 1/1/81 & < 7/1/93</u> <ul style="list-style-type: none"> • Ret Age 55 • Ret Age + Svc ≥ 70 • Includes current General Manager 	<u>Hired ≥ 7/1/93</u> <ul style="list-style-type: none"> • Ret 55 & 15 	<u>Elected < 1/1/95</u> <ul style="list-style-type: none"> • Ret 60 & 12 																																				
<ul style="list-style-type: none"> ■ Retiree Medical Benefit¹⁵ 	<ul style="list-style-type: none"> • 100% of retiree cost for life • Ret < 12/29/03: 100% of spouse & dependent cost • Ret ≥ 12/29/03: 88% of spouse & dependent cost • Dependent children coverage until age 19 • EPO, Gold PPO, and Silver PPO available before Medicare eligibility • Gold and Silver PPO available after Medicare eligibility (not EPO) 		<ul style="list-style-type: none"> • 50% of retiree-only cost until Medicare eligibility • Silver PPO available (not EPO or Gold PPO) • Not covered under District medical plan after Medicare eligible 	<ul style="list-style-type: none"> • Elected < 1/1/95: <ul style="list-style-type: none"> ➢ 100% of retiree & family cost for life ➢ Gold and Silver PPO available (not EPO) • Elected ≥ 1/1/95: None 																																				
<ul style="list-style-type: none"> ■ Surviving Spouse & Dependents Medical Benefit 	<ul style="list-style-type: none"> • Ret < 12/29/03: 100% of spouse & dependent cost • Ret ≥ 12/29/03: 88% of spouse & dependent cost • Coverage for 12 months after retiree death < 65 		<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • Elected < 1/1/95: 100% of spouse & dependent cost for 12 months after retiree death < 65 • Elected ≥ 1/1/95: None 																																				
<ul style="list-style-type: none"> ■ Vesting 	<ul style="list-style-type: none"> • Early retirement and vesting apply to disability retirees only after 1/1/08: Product of percentages: <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center; border-bottom: 1px solid black;">Early Retirement</th> <th colspan="2" style="text-align: center; border-bottom: 1px solid black;">Vesting</th> </tr> <tr> <th style="text-align: center; border-bottom: 1px solid black;"><u>Age</u></th> <th style="text-align: center; border-bottom: 1px solid black;"><u>Pct</u></th> <th style="text-align: center; border-bottom: 1px solid black;"><u>YOS</u></th> <th style="text-align: center; border-bottom: 1px solid black;"><u>Pct</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;"><50</td> <td style="text-align: center;">0%</td> <td style="text-align: center;"><10</td> <td style="text-align: center;">0%</td> </tr> <tr> <td style="text-align: center;">50</td> <td style="text-align: center;">70%</td> <td style="text-align: center;">10</td> <td style="text-align: center;">30%</td> </tr> <tr> <td style="text-align: center;">51</td> <td style="text-align: center;">76%</td> <td style="text-align: center;">11</td> <td style="text-align: center;">44%</td> </tr> <tr> <td style="text-align: center;">52</td> <td style="text-align: center;">82%</td> <td style="text-align: center;">12</td> <td style="text-align: center;">58%</td> </tr> <tr> <td style="text-align: center;">53</td> <td style="text-align: center;">88%</td> <td style="text-align: center;">13</td> <td style="text-align: center;">72%</td> </tr> <tr> <td style="text-align: center;">54</td> <td style="text-align: center;">94%</td> <td style="text-align: center;">14</td> <td style="text-align: center;">86%</td> </tr> <tr> <td style="text-align: center;">55+</td> <td style="text-align: center;">100%</td> <td style="text-align: center;">15+</td> <td style="text-align: center;">100%</td> </tr> </tbody> </table>				Early Retirement		Vesting		<u>Age</u>	<u>Pct</u>	<u>YOS</u>	<u>Pct</u>	<50	0%	<10	0%	50	70%	10	30%	51	76%	11	44%	52	82%	12	58%	53	88%	13	72%	54	94%	14	86%	55+	100%	15+	100%
Early Retirement		Vesting																																						
<u>Age</u>	<u>Pct</u>	<u>YOS</u>	<u>Pct</u>																																					
<50	0%	<10	0%																																					
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53	88%	13	72%																																					
54	94%	14	86%																																					
55+	100%	15+	100%																																					

¹⁵ All active employees receive a District medical and dental cash subsidy of 100% of the employee cost plus 88% of the cost for spouses and dependents.

SECTION 5
PLAN PROVISIONS

	Tier I	Tier IIa	Tier IIb	Tier III	Directors
■ Dental Benefit Eligibility	<ul style="list-style-type: none"> • Same as Medical 	<ul style="list-style-type: none"> • Same as Medical and • Ret \geq 60 	<ul style="list-style-type: none"> • Not covered 	<ul style="list-style-type: none"> • Same as Medical 	<ul style="list-style-type: none"> • Same as Medical
■ Dental Benefit	<ul style="list-style-type: none"> • 100% of retiree cost for life • Ret < 12/29/03: 100% of spouse & dependent cost • Ret \geq 12/29/03: 88% of spouse & dependent cost 		<ul style="list-style-type: none"> • Not covered 	<ul style="list-style-type: none"> • Retiree pays premium 	<ul style="list-style-type: none"> • Elected < 1/1/95: 100% of retiree and family cost for life • Elected \geq 1/1/95: Not covered under District dental plan
■ Life Insurance	<ul style="list-style-type: none"> • Ret < 12/29/03 • Retiree: \$3,000 to 70 • Spouse: \$1,000 to 70 	<ul style="list-style-type: none"> • Ret < 12/29/03 • Retiree: \$3,000 to 70 • Spouse: None 	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • None

**SECTION 5
PLAN PROVISIONS**

2008 SDRMA Monthly Healthcare Premiums

Plan	Pre-Medicare			Medicare Eligible		
	Single	2-Party	Family	Single	2-Party	Family
EPO	\$473.56	\$947.13	\$1,231.27	n/a	n/a	n/a
Gold PPO	420.94	841.89	1,094.46	332.80	665.62	1,109.37
Silver PPO	315.71	631.41	820.84	249.60	499.22	832.02
Dental	41.11	98.65	151.10	41.11	98.65	151.10

2008 Unimerica Monthly Life Insurance Premiums

	Single
Employee	19¢ per \$1,000
Spouse	60¢ per \$1,000

SECTION 6
ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Methods

The actuarial cost method used for this valuation is the Entry Age Normal (EAN) cost method. Under the EAN cost method, the Normal Cost for each participant is determined as a level percent of payroll throughout the participant's working lifetime. (The EAN cost method is required by CalPERS for agencies funding with the CERBT.)

The Unfunded Actuarial Accrued Liability was amortized over a fixed 30-year period as a level percentage of payroll beginning with the 2007/08 fiscal year. The District Retiree Healthcare Plan was assumed not to meet the GASB 45 definition of a community-rated plan and an implied subsidy was included in the valuation since SDRMA premiums rates are dependent on the demographics of District participants. The valuation was performed assuming that the 2008 premium rates are effective for the full 2007/08 fiscal year

The Plan is assumed to be ongoing for cost purposes and the current benefit design is assumed to continue with no change other than assumed inflationary adjustments. This does not imply that an obligation to continue the Plan exists.

Actuarial Assumptions

<p>■ Discount Rate</p> <ul style="list-style-type: none">● 7.75%● The District's current contribution policy is to contribute the full ARC to the CalPERS California Employers' Retiree Benefit Trust Fund (CERBT) annually. In addition, the District intends to fund the initial Actuarial Accrued Liability as of June 30, 2007 during the 2007/08 fiscal year.● CalPERS requires a Discount Rate of 7.75% for the portion of the ARC funded with CalPERS.
<p>■ Inflation Rate</p> <ul style="list-style-type: none">● 3% per annum.● CalPERS requires valuations use an inflation rate of 3%.
<p>■ Aggregate Payroll Increases</p> <ul style="list-style-type: none">● 3.25% per annum. (Used to amortize Unfunded AAL.)● CalPERS requires that the aggregate payroll increase assumption be no greater than 3.25%.
<p>■ Salary Merit and Longevity Increases</p> <ul style="list-style-type: none">● CalPERS 1997-2002 Experience Study.

SECTION 6
ACTUARIAL METHODS AND ASSUMPTIONS

■ **Demographic Assumptions (Mortality, Withdrawal, Disability)**

- CalPERS 1997-2002 Experience Study.
- CalPERS requires that demographic assumptions be the same as those of the CalPERS pension plan unless the actuary can demonstrate that the agency has materially different experience.

■ **Retirement Age**

- CalPERS 1997-2002 Experience Study.
 - 2.7% @ 55 Expected Retirement Age: Male ≈ 60.1; Female ≈ 59.4
- CalPERS requires that demographic assumptions be the same as those of the CalPERS pension plan unless the actuary can demonstrate that the agency has materially different experience.

■ **Medical Premium Increases**

	EPO		PPOs	
	Non-Medicare Eligible	Medicare Eligible	Non-Medicare Eligible	Medicare Eligible
2009	9.70%	10.10%	10.50%	10.90%
2010	9.05%	9.40%	9.75%	10.10%
2011	8.40%	8.70%	9.00%	9.30%
2012	7.75%	8.00%	8.25%	8.50%
2013	7.10%	7.30%	7.50%	7.70%
2014	6.45%	6.60%	6.75%	6.90%
2015	5.80%	5.90%	6.00%	6.10%
2016	5.15%	5.20%	5.25%	5.30%
2017+	4.50%	4.50%	4.50%	4.50%

- CalPERS requires that the select period be no greater than 10 years and that the ultimate trend rate be between 4% and 5%.

■ **Dental Premium Increases**

- 4% per annum.

■ **Medical Participation at Retirement**

- Actives covered: 100% for all Tiers
- Actives waived: 100% for all Tiers

■ **Dental Participation at Retirement**

- Actives Tiers I, IIa: 100%

SECTION 6
ACTUARIAL METHODS AND ASSUMPTIONS

■ **Dependents at Retirement**

- 75% of actives have spouses at retirement
- 10% have family coverage < 65
- No family coverage ≥ 65

■ **Spouse Age**

- Males 3 years older than females if no spouse birth date provided.

■ **Medical Plan at Retirement**

- Actives currently covered:
 - Tiers I, II:
 - Same as current active elections until Medicare eligible
 - Same as current active elections after Medicare eligible except for EPO participants
 - EPO participants move to Gold PPO after Medicare eligible
 - Tier III:
 - Silver PPO until Medicare eligible
 - Not covered under District plan after Medicare eligible
- Actives currently waived:
 - Tiers I, II: Gold PPO
 - Tier III: Silver PPO

■ **Medicare Eligible**

- 100% eligible for Medicare.
- All Medicare eligibles will elect Part B coverage.

■ **Future New Participants**

- Closed group – no future new participants assumed.

SECTION 7 GASB OPEB SUMMARY

On June 21, 2004, the Governmental Accounting Standards Board approved Statement No. 45 (GASB 45), accounting standards for *other* (than pensions) *postemployment benefits* (OPEB). Accounting for these benefits – primarily postretirement medical – can have significant impact on state and local government financial statements. This section summarizes GASB 45.

Background

Historically, most public sector entities have accounted for OPEB using a “pay-as-you-go” approach; very few have prefunded or even accrued for these benefits. This means OPEB costs are ignored while an employee renders service and recognized only after an employee retires. GASB argues this delayed recognition shifts “costs” from one taxpaying generation to another. The GASB position is that OPEB, like pension benefits, are a form of deferred compensation. Accordingly, GASB 45 requires recognizing OPEB (in the financial statement) *as employees render service* (and consequently earn the benefit), rather than when paid.

Effective Dates

GASB 45 effective dates are phased in similar to GASB Statement No. 34:

- Fiscal years beginning after December 15, 2006 for GASB 34 phase 1 governments (total annual revenue of \$100 million or more)
- Fiscal years beginning after December 15, 2007 for GASB 34 phase 2 governments (total annual revenue of \$10 million to \$100 million)
- Fiscal years beginning after December 15, 2008 for GASB 34 phase 3 governments (total annual revenue less than \$10 million).

What Benefits are OPEB?

OPEB includes most postemployment benefits, other than pensions, that employees are entitled to after leaving employment:

- Retiree medical
- Dental
- Prescription drug
- Vision
- Life insurance
- Outside group legal
- Long-term care
- Disability benefits outside a pension plan

OPEB does not include vacation, sick leave, COBRA, or ad hoc early retirement incentives, which fall under other GASB accounting statements.

Accounting Standards

Under GASB 45, pay-as-you-go accounting is replaced with accrual accounting. This is virtually identical to GASB’s approach under Statement No. 27, with the key financial statement components being an Annual Required Contribution, an Annual OPEB Cost, and a Net OPEB Obligation.

SECTION 7 GASB OPEB SUMMARY

- **Annual Required Contribution (ARC):** GASB 45 doesn't require an agency to make up any shortfall (unfunded Actuarial Liability) immediately, nor does it allow an immediate credit for any excess Plan Assets. Instead, the difference is amortized over time. An agency's ARC is nothing more than the employer current Normal Cost (value of benefits being "earned" during a year), plus the amortized unfunded Actuarial Liability (or less the amortized excess Plan Assets). Simply put, ARC is the value of benefits earned during the year plus (or minus) something to move the plan toward being on track for funding. GASB 45 allows actuaries to amortize the unfunded Actuarial Liability (or excess Plan Assets) on a level dollar or level percent of payroll basis. We believe most agencies will want to use a level percent of payroll amortization because it's more consistent with the budget process and how pension contributions are usually calculated. ARC must be based on the underlying OPEB promise (as understood by the plan sponsor and employees).
- **Annual OPEB Cost (AOC):** The first year an agency complies with the new standards, the AOC equals the ARC. In subsequent years, the AOC will equal the ARC, adjusted for prior differences between the ARC and AOC.
- **Net OPEB Obligation (NOO):** An agency's NOO is the historical difference between actual contributions made and the ARC. If an agency has always contributed the ARC, the NOO equals zero. However, an agency has not "made" the contribution unless it has been set aside and cannot legally be used for any other purpose.

Implementation Process

The implementation process will be relatively straightforward: An agency will hire an actuary to calculate the ARC. The first time an agency does this, their AOC equals their ARC. The agency then decides whether to contribute all, none, or part of the ARC into a Trust that cannot legally be used for any purpose other than paying OPEB.

If an agency always contributes the ARC, then each subsequent year's AOC equals their ARC – and the NOO is zero. The first year an agency does *not* contribute the ARC, they must establish an NOO equal to the difference between their actual contribution and the ARC. The subsequent year's AOC equals the ARC, adjusted for interest and amortization of the NOO.

Disclosure Requirements

This may be the most important aspect of GASB 45. When disclosed, some agencies will show large OPEB unfunded liabilities, while others will show small or no unfunded liabilities. These differences *may* require an adjustment in an agency's bond rating. Plan sponsors must disclose in their financial statement footnotes:

- Basic plan information
 - Plan type
 - Benefits provided
 - Authority under which benefits were established
- Plan funding/contribution policy information:
 - Required contribution rates for active members and employers shown in dollars or as a percent of payroll

SECTION 7

GASB OPEB SUMMARY

■ Plan Funded Status information:

- AOC and the dollar contributions actually made
- If the employer has a NOO, also
 - Components of the AOC
 - NOO increase or decrease during the year
 - End of year NOO
- 3-year history of
 - AOC
 - Percent of AOC contributed during the year
 - End of year NOO
- Most recent year's plan Funded Status
- Actuarial methods and assumptions used to determine the ARC, AOC, and Funded Status.

In addition, plan sponsors must provide 3 years of historical required supplementary information:

- Valuation dates
- Actuarial asset values
- Actuarial Liability
- Unfunded Actuarial Liability (excess Plan Assets)
- Plan funded ratio
- Annual covered payroll
- Ratio of unfunded Actuarial Liability (excess Plan Assets) to annual covered payroll
- Factors that significantly affect comparing the above information across the years.

Defining the Plan

GASB 45 refers to the *substantive plan* as the basis for accounting. It may differ from the *written plan* in that it reflects the employer's cost sharing policy based on:

- Past practice or communication of intended changes to a plan's cost sharing provisions, or
- Past practice of cost increases in monetary benefits.

The substantive plan is the basis for allowing recognition of potential future plan changes. This approach requires entities to acknowledge the underlying promise, not just the written plan.

What if retirees participate in the active healthcare plan, but are charged a rate based on composite active and retiree experience? (This was a contentious issue during the statement drafting, with one of the seven board members dissenting from Board adoption of the final statement.) In general, GASB 45 requires recognition of the implied subsidy. However, if benefits are provided through a community rated plan (premium rates based on experience of multiple employers rather than a single employer), and the same premium is charged for active and retired participants, it is appropriate to value unadjusted premiums.

SECTION 7 GASB OPEB SUMMARY

Actuarial Assumptions and Discount Rate Requirements

Under GASB 45, the actuary must follow current actuarial standards of practice, which generally call for explicit assumptions – meaning each individual assumption represents the actuary’s best estimate.

GASB 45 also requires basing the discount rate on the source of funds used to pay the benefits. This means the underlying expected long-term rate of return on Plan Assets for funded plans. Since the source of funds for unfunded plans is usually an agency’s investment fund, and California and most other state law restricts what investments agencies can have in their investment fund, unfunded plans will need to use a low (for example, 4% to 5%) discount rate. If an agency sets up a Trust and diversifies Trust Plan Assets, however, the discount rate might be much higher (such as 7%) depending on the Trust fund’s expected long-term investment return.

Transition Issues

Typically, new accounting standards allow transition from old to new requirements. Because historical ARC calculations will rarely be available, GASB 45 takes a prospective transition approach: there is no requirement for an initial transition obligation. But if AOCs, before transition, were calculated consistently with the standard, a NOO at transition can be established at an agency’s discretion.

Valuation Frequency Requirements and Small Plans

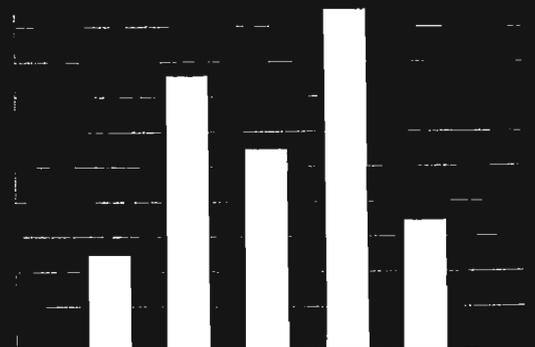
GASB 45 requires an actuarial valuation at least every two years for plans with more than 200 (active, inactive, and retired) members. Plans with fewer than 200 members will need a valuation every 3 years. In a significant departure from prior standards, though, GASB 45 allows plans with fewer than 100 members to elect a simplified measurement method not requiring an actuarial certification.

Funding Pensions & Retiree Health Care for Public Employees

A REPORT OF THE PUBLIC EMPLOYEE POST-EMPLOYMENT
BENEFITS COMMISSION



PUBLIC EMPLOYEE
POST-EMPLOYMENT BENEFITS
COMMISSION



Funding Pensions & Retiree Health Care for Public Employees

A REPORT OF THE PUBLIC EMPLOYEE POST-EMPLOYMENT
BENEFITS COMMISSION



PUBLIC EMPLOYEE
POST-EMPLOYMENT BENEFITS
COMMISSION

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Governor's Proclamation Creating the Commission Executive Order S-25-06

WHEREAS the State and other public entities within the State provide employees with pensions and other post-employment benefits such as health care; and

WHEREAS these benefits serve the public interest by attracting and retaining a workforce that protects the health and safety of the State; and

WHEREAS the most recent accounting reports from CalPERS and CalSTRS indicate that public employee pensions are underfunded; and

WHEREAS the Government Accounting Standards Board now requires the State and other public entities within the State to determine and report their liabilities for other post-employment benefits; and

WHEREAS only a small percentage of public entities have begun taking action to determine the full extent of their other post-employment benefits or to fund any liabilities that may exist in that regard, with the result that any such liabilities that may exist are largely unfunded; and

WHEREAS unfunded liabilities for other post-employment benefits are currently unknown, but the Legislative Analyst's Office estimates that they may be potentially tens of billions for the State and other public entities; and

WHEREAS the Legislative Analyst's Office has reported that elected officials throughout the State lack the information needed to develop strategies for addressing post-employment liabilities and urged more disclosure and planning in addressing this issue.

NOW, THEREFORE, I, ARNOLD SCHWARZENEGGER, Governor of the State of California, by virtue of the power and authority vested in me by the Constitution and statutes of the State of California, do hereby issue this Order to become effective immediately:

- 1 The Public Employee Post-Employment Benefits Commission (Commission) is hereby established. It shall consist of twelve members, six of whom shall be appointed by the Governor, three of whom shall be appointed by the Speaker of the Assembly, and three of whom shall be appointed by the Senate President pro Tem. The Governor shall designate one of the members as chairperson. The members of the Commission shall serve without compensation and at the pleasure of the official who appointed them.
- 2 On January 1, 2008, the Commission shall deliver a report to the Governor and to the Legislature that:
 - a Identifies, with regard to the State of California and its counties, cities, school districts, special districts, and any other affected government bodies, the amount and extent of unfunded liabilities for other post-employment benefits;
 - b Compares and evaluates the advantages and disadvantages of various approaches for addressing unfunded post-employment benefits; and
 - c Considers the advantages to the State from other post-employment benefits, such as providing retiree health care.
 - d Proposes a plan or plans for addressing unfunded post-employment benefits.
- 3 The Commission shall be disbanded 30 days after delivery of their report unless the Commission's service is extended by further Executive Order.
- 4 The Commission shall comply with applicable open meeting laws. This Executive Order is not intended to create, and does not create, any rights or benefits, whether substantive or procedural, or enforceable at law or in equity, against the State of California or its agencies, departments, entities, officers, employees, or any other person.
- 5 State departments and agencies shall cooperate and provide support to the Commission and local agencies are encouraged to provide support for the efforts of the Commission.

I FURTHER DIRECT that as soon as hereafter possible, this Order be filed in the Office of the Secretary of State and that widespread publicity and notice be given to this Order.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 28th day of December 2006.



ARNOLD SCHWARZENEGGER
Governor of California



Message from the Chairman

Gerald L. Parsky

During the last 12 months, the Public Employee Post-Employment Benefits Commission (the Commission) met throughout the state and listened to nearly one hundred hours of testimony from concerned citizens, policy experts, and government officials. The Commission deliberated carefully about how best to fund post-employment benefits for our state's workforce. All of the information presented emphasized the importance to the State of California of both public employment and public employees.

It also became clear that the pension and health care components of compensation are critical to both active and retired public employees. It is devastating to individuals when health care benefits are changed after they have retired, since the cost of health services can easily deplete a retiree's income. The best way to ensure that government promises are kept is to provide prefunding for these benefits. It is equally important that this funding be made in a fiscally sound and prudent manner that will not negatively impact other government services.

Because of the volatility and unpredictability of health care costs, these benefits are just as important as are pension benefits to the state's workers and retirees. Certain health care benefits have become an integral component of retirement planning. Additionally, in many cases, these benefits are part of deferred compensation packages used to attract and retain qualified individuals for government service. The importance of these benefits in the eyes of workers and retirees cannot be overstated.

With respect to funding these critical benefits, it is important to emphasize that each public agency in California faces different funding constraints, personnel needs, and organizational purposes. A one-size-fits-all approach is neither appropriate nor practical. An understanding of that fact underlies both what the Commission addressed and what it did not. The Commission developed recommendations which are meant to facilitate compliance with the new reporting standards for OPEB benefits, to ensure the fiscal integrity of California's pension systems, and to hold all public agencies to a standard of best practices in finance, disclosure, deferred compensation structure, and budget priorities. The Commission did not pursue requests that it advocate statewide changes to retirement formulas and retirement age because those components of benefit design are bargained and determined at the local level.

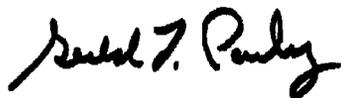
Early in our deliberations, the following three principles guided our discussions and recommendations:

1. A competitive, affordable benefits package serves the public good by enabling public employers to recruit and retain qualified public employees.
2. The costs of promised benefits should be fully identified, known, and paid for within the working career of those receiving the benefit. The processes for funding those benefits should be easily understood and actuarially sound.
3. In order to build awareness, support, and trust with taxpayers, including the employees of public agencies, the process through which benefits are adopted, modified, and/or paid for needs to be open, transparent, and defensible.

Consistent with the spirit in which this body was created by California's Republican and Democratic leaders, this bi-partisan Commission worked through differences to find common ground and reach consensus on solutions that, if followed, will benefit the state's fiscal health and promote the long-term well-being of its workforce.

Finally, we would like to commend the Governor and the Legislative Leaders for taking action on this vitally important issue for California. We especially appreciate the cooperative spirit in which they appointed a bi-partisan Commission. We are happy to report that the tone they set has continued throughout this last year. Personally, I have truly been impressed with the way in which each of the members represented their views and demonstrated a genuine desire to understand the views of others and reach common ground. It is with this spirit of bi-partisanship, cooperation, and desire to do what is right for California and its workforce that we unanimously present the following recommendations.

Sincerely,



Gerald L. Parsky
Chairman
Public Employee Post-Employment Benefits Commission

Executive Summary

A Plan to Address Pension and OPEB Obligations

This report presents a plan to address public pension and retiree health care funding issues across the state of California. The following recommendations are divided into eight groups which together constitute a plan for addressing pension and Other

Post-Employment Benefits (OPEB) obligations. For more information on the background and rationale for each recommendation, please see the Recommendations section of this report.

Group 1

Identify and Prefund Financial Obligations

Recommendation 1

Public agencies providing OPEB benefits should adopt prefunding as their policy. As a policy, prefunding OPEB benefits is just as important as prefunding pensions. The ultimate goal of a prefunding policy should be to achieve full funding.

Recommendation 2

Each public employer shall identify its OPEB liability, adopt a prefunding plan, and make it public. If a public employer does not establish a prefunding plan, it shall clearly identify an alternative approach for addressing its OPEB liabilities and make public its reason for not prefunding.

Recommendation 3

The State of California shall establish prefunding as both a policy and budget priority, develop and make public a prefunding plan, and begin prefunding its OPEB liabilities.

Recommendation 4

Any employer considering the use of OPEB bonds should fully understand, and make public, the potential risks they bring. Such risks include: shifting costs to future generations, converting a future estimated OPEB liability into fixed indebtedness, and the uncertainty concerning continued federal cost sharing for debt service on such a bond.

Group 2 Limit Contribution Volatility and Use Smoothing Methods Judiciously

Recommendation 5

Public retirement systems which consider contribution rate volatility to be a problem should consider the use of longer asset smoothing periods to lessen that volatility.

Recommendation 6

A retirement system which has adopted an asset smoothing method should resist efforts to alter that method for short-term gain, including, but not limited to, contribution rate reductions and benefit increases.

Recommendation 7

Generally, employer contributions should not fall to zero. An employer should be permitted to have a full or partial contribution holiday only when its retirement plan is substantially overfunded. As used here, “substantially overfunded” means that the existing surplus is used to pay for all or part of the normal cost only after that surplus is amortized over a 30 year period, the longest amortization period allowed by GASB. In particular, employer contributions should fall to zero (“full contribution holiday”) only in the rare situation that the surplus is so great that it could be expected to fund a full 30 years of normal costs.

Recommendation 8

An employer whose pension account is overfunded and who has an OPEB liability should, as its first priority, use that surplus to address its OPEB liability. This should be done either by (1) transferring such surplus directly to OPEB funding in a manner which complies with federal and state law, or (2) using the budgetary savings from any contribution holiday (determined in accordance with Recommendation 7) to make additional contributions to OPEB funding.

Group 3 Increase Transparency and Accountability

Recommendation 9

Legislation should be enacted directing the State Controller’s Office to develop a simple and inexpensive procedure to regularly collect and report OPEB data from California public agencies. In order to minimize reporting requirements for public agencies, all the data collected for this report should be contained in the GASB 45 actuarial valuation report periodically required of each public agency and in the agency’s GASB 45 footnote. Reporting should be mandatory for those agencies which provide OPEB benefits.

Recommendation 10

The State Controller’s Office should publish the annual report of public pensions, which is required by current law, within 12 months of the receipt of data but in no case longer than 18 months after the end of the fiscal year.

Recommendation 11

With the exception of school districts and county offices of education, legislation should be enacted to amend Government Code Section 7507 to provide for more clarity in its cost reporting requirements and for clear accountability within a public agency adopting new benefit levels. Specifically, where that section now calls for the determination of “future annual costs”, it should be clarified to include “normal cost and any additional accrued liability”. Concerning increased accountability, language should be added which requires that the person holding the position with the responsibilities of a chief executive officer within the affected agency acknowledge in writing the actuary’s cost determination for the new benefit. School districts and county offices of education shall comply with disclosure requirements pursuant to AB1200 (Chapter 1213, Statutes of 1991) and AB 2756 (Chapter 52, Statutes of 2004).

Recommendation 12

With the exception of school districts and county offices of education, legislation should be enacted to amend Government Code Section 7507 so that it also applies to the granting or changing of OPEB benefits. As with pension benefits, this statutory change would require that the future costs of the proposed benefit change be determined by an actuary and be made public at least two weeks prior to adoption. School districts and county offices of education shall comply with disclosure requirements pursuant to AB1200 (Chapter 1213, Statutes of 1991) and AB 2756 (Chapter 52, Statutes of 2004).

Recommendation 13

With the exception of school districts and county offices of education, legislation should be enacted to amend Government Code Section 7507 to require that pension and/or OPEB benefit changes be subject to the public notice requirements found in that section and be presented with an actuary available to answer any questions or to provide additional information, as needed. The presentation and report should be in language easily understood by the layperson, and such information should not be placed on the consent calendar. School districts and county offices of education shall comply with disclosure requirements pursuant to AB1200 (Chapter 1213, Statutes of 1991) and AB 2756 (Chapter 52, Statutes of 2004).

Group 4 Improve Plan Design and Communication with Employees

Recommendation 14

An employer making a contribution to retiree health care should make that contribution proportionate to the number of years of employment and should reward longer careers. This recommendation should be implemented through collective bargaining and should be applied to newly hired employees. The use of proportionate credit to earn the employer contribution for retiree health care should apply only to service retirement.

Recommendation 15

An employer providing retiree health care should make that benefit dependent upon the employee retiring within a set time after separation from the job.

Recommendation 16

Public sector employers should provide tax-advantaged supplemental savings plans (e.g. 457, 401(k), 403(b), etc.) to their employees on an “opt out” basis. Public employers and their employees should jointly determine the details of any plan offered, including: whether to use a “hard” or “soft” opt out, the minimum contribution amount, and any default investment selection for employee contributions. Employers should also develop an ongoing program to educate employees about their savings options.

Recommendation 17

Public employers should provide regular explanations to their employees concerning the advantages of their defined benefit (pension and OPEB) plans, the role of compounded interest in their personal savings programs, and the advantage of contributing to savings on a pre-tax basis. Employees who participate in Social Security should be educated that this is a supplemental program only and not a retirement plan. This information should be communicated at regular intervals throughout an employee’s career.

Recommendation 18

Public employers should provide clear explanations to employees concerning current eligibility rules for retiree health care and the terms under which retiree health care is earned. Employers should also clearly explain to their employees the conditions under which health benefits for retirees are to be funded and paid. This information should be communicated at regular intervals throughout an employee’s career and through plan documents and collective bargaining agreements.

Recommendation 19

Public employers should provide timely notification to both active and retired employees when proposing a change in retiree health care benefits. This notification should be provided in a time frame that reasonably allows affected employees and retirees to understand the impact of the benefit change, to review other options available to them, and to comment to the employer on the proposed changes.

Recommendation 20

CalPERS should periodically inform its contracting agencies about the option of allowing permanent part-time employees access to the PEMHCA health care system. The amount of the employer contribution, if any, should be collectively bargained.

Group 5 Provide Independent Analysis

Group 6 Strengthen Governance and Enhance Transparency

Recommendation 21

Public employers should evaluate participation in alternate arrangements, including joint power authorities (JPA) and regional health care risk pools, as a means of providing retirees with access to health care coverage.

Recommendation 22

Legislation should be enacted to create a California actuarial advisory panel at the state level. The purpose of the advisory panel would be to provide the California Legislature, the Governor's office, public retirement systems, public agencies, and other interested parties with impartial and independent information on pensions, OPEB benefits, and best practices.

Such a panel would encourage greater transparency and understanding of actuarial methodology and assumptions used by public retirement systems and would gather and provide information concerning best actuarial practices. Individuals appointed to the advisory panel should have the requisite technical and educational skills to carry out their duties.

Recommendation 23

All public pension plans should have periodic performance audits performed by an independent auditor.

Recommendation 24

A retirement board should not provide incentives for an employer to enhance benefits, and benefit improvements by the employer should not be contingent upon a quid pro quo by the retirement board.

Recommendation 25

Retirement systems and public agencies should be open and transparent concerning the elements included in final compensation. All public retirement systems in California should have in place safeguards against pension spiking.

Recommendation 26

Legislation should be enacted which would do the following:

1. Make it a crime to make a fraudulent claim for a retirement or disability benefit or to keep a payment made on the basis of a fraudulent claim;
2. Require that workers' compensation insurers and the Director of EDD provide CalPERS investigators with information they deem necessary when investigating someone concerning the application for, or the receipt of, CalPERS benefits.

Recommendation 27

The granting of a disability retirement should be based solely on medical information and should not consider personnel, disciplinary, or other ancillary issues.

Recommendation 28

Boards overseeing pension or OPEB trust funds should evaluate not only reported actuarial liabilities and assets but also the underlying assumptions including discount rates, investment returns, mortality, health care inflation, and whether plans are open or closed systems. Boards should understand the sensitivity to changes in these assumptions, as well as the difference between actuarial values and market values. The authorities responsible for appointing members to public retirement boards should seek out individuals with expertise in the areas of public finance, investments, and public administration. In addition, the trustees of public retirement systems, as well as the trustees of OPEB trusts, should receive continuous training related to the understanding and fulfillment of their fiduciary responsibilities, actuarial methodology and assumptions, and conflict of interest requirements.

Recommendation 29

Boards which govern pension and/or OPEB trusts should have very strong conflict of interest policies and should adhere to those policies. All trustees should annually attest in writing that they understand and are in compliance with the conflict of interest policy.

Recommendation 30

Boards overseeing pension and/or OPEB trust funds should meet or exceed the transparency governance requirements they place on companies or on investment managers of plan assets.

Recommendation 31

Public retirement boards of trustees should establish a separate audit committee, made up of trustees, to oversee and participate in the opening, processing, and closing of the annual audit report to the full board.

Recommendation 32

Health plan sponsors should identify individuals who are Medicare-eligible and inform them of the need to enroll in Medicare in a timely manner. Employers should provide those individuals with information on penalties which result from delayed enrollment in Medicare.

Recommendation 33

Employers should provide incentives to individuals to enroll in Medicare and possibly a Medicare supplement plan once they become eligible for Medicare.

Group 7
Coordinate with
Medicare

Group 8 Advocate Federal Tax Law Changes

Recommendation 34

At the request of numerous local agencies, the Commission agreed to consider several proposed tax changes. Because the Commission can play a unique role in communicating these issues to the IRS, the Commission will write a letter to the IRS recommending the following:

- **Investment of Assets Used to Fund Retiree Health Benefits:** The IRS should modify Revenue Ruling 81-100 to allow the commingling for investment purposes of the funds held to pay public employee OPEB obligations with retirement system funds, subject to appropriate safeguards. Those safeguards should require that OPEB funds must be held in trust solely for the benefit of retirees and beneficiaries and that investments and income must be properly accounted for and allocated.
- **Collectively Bargained Retiree Health Benefits:** The IRS should interpret the law in the same manner for retiree health benefits as it does for pensions, and not tax health benefits which are collectively bargained, even if they are not fully insured. The IRS also should not tax retiree health benefits that provide higher premium subsidies to retirees with longer service, whether or not those benefits are collectively bargained.
- **Saving For Retirement: Redeposits and Service Purchase:** The IRS should not change its current rules concerning pick ups and should not change its rules allowing pre-tax redeposits and the pre-tax purchase of service credit, particularly since there has been no change in the governing law.
- **Definition of “Government Agency” for Retirement Systems:** The IRS, DOL, and PBGC should open their process for defining “government agency” by holding public hearings and inviting government agencies and retirement systems to participate in these sessions to provide critical information before any decisions are made which could adversely affect many public employees.
- **Health Benefits: Retirees, Step Children, Domestic Partners, and All Others Covered by the Retiree Health Plan:** The IRS should not tax the health care benefits provided to everyone covered by a health care plan simply because the plan provides coverage for retirees’ step children and domestic partners who are not tax dependents of the retirees.

OPEB

Other Post Employment Benefits



OPEB - Definition

- ❑ Benefits paid by the employer to qualified retired employees (Not including pension benefits)
- ❑ Otay's medical and dental benefits are an OPEB benefit.
- ❑ OPEB Liability
- ❑ Actuary's Role

Accounting for Pensions

History

- Pension Funding –
 - 1974 ERISA required companies to calculate the funding status.
 - 1986 FASB puts out SFAS 87 which standardizes accounting for pensions

- Medical and Dental Pension Funding -
 - 1998 FASB puts out SFAS 132 which standardizes accounting for medical pensions
 - 2004 GASB implements GASB #45 to standardize reporting of medical pensions

Otay's OPEB History

- ❑ 1999 First actuarial study
- ❑ 2000 Board approved an OPEB policy & set aside \$4,000,000 (partial funding)
- ❑ 2004 GASB 45 issued with focus on irrevocable trusts
- ❑ 2004 Updated actuarial study and the Board set aside \$12,100,000 (fully funded)
- ❑ 2007 District identifies savings with modified medical plans, PERS Trust
- ❑ 2007 District offers expanded compensation and benefits with savings
- ❑ 2007 Governor Approves AB 554
- ❑ 2008 Recommend implementation of PERS Trust to obtain savings

Benefits of the PERS Trust

- Greater returns make \$5M in current funds available for other District purposes
 - District Rate 5.00% (Short term)
 - Trust Rate 7.00% (Long term & Equity Markets)
 - PERS Rate 7.75% (Long term & Equity Markets)
- Meets GASB 45 trust criteria
- Financial Statements will reflect the FULLY FUNDED status
- Demonstrates the District's strong financial position, planning, and management - Bond Markets

Cause for Celebration

- ❑ Board actions have placed the District in the favorable position to FULLY FUND the District's liability
- ❑ Placing the funds in a PERS Trust will save the District over \$5,000,000
- ❑ The District's Fully Funded status puts the District in a very competitive position. The District will not be financially hindered by future funding requirements.

Medical Pension Actuarial Results

Actuarial Accrued Liability (AAL)

□ AAL \$11,408,000

Annual "Required" Contribution (ARC)

□ Normal Cost \$135,000

Without Funding the AAL the ARC Increases

□ Normal Cost \$135,000

□ UAAL Amortization \$711,000

\$846,000

Governor's Benefits Commission

□ **Governor Schwarzenegger Quote**

"...these benefits serve the public interest by attracting and retaining a workforce that protects the health and safety of the State..."

□ **Commission Chairman Quote**

"The results of this survey should serve as a wake-up call about the importance of planning ahead and implementing prudent fiscal policies now. For the good of the state's fiscal health and the well being of our workforce, action must be taken."

□ Identified Pension underfunding at \$63.5 Billion

□ Identified Medical underfunding at \$118 Billion

Recommendations of the Governor's Benefits Commission

1. Identify and Prefund Financial Obligations
2. Limit Contribution Volatility and Use Smoothing Methods Judiciously
3. Increase Transparency and Accountability
4. Improve Plan Design and Communication with Employees
5. Provide Independent Analysis
6. Strengthen Governance and Enhance Transparency
7. Coordinate with Medicare
8. Advocate Federal Tax Law Changes the best interest of all Californians.

Staff Recommendation

- Approve Resolution No. 4117
 - Authorize the agreement with PERS to prefund the OPEB Trust
 - Set the funding policy at 100% of the ARC
 - Delegate authority to request disbursements to the GM and CFO
 - Authorize the transfer of \$11,543,000 to PERS
 - Authorize the transfer of the remaining designated funds to the GF to pay for negotiated benefits

AGENDA ITEM 7a



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	3/5/08
SUBMITTED BY:	Armando Buelna 	W.O./G.F. NO:	DIV. NO. All
	Communications Officer		
APPROVED BY:			
SUBJECT:	Review of the Spring 2008 Customer Pipeline Newsletter		

GENERAL MANAGER'S RECOMMENDATION:

That the Board of Directors review the draft winter 2008 Customer Pipeline newsletter and provide direction on moving to full-color.

PURPOSE:

To give the Board of Directors the opportunity to review the draft spring 2008 Customer Pipeline newsletter, and provide direction on moving to full-color.

BACKGROUND:

The Customer Pipeline newsletter is a communications tool to engage, educate, and inform customers about programs and services offered by the district. It serves to increase visibility and transparency of district's actions and to promote understanding and confidence in their water service provider.

Topics in the Customer Pipeline newsletter include information of new programs or services, water conservation tips and landscaping advice, classes and events at the Water Conservation Garden, awards, project updates, and scholarship announcements. A page of the newsletter is dedicated to water conservation information, and another full page is reserved for articles translated to Spanish. The Customer Pipeline newsletter is produced quarterly and included with customer bills.

The Customer Pipeline newsletter is well read. The 2006 Residential Customer Opinion and Awareness Survey found that 22 percent of customers read the newsletter every time it is included with their bill, with another 26 percent reading it most times.

Readership in the newsletter is also increasing. Eighty percent of customers read the newsletter sometimes, most times, or every time it is included with their bill.

The customer newsletter is currently printed in two colors (blue and black) and distributed to all 49,000 customer accounts. The single 11" x 17" two-sided sheet costs \$0.08 each to print, or approximately \$3,900 each quarter plus tax and shipping. With four-color printing (full color), the cost would increase to \$0.10 per document or \$4,900 per quarter.

There are both advantages and disadvantages associated with changing to a full color newsletter. On the positive side, the updated look could attract additional readership and more interest and attention to the articles and information contained in the newsletter. Due to the tenuous nature of the water supply, it could help to raise awareness of this critical issue. Or in terms of promoting water conservation, by using more colorful images of water wise plants or attractive California Friendly landscapes, it may motivate more customers to make these changes to their landscapes.

On the other hand, customers may view four-color printing as wasteful, particularly at a time when water rates are rising. Still, many organizations, public and private, mail four-color documents and recipients are less sensitive and increasingly accepting of such mailings.

FISCAL IMPACT:

Printing expenses for Customer Pipeline newsletters are included in the Purchasing Division's printing budget (523301-2231). Graphic design costs for developing the customer newsletters are included the Marston+Marston Inc. contract and budgeted in the General Manager's Outside Services account (526101-1211).

STRATEGIC GOAL:

Enhance Customer Satisfaction and Outreach.

LEGAL IMPACT: _____

None.

A handwritten signature in black ink, appearing to read 'M. L. Watts', is written over a horizontal line.

General Manager

- Attachment A - Committee Action Statement
- Attachment B - Initial Draft Winter Customer Pipeline Newsletter (2-color)
- Attachment C - Initial Draft Winter Newsletter (4-color)
- Attachment D - Newsletter Design Concepts



ATTACHMENT A

SUBJECT/PROJECT:	Review of Customer Pipeline Newsletter
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COMMITTEE ACTION:

The Finance, Administration, and Communications Committee reviewed this item at a meeting held on February 26, 2008. The following comments were made:

- It was requested at the FA&C Committee meeting held on December 17, 2007 that staff put together cost information to print the customer *Pipeline Newsletter* in full color.
- The committee had discussed that the newsletter would have more impact to customers in full color as it would be more "eye-catching." The charts, such as the drought monitor, would also have a greater impact if they were in full color as color can better represent intensity/severity. Color pictures could also be used to draw attention to conservation.
- Staff presented the current cost for the two color process and the cost for full color based on the 70 lb. paper stock used currently versus semi-glossy 100 lb. stock. The cost difference is as follows:
 - Current cost is \$.08/newsletter or \$3,920/quarter (\$.08 X 49,000 copies).
 - Full color printing on 70 lb paper stock is \$.10/newsletter or \$4,900/quarter (\$.10 X 49,000 copies).
 - Full color printing on Semi-gloss 100 lb. paper stock is \$.11/newsletter or \$5,390/quarter (\$.11 X 49,000 copies).
- The committee recommends that the District move to full color printing on semi-gloss 100 lb. paper stock. It was requested that a copy of the current *Pipeline Newsletter*, a full color copy on 70 lb. stock, and a full color copy on semi-gloss 100 lb. stock be included with staffs' report so that the board would have a sample of the semi-gloss and 70 lb. stock that would be utilized. Cost of production will

increase from \$3,920 to \$5,390 per quarter as noted above (a \$1470 increase).

- The committee also suggested, of the various proposed layout designs, that the design with the pictures running across the top of the front page be used as the new template for the *Pipeline Newsletter*. It was also suggested that the pictures be replaced with photos that were more identifiable with the District and that "purple piping" be incorporated into the design layout throughout the newsletter. The committee would also like to see a "Kid's Corner" type element incorporated into the newsletter. It was suggested that material can be taken from the Splash Lab program and Metropolitan Water District's teaching curriculum.
- It was noted that the next issue (Spring) of the Pipeline Newsletter is scheduled to be mailed in April 2008.
- There was discussion that questions regarding feedback on the *Pipeline Newsletter* be included in the upcoming Customer Survey (such as, are the articles informative, would they like to see more Spanish translations, etc.)

The committee recommends that the District move to full color printing of the customer *Pipeline Newsletter* on 100 lb. paper stock and incorporate the ideas suggested above. The committee recommended that this item be presented to the full board as an action item.



STAFF REPORT

TYPE MEETING:	Regular Board Meeting	MEETING DATE:	March 5, 2008
SUBMITTED BY:	Mark Watton, General Manager	W.O./G.F. NO:	DIV. NO.
SUBJECT:	Board of Directors 2008 Calendar of Meetings		

GENERAL MANAGER'S RECOMMENDATION:

At the request of the Board, the attached Board of Director's meeting calendar for 2008 is being presented for discussion.

PURPOSE:

This staff report is being presented to provide the Board the opportunity to review the 2008 Board of Director's meeting calendars and amend the schedules as needed.

COMMITTEE ACTION:

N/A

ANALYSIS:

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

STRATEGIC GOAL:

N/A

FISCAL IMPACT:

None.

LEGAL IMPACT:

None.



General Manager

Attachments: Calendar of Meetings for 2008

**Board of Directors, Workshops
and Committee Meetings
2008**

Regular Board Meetings:

January 14, 2008
February 6, 2008
March 5, 2008
April 2, 2008
May 7, 2008
June 4, 2008
July 2, 2008
August 6, 2008
September 3, 2008
October 1, 2008
November 5, 2008
December 3, 2008

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

January 22, 2008
February 20, 2008
March 19, 2008
April 16, 2008
May 21, 2008
June 18, 2008
July 16, 2008
August 20, 2008
September 17, 2008
October 15, 2008
November 19, 2008
December 17, 2008

Board Workshops:

Budget Workshop, TBD
Board Retreat Workshop, TBD



AGENDA ITEM 9a

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	March 5, 2008
SUBMITTED BY:	<i>James Cudlip</i> James Cudlip, Finance Manager	W.O./G.F. NO:	DIV. NO. All
APPROVED BY: (Chief)	<i>Joseph Beachem</i> Joseph Beachem Chief Financial Officer		
APPROVED BY: (Asst. GM):	<i>German Alvarez</i> German Alvarez, Assistant General Manager		
SUBJECT:	Banking Services Review		

GENERAL MANAGER'S RECOMMENDATION:

Informational report only. No action required.

COMMITTEE ACTION: _____

See Attachment I.

BACKGROUND:

The original Staff Report was presented to the Board on February 6, 2008 (See Attachment IV). The Board requested that staff provide more details on specific pricing of the Union Bank of California contract in relation to their winning bid for banking services, as well as current price comparisons for these services with other banking institutions.

ANALYSIS:

BID RESULTS: During the bid review process staff noted that UBOC's pricing was very aggressive, resulting in the lowest total fees overall. Fees of the top three finalists, on a monthly basis, were as follows: UBOC - \$8,744; Wells Fargo - \$8,840; Bank of America - \$11,011. The UBOC banking contract includes five year fixed pricing on all services provided, while the fees quoted by Wells Fargo and Bank of America were only good for 90 days.

CURRENT COMPARISONS: UBOC provided a detailed breakdown of the District's services and fees, with a comparison of the pricing for these services from three other municipal agencies that recently completed bidding for banking services. The competing banks included Bank of America, City Bank, US Bank, and Wells Fargo.

Conclusions:

While there may be slight differences in pricing for specific, individual line items or services, UBOC's total pricing was still lower than other banks reviewed for the total package of services utilized by the District.

FISCAL IMPACT:

SYL

None. The recommendation for no change in banking services will maintain current operations and financial projections.

STRATEGIC OUTLOOK:

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

LEGAL IMPACT:

None.



General Manager

Attachments:

- I) Committee Action Form
- II) Banking Services Pricing Slide
- III) Inter-Agency Pricing Comparison
- IV) Staff Report, dated February 6, 2008



ATTACHMENT I

SUBJECT/PROJECT:	Banking Services Review
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COMMITTEE ACTION:

This item was referred back to committee at the February 6, 2008 board meeting. The board requested additional detailed information concerning pricing of the Union Bank of California contract and a current cost comparison of services with other banking institutions. The committee discussed the following:

- Staff presented the results of the Request for Proposals sent in November 2005 for its current banking services. The results of the top three bids were:

- UBOC \$8,774 for 5 years
- Wells \$8,840 for 90 days
- B of A \$11,011 for 90 days

UBOC's bid was selected as the most responsive.

- Following the board's inquiry at the January 22, 2008 board meeting with regard to banking services, staff polled other agencies regarding their banking services and fee rates. The comparison yielded the following cost information:

- Jurupa Comm. Svc. Dist. \$10,193
- S. Coast Comm. Dist. \$9,391
- City of Poway \$9,090

As not very many organizations change their banking institutions, Jurupa Comm. Svc. Dist. and S. Coast Comm. Dist. were utilized as comparisons as they were reasonably close to the District in size and services and had changed their banking institution within the last 1½ to 2 years.

The District's pricing at \$8,774 was still very competitive due to its 5 year pricing agreement with UBOC. Current fee increases are likely due to inflation.

- Staff noted that the District is in its second year with its contract with UBOC with three years remaining on its five year contract.
- Staff indicated that a bank review would be conducted every two to three years and would distribute a request for pricing every five years to the banking community. This process will become part of the departmental procedures for Finance.

The committee reaffirmed its support of staffs' recommendation and presentation to the full board as an informational item.

BANKING SERVICES REVIEW

▪ Bank RFP Results – Nov 2005

<u>UBOC</u>	<u>Wells</u>	<u>B of A</u>
\$8,774	\$8,840	\$11,011
5-Years	90-Days	90-Days

▪ Agency Comparison – Jan 2008

<u>UBOC</u>	<u>Jurupa</u>	<u>S.Coast</u>	<u>Poway</u>
\$8,774	\$10,193	\$9,391	\$9,090

UNION BANK OF CALIFORNIA
RFP FOR BANKING SERVICES ISSUED OCTOBER 6, 2005
OTAY WATER DISTRICT
APPENDIX C
COMPREHENSIVE BID SHEET

ATTACHMENT III

INTER-AGENCY PRICE COMPARISON: DEC. 2007

CODE	DESCRIPTION	UNIT OF MEASURE	VOLUME	Proposed Price \$	RFP Bid	RFP Bid	RFP Bid	TOTALS			
					Jurupa CSD Community Svcs District Aug. 07	South Coast Water District Apr. 06	City of Poway Nov. 05	OTAY	Jurupa	SCWD	Poway
REQUESTED SERVICES:											
ACCOUNT ANALYSIS											
AAA003	ACCT MAINTENANCE - WEB	PER/ACCOUNT	2	5.00	10.00	10.00	5.00	10.00	20.00	20.00	10.00
AAA012	FDIC INS/FICO (000's)	\$.015/\$1000	200.0	0.015	0.015	0.015	0.015	3.00	3.00	3.00	3.00
STR026	MONTHLY DDA STATEMENTS - WEB	PER/ACCOUNT	2	2.00	5.00	2.00	1.00	4.00	10.00	4.00	2.00
CHECK PROCESSING											
CKP002	UNENCODED COURIER DEPOSIT	PER/DEPOSIT	28	0.95	1.45	0.95	0.95	26.60	40.60	26.60	26.60
CKP020	UBOC CHECKS (13%)	PER/ITEM	4,246	0.02	0.043	0.020	0.020	84.92	182.58	84.92	84.92
CKP025	FED RES DISTRICT #1-12 (14%)	PER/ITEM	4,573	0.06	0.057	0.040	0.065	274.38	260.66	182.92	297.25
CKP038	LOCAL CLEARINGHOUSE (28%)	PER/ITEM	9,147	0.03	0.048	0.040	0.030	274.41	439.06	365.88	274.41
CKP039	ENCODING FEE	PER/ITEM	1,789	0.02	0.030	0.020	0.020	35.78	53.67	35.78	35.78
CKP064	LA RCPC SELECT IN SD (23%)	PER/ITEM	7,514	0.03	0.090	0.040	0.030	225.42	676.26	300.56	225.42
CKP069	LA RCPC IN SD (10%)	PER/ITEM	3,266	0.03	0.090	0.040	0.030	97.98	293.94	130.64	97.98
CKP070	LA RCPC IN SD - PREMIUM (12%)	PER/ITEM	3,922	0.03	0.090	0.040	0.030	117.66	352.98	156.88	117.66
CKP190	DEBIT ERROR NOTICE	PER/ITEM	1	3.00	7.00	nil	6.00	3.00	7.00	3.00	6.00
CKP191	CREDIT ERROR NOTICE	PER/ITEM	1	3.00	7.00	nil	6.00	3.00	7.00	3.00	6.00
CLEARPAY											
CPY006	DIRECT SEND MONTHLY BASE FEE	\$25/MONTH BASE	2	25.00	nil	25.00	25.00	50.00	50.00	50.00	50.00
CPY007	DIRECT SEND CREDIT TRANSACTION	Tier1: all tiers (payroll)	403	0.02	nil	0.25	0.05	8.06	8.06	100.75	20.15
CPY009	DIRECT SEND DEBIT TRANSACTION	Tier1: all tiers	3,273	0.02	nil	0.25	0.05	65.46	65.46	818.25	163.65
CPY028	DIRECT SEND NOC FAX	PER/ITEM	2	3.00	nil	nil	3.00	6.00	6.00	6.00	6.00
CPY032	INPUT - DATA TRANSMISSION	\$4/PER SEND	6	4.00	nil	5.00	5.00	24.00	24.00	30.00	30.00
CPY055	DISHONORED/DISPUTED ENTRY	PER/ITEM	9	3.00	nil	nil	nil	27.00	27.00	27.00	27.00
CPY518	RETURNS - FAX	PER/ITEM	9	1.00	nil	nil	nil	9.00	9.00	9.00	9.00
CPY528	NOC - FAX	PER/ITEM	1	1.00	nil	nil	nil	1.00	1.00	1.00	1.00
CASH VAULT SERVICES											
CSH028	DEPOSIT - CASH OR COIN ONLY	PER/DEPOSIT	10	0.95	0.95	1.45	0.95	9.50	9.50	14.50	9.50
CSH030	CURRENCY DEPOSITED-UNSTRAPPED (\$1.20/\$1000)		25.2	0.90	0.80	0.80	0.90	22.68	20.16	20.16	22.68
ELECTRONIC TAX DEPOSIT											
ETD130	WEB INSTATAX MONTHLY MAINT	EACH	1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ETD132	WEB INSTATAX PAYMENT	EACH	8	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DEPOSITED ITEMS RETURNED											
RET062	DEPOSITD ITEMS RETURNED-RECLEAR	PER/ITEM	86	1.00	1.00	2.00	1.50	86.00	86.00	172.00	129.00
RET063	DEPOSITD ITEMS RETURNED-CHRGBK	PER/ITEM	42	1.50	1.50	2.00	1.50	63.00	63.00	84.00	63.00
WIRE TEAM											
WIR001	INCOMING DOMESTIC REPETITIVE	PER/ITEM	1	6.00	8.00	nil	6.00	6.00	8.00	6.00	6.00
WTM442	MONTHLY FEE / WEB	PER MONTH	1	20.00	20.00	15.00	20.00	20.00	20.00	15.00	20.00
WTM443	DOMESTIC TRANS / WEB	Tier1: 1 to 100	9	6.00	6.00	5.00	6.00	54.00	54.00	45.00	54.00
TEAM STOP PAYMENTS											
TSP410	WEB ACCT RECON STOP PMT	STOP PAY	1	6.00	nil	6.00	6.00	6.00	6.00	6.00	6.00
TSP418	WEB STOP PAYMENT RENEWAL	PER/ITEM	1	3.00	nil	6.00	6.00	3.00	3.00	6.00	6.00

UNION BANK OF CALIFORNIA
RFP FOR BANKING SERVICES ISSUED OCTOBER 6, 2005
OTAY WATER DISTRICT
APPENDIX C
COMPREHENSIVE BID SHEET

INTER-AGENCY PRICE COMPARISON: DEC. 2007

CODE	DESCRIPTION	UNIT OF MEASURE	VOLUME	Proposed Price \$	RFP Bid	RFP Bid	RFP Bid	TOTALS			
					Jurupa CSD Community Svcs District Aug. 07	South Coast Water District Apr. 06	City of Poway Nov. 05	OTAY	Jurupa	SCWD	Poway
WHOLETAIL LOCKBOX											
WTL001	MONTHLY BASE CHARGE	\$75.00/BOX	1	75.00	nil	150.00	nil	75.00	75.00	150.00	75.00
WTL002	ITEMS PROCESSED	Tier1: (all tiers)	30,879	0.14	nil	0.12	nil	4,323.06	4,323.06	3,705.48	4,323.06
WTL016	REJECTS/CORRESPONDENCE	PER ITEM (est. 1%)	309	0.06	nil	0.15	nil	18.54	18.54	46.35	18.54
WTL038	OCR SCAN LINE REPAIR	\$.02/KEYSTROKE	1,500	0.02	nil	0.02	nil	30.00	30.00	30.00	30.00
WTL044	DATA TRANSMISSION	PER/MONTH	1	75.00	nil	100.00	nil	75.00	75.00	100.00	75.00
WTL045	DATA TRANSMISSION/MEDIA	PER/ITEM	30,879	0.0050	nil	0.01	nil	154.40	154.40	308.79	154.40
WTL054	STOP LIST-MONTHLY	\$35.00/MONTH	1	35.00	nil	nil	nil	35.00	35.00	35.00	35.00
WTL055	STOP LIST-PER ITEM	\$.005/ITEM (place	1	0.0050	nil	nil	nil	0.01	0.01	0.01	0.01
WTL067	PAYEE VERIFICATION	PER/ITEM	30,879	0.00	nil	0.00	nil	0.00	0.00	0.00	0.00
WTL071	POSTAL BOX RENTAL		1	68.67	nil	69.00	nil	68.67	68.67	69.00	68.67
WTL080	LOCKBOX DEPOSIT	PER/DEPOSIT	21	0.95	nil	1.00	nil	19.95	19.95	21.00	19.95
WTL105	IMAGE DELIVERY MO MAINT	\$100.00/MONTH	1	75.00	nil	100.00	nil	75.00	75.00	100.00	75.00
WTL109	CHECK IMAGE	EACH	30,879	0.04	nil	0.03	nil	1,235.16	1,235.16	926.37	1,235.16
WTL111	CD DOCUMENT IMAGE	EACH	1	0.04	nil	0.03	nil	0.04	0.04	0.03	0.04
WTL113	WEB ACCESS	\$.02/ITEMs	1	0.02	nil	0.03	nil	0.02	0.02	0.03	0.02
SPECIAL BANK PROGRAMS (RECOMMENDATIONS FOR ENHANCEMENTS)											
ACCOUNT RECONCILIATION											
ARP006	POS PAY MONTHLY MAINT	PER/ACCT/MONTH	2	75.00	75.00	75.00	75.00	150.00	150.00	150.00	150.00
ARP012	TRANSMISSION ISSUE INPUT-BASE	PER/TRANSMISS'N	8	4.00	5.00	5.00	4.00	32.00	40.00	40.00	32.00
ARP013	TRANSMISSION ISSUE INPUT-ITEM	PER/ITEM	618	0.03	0.06	0.06	0.03	18.54	37.08	37.08	18.54
ARP031	CHECK PAID TRUNCATED	Tier1: 1 to 5,000	618	0.06	0.08	0.06	0.06	37.08	49.44	37.08	37.08
ARP085	STALE DATE FEATURE - BASE	PER/MONTH	2	10.00	nil	nil	10.00	20.00	20.00	20.00	20.00
ARP086	STALE DATE LISTING - ITEM	PER/ITEM	1	0.05	nil	nil	0.05	0.05	0.05	0.05	0.05
ARP113	TRANSMISSION OUTPUT- PER TX	PER/TRANS	1	4.00	nil	nil	nil	4.00	4.00	4.00	4.00
ARP114	TRANSMISSION OUTPUT - PER ITEM	PER/ITEM	618	0.0050	nil	nil	nil	3.09	3.09	3.09	3.09
ARP143	IMAGE CD - ROM	PER CD ROM MEDIA	1	25.00	30.00	20.00	25.00	25.00	30.00	20.00	25.00
ARP151	IMAGE CHECKS	PER/ITEM	618	0.03	0.03	0.03	0.03	18.54	18.54	18.54	18.54
ARP180	EXPRESS MAIL DELIVERY	PER/PACKAGE	1	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
ARP200	WEB POS PAY-ACCOUNT BASE	\$00.00/ACCOUNT	1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ARP235	WEB POS PAY-EXCEPTIONS	PER/EXCEPTION	1	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
ARP245	WEB POS PAY-IMAGES	PER/IMAGE VIEWED	1	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
INFORMATION REPORTING											
INF407	WEB PRIOR DAY REPORT ACCOUNTS	PER ACCOUNT	1	20.0000	20.00	20.00	20.00	20.00	20.00	20.00	20.00
INF410	WEB PRIOR DAY ITEM PRINTED	PER/ITEM VIEWED	2,099	0.0300	0.05	0.05	0.05	62.97	104.95	104.95	104.95
INF425	WEB CURRENT DAY RPT ACCOUNTS	Tier1: 1 to 1	1	20.0000	20.00	20.00	20.00	20.00	20.00	20.00	20.00
INF428	WEB CD ITEMS PRINTED	PER/ITEM VIEWED	2,970	0.0300	0.05	0.05	0.05	89.10	148.50	148.50	148.50
TRANSPORTATION SERVICES											
CAR002	ARMORED CAR SERVICES	Cost+0%	1	345.00	at cost	at cost	at cost	345.00	345.00	345.00	345.00
ZERO BALANCE ACCOUNTS (ZBA w/ PIOC)											
ZBA001	CONCENTRATION ACCOUNT		1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ZBA002	SUB LEVEL 1	PER SUB ACCOUNT	1	10.00	15.00	15.00	15.00	10.00	15.00	15.00	15.00

UNION BANK OF CALIFORNIA
RFP FOR BANKING SERVICES ISSUED OCTOBER 6, 2005

APPENDIX C
OTAY WATER DISTRICT
COMPREHENSIVE BID SHEET

INTER-AGENCY PRICE COMPARISON: DEC. 2007

CODE	DESCRIPTION	UNIT OF MEASURE	VOLUME	Proposed Price \$	RFP Bid Jurupa CSD Community Svcs District Aug. 07	RFP Bid South Coast Water District Apr. 06	RFP Bid City of Poway Nov. 05	TOTALS				
								OTAY	Jurupa	SCWD	Poway	
OTHER BANK PROGRAMS:												
BILL CONCENTRATION SERVICE												
BCS003	BCS BASE FEE	PER/MONTH	1	75.00	125.00	nil	75.00	75.00	125.00	75.00	75.00	
BCS005	TRANSMISSION	PER/TRANS	21	4.00	5.00	nil	5.00	84.00	105.00	84.00	105.00	
BCS007	BCS ITEM (ESTIMATED VOLUME)	PER ITEM	600	0.03	0.05	nil	0.03	18.00	30.00	18.00	18.00	
TOTAL: MONTHLY PRICE FOR ALL EXISTING / RECOMMENDATIONS / ENHANCEMENTS								8,773.76	10,193.12	9,390.89	9,090.29	

Note: Pricing of services in each agency's "RFP Bid" are what they accepted in their final contract for banking services. For comparative purposes, where an agency didn't contract for services that Otay utilizes ("nil"), they were given the same "Total" as Otay. Banks participating in the bids included Union Bank of California, Bank of America, City Bank, US Bank, Wells Fargo



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	February 6, 2008
SUBMITTED BY:	James Cudlip, Finance Manager	W.O./G.F. NO:	DIV. NO. All
APPROVED BY: (Chief):	Joseph R. Beachem, Chief Financial Officer		
APPROVED BY: (Asst. GM):	German Alvarez, Assistant General Manager		
SUBJECT:	Banking Services Review		

GENERAL MANAGER'S RECOMMENDATION:

Information report only. No action required.

COMMITTEE ACTION:

See Attachment A.

PURPOSE:

In response to a recent Board request, this report provides information on the process developed by the Finance Department to review the District's current banking services, the results developed from completing that review, and recommendations for making this review a recurring business practice on a regularly scheduled basis.

SUMMARY:

Based on Board input, staff developed a formal process for reviewing pricing, services, and staff satisfaction with current banking financial services. It was concluded that the services currently provided by Union Bank of California are properly priced and meet the ongoing needs of the District. No change is recommended at this time.

BACKGROUND:

In January 2006, the Board approved staff's recommendation to change banks from California Bank & Trust (CB&T), to Union Bank of California (UBOC). The District had been using CB&T's bank services for seven years and it was determined that a formal review of banking services was appropriate. Proposals from several banks were received and UBOC was selected. The outcome of this change was both to improve the overall financial services available to the District, and also provide significant savings in total annual fees.

Recently the Board requested that staff review the current banking relationship to determine if the District is still receiving the best available financial package of fees and services, as well as whether District staff were satisfied with the ongoing service and responsiveness of the bank. The Board also expressed interest in developing a procedure to allow periodic review of these services.

To comply with the Board's recommendation, a review process was developed consisting of the following elements: 1) current services provided; 2) a financial industry review of new or additional services available; and 3) a comparative review of fees with other government agencies. If the results of this review indicated a need for significant change in banking fees or services, staff would then initiate a formal Request for Proposals from the banking community, similar to the procurement actions which were completed approximately two years ago. 4) At a minimum, staff will conduct a formal Request for Pricing from the banking community every five years.

Current UBOC banking services consist of five major areas: 1) general checking, savings, and manual deposits related to the District's operating and payroll accounts; 2) lockbox services for customer payments (approximately 32,000 per month); 3) processing of credit card payments (approximately 4,000 per month); 4) custodial services for investment securities; and 5) trustee services for the District's four bond issuances.

ANALYSIS:

CURRENT SERVICES PROVIDED: District staff who deal with the bank on a repetitive basis were asked if they had any problems or issues with the bank, and if they were satisfied with current banking services. This included Customer Services Section, Payroll, Accounts Payable, and Investments personnel. Responses

were positive. With the number of monthly transactions involved it will never be 100% free of mistakes, but problems or mistakes tend to be infrequent, minor in scope, and the bank has been quick to respond to all inquiries. Staff are very happy with the financial services provided and the personnel contacts involved at UBOC.

NEW OR ADDITIONAL SERVICES AVAILABLE: Finance Department staff are active in keeping current and knowledgeable of financial industry services. Actions include: 1) discussions with the District's outside auditors; 2) membership in professional financial organizations (GFOA, CMTA, CSMFO, AICPA); 3) attendance at financial seminars; 4) discussions with peers in the surrounding water districts, other government agencies, and other business entities. Staff are unaware of any necessary additional financial goods or services that are not also available from UBOC.

CURRENT FEES: The current banking contract includes five year fixed pricing on all services provided. During the bid review process staff noted that UBOC's pricing was very aggressive, resulting in the lowest total fees overall. Telephone calls were made to another agency that recently completed bidding for financial services and a comparison of current market pricing was obtained. While there may be slight differences in pricing for specific, individual line items or services, UBOC's total pricing was still lower than other banks reviewed for the total package of services utilized by the District.

ADDITIONAL CONSIDERATIONS:

Banking services are interwoven throughout many of the financial processes of the District and require significant effort to change. Any change creates a disruption for customers and vendors which should not be initiated without ample justification. Customers who utilize on-line bill payment services must proactively change their programs to reflect a new lockbox address, or their payments will continue to go to the old address. Credit card payments and vendors who send electronic payments to the District must also change their programs to reflect new bank account numbers, or the payments will continue to go to the old account. It typically takes several months and hundreds of hours of staff work to change all banking services.

Outside auditors and national financial credit rating agencies consider the stability of a business entity's banking

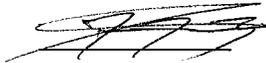
relationship as a positive factor in their overall analysis and review. The magnitude of change, as described above, is such that a change of banks is considered a required item for explanation and review prior to rendering a favorable opinion of the entity's business operations.

Conclusions:

Changing banks results in major operational changes that should only be initiated if there are problems with current services, or a potential for substantial financial savings. Neither situation currently exists, so staff recommends continuing with Union Bank of California at this time.

It is an excellent business practice to complete an evaluation of existing financial services such as this on a periodic basis. It is therefore recommended that staff conduct this financial services review every 2-3 years, and make a formal Request for Pricing from the banking community every 5 years, to assure the District continues to receive the best services for the best price. If a financial services review indicates that a Request for Pricing is needed sooner, staff will proceed with this action immediately.

FISCAL IMPACT:



None. The recommendation for no change in banking services will maintain current operations and financial projections.

STRATEGIC OUTLOOK:

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

LEGAL IMPACT:

None.



General Manager

Attachments:

- A: Committee Action Form
- B: Copy of Banking Services Review Presentation Slides



ATTACHMENT A

SUBJECT/PROJECT:	Banking Services Review
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COMMITTEE ACTION:

The Finance, Administration, and Communications Committee reviewed this item at a meeting held on January 22, 2008. The following comments were made:

- This item is presented in follow-up to the board's inquiry regarding banking services and if the District is happy with current services and if fees are still competitive with the market. In response, staff has developed a formal process for the periodic review of banking fees and services.
- Staff inquired with other agencies regarding their banking services and fee rates and if they have been pleased with the services provided by their current bank.
 - Staff received input from three agencies which included pricing comparisons of several other major banks. It was found that the District's fees were lower at a cost of \$8775/mo in comparison to the four other agencies, when adjusted for the same levels of activity. The City of Jurupa came in at \$10,200/mo, the City of Poway at \$9,100/mo, and South Coast Water District at \$9,400/mo.
 - It was noted that the District's fees may be lower due to the aggressive pricing given by UBOC. Governments seldom change banks and UBOC did not want to miss this opportunity to gain Otay's business.
- Staff also noted that when the District is considering making a banking change, there are other considerations to review. Such as the magnitude of the process to change banking services. The banking transfer to UBOC was a six-month process which took considerable staff time.

The change is also questioned by auditing firms and rating agencies. It is an audit standard to ask questions of

businesses which change banks to determine if there was anything negative in the previous relationship.

- Staff indicated that following the review process, staff found that the District's total bank fees are lower than other banks and will remain fixed for another three years.
- Staff also indicated they have been happy with UBOC's services and recommends that no change is required nor are any new or additional services needed at this time.
- Staff will conduct a bank review every two to three years and will distribute a request for pricing every five years to the banking community. It was noted that this request may not necessarily lead to a banking institution change.

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

BANKING SERVICES REVIEW

▪ Board Request

- Develop a formal process for the periodic review of banking fees and services.
- Complete the review and report staff findings & recommendations.



BANKING SERVICES REVIEW

- **Review Process**
 - Staff interviews of current services provided.
 - Financial industry review of all services available.
 - Comparative review of service fees.



BANKING SERVICES REVIEW

- **Additional Considerations**

- Magnitude of change.
- Staff time and disruption of current processes.
- Audit & credit rating impacts.



BANKING SERVICES REVIEW

- **Analysis Results**

- Staff are happy with current services.
- No new or additional services are contemplated at this time.
- Total fees are lower than other banks & fixed for 3 more years.



BANKING SERVICES REVIEW

- **Recommendations**

- No changes needed.
- Continue with UBOC at this time.
- Conduct this review every 2 – 3 years.
- Full Request for Pricing from the banking community every 5 years.



AGENDA ITEM 9b

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	March 5, 2008
SUBMITTED BY:	Geoffrey Stevens, Chief Information Technology and Strategic Planning	W.O./G.F. NO:	DIV. NO.
APPROVED BY: (Chief)			
APPROVED BY: (Asst. GM):	German Alvarez, Assistant General Manager, Administration and Finance		
SUBJECT:	FY 2008 Mid-Year Strategic Plan and Performance Measures Report		

GENERAL MANAGER'S RECOMMENDATION:

No recommendation. This is an informational item only.

COMMITTEE ACTION: _____

See Attachment A.

PURPOSE:

To provide a fiscal mid-year report on the District's Strategic Performance Plan.

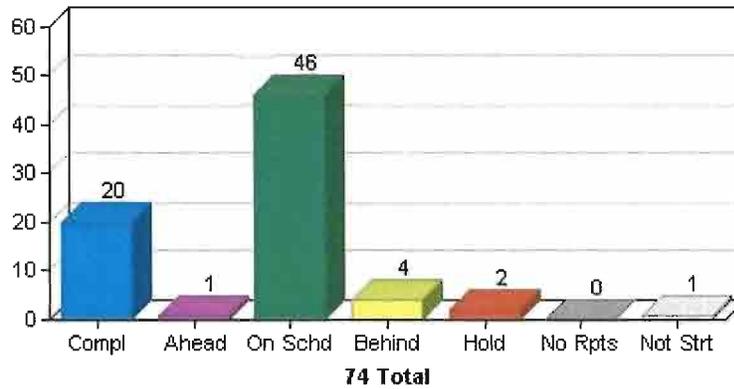
ANALYSIS:

Overall, results for both strategic plan objectives and performance measures for the mid-year report for FY08 are generally positive with the District achieving its high-level targets for both strategic plan objectives (90% complete or on track) and performance measures (75% on target). These objectives and measures can be broken down from various perspectives. This information is also available electronically on the Board Extranet. Results in detail are as follow:

Strategic Plan Objectives- Changing to Meet Future Needs

Strategic plan objectives are designed to ensure we are making the appropriate high-level changes necessary to move the agency in the planned direction to meet new challenges and opportunities. Overall performance of strategic plan objectives is positive with 67 of 71 objectives (94%) on track. One new item will commence in the 3rd quarter FY08 and two items are on hold and are thus excluded from the calculation.

FY08 Mid-Year Strategic Plan Objectives

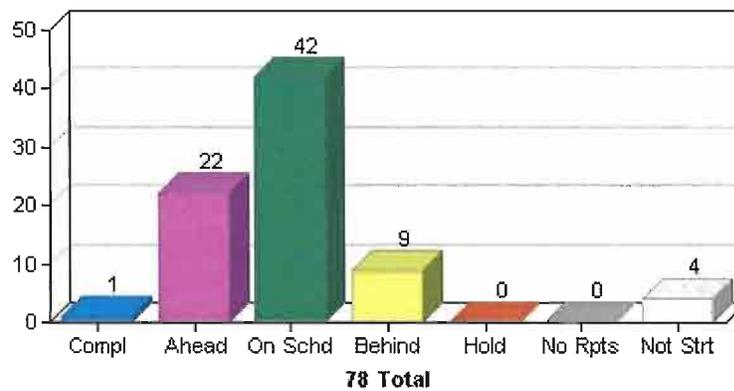


94% Complete, Ahead or On Target

Performance Measures - Monitoring Day-To-Day Performance

Performance measures are designed to track the day-to-day performance of the District. Sometimes referred as a "dash board", these items attempt to measure the effectiveness and efficiency of daily operations. The overall goal is that 75% of these measures be rated "on target". District results in this area are also positive with 87% of items (65 of 74) achieving the desired level, or better.

FY08 Mid-Year Performance Measures

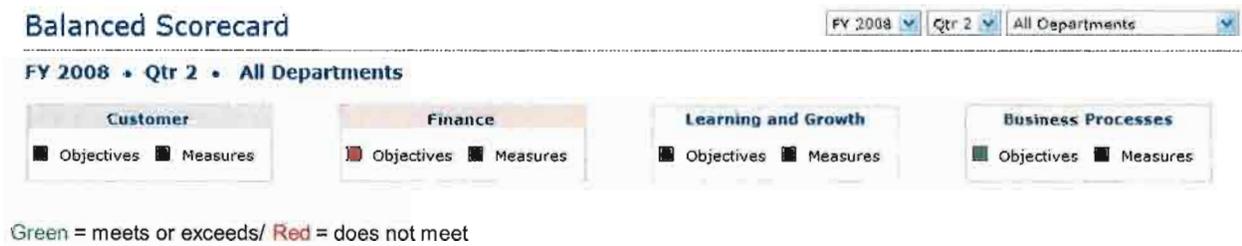


65/74 or 87% on Target

Balanced Scorecard - External View

The Balanced Scorecard methodology is designed to ensure that a company is performing consistently on a wide range of measures necessary to ensure both short-term and long-term improvements. From this perspective the results are also positive. In seven of the eight categories, the District is on or ahead of schedule or target. In the one area where we are behind (Financial Perspective - Objectives) is due to detailed financial analysis of overhead and financial controls which is taking slightly longer than expected. These items are projected to be completed in FY08.

BALANCED SCORECARD



Departmental Perspective - Internal View of Performance

The departmental perspective, that is breaking down performance objectives and measures by the responsible internal departments, is also positive. The only items not on target are the detailed financial analysis mentioned above and as noted these will be completed in FY08.

Departmental Perspective

Department View

FY 2008 Qtr 2 All Scorecard Areas

FY 2008 • Qtr 2 • All Scorecard Areas

Departments	Objectives	Measures
1-Administrative Services	■ Objectives	■ Measures
2-Engineering & Planning	■ Objectives	■ Measures
3-Finance	■ Objectives	■ Measures
4-Information Technology	■ Objectives	■ Measures
5-Operations	■ Objectives	■ Measures

Green = meets or exceeds/ Red = does not meet

Next Steps

The District will be completing the FY06-FY08 plan at the end of this fiscal year. We will be presenting for the Boards consideration a completely revised strategic plan for FY09-FY11 in late March 2008 as the first step in the FY09 Budget process.

FISCAL IMPACT: _____

None at this time.

STRATEGIC GOAL:

Strategic Plan and Performance Measure reporting is a critical element in providing performance reporting to the Board and staff.

LEGAL IMPACT: _____

None

A handwritten signature in black ink, appearing to read "M. L. Watts", written over a horizontal line.

General Manager

Strategic Plan Objectives Report; Performance Measures Report.



ATTACHMENT A

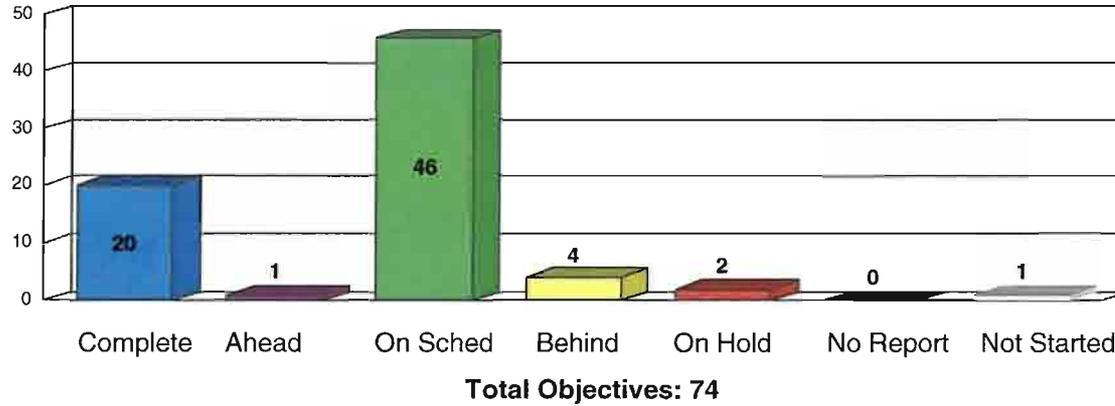
SUBJECT/PROJECT:	FY 2008 Mid Year Strategic Plan and Performance Measures Report
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COMMITTEE ACTION:

This item was presented in detail to the Engineering, Operations and Water Resources Committee on February 25, 2008 and the Finance, Administration and Communications Committee meeting on February 26, 2008. The Finance, Administration and Communications Committee discussed staff pursuing the AWWA Peer Review process as the logical next step in the QualServe program, as discussed at previous committee meetings. Staff will be presenting to the board the proposed Strategic Plan goals and objectives for fiscal years 2009 through 2011 and will explore how the AWWA Peer Review process fits within the three-year Strategic Plan. Both committees supported presentation to the full board.

Objectives:

FY: 2008 Quarter: 2



Legend

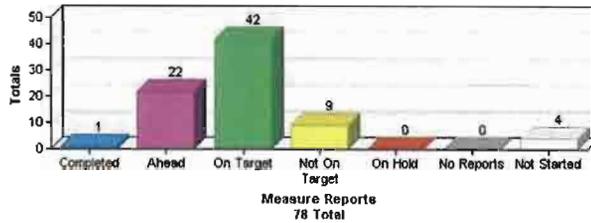
- Completed
- Ahead of Schedule
- On Schedule
- Behind Schedule
- On Hold
- No Reports
- Not Scheduled to Start Yet

ID	Objective	Lead	Status
1.1.2.6	Implement summary billing	ALCANTARA, C	On Schedule
3.4.9.3	Process Improvement Goals and Innovation- Finance	BEACHEM, J	On Schedule
3.4.7.2	Develop comprehensive management reporting	BELL, R	On Schedule
1.1.1.1	Implement a standardized Potable and Recycled Water Customer Survey	BUELNA, A	On Schedule
1.2.1.4	Expand partnerships with City of Chula Vista officials, developers, and community leaders	BUELNA, A	On Schedule
1.2.3.4	Develop quarterly articles for Star News and Union Tribune feature	BUELNA, A	On Schedule
1.2.4.1	Identify and promote opportunities for bi-national cooperation and understanding	BUELNA, A	On Schedule
2.3.1.3	Streamline business process by implementing a flat rate for service installation	CHARLES, D	On Schedule
1.1.2.7	Automating access to Public Services information through the District's website	CHARLES, D	On Schedule
3.3.3.1	Obtain Official Approval for Otay's Natural Community Conservation Plan	COBURN-BOYD, L	On Schedule
1.3.1.2	Promote the District's success in relevant areas by publishing white papers, applying for awards, and speaking at State and national conferences	CRUZ, S	On Schedule
2.3.1.2	Assess and develop guidelines for life-cycle and activity-based costing in conjunction with IMS	CUDLIP, J	On Schedule
3.3.1.1	Document and report planned maintenance ratios and activities	HENDERSON, D	On Schedule
1.1.1.5	Evaluate & respond to customer concerns affected by facility improvements	HENDERSON, D	On Schedule
1.1.1.2	Implement a Customer Comment Tracking Program	HENDERSON, E	On Schedule
1.1.1.3	Expand a Quality Control/Audit program to ensure quality customer service	HENDERSON, E	On Schedule
1.1.1.4	Implement an independent Customer Follow-up Program	HENDERSON, E	On Schedule
1.1.3.1	Provide secure and protected use of OIS information to employees on a 24 hour and mobile basis	JENKINS, W	On Schedule

ID	Objective	Lead	Status
1.1.2.1	Enhance the District's Web Page and its links	JENKINS, W	On Schedule
3.1.3.4	Implement a Business Resumption Plan (BRP)	JENKINS, W	On Schedule
3.4.3.2	Update the District's records management program	JENKINS, W	On Schedule
1.2.2.2	Promote acceptance of recycled water use in other geographic areas within the District's sphere of influence: North District, Rancho San Diego, and Resort Parcel-Village 13 by Otay Lakes	PEASLEY, J	On Schedule
2.1.1.4	Implement a long term planning process that results in a sound financial plan	PEASLEY, J	On Schedule
3.4.7.3	Utilize the District's management reporting	PORRAS, P	On Schedule
1.1.3.2	Evaluate OIS information as meeting customer service	PORRAS, P	On Schedule
3.4.3.4	Review, improve and document Operations practice for staff training	PORRAS, P	On Schedule
3.4.1.2	Utilize the integrated OIS	PORRAS, P	On Schedule
3.4.9.5	Process Improvement Goals and Innovation- Operations	PORRAS, P	On Schedule
4.3.5.2	Attend industry courses and seminars	PORRAS, P	On Schedule
4.3.5.1	Elevate awareness of opportunities for Operations employees to achieve higher certification	PORRAS, P	On Schedule
3.4.9.2	Process Improvement Goals and Innovation- Engineering	POSADA, R	On Schedule
3.3.2.1	Implement construction feedback loop	RIPPERGER, R	On Schedule
3.4.3.3	Integrate Engineering Document Management with Records Management	RIPPERGER, R	On Schedule
3.1.1.6	Improve existing and obtain additional inter-agency connections	RIPPERGER, R	On Schedule
1.2.3.3	Promote the District's innovative water supply strategies	RIPPERGER, R	On Schedule
3.4.4.3	Facility location-USA Markouts, facility verification. GPS an acquisition of facilities that are not in the system	RUSH, G	On Schedule
3.4.4.4	Implement IMS in Survey Division	RUSH, G	On Schedule
3.4.9.1	Process Improvement Goals and Innovation-Administrative Services	SARNO JR., R	On Schedule
3.1.1.9	Operate the system to meet demands 24/7	STALKER, G	On Schedule
3.1.1.10	Meet all of the health-related water standards in the US National Primary Drinking Water Regulations	STALKER, G	On Schedule
3.4.4.2	Maximize the districts use of mobile, GIS and GPS technologies including route planning for maintenance crews and meter readers and locations based services	STEVENS, G	On Schedule
3.4.1.1	Fully integrate the Otay Information systems (OIS)	STEVENS, G	On Schedule
3.4.9.4	Process Improvement Goals and Innovation- Information Technology	STEVENS, G	On Schedule
1.1.2.4	Implement automated notification procedure for planned or emergency maintenance, outages or boil-water notices	STEVENS, G	On Schedule
4.1.1.1	Create a Long-Term Staffing Plan	WILLIAMSON, K	On Schedule
4.5.2.1	Establish a repeatable Employee Survey Program	WILLIAMSON, K	On Schedule
3.4.6.2	Develop comprehensive budget policies and guidelines	BELL, R	Behind Schedule
2.2.2.6	Refine the overhead and direct charging policies	BELL, R	Behind Schedule
2.3.1.1	Develop standard and flat fee methodology for key district services	CUDLIP, J	Behind Schedule

ID	Objective	Lead	Status
2.2.2.1	Evaluate key business processes to ensure adequate financial controls	CUDLIP, J	 Behind Schedule
3.4.4.5	Conversion of District's meters to AMR	HENDERSON, D	 Ahead of Schedule
1.1.2.2	Evaluate and Implement the Interactive Voice Response (IVR) System	ALCANTARA, C	 Complete
2.1.1.2	Explore adopting a Conservation-based Rate Plan gradually increasing the fixed rate percentage	BEACHEM, J	 Complete
2.2.2.5	Evaluate program budgeting	BELL, R	 Complete
3.4.7.1	Improve the District's financial reporting	BELL, R	 Complete
1.2.2.5	Expand outreach to elected local officials and community leaders to discuss the benefits of recycled water	BUELNA, A	 Complete
3.4.1.3	Develop contractors list to prepare "Service Installation Request" to help Otay OPS forces	CHARLES, D	 Complete
3.4.6.1	Update the District's Investment Policy	CUDLIP, J	 Complete
2.2.2.3	Perform routine financial audits	CUDLIP, J	 Complete
2.2.2.8	Implement a Contract Management Tool (Eden's)	DOBRAWA, S	 Complete
1.2.2.4	Develop additional educational materials on beneficial uses of recycled water and best proactive case studies	GRANGER, W	 Complete
1.1.2.3	Improve customer access to their account information via the Web	HENDERSON, E	 Complete
1.1.2.5	Evaluate expanded use of multilingual communication program	HENDERSON, E	 Complete
3.1.3.3	Perform cyber-security tests	JENKINS, W	 Complete
1.1.1.6	Communicate with customers prior to facility improvements	PORRAS, P	 Complete
3.2.2.3	Reduce the amount of potable water augmentation and increase the recycled water productivity	STALKER, G	 Complete
3.3.1.2	Quantify the condition of the District's collection and distribution system	STALKER, G	 Complete
3.4.5.4	Ensure that significant contracts receive legal review	STEVENS, G	 Complete
4.2.2.1	Promote the value of the District's compensation and benefits plan	WILLIAMSON, K	 Complete
4.2.2.2	Perform a comprehensive Compensation Study	WILLIAMSON, K	 Complete
4.2.2.3	Negotiate successor Memorandum of Understanding in FY 2008	WILLIAMSON, K	 Complete
2.1.1.1	Implement a long-term financing plan to support the District's Master Plan	BEACHEM, J	 On Hold
4.1.2.1	Develop a Long-Term Facility and Space Plan	DOBRAWA, S	 On Hold
4.3.4.1	Develop and implement a training needs assessment and implement appropriate recommendations.	WILLIAMSON, K	 Not Scheduled

Measures: All Departments



Legend

- Completed
- Ahead of Target
- On Target
- Not on Target
- On Hold
- No Reports
- Not Scheduled to Start Yet

Page 1 of 1		2008	Qtr 2	All Departments	ALL
Id#	Title	Target	Result	Leads	Status
View 1.1.100	Garden Awareness	50.00	48	GRANGER, WILLIAM	
View 1.1.101	Customer Satisfaction	90.00	90	BUELNA, ARMANDO	
View 1.1.102	Industry Papers and Publications	5.00	.66	CRUZ, SUSAN	
View 1.1.103	Public Relation Plan Execution	90.00	100	BUELNA, ARMANDO	
View 1.2.104	Blanket Order Activity	15.00	16.2	DOBRAWA, STEPHEN	
View 1.2.105	Inventory Accuracy	97.00	0	DOBRAWA, STEPHEN	
View 1.2.106	Total Water Saved	100.00	101	GRANGER, WILLIAM	
View 1.4.107	Training Hours per Employee (QualServe)	26.90	18.66	WILLIAMSON, KELLI	
View 1.4.109	Turnover Rate	10.00	1.85	WILLIAMSON, KELLI	
View 1.4.110	Time to Fill	90.00	100	WILLIAMSON, KELLI	
View 1.4.111	Safety Training Program	1.00	1.11	GERBER, JAMES	
View 1.4.113	Employee Health & Safety Severity Rate (QualServe)	54.50	145.85	GERBER, JAMES	
View 1.4.114	Service Connections per FTE	218.00	276.85	WILLIAMSON, KELLI	
View 2.1.200	Recycled Water Supply versus Demand	0.00	0.0	PEASLEY, JAMES	
View 2.2.201	Grant Funds	0.50	57.9	PEASLEY, JAMES	
View 2.2.203	Plan Check	80.00	100	CHARLES, DAVID	
View 2.2.204	CIP Projects Expenditures vs Budget	75.00	117	RIPPERGER, RONALD	
View 2.3.205	Project Constructability Review	100.00	100	RIPPERGER, RONALD	
View 2.3.206	Project Construction Budget	90.00	100	RIPPERGER, RONALD	
View 2.3.207	Actual Recycled Water Demand versus Projected Demand	90.00	105.2	PEASLEY, JAMES	
View 2.3.208	North District Alternative Water Supply	100.00	110.0	PEASLEY, JAMES	
View 2.3.209	South District Alternative Water Supply	100.00	120.0	PEASLEY, JAMES	
View 2.3.210	Sewer Collection Disposal Capacity	100.00	172.4	PEASLEY, JAMES	
View 2.3.211	Facility Maps	1.00	.59	RUSH, GARY	
View 2.3.212	Facility Surveying	1.00	.40	RUSH, GARY	
View 2.3.213	Mark out Accuracy	99.75	100	RUSH, GARY	
View 2.3.214	Cathodic Protection Program	90.00	100	RIPPERGER, RONALD	
View 2.3.215	Project Closeout Time	90.00	0	RIPPERGER, RONALD	
View 2.3.216	Construction Change Order Rate	4.00	0	RIPPERGER, RONALD	
View 2.3.217	APCD Compliance	95.00	100	COBURN-BOYD, LISA	
View 2.3.218	Construction Inspection Productivity Index	90.00	100	RIPPERGER, RONALD	
View 2.3.220	Construction Claims Rate	5.00	0	RIPPERGER, RONALD	
View 3.1.300	Alternative Payments	20.00	21.46	MENDEZ-SCHOMER, ALICIA	
View 3.1.301	Customer Service Cost per Account (QualServe)	25.90	52.66	BELL, RITA	
View 3.1.302	Meter Reading Accuracy	99.90	99.99	HENDERSON, ELAINE	
View 3.1.303	Answer Rate	97.00	95.12	MENDEZ-SCHOMER, ALICIA	
View 3.1.304	Write-offs	0.05	.04	HENDERSON, ELAINE	
View 3.2.305	Debt Coverage Ratio (QualServe)	0.20	.11	CUDLIP, JAMES	
View 3.2.306	Reserve Level	100.00	100.0	CUDLIP, JAMES	
View 3.2.307	Billing Accuracy (QualServe)	9.30	15	HENDERSON, ELAINE	
View 3.2.308	Water Rate Ranking	50.00	33	BELL, RITA	
View 3.2.309	Sewer Rate Ranking	50.00	46.7	BELL, RITA	

	3.2.310	Return on Investment	100.00	99.8	CUDLIP, JAMES	
	3.2.311	Overtime Percentage	100.00	116	BELL, RITA	
	3.3.314	O&M Cost per Account (QualServe)	387.00	472.66	BELL, RITA	
	3.3.315	AMR Program	75.00	85	HENDERSON, ELAINE	
	3.3.316	Distribution System Water Loss (QualServe)	5.00	2.33	BELL, RITA	
	3.3.317	System Renewal/Replacement Rate (QualServe)	4.45	0	BELL, RITA	
	4.1.400	Web Site Hits	20000.00	22228	JENKINS, WILLIAM	
	4.3.401	Network Availability	99.00	99	JENKINS, WILLIAM	
	4.3.402	IT Help Request	90.00	91	JENKINS, WILLIAM	
	4.3.403	Percentage of Stratetic Plan Goals on Track	90.00	90	STEVENS, GEOFFREY	
	4.3.404	GIS Update Frequency	90.00	91.6	ZHAO, MING	
	4.4.405	Organizational Best Practices Index (QualServe)	68.50	28	STEVENS, GEOFFREY	
	5.1.500	Technical Quality Complaint Rate (QualServe)	8.00	5.09	VACLAVEK, JOANNE	
	5.1.501	Potable Water Supplement	5.00	0	OLDS, LARRY	
	5.1.503	Valve Exercising Program	381.00	462	VACLAVEK, JACOB	
	5.2.504	O&M Cost per MGP (QualServe)	3096.00	2124	STALKER, GARY	
	5.2.505	Planned Drinking Water Maintenance Ratio in Cost (QualServe)	63.50	66.5	HENDERSON, DONALD	
	5.2.506	Planned Wastewater Maintenance Ratio in Cost (QualServe)	75.00	77	KREINBRING, DALE	
	5.2.525	Direct Cost of Treatment per MG (QualServe)	2450.00	1017	STALKER, GARY	
	5.3.507	AMR Program	800.00	2394	KEERAN, TIMOTHY	
	5.3.508	AMR Ramar Replacement Program	1139.00	100	KEERAN, TIMOTHY	
	5.3.509	Unplanned Disruptions (QualServe)	0.70	0.79	VACLAVEK, JACOB	
	5.3.510	Drinking Water Compliance Rate (QualServe)	100.00	100	STALKER, GARY	
	5.3.511	Recycled Water Production	90.00	57	KREINBRING, DALE	
	5.3.512	Planned Drinking Water Maintenance Ratio In Hours (QualServe)	70.00	65.7	HENDERSON, DONALD	
	5.3.513	Collection System Integrity (QualServe)	3.80	0.0	KREINBRING, DALE	
	5.3.514	Planned Wastewater Maintenance Ratio in Hours (QualServe)	75.00	75	KREINBRING, DALE	
	5.3.515	Sewer Overflow Rate (QualServe)	2.47	0	KREINBRING, DALE	
	5.3.515	Sewer Overflow Rate (QualServe)	2.47	0	KREINBRING, DALE	
	5.3.516	Pump Efficiency Testing	100.00	100.00	ANDERSON, DONALD	
	5.3.517	Automatic Control Valve Testing	100.00	100.00	ANDERSON, DONALD	
	5.3.518	Main Flushing Program	200.00	215	VACLAVEK, JACOB	
	5.3.519	Water Distribution System Integrity (QualServe)	16.90	7.99	VACLAVEK, JACOB	
	5.3.520	Recycled Water System Integrity	16.90	0	OLDS, LARRY	
	5.3.521	Air Vac Update Program	90.00	148	ACUNA, RICHARD	



AGENDA ITEM 9c

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	March 5, 2008
SUBMITTED BY:	Ron Ripperger <i>[Signature]</i> Engineering Manager	PROJECT:	P2210 DIV. NO. ALL
APPROVED BY: (Chief)	Rod Posada <i>[Signature]</i> Chief, Engineering		
APPROVED BY: (Asst GM)	Manny Magaña <i>[Signature]</i> Assistant General Manager, Engineering and Operations		
SUBJECT:	Informational Item - Second Quarter FY 2008 Capital Improvement Program (CIP) Report		

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District's (District) Board of Directors accept the Second Quarter FY 2008 CIP Report for review and receive a summary via PowerPoint presentation.

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

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

ANALYSIS:

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

The Second Quarter update is intended to provide a detailed analysis of progress in completing these projects within the allotted time and budget. Expenditures for the Second Quarter FY 2008 totaled approximately \$14.1 Million. Approximately 41% of the FY 2008 expenditure budget was spent.

FISCAL IMPACT:



None.

STRATEGIC GOAL:

The CIP supports the mission of providing the best quality of water, recycled, and wastewater service to the customers of the District in a professional, effective, efficient, and sensitive manner, in all aspects of operation, so that public health, environment, and quality of life are enhanced.

LEGAL IMPACT:

None.



General Manager

P:\CIP\Quarterly Report\2008\Board Meeting 2007 12 05\Staff Report\BD 3-5-08, Staff Report, Second Quarter FY 2008 CIP Report, (RP).doc

RR:jf

Attachments: Attachment A
Presentation



ATTACHMENT A

SUBJECT/PROJECT: P2210	Informational Item - Second Quarter FY 2008 Capital Improvement Program (CIP) Report
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COMMITTEE ACTION:

The Engineering, Operations and Water Resources Committee reviewed this item in detail at a meeting held on February 25, 2008.

- During discussions, the Committee inquired about the progress of the 36-inch Pipeline project. General Manager Watton indicated this project requires a lot of coordination with other agencies, i.e. Caltrans, the City of El Cajon, Cuyamaca College.
- The Committee also inquired about what the impact from the slowdown in development had on the CIP. Staff indicated that projects would be shifted to meet the revenue projections.
- Staff also noted that at the October 9, 2007 Board workshop, two scenarios were discussed that would affect the CIP budget: (1) drought and (2) slowdown in construction. Staff is working on ways to manage the budget during these downturns.
- The Committee requested that the Board be notified of any changes to a project insofar as how it will affect the budget.

The Committee received the information and recommended to be heard by the full Board.

CAPITAL IMPROVEMENT PROGRAM

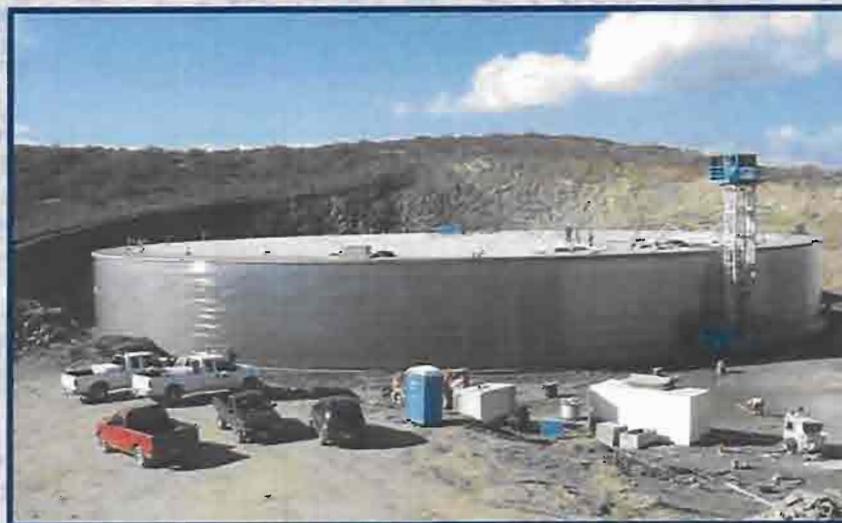


Fiscal Year 2008

Second Quarter

(through December 31, 2007)

640-1 Reservoir



Olive Vista Drive Utility Relocations



Background

The approved CIP budget for FY08 consists of **75** projects that total **\$34.5 million**. These projects are broken down into four categories:

1. Capital Facilities: **\$ 24.9 million**
2. Replacement/Renewal: **\$ 6.7 million**
3. Capital Purchases: **\$ 1.4 million**
4. Developer Reimbursement: **\$ 1.5 million**

Overall expenditures through the second quarter of Fiscal Year 2008 totaled approximately **\$14 million**, which is **82%** of our target expenditures through the second quarter.

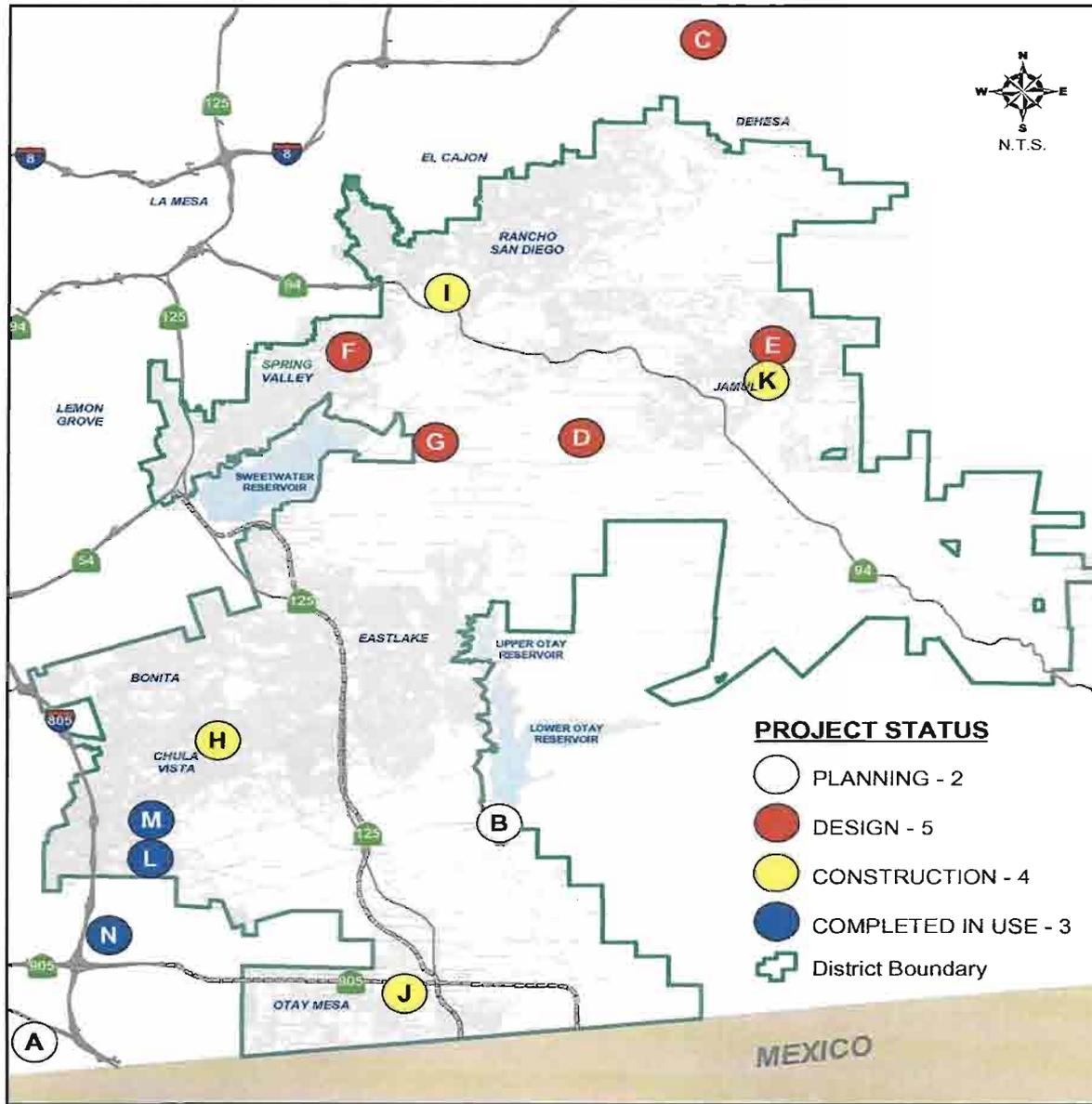
Construction change orders are at **-0.22%**.

FY08 Second Quarter Report

(through December 31, 2007)

CIP Cat	Description	FY08 Budget	FY08 Expenditures	% FY08 Budget Spent	Total LTD Budget	Total LTD Expenditures	% Budget Spent
1	Capital Facilities	\$24,901,000	\$11,050,000	44%	\$175,113,000	\$48,793,000	28%
2	Replacement/Renewal	\$6,645,000	\$1,580,000	24%	\$33,327,000	\$9,352,000	28%
3	Capital Purchases	\$1,406,000	\$325,000	23%	\$16,762,000	\$12,640,000	75%
4	Developer Reimbursement	\$1,511,000	\$1,099,000	73%	\$15,584,000	\$3,319,000	21%
	Total:	\$34,463,000	\$14,054,000	41%	\$240,786,000	\$74,104,000	31%

Major CIP Projects



MAJOR CIP PROJECTS



- A** P2129 Ground Water Exploration Program
- B** P2425 City of S.D. Otay Water Treatment Plant 26 MGD Capacity
- C** P2009 PL-36" SDCWA Otay FCF No. 14 to OWD Regulatory Site
- D** P2143 Res - 1296-3 Reservoir 2.0 MG
- E** P2172 1485-1 Pump Station Replacement
- F** P2191 Res - 850-4 Reservoir 2.2 MG
- G** R2086 RWCWRF Force Main Air Vac Replacements
- H** P1270 Telegraph Canyon Road Pavement Repair
- I** P2185 Res - 640-1 & 640-2 Reservoirs 20.0 MG
- J** P2440 SR905 Utility Relocations
- K** P2459 Olive Vista Utility Relocations
- L** R2001 RecRes - 450-1 Reservoir 12.0 MG
- M** R2004 RecPS - 680-1 Pump Station (11,500 GPM)
- N** R2022 RecPL - 30-Inch, 450 Zone, Dairy Mart Road to 450-1 Reservoir

PROJECT STATUS

- PLANNING - 2
- DESIGN - 5
- CONSTRUCTION - 4
- COMPLETED IN USE - 3
- District Boundary

Flagship CIP Projects in Construction



**SR-905 UTILITY
RELOCATIONS**

Project started in September 2006 and is expected to be completed in the Spring of 2008. This project includes the relocation of three pipelines crossing under SR-905 and the reconditioning of two seismic valve vaults.



**OLIVE VISTA DRIVE UTILITY
RELOCATIONS**

Project started in June 2007 and is expected to be completed in early 2008. The project includes the utility relocations on Olive Vista Drive between Jefferson Road and Ma Lou Drive.

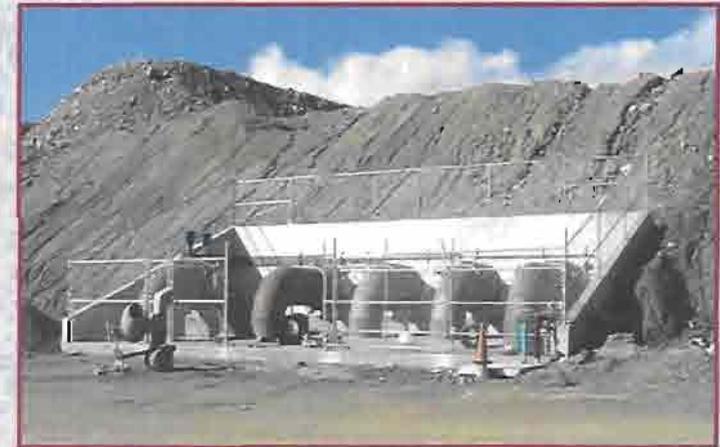
Flagship CIP Project in Construction



640 RESERVOIRS
Concrete placement
at piping structure



640 RESERVOIRS
Piping installation near
regulatory site access road



640 RESERVOIRS
42-Inch Inlet Pipelines Structures

This project was awarded to Pacific Hydrotech and was started in January 2007. Expected completion is December 2008. Project consists of two 10 million gallon circular pre-stressed concrete reservoirs, 11,000 feet of large diameter pipe, several valve and control vaults and demolition of the 520-1 Concrete Reservoir.

Flagship CIP Project in Construction

❑ 640-1 and 640-2 Reservoirs Project (20.0 MG):

Key Component: Construction of two 10-MG pre-stressed circular reservoirs and associated piping.

Schedule: Notice to Proceed was issued in January 2007. Project completion expected December 2008.

Cost: The construction project budget is \$24.9 million, of which \$17.8 million, or 71%, has been spent.

Significant Issues: 640-1 Reservoir: Completed construction.

640-2 Reservoir: Completed roof pour and disassembled shoring.

Flagship CIP Project in Design

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

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

Schedule: Preparing 60% design drawings

Cost: The project budget is \$18.5 million.

Significant Issues: District continues coordination with CalTrans, Cuyamaca College and other agencies to incorporate comments into the project design.

Progress on Major Project

□ City of San Diego's Water Treatment Plant, Capacity:

Key Component: Acquire at least 30 MGD and up to 50 MGD of local treatment capacity from City of San Diego (City).

Schedule: Otay Board approved the SD17 POU with the City, San Diego County Water Authority (SDCWA), and Otay. Draft SD17 Agreement under negotiation.

Cost: Only staff time has been budgeted; project cost is dependent upon negotiations outcome.

Significant Issues: The City will supply "Surplus Water" from Otay Water Treatment Plant to Otay per the current 1999 Agreement.

The City has an opportunity to obtain a \$6,500,000 Matching Proposition 50 Grant for SD17 consisting of a pump station at the Alvarado Water Treatment Plant to pump up to 60 MGD into SDCWA Pipeline No. 4. SD17 is estimated to cost \$20,000,000. The District desires to acquire 50 MGD capacity. This project will provide an opportunity to the City to generate revenue from surplus capacity. For the District, this is an opportunity to provide an additional alternative source of water supply.

Consultant Contract Status

(through December 31, 2007)

CIP No.	Project Title	Consultant	Opened Date	Original Contract Amount	Total Change Orders	Revised Contract Amount	Approved Payment To Date	% Change Orders	% Contract Complete	Est. Comp. Date
	CONSTRUCTION SERVICES									
	AS NEEDED ENGINEERING DRAFTING SERVICES	RBF CONSULTING	12/6/2006	45,000.00	0.00	45,000.00	34,309.89	0.0%	76.2%	3/31/2008
P2185	CONSTRUCTION 640-1 & 640-2 RESERVOIRS	PACIFIC HYDROTECH CORPORATION	2/23/2007	24,894,000.00	-5,549.90	24,888,450.10	15,947,816.34	0.0%	64.1%	11/8/2008
P2185	CIP P2185 - CONST MGMT & INSPECT SVCS	RBF CONSULTING	3/29/2007	1,196,735.00	0.00	1,196,735.00	683,135.00	0.0%	57.1%	9/30/2008
P1253	CIP P1253 SAN MIGUEL HMA	JONES & STOKES ASSOCIATES	4/20/2006	566,443.78	0.00	566,443.78	431,157.88	0.0%	76.1%	6/30/2009
P2440	I-905 UTILITY RELOCATION	ZONDIROS CORPORATION	9/7/2006	930,316.00	-58,623.33	871,692.67	279,512.26	-6.7%	32.1%	6/30/2008
P2454							156,692.50		18.0%	
	BACTERIOLOGICAL TESTING & LAB SERVICES	CLARKSON LAB & SUPPLY INC	6/19/2007	15,000.00	0.00	15,000.00	13,968.00	0.0%	93.1%	6/30/2008
	P2459 - OLIVE VISTA UTILITY RELOCATIONS	ORTIZ CORPORATION	9/25/2007	831,000.00	0.00	831,000.00	0.00	0.0%	0.0%	2/13/2008
	BACTERIOLOGICAL TESTING & LAB SERVICES	CLARKSON LAB & SUPPLY INC	1/1/2008	30,000.00	0.00	30,000.00	0.00	0.0%	0.0%	1/1/2009
	CIP P2009 - 36 INCH PIPELINE	RBF CONSULTING		1,088,785.00	0.00	1,088,785.00	0.00	0.0%	0.0%	3/1/2010
	P2191 - 850-4 RESERVOIR (CONSTRUCTION)	SPIESS CONSTRUCTION CO INC		2,566,300.00	0.00	2,566,300.00	0.00	0.0%	0.0%	6/30/2009
	P2081 - 20 INCH LANE AVENUE CONVERSION	ARB INC		6,602,560.00	0.00	6,602,560.00	0.00	0.0%	0.0%	2/5/2009
	AS-NEEDED CONSTRUCTION MANAGEMENT SVCS	VALLEY CONSTRUCTION MANAGEMENT		175,000.00	0.00	175,000.00	0.00	0.0%	0.0%	6/30/2009

(Consultant Contract Status continued)

CIP No.	Project Title	Consultant	Opened Date	Original Contract Amount	Total Change Orders	Revised Contract Amount	Approved Payment To Date	% Change Orders	% Contract Complete	Est. Comp. Date
	DESIGN									
	ON-CALL GEOTECHNICAL SERVICES	SOUTHERN CALIFORNIA SOIL	6/30/2007	150,000.00	0.00	150,000.00	22,590.00	0.0%	15.1%	1/28/2009
D0034	ON-CALL GEOTECHNICAL SERVICES	SOUTHERN CALIFORNIA SOIL	6/30/2007	150,000.00	0.00	150,000.00	6,357.30	0.0%	4.2%	1/28/2009
P2143	ON-CALL GEOTECHNICAL SERVICES	SOUTHERN CALIFORNIA SOIL	6/30/2007	150,000.00	0.00	150,000.00	20,457.18	0.0%	13.6%	1/28/2009
P2416	SWEETWATER AUTHORITY SR-125 UTILITY REL	SWEETWATER AUTHORITY	4/28/2005	9,800.00	4,800.00	14,600.00	12,386.21	32.9%	84.8%	1/31/2008
P2009	P2009 - 36 INCH PIPELINE	INFRASTRUCTURE ENGINEERING	10/19/2006	0.00	1,338,108.00	1,338,108.00	823,511.04	100.0%	61.5%	6/30/2009
P2172	P2172 - 1485-1 PUMP STATION ENV. SVCS	PBS&J	10/4/2006	41,254.50	0.00	41,254.50	38,632.03	0.0%	93.6%	6/30/2008
P1043	P1043 - LAS PRESA 36" PIPELINE	SCHIFF & ASSOCIATES	3/6/2007	110,000.00	0.00	110,000.00	31,744.68	0.0%	28.9%	3/31/2009
	CIP P2172 - 1485-1 PUMP STATION/HVAC	HVAC ENGINEERING INC	9/28/2006	12,330.00	0.00	12,330.00	0.00	0.0%	0.0%	6/30/2008
	1485-1 PUMP STATION REPLACEMENT	ENGINEERING PARTNERS INC, THE	11/3/2006	24,120.00	0.00	24,120.00	0.00	0.0%	0.0%	6/30/2008
	AS-NEEDED ENG. DESIGN SERVICES CONTRACT	LEE & RO INC	4/27/2007	175,000.00	0.00	175,000.00	105,894.78	0.0%	60.5%	12/31/2008
P2172	STRUCTURAL ENGINEERING ARCHITECTURAL SVC	SIMON WONG ENGINEERING	4/27/2007	54,765.00	0.00	54,765.00	8,089.00	0.0%	14.8%	3/31/2008
	PROFESSIONAL SERVICES	J C HEDEN AND ASSOCIATES INC	5/16/2007	45,000.00	-2,168.50	42,831.50	18,536.00	-5.1%	43.3%	6/30/2008
P2037	PROFESSIONAL STRUCTURAL DESIGN SERVICES	SIMON WONG ENGINEERING	11/29/2005	49,700.00	0.00	49,700.00	33,713.00	0.0%	67.8%	3/31/2008
P2191	850-4 RESERVOIR STRUCTURAL	NOLTE ASSOCIATES INC	12/7/2005	15,695.00	0.00	15,695.00	8,270.00	0.0%	52.7%	3/31/2008
P2037	ELECTRICAL SERVICES	ENGINEERING PARTNERS INC, THE	3/13/2006	13,220.00	0.00	13,220.00	6,325.00	0.0%	47.8%	3/31/2008
P2009	PL - 36-INCH, SDCWA OTAY FCF NO. 14 TO R	SAN DIEGO COUNTY WATER	5/10/2007	620,000.00	0.00	620,000.00	125,000.00	0.0%	20.2%	3/1/2010
P2009	CIP P2009 - 36 INCH PIPELINE VALVE ENG.	HARRIS & ASSOCIATES INC	7/31/2007	107,138.00	0.00	107,138.00	60,465.00	0.0%	56.4%	8/31/2008
	AS-NEEDED ELECTRICAL ENG. SERVICES	ENGINEERING PARTNERS INC, THE	8/16/2007	100,000.00	0.00	100,000.00	28,800.00	0.0%	28.8%	6/30/2008
P2416	P2416 UTILITY RELOCATION SR125	OTAY RIVER CONSTRUCTORS	10/5/2006	120,000.00	29,656.55	149,656.55	149,656.55	19.8%	100.0%	6/30/2008
	P1438 - AS-NEEDED PLAN CHECK SERVICES	BOYLE ENGINEERING CORPORATION	11/27/2007	150,000.00	0.00	150,000.00	8,020.53	0.0%	5.3%	11/27/2008
	AS-NEEDED ENGINEERING DESIGN SERVICES	LEE & RO INC	12/3/2007	175,000.00	0.00	175,000.00	0.00	0.0%	0.0%	12/3/2009

(Consultant Contract Status continued)

CIP No.	Project Title	Consultant	Opened Date	Original Contract Amount	Total Change Orders	Revised Contract Amount	Approved Payment To Date	% Change Orders	% Contract Complete	Est. Comp. Date
	ENVIRONMENTAL									
P2143	P2143 - 1296-3 RESERVOIR ENV SVCS	BRG CONSULTING INC	5/8/2006	125,000.00	0.00	125,000.00	73,849.02	0.0%	59.1%	12/31/2008
P1253	REVEGETATION MONITORING & MAINT, SVCS	JONES & STOKES ASSOCIATES	12/20/2005	9,111.00	0.00	9,111.00	7,661.45	0.0%	84.1%	12/30/2008
	PROFESSIONAL ON-CALL ENVIRONMENTAL SVCS	JONES & STOKES ASSOCIATES	9/5/2007	300,000.00	0.00	300,000.00	46,127.12	0.0%	15.4%	6/30/2011
	PLANNING									
P2172	CIP 2172 - 1485-1 PUMP STATION APPRAISAL	RANDALL H BLAESI ASA	7/27/2006	9,500.00	0.00	9,500.00	6,000.00	0.0%	63.2%	6/30/2008
P1210	2009 MASTER PLAN UPDATE	PBS&J	9/4/2007	499,748.00	0.00	499,748.00	65,115.80	0.0%	13.0%	5/7/2009
R2089	CIP P2089 - RECYCLED WATER CONCEPT STUDY	PBS&J	12/4/2007	149,595.00	0.00	149,595.00	10,688.55	0.0%	7.1%	11/4/2008
	CIP P1043 - CATHODIC PROTECTION PROGRAM	SCHIFF & ASSOCIATES	11/20/2007	250,000.00	0.00	250,000.00	9,698.01	0.0%	3.9%	11/20/2009
	CIP P1210 - ASSET MANAGEMENT PLAN	WESTIN ENGINEERING INC		194,280.00	0.00	194,280.00	0.00	0.0%	0.0%	6/30/2009

Construction Contract Status

(through December 31, 2007)

CIP NO.	PROJECT TITLE	CONSTRUCTION CONTRACTOR	ORIGINAL CONTRACT AMOUNT	TOTAL CHANGE ORDERS	REVISED CONTRACT AMOUNT	TOTAL EARNED TO DATE	% OF CHANGE ORDERS *	% CONTRACT COMPLETE	EST. COMP. DATE
P1270	Telegraph Canyon Road Pavement Repair	M&M General Engineering Contractor, Inc.	\$128,650	\$5,100	\$133,750	\$115,785	3.96%	100%	Complete
P2459	Olive Vista Drive Utility Relocations	Ortiz Corp	\$831,000	\$0	\$831,000	\$0	0.00%	39%	June 2008
P2440	SR905 Utility Relocations	Zondiros	\$930,316	(\$58,623)	\$871,693	\$708,764	-6.30%	75%	April 2008
P2185	640-1 & 640-2 Reservoirs	Pacific Hydrotech Corp	\$24,894,000	(\$5,550)	\$24,888,450	\$17,784,835	-0.02%	71%	December 2008
	TOTALS:		\$26,783,966	(\$59,073)	\$26,724,893	\$18,609,384	-0.22%	70%	

* Change orders for projects this fiscal year are below the industry average of 5-12%.

Expenditures

(through December 31, 2007)

(\$000)

Current CIP No.	Description	Project Manager	FY 08 Budget	FY 08 Expenditures Through 12/31/07	FY 08 Percent Budget Spent Through 12/31/07	Total Project Budget	Total Remaining Balance	Comments
CAPITAL FACILITY PROJECTS								
P2009	PL - 36-Inch, SDCWA Otay FCF No. 14 to Regulatory Site	Ripperger	1,150	457	40%	18,490	17,301	60% design submitted for review.
P2033	PL - 16-Inch, 1296 Zone, Melody Road - Campo/Presilla	Ripperger	5	0	0%	1,826	1,822	Project deferred to future years.
P2037	Res - 980-3 Reservoir 15 MG	Ripperger	200	0	0%	14,205	13,663	Project deferred to future years.
P2038	PL - 12-Inch; 978 Zone, Jamacha, Hidden Mesa, and Chase Upsize and Replacements	Kay	980	63	6%	1,600	1,436	90% design completed.
P2040	Res - 1655-1 Reservoir 0.5 MG	Ripperger	1	0	0%	2,055	1,580	Developer driven.
P2129	Groundwater Exploration Program	Peasley	10	0	0%	2,530	1,974	Groundwater development planning efforts continue to focus on the Otay River Demineralization Feasibility Study (P2462) and San Diego Foundation Groundwater Feasibility Study (P2467) in conjunction with SWA.
P2143	Res - 1296-3 Reservoir 2 MG	Kay	1,200	113	9%	3,340	2,966	Working towards 90% design.
P2172	PS - 1485-1 Pump Station Replacement	Kay	200	61	31%	2,225	1,913	Working towards 90% design.
P2185	Res - 640-1 Reservoir 20.0 MG	Ripperger	15,000	9,768	65%	29,500	10,199	Reservoir concrete is complete and wrapping of both tanks is in progress.
P2190	PL - 10-Inch, 1485 Zone, Jamul Highlands Road to Presilla Drive	Ripperger	5	1	20%	228	225	Developer driven.
P2191	Res - 850-4 Reservoir 2.2 MG	Kay	750	139	19%	3,285	2,520	Design is complete.
P2235	Res - 624-4 Emergency Reservoir 40.0 MG	Ripperger	0	0	0%	15,750	15,750	Low priority.
P2258	PS - Lower Otay Pump Station Phase 1 (9,000 GPM)	Ripperger	50	2	4%	7,805	5,727	Project complete.
P2267	36-Inch Main Pumpouts and Air/Vacuum Ventilation Installations	Henderson	150	38	25%	345	115	On-hold; awaiting 36-inch pipeline inspection.
P2295	624-1 Reservoir Disinfection Facility, Inlet/Outlet/Bypass and 613-1 Reservoir Demolition	Ripperger	550	94	17%	4,500	175	Litigation complete.
P2318	PL - 20-Inch, 657 Zone, Summit Cross-Tie and 36-Inch Main Connections	Ripperger	0	0	0%	601	545	On-hold. Lower priority.
P2357	PS - 657-1/850-1 Pump Station Demolition	Ripperger	0	0	0%	300	300	On-hold. Lower priority.
P2370	Res - Dorchester Reservoir and Pump Station Demolition	Ripperger	0	0	0%	150	137	On-hold. Lower priority.
P2387	PL - 12-Inch, 832 Zone, Steele Canyon Road - Via Caliente/Campo	Kay	270	21	8%	525	454	Working towards 90% design.

(Expenditures continued)

Current CIP No.	Description	Project Manager	FY 08 Budget	FY 08 Expenditures Through 12/31/07	FY 08 Percent Budget Spent Through 12/31/07	Total Project Budget	Total Remaining Balance	Comments
P2450	Otay River Groundwater Well Demineralization/Development	Peasley	115	3	3%	5,000	4,997	Pending the outcome of the joint SWA/Otay Study (P2462); environmental and planning work may occur late FY08.
P2451	Rosarito Desalination Facility Conveyance System	Peasley	5	0	0%	1,000	1,000	Proposition 50 Grant Proposal for Feasibility Study effort in FY07 and District was not awarded a grant hence no expenditures for FY08 are contemplated
P2457	Otay Mountain Groundwater Well Development	Peasley	10	0	0%	6,500	6,500	The outcome of the Otay Mountain Well exploration efforts, per terms of an existing agreement, may result in expenditures in FY08.
P2460	I.D. 7 Trestle and Pipeline Demolition	Ripperger	20	0	0%	375	375	Low priority.
P2462	Otay River Demineralization Feasibility Study	Peasley	200	0	0%	200	200	Joint SWA/Otay Proposition 50 Grant awarded and consultant contract to be awarded to MWH in the fall of 2007.
P2463	South Bay Regional Concentrate Conveyance Feasibility Study	Peasley	25	3	12%	125	122	The project is being jointly funded by SDCWA, SWA, the City of San Diego and Otay. Proposition 50 funding for 50% of the cost has been secured by the SDCWA. A consultant contract was awarded to CDM. SDCWA has stated they will pay 100% of the cost, thus no expenditures of Otay may be required.
P2464	San Diego 17 Pump Station and Flow Control Facility	Peasley	750	4	1%	16,250	16,246	SD-17 Pump Station Agreement negotiations have been moving along slowly between SDCWA and the City.
P2465	Regulatory Site Material Storage Bins	Ripperger	30	4	13%	250	246	Pre-design is in process.
P2466	Regional Training Facility	Boyd	100	17	17%	200	183	Lease agreement was signed.
P2467	San Diego Formation Groundwater Feasibility Study	Peasley	800	0	0%	1,600	1,600	This project is jointly funded by SWA and Otay. The SDCWA awarded a LISA grant to SWA to fund
R2001	RecRes - 450-1 Reservoir 12 MG	Ripperger	50	57	114%	9,967	354	Accepted by the District.
R2004	RecPS - 680-1 Pump Station (11,500 GPM)	Ripperger	50	31	62%	8,333	167	Accepted by the District.
R2034	RecRes - 860-1 Reservoir 4 MG	Ripperger	0	0	0%	3,800	3,799	Pre-design report is being prepared.
R2053	RWCWRF - R.O. Building Remodel and Office Furniture	Ripperger	305	21	7%	495	359	Submitted a set of plans to the County for plan checking .

(Expenditures continued)

Current CIP No.	Description	Project Manager	FY 08 Budget	FY 08 Expenditures Through 12/31/07	FY 08 Percent Budget Spent Through 12/31/07	Total Project Budget	Total Remaining Balance	Comments
R2077	RecPL - 24-Inch, 860 Zone, Alta Road - Alta Gate/Airway	Ripperger	50	1	2%	3,000	2,978	Hired Lee&Ro to prepare the PDR.
R2081	RecPL - 20-Inch, 944 Zone, Lane Avenue - Proctor Valley/Pond No. 1	Kay	900	47	5%	1,290	1,092	Design complete.
R2087	RecPL - 20-Inch, 944 Zone, Wueste Road - Olympic/Otay WTP	Ripperger	50	3	6%	3,598	3,584	Hired Lee&Ro to prepare the PDR.
R2088	RecPL - 20-Inch, 860 Zone, County Jail - Roll Reservoir/860-1 Reservoir	Ripperger	50	3	6%	1,500	1,497	Hired Lee&Ro to prepare the PDR.
R2089	North District Recycled Water Regulatory Compliance	Coburn-Boyd	195	15	8%	200	184	Consultant contract awarded to PBS&J was approved by the Board in the fall of 2007. The Feasibility Study was completed in October 2007.
R2090	MBR Water Recycling Facility Feasibility Study	Ripperger	40	32	80%	100	32	Dependent on completion of R2081.
R2091	RecPS - 944-1 Pump Station Upgrade	Ripperger	325	0	0%	325	325	PDR in progress.
R2092	Dis - 450-1 Reservoir Disinfection Facility	Ripperger	300	50	17%	1,100	1,050	Solar will be integrated into all CIP projects if it is feasible.
S2016	Solar Panel Installation Phase I	Ripperger	10	2	20%	645	628	
	Total Capital Facilities Projects	Total:	24,901	11,050	44%	175,113	126,320	
	MAINTENANCE (RENEWAL/REPLACEMENT)							
P2356	PL - 12-Inch, 803 Zone, Jamul Drive Permastran Pipeline Replacement	Kay	420	28	7%	765	669	Working towards 90% design.
P2366	APCD Engine Replacements and Retrofits	Rahders	160	14	9%	2,438	1,012	Project was on-hold while decisions were made on the continuing operation of certain equipment affecting this account. Expenses will now be incurred toward this account in the coming months.
P2382	Safety and Security Improvements	Gerber	90	3	3%	1,317	356	\$60,000 allocated for fencing, security and pucks and fobs; \$10,000 allocated for new video recorder for security system.
P2416	SR-125 Utility Relocations	Kay	190	194	102%	809	5	In construction.
P2422	Agency Interconnections	Ripperger	300	32	11%	2,050	1,885	Working on Cal-AM and Helix WD.
P2440	I-905 Utility Relocations	Kay	360	45	13%	1,860	532	Project re-design mandated by outside agencies. Design and construction to be completed by March 1, 2008.
P2441	NG/RAMAR Meter Replacements	Henderson	100	-85	-85%	1,932	15	Expenses pending litigation.
P2447	Information Technology Meter Routing	Stevens	80	0	0%	130	108	On track.
P2453	SR-11 Utility Relocations	Kay	5	0	0%	2,300	2,300	CalTrans is the lead agency. The District is awaiting project notification.
P2455	Data Cleansing Project	Stevens	160	67	42%	350	94	Will be \$75,000 underspent.

(Expenditures continued)

Current CIP No.	Description	Project Manager	FY 08 Budget	FY 08 Expenditures Through 12/31/07	FY 08 Percent Budget Spent Through 12/31/07	Total Project Budget	Total Remaining Balance	Comments
P2456	Air and Vacuum Valve Upgrades	Henderson	520	238	46%	3,744	3,140	Projected FY08 expenses 80%.
P2458	AMR Manual Meter Replacement	Henderson	1,250	560	45%	9,368	8,558	Projected FY08 expenses 70%.
P2459	Olive Vista Drive Utility Relocations	Kay	1,100	377	34%	1,242	713	In construction.
P2468	Finance Department Office Remodel	Ripperger	50	0	0%	50	50	Study in process.
R2086	RWCWRF Force Main AirVac Replacements and Road Improvements	Kay	670	58	9%	875	635	On-hold due to environmental constraints.
S2012	SVSD Outfall and RSD Replacement and OM Reimbursement	Peasley	605	0	0%	3,571	3,341	Expenditure typically is billed by SVSD in the 3rd quarter of the fiscal year.
S2015	Calavo Lift Station Replacement	Kay	585	49	8%	728	562	Working towards 90% design.
	Total Maintenance	Total:	6,645	1,580	24%	33,327	23,975	
	CAPITAL PURCHASE PROJECTS							
P2282	Vehicle Capital Purchases	Porras	210	0	0%	2,451	1,080	Projected FY08 expenses 100%.
P2286	Field Equipment Capital Purchases	Porras	91	64	70%	1,202	586	Projected FY08 expenses 70%.
P2353	Information Technology System Enhancements and Replacements	Stevens	365	100	27%	3,762	694	Will be underspent at year end by \$75,000.
P2361	Information Technology GIS Enhancements	Stevens	150	19	13%	1,945	543	Contract being negotiated.
P2363	Information Technology Utility Billing, Data Management, and Financial System	Stevens	200	99	50%	6,600	851	Requirement gathering.
P2443	Information Technology Mobile Services	Stevens	240	41	17%	652	220	In progress.
P2461	Records Management System Upgrade	Jenkins	150	2	1%	150	148	Working with CIT to release RFQ; anticipate spending all allocated funds by June 2008.
	Total Capital Purchase Projects	Total:	1,406	325	23%	16,762	4,122	

(Expenditures continued)

Current CIP No.	Description	Project Manager	FY 08 Budget	FY 08 Expenditures Through 12/31/07	FY 08 Percent Budget Spent Through 12/31/07	Total Project Budget	Total Remaining Balance	Comments
DEVELOPER REIMBURSEMENT PROJECTS								
P2070	PL - 16-Inch, 980 Zone, Pacific Bay Homes Road-Proctor Valley/Rolling Hills Hydro PS	Charles	550	393	71%	550	157	The project is accepted.
P2104	PL - 12-Inch, 711 Zone, La Media Road - Birch/Rock Mountain	Charles	0	0	0%	833	833	Future project.
P2107	PL - 12-Inch, 711 Zone, Rock Mountain Road - La Media/SR 125	Charles	0	0	0%	722	722	Future project.
P2121	PL - 16-Inch, 711 Zone, Hunte Parkway - Olympic/EastLake	Charles	1	0	0%	551	6	The project is completed.
P2133	PL - 16-Inch, 711 Zone, EastLake Parkway - Olympic/Birch	Charles	1	0	0%	151	5	The project is completed.
P2134	PL - 16-Inch, 711 Zone, Birch Road - SR 125/EastLake	Charles	0	0	0%	412	412	This project is operationally complete, but not yet accepted.
P2164	PL - 20-Inch, 980 Zone, EastLake Parkway - Olympic/Birch	Charles	1	0	0%	211	5	The project is completed and reimbursement has been processed.
P2169	PL - 20-Inch, 980 Zone, EastLake Parkway - Birch/Rock Mountain	Charles	325	280	86%	325	45	The project is completed.
P2325	PL - 10" to 12" Oversize, 1296 Zone, PB Road - Rolling Hills Hydro PS/PB Bndy	Charles	130	0	0%	130	130	This project is operationally complete, but not yet accepted.
P2367	PL - 16-Inch, 980 Zone, Olympic Parkway - East Palomar/EastLake	Charles	0	0	0%	1,500	1,265	Three projects with this CIP. All complete and accepted, waiting for reimbursement request.
P2397	PL - 12-Inch, 711 Zone, EastLake Parkway - Birch/Rock Mountain	Charles	175	157	90%	175	18	The project is completed.
P2402	PL - 12-Inch, 624 Zone, La Media Road - Village 7/Otay Valley	Charles	0	0	0%	444	444	Future project.
P2403	PL - 12-Inch, 624 Zone, Heritage Road - Olympic/Otay Valley	Charles	0	0	0%	975	975	Future project.
P2414	PL - 12" to 16" Oversize, 803 Zone, Dehesa Road - Dehesa Meadow/OWD Bndy	Charles	10	0	0%	152	10	Project accepted. Potential litigation of claims.
P2435	PL - 16-Inch, 711 Zone, Birch Road - La Media/SR-125	Charles	30	215	717%	280	64	To be reimbursed during the 2nd quarter
R2028	RecPL - 8-Inch, 680 Zone, Heritage Road - Santa Victoria/Otay Valley	Charles	0	0	0%	600	600	The project is under construction.

(Expenditures continued)

Current CIP No.	Description	Project Manager	FY 08 Budget	FY 08 Expenditures Through 12/31/07	FY 08 Percent Budget Spent Through 12/31/07	Total Project Budget	Total Remaining Balance	Comments
R2031	RecPL - 12-Inch, 944 Zone, EastLake Parkway - Olympic/Birch	Charles	1	1	100%	125	15	The project is completed.
R2033	RecPL - 12-Inch, 944 Zone, Birch Road - La Media/EastLake	Charles	50	0	0%	300	300	The project is completed. Reimbursement will be processed in FY09.
R2040	RecPL - 12-Inch, 680 Zone, Hunte Parkway - Olympic/EastLake	Charles	1	0	0%	450	39	The project is completed and reimbursed.
R2041	RecPL - 8-Inch, 944 Zone, EastLake Parkway - Birch/Rock Mountain	Charles	1	0	0%	125	20	The project is completed and reimbursed.
R2042	RecPL - 8-Inch, 944 Zone, Rock Mountain Road - SR-125/EastLake	Charles	0	0	0%	141	141	Future project.
R2043	RecPL - 8-Inch, 944 Zone, Rock Mountain Road - La Media/SR-125	Charles	235	53	23%	235	182	Multiple projects within this CIP. One complete and accepted, the others have not yet started.
R2047	RecPL - 12-Inch, 680 Zone, La Media Road - Birch/Rock Mountain	Charles	0	0	0%	450	450	Future project.
R2058	RecPL - 16-Inch, 860 Zone, Airway Road - Otay Mesa/Alta	Charles	0	0	0%	2,000	1,681	Multiple projects within this CIP. Two of many are complete, accepted and reimbursed.
R2082	RecPL - 24-Inch, 680 Zone, Olympic Parkway - Village 2/Heritage	Charles	0	0	0%	1,747	1,747	Project is started.
R2083	RecPL - 20-Inch, 680 Zone, Heritage Road - Village 2/Olympic	Charles	0	0	0%	400	400	Project is started.
R2084	RecPL - 20-Inch, 680 Zone, Village 2 - Heritage/La Media	Charles	0	0	0%	1,100	1,099	Project is started.
R2085	RecPL - 20-Inch, 680 Zone, La Media - State/Olympic	Charles	0	0	0%	500	500	The project is accepted.
	Total Developer Reimbursement Projects	Total:	1,511	1,099	73%	15,584	12,265	
	GRAND TOTAL		\$34,463	\$14,054	41%	\$240,786	\$166,682	

AGENDA ITEM 10



STAFF REPORT

TYPE	Regular Board Meeting	MEETING	March 5, 2008		
MEETING:		DATE:			
SUBMITTED BY:	Mark Watton, General Manager	W.O./G.F.	N/A	DIV.	N/A
		NO:		NO.	
SUBJECT:	General Manager's Report				

GENERAL MANAGER:

Update on the design of the 36-Inch Potable Water Pipeline from FCF #14 to Regulatory Site for the month of January 2008:

- Manager's Review Meeting was held on January 23 for the 60% design.
- Project is progressing toward 90% design.
- Traffic control plans for Jamacha Boulevard were submitted to CalTrans for review.
- Staff discussing with the City of El Cajon and CWA for an alternate route to Jamacha Road / Washington Street intersection.

Update on the 640-1 and 640-2 Reservoirs Project for the month of January 2008:

- Tank #1 - Wrapping and shotcrete are complete.
- Tank #2 - Contractor is mobilizing to wrap and shotcrete.
- 60% of site retaining walls are complete.
- Chemical feed lines and electrical conduits have been installed from vault #7 to the Copps Lane Pump Station.

- Contractor continued cleaning up the project site and re-establishing all BMPs on site.
- Project is 75% complete.

ADMINISTRATIVE SERVICES AND FINANCE:

Administrative Services:

- There were two new hires in the month of February; both were for Supervising Senior Civil Engineer.
- Human Resources sent a request for proposal for benefit consulting services in February. It is anticipated that the review process will be completed in April/May with final implementation completed by July 1st.
- Eight members of the Hazwoper Team (Emergency Response Team) attended an 8-hour refresher Hazwoper training on February 6, 2008; the remaining 3 members are expected to complete this course by March 6, 2008.
- A claim was submitted by Ms. Janet Sanchez at 1052 Sage View, Chula Vista, CA 91911, requesting reimbursement for costs related to the repairs of her water-damaged kitchen caused by a leak when the District turned the water on January 22, 2008. The service at the above address was previously locked due to non-payment of the water bill. This claim received January 29, 2008, has been denied pursuant to Policy 29 which allows the acceptance or denial of claims under \$10,000 by the General Manager.
- Staff made two presentations at the AWWA Sustainable Water Sources Conference in Reno, Nevada on February 11th and February 12th. The first presentation was entitled, "From Purchase to Installation, the Challenges with Achieving Savings with Smart Controllers," and the second presentation was entitled, "Using AMR and other New Technologies to Communicate Water Loss." Approximately 100 people attended the first presentation and roughly 60 people attended the AMR presentation. Both presentations were well received.
- Seven school tours were conducted at the Water Conservation Garden involving a total of 287 third

graders and 35 adults. Three classes attended from McMillin Elementary School; two classes attended from Valle Lindo Elementary School; one class attended from Avocado; and one class attended from Veteran's Elementary Schools. In addition, 80 third graders from McMillin Elementary School borrowed the District's water cycle kit. The District contributed a basket of Otay incentives (pens, etc.) to High Tech High Chula Vista for their fundraiser. They are currently located on the campus of Mater Dei High School and they are fundraising to build their facilities.

- Artificial Turfgrass rebate for Otay Customers: Because of delays with Metropolitan Water District implementing a regional artificial turf rebate (now delayed to July, 2008), the District has decided to join seven other local agencies in offering a \$1/sq. foot rebate to our residential and commercial customers. The District will be reimbursed \$.50/sq. foot by the Water authority. Because the maximum expenditure is well under the General Manager's signing authority, he will execute the MOU with the Water Authority in early March. However, because of the high level of interest by the Board, this program will be taken as an information item to the Administration, Finance and Communications Committee in mid-March.
- Customer Parking Lot: Bids are being received to seal and re-stripe the customer parking lot in front of the Administration building. This work should be performed soon and to minimize the impact to customers, will be done on a weekend or after regular working hours.
- There were 104 purchase orders in February 2008 for a total amount of \$10,322,884.31.
- One contract renewal for Hector Mares, executed by the General Manger within his contracting authority.

Information Technology and Strategic Planning:

- Strategic Plan FY09-FY11: Staff has completed the first draft of the Strategic Planning Process for FY09-FY11. A workshop for the Board will present this plan as part of the FY09 Budget process. Staff continues to work on prioritization, work plans to accomplish objectives, and

finalizing metrics for both objectives and performance measures.

- **IT Strategic Plan:** To address the technology needs of the new strategic plan, IT is modifying the IT Strategic Plan to insure we have the resources and capabilities to meet the expectations contained in the plan. IT has completed the first draft of synchronizing the IT plan to the overall strategic plan.
- **Eden New Release:** We are in the final stages of testing a new release of the Eden billing system. This release should help improve billing performance processing time for the larger cycles which have been experiencing some slowness. This matter affects the various internal billing processes and does not at all affect the customer.
- **Performance Measurement:** Mid-year strategic plan results were presented to the Committees in February.
- **IT Response to San Diego Wildfires:** IT Operations Manager was asked to make a presentation to the San Diego Chapter of the International Association of Computer Professionals (IAPT) in February regarding how Otay responded effectively to the fires in San Diego County last fall. The District remote field equipment and our ability to quickly relocate a command center were recognized as very effective for disaster preparedness.

Finance:

- **2009 Budget:** District staff is currently working on the FY 2009 budget build process. Departments have submitted their CIP and Personnel Requests and are currently working on their Admin and Materials expense budget which is due March 3rd. Once this data has been submitted, the 6-year rate model will be updated with the most current information and the review and analysis stage will commence. Some of this year's challenges will be to implement a water shortage plan and penalty rate structure to address the drought, simplification of the District's rate structure, align the budget with the Strategic Plan, and importantly, addressing the slow down in the economy.

The financial reporting for January 2008 is as follows:

- For the seven months ended January 31, 2008, there are total revenues of \$36,965,229 and total expenses of \$37,205,516. The expenses exceeded revenues by \$240,287.

The financial reporting for investments for January 2008 is as follows:

- The market value shown in the Portfolio Summary and in the Investment Portfolio Details as of January 31, 2008 total \$101,792,579.09 with an average yield to maturity of 4.502%. The total earnings year-to-date is \$2,981,675.88.

ENGINEERING AND WATER OPERATIONS:

Engineering:

- Construction continues on the Olive Vista Dr. Utility Relocation Project. The contractor broke the service main at Jefferson Street five days before the scheduled shutdown which required District forces to make repairs, which will be fully reimbursed. District customers were not out of service during the main break. The scheduled shutdown on January 23 went smoothly.
- The contract for the 850-4 Reservoir project has been executed and construction is to begin in February.
- The contract for the 20-Inch Lane Ave. Conversion Project has been executed and construction is to begin in February.
- FEMA has tentatively agreed to reimburse the District for the removal of 45 fire-damaged eucalyptus trees, irrigation piping, perimeter fencing at the HMA.
- PBS&J is preparing a technical memo for the North District Recycled Water Concept Study that will be submitted to the District in February.
- PBS&J is preparing a technical memo for the Water Resources Master Plan that provides a recycled water

market assessment and potable water demand projections for the District.

- For the month of January 2008, the District sold 29 meters (48 EDUs) generating \$235,087 in revenue. Accumulated sales through January 31, 2008 are \$1,652,279. Projected for this period was 514 meters (130.5 EDUs) with a budgeted revenue of \$620,633.33 and projected revenue from July 1, 2007 through January 31, 2008 was \$4,344,433.
- Approximately 3,620 linear feet of both CIP and developer project pipelines were installed in January 2008. The Construction Division performed quality control for these pipelines.
- The District received a check in the amount of \$100,000 from the City of San Diego for the District's recycled water program per the terms of the existing agreements under the United States Bureau of Reclamation Title XVI Program. This money is part of the current total Federal fiscal year allocation of \$1,180,000 to the District for Title XVI funding.

There were no construction purchases or change orders issued during the period of January 1, 2008 through January 31, 2008 that were within Staff signatory authority.

Water Operations:

- **Russell Squared Minor Sewer Spill:**

On Saturday, February 2, 2008 at about 10:07 pm we experienced a minor sewer runoff at Russell Square Lift Station due to a pinhole in the discharge pipe on one of its pumps. The Vactor Truck was used to recover any sewage still at the pump station and in the adjacent brow ditch. The estimated amount of the spill was 60 gallons. All affected areas were completely cleaned up and this incident was reported to the RWQCB for information only, no violation occurred because the spill did not reach any water way. Our alarm system performed as planned and our response was per the book, the discharge pipe and the pump were repaired as well.

- **APCD Inspection:**

This inspection started on January 30 and was completed by Feb 6; 30 pump engines & gen sets were inspected. Of the 30, one maintenance violation will be issued for going over (in hours) the scheduled service of the catalytic converter on one engine at the treatment plant. The APCD inspector also raised some minor concerns regarding interpretation of the regulations on smaller issues at the plant and LOP. It appears that we may have a few minor maintenance violations, but no serious emissions violations.

- **Mexico Treated Water Delivery:**

In accordance to the agreement identified as IBM No. 03-21, entitled "Agreement for Temporary Emergency Delivery of a Portion of the Mexican Treaty Waters of the Colorado River to the International Boundary in the Vicinity of Tijuana, Baja California, Mexico, and for Operation of Facilities in the United States" and to Minute No. 310 of the International Boundary Water Commission, Mexico has informed us through the United States Section of the International Boundary and Water Commission that Tijuana required and paid for delivery at the Otay connection for the months of February and March with a volume of 588.37 ac-ft and 651.41 ac-ft correspondingly. Consequently, deliveries started on February 13, 2008 at 10:00 am with a constant flow of approximately 8.4 MGD. This flow rate will be maintained continuously until March 31, totaling 1,239.78 ac-ft (588.37 and 651.41 ac-ft). CESPT representatives also stated that they will be working on paying for additional flows for subsequent months and we should know more about this some time in mid March. The Minute 310 expires on November 10, 2008.

- **Microturbines:**

The County of San Diego is the owner of the Microturbines located inside the District's RWCWRF and they are responsible for the design, installation, operations and maintenance of these units. After several months of refining the remote communication controls to monitor the operations of the Microturbines, the County of San Diego requested to operate them continuously. Consequently, Operations staff met with County staff and agreed to formally initiate the operations of the

Microturbines starting on February 1, 2008. The Microturbines run on landfill gas from the adjacent closed county landfill and are capable of producing up to 210 Kwh which supply power for all of the Treatment Plant operations during winter and approximately 65% during summer. The power produced by the Microturbines and consumed by the District's Treatment Plant is 15% lower in cost than the power from SDG&E, providing considerable savings to the District while safeguarding the environment.

- Water purchased for the month of January was 1892.1 acre-feet. Beginning FY 07/08 to date, July 1, 2007 to January 31, 2007 there has been 23,216.60 acre-feet of water purchased. This is a -0.4 percent decrease from the same period last year, July 1, 2006 to January 31, 2006.
- In the month of January, 2008 there were 20 new Automated Meter Reading (AMR) meters installed and 195 meters were retrofitted to AMR meters.
- As of January 31, 2008 there was a total of 15,571 radio-read meters installed.

Total number of potable water accounts is 47,768; this is a decrease of 8 accounts from last month, December, 2007.

- Recycled water consumption for the month of January is as follows:

Total flow was 125.6 acre-feet or 40,908,868 gallons and the average daily flow was 1,319,641 gallons per day. From Otay, 1,079,000 gallons per day were supplied (82% of total consumption) and 240,441 gallons per day were supplied by the City of San Diego (18%).

Total number of recycled water accounts is 608; this is an increase of 6 from last month, December, 2007.

- Wastewater flows for the month of January were as follows:

Total basin flow, gallons per day: 2,155,000.
Total Otay flow, gallons per day: 1,440,000.
Flow Processed at the Ralph W. Chapman Water Recycling
Facility, gallons per day: 1,079,000.
Flow to Metro from Otay Water District, gallons per
day: 361,000.
Spring Valley Sanitation District Flow to Metro,
gallons per day: 715,000.

There were no new wastewater connections for the month
of January 2008. The total stands at 6,069 EDU's.



General Manager

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AGENDA ITEM 10

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	March 5, 2008
SUBMITTED BY:	Sean Prendergast, Finance <i>JP</i> Supervisor, Payroll & AP	W.O./G.F. NO:	DIV. NO.
APPROVED BY: (Chief)	Joseph Beachem, Chief Financial Officer		
APPROVED BY: (Asst. GM):	German Alvarez, Assistant General Manager		
SUBJECT:	Accounts Payable Demand List		

PURPOSE:

Attached is the list of demands for the Board's information.

FISCAL IMPACT:

SUMMARY	NET DEMANDS
CHECKS (2010246-2010657)	\$3,105,352.84
WIRE TO:	
CITY TREASURER - WATER DELIVERIES - NOV & DEC 07	\$88,482.01
CITY TREASURER - RECLAIMED WATER PURCHASE - DEC 07	\$29,782.62
DELTA HEALTH SYSTEMS - DENTAL & COBRA CLAIMS	\$9,848.12
JP MORGAN SECURITIES INC - 2ND QTR REMARKETING FEE	\$2,835.62
LANDESBANK - CERTIFICATES OF PARTICIPATION	\$28,713.11
PLAN HANDLERS - MEDICAL CLAIMS	\$5,411.82
SAN DIEGO COUNTY WATER AUTHORITY - DEC 07	\$1,288,421.70
SPEC DIST RISK MGMT AUTH - INSURANCE PREM - MAR 08	\$178,327.03
UNION BANK - PAYROLL TAXES	\$284,009.67
UNION BANK - CERTIFICATE OF PARTICIPATION	\$864,391.81
UNION BANK OF - '93 CERTIFICATE OF PARTICIPATION	\$212,622.05
TOTAL CASH DISBURSEMENTS	\$6,098,198.40

RECOMMENDED ACTION:

That the Board receive the attached list of demands.

Jb/Attachment

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2010246 THROUGH 2010657
RUN DATES 2/6/2008 TO 2/27/2008

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2010246	02/06/08	01910	ABCANA INDUSTRIES	816407	01/14/08	BULK HYPOCHLORITE SOLUTION	1,316.11	1,316.11
2010340	02/13/08	01910	ABCANA INDUSTRIES	816713 816714	01/22/08 01/22/08	BULK HYPOCHLORITE SOLUTION BULK HYPOCHLORITE SOLUTION	1,572.19 560.17	2,132.36
2010453	02/20/08	01910	ABCANA INDUSTRIES	816906	01/28/08	BULK HYPOCHLORITE SOLUTION	880.28	880.28
2010581	02/27/08	01910	ABCANA INDUSTRIES	817153 817155 817154	02/04/08 02/04/08 02/04/08	BULK HYPOCHLORITE SOLUTION BULK HYPOCHLORITE SOLUTION BULK HYPOCHLORITE SOLUTION	828.57 514.62 325.03	1,668.22
2010341	02/13/08	08042	ABD TRUST 03-24-00	5193112100	02/07/08	REFUND SPECIAL ASSESSMENTS	46.50	46.50
2010247	02/06/08	00847	AD MAIL DIRECT LLC	CM53839 53839		CREDIT POSTAGE WATER CONSERVATION MAILING	(212.88) 328.48	115.60
2010454	02/20/08	08091	ADRIAN GOWINS	Ref002382539	02/14/08	UB Refund Cst #0000030918	18.30	18.30
2010455	02/20/08	08102	AIDA BANGHART	Ref002382551	02/14/08	UB Refund Cst #0000080628	75.00	75.00
2010456	02/20/08	07732	AIRGAS SPECIALTY PRODUCTS INC	131067749	01/30/08	BULK AQUA AMMONIA	996.14	996.14
2010457	02/20/08	00132	AIRGAS WEST	103222653	01/31/08	BREATHING AIR TREATMENT PLANT	23.93	23.93
2010342	02/13/08	08045	ALAN R & KARIN J BERNTSEN	5193112400	02/08/08	REFUND SPECIAL ASSESSMENTS	85.50	85.50
2010458	02/20/08	08117	ALBERTO GARCIA	Ref002382567	02/14/08	UB Refund Cst #0000094820	16.57	16.57
2010248	02/06/08	01463	ALLIED ELECTRONICS INC	56872V00	01/16/08	COMMUNICATIONS CABLE	235.85	235.85
2010249	02/06/08	02362	ALLIED WASTE SERVICES #509	0509003036226	01/25/08	TRASH REMOVAL SERVICES	707.69	707.69
2010459	02/20/08	02362	ALLIED WASTE SERVICES #509	0509003037685 0509003038636	01/25/08 01/25/08	ASBESTOS DISPOSAL CONTAINER RENTAL TRASH REMOVAL SVCS TREATMENT PLANT	177.12 106.65	283.77
2010250	02/06/08	06166	AMERICAN MESSAGING	L11095701B	02/01/08	PAGER SERVICES	455.49	455.49
2010251	02/06/08	00107	AMERICAN WATER WORKS	2000608805	10/30/07	2008 AGENCY DUES & MEMBERSHIP	4,622.00	4,622.00
2010582	02/27/08	00107	AMERICAN WATER WORKS	2000609956	10/30/07	MEMBERSHIP RENEWAL	173.00	173.00
2010343	02/13/08	08049	ANGEL F GUERRERO	5193112800	02/08/08	REFUND SPECIAL ASSESSMENTS	197.40	197.40
2010583	02/27/08	00002	ANSWER INC	016591	02/22/08	TELEPHONE ANSWERING SERVICES	1,000.00	1,000.00
2010584	02/27/08	08146	ANTONIO LOPEZ	016594	02/25/08	CUSTOMER REFUND	146.78	146.78

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2010246 THROUGH 2010657
RUN DATES 2/6/2008 TO 2/27/2008

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2010585	02/27/08	02190	APPLIED INDUSTRIAL	85321219	02/04/08	INDUSTRIAL FITTINGS	449.15	
				85321076	01/29/08	INDUSTRIAL FITTINGS	124.95	574.10
2010460	02/20/08	08142	ARMANDO B GARAY	5193121700	02/14/08	REFUND SPECIAL ASSESSMENTS	57.30	57.30
2010586	02/27/08	05758	AT&T	016578	02/07/08	PHONE SERVICE (HI HEAD P/S-SCADA)	27.88	27.88
2010587	02/27/08	07785	AT&T	000000093575	02/02/08	PHONE SERVICES	4,177.24	
				000000093608	02/02/08	PHONE SERVICES	31.38	
				000000093386	02/02/08	PHONE SERVICES	21.05	4,229.67
2010344	02/13/08	08079	ATTISHA FAMILY TRUST 06-27-06	5193125400	02/08/08	REFUND SPECIAL ASSESSMENTS	81.30	81.30
2010345	02/13/08	08077	AURELIO & MARTHA GUTIERREZ	5193125100	02/08/08	REFUND SPECIAL ASSESSMENTS	43.50	43.50
2010252	02/06/08	05420	AWBREY COOK MCGILL ARCHITECTS	0543300071130	11/30/07	METER SHOP & TREATMENT PLANT REMODEL	72.50	72.50
2010588	02/27/08	07730	AZTEC FENCE CO INC	AZ2870	02/05/08	SWING GATE	2,575.00	
				AZ2863	02/05/08	REPAIR GUARD RAIL	575.00	3,150.00
2010253	02/06/08	08024	BACKGROUND PROFILES INC	5980000201081	02/01/08	BACKGROUND CHECKS	342.00	342.00
2010254	02/06/08	00586	BADGER METER INC	894605	01/08/08	10" COMPOUND METER	12,091.71	12,091.71
2010589	02/27/08	02755	BARCO PRODUCTS COMPANY	010801156	02/07/08	PICNIC TABLE	1,701.50	1,701.50
2010255	02/06/08	06285	BARTEL ASSOCIATES LLC	07686	12/16/07	PROFESSIONAL ACTUARY SERVICES	9,045.00	
				08029	01/13/08	PROFESSIONAL ACTUARY SERVICES	6,020.00	15,065.00
2010346	02/13/08	08068	BECKMAN YEAR 2003 FAMILY TRUST	5193122800	02/08/08	REFUND SPECIAL ASSESSMENTS	48.60	48.60
2010590	02/27/08	08144	BEST BUY	016588	02/19/08	COMPUTER LOAN PROGRAM	1,551.58	1,551.58
2010256	02/06/08	08022	BEST LIFE ASSURANCE COMPANY	016554	01/23/08	STOP LOSS INSURANCE	39,311.16	39,311.16
2010347	02/13/08	08086	BEVERLY WALKER	RF209160835	02/11/08	REFUND OF OVERPYMT #209-1608-35	412.50	412.50
2010257	02/06/08	02197	BLUE CROSS OF CALIFORNIA	40633	01/15/08	EMPLOYEE ASSISTANCE PROGRAM SERVICES	473.96	473.96
2010258	02/06/08	00559	BOYLE ENGINEERING CORPORATION	051812	01/09/08	RECYCLED WATER PLAN CHECKING SERVICES	2,118.18	2,118.18
2010348	02/13/08	03458	BREITFELDER, LARRY	70130108	01/31/08	MILEAGE REIMBURSEMENT	103.53	103.53
2010591	02/27/08	03679	BRG CONSULTING INC	08011720	01/31/08	CONSULTANT CONTRACT FOR ENV SVCS	412.50	412.50

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2010349	02/13/08	08053	BRIAN L CHEW	5193120200	02/08/08	REFUND SPECIAL ASSESSMENTS	47.40	47.40
2010259	02/06/08	03721	BULLET LOGISTICS INC	01150803350	01/15/08	COURIER SERVICES FOR TREATMENT PLANT	227.70	227.70
2010461	02/20/08	06662	BUREAU VERITAS NORTH	152041	02/20/07	RECYCLED WATER PLAN CHECK & INSPECTION	8,557.00	8,557.00
2010260	02/06/08	00223	C W MCGRATH INC	28200	01/17/08	GRANITE	208.09	208.09
2010462	02/20/08	00223	C W MCGRATH INC	28345	01/31/08	CRUSHED ROCK	410.48	410.48
2010592	02/27/08	00223	C W MCGRATH INC	28404	02/05/08	CRUSHED ROCK	180.42	180.42
2010350	02/13/08	08052	CADENA FAMILY TRUST 05-01-03	5193120100	02/08/08	REFUND SPECIAL ASSESSMENTS	48.30	48.30
2010351	02/13/08	02401	CAJON VALLEY UNION SCHOOL DIST	8295	02/05/08	BUS FUNDING FOR FIELD TRIP	71.00	71.00
2010261	02/06/08	00251	CALIFORNIA ASSN OF PUBLIC	016547	01/21/08	2008 AGENCY ANNUAL MEMBERSHIP	130.00	130.00
2010463	02/20/08	02920	CALIFORNIA COMMERCIAL	76027	01/31/08	ASPHALT	4,250.52	4,250.52
2010464	02/20/08	02202	CALIFORNIA MUNICIPAL	73972	02/04/08	MEMBERSHIP DUES	155.00	155.00
2010352	02/13/08	00693	CALIFORNIA SPECIAL DISTRICTS	016105	08/07/07	REGISTRATION FEE	32.00	32.00
2010465	02/20/08	00693	CALIFORNIA SPECIAL DISTRICTS	016580	02/10/08	MEETING REGISTRATION	96.00	96.00
2010353	02/13/08	01243	CALIFORNIA-NEVADA SECTION	016291	10/10/07	CA WATER TREATMENT REVIEW WORKSHOP	200.00	200.00
2010354	02/13/08	01004	CALOLYMPIC SAFETY	033381	01/21/08	SAFETY EQUIPMENT	333.68	333.68
2010466	02/20/08	01004	CALOLYMPIC SAFETY	034354	01/29/08	GAS DETECTORS	101.16	
				034360	01/29/08	GAS DETECTORS	101.16	
				034356	01/29/08	GAS DETECTORS	101.16	303.48
2010593	02/27/08	01004	CALOLYMPIC SAFETY	034582	02/01/08	SENSOR REPLACEMENT CALIBRATION	481.64	
				034139	02/01/08	WIND SOCK HARDWARE/Framework	159.42	
				034583	02/01/08	SENSOR REPLACEMENT CALIBRATION	101.20	742.26
2010594	02/27/08	03503	CAMERON, KEVIN	016598	02/26/08	EDUCATION/TUITION REIMBURSEMENT	1,148.74	1,148.74
2010595	02/27/08	08009	CANON BUSINESS SOLUTIONS INC	4000110341	02/01/08	COPIER MAINTENANCE	680.45	
				4000110341A	02/01/08	COPIER MAINTENANCE	356.42	1,036.87
2010262	02/06/08	02758	CARMEL BUSINESS SYSTEMS INC	6694	02/01/08	TEMPORARY SERVICES - RECORDS	1,595.70	1,595.70
2010596	02/27/08	02758	CARMEL BUSINESS SYSTEMS INC	6693	02/01/08	STORAGE & DESTRUCTION OF DOCUMENTS	337.37	337.37

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2010467	02/20/08	08120	CARMEN RAMIREZ	Ref002382570	02/14/08	UB Refund Cst #0000120730	81.54	81.54
2010263	02/06/08	04204	CASA DEL MAR	22818	01/14/08	RECOGNITION SHIRTS	4,114.03	4,114.03
2010468	02/20/08	08105	CENTEX HOMES	Ref002382554	02/14/08	UB Refund Cst #0000084727	207.67	207.67
2010469	02/20/08	07998	CENTURY 21	Ref002382578	02/14/08	UB Refund Cst #0000123128	27.12	27.12
2010470	02/20/08	08122	CENTURY 21 HORIZON	Ref002382572	02/14/08	UB Refund Cst #0000121854	192.08	192.08
2010471	02/20/08	08110	CHARLENE HARRINGTON	Ref002382559	02/14/08	UB Refund Cst #0000088681	6.06	6.06
2010472	02/20/08	08096	CHEROLYN JACKSON	Ref002382545	02/14/08	UB Refund Cst #0000067456	92.68	92.68
2010597	02/27/08	07600	CISION US INC	375214	09/27/07	NEWS CLIPS	1,086.23	1,086.23
2010264	02/06/08	02593	CITY OF CHULA VISTA	071060PU0040108	01/18/08	UTILITY PERMITS	9,300.00	9,300.00
2010265	02/06/08	08007	CLASSIC CALIFORNIA REALTY INC	RF206023618	01/31/08	CUSTOMER REFUND ACCT #206-02336-18	21.24	21.24
2010355	02/13/08	08069	CLAY R & DEBORAH K SETZER	5193122900	02/08/08	REFUND SPECIAL ASSESSMENTS	47.10	47.10
2010356	02/13/08	08061	CLIFFORD RIPPERGER	3193121500	02/08/08	REFUND SPECIAL ASSESSMENTS	69.90	69.90
2010473	02/20/08	08134	COLDWELL BANKER	Ref002382585	02/14/08	UB Refund Cst #0000123762	27.70	27.70
2010474	02/20/08	03774	CONSTRUCTION RESIDUE RECYCLING	974733	01/31/08	DUMPING SERVICES	60.00	60.00
2010357	02/13/08	03706	CONSUMERS PIPE & SUPPLY CO	S1055583002	01/22/08	WAREHOUSE SUPPLIES	64.65	64.65
2010475	02/20/08	02612	COUNCIL OF WATER UTILITIES	016584	02/19/08	MONTHLY MEETING	50.00	50.00
2010476	02/20/08	08129	COUNTRYWIDE	Ref002382580	02/14/08	UB Refund Cst #0000123181	10.87	10.87
2010598	02/27/08	00193	COUNTY OF SAN DIEGO	016591	02/21/08	NOTICE OF EXEMPTION FILING FEE	50.00	50.00
2010599	02/27/08	00433	COUNTY OF SAN DIEGO	PO97106477	02/14/08	PERMIT APPLICATION FEE	2,249.00	
				PO971054704	01/31/08	EMISSION & PERMIT FEES	518.00	
				PO97101175	02/20/08	PERMIT FEES	69.00	2,836.00
2010266	02/06/08	00099	COUNTY OF SAN DIEGO - DPW	73981	12/06/07	EXCAVATION PERMITS	3,419.35	
				76143	01/04/08	EXCAVATION PERMITS	1,639.98	5,059.33
2010600	02/27/08	02122	COUNTY OF SD AIR POLLUTION	016593	02/20/08	PERMIT APPLICATION FEES	373.00	373.00

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2010601	02/27/08	02122	COUNTY OF SD AIR POLLUTION	016592	02/20/08	PERMIT APPLICATION FEES	373.00	373.00
2010602	02/27/08	02122	COUNTY OF SD AIR POLLUTION	16592	02/20/08	PERMIT APPLICATION FEES	373.00	373.00
2010603	02/27/08	07601	CREATIVE BENEFITS INC	60539	02/01/08	FLEXIBLE SPENDING ACCT ADMINISTRATION	608.40	608.40
2010477	02/20/08	08113	CREATIVE LAND CONCEPTS	Ref002382562	02/14/08	UB Refund Cst #0000090370	200.17	200.17
2010604	02/27/08	06415	CUMMINS CAL PACIFIC LLC	00453296	01/16/08	PARTS	53.45	53.45
2010478	02/20/08	08088	D O FELLER	Ref002382536	02/14/08	UB Refund Cst #0000013626	36.71	36.71
2010479	02/20/08	08095	DAN WILDFONG	Ref002382544	02/14/08	UB Refund Cst #0000058744	38.82	38.82
2010358	02/13/08	08074	DANIEL R & PAMEL A CASSELS TRS	5193123400	02/08/08	REFUND SPECIAL ASSESSMENTS	58.50	58.50
2010480	02/20/08	08119	DANIEL VARNER	Ref002382569	02/14/08	UB Refund Cst #0000119232	23.25	23.25
2010267	02/06/08	08016	DASHO LIVING TRUST	5193110900	02/04/08	REFUND SPECIAL ASSESSMENT	42.90	42.90
2010359	02/13/08	03354	DATAPROSE INC	46648 46647	01/08/08 01/08/08	DECEMBER POSTAGE BILLING PRINT SERVICES	17,550.99 8,384.88	25,935.87
2010605	02/27/08	03354	DATAPROSE INC	46998	02/07/08	BILLING PRINT SERVICES	9,219.90	9,219.90
2010268	02/06/08	04550	DATATREE	90034018	01/31/08	MAP PURCHASING SERVICE	99.00	99.00
2010360	02/13/08	08080	DAVID & KAREN MAZZA	5163125500	02/08/08	REFUND SPECIAL ASSESSMENTS	97.50	97.50
2010269	02/06/08	03606	DCSE INC	1	01/01/08	GIS SOFTWARE LIC & INTEGRATION SVCS	10,950.00	10,950.00
2010361	02/13/08	08067	DEBORAH P HAFER TRUST 06-19-01	5193122500	02/08/08	REFUND SPECIAL ASSESSMENTS	58.20	58.20
2010270	02/06/08	03428	DEL MAR OFFICE PRODUCTS	10204370 10204360	01/14/08 01/14/08	OFFICE SUPPLIES OFFICE SUPPLIES	112.02 81.38	193.40
2010606	02/27/08	01797	DELL ENTERPRISES	183296	02/22/08	NAME PLATE	10.62	10.62
2010481	02/20/08	04944	DELL USA LP	016577	02/12/08	COMPUTER LOAN PROGRAM	1,009.36	1,009.36
2010482	02/20/08	08136	DENNIS DESOUZA C/O REMAX ASSO	Ref002382587	02/14/08	UB Refund Cst #0000123908	66.09	66.09
2010483	02/20/08	08128	DEUTSCHE BANK	Ref002382579	02/14/08	UB Refund Cst #0000123149	64.72	64.72
2010484	02/20/08	08098	DIANNA ROSE	Ref002382547	02/14/08	UB Refund Cst #0000069556	40.11	40.11

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2010362	02/13/08	03417	DIRECTV	724415426	02/05/08	SATELLITE TV SERVICE	46.96	46.96
2010607	02/27/08	03417	DIRECTV	733166612	02/19/08	SATELLITE TV SERVICE	4.99	4.99
2010485	02/20/08	07984	EASTLAKE COMMUNITY CHURCH OF C	Ref002382566	02/14/08	UB Refund Cst #0000094503	119.60	119.60
2010271	02/06/08	02447	EDCO DISPOSAL CORPORATION	016549	01/31/08	RECYCLING SERVICES	85.00	85.00
2010486	02/20/08	00230	EDP PRODUCTS INC	805476	01/31/08	CARTRIDGE STORAGE/RETRIEVAL	236.60	236.60
2010608	02/27/08	06525	ELECTRIC MOTOR SPECIALISTS INC	2217	02/04/08	REBUILD 200 HP MOTOR	4,787.58	4,787.58
2010272	02/06/08	08014	ELLEN BRAZIER	5193110600	02/04/08	REFUND SPECIAL ASSESSMENTS	42.90	42.90
2010363	02/13/08	08032	ELSA YBARRA	016563	02/11/08	REFUND DUE	390.00	390.00
2010487	02/20/08	08108	ELSIE MEDINA	Ref002382557	02/14/08	UB Refund Cst #0000086699	125.00	125.00
2010273	02/06/08	08023	EMPLOYEE BENEFIT SPECIALISTS	0042396IN	01/29/08	STOP LOSS INSURANCE	540.00	540.00
2010364	02/13/08	00331	EMPLOYMENT DEVELOPMENT DEPT	016564	02/12/08	UNEMPLOYMENT INSURANCE	10,493.00	10,493.00
2010609	02/27/08	03765	ENGINEERING PARTNERS INC, THE	058031	02/04/08	AS NEEDED ELECTRICAL ENGG SVCS	2,830.00	2,830.00
2010365	02/13/08	03725	ENVIRONMENTAL SYSTEMS RESEARCH	91688176	01/24/08	PROFESSIONAL DATABASE SUPPORT	2,640.00	2,640.00
2010366	02/13/08	08046	ERIC MONTIEL	5193112500	02/08/08	REFUND SPECIAL ASSESSMENTS	129.90	129.90
2010610	02/27/08	02639	EW TRUCK & EQUIPMENT	31929	12/21/07	EMISSIONS TEST	45.00	45.00
2010367	02/13/08	08040	F&J FAMILY TRUST 11-21-90	5193111900	02/07/08	REFUND SPECIAL ASSESSMENTS	53.40	53.40
2010368	02/13/08	00645	FEDEX	250102320	01/25/08	OVERNIGHT PICK-UP & DELIVERY MAIL SVCS	19.00	19.00
2010274	02/06/08	03546	FERGUSON WATERWORKS	0250660	01/14/08	INVENTORY	4,687.13	4,687.13
2010369	02/13/08	03546	FERGUSON WATERWORKS	0234511	01/21/08	RECLAIMED 1B VALVE COVER	2,289.69	2,289.69
2010488	02/20/08	03546	FERGUSON WATERWORKS	0250795	01/29/08	INVENTORY	645.21	1,118.45
				0250997	01/29/08	INVENTORY	473.24	
2010275	02/06/08	03544	FILEFAX	10018106	01/15/08	FILE FOLDERS	202.03	202.03
2010489	02/20/08	03544	FILEFAX	10018152	01/29/08	FILE FOLDERS	615.79	615.79
2010276	02/06/08	08005	FIRST AMERICAN CORELOGIC	20396213	01/15/08	METROSCAN SERVICES	4,930.00	4,930.00

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2010370	02/13/08	02470	FIRST BANKCARD	016413	12/03/07	DISTRICT EXPENSES	998.35	2,032.55
				016415a	12/04/07	CREDIT MEMO	799.68	
				016415	11/04/07	DISTRICT EXPENSES	234.52	
2010490	02/20/08	02470	FIRST BANKCARD	016573	02/07/08	DISTRICT EXPENSES	1,081.73	2,202.32
				016574	02/07/08	DISTRICT EXPENSES	660.74	
				016583	02/07/08	DISTRICT EXPENSES	459.85	
2010371	02/13/08	04066	FIRST CHOICE SERVICES - SD	291702	01/23/08	COFFEE SUPPLIES	396.39	396.39
2010611	02/27/08	04066	FIRST CHOICE SERVICES - SD	292218	02/06/08	COFFEE SUPPLIES	197.46	197.46
2010612	02/27/08	02591	FITNESS TECH INC	4651	02/01/08	MAINTENANCE FOR FITNESS EQUIPMENT	100.00	100.00
2010613	02/27/08	03703	FORCE FLOW	15557	02/07/08	WIZARD 4000 MOTHER BOARD & 3 SENSORS	2,212.03	2,212.03
2010372	02/13/08	07224	FRAZEE INDUSTRIES INC	717962	01/22/08	PAINT FOR UPGRADES	1,037.63	1,404.20
				717963	01/22/08	PAINT	287.05	
				721853	01/24/08	PAINT FOR UPGRADES	79.52	
2010373	02/13/08	03094	FULLCOURT PRESS	17533	01/08/08	CUSTOMER NEWSLETTER PRINTING	4,669.91	4,669.91
2010491	02/20/08	08093	GAPS REVOCABLE TRUST	Ref002382541	02/14/08	UB Refund Cst #0000032528	50.64	50.64
2010277	02/06/08	06291	GARCIA CALDERON & RUIZ LLP	1561	01/31/08	LEGAL SERVICES - DEC 2007	32,756.82	32,756.82
2010492	02/20/08	06291	GARCIA CALDERON & RUIZ LLP	1621	02/14/08	LEGAL SERVICES - JAN 2008	47,787.96	47,787.96
2010278	02/06/08	08013	GARCIA FAMILY TRUST	5193110500	02/04/08	REFUND SPECIAL ASSESSMENTS	48.00	48.00
2010279	02/06/08	08018	GARY L SIMPSON	5193111100	02/04/08	REFUND SPECIAL ASSESSMENTS	49.50	49.50
2010280	02/06/08	06060	GARY R WYMA	5193110100	02/04/08	REFUND SPECIAL ASSESSMENTS	44.70	44.70
2010374	02/13/08	06060	GARY R WYMA	5193120800	02/08/08	REFUND SPECIAL ASSESSMENTS	54.60	54.60
2010375	02/13/08	08047	GARY R WYMA TRUST 10-05-05	5193112600	02/08/08	REFUND SPECIAL ASSESSMENTS	202.20	267.00
				5193123800	02/08/08	REFUND SPECIAL ASSESSMENTS	64.80	
2010493	02/20/08	08094	GARY WYMA	Ref002382542	02/14/08	UB Refund Cst #0000039029	18.08	18.08
2010376	02/13/08	03609	GBA MASTER SERIES INC	606491	12/31/07	SOFTWARE CONSULTING SERVICES	9,200.00	9,200.00
2010614	02/27/08	01573	GEOTECHNICS INC	238594	01/27/08	GEOTECHNICAL SERVICES	25.00	25.00

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2010377	02/13/08	08073	GERALD & BARBARA STANLEY	5193123300	02/08/08	REFUND SPECIAL ASSESSMENTS	61.50	61.50
2010378	02/13/08	08057	GILBERT MOYA	5193120900	02/08/08	REFUND SPECIAL ASSESSMENTS	41.70	41.70
2010494	02/20/08	08139	GRACE GONZALEZ	Ref002382591	02/14/08	UB Refund Cst #0000010888	79.09	79.09
2010281	02/06/08	03289	GRANGER, WILLIAM E	016555	02/04/08	EXPENSE REIMBURSEMENT	190.83	190.83
2010495	02/20/08	03289	GRANGER, WILLIAM E	016582	02/19/08	TRAVEL EXPENSE REIMBURSEMENT	570.74	570.74
2010282	02/06/08	02187	GREENSCAPE	1778	01/01/08	LANDSCAPING SERVICES	5,800.00	5,800.00
2010379	02/13/08	08033	GREGORY B STAUBER	5193111200	02/07/08	REFUND SPECIAL ASSESSMENTS	42.00	42.00
2010496	02/20/08	08114	GUADALUPE SALGADA	Ref002382563	02/14/08	UB Refund Cst #0000092578	78.70	78.70
2010283	02/06/08	00174	HACH COMPANY	5549050	01/11/08	SPECTROPHOTOMETER/ACCESSORIES	6,848.36	6,848.36
2010615	02/27/08	00174	HACH COMPANY	5577271 5584668	02/01/08 02/07/08	INFLUENT FLOW METER REPLACEMENT TP INFLUENT FLOW METER REPLACEMENT	1,230.10 705.76	1,935.86
2010284	02/06/08	03639	HARRIS & ASSOCIATES INC	402120105	01/07/08	CIP P2009 - 36 INCH PIPELINE VALVE ENGG	852.50	852.50
2010380	02/13/08	00150	HAWTHORNE MACHINERY CO	PS010228035 PS010228034 PS010228036	01/21/08 01/21/08 01/21/08	OIL FILTERS GASKETS OIL FILTERS	143.16 78.50 47.72	269.38
2010285	02/06/08	06640	HD SUPPLY WATERWORKS LTD	6603321 6603374 6532168	01/11/08 01/11/08 12/21/07	INVENTORY INVENTORY INVENTORY	4,784.10 2,948.04 2,861.85	10,593.99
2010381	02/13/08	06640	HD SUPPLY WATERWORKS LTD	6644565 6635154 6550273 6651030	01/21/08 01/23/08 01/21/08 01/23/08	INVENTORY INVENTORY INVENTORY INVENTORY	4,805.76 1,354.29 637.00 139.58	6,936.63
2010497	02/20/08	06640	HD SUPPLY WATERWORKS LTD	6645285	01/29/08	INVENTORY	3,503.44	3,503.44
2010616	02/27/08	06640	HD SUPPLY WATERWORKS LTD	6635084 6648468 6688509 6715650 6699207 6716491	02/01/08 02/01/08 02/01/08 02/06/08 02/01/08 02/06/08	INVENTORY INVENTORY INVENTORY REPAIR CLAMP BOLTS FIELD SUPPLIES FIELD SUPPLIES	4,202.25 4,202.25 635.24 473.07 224.34 28.48	9,765.63
2010498	02/20/08	04472	HECTOR I MARES-COSSIO	35	01/01/08	BI-NATIONAL CONSULTANT SERVICES	3,600.00	3,600.00

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2010499	02/20/08	02096	HELIX WATER DISTRICT	HWD021208OTAY.	02/12/08	BILL INSERTS - MAR 2008	925.00	925.00
2010617	02/27/08	00062	HELIX WATER DISTRICT	174639860208 178540010208	02/07/08 02/07/08	WATER BILL - RUSSELL SQ WATER BILL - AVOCADO BLVD	35.24 32.00	67.24
2010500	02/20/08	01727	HENDERSON, ELAINE M	017270208	02/12/08	TRAVEL EXPENSE REIMBURSEMENTS	224.00	224.00
2010382	02/13/08	08043	HERK R ALCARAZ	5193112200	02/07/08	REFUND SPECIAL ASSESSMENTS	98.10	98.10
2010383	02/13/08	00713	HEWLETT-PACKARD COMPANY	43620262	01/18/08	LAPTOP FOR GEOFF STEVENS	3,037.01	3,037.01
2010501	02/20/08	08107	HOLLIE PHAN DO	Ref002382556	02/14/08	UB Refund Cst #0000085915	8.02	8.02
2010286	02/06/08	01109	HOME DEPOT CREDIT SERVICES	6015085 3195458	02/04/08 01/18/08	BUILDING MAINTENANCE SUPPLIES PRESSURE REGULATOR	146.78 44.18	190.96
2010618	02/27/08	01109	HOME DEPOT CREDIT SERVICES	42203930	02/12/08	BUILDING MAINTENANCE SUPPLIES	205.38	205.38
2010287	02/06/08	06540	HORIZON CRANE SERVICE LLC	4289	01/15/08	CRANE RENTAL	580.00	580.00
2010288	02/06/08	08010	HORNSBY FAMILY TRUST	5193110200	02/04/08	REFUND SPECIAL ASSESSMENTS	85.50	85.50
2010502	02/20/08	06266	IDEAL WIPING RAG COMPANY	038986	01/30/08	WHITE KNIT RAGS	247.83	247.83
2010384	02/13/08	02943	INDUSTRIAL METAL SUPPLY CO	248654	12/20/07	WELDING MATERIAL	51.72	51.72
2010503	02/20/08	03280	INFRASTRUCTURE ENGINEERING	3306	12/31/07	DESIGN & ENV SVCS FOR 36" PIPELINE	100,302.17	100,302.17
2010619	02/27/08	03280	INFRASTRUCTURE ENGINEERING	3274	12/31/07	CONST CONSULTANTS/640-1 RESERVOIR	3,354.44	3,354.44
2010504	02/20/08	02028	INTERACTIVE DATA PRICING AND	05927018	01/31/08	DIAL-UP SERVICE FOR INVESTMENTS	85.00	85.00
2010505	02/20/08	02372	INTERIOR PLANT SERVICE INC	26804	01/31/08	PLANT SERVICE	169.00	169.00
2010289	02/06/08	02267	INTERNAL REVENUE SERVICE	Ben2382258	02/07/08	PAYROLL DEDUCTION	50.00	50.00
2010290	02/06/08	04077	INTERNAL REVENUE SERVICE	Ben2382268	02/07/08	PAYROLL DEDUCTION	64.00	64.00
2010506	02/20/08	02267	INTERNAL REVENUE SERVICE	Ben2382655	02/21/08	PAYROLL DEDUCTION	50.00	50.00
2010507	02/20/08	04077	INTERNAL REVENUE SERVICE	Ben2382665	02/21/08	PAYROLL DEDUCTION	64.00	64.00
2010508	02/20/08	03250	INTERNATIONAL PUBLIC	016577	02/14/08	MEETING REGISTRATION	80.00	80.00
2010291	02/06/08	08006	IRENE NEUNER	RF250668201	01/30/08	CUSTOMER REFUND	1,383.44	1,383.44

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2010509	02/20/08	08140	ISABEL GUERRERO	Ref002382592	02/14/08	UB Refund Cst #0000012658	42.49	42.49
2010292	02/06/08	06630	J C HEDEN AND ASSOCIATES INC	OWD013	01/09/08	AS NEEDED ENGINEERING DRAFTING SERVICE:	1,812.11	1,812.11
2010510	02/20/08	08137	JAESCHKE INC	Ref002382589	02/14/08	UB Refund Cst #0000124241	1,212.26	1,212.26
2010385	02/13/08	08037	JAMES L MILLER FAMILY TRUST	5193111600	02/07/08	REFUND SPECIAL ASSESSMENTS	100.20	100.20
2010386	02/13/08	08081	JEFFREY & AMALIA M SEIFERT	5193125600	02/08/08	REFUND SPECIAL ASSESSMENTS	77.40	77.40
2010511	02/20/08	08126	JEFFREY BALOY	Ref002382576	02/14/08	UB Refund Cst #0000122981	12.35	12.35
2010620	02/27/08	08148	JERROLD SIEGEL	016597	02/26/08	CUSTOMER REBATE	350.00	350.00
2010293	02/06/08	08021	JOHN S MARQUEZ	6670601601	02/04/08	REFUND OVERPYMT ON APN 667-060-16-01	450.00	450.00
2010387	02/13/08	08035	JONATHAN & DARYL SHULTZ	5193111400	02/07/08	REFUND SPECIAL ASSESSMENTS	59.70	59.70
2010388	02/13/08	08066	JONATHAN & JULIANE DOAR	5193122300	02/08/08	REFUND SPECIAL ASSESSMENTS	59.40	59.40
2010389	02/13/08	03172	JONES & STOKES ASSOCIATES	0049398 0049397 0049396 0049395	01/15/08 01/15/08 01/15/08 01/15/08	HABITAT MGMT ENVIRONMENTAL SERVICES ON-CALL ENVIRONMENTAL SVCS ON-CALL ENVIRONMENTAL SVCS ON-CALL ENVIRONMENTAL SVCS	17,772.22 12,343.75 443.41 405.15	30,964.53
2010390	02/13/08	08070	JOSHUA W BRIDWELL	5193123000	02/08/08	REFUND SPECIAL ASSESSMENTS	53.70	53.70
2010512	02/20/08	08097	JULIE SUMMERS	Ref002382546	02/14/08	UB Refund Cst #0000068514	16.12	16.12
2010513	02/20/08	08116	JUSTYNA LOERTS	Ref002382565	02/14/08	UB Refund Cst #0000094135	66.76	66.76
2010514	02/20/08	08101	KARLA VIDRIO	Ref002382550	02/14/08	UB Refund Cst #0000080018	33.70	33.70
2010294	02/06/08	08019	KATHLEEN SIRKIS	5193110700	02/04/08	REFUND SPECIAL ASSESSMENTS	50.40	50.40
2010391	02/13/08	02398	KEM	2801030	01/18/08	HAZARDOUS WASTE DISPOSAL	36.19	36.19
2010515	02/20/08	08123	KIM KOESTNER	Ref002382573	02/14/08	UB Refund Cst #0000122680	18.24	18.24
2010516	02/20/08	05840	KIRK PAVING INC	3872 3875	01/30/08 01/31/08	AS NEEDED PAVING SERVICES AS NEEDED PAVING SERVICES	9,771.00 5,938.00	15,709.00
2010517	02/20/08	08138	KIRK PAVING INC	Ref002382590	02/14/08	UB Refund Cst #0000124252	681.43	681.43
2010295	02/06/08	04996	KNOX ATTORNEY SERVICE INC	280412	01/15/08	DELIVERY OF BOARD & COMMITTEE PACKETS	27.50	

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				280411	01/15/08	DELIVERY OF BOARD & COMMITTEE PACKETS	27.50	
				280410	01/15/08	DELIVERY OF BOARD & COMMITTEE PACKETS	27.50	
				280409	01/14/08	DELIVERY OF BOARD & COMMITTEE PACKETS	27.50	110.00
2010392	02/13/08	04996	KNOX ATTORNEY SERVICE INC	268817	10/30/07	DELIVERY OF BOARD & COMMITTEE PACKETS	27.50	
				268816	10/30/07	DELIVERY OF BOARD & COMMITTEE PACKETS	27.50	
				268818	10/30/07	DELIVERY OF BOARD & COMMITTEE PACKETS	27.50	
				270237	11/07/07	DELIVERY OF BOARD & COMMITTEE PACKETS	27.50	
				270235	11/07/07	DELIVERY OF BOARD & COMMITTEE PACKETS	27.50	
				270234	11/07/07	DELIVERY OF BOARD & COMMITTEE PACKETS	27.50	
				270238	11/07/07	DELIVERY OF BOARD & COMMITTEE PACKETS	27.50	
				281585	01/22/08	DELIVERY OF BOARD & COMMITTEE PACKETS	27.50	
				281581	01/22/08	DELIVERY OF BOARD & COMMITTEE PACKETS	27.50	
				281583	01/22/08	DELIVERY OF BOARD & COMMITTEE PACKETS	27.50	
				281582	01/22/08	DELIVERY OF BOARD & COMMITTEE PACKETS	27.50	
				281584	01/22/08	DELIVERY OF BOARD & COMMITTEE PACKETS	27.50	330.00
2010621	02/27/08	04996	KNOX ATTORNEY SERVICE INC	284581	02/07/08	DELIVERY OF BOARD & COMMITTEE PACKETS	27.50	
				284580	02/07/08	DELIVERY OF BOARD & COMMITTEE PACKETS	27.50	
				284579	02/07/08	DELIVERY OF BOARD & COMMITTEE PACKETS	27.50	
				284582	02/07/08	DELIVERY OF BOARD & COMMITTEE PACKETS	27.50	110.00
2010296	02/06/08	02063	LA MESA - SPRING VALLEY	2947	01/31/08	BUS FUNDING FOR FIELD TRIP	387.00	387.00
2010297	02/06/08	01859	LA PRENSA SAN DIEGO	22161	02/04/08	JOB POSTINGS	72.00	72.00
2010393	02/13/08	03607	LEE & RO INC	8340105	01/04/08	AS NEEDED ENGINEERING DESIGN SVCS	7,781.50	
				8340205	01/04/08	AS NEEDED ENGINEERING DESIGN SVCS	6,846.00	
				8340305	01/04/08	AS NEEDED ENGINEERING DESIGN SVCS	4,686.00	
				8340404	01/04/08	AS NEEDED ENGINEERING DESIGN SVCS	382.09	19,695.59
2010518	02/20/08	08121	LETICIA CORONA-BIER	Ref002382571	02/14/08	UB Refund Cst #0000121532	58.53	58.53
2010298	02/06/08	00491	LIGHTHOUSE INC	2030529	01/10/08	SHOP SUPPLIES	672.09	672.09
2010394	02/13/08	08030	LINDA RING	RF625132620	02/07/08	CUSTOMER REFUND	50.31	50.31
2010622	02/27/08	03784	LIVESCAN SAN DIEGO INC	08656	02/04/08	FINGERPRINTING SERVICES	20.00	20.00
2010519	02/20/08	05220	LOGICALIS INTEGRATION SOLUTION	S817453	01/31/08	IT DATA CENTER SERVICES	4,322.50	4,322.50
2010395	02/13/08	08075	LYNDA L & RANDY L GOLDBERG	5193123900	02/08/08	REFUND SPECIAL ASSESSMENTS	38.10	38.10
2010396	02/13/08	01211	MAJOR IRRIGATION SUPPLY INC	604066	01/22/08	HAND SIPHON PUMPS	1,021.47	1,021.47
2010520	02/20/08	00628	MANHATTAN NAT'L LIFE INS CO	016572	02/13/08	VOLUNTARY LIFE INSURANCE	445.07	445.07

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2010397	02/13/08	08034	MARK & JOANN BRUNING	5193111300	02/07/08	REFUND SPECIAL ASSESSMENTS	42.60	42.60
2010398	02/13/08	08059	MARK A BUSBY	5193121300	02/08/08	REFUND SPECIAL ASSESSMENTS	41.70	41.70
2010399	02/13/08	08055	MARK ZICKEL	5193120600	02/08/08	REFUND SPECIAL ASSESSMENTS	49.20	49.20
2010400	02/13/08	02902	MARSTON+MARSTON INC	20082	02/01/08	PUBLIC RELATIONS SERVICES	4,405.50	4,405.50
2010401	02/13/08	05329	MASTER METER INC	0134090IN	01/22/08	INVENTORY	27,819.43	27,819.43
2010402	02/13/08	01183	MCMASTER-CARR SUPPLY CO	79947908	01/24/08	CHEMICAL INJECTION PROJECT	598.97	598.97
2010623	02/27/08	01183	MCMASTER-CARR SUPPLY CO	80792930	02/07/08	RELEASE VALVE	89.61	89.61
2010521	02/20/08	08092	MICHAEL ANDRE	Ref002382540	02/14/08	UB Refund Cst #0000031446	77.90	77.90
2010522	02/20/08	08100	MICHAEL G KURTZ	Ref002382549	02/14/08	UB Refund Cst #0000074651	18.30	18.30
2010523	02/20/08	08099	MICHELLE CONDER	Ref002382548	02/14/08	UB Refund Cst #0000070930	42.01	42.01
2010524	02/20/08	08111	MIGUEL NUNEZ	Ref002382560	02/14/08	UB Refund Cst #0000089525	34.76	34.76
2010525	02/20/08	08132	MIKE WOOFORD	Ref002382583	02/14/08	UB Refund Cst #0000123354	32.40	32.40
2010403	02/13/08	08085	MIRACLE OF LOVE FOUNDATION	5193121200	02/08/08	REFUND SPECIAL ASSESSMENTS	85.50	85.50
2010526	02/20/08	08112	MITCH MOSHTAGHI	Ref002382561	02/14/08	UB Refund Cst #0000090307	767.55	767.55
2010404	02/13/08	03393	MOBILE MINI LLC - CA	904096862	01/20/08	RENTAL 40' METERS STORAGE CONTAINER	164.90	164.90
2010527	02/20/08	03393	MOBILE MINI LLC - CA	904099075	01/29/08	RENTAL 40' METERS STORAGE CONTAINER	170.88	170.88
2010299	02/06/08	02503	MORGAN COMPANY	14631	01/17/08	REPAIR PART	775.82	775.82
2010624	02/27/08	02037	MWH LABORATORIES	224937LI	01/25/08	LABORATORY REGULATORY ANALYSES	7,305.00	
				227227LI	02/06/08	LABORATORY REGULATORY ANALYSES	368.00	7,673.00
2010405	02/13/08	08054	NADIR & MUNA RABBAN	5193120300	02/08/08	REFUND SPECIAL ASSESSMENTS	45.00	45.00
2010626	02/27/08	04676	NAPA AUTO PARTS	102266		CREDIT MEMO	(222.92)	
				101959		CREDIT MEMO	(99.12)	
				102264		CREDIT MEMO	(88.34)	
				102265		CREDIT MEMO	(68.83)	
				101958		CREDIT MEMO	(59.60)	
				101957		CREDIT MEMO	(53.86)	

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				101960		CREDIT MEMO	(15.91)	
				101961		CREDIT MEMO	(9.48)	
				101207		CREDIT MEMO	(0.16)	
				102163	01/30/08	REPAIR PARTS	265.89	
				101230	01/22/08	REPAIR PARTS	187.32	
				099782	01/08/08	REPAIR PARTS	155.48	
				100494	01/15/08	REPAIR PARTS	155.48	
				100449	01/14/08	REPAIR PARTS	103.44	
				099972	01/09/08	REPAIR PARTS	99.12	
				099984	01/09/08	REPAIR PARTS	94.79	
				101271	01/22/08	REPAIR PARTS	79.59	
				101297	01/22/08	REPAIR PARTS	78.98	
				102216	01/30/08	REPAIR PARTS	77.57	
				102153	01/30/08	REPAIR PARTS	68.83	
				101635	01/25/08	REPAIR PARTS	68.34	
				099414	01/03/08	REPAIR PARTS	67.35	
				099375	01/03/08	REPAIR PARTS	63.50	
				099397	01/03/08	REPAIR PARTS	63.50	
				100000	01/09/08	REPAIR PARTS	59.60	
				102172	01/30/08	REPAIR PARTS	58.23	
				099759	01/08/08	REPAIR PARTS	52.47	
				099648	01/07/08	REPAIR PARTS	52.00	
				099788	01/08/08	REPAIR PARTS	48.26	
				099412	01/03/08	REPAIR PARTS	43.54	
				100419	01/14/08	REPAIR PARTS	42.60	
				100082	01/10/08	REPAIR PARTS	40.95	
				099700	01/07/08	REPAIR PARTS	39.80	
				100747	01/16/08	REPAIR PARTS	35.88	
				102211	01/30/08	REPAIR PARTS	32.70	
				101947	01/28/08	REPAIR PARTS	31.67	
				101634	01/25/08	REPAIR PARTS	31.57	
				100037	01/10/08	REPAIR PARTS	30.88	
				101440	01/23/08	REPAIR PARTS	30.15	
				099149	01/02/08	REPAIR PARTS	28.45	
				099835	01/08/08	REPAIR PARTS	24.88	
				102084	01/29/08	REPAIR PARTS	21.18	
				100706	01/16/08	REPAIR PARTS	19.03	
				100933	01/18/08	REPAIR PARTS	17.93	
				100083	01/10/08	REPAIR PARTS	17.74	
				102277	01/31/08	REPAIR PARTS	17.49	
				102278	01/31/08	REPAIR PARTS	17.49	
				100159	01/11/08	REPAIR PARTS	16.78	
				099807	01/08/08	REPAIR PARTS	15.91	
				102119	01/30/08	REPAIR PARTS	15.11	
				101499	01/24/08	REPAIR PARTS	15.07	
				100102	01/10/08	REPAIR PARTS	14.88	

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				100187	01/11/08	REPAIR PARTS	9.29	
				099995	01/09/08	REPAIR PARTS	8.39	
				099840	01/08/08	REPAIR PARTS	5.38	
				099697	01/07/08	REPAIR PARTS	4.06	
				100545	01/15/08	REPAIR PARTS	1.97	
				101578	01/24/08	REPAIR PARTS	1.79	1,914.08
2010300	02/06/08	03523	NATIONAL DEFERRED COMPENSATION	Ben2382254	02/07/08	DEFERRED COMP PLAN	11,887.37	11,887.37
2010528	02/20/08	03523	NATIONAL DEFERRED COMPENSATION	Ben2382651	02/21/08	DEFERRED COMP PLAN	11,687.38	11,687.38
2010301	02/06/08	03733	NEC UNIFIED SOLUTIONS INC	VSH10251419	01/15/08	LABOR FOR PHONE SVCS	112.00	112.00
2010529	02/20/08	08090	NELLY ROJAS	Ref002382538	02/14/08	UB Refund Cst #0000030747	9.93	9.93
2010530	02/20/08	03487	NETWORK INSIGHT	NISD200802281	01/31/08	NETWORK MONITORING SERVICES	2,550.00	2,550.00
2010531	02/20/08	08131	NEUMAN & NEUMAN REAL ESTATE	Ref002382582	02/14/08	UB Refund Cst #0000123321	21.95	21.95
2010302	02/06/08	00745	NEWARK	15323475	01/16/08	FIBERGLASS ENCLOSURE & ACCESS	1,184.24	1,184.24
2010532	02/20/08	00745	NEWARK	707767	01/25/08	ENCLOSURE FOR TP DHS PROJECT	178.18	178.18
2010406	02/13/08	02848	NEWMAN, E PATRICK	016570	02/12/08	REIMB CERTIFICATION APPLICATION	120.00	120.00
2010627	02/27/08	05494	NEXTEL COMMUNICATIONS	901500243017	02/12/08	GIS (AIR-TRAK) CELLULAR SERVICE	3,538.91	3,538.91
2010303	02/06/08	03571	NEXTLEVEL INTERNET INC	14725	01/14/08	INTERNET WEB HOSTING	416.00	416.00
2010533	02/20/08	08109	NOEL DAHLKE	Ref002382558	02/14/08	UB Refund Cst #0000088361	12.30	12.30
2010407	02/13/08	07949	NORTAP AERIAL SERVICES INC	1092	01/18/08	AERIAL PHOTO SERVICES	100.00	100.00
2010534	02/20/08	08127	OAKWOOD DEVELOPMENT	Ref002382577	02/14/08	UB Refund Cst #0000123028	1,488.03	1,488.03
2010304	02/06/08	00510	OFFICE DEPOT INC	416071702001	01/16/08	OFFICE SUPPLIES	34.88	34.88
2010408	02/13/08	00510	OFFICE DEPOT INC	416973122001	01/23/08	INKJET CARTRIDGES	228.82	228.82
2010628	02/27/08	00510	OFFICE DEPOT INC	418161712001	02/06/08	OFFICE SUPPLIES	210.77	
				418170086001	02/06/08	OFFICE SUPPLIES	129.11	
				418679230001	02/06/08	MOBILE HEADSETS	106.64	
				418161894001	02/06/08	OFFICE SUPPLIES	49.54	
				418337276001	02/06/08	OFFICE SUPPLIES	45.57	
				418170086002	02/06/08	OFFICE SUPPLIES	5.32	546.95

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2010305	02/06/08	07945	OLIN CORPORATION	982608	01/15/08	CHLORINE	1,458.37	1,458.37
2010629	02/27/08	03149	ON SITE LASER	40594	02/04/08	PRINTER REPAIR	354.54	354.54
2010630	02/27/08	03038	ORANGE LINE OIL COMPANY INC	0602313IN	01/28/08	ENGINE OIL	1,459.11	1,459.11
2010535	02/20/08	08106	OSCAR MENDOZA	Ref002382555	02/14/08	UB Refund Cst #0000084991	40.14	40.14
2010409	02/13/08	08076	OSVALDO & MARIA C RIVERA	5193124900	02/08/08	REFUND SPECIAL ASSESSMENTS	50.10	50.10
2010306	02/06/08	03101	OTAY WATER DISTRICT	Ben2382256	02/07/08	PAYROLL DEDUCTION - ASSN DUES	812.00	812.00
2010536	02/20/08	03101	OTAY WATER DISTRICT	Ben2382653	02/21/08	PAYROLL DEDUCTION - ASSN DUES	805.00	805.00
2010631	02/27/08	06646	PACIFIC HYDROTECH CORPORATION	12 13	12/31/07 01/31/08	CONSTRUCTION SERVICES CONSTRUCTION SERVICES	947,777.00 888,877.00	1,836,654.00
2010410	02/13/08	08056	PATRICIA C PEREZ LIVING TRUST	5193120700	02/08/08	REFUND SPECIAL ASSESSMENTS	52.50	52.50
2010411	02/13/08	08036	PAUL WILLOUGHBY	5193111500	02/07/08	REFUND SPECIAL ASSESSMENTS	66.30	66.30
2010537	02/20/08	05497	PAYPAL INC	1452608	01/31/08	ON-LINE PAYMENT SERVICES	373.50	373.50
2010307	02/06/08	03308	PBS&J	358298	01/14/08	CIP P2089-RECYCLED WATER CONCEPT STUDY	8,602.00	8,602.00
2010412	02/13/08	03308	PBS&J	358682	01/15/08	2009 MASTER PLAN UPDATE	29,036.50	29,036.50
2010538	02/20/08	00227	PELL MELL SUPPLY	44688500	01/29/08	FLAT WASHERS FOR 16" VALVES 711-1	79.20	79.20
2010308	02/06/08	03790	PENHALL COMPANY	9119	01/11/08	FLAT SAW CUTTING SERVICES	190.00	190.00
2010413	02/13/08	08038	PETER A ANDERSON	5193111700	02/07/08	REFUND SPECIAL ASSESSMENTS	293.70	293.70
2010539	02/20/08	08104	PETER KO	Ref002382553	02/14/08	UB Refund Cst #0000083704	49.76	49.76
2010309	02/06/08	00137	PETTY CASH CUSTODIAN	016553	02/04/08	PETTY CASH REIMBURSEMENT	751.15	751.15
2010540	02/20/08	00137	PETTY CASH CUSTODIAN	016581	02/19/08	PETTY CASH REIMBURSEMENT	560.94	560.94
2010632	02/27/08	01744	PHILLIPS, MICHAEL B	016599	02/26/08	EDUCATION/TUITION REIMBURSEMENT	64.95	64.95
2010633	02/27/08	05499	PRAXAIR DISTRIBUTION INC	28389092	01/20/08	WELDING SUPPLIES & EQUIPMENT	527.45	527.45
2010541	02/20/08	02976	PRE-PAID LEGAL SERVICES INC	016585	02/20/08	LEGAL SERVICES - FEB 2008	73.75	73.75
2010542	02/20/08	07860	PROTECTIVE LIFE INSURANCE CO	TT3000378	02/14/08	ANNUAL LIFE INSURANCE RENEWAL	2,992.00	2,992.00

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2010543	02/20/08	07860	PROTECTIVE LIFE INSURANCE CO	016459	12/20/07	LIFE INSURANCE PREMIUM	1,446.00	1,446.00
2010634	02/27/08	08147	PRUDENTIAL CALIF REALTY	121854	02/26/08	CUSTOMER REFUND	192.08	192.08
2010414	02/13/08	06641	PRUDENTIAL OVERALL SUPPLY	9086876		CREDIT MEMO	(875.00)	
				7692657	01/17/08	UNIFORMS	267.20	
				7663231	01/10/08	UNIFORMS	263.20	
				7721946	01/24/08	UNIFORMS	263.20	
				7721945	01/24/08	MATS, TOWELS & SUPPLIES	108.73	
				7692656	01/17/08	MATS, TOWELS & SUPPLIES	108.73	
				7663230	01/10/08	MATS, TOWELS & SUPPLIES	108.73	
				7721947	01/24/08	MATS, TOWELS & SUPPLIES	89.00	
				7692658	01/17/08	MATS, TOWELS & SUPPLIES	89.00	
				7663232	01/10/08	MATS, TOWELS & SUPPLIES	89.00	
				7657226	01/09/08	MATS, TOWELS & SUPPLIES	86.84	
				7686650	01/16/08	MATS, TOWELS & SUPPLIES	82.50	
				7627756	01/02/08	MATS, TOWELS & SUPPLIES	82.50	
				7715957	01/23/08	MATS, TOWELS & SUPPLIES	82.50	
				7657225	01/09/08	UNIFORMS	73.01	
				7627755	01/02/08	UNIFORMS	70.23	
				7686649	01/16/08	UNIFORMS	70.23	
				7715956	01/23/08	UNIFORMS	70.23	
				7663233	01/10/08	UNIFORMS	65.48	
				7692659	01/17/08	UNIFORMS	65.48	
				7721948	01/24/08	UNIFORMS	65.48	1,326.27
2010544	02/20/08	06641	PRUDENTIAL OVERALL SUPPLY	7751327	01/31/08	UNIFORMS	285.59	
				7751326	01/31/08	MATS, TOWELS & SUPPLIES	114.28	
				7751328	01/31/08	MATS, TOWELS & SUPPLIES	93.56	
				7745297	01/30/08	MATS, TOWELS & SUPPLIES	86.84	
				7745296	01/30/08	UNIFORMS	73.16	
				7751329	01/31/08	UNIFORMS	70.46	723.89
2010635	02/27/08	06641	PRUDENTIAL OVERALL SUPPLY	7780565	02/07/08	UNIFORMS	271.59	
				7780564	02/07/08	MATS, TOWELS & SUPPLIES	114.28	
				7780566	02/07/08	MATS, TOWELS & SUPPLIES	93.56	
				7774587	02/06/08	MATS, TOWELS & SUPPLIES	86.84	
				7774586	02/06/08	UNIFORMS	73.16	
				7780567	02/07/08	UNIFORMS	70.46	709.89
2010415	02/13/08	00078	PUBLIC EMPLOYEES RETIREMENT	Ben2382250	02/07/08	PERS CONTRIBUTION	118,051.07	118,051.07
2010636	02/27/08	00078	PUBLIC EMPLOYEES RETIREMENT	Ben2382647	02/21/08	PERS CONTRIBUTION	116,461.34	116,461.34
2010416	02/13/08	01342	R J SAFETY SUPPLY CO INC	24596700	01/23/08	SAFETY SUPPLIES	337.44	

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				24459502	01/23/08	SAFETY SUPPLIES	48.49	385.93
2010545	02/20/08	01342	R J SAFETY SUPPLY CO INC	24596701	01/25/08	SAFETY APPAREL	423.02	423.02
2010417	02/13/08	08029	RANCHO SAN DIEGO-JAMUL	016562	02/07/08	NEW MEMBERSHIP DUES	675.00	675.00
2010310	02/06/08	00766	RANROY PRINTING COMPANY	092448	01/15/08	BUSINESS CARDS	48.49	48.49
2010546	02/20/08	00766	RANROY PRINTING COMPANY	092665	01/29/08	BUSINESS CARDS	48.49	48.49
2010418	02/13/08	02041	RBF CONSULTING	7111188	12/21/07	I-905 UTILITY RELOCATION DESIGN SERVICES	8,467.76	8,467.76
2010547	02/20/08	02041	RBF CONSULTING	7121005	01/25/08	I-905 UTILITY RELOCATION DESIGN SERVICES	3,636.20	3,636.20
2010637	02/27/08	02041	RBF CONSULTING	7120979	01/25/08	CIP P2185 - CONST MGMT SVCS	50,500.00	50,500.00
2010419	02/13/08	08065	REDMAN FAMILY TRUST 03-04-97	5193122200	02/08/08	REFUND SPECIAL ASSESSMENTS	44.70	44.70
2010638	02/27/08	06645	RELIABLE ELEVATOR INC	11611	02/01/08	ELEVATOR SERVICE & MAINTENANCE	390.00	390.00
2010548	02/20/08	08103	REYNALDO JUAREZ	Ref002382552	02/14/08	UB Refund Cst #0000083613	75.00	75.00
2010420	02/13/08	08050	RICHARD L BRAZELL	5193112900	02/08/08	REFUND SPECIAL ASSESSMENTS	48.90	48.90
2010421	02/13/08	08041	RICHARD T WADE	5193112000	02/07/08	REFUND SPECIAL ASSESSMENTS	48.00	48.00
2010311	02/06/08	08020	RIESGO FAMILY TRUST	6670601602	02/04/08	REFUND OVERPYMT ON APN 667-060-16-02	450.00	450.00
2010312	02/06/08	04542	ROBAK, MARK	70140108	01/31/08	MILEAGE REIMBURSEMENT	35.35	35.35
2010422	02/13/08	08071	ROBERT & LISA M DARROCH	5193123100	02/08/08	REFUND SPECIAL ASSESSMENTS	46.80	46.80
2010549	02/20/08	07888	ROBERT HART	Ref002382543	02/14/08	UB Refund Cst #0000049530	33.00	33.00
2010423	02/13/08	08060	ROGER T BENITEZ	5193121400	02/08/08	REFUND SPECIAL ASSESSMENTS	100.50	100.50
2010313	02/06/08	03279	ROTH STAFFING COMPANIES LP	12147601	02/04/08	TEMPORARY SERVICES - FINANCE	1,645.97	
				12150264	02/01/08	TEMPORARY SERVICES - FINANCE	1,333.44	2,979.41
2010424	02/13/08	03279	ROTH STAFFING COMPANIES LP	12152870	02/08/08	TEMPORARY SERVICES - FINANCE	1,333.44	1,333.44
2010425	02/13/08	01700	RUBALCAVA, GILBERT R	016557	02/06/08	REIMBURSE CERTIFICATE RENEWAL	60.00	
				016558	02/06/08	EDUCATION/TUITION REIMBURSEMENT	26.95	86.95
2010550	02/20/08	08089	RUFO RAMOS	Ref002382537	02/14/08	UB Refund Cst #0000028994	198.30	198.30

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2010551	02/20/08	08115	RUTH DE LEON	Ref002382564	02/14/08	UB Refund Cst #0000093882	242.94	242.94
2010552	02/20/08	00217	RW LITTLE CO INC	86174	01/29/08	POWDER COAT PARTS	225.00	225.00
2010639	02/27/08	03687	SAFETY-KLEEN SYSTEMS INC	M004652597 0035665385 M004677581	01/17/08 01/17/08 01/29/08	ABSORBENT MATS SERVICES SERVICES	420.23 164.13 25.00	609.36
2010426	02/13/08	08048	SAMIR TOMA	5193112700	02/08/08	REFUND SPECIAL ASSESSMENTS	50.70	50.70
2010640	02/27/08	00758	SAN DIEGO BUSINESS JOURNAL	124614	02/20/08	SUBSCRIPTION RENEWAL	69.00	69.00
2010427	02/13/08	03069	SAN DIEGO CITY TREASURER	016565	02/11/08	DEPOSIT FOR SUMMER PICNIC	100.00	100.00
2010641	02/27/08	03069	SAN DIEGO CITY TREASURER	19781	02/25/08	PERMIT FEE BALANCE	100.00	100.00
2010642	02/27/08	03803	SAN DIEGO CLIPPING SERVICE INC	439080202	02/02/08	NEWSPAPER CLIPPING SERVICE	93.80	93.80
2010428	02/13/08	04661	SAN DIEGO COUNTY WATER	016559	02/07/08	MEMBERSHIP DUES	30.00	30.00
2010314	02/06/08	00121	SAN DIEGO GAS & ELECTRIC	016546 016551	01/25/08 01/31/08	UTILITY EXPENSES UTILITY EXPENSES	40,798.84 642.63	41,441.47
2010429	02/13/08	00121	SAN DIEGO GAS & ELECTRIC	016556 016559	01/31/08 01/31/08	UTILITY EXPENSES UTILITY EXPENSES	39,110.60 960.79	40,071.39
2010643	02/27/08	00121	SAN DIEGO GAS & ELECTRIC	016590 016595	02/19/08 02/15/08	UTILITY EXPENSE UTILITY EXPENSES	23,926.22 17.37	23,943.59
2010430	02/13/08	03809	SAN DIEGO NEIGHBORHOOD NEWS	01528473001	02/01/08	JOB POSTINGS	130.20	130.20
2010553	02/20/08	08130	SAN DIEGO PRECAST CONCRETE	Ref002382581	02/14/08	UB Refund Cst #0000123258	741.38	741.38
2010315	02/06/08	04345	SAN DIEGO PRECAST CONCRETE INC	0128366IN	01/16/08	RECLAIM LIDS	717.62	717.62
2010554	02/20/08	04345	SAN DIEGO PRECAST CONCRETE INC	0128513IN	01/28/08	METER BOX LIDS	5,203.25	5,203.25
2010644	02/27/08	04345	SAN DIEGO PRECAST CONCRETE INC	0128597IN	02/01/08	RECLAIM LIDS	717.62	717.62
2010316	02/06/08	03273	SAN DIEGO READER	229	01/28/08	JOB POSTING	135.35	135.35
2010555	02/20/08	03273	SAN DIEGO READER	016542	01/28/08	JOB POSTING	135.35	135.35
2010556	02/20/08	08125	SANDRA LUND	Ref002382575	02/14/08	UB Refund Cst #0000122943	22.14	22.14
2010317	02/06/08	05321	SCHIFF & ASSOCIATES	01388	12/31/07	CIP P1043 - CATHODIC PROTECTION PROGRAM	5,435.74	

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				01390	12/31/07	CIP P1043 - CATHODIC PROTECTION PROGRAM	1,103.69	6,539.43
2010431	02/13/08	08039	SCOTT FAMILY TRUST 09-1692	5193111800	02/07/08	REFUND SPECIAL ASSESSMENTS	368.70	368.70
2010432	02/13/08	07783	SCRIPPS CENTER FOR EXECUTIVE	16344	01/18/08	EXECUTIVE PHYSICAL	2,575.50	2,575.50
2010433	02/13/08	07593	SD FIRE FIGHTERS FOUNDATION	016182	09/07/07	EVENT SPONSORSHIP	500.00	500.00
2010557	02/20/08	08118	SHANNON GUGERTY	Ref002382568	02/14/08	UB Refund Cst #0000119218	60.00	60.00
2010434	02/13/08	08031	SHARP WEIGHT MANAGEMENT &	0232	02/01/08	WELLNESS WORKSHOP	225.00	225.00
2010558	02/20/08	05627	SIGNA DIGITAL SOLUTIONS INC	ARS13734	01/31/08	COPIER SERVICE & MAINTENANCE	550.00	550.00
2010645	02/27/08	05627	SIGNA DIGITAL SOLUTIONS INC	ARS13795	02/05/08	COPIER MAINTENANCE	131.00	
				ARS13794	02/05/08	COPIER MAINTENANCE	31.00	162.00
2010646	02/27/08	03612	SIMON WONG ENGINEERING	10165	01/31/08	1485-1 PUMP STATION DESIGN	568.00	568.00
2010559	02/20/08	01691	SKILLPATH SEMINARS	9425935	02/14/08	SEMINAR REGISTRATION FEE	299.00	299.00
2010560	02/20/08	08003	SKYLINE WESLEYAN CHURCH INC	Ref002382588	02/14/08	UB Refund Cst #0000124038	159.92	159.92
2010435	02/13/08	02201	SOLAR DEPOT	0000132057	01/21/08	SOLAR PANEL & ACCESSORIES FOR RADIOS	3,349.04	3,349.04
2010561	02/20/08	08124	SOLID ROCK DEVELOPERS	Ref002382574	02/14/08	UB Refund Cst #0000122896	23.83	23.83
2010318	02/06/08	03103	SOUTHCOAST HEATING &	C35620	01/11/08	AIR CONDITIONING MAINTENANCE	857.00	857.00
2010319	02/06/08	04404	SOUTHERN CALIFORNIA WATER	016547	01/30/08	MEMBERSHIP DUES	25.00	25.00
2010320	02/06/08	06494	SOUTHLAND TITLE	37333463	01/14/08	PRELIMINARY TITLE REPORT	350.00	
				37333464	01/14/08	PRELIMINARY TITLE REPORT	350.00	
				37333465	01/14/08	PRELIMINARY TITLE REPORT	350.00	
				37333466	01/14/08	PRELIMINARY TITLE REPORT	350.00	
				37333467	01/14/08	PRELIMINARY TITLE REPORT	350.00	
				37333468	01/14/08	PRELIMINARY TITLE REPORT	350.00	
				37333469	01/14/08	PRELIMINARY TITLE REPORT	350.00	
				37333459	01/14/08	PRELIMINARY TITLE REPORT	350.00	
				37333460	01/14/08	PRELIMINARY TITLE REPORT	350.00	
				37333461	01/14/08	PRELIMINARY TITLE REPORT	350.00	3,500.00
2010436	02/13/08	03760	SPANKY'S PORTABLE SERVICES INC	716806	01/18/08	PORTABLE TOILET RENTAL	90.66	
				716803	01/18/08	PORTABLE TOILET RENTAL	90.66	
				716804	01/18/08	PORTABLE TOILET RENTAL	90.66	
				716805	01/18/08	PORTABLE TOILET RENTAL	90.66	

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				717015	01/21/08	PORTABLE TOILET RENTAL	90.66	453.30
2010562	02/20/08	03760	SPANKY'S PORTABLE SERVICES INC	718341	01/30/08	PORTABLE TOILET RENTAL	90.66	90.66
2010647	02/27/08	03760	SPANKY'S PORTABLE SERVICES INC	720177	02/07/08	PORTABLE TOILET RENTAL	109.92	109.92
2010437	02/13/08	03185	SPRING VALLEY CITIZENS	016560	02/07/08	MEMBERSHIP RENEWAL	40.00	40.00
2010321	02/06/08	02354	STANDARD ELECTRONICS	10428	01/14/08	SECURITY SERVICE & REPAIRS	170.00	
				10429	01/14/08	SECURITY SERVICE & REPAIRS	127.50	297.50
2010563	02/20/08	02354	STANDARD ELECTRONICS	10492	01/29/08	SECURITY SERVICE & REPAIRS	416.03	
				10499	01/29/08	SECURITY SERVICE & REPAIRS	255.00	
				10491	01/29/08	SECURITY SERVICE & REPAIRS	111.64	782.67
2010648	02/27/08	02354	STANDARD ELECTRONICS	10488	01/29/08	HIRSCH ACCESS FOBS	646.50	646.50
2010649	02/27/08	06524	STANLEY ACCESS TECH LLC	98602046	12/31/07	AUTOMATIC SWING DOOR MAINTENANCE	124.98	124.98
2010322	02/06/08	06295	STATE DISBURSEMENT UNIT	Ben2382264	02/07/08	PAYROLL DEDUCTION	294.46	294.46
2010323	02/06/08	06299	STATE DISBURSEMENT UNIT	Ben2382262	02/07/08	PAYROLL DEDUCTION	237.69	237.69
2010324	02/06/08	06303	STATE DISBURSEMENT UNIT	Ben2382266	02/07/08	PAYROLL DEDUCTION	482.76	482.76
2010564	02/20/08	06295	STATE DISBURSEMENT UNIT	Ben2382661	02/21/08	PAYROLL DEDUCTION	294.46	294.46
2010565	02/20/08	06299	STATE DISBURSEMENT UNIT	Ben2382659	02/21/08	PAYROLL DEDUCTION	237.69	237.69
2010566	02/20/08	06303	STATE DISBURSEMENT UNIT	Ben2382663	02/21/08	PAYROLL DEDUCTION	614.76	614.76
2010325	02/06/08	02261	STATE STREET BANK & TRUST CO	Ben2382252	02/07/08	DEFERRED COMP PLAN	9,433.33	9,433.33
2010567	02/20/08	02261	STATE STREET BANK & TRUST CO	Ben2382649	02/21/08	DEFERRED COMP PLAN	9,233.33	9,233.33
2010438	02/13/08	08063	STEPHEN & YOLANDA L ADLER	5193122000	02/08/08	REFUND SPECIAL ASSESSMENTS	153.30	153.30
2010439	02/13/08	08078	STEPHEN E & KATHY M MEIER	5193125300	02/08/08	REFUND SPECIAL ASSESSMENTS	47.40	47.40
2010326	02/06/08	08017	STEPHEN SHANKS	5193111000	02/04/08	REFUND SPECIAL ASSESSMENTS	76.80	76.80
2010440	02/13/08	08072	STROMSLAND FAMILY	5193123200	02/08/08	REFUND SPECIAL ASSESSMENTS	39.30	39.30
2010327	02/06/08	06831	SUPER WAREHOUSE GOV LLC	G011521175	01/15/08	PORTABLE POWER SUPPLY	1,971.70	1,971.70
2010441	02/13/08	08044	SUSANNE L GLASCOV	5193112300	02/08/08	REFUND SPECIAL ASSESSMENTS	127.50	127.50

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2010442	02/13/08	08051	SUZANNE SCHMITZ	5193113000	02/08/08	REFUND SPECIAL ASSESSMENTS	117.90	117.90
2010650	02/27/08	02799	TARULLI TIRE INC - SAN DIEGO	20032505	01/16/08	REPLACEMENT TIRES	734.25	
				20032578	01/22/08	REPLACEMENT TIRES	559.47	
				10051324	01/14/08	REPLACEMENT TIRES	374.72	
				20032705	01/31/08	REPLACEMENT TIRES	365.24	
				20032487	01/15/08	REPLACEMENT TIRES	278.19	
				10051320	01/14/08	REPLACEMENT TIRES	268.19	
				20032703	01/31/08	REPLACEMENT TIRES	210.34	
				20032659	01/29/08	REPLACEMENT TIRES	175.18	
				20032520	01/17/08	REPLACEMENT TIRES	162.33	
				20032327	12/26/07	REPLACEMENT TIRES	73.62	
				20032600	01/24/08	REPLACEMENT TIRES	28.00	
				20032326	12/26/07	REPLACEMENT TIRES	20.47	
				20032676	01/29/08	REPLACEMENT TIRES	20.47	
				10051323	01/14/08	REPLACEMENT TIRES	20.47	
				20032677	01/29/08	REPLACEMENT TIRES	20.00	
				20032594	01/23/08	REPLACEMENT TIRES	16.16	3,327.10
2010443	02/13/08	08084	TERRY INTERVIVOS TRUST	6002210200	02/11/08	REFUND WATER AV #600-221-02-00	30.00	
				6002210100	02/11/08	REFUND WATER AV #600-221-01-00	28.77	58.77
2010569	02/20/08	08143	THEODORE SIMEON	016580	02/19/08	OVERPAYMENT REFUND	2,928.50	2,928.50
2010328	02/06/08	08015	THOMAS A SMITH	5193110800	02/04/08	REFUND SPECIAL ASSESSMENTS	51.60	51.60
2010329	02/06/08	08012	TIMOTHY STANTON	5193110400	02/04/08	REFUND SPECIAL ASSESSMENTS	42.60	42.60
2010568	02/20/08	04977	T-MOBILE	016575	02/05/08	CELL PHONE & BLACKBERRY SERVICES	799.74	799.74
2010570	02/20/08	07936	TRACER ENVIRONMENTAL SCIENCES	212301	01/31/08	RISK MANAGEMENT CONSULTING SERVICES	1,979.23	1,979.23
2010651	02/27/08	07165	TRI-CITY FENCE COMPANY INC	0048931IN	01/31/08	FENCE MATERIALS	489.72	489.72
2010330	02/06/08	07781	TRITES, BRUCE	016550	02/04/08	REIMBURSEMENT FOR EMERGENCY CABLES	269.17	269.17
2010444	02/13/08	07674	U S BANK CORPORATE PAYMENT	016561	01/22/08	DISTRICT EXPENSES	1,542.56	
				016566	01/22/08	DISTRICT EXPENSES	1,177.89	2,720.45
2010652	02/27/08	07674	U S BANK CORPORATE PAYMENT	016590	01/22/08	DISTRICT EXPENSES	801.00	
				016588	01/22/08	DISTRICT EXPENSES	341.97	
				016596	01/22/08	DISTRICT EXPENSES	333.86	1,476.83
2010653	02/27/08	00427	UNDERGROUND SERVICE ALERT OF	120080446	02/01/08	UNDERGROUND TRENCH SERVICE ALERTS	300.00	300.00

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2010445	02/13/08	03563	UNDERGROUND UTILITIES INC	016748	01/31/08	METER RETROFIT	17,345.00	17,345.00
2010331	02/06/08	05417	UNITED STATES DEPARTMENT	Ben2382270	02/07/08	PAYROLL DEDUCTION	100.00	100.00
2010571	02/20/08	05417	UNITED STATES DEPARTMENT	Ben2382667	02/21/08	PAYROLL DEDUCTION	100.00	100.00
2010572	02/20/08	00350	UNITED STATES POSTAL SERVICE	016571	02/15/08	REIMBURSE POSTAGE MACHINE	1,500.00	1,500.00
2010573	02/20/08	07662	UNITEDHEALTHCARE SPECIALTY	016586	02/20/08	BASIC LIFE/AD&D & SUPP LIFE INS - MAR 08	4,995.04	4,995.04
2010574	02/20/08	03212	UNUM LIFE INSURANCE	Ben2382645	02/21/08	LONG TERM DISABILITY	6,241.38	6,241.38
2010332	02/06/08	03190	VALCO INSTRUMENTS CO INC	90043991	01/17/08	ANALYZER PARTS	3,197.71	3,197.71
2010333	02/06/08	01095	VANTAGEPOINT TRANSFER AGENTS	Ben2382260	02/07/08	DEFERRED COMP PLAN	12,344.08	12,344.08
2010575	02/20/08	01095	VANTAGEPOINT TRANSFER AGENTS	Ben2382657	02/21/08	DEFERRED COMP PLAN	12,349.05	12,349.05
2010334	02/06/08	03329	VERIZON WIRELESS	06241946962	01/21/08	WIRELESS DATA SERVICES	7,373.46	7,373.46
2010654	02/27/08	08145	VICTOR ORTIZ	016593	02/25/08	REFUND OVER PAYMENT	10,000.00	10,000.00
2010335	02/06/08	00101	W W GRAINGER INC	9544773279 9543511514	01/15/08 01/14/08	ELECTRONIC SIREN WAREHOUSE SUPPLIES	888.29 764.83	1,653.12
2010446	02/13/08	00101	W W GRAINGER INC	9547518820	01/18/08	SHOP TOOLS	567.41	567.41
2010576	02/20/08	00101	W W GRAINGER INC	9554627464 9554598228 9554627472 9552341019 9557638971 9557073757	01/28/08 01/28/08 01/28/08 01/25/08 01/31/08 01/31/08	SAFETY EQUIPMENT ELECTRICAL PARTS METER SHOP GAUGES WATER FILTER HOUSING AQUA-PURE SPARE BELTS 980-2 AIR COMPRESSOR EXTENSION BOXES AND LIGHT FIXTURES	560.76 271.99 97.84 92.95 22.97 22.03	1,068.54
2010655	02/27/08	00101	W W GRAINGER INC	9556851328 9558669843 9560860760 9555487330 9555030262	01/30/08 02/01/08 02/05/08 01/29/08 01/29/08	LIGHT FIXTURES PAINT HOLE SAW KIT ELECTRICAL PARTS ELECTRICAL PARTS	769.46 349.95 89.95 0.73 0.73	1,210.82
2010336	02/06/08	00215	WATER EDUCATION FOUNDATION	016546	01/31/08	SUBSCRIPTION RENEWAL	35.00	35.00
2010337	02/06/08	00014	WAXIE SANITARY SUPPLY	70443527	01/17/08	JANITORIAL SUPPLIES	1,305.81	1,305.81
2010338	02/06/08	00190	WEST PAYMENT CENTER	815284021	01/20/08	LEGAL LIBRARY UPDATES	210.66	210.66

OTAY WATER DISTRICT
CHECK REGISTER
FOR CHECKS 2010246 THROUGH 2010657
RUN DATES 2/6/2008 TO 2/27/2008

Check #	Date	Vendor	Vendor name	Invoice	Inv Date	Description	Amount Paid	Check Total
2010656	02/27/08	00190	WEST PAYMENT CENTER	815456940	02/20/08	LEGAL LIBRARY UPDATES	139.00	139.00
2010447	02/13/08	00125	WESTERN PUMP INC	0064942IN	01/22/08	APCD TESTING	625.00	625.00
2010577	02/20/08	00125	WESTERN PUMP INC	0064842IN 0064843IN 0065273IN	01/16/08 01/16/08 01/31/08	APCD TESTING APCD TESTING SB989 6 MONTH TESTING	646.30 488.58 281.25	1,416.13
2010448	02/13/08	08064	WILLIAM C & JODELLE L SY	5193122100	02/08/08	REFUND SPECIAL ASSESSMENTS	72.00	72.00
2010449	02/13/08	08062	WILLIAM C LANEY	5193121600	02/08/08	REFUND SPECIAL ASSESSMENTS	61.20	61.20
2010450	02/13/08	08083	WILLIAM J & KATHERINE G	5193125900	02/08/08	REFUND SPECIAL ASSESSMENTS	56.40	56.40
2010657	02/27/08	02725	WILLIAMS SCOTSMAN INC	79350230	02/02/08	28' TRAILER RENTAL @ TREATMENT PLANT	293.85	293.85
2010451	02/13/08	08082	WILMER COOKS JR	5193125700	02/08/08	REFUND SPECIAL ASSESSMENTS	67.50	67.50
2010578	02/20/08	08135	WILSHIRE CORPORATION	Ref002382586	02/14/08	UB Refund Cst #0000123771	59.27	59.27
2010452	02/13/08	08058	WINIARZ REVOCABLE FAMILY	5193121000	02/08/08	REFUND SPECIAL ASSESSMENTS	54.60	54.60
2010579	02/20/08	08133	WORLD SAVINGS/WACHOVIA	Ref002382584	02/14/08	UB Refund Cst #0000123492	6.70	6.70
2010339	02/06/08	08011	XAVIER ESTRELLA	5193110300	02/04/08	REFUND SPECIAL ASSESSMENTS	48.00	48.00
2010580	02/20/08	03448	ZIEGLER & SON PUBLISHING	4972	01/03/08	ADVERTISING EXPENSE	595.00	595.00
GRAND TOTAL							3,105,352.84	3,105,352.84

AGENDA ITEM 10

Exhibit A

OTAY WATER DISTRICT
COMPARATIVE BUDGET SUMMARY
 FOR SEVEN MONTHS ENDED JANUARY 31, 2008

	Annual Budget	YTD Actual	YTD Budget	YTD Variance	Var %
REVENUE:					
Water Sales	\$ 32,331,300	\$ 18,108,728	\$ 19,523,600	\$ (1,414,872)	(7.2%)
Energy Charges	2,018,000	1,187,117	1,217,500	(30,383)	(2.5%)
System Charges	9,596,300	5,442,040	5,397,900	44,140	0.8%
Penalties	852,100	537,697	521,300	16,397	3.1%
MWD & CWA Fixed Charges	2,708,800	1,433,284	1,431,700	1,584	0.1%
Total Water Sales	47,506,500	26,708,867	28,092,000	(1,383,133)	(4.9%)
Reclamation Sales	6,001,400	3,732,451	3,693,200	39,251	1.1%
Sewer Charges	2,679,100	1,513,080	1,565,800	(52,720)	(3.4%)
Meter Fees	318,500	37,849	177,800	(139,951)	(78.7%)
Capacity Fee Revenues	1,414,500	747,711	825,300	(77,589)	(9.4%)
Betterment Fees for Maintenance	73,300	42,800	42,800	-	0.0%
Annexation Fees	1,464,500	320,194	854,000	(533,806)	(62.5%)
Non-Operating Revenues	1,680,200	884,554	944,600	(60,046)	(6.4%)
Tax Revenues	4,003,800	2,285,577	2,202,100	83,477	3.8%
Interest	1,038,700	445,645	556,200	(110,555)	(19.9%)
Draw on Designated Funds*	408,400	246,500	246,500	-	0.0%
Total Revenue	\$ 66,588,900	\$ 36,965,229	\$ 39,200,300	\$ (2,235,071)	(5.7%)
EXPENSES:					
Water Purchases	\$ 25,407,100	\$ 13,849,121	\$ 15,184,400	\$ 1,335,279	8.8%
CWA-Infrastructure Access Charge	1,090,200	611,338	611,200	(138)	(0.0%)
CWA-Customer Service Charge	950,400	524,972	525,400	428	0.1%
CWA-Emergency Storage Charge	1,507,800	784,355	784,300	(55)	(0.0%)
MWD-Capacity Res Charge	569,400	322,760	322,400	(360)	(0.1%)
MWD-Readiness to Serve Charge	552,600	329,112	305,600	(23,512)	(7.7%)
Subtotal Water Purchases	30,077,500	16,421,658	17,733,300	1,311,642	7.4%
Power Charges	2,804,800	1,509,416	1,540,600	31,184	2.0%
Payroll & Related Costs	16,012,900	9,391,795	9,381,330	(10,465)	(0.1%)
Material & Maintenance	4,452,900	2,531,305	2,547,525	16,220	0.6%
Administrative Expenses	5,773,000	2,424,708	2,984,158	559,451	18.7%
Legal Fees	1,209,300	1,275,836	1,028,333	(247,503)	(24.1%)
Expansion Reserve	2,590,200	1,511,000	1,511,000	-	0.0%
Betterment Reserve	3,432,900	2,002,500	2,002,500	-	0.0%
Replacement Reserve	235,400	137,300	137,300	-	0.0%
Total Expenses	\$ 66,588,900	\$ 37,205,516	\$ 38,866,046	\$ 1,660,530	4.3%
Excess Revenue (Expense)	\$ -	\$ (240,287)	\$ 334,254	\$ (574,541)	

* Board approved Draw on Designated Funds used to fund negotiated benefits.

OTAY WATER DISTRICT
COMPARATIVE MATERIALS & MAINTENANCE BUDGET
 FOR SEVEN MONTHS ENDED JANUARY 31, 2008

DESCRIPTION	Fiscal Year-to-Date			Annual		Percent Variance
	Actual	Budget	Variance	Budget	Balance	
Fuel and Oil	\$ 341,989	\$ 348,250	\$ 6,261	\$ 597,000	\$ 255,011	2%
Meters and Materials	241,920	183,400	(58,521)	314,400	72,480	-32%
Fleet Parts and Equipment	93,400	95,142	1,742	163,100	69,700	2%
Infrastructure Equipment & Supplies	576,903	427,292	(149,612)	732,500	155,597	-35%
Chemicals	146,695	171,500	24,805	294,000	147,305	14%
Safety Equipment	5,315	10,033	4,719	17,200	11,885	47%
Laboratory Equipment & Supplies	31,008	21,583	(9,424)	37,000	5,992	-44%
Other Materials & Maintenance	86,463	137,958	51,496	236,500	150,037	37%
Building Ground & Materials	54,226	71,167	16,941	122,000	67,774	24%
Contracted Services	239,504	367,317	127,813	715,400	475,896	35%
Metro O&M Costs	576,800	576,800	-	988,800	412,000	0%
Spring Valley O&M Costs	137,083	137,083	-	235,000	97,917	0%
Total Materials and Maintenance	\$ 2,531,305	\$ 2,547,525	\$ 16,220	\$ 4,452,900	\$ 1,921,595	1%

OTAY WATER DISTRICT
COMPARATIVE GENERAL ADMINISTRATIVE BUDGET
 FOR SEVEN MONTHS ENDED JANUARY 31, 2008

DESCRIPTION	Fiscal Year-to-Date			Annual		Percent Variance
	Actual	Budget	Variance	Budget	Balance	
Travel Expenses	98,825	158,025	\$ 59,200	\$ 270,900	\$ 172,075	37.5%
Conservation and Outreach	190,811	281,050	90,239	481,800	290,989	32.1%
General Office Expense	197,540	209,650	12,110	359,400	161,860	5.8%
Equipment	498,862	594,008	95,146	1,018,300	519,438	16.0%
Fees	288,713	223,067	(65,646)	382,400	93,687	-29.4%
Services	1,028,806	1,401,925	373,119	3,063,300	2,034,494	26.6%
Training	54,150	100,975	46,825	173,100	118,950	46.4%
General Insurance	258,555	272,592	14,037	467,300	208,745	5.1%
Interest	-	-	-	-	-	0.0%
Director's Fees	15,600	28,000	12,400	48,000	32,400	44.3%
Utilities	8,581	8,167	(414)	14,000	5,419	-5.1%
Total Admin Expenses	\$ 2,640,443	\$ 3,277,458	\$ 637,016	\$ 6,278,200	\$ 3,638,057	19.4%
Less: Overhead Allocation	(215,735)	(293,300)	(77,565)	(505,200)	(289,465)	26.4%
Administrative Expenses - Total	\$ 2,424,708	\$ 2,984,158	\$ 559,451	\$ 5,773,000	\$ 3,348,592	18.7%

OTAY WATER DISTRICT
NON - OPERATING INCOME
 FOR SEVEN MONTHS ENDED JANUARY 31, 2008

	Actual	Budget	Annual Budget	Variance
Non-Operating Income				
Rents and Leases	\$ 555,532	\$ 519,000	\$ 894,200	\$ 36,532
Sewer Billings	178,789	177,800	355,500	989
Grants	50,000	114,800	197,000	(64,800)
Backflow Maintenance Fee	645	700	1,500	(55)
Annexation Administrative Fee	-	700	2,000	(700)
Mapping Fee	900	4,200	7,000	(3,300)
Warranty Fee	781	-	5,000	781
Billable Work Orders	45,675	116,900	200,000	(71,225)
Cell Site Set-up Fee	4,500	10,500	18,000	(6,000)
Miscellaneous	47,731	-	-	47,731
Total	\$ 884,554	\$ 944,600	\$ 1,680,200	\$ (60,046)

OTAY WATER DISTRICT
Payroll & Related Costs
 FOR SEVEN MONTHS ENDED JANUARY 31, 2008

Payroll Costs	YTD Actual	YTD Budget	Annual Budget	Variance	Var %
Salaries	\$ 5,352,484	\$ 5,413,750	\$ 9,341,000	\$ 61,266	1.13%
Overtime	154,207	126,680	219,600	(27,527)	-21.73%
Vacation	415,333	406,870	682,300	(8,463)	-2.08%
Sick Leave	279,769	274,490	460,200	(5,279)	-1.92%
Holiday	431,933	454,000	590,200	22,067	4.86%
Birthday Holiday	22,922	25,960	45,100	3,038	11.70%
Total Salaries	\$ 6,656,648	\$ 6,701,750	\$ 11,338,400	\$ 45,102	0.67%
FICA	\$ 441,925	\$ 466,930	\$ 809,600	\$ 25,005	5.36%
Pension	1,600,909	1,616,190	2,801,500	15,281	0.95%
Health & Life Insurance	821,168	898,740	1,581,900	77,572	8.63%
Workers' Compensation	184,065	151,070	261,600	(32,995)	-21.84%
Salary Continuation Insurance	43,232	39,130	68,000	(4,102)	-10.48%
State Unemployment Insurance	10,194	5,770	10,000	(4,424)	-76.67%
Employee Assistance Program	3,361	4,350	7,500	989	22.73%
Total Fringe	\$ 3,104,854	\$ 3,182,180	\$ 5,540,100	\$ 77,326	2.43%
Total before Overhead Distribution	\$ 9,761,502	\$ 9,883,930	\$ 16,878,500	\$ 122,428	1.24%
Overhead (see Exhibit A)	(369,707)	(502,600)	(865,700)	(132,893)	26.44%
	\$ 9,391,795	\$ 9,381,330	\$ 16,012,800	\$ (10,465)	-0.11%
	Actual	Budget	Annual Budget	Variance	
Summary of Labor:					
Labor Charged to Work Orders	\$ 509,080	\$ 692,104	\$ 1,192,100	\$ 183,024	26.44%

**OTAY WATER DISTRICT
INVESTMENT PORTFOLIO REVIEW
JANUARY 31, 2008**

INVESTMENT OVERVIEW & MARKET STATUS:

On January 30th, the Federal Reserve Board's federal funds rate was lowered from 3.50% to 3.00%. This was the fifth reduction since September 18th, when the rate was 5.25%. Because of these rate reductions, the District's callable federal agency issue bonds are being redeemed at their earliest available call date. All called investments are paid at par so there is no loss on the investment. Only the interest rate changes as the funds are reinvested. Reflective of this drop in available interest rates, the District's overall effective rate of return on its portfolio at January 31st was 4.56%. With the change in the federal funds rate, we are beginning to extend the average maturity of the portfolio to maintain above market interest returns as long as possible. At the same time the LAIF return on deposits is expected to take several months to fall to the level of the federal funds rate, due to the fund's current average maturity of approximately 206 days, making this an excellent short-term alternative for maximum investment of available funds.

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

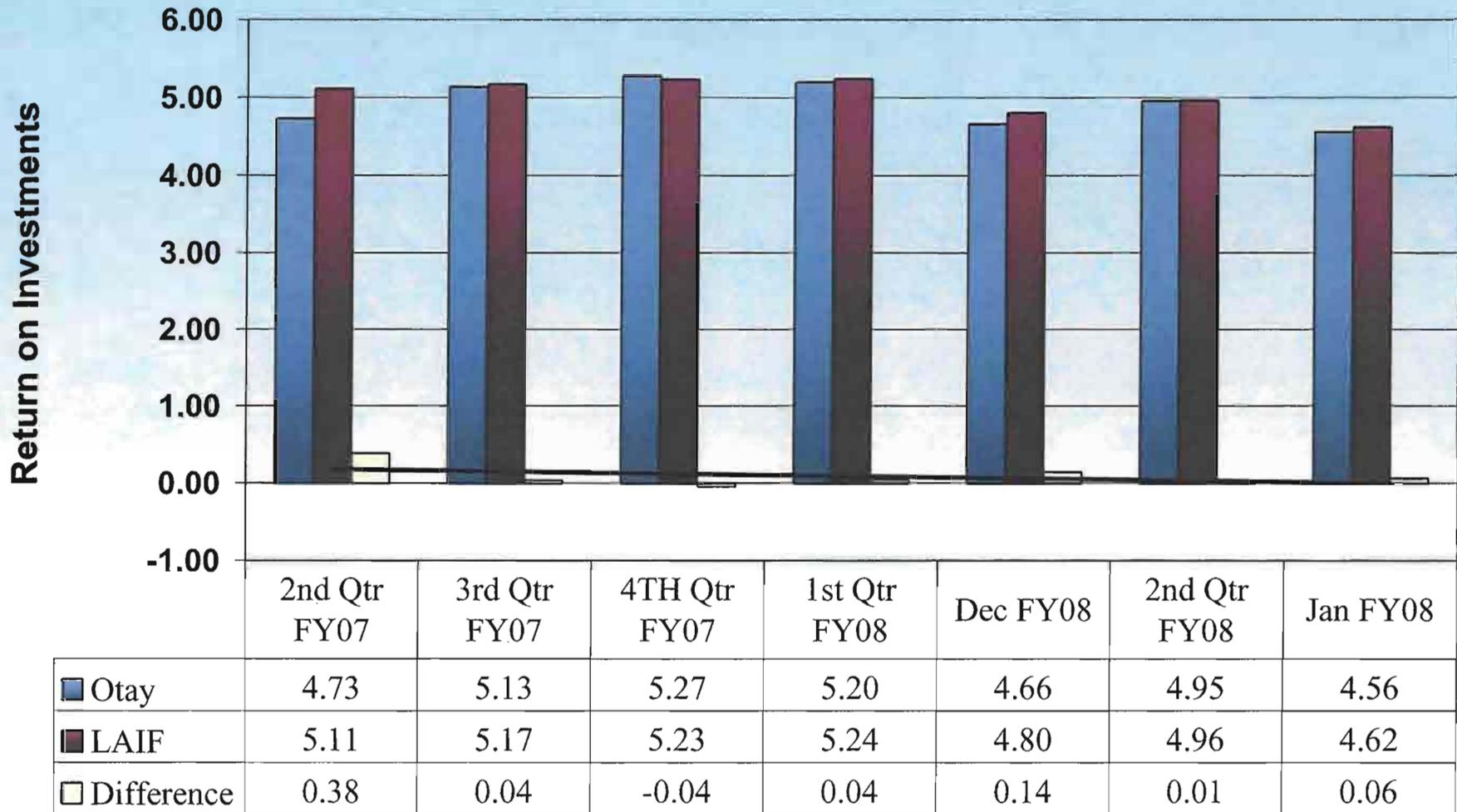
PORTFOLIO COMPLIANCE: January 31, 2008

<u>Investment</u>	<u>State Limit</u>	<u>Otay Limit</u>	<u>Otay Actual</u>
8.01: Treasury Securities	100%	100%	0
8.02: Local Agency Investment Fund (Operations)	\$40 Million	\$40 Million	\$29.29 Million
8.02: Local Agency Investment Fund (Bonds)	100%	100%	1.41%
8.03: Federal Agency Issues	100%	100%	54.10%
8.04: Certificates of Deposit	30%	15%	1.07%
8.05: Short-Term Commercial Notes	25%	15%	0
8.06: Medium-Term Commercial Debt	30%	15%	1.97%
8.07: Money Market Mutual Funds	20%	15%	0
8.08: San Diego County Pool	100%	100%	11.85%
12.0: Maximum Single Financial Institution	100%	50%	0.69%

Performance Measure F-12

Return on Investment

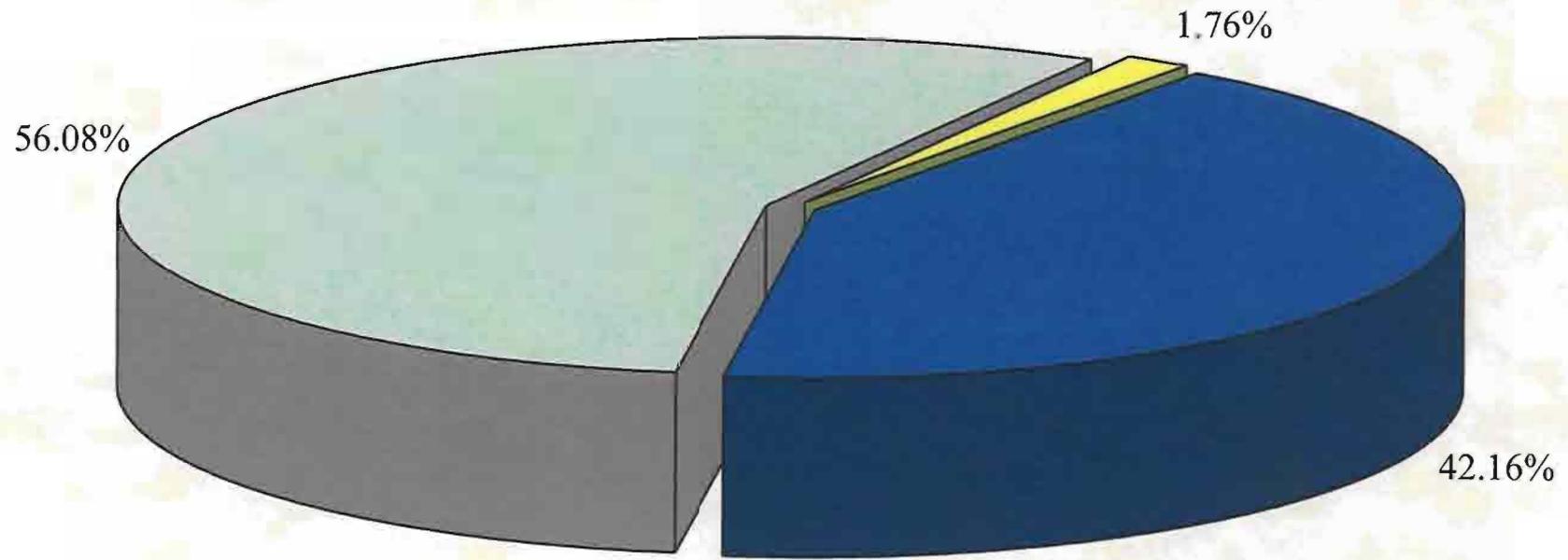
Target: Meet or Exceed 100% of LAIF



Month

■ Otay ■ LAIF □ Difference — Linear (Difference)

Otay Water District Investment Portfolio: 01/31/08



■ Banks (Passbook/Checking/CD) ■ Pools (LAIF & County) ■ Agencies & Corporate Notes

**OTAY
Portfolio Management
Portfolio Summary
January 31, 2008**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Corporate Notes	2,000,000.00	2,070,589.90	2,031,429.04	2.02	1,111	1,034	4.340	4.401
Federal Agency Issues- Callable	50,800,000.00	51,066,812.50	50,798,993.37	50.48	743	665	4.475	4.538
Federal Agency Issues - Coupon	4,000,000.00	4,014,375.00	4,000,000.00	3.97	167	85	4.395	4.456
Certificates of Deposit - Bank	1,079,108.00	1,079,108.00	1,079,108.00	1.07	393	346	4.780	4.847
Local Agency Investment Fund (LAIF)	30,713,789.27	30,734,647.47	30,713,789.27	30.52	1	1	4.557	4.620
San Diego County Pool	12,008,765.87	12,126,190.06	12,008,765.87	11.93	1	1	4.514	4.577
	100,601,663.14	101,091,722.93	100,632,085.55	100.00%	409	364	4.502	4.565
Investments								
Cash								
Passbook/Checking (not included in yield calculations)	700,856.16	700,856.16	700,856.16		1	1	2.793	2.831
Total Cash and Investments	101,302,519.30	101,792,579.09	101,332,941.71		409	364	4.502	4.565

Total Earnings	January 31 Month Ending	Fiscal Year To Date
Current Year	391,917.46	2,981,675.88
Average Daily Balance	101,265,033.86	101,285,153.19
Effective Rate of Return	4.56%	5.00%

I hereby certify that the investments contained in this report are made in accordance with the District Investment Policy Number 27 adopted by the Board of Directors on January 19, 2000. The market value information provided by Interactive Data Corporation. The investments provide sufficient liquidity to meet the cash flow requirements of the District for the next six months of expenditures.


Joseph Beachem, Chief Financial Officer

2-22-08

Portfolio OTAY

AP

PM (PRF_PM1) SymRept 6.41.200
Report Ver. 5.00

OTAY
Portfolio Management
Portfolio Details - Investments
January 31, 2008

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 360	Days to Maturity	Maturity Date
Corporate Notes												
36962G2S2	2044	General Electric Capital		11/16/2007	2,000,000.00	2,070,589.90	2,031,429.04	5.000	Aaa	4.340	1,034	12/01/2010
Subtotal and Average			2,031,861.41		2,000,000.00	2,070,589.90	2,031,429.04			4.340	1,034	
Federal Agency Issues- Callable												
31331YCZ1	2043	Federal Farm Credit Bank		11/07/2007	3,000,000.00	3,000,937.50	2,998,993.37	4.490		4.448	643	11/05/2009
3133XLEW9	2034	Federal Home Loan Bank		07/02/2007	3,000,000.00	3,000,000.00	3,000,000.00	5.500		5.425	517	07/02/2009
3133XLMZ3	2036	Federal Home Loan Bank		07/23/2007	3,000,000.00	3,002,812.50	3,000,000.00	5.450		5.375	538	07/23/2009
3133XLTL7	2037	Federal Home Loan Bank		07/30/2007	3,000,000.00	3,040,312.50	3,000,000.00	5.550		5.474	910	07/30/2010
3133XMXC0	2039	Federal Home Loan Bank		11/06/2007	1,000,000.00	1,004,687.50	1,000,000.00	4.500		4.438	279	11/06/2008
3133XMX71	2042	Federal Home Loan Bank		11/14/2007	2,000,000.00	2,020,000.00	2,000,000.00	4.500		4.435	560	08/14/2009
3133XN6X2	2045	Federal Home Loan Bank		11/20/2007	2,000,000.00	2,018,125.00	2,000,000.00	4.500		4.436	931	08/20/2010
3133XN7B9	2046	Federal Home Loan Bank		11/28/2007	2,000,000.00	2,011,875.00	2,000,000.00	4.400		4.340	482	05/28/2009
3133XN6R5	2047	Federal Home Loan Bank		11/28/2007	2,000,000.00	2,002,500.00	2,000,000.00	4.500		4.438	301	11/28/2008
3133XNC56	2048	Federal Home Loan Bank		11/28/2007	2,000,000.00	2,003,125.00	2,000,000.00	4.600		4.537	301	11/28/2008
3133XNEF2	2049	Federal Home Loan Bank		11/26/2007	2,000,000.00	2,008,125.00	2,000,000.00	4.600		4.537	1,026	11/23/2010
3133XNGT0	2050	Federal Home Loan Bank		12/04/2007	2,000,000.00	2,003,125.00	2,000,000.00	4.500		4.438	307	12/04/2008
3133XKNK8	2051	Federal Home Loan Bank		12/10/2007	2,000,000.00	2,011,250.00	2,000,000.00	4.300		4.241	313	12/10/2008
3133XNFC8	2052	Federal Home Loan Bank		12/07/2007	2,000,000.00	2,010,000.00	2,000,000.00	4.500		4.438	671	12/03/2009
3133XNLN7	2053	Federal Home Loan Bank		12/11/2007	2,000,000.00	2,011,875.00	2,000,000.00	4.300		4.241	496	06/11/2009
3133XNN47	2054	Federal Home Loan Bank		12/12/2007	2,000,000.00	2,004,375.00	2,000,000.00	4.450		4.389	497	06/12/2009
3133XNN62	2055	Federal Home Loan Bank		12/12/2007	2,000,000.00	2,004,375.00	2,000,000.00	4.450		4.384	405	03/12/2009
3133XNM63	2056	Federal Home Loan Bank		12/17/2007	2,000,000.00	2,003,125.00	2,000,000.00	4.550		4.488	1,050	12/17/2010
3133XNP52	2057	Federal Home Loan Bank		12/17/2007	2,000,000.00	2,018,750.00	2,000,000.00	4.375		4.315	959	09/17/2010
3133XNS42	2058	Federal Home Loan Bank		12/18/2007	2,000,000.00	2,022,500.00	2,000,000.00	4.250		4.192	868	06/18/2010
3133XNPR4	2059	Federal Home Loan Bank		12/24/2007	1,800,000.00	1,823,062.50	1,800,000.00	4.350		4.290	1,057	12/24/2010
3133XPDR2	2062	Federal Home Loan Bank		01/30/2008	2,000,000.00	2,007,500.00	2,000,000.00	3.060		3.018	728	01/29/2010
3133XPDS0	2063	Federal Home Loan Bank		01/30/2008	2,000,000.00	2,008,125.00	2,000,000.00	3.250		3.205	910	07/30/2010
31398AKS0	2060	Federal National Mortgage Assoc		01/07/2008	2,000,000.00	2,026,250.00	2,000,000.00	4.500		4.438	1,071	01/07/2011
Subtotal and Average			46,766,713.03		50,800,000.00	51,066,812.50	50,798,993.37			4.475	665	
Federal Agency Issues - Coupon												
3133XMY62	2040	Federal Home Loan Bank		11/08/2007	2,000,000.00	2,008,125.00	2,000,000.00	4.420		4.359	97	05/08/2008
3133XMY54	2041	Federal Home Loan Bank		11/14/2007	2,000,000.00	2,006,250.00	2,000,000.00	4.500		4.430	73	04/14/2008
Subtotal and Average			4,000,000.00		4,000,000.00	4,014,375.00	4,000,000.00			4.395	85	

Portfolio OTAY

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Portfolio Management
Portfolio Details - Investments
January 31, 2008

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 360	Days to Maturity	Maturity Date
Certificates of Deposit - Bank												
205003183	2066	California Bank & Trust		01/22/2008	79,108.00	79,108.00	79,108.00	3.900		3.900	721	01/22/2010
1002812475	2061	Neighborhood National Bank		12/13/2007	1,000,000.00	1,000,000.00	1,000,000.00	4.850		4.850	316	12/13/2008
Subtotal and Average			1,079,108.00		1,079,108.00	1,079,108.00	1,079,108.00			4.780	346	
Local Agency Investment Fund (LAIF)												
LAIF	9001	STATE OF CALIFORNIA		07/01/2004	29,288,906.67	29,308,797.21	29,288,906.67	4.620		4.557	1	
LAIF COPS07	9009	STATE OF CALIFORNIA		03/07/2007	1,424,882.60	1,425,850.26	1,424,882.60	4.620		4.557	1	
Subtotal and Average			33,677,245.36		30,713,789.27	30,734,647.47	30,713,789.27			4.557	1	
San Diego County Pool												
SD COUNTY POOL	9007	San Diego County		07/01/2004	12,008,765.87	12,126,190.06	12,008,765.87	4.577		4.514	1	
Subtotal and Average			11,815,217.48		12,008,765.87	12,126,190.06	12,008,765.87			4.514	1	
Total and Average			101,265,033.86		100,601,663.14	101,091,722.93	100,632,085.55			4.502	364	

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Portfolio Management
Portfolio Details - Cash
January 31, 2008

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 360	Days to Maturity
Union Bank											
UNION MONEY	9002	STATE OF CALIFORNIA		07/01/2004	10,002.99	10,002.99	10,002.99	0.150		0.148	1
PETTY CASH	9003	STATE OF CALIFORNIA		07/01/2004	2,800.00	2,800.00	2,800.00			0.000	1
UNION OPERATING	9004	STATE OF CALIFORNIA		07/01/2004	662,730.80	662,730.80	662,730.80	2.992		2.951	1
PAYROLL	9005	STATE OF CALIFORNIA		07/01/2004	25,322.37	25,322.37	25,322.37			0.000	1
UNION IOC	9008	STATE OF CALIFORNIA		05/01/2006	0.00	0.00	0.00	4.500		4.438	1
		Average Balance	0.00								1
Total Cash and Investmentss			101,265,033.86		101,302,519.30	101,792,579.09	101,332,941.71			4.502	364

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Activity Report
Sorted By Issuer
July 1, 2007 - January 31, 2008**

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value		Transaction Date	Par Value		Ending Balance
				Beginning Balance	Current Rate		Purchases or Deposits	Redemptions or Withdrawals	
Issuer: STATE OF CALIFORNIA									
Union Bank									
UNION MONEY	9002	STATE OF CALIFORNIA			0.150		110,383,874.09	110,459,178.69	
UNION OPERATING	9004	STATE OF CALIFORNIA			2.992		8,684,023.14	8,944,498.56	
PAYROLL	9005	STATE OF CALIFORNIA					324,174.15	323,986.92	
UNION IOC	9008	STATE OF CALIFORNIA			4.500		1,240,481.91	1,253,290.86	
Subtotal and Balance				1,049,257.90			120,632,553.29	120,980,955.03	700,856.16
Local Agency Investment Fund (LAIF)									
LAIF	9001	STATE OF CALIFORNIA			4.620		62,749,156.93	42,350,000.00	
LAIF COPS07	9009	STATE OF CALIFORNIA			4.620		300,825.02	8,000,000.00	
Subtotal and Balance				18,013,807.32			63,049,981.95	50,350,000.00	30,713,789.27
Issuer Subtotal				31.011%			19,063,065.22	171,330,955.03	31,414,645.43
Issuer: California Bank & Trust									
Certificates of Deposit - Bank									
2050003183R	1996	California Bank & Trust			3.880	01/22/2008	0.00	79,108.00	
205003183	2066	California Bank & Trust			3.900	01/22/2008	79,108.00	0.00	
Subtotal and Balance				79,108.00			79,108.00	79,108.00	79,108.00
Issuer Subtotal				0.078%			79,108.00	79,108.00	79,108.00
Issuer: FANNIE MAE									
Federal Agency Issues- Callable									
31359M2L6	2012	FANNIE MAE			5.250	12/11/2007	0.00	3,000,000.00	
Subtotal and Balance				3,000,000.00			0.00	3,000,000.00	0.00
Issuer Subtotal				0.000%			0.00	3,000,000.00	0.00

OTAY
Activity Report
July 1, 2007 - January 31, 2008

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value		Transaction Date	Purchases or Deposits	Par Value	
				Beginning Balance	Current Rate			Redemptions or Withdrawals	Ending Balance
Issuer: Federal Farm Credit Bank									
Federal Agency Issues- Callable									
31331YCZ1	2043	Federal Farm Credit Bank			4.490	11/07/2007	3,000,000.00	0.00	
Subtotal and Balance				0.00			3,000,000.00	0.00	3,000,000.00
Issuer Subtotal				2.961%	0.00		3,000,000.00	0.00	3,000,000.00
Issuer: Federal Home Loan Bank									
Federal Agency Issues- Callable									
3133XEMS5	1998	Federal Home Loan Bank			5.000	11/28/2007	0.00	3,000,000.00	
3133XETX7	2001	Federal Home Loan Bank			5.125	09/14/2007	0.00	3,000,000.00	
3133XF2C9	2002	Federal Home Loan Bank			5.250	10/03/2007	0.00	3,000,000.00	
3133XJ2P2	2010	Federal Home Loan Bank			5.200	12/05/2007	0.00	3,000,000.00	
3133XJ6Q6	2013	Federal Home Loan Bank			5.125	07/20/2007	0.00	3,000,000.00	
3133XJJV1	2015	Federal Home Loan Bank			5.375	07/10/2007	0.00	3,000,000.00	
3133XJR91	2016	Federal Home Loan Bank			5.400	10/30/2007	0.00	3,000,000.00	
3133XJSD1	2017	Federal Home Loan Bank			5.250	01/02/2008	0.00	3,000,000.00	
3133XJVV7	2018	Federal Home Loan Bank			5.250	08/15/2007	0.00	3,000,000.00	
3133XJU55	2019	Federal Home Loan Bank			5.350	11/21/2007	0.00	3,000,000.00	
3133XK3C7	2022	Federal Home Loan Bank			5.500	12/13/2007	0.00	3,000,000.00	
3133XK6A8	2024	Federal Home Loan Bank			5.300	11/19/2007	0.00	3,000,000.00	
3133XKLA1	2030	Federal Home Loan Bank			5.375	11/01/2007	0.00	3,000,000.00	
3133XKN50	2031	Federal Home Loan Bank			5.300	11/07/2007	0.00	5,000,000.00	
3133XKSS5	2032	Federal Home Loan Bank			5.300	11/09/2007	0.00	3,000,000.00	
3133XL6E8	2033	Federal Home Loan Bank			5.400	12/11/2007	0.00	5,000,000.00	
3133XLEW9	2034	Federal Home Loan Bank			5.500	07/02/2007	3,000,000.00	0.00	
3133XKVD4	2035	Federal Home Loan Bank			5.500	07/10/2007	3,000,000.00	0.00	
3133XKVD4	2035	Federal Home Loan Bank				10/21/2007	0.00	3,000,000.00	
3133XLMZ3	2036	Federal Home Loan Bank			5.450	07/23/2007	3,000,000.00	0.00	
3133XLT7	2037	Federal Home Loan Bank			5.550	07/30/2007	3,000,000.00	0.00	
3133XLYB3	2038	Federal Home Loan Bank			5.375	08/20/2007	3,000,000.00	0.00	
3133XLYB3	2038	Federal Home Loan Bank				11/20/2007	0.00	3,000,000.00	
3133XMXC0	2039	Federal Home Loan Bank			4.500	11/06/2007	1,000,000.00	0.00	
3133XMX71	2042	Federal Home Loan Bank			4.500	11/14/2007	2,000,000.00	0.00	
3133XN6X2	2045	Federal Home Loan Bank			4.500	11/20/2007	2,000,000.00	0.00	
3133XN7B9	2046	Federal Home Loan Bank			4.400	11/28/2007	2,000,000.00	0.00	

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Activity Report
July 1, 2007 - January 31, 2008

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value		Transaction Date	Par Value		Ending Balance
				Beginning Balance	Current Rate		Purchases or Deposits	Redemptions or Withdrawals	
Issuer: Federal Home Loan Bank									
Federal Agency Issues- Callable									
3133XN6R5	2047	Federal Home Loan Bank			4.500	11/28/2007	2,000,000.00	0.00	
3133XNC56	2048	Federal Home Loan Bank			4.600	11/28/2007	2,000,000.00	0.00	
3133XNEF2	2049	Federal Home Loan Bank			4.600	11/26/2007	2,000,000.00	0.00	
3133XNGT0	2050	Federal Home Loan Bank			4.500	12/04/2007	2,000,000.00	0.00	
3133XNKN8	2051	Federal Home Loan Bank			4.300	12/10/2007	2,000,000.00	0.00	
3133XNFC8	2052	Federal Home Loan Bank			4.500	12/07/2007	2,000,000.00	0.00	
3133XNLN7	2053	Federal Home Loan Bank			4.300	12/11/2007	2,000,000.00	0.00	
3133XNN47	2054	Federal Home Loan Bank			4.450	12/12/2007	2,000,000.00	0.00	
3133XNN62	2055	Federal Home Loan Bank			4.450	12/12/2007	2,000,000.00	0.00	
3133XNM63	2056	Federal Home Loan Bank			4.550	12/17/2007	2,000,000.00	0.00	
3133XNP52	2057	Federal Home Loan Bank			4.375	12/17/2007	2,000,000.00	0.00	
3133XNS42	2058	Federal Home Loan Bank			4.250	12/18/2007	2,000,000.00	0.00	
3133XNPR4	2059	Federal Home Loan Bank			4.350	12/24/2007	1,800,000.00	0.00	
3133XPDR2	2062	Federal Home Loan Bank			3.060	01/30/2008	2,000,000.00	0.00	
3133XPDS0	2063	Federal Home Loan Bank			3.250	01/30/2008	2,000,000.00	0.00	
Subtotal and Balance				52,000,000.00			51,800,000.00	58,000,000.00	45,800,000.00
Federal Agency Issues - Coupon									
3133XMY62	2040	Federal Home Loan Bank			4.420	11/08/2007	2,000,000.00	0.00	
3133XMYS4	2041	Federal Home Loan Bank			4.500	11/14/2007	2,000,000.00	0.00	
Subtotal and Balance				0.00			4,000,000.00	0.00	4,000,000.00
Issuer Subtotal			49.160%	52,000,000.00			55,800,000.00	58,000,000.00	49,800,000.00

Issuer: Federal Home Loan Mortgage

Federal Agency Issues- Callable

3128X4K67	2000	Federal Home Loan Mortgage			5.250	12/07/2007	0.00	3,000,000.00	
3128X4DY4	2004	Federal Home Loan Mortgage			4.000	07/13/2007	0.00	3,000,000.00	
3128X5C55	2020	Federal Home Loan Mortgage			5.500	12/05/2007	0.00	3,000,000.00	
3128X5G93	2021	Federal Home Loan Mortgage			5.320	12/06/2007	0.00	3,000,000.00	
3128X5P51	2023	Federal Home Loan Mortgage			5.300	12/14/2007	0.00	3,000,000.00	
3128X5Z35	2026	Federal Home Loan Mortgage			5.300	10/09/2007	0.00	3,000,000.00	
3128X5Z35	2027	Federal Home Loan Mortgage			5.300	10/09/2007	0.00	5,000,000.00	
3128X5Z84	2028	Federal Home Loan Mortgage			5.400	10/17/2007	0.00	3,000,000.00	

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Activity Report
July 1, 2007 - January 31, 2008

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value		Transaction Date	Purchases or Deposits	Par Value	
				Beginning Balance	Current Rate			Redemptions or Withdrawals	Ending Balance
Issuer: Federal Home Loan Mortgage									
Federal Agency Issues- Callable									
3128X5Z84	2029	Federal Home Loan Mortgage			5.400	10/17/2007	0.00	5,000,000.00	
Subtotal and Balance				31,000,000.00			0.00	31,000,000.00	0.00
Issuer Subtotal			0.000%	31,000,000.00			0.00	31,000,000.00	0.00
Issuer: Federal National Mortgage Assoc									
Federal Agency Issues- Callable									
31359MG31	1997	Federal National Mortgage Assoc			5.000	08/24/2007	0.00	3,000,000.00	
31398AKS0	2060	Federal National Mortgage Assoc			4.500	01/07/2008	2,000,000.00	0.00	
Subtotal and Balance				3,000,000.00			2,000,000.00	3,000,000.00	2,000,000.00
Issuer Subtotal			1.974%	3,000,000.00			2,000,000.00	3,000,000.00	2,000,000.00
Issuer: General Electric Capital									
Corporate Notes									
36962G2S2	2044	General Electric Capital			5.000	11/16/2007	2,000,000.00	0.00	
Subtotal and Balance				0.00			2,000,000.00	0.00	2,000,000.00
Issuer Subtotal			1.974%	0.00			2,000,000.00	0.00	2,000,000.00
Issuer: Neighborhood National Bank									
Certificates of Deposit - Bank									
1002812475	2061	Neighborhood National Bank			4.850	12/13/2007	1,000,000.00	0.00	
Subtotal and Balance				0.00			1,000,000.00	0.00	1,000,000.00
Issuer Subtotal			0.987%	0.00			1,000,000.00	0.00	1,000,000.00
Issuer: San Diego County									
San Diego County Pool									
SD COUNTY POOL	9007	San Diego County			4.577		11,902,839.72	0.00	
Subtotal and Balance				105,926.15			11,902,839.72	0.00	12,008,765.87

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Activity Report
July 1, 2007 - January 31, 2008

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value		Transaction Date	Purchases or Deposits	Par Value	
				Beginning Balance	Current Rate			Redemptions or Withdrawals	Ending Balance
		Issuer Subtotal	11.854%	105,926.15			11,902,839.72	0.00	12,008,765.87
		Total	100.000%	108,248,099.37			259,464,482.96	266,410,063.03	101,302,519.30

OTAY
Duration Report
Sorted by Investment Type - Investment Type
Through 01/31/2008

Security ID	Investment #	Fund	Issuer	Investment Class	Book Value	Par Value	Market Value	Current Rate	YTM 365	Current Yield	Maturity/ Call Date	Effective Duration
36962G2S2	2044	99	General Electric Capital	Fair	2,031,429.04	2,000,000.00	2,070,589.90	5.000	4.401	3.679	12/01/2010	2.612
3133XMXC0	2039	99	Federal Home Loan Bank	Fair	1,000,000.00	1,000,000.00	1,004,687.50	4.500	4.500	3.546c	05/06/2008	0.260
3133XNEF2	2049	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,008,125.00	4.600	4.600	3.772c	05/23/2008	0.306
3133XLTL7	2037	99	Federal Home Loan Bank	Fair	3,000,000.00	3,000,000.00	3,040,312.50	5.550	5.550	2.825c	07/30/2008	0.493
31398AKS0	2060	99	Federal National Mortgage Assoc	Fair	2,000,000.00	2,000,000.00	2,026,250.00	4.500	4.500	3.065c	01/07/2009	0.908
3133XMX71	2042	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,020,000.00	4.500	4.496	2.611c	08/14/2008	0.282
3133XLMZ3	2036	99	Federal Home Loan Bank	Fair	3,000,000.00	3,000,000.00	3,002,812.50	5.450	5.450	5.384	07/23/2009	1.400
3133XN7B9	2046	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,011,875.00	4.400	4.400	3.939	05/28/2009	1.268
3133XN6X2	2045	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,018,125.00	4.500	4.498	2.839c	08/20/2008	0.298
3133XNC56	2048	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,003,125.00	4.600	4.600	4.281c	02/28/2008	0.147
3133XNGT0	2050	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,003,125.00	4.500	4.500	4.181c	03/04/2008	0.000
3133XN6R5	2047	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,002,500.00	4.500	4.500	4.245c	02/28/2008	0.000
3133XNS42	2058	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,022,500.00	4.250	4.250	2.950c	12/18/2008	0.857
3133XNFC8	2052	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,010,000.00	4.500	4.500	3.483c	06/03/2008	0.336
3133XNN62	2055	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,004,375.00	4.450	4.445	4.004c	03/12/2008	0.000
3133XNLN7	2053	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,011,875.00	4.300	4.300	3.094c	06/11/2008	0.358
3133XNKN8	2051	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,011,250.00	4.300	4.300	3.157c	06/10/2008	0.356
3133XNN47	2054	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,004,375.00	4.450	4.450	4.004c	03/12/2008	0.000
3133XNM63	2056	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,003,125.00	4.550	4.550	4.231c	03/17/2008	0.000
3133XNP52	2057	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,018,750.00	4.375	4.375	2.862c	09/17/2008	0.372
3133XNPR4	2059	99	Federal Home Loan Bank	Fair	1,800,000.00	1,800,000.00	1,823,062.50	4.350	4.350	2.896c	12/24/2008	0.873
3133XLEW9	2034	99	Federal Home Loan Bank	Fair	3,000,000.00	3,000,000.00	3,000,000.00	5.500	5.500	5.503	07/02/2009	1.342
3133XPDS0	2063	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,008,125.00	3.250	3.250	2.834c	01/30/2009	0.975
31331YCZ1	2043	99	Federal Farm Credit Bank	Fair	2,998,993.37	3,000,000.00	3,000,937.50	4.490	4.510	4.426c	02/05/2008	0.000
3133XPDR2	2062	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,007,500.00	3.060	3.060	2.675c	01/29/2009	0.973

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Sorted by Investment Type - Investment Type
Through 01/31/2008

Security ID	Investment #	Fund	Issuer	Investment Class	Book Value	Par Value	Market Value	Current Rate	YTM 365	Current Yield	Maturity/ Call Date	Effective Duration
3133XMY62	2040	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,008,125.00	4.420	4.420	3.593	05/08/2008	0.265
3133XMYS4	2041	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,006,250.00	4.500	4.492	3.863	04/14/2008	0.200
205003183	2066	99	California Bank & Trust	Amort	79,108.00	79,108.00	79,108.00	3.900	3.954	3.900	01/22/2010	1.895
1002812475	2061	99	Neighborhood National Bank	Amort	1,000,000.00	1,000,000.00	1,000,000.00	4.850	4.917	4.850	12/13/2008	0.845 †
Report Total					57,909,530.41	57,879,108.00	58,230,885.40			3.713		0.582 †

† = Duration can not be calculated on these investments due to incomplete Market price data.