

OTAY WATER DISTRICT BOARD OF DIRECTORS MEETING AND
SPECIAL MEETING OF THE OTAY SERVICE CORPORATION

DISTRICT BOARDROOM

2554 SWEETWATER SPRINGS BOULEVARD
SPRING VALLEY, CALIFORNIA

WEDNESDAY

June 1, 2011

3:30 P.M.

AGENDA

1. ROLL CALL
2. PLEDGE OF ALLEGIANCE
3. APPROVAL OF AGENDA
4. APPROVE THE MINUTES OF THE REGULAR MEETING OF NOVEMBER 3, 2010
5. PUBLIC PARTICIPATION – OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO SPEAK TO THE BOARD ON ANY SUBJECT MATTER WITHIN THE BOARD'S JURISDICTION BUT NOT AN ITEM ON TODAY'S AGENDA
6. PRESENTATION OF AWARDS (MAGANA):
 - a) AMERICAN PUBLIC WORKS ASSOCIATION:
 - i. PROJECT OF THE YEAR AWARD FOR THE JAMACHA ROAD PIPELINE PROJECT
 - ii. HONOR AWARD FOR THE 1296-3 RESERVOIR PROJECT
 - b) AMERICAN SOCIETY OF CIVIL ENGINEERS
 - i. AWARD OF EXCELLENCE IN WATER QUALITY FOR THE JAMACHA ROAD PIPELINE PROJECT
 - ii. AWARD OF EXCELLENCE IN WATER TREATMENT FOR THE 1296-3 RESERVOIR PROJECT
 - c) CONSTRUCTION MANAGEMENT ASSOCIATION OF AMERICA

- i. ACHIEVEMENT AWARD FOR THE JAMACHA ROAD 36-INCH PIPELINE FOR PUBLIC WORKS PROJECST
- ii. DISTINGUISHED OWNER HONOREE AWARD

CONSENT CALENDAR

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

- a) APPROVE THE ISSUANCE OF A PURCHASE ORDER TO PROPULSION CONTROLS ENGINEERING IN THE AMOUNT OF \$103,356 FOR THE REMANUFACTURE OF MOTORS FOR THE 803-1 AND 850-2 PUMP STATIONS
- b) APPROVE AN INCREASE TO THE FISCAL YEAR 2011 BUDGET FOR CIP P2490 FOR THE 1296-1 RESERVOIR INTERIOR/EXTERIOR COATING PROJECT FROM \$350,000 TO \$475,000
- c) APPROVE THE ISSUANCE OF A PURCHASE ORDER TO KIRK PAVING IN AN AMOUNT NOT-TO-EXCEED \$200,000 FOR AS-NEEDED ASPHALT PAVING SERVICES FROM JULY 1, 2011 THROUGH JUNE 30, 2012
- d) APPROVE A REIMBURSEMENT AGREEMENT WITH MS. DEVELOPMENT COMPANY (MSDC) LLC, A CALIFORNIA LIMITED LIABILITY COMPANY, IN AN AMOUNT NOT-TO-EXCEED \$162,305.85 AND TO REIMBURSE MSDC FOR THE COMPLETION OF THE CONSTRUCTION OF A PORTION OF THE CAPITAL IMPROVEMENT PROJECT FOR AIRWAY BUSINESS CENTER – RECPL-16-INCH 860 ZONE RECYCLED PIPELINE ON AIRWAY ROAD
- e) APPROVE A REIMBURSEMENT AGREEMENT WITH ASPIRE-ENCORE AT RANCHO DEL REY HOMEOWNER’S ASSOCIATION FOR UP TO 50% OF THE CONSTRUCTION COSTS, NOT-TO-EXCEED \$25,500, FOR THE CONVERSION OF AN EXISTING MULTI-FAMILY DEVELOPMENT FROM A POTABLE WATER IRRIGATION SYSTEM TO A RECYCLED WATER IRRIGATION SYSTEM
- f) APPROVE RESOLUTION NO. 4176 DECLARING AN END TO WATER SHORTAGE RESPONSE PLAN LEVEL I
- g) AUTHORIZE THE GENERAL MANAGER TO NEGOTIATE AND EXECUTE TWO-YEAR AGREEMENTS WITH THREE ONE-YEAR OPTION RENEWALS WITH GREENRIDGE LANDSCAPE, INC. FOR LANDSCAPE MAINTENANCE SERVICES, AND PRIORITY BUILDING SERVICES, LLC, FOR JANITORIAL SERVICES

- h) NOMINATE DISTRICT DIRECTOR, GARY CROUCHER, TO THE SAN DIEGO LOCAL AGENCY FORMATION COMMISSION'S (LAFCO) SPECIAL DISTRICTS ADVISORY COMMITTEE AND CONSIDER NOMINATING A DISTRICT REPRESENTATIVE FOR A REGULAR DISTRICT MEMBER ON LAFCO'S COMMISSION

ACTION ITEMS

- 8. ENGINEERING AND WATER OPERATIONS
 - a) PUBLIC HEARING TO RECEIVE COMMENTS FROM THE PUBLIC REGARDING OTAY WATER DISTRICT'S 2010 URBAN WATER MANAGEMENT PLAN
 - i. ADOPT RESOLUTION NO. 4175 APPROVING THE DISTRICT'S 2010 URBAN WATER MANAGEMENT PLAN
- 9. FINANCE, ADMINISTRATION AND INFORMATION TECHNOLOGY
 - a) ADOPT RESOLUTION NO. 4172 APPROVING THE FORM OF DOCUMENTS REQUIRED FOR A SUBSTITUTION OF THE LETTER OF CREDIT FOR THE OUTSTANDING VARIABLE RATE DEBT, APPROVE THE BOND COUNSEL AGREEMENT, AND AUTHORIZING THE GENERAL MANAGER TO EXECUTE THE DOCUMENTS (BEACHEM)
- 10. ADJOURN OTAY WATER DISTRICT BOARD MEETING
- 11. CONVENE OTAY SERVICE CORPORATION SPECIAL BOARD MEETING
- 12. ADOPT RESOLUTION NO. 1006 APPROVING THE FORM OF DOCUMENTS REQUIRED FOR A SUBSTITUTION OF THE LETTER OF CREDIT FOR THE OUTSTANDING VARIABLE RATE DEBT AND AUTHORIZING THE CHIEF FINANCIAL OFFICER TO EXECUTE THE DOCUMENTS (BEACHEM)
- 13. ADJOURN OTAY SERVICE CORPORATION SPECIAL BOARD MEETING
- 14. CONVENE OTAY WATER DISTRICT BOARD MEETING
- 15. BOARD
 - a) DISCUSSION OF 2011 BOARD MEETING CALENDAR

INFORMATIONAL ITEMS

- 16. THIS ITEM IS PROVIDED TO THE BOARD FOR INFORMATIONAL PURPOSES ONLY. NO ACTION IS REQUIRED ON THE FOLLOWING AGENDA ITEMS:

- a) CAPITAL IMPROVEMENT PROGRAM 3RD QUARTER OF FISCAL YEAR 2011 UPDATE (KAY)

REPORTS

- 17. GENERAL MANAGER'S REPORT
 - a) SAN DIEGO COUNTY WATER AUTHORITY UPDATE
- 18. DIRECTORS' REPORTS/REQUESTS
- 19. PRESIDENT'S REPORT/REQUESTS
- 20. ADJOURNMENT

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

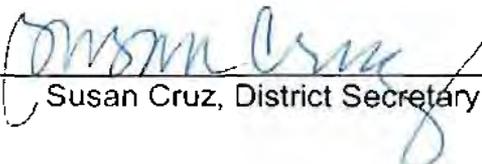
The Agenda, and any attachments containing written information, are available at the District's website at www.otaywater.gov. Written changes to any items to be considered at the open meeting, or to any attachments, will be posted on the District's website. Copies of the Agenda and all attachments are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

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

Certification of Posting

I certify that on May 27, 2011, I posted a copy of the foregoing agenda near the regular meeting place of the Board of Directors of Otay Water District, said time being at least 72 hours in advance of the regular meeting of the Board of Directors (Government Code Section §54954.2).

Executed at Spring Valley, California on May 27, 2011.



Susan Cruz, District Secretary

AGENDA ITEM 4

MINUTES OF THE BOARD OF DIRECTORS MEETING OF THE OTAY WATER DISTRICT November 3, 2011

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

2. ROLL CALL

Directors Present: Bonilla, Croucher (arrived at 3:35 p.m.) Gonzalez, Lopez and Robak

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

3. PLEDGE OF ALLEGIANCE

4. APPROVAL OF AGENDA

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

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

to approve the agenda.

5. APPROVE THE MINUTES OF THE REGULAR MEETING OF JUNE 2, 2010

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

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

to approve the minutes of the regular meeting of June 2, 2010.

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

No one wished to be heard.

CONSENT CALENDAR

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

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

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

to approve the following consent calendar items:

- a) ADOPT RESOLUTION NO. 4162 OF THE DISTRICT'S CODE OF ORDINANCES AMENDING POLICY NO. 25, RESERVE POLICY, WHICH INCLUDES THE UPDATED CAPACITY, ANNEXATION AND NEW WATER SUPPLY FEES
- b) APPROVE AGREEMENTS WITH ADVANCED CALL PROCESSING CORPORATION IN AN AMOUNT NOT-TO-EXCEED \$400,000 FOR TELECOMMUNICATIONS EQUIPMENT AND SERVICES AND FANDEL ENTERPRISES FOR AN AMOUNT NOT-TO-EXCEED \$40,000 FOR TELECOMMUNICATION CONSULTING AND IMPLEMENTATION SERVICES
- c) AUTHORIZE THE DISTRICT TO BECOME A MEMBER OF THE CALIFORNIA WATER/WASTEWATER AGENCY RESPONSE NETWORK
- d) APPROVE THE EXERCISE OF THE FIRST YEAR OPTION OF THE AGREEMENT WITH PACIFIC METER SERVICES, INC. FOR THE RETROFIT OF MANUAL READ WATER METERS TO AUTOMATED READ METERS (AMR) AND AUTHORIZE THE GENERAL MANAGER TO APPROVE SUBSEQUENT OPTION YEARS TWO THROUGH FOUR AT HIS DISCRETION
- e) AWARD A PROFESSIONAL ENGINEERING SERVICES CONTRACT FOR RECYCLED WATER PLAN CHECKING, RETROFIT, AND INSPECTION SERVICES FOR DEVELOPER PROJECTS

ACTION ITEMS

8. FINANCE, ADMINISTRATION AND INFORMATION TECHNOLOGY

- a) APPROVE THE DISTRICT'S AUDITED FINANCIAL STATEMENTS, INCLUDING THE INDEPENDENT AUDITORS' UNQUALIFIED OPINION, FOR FISCAL YEAR ENDED JUNE 30, 2010

Finance Manager James Cudlip indicated that staff is very pleased with the results of the audit for Fiscal Year 2010. He indicated that during a meeting of the District's Finance, Administration and Communications Committee, a couple questions were asked about the District's depreciation expenses over the last three (3) years and the interest rates on all the District's debt. He stated in response to these questions, a schedule was included with *Attachment A* to staffs' report.

He introduced Mr. Harvey Schroeder, partner at Diehl Evans & Company, LLP (DE&C), who was in charge of the District's audit. Mr. Schroeder indicated that he met with the District's Finance, Administration and Communications Committee to review the District's audit in detail. He stated that his firm's findings is an Unqualified Opinion/Clean Opinion for the Fiscal Year Ended June 30, 2010. He noted highlights from the audit which included the issuance of \$51.2 million in water revenue bonds and the change in net assets for the Fiscal Year (difference between the revenues and expenses) was a positive \$2,907,000.

Director Robak indicated that the Finance, Administration and Communications Committee did meet with Mr. Lee Parravano of Diehl Evans & Company LLP to review any committee concerns and questions. He indicated that all questions were answered adequately and the committee had requested that the audit look at additional areas. The outcome of the audit review validated the operations of the District and the committee was satisfied with the results of the audit.

Director Lopez indicated that the notes from the Finance, Administration and Communications Committee show that the audit documents were reviewed thoroughly and the discussion at the committee had touched upon the areas that he had a concern with. He stated that he was pleased with the outcome of the audit.

Finance Manager Cudlip indicated that the Finance, Administration and Communications Committee asked that the audit documents include the auditor's dialogue with the board members and staff regarding fraud and that fraud was not identified. In response to the inquiry, an amended letter has been attached (Attachment E to staffs' report) that contains a couple sentences addressing the fact that the questions addressing fraud were asked in accordance with the statements on auditing standards and there were no incidents or issues noted.

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

Ayes: Directors Bonilla, Croucher, Gonzalez, Lopez and Robak

Noes: None
Abstain: None
Absent: None

to approve staffs' recommendation.

The board recessed at 3:38 p.m. for a reception for Directors Croucher and Gonzalez to congratulate them on their election to the board. The board reconvened at 3:50 p.m.

- b) APPROVE THE ADJUSTMENT OF THE WHEELING RATE FOR THE DELIVERY OF TREATY WATER TO THE CITY OF TIJUANA TO \$68.45 PER ACRE-FOOT FOR CALENDAR YEAR 2011 (CUDLIP)

Finance Manager Cudlip indicated that the District provides water to Mexico on an annual basis and each year the District must provide Mexico pricing for the upcoming year. He stated that the water is charged by Metropolitan Water District and San Diego County Water Authority and Otay charges for the operations, maintenance and power required to pump the water to the border connection. It was noted by General Manager Watton that the water provided to Mexico is Mexico Colorado Treaty Water that the United States has agreed to wheel to Mexico under a formal agreement.

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

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

to approve staffs' recommendation.

9. ENGINEERING AND WATER OPERATIONS

- a) AWARD A PROFESSIONAL SERVICES CONTRACT TO LEE & RO, INC. FOR THE NORTH DISTRICT AND SOUTH DISTRICT INTERCONNECTION SYSTEM PROJECT IN AN AMOUNT NOT-TO-EXCEED \$2,769,119

Senior Civil Engineer Gary Silverman indicated that the North District and South District Interconnection Project consists of a six-mile transmission main and pumping station connecting the La Presa area of Spring Valley and Eastlake area of Chula Vista. He noted that a preliminary alignment for the pipeline is presented in Exhibit A of staffs' report. The new facility will provide the capability to convey potable water from the District's north service area to the District's south service area. He stated that this project will allow the District to reliably deliver water, for the first time, from any source to any part of the system during an emergency, a County Water Authority shutdown, or during normal operations.

He stated that the District requires a consultant to provide engineering design for this project. The project will also include environmental documentation, public outreach, property acquisition and minor other services. He indicated that a recommendation for the award of a contract for this same project was previously presented at an Engineering, Operations and Water Resources Committee held on July 28, 2010. The committee considered staffs' recommendation and directed staff to re-advertise the Request for Proposal (RFP) after revising the internal process for the selection of consultants. Staff revised the implementation guidelines and reinitiated the consultant selection process in accordance with Board Policy 21 on August 23, 2010. The District received Letter of Interests from fifteen (15) firms and four (4) firms submitted proposals on September 14, 2010.

He indicated that the proposals were evaluated and all firms were interviewed. Following the evaluation and interview process, Lee & Ro, Inc. received the highest score and provided the best proposal that represented the best overall value to the District. He stated that staff has worked well with Lee & Ro, Inc. on previous projects, including the 30-inch Dairy Mart pipeline and 36-inch Jamacha Road pipeline projects. In addition, staff contacted their references and received positive feedback. Staff recommends that Lee & Ro, Inc. be awarded a professional services contract for this project.

Director Croucher thanked staff for reviewing and enhancing the selection process. He stated that the committee wanted to assure that the selection process was fair and consistent and he felt that the process was improved. He stated that the committee is comfortable with this new process and noted that by rebidding the project, it not only did not set back the project schedule, but the District saved \$500,000 on the cost of the project.

Director Robak inquired if staff could provide him a map of the main transmission lines from CWA that was discussed in the report and how these lines will integrate into the District's system. It was discussed that a good portion of the pipeline goes through Sweetwater Authority's service area and staff worked with their staff and they are very familiar with the proposed alignment. Staff indicated that the presented alignment is one possibility, but staff will also look at various possible alignments (alignment study) and select the alignment that will be in the District's best interest in terms of right-of-way, environmental and public relations type issues.

President Bonilla inquired how the District will be able to control the consultant cost for the design of the pipeline project. Chief of Engineering Posada indicated that when the Request for Proposal (RFP) was prepared for the solicitation of design consultants for the project, it provided for specific tasks. The consultant's proposals are required to list the cost for each of these tasks. The District also prepares a Preliminary Design Report which identifies the cost for each specific task and is utilized as a guideline. General Counsel Calderon added that when the contract is prepared for the design services, it provides for a specific process when a complication/issue arises during the design of the project. This process is called the "change order process." There are very few reasons that allows for a consultant to deviate from the price that is quoted in their proposal. Any change in cost must be

processed through the “change order process” where staff would analyze whether the cost change is justified. It is this process that keeps costs within the bid price.

President Bonilla also inquired why this project was now a necessity. It was indicated that the District has been interested in connecting the North service area to the Central and South service areas for 20 years. Originally, the idea was to wait for the connection to come through Proctor Valley Road with the natural progression of development (Proctor Valley Road would connect to Jamul and into the North system once the areas were developed). With growth slowing, the District having a new robust connection with Helix in the North District and a possible desalination water source in the south, staff reevaluated the District’s capital project needs (CIP) and identified that a larger North-South connection would alleviate the need for some reservoir projects that were identified in the CIP. This would provide for a CIP cost savings of approximately \$10 million.

It was noted that due to the current economic slowdown, flexibility was provided for in the contract that allows the District to place the project on hold and bring it back at a later time in the future when growth returns. Should the design need modifications to fit future conditions, this cost is provided for in the contract.

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

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

to approve staffs’ recommendation.

- b) **APPROVE AN AGREEMENT FOR PROFESSIONAL ENGINEERING SERVICES WITH AECOM TECHNICAL SERVICES, INC. IN AN AMOUNT NOT-TO-EXCEED \$3,910,297.00 FOR THE OTAY MESA CONVEYANCE AND DISINFECTION SYSTEM PROJECT**

Associate Civil Engineer Bob Kennedy indicated that the District identified alternative potable and recycled water supply sources should there be an extended drought or disaster that impacts imported water supplies. He noted that one of the recommendations within the District’s Integrated Water Resources Plan (IRP) is to explore the feasibility of a bi-national ocean desalination facility within Mexico. He indicated that staff has been meeting with State and local authorities of Baja California to discuss the feasibility of such a project and the project is currently high on the agenda in all levels of government in Mexico.

The Otay Mesa Conveyance and Disinfection System Project will provide for a potable transmission pipeline and pump station to convey desalinated water from the Mexico border to the District’s Roll Reservoir in Otay Mesa. Staff is requesting

that the Board approve a Professional Engineering Services Contract for the Otay Mesa Conveyance and Disinfection System Project.

Associate Civil Engineer Kennedy reviewed the selection process and indicated that the District received eight (8) consultant proposals. Staff conducted a review of the proposals and recommends that AECOM Technical Services, Inc. be awarded the consultant contract as they received the highest ranking and provided the best overall value to the District.

General Manager Watton indicated that if the project does not move forward, staff has negotiated into AECOM's contract a 30-day notice to terminate. General Manager Watton also noted that the District is not investing in the Mexico Desalination Plant. The District's interest is to purchase water from the desalination plant. Staff has met with United States officials regarding the project and has received positive responses. It is anticipated that the cost of the desalinated water from the Mexico plant, when it is available in 2015, will equal the cost of imported water from MWD and CWA.

Director Gonzalez inquired if the District would have the ability to resale the desalinated water to other water providers. General Manager Watton indicated that the District's preliminary discussions with the developers of the project have included the District's ability to resale the water regionally and throughout the United States. There are also some potential for river trades, etc., brokered by the District.

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

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

to approve staffs' recommendation.

10. BOARD

a) DISCUSSION OF 2010 AND 2011 BOARD MEETING CALENDAR

It was noted that the December board meeting has been canceled.

REPORTS

11. GENERAL MANAGER'S REPORT

GENERAL MANAGER'S REPORT

General Manager Watton presented his report which included the status of the 36-inch Potable Pipeline Project, presentation by staff of the Water Conservation

Division at the Water Smart Innovation Conference, that staff is in the process of developing the FY 2012-2014 strategic plan, the available alternative payment types for District customers, that staff is developing a new bill format, and the District's water consumption report (see attached copy of the General Manager's report for details). He also provided a copy of a handout from CWA's Imported Water Committee with regard to binational discussions related to a proposed agreement for Mexico to store water in Lake Mead, that California's consumption on the Colorado River is below its allocation and Mexico is requesting about 200,000 AF above their Colorado River water allocation for calendar year 2010 (copy of handout attached).

SAN DIEGO COUNTY WATER AUTHORITY UPDATE

Director Croucher noted that Director Michael Hogan, Santa Fe Irrigation District, has been elected the new chair of CWA and, as the chair, he will be making new committee assignments. He stated that Mr. Dan McMillan, Director of Padre Dam MWD, was replaced by Mr. Jim Peasley, Engineering Manager at Otay Water District, on Padre Dam MWD's board.

12. DIRECTORS' REPORTS/REQUESTS

Director Lopez congratulated Director Gonzalez on his election to the board. He also indicated as the December meeting has been canceled, he wanted wish everyone an early happy new year and that he was looking forward to another great year.

Director Robak also congratulated Director Gonzalez on his election to the board. He congratulated Mr. Jim Peasley on his election to the Padre Dam MWD board. He also shared that he is taking a class at Cuyamaca College on sewer maintenance and the class was being held at Helix WD's operations center. He stated that the instructor indicated that Helix WD's water use per capita is 111/GPD versus Otay WD which is down to 137/GPD per capita. He indicated that Helix is anticipating their figure will go down further to approximately 100/GPD. He thanked staff who worked on the 36-inch pipeline project and its success. He lastly shared that he has been attending the Metro Commission meetings and felt that the operation of the Metro System is changing and that he felt it will produce better results and lowered costs.

13. PRESIDENT'S REPORT

President Bonilla reported on meetings he attended during the month of October 2010 and indicated that on October 7 he met with the Ad Hoc Policy 42 Committee and the committee discussed Policy 42 and recommended that it be kept as is. He met with General Manager Watton, General Counsel Calderon and representative from the organization developing the Mexico desalination project on October 8. He also met with General Manager Watton on October 15 to discuss items to be presented at the October committee meetings. He attended the District's Finance, Administration and Communications Committee on October 19 and the committee

reviewed and made recommendation on items that were presented at today's board meeting. On October 26 he met with General Manager Watton and General Counsel Calderon to discuss the November board meeting agenda. He lastly shared that on October 29 he again met with representatives from the organization developing the Mexico desalination plant, General Manager Watton and General Counsel Calderon to discuss the desalination project.

14. ADJOURNMENT

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

President

ATTEST:

District Secretary



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	June 1, 2011
SUBMITTED BY:	Gary Silverman <i>GS</i> Senior Civil Engineer	PROJECT/ SUBPROJECT:	P2502-001102 DIV. 5 P2503-001102 NO.
	Ron Ripperger <i>RR</i> Engineering Manager		
APPROVED BY: (Chief)	Rod Posada <i>RP</i> Chief, Engineering		
APPROVED BY: (Asst. GM):	Manny Magaña <i>MM</i> Assistant General Manager, Engineering and Operations		
SUBJECT:	Authorize the Issuance of a Purchase Order to Remanufacture Motors for the 803-1 and 850-2 Pump Stations		

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) authorizes the General Manager to issue a purchase order to Propulsion Controls Engineering (PCE) in the amount of \$103,356 for the remanufacture of motors at 803-1 and 850-2 Pump Stations (see Exhibit A for Project location).

COMMITTEE ACTION: _____

Please see Attachment A.

PURPOSE:

To obtain Board authorization for the General Manager to issue a purchase order in the amount of \$103,356 to PCE for the remanufacture of motors at the 803-1 and 850-2 Pump Stations.

ANALYSIS:

The 803-1 and 850-2 Pump Stations are located adjacent to each other at the Regulatory Site. Both pump stations currently lift water from the 520 Reservoirs to their respective pressure zones. With the new 640-1 and 640-2 Reservoirs in place since 2008, and the completion of

the 36-inch Jamacha Road pipeline in the fall of 2010, the District now has the opportunity for significant energy cost savings by modifying these stations to enable pumping from the 640-1 and 640-2 Reservoirs rather than the 520-2 and 520-3 Reservoirs.

To accomplish this change in pumping operation, it is necessary to replace the motor starters in the existing motor control centers (MCCs) with VFDs. This will allow the existing pumps to operate at a lower speed to match the reduced pumping head. It will also provide the operational flexibility to return to the higher pumping head configuration, if necessary. The VFDs related controls were approved at the May 4, 2011 Board Meeting.

The 120-foot decrease in pumping head will result in an estimated savings in energy usage of approximately \$85,000 per year. At this rate, the estimated project costs will be recovered within 12 years, well within the useful life of the two pump stations. In addition, because the Project reduces energy consumption, it qualifies under the SDG&E Energy Efficiency Business Incentive Program. Application has been made and the Project has been pre-approved by SDG&E for an incentive payment of approximately \$75,000, reducing the payback time by about one year.

In association with installing VFDs, it is also necessary to remanufacture the existing motors so they are compatible with the VFDs. Quotations were solicited on April 12, 2011 from vendors to remanufacture a total of eight (8) motors (four (4) for the 803-1 Pump Station and four (4) for the 850-2 Pump Station). The selected vendor will pick up the motors at the project site, do the specified work off-site at its shop, and deliver the remanufactured motors to the project site when the work is complete. District staff will dismount and remount the motors in coordination with the vendor.

In accordance with District Purchasing Procedures, three quotations were received on April 26, 2011, as presented in the following table:

Pump Station	PCE	EMS	Sloan
803-1 PS (P2502)	\$52,924.00	\$58,000.00	\$59,811.08
850-2 PS (P2503)	\$50,432.00	\$54,000.00	\$75,020.44
Total	\$103,356.00	\$112,000.00	\$134,831.52

All three vendors have offered the services that were requested. Therefore, by virtue of their quotation being the lowest, it is recommended that the required motor remanufacturing services be purchased from PCE for \$103,356.

FISCAL IMPACT:



The budget for CIP P2502 is \$525,000. Total expenditures, plus outstanding commitments and forecast, including this contract, is \$447,861. See Attachment B-1 for budget detail.

The budget for CIP P2503 is \$650,000. Total expenditures, plus outstanding commitments and forecast, including this contract, is \$407,743. See Attachment B-2 for budget detail.

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

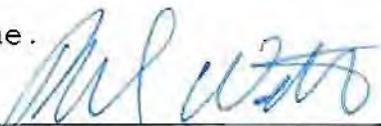
Finance has determined that 100% of the funding is available from the Betterment Fund for both CIP P2502 and CIP P2503.

STRATEGIC GOAL:

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

LEGAL IMPACT:

None.



General Manager

P:\WORKING\CIP P2502 803-1 Pump Station Modifications\Staff Reports\BD-05 04 11, Staff Report, Authorize Purchase of VFDs and ALCs. (GS-RR).doc

GS/RR:jf

- Attachments: Attachment A - Committee Action
Attachment B-1 - Budget Detail for CIP P2502
Attachment B-2 - Budget Detail for CIP P2503
Exhibit A - Location Map



ATTACHMENT A

SUBJECT/PROJECT: Authorize the issuance of a Purchase Order to Remanufacture
32562-001102 Motors for the 803-1 and 850-2 Pump Stations
32563-001102

COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a meeting held on May 19, 2011 and the following comments were made:

- Staff requested that the Board authorize the General Manager to issue a purchase order to Precision Controls Engineering (PCE) in the amount of \$103,356 for the remanufacture of motors at 803-1 and 850-2 Pump Stations.
- Staff indicated that the 803-1 and 850-2 Pump Stations currently lift water from the District's 520 Reservoirs to their respective pressure zones. With the new 640 Reservoirs in place and the completion of the 36-inch Canada Road Pipeline Project, the District has the opportunity for a significant energy cost savings by modifying the Pump Stations to enable pumping from the 640 Reservoirs rather than the 520 Reservoirs, resulting in a 120-foot decrease in pumping head and an estimated savings in energy usage of approximately \$85,000 annually.
- Staff indicated that in order to match the decrease in pumping head, installation of VFDs are necessary to allow the existing pumps to operate at a lower speed. Modification to the existing pump motors are necessary to be compatible with the VFDs.
- With the reduction of energy consumption, staff said that the Project is qualified to receive an incentive payment of \$75,000 under the SDGW Energy Efficiency Business Incentive Program.
- In accordance with the District's Purchasing Procedures, three quotations were received on April 26, 2011. PCE had the lowest quotation and was responsive to the requested services.

therefore staff is recommending that the Board award a purchase order to PCE in the amount of \$103,356.00.

- In response to a question by the Committee, staff indicated that District staff will perform the labor of dismounting the pump motors and remounting them after the modifications have been made by PCE.

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



ATTACHMENT B-1

SUBJECT/PROJECT: Authorize the Issuance of a Purchase Order to Remanufacture Motors for the 803-1 and 850-2 Pump Stations
 P2502-001102
 P2503-001102

Otay Water District
 P2502 - 803-1 Pump Station Modifications

Date Updated: March 01, 2011

<i>Budget</i>	<i>Committed</i>	<i>Expenditures</i>	<i>Outstanding Commitment & Forecast</i>	<i>Projected Final Cost</i>	<i>Vendor/Comments</i>
525,000					
Planning					
Labor	11,545	11,545	-	11,545	
Consultant Contracts	9,710	675	9,035	9,710	HVAC ENGINEERING INC
Total Planning	21,255	12,220	9,035	21,255	
Design					
Labor	30,712	15,712	15,000	30,712	
Consultant Contracts	175	175	-	175	MWH CONSTRUCTORS INC
	3,750	-	3,750	3,750	EPI
Total Design	34,637	15,887	18,750	34,637	
Construction					
Labor	80,000		80,000	80,000	
VFD Procurement	141,919		141,919	141,919	SLOAN
ALC Procurement	67,126		67,126	67,126	ONE SOURCE
Motor Remanufacture	52,924		52,924	52,924	PCE
A/C Installation			50,000	50,000	
Total Construction	341,969	-	391,969	391,969	
Grand Total	397,861	28,107	419,754	447,861	



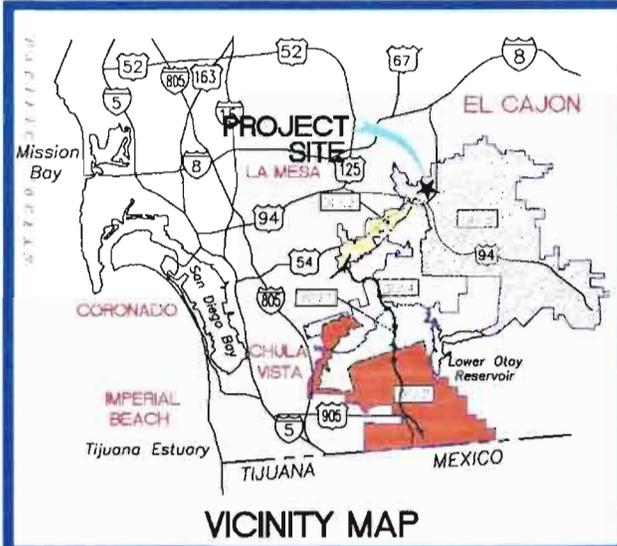
ATTACHMENT B-2

SUBJECT/PROJECT: Authorize the Issuance of a Purchase Order to Remanufacture Motors for the 803-1 and 850-2 Pump Stations
 P2502-001102
 P2503-001102

Otay Water District
 P2503 - 850-2 Pump Station Modifications

Date Updated: April 26, 2011

<i>Budget</i>	<i>Committed</i>	<i>Expenditures</i>	<i>Outstanding Commitment & Forecast</i>	<i>Projected Final Cost</i>	<i>Vendor/Comments</i>
850,000					
Planning					
Labor	18,930	18,930		18,930	
Consultant Contracts	9,710	1,000	8,710	9,710	HVAC ENGINEERING INC
Total Planning	28,640	19,930	8,710	28,640	
Design					
Labor	24,864	14,864	10,000	24,864	
Consultant Contracts	175	175	-	175	MWH CONSTRUCTORS INC
	3,750	-	3,750	3,750	EPI
Equipment Rental	2,790	2,790	-	2,790	ART'S TRENCH PLATE
Total Design	31,579	17,829	13,750	31,579	
Construction					
Labor	75,000	-	75,000	75,000	
VFD Procurement	104,966	-	104,966	104,966	SLOAN
ALC Procurement	67,126	-	67,126	67,126	ONE SOURCE
Motor Remanufacture	50,432	-	50,432	50,432	PCE
A/C Installation	-	-	50,000	50,000	
Total Construction	297,524	-	347,524	347,524	
Grand Total	357,743	37,759	369,984	407,743	



P:\WORKING\CIP P2502\Staff Reports\Staff Report - Exhibit A.dwg 3/7/2011 9:08:02 AM PST



OTAY WATER DISTRICT
803-1 AND 850-2 PUMP STATION MODIFICATIONS

LOCATION MAP

CIP P2502
CIP P2503

EXHIBIT A

Quality Assurance Approval Sheet

Subject: Authorize the Issuance of a Purchase Order to
Remanufacture Motors for the 803-1 and 850-2
Pump Stations

Project Nos.: P2502-001102
P2503-001102

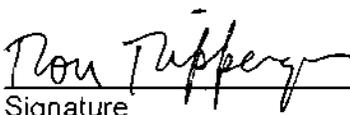
Document Description: Staff Report for June 1, 2011 Board Meeting

Author:  5/11/11
Signature Date

Gary Silverman
Printed Name

QA Reviewer:  5/11/11
Signature Date

Bob Kennedy
Printed Name

Manager:  5/11/11
Signature Date

Ron Ripperger
Printed Name

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



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	June 1, 2011
SUBMITTED BY:	Daniel Kay <i>DK</i> Associate Civil Engineer	PROJECT/ SUBPROJECTS:	P2490- DIV. 5 001103 NO.
	Ron Ripperger <i>W</i> Engineering Manager		
APPROVED BY: (Chief):	Rod Posada <i>Rod Posada</i> Chief, Engineering		
APPROVED BY: (Asst. GM):	Manny Magaña <i>M Magaña</i> Assistant General Manager, Engineering and Operations		
SUBJECT:	Increase the Budget for CIP P2490 for the 1296-1 Reservoir Interior/Exterior Coating Project		

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) authorize an increase to the FY 2011 Budget for CIP P2490 for the 1296-1 Reservoir Interior/Exterior Coating Project from \$350,000 to \$475,000 (see Exhibit A for Project location).

COMMITTEE ACTION: _____

Please see Attachment A.

PURPOSE:

To obtain Board approval to increase the budget for the 1296-1 Reservoir Interior/Exterior Coating Project by \$125,000.

ANALYSIS:

On February 3, 2010, the Board awarded a construction contract to West Coast Industrial Corporation (West Coast) in the amount of \$690,000 for coating the interior and exterior of both the 1296-1 and 1296-2 Reservoirs and to perform structural upgrades to each reservoir. When the construction project was awarded,

the total expenditures, plus outstanding commitments and forecast, for the 1296-1 Reservoir (1.0MG) portion of the work, were \$347,615. The FY 2010 CIP project budget was \$350,000. This amount was not revised for FY 2011 since the project had just begun and the forecast at that time still showed that the budget was adequate. However, due to the complexity of the 1296-1 Reservoir, consisting of lead removal and containment along with removal of coal tar on the interior, the budget should have been increased by \$55,000 for FY 2011 to account for an increased level of inspection. The budget for the 1296-2 Reservoir (2.0MG) project is adequate.

The second reason for staff's request to increase the 1296-1 Reservoir project budget is for extended costs incurred due to the contractor's low productivity rate and inability to complete the project on time. The original contract completion date was August 19, 2010, but was extended to December 23, 2010 due to additional scope of work required and weather delays. Taking into account the current forecast completion date of June 30, 2011, the project completion will be delayed by over six (6) months. This delay translates into additional costs for the District that were not anticipated when the project budget was updated for FY 2011.

West Coast took seven (7) months to complete the coating and structural upgrades on the 1296-2 Reservoir. The 1296-1 Reservoir work began in October 2010, and will be completed on June 30, 2011. The District required additional Construction Management (CM), full-time specialty inspection along with additional staff time that will amount to \$70,000. The table below details the two (2) components of the budget increase request.

FY 2011 Budget Shortfall (Staff)	\$55,000
Costs incurred since 12-23-10 (Staff, specialty inspection, CM, misc)	\$70,000
TOTAL	\$125,000

Currently, West Coast is in the process of removing and recoating the top coat for the lower portion of the interior walls and the floor of the 1296-1 Reservoir. This work is required in order to pass the Volatile Organic Compound (VOC) tests. The new coating failed the VOC tests twice due to the lack of curing of the first two coats. Once this work is finished, the project will be complete.

Staff is evaluating the merits of assessing liquidated damages to West Coast in order to recoup a portion of the District's costs due to the unapproved extended duration of the contract.

The total amount of liquidated damages from December 23, 2010 to June 30, 2011 will be \$47,500.

FISCAL IMPACT:



The total budget for CIP P2490, as approved in the FY 2011 budget, is \$350,000. Total expenditures, plus outstanding commitments and forecast to date, are \$474,579 (see Attachment B for budget details). The Project Manager has determined that with a budget increase of \$125,000, the project will be completed within the new budget amount of \$475,000.

Finance has determined that 100% of the funding is available from the Replacement Fund.

STRATEGIC GOAL:

These projects support 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, to be "... 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

P:\WORKING\CIP P2490\Staff Reports\Staff Report Budget Increase\BD 06-01-11 Staff Report Increase to Total Project Budgets (P2490, P2492), (DK-RR).doc
DK/RR/RP:jf

- Attachments: Attachment A - Committee Action
Attachment B - Budget Detail for P2490
Exhibit A - Location Map



ATTACHMENT A

SUBJECT/PROJECT: Increase the Budget for CIP P2490 for the 1296-1 Reservoir
P2490-201003 Interior/Exterior Coating Project

COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a meeting held on May 19, 2011 and the following comments were made:

- Staff requested that the Board authorize an increase to the FY 2011 Budget for CIP P2490 for the 1296-1 Reservoir Interior/Exterior Coating Project (Project) from \$350,000 to \$475,000.
- On February 3, 2010, West Coast Industrial Corporation (West Coast) was awarded a construction contract for the 1296-1 and 1296-2 Reservoirs Interior/Exterior Coating Project in the amount of \$690,000. Staff indicated that funding for the 1296-2 Reservoir is sufficient, but is requesting an increase of \$125,000 to the FY 2011 CIP Budget to cover the 1296-1 Reservoir budget shortfall of \$55,000 and costs incurred since December 23, 2010 of \$70,000.
- At the time the contract was awarded, it was anticipated that the Project's total expenditures, plus outstanding commitments and forecast would amount to \$347,613. Total expenditures have now exceeded the budgeted amount of \$350,000 due to unforeseen issues (See staff report page 2), such as the low productivity rate by the contractor and the inability to complete project on time.
- Staff indicated that the Project's original completion date, August 19, 2010, was extended to December 23, 2010, because of additional scope of work and weather delays. It is now anticipated that the Project will be completed by June 30, 2011, since the actual work began in October 2010.
- West Coast is currently in the process of removing and recoating the top coat of the 1296-1 Reservoir's lower interior walls and floor. This is required to pass the Volatile Organic Compound (VOC) test, which previously failed twice due to the lack of curing the first two coats. The project will be complete once this work is finished.

- Staff stated that they are in the process of looking into assessing liquidated damages to West Coast for a portion of the increased costs due to the unapproved extended duration of the contract. Staff indicated that the total amount of liquidated damages from December 23, 2010 to June 30, 2011 will be \$47,500.
- The Committee inquired if this matter could have gone to Legal Counsel to resolve instead of increasing the District's FY 2011 CIP Budget by \$125,000. Staff indicated that from a financial standpoint, it would have cost more than \$125,000 to involve Legal Counsel and bring this matter to court.
- Staff stated that they are consulting with Legal Counsel to help improve the District's bid disclosure and process to avoid the type of problems that transpired during the 1296-1 Reservoir project.

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

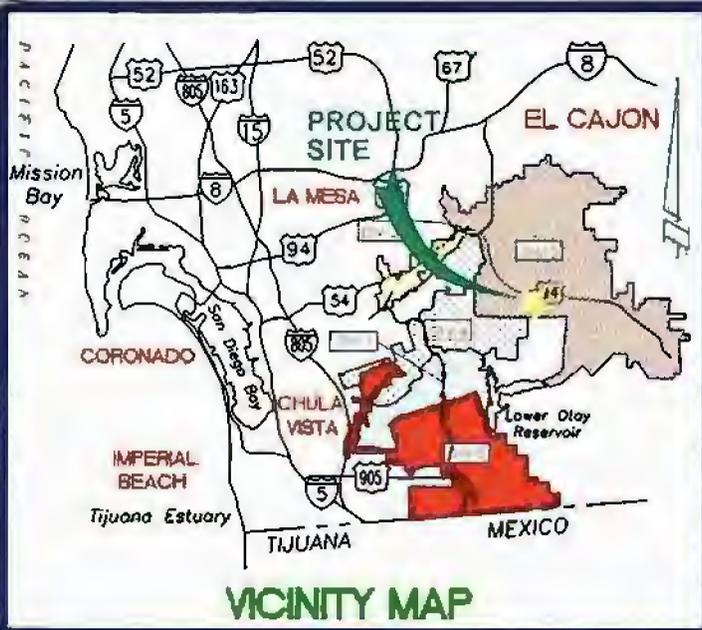


ATTACHMENT B

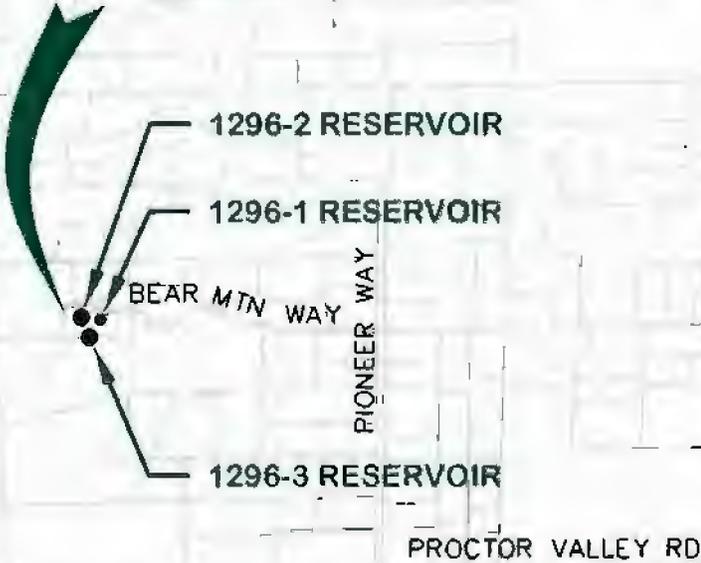
Otay Water District
P2490 1296-1 Reservoir Int/Ext Coating & Upgrade

Date Updated: May 04, 2011

<i>Budget</i>	<i>Committed</i>	<i>Expenditures</i>	<i>Outstanding Commitment & Forecast</i>	<i>Projected Final Cost</i>	<i>Vendor/Comments</i>
475,000					
Planning					
Labor	7,832	7,832		7,832	
Regulatory Agency Fees	50	50	-	50	PETTY CASH CUSTODIAN
Total Planning	7,882	7,882	-	7,882	
Design					
Labor	40,136	40,136		40,136	
Professional Legal Fees	1,206	1,206	-	1,206	GARCIA CALDERON & RUIZ LLP
Consultant Contracts	700	700	-	700	MWH CONSTRUCTORS INC
	-	-	-	-	
Total Design	42,043	42,043	-	42,043	
Construction					
Labor	46,754	46,754	10,000	56,754	
Consultant Contracts	1,160	1,160	-	1,160	VALLEY CONSTRUCTION MANAGEMENT
Construction Contracts	4,640	4,640	-	4,640	VALLEY CONSTRUCTION MANAGEMENT
	314,040	254,040	60,000	314,040	WEST COAST IND COATINGS INC
	1,110	1,110	-	1,110	CLARKSON LAB & SUPPLY INC
Service Contracts	126	126	-	126	UNION TRIBUNE PUBLISHING CO
	787	787	-	787	MAYER REPROGRAPHICS INC
	36,000	36,000	-	36,000	SCHIFF ASSOCIATES
	36	36	-	36	SAN DIEGO DAILY TRANSCRIPT
Closeout/Acceptance	-	-	10,000	10,000	
Total Construction	404,654	344,654	80,000	424,654	
Grand Total	454,579	394,579	80,000	474,579	



PROJECT SITE



OTAY WATER DISTRICT
1296-1 & 1296-2 RESERVOIR
EXTERIOR/INTERIOR COATING AND UPGRADES
CIP P2490 & CIP P2492

Quality Assurance Approval Sheet

Subject: Increase the Budget for CIP P2490 for the
1296-1 Reservoir Interior/Exterior Coating Project

Project No.: P2490-001103

Document Description: Staff Report for June 1, 2010 Board Meeting

Author:  5/12/11
Signature Date

Daniel Kay
Printed Name

QA Reviewer:  5/12/11
Signature Date

Gary Silverman
Printed Name

Manager:  5/12/11
Signature Date

Ron Ripperger
Printed Name

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



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE	June 1, 2011
SUBMITTED BY:	Frank Anderson, Utility Services Manager <i>F.A.</i>	W.O./G.F. NO.	DIV. NO. All
APPROVED BY (Chief):	Pedro Porras, <i>P.P.</i> Chief, Water Operations		
APPROVED BY (Asst GM):	Manny Magaña, <i>M. Magaña</i> Assistant General Manager, Engineering & Operations		
SUBJECT:	AWARD PURCHASE ORDER TO KIRK PAVING FOR ANNUAL AS NEEDED PAVING SERVICES		

GENERAL MANAGER'S RECOMMENDATION:

That the Board authorize issuing a blanket purchase order to Kirk Paving in an amount not to exceed \$200,000 for as-needed asphalt paving services from July 1, 2011 through June 30, 2012.

COMMITTEE ACTION: _____

Please see Attachment "A".

PURPOSE:

To present bid results and request that the Board authorize issuing a blanket purchase order to Kirk Paving for as-needed asphalt paving services from July 1, 2011 through June 30, 2012 in an amount not to exceed \$200,000.

ANALYSIS:

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

Therefore, the District has used outside asphalt paving contract service for more than six (6) years.

As-needed paving service has been included in the FY 2012 Operating Budget under Contracted Services. The FY 2012 budget for Contracted Services is \$200,000.

In accordance with District purchasing requirements, a notice was published and bids were solicited for this work on a "unit price" basis. On May 3, 2011 six (6) contractors attended a mandatory pre-bid meeting and on May 10 2011, bids were received and publicly opened with the following results from four(4) bidders:

Bidder	Weighted Score
Kirk Paving	838.30
SC Services	843.50
Frank & Son	1017.70
Hardy & Harper	1084.90

The low bidder was determined to be Kirk Paving, Lakeside, CA. Attachment B was produced by the purchasing manager and is attached.

Kirk Paving served as the FY10 as-needed paving services contractor for the District for a yearly contract of \$200,000 with no change orders. We are confident that they will be able to perform the required work.

FISCAL IMPACT: *LCB*

The FY 2012 budget request includes \$200,000 for as-needed paving services. The project manager has projected that this requested amount is sufficient to meet the paving needs in the 2012 fiscal year.

STRATEGIC GOAL:

Strategy: Stewards of Public Infrastructure
Goal: Conduct the best practice preventative maintenance activities.

LEGAL IMPACT:

None.



General Manager

Attachment "A", Committee Action



ATTACHMENT A

SUBJECT/PROJECT: Forward Purchase Order to Kirk Paving for Annual As-Needed Paving Services

COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a meeting held on May 19, 2011 and the following comments were made:

- Staff requested that the Board authorize issuing a blanket purchase order to Kirk Paving in an amount not to exceed \$200,000 for as-needed asphalt paving services from July 1, 2011 through June 30, 2012.
- Staff indicated that the District is in need of asphalt paving services for main line and service lateral repairs. The District has determined that it is more efficient to contract out asphalt paving and has contracted this type of service for the past six years.
- In accordance with the District's purchasing requirements, staff stated that four (4) bids were received: 1) Kirk Paving, 2) BC Services, 3) Frank & Son, and 4) Hardy & Harper. Staff determined that Kirk Paving had the lowest bid cost.
- Staff indicated that in FY 2010, Kirk Paving was the District's contractor for as-needed asphalt paving services and performed well.

Following the discussion, the Committee supported staff's recommendation and presentation to the full Board as a consent item.

ATTACHMENT "B"

As-Needed Paving FY12 Evaluation Work Sheet

Months 1-6

Item	Wght	Type of Service	Kirk Paving		Hardy & Harper		Frank & Son		SC Services	
			Bid Price	Total Score	Bid Price	Total Score	Bid Price	Total Score	Bid Price	Total Score
1	10	Asphalt 0'-6"	\$ 19.00	190	\$ 22.00	220.00	\$ 18.25	182.50	\$ 18.00	180.00
2	5	Asphalt 7"-12"	\$ 19.50	97.5	\$ 27.00	135.00	\$ 18.25	91.25	\$ 18.00	90.00
3	5	Cap/Sheet 0"-1'	\$ 2.50	12.5	\$ 4.50	22.50	\$ 2.75	13.75	\$ 2.75	13.75
4	1	Satin Seal	\$ 0.50	0.5	\$ 0.40	0.40	\$ 1.00	1.00	\$ 1.00	1.00
5	1	Traffic Stripping	\$ 1.00	1	\$ 1.50	1.50	\$ 1.25	1.25	\$ 1.50	1.50
6	1	Grinding	\$ 3.25	3.25	\$ 2.00	2.00	\$ 4.00	4.00	\$ 2.50	2.50
7	1	Traffic Loops	\$ 14.00	14	\$ 20.00	20.00	\$ 19.00	19.00	\$ 20.00	20.00
8	1	Sand/Seal	\$ 1.75	1.75	\$ 0.80	0.80	\$ 2.50	2.50	\$ 2.00	2.00
9	1	Base Rem/Rep	\$ 25.00	25	\$150.00	150.00	\$ 90.00	90.00	\$ 18.00	18.00
10	10	Saw Cut 0'-6"	\$ 3.00	30	\$ 2.50	25.00	\$ 5.00	50.00	\$ 5.00	50.00
11	10	Saw Cut 6"-12"	\$ 3.50	35	\$ 3.50	35.00	\$ 6.00	60.00	\$ 5.00	50.00
12	1	Saw Cut 12'+	\$ 4.00	4	\$ 4.50	4.50	\$ 8.25	8.25	\$ 5.00	5.00
Score Months 1-6			414.5		616.7		503.5		414.75	

Months 7-12

Item	Wght	Type of Service	Kirk Paving		Hardy & Harper		Frank & Son		SC Services	
			Bid Price	Total Score	Bid Price	Total Score	Bid Price	Total Score	Bid Price	Total Score
1	10	Asphalt 0'-6"	\$ 19.80	198	\$ 22.00	220.00	\$ 17.00	170	\$ 17.00	170
2	5	Asphalt 7"-12"	\$ 20.00	100	\$ 27.00	135.00	\$ 18.75	93.75	\$ 19.00	95
3	5	Cap/Sheet 0"-1'	\$ 2.65	13.25	\$ 4.50	22.50	\$ 2.75	13.75	\$ 2.75	13.75
4	1	Satin Seal	\$ 0.50	0.5	\$ 0.40	0.40	\$ 1.70	1.7	\$ 1.00	1
5	1	Traffic Stripping	\$ 1.00	1	\$ 1.50	1.50	\$ 1.25	1.25	\$ 1.50	1.5
6	1	Grinding	\$ 3.25	3.25	\$ 2.00	2.00	\$ 4.00	4	\$ 2.50	2.5
7	1	Traffic Loops	\$ 14.00	14	\$ 20.00	20.00	\$ 19.00	19	\$ 20.00	20
8	1	Sand/Seal	\$ 1.75	1.75	\$ 0.80	0.80	\$ 2.50	2.5	\$ 2.00	2
9	1	Base Rem/Rep	\$ 25.00	25	\$ 1.50	1.50	\$ 90.00	90	\$ 18.00	18
10	10	Saw Cut 0'-6"	\$ 3.00	30	\$ 2.50	25.00	\$ 5.00	50	\$ 5.00	50
11	10	Saw Cut 6"-12"	\$ 3.50	35	\$ 3.50	35.00	\$ 6.00	60	\$ 5.00	50
12	1	Saw Cut 12'+	\$ 4.00	4	\$ 4.50	4.50	\$ 8.25	8.25	\$ 5.00	5
Score Months 7-12			423.75		468.2		514.2		428.75	

Total Score

838.25	1084.9	1017.7	843.5
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Quality Assurance Approval Sheet

Subject: Approval to award purchase order to Kirk Paving for FY12 annual as-needed paving services. Project No.: Utilities Maintenance Operating Budget-Contractual Services

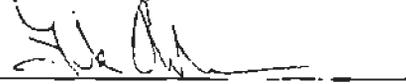
Document Description: Staff report for the June 1, 2011 Board Meeting.

Author:  _____ Date: 5-14-11 _____
Signature

FRANK ANDERSON _____
Printed Name

QA Reviewer:  _____ Date: 5-12-11 _____
Signature

TAMEO VASQUEZ _____
Printed Name

Manager:  _____ Date: 5-12-11 _____
Signature

FRANK ANDERSON _____
Printed Name

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



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	June 1, 2011
SUBMITTED BY:	David Charles <i>[Signature]</i> Public Services Manager	PROJECT/ SUBPROJECT:	D0672- DIV. NO. 2 090017 R2058- 001103
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:	Reimbursement Agreement with MS. Development Company LLC, for a Portion of the Capital Improvement Project for Airway Business Center - RecPL-16-Inch 860 Zone, Airway Road (CIP R2058)		

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) authorizes the General Manager to enter into a Reimbursement Agreement with MS. Development Company LLC, a California Limited Liability Company (MSDC), in an amount not to exceed \$162,305.85 and to reimburse MSDC for the completion of construction of a portion of the Capital Improvement Project for Airway Business Center - RecPL-16-Inch 860 Zone recycled pipeline on Airway Road (CIP R2058), (see Exhibit A for Project location).

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To obtain Board authorization for the General Manager to enter into a reimbursement agreement (see Attachment B) and authorize payment with MSDC for reimbursement of construction costs of a portion of the Capital Improvement Project for Airway Business Center - RecPL-16-Inch 860 Zone recycled pipeline on Airway Road (CIP R2058), in an amount not to exceed \$162,305.85.

ANALYSIS:

Since the Developer was required to widen Airway Road, staff conditioned the Developer, MSDC, as part of the Otay Mesa Fed-Ex Project (Project), to install approximately 1,383 linear feet of 16-inch PVC pipe, in the Otay Mesa area.

The District would like to enter into a Reimbursement Agreement per Policy 26. Due to the expedited nature of the Project, the Developer had to build this Project and seek reimbursement at a later date.

The Developer received bids for the pipeline construction from three responsive bidders and submitted copies to the District. Staff and District Counsel evaluated and certified that these bids were in compliance with Policy 26 requirements and concurred with the award to Rand Engineering, the low bidder. The bids are as follows:

Bidders	Bid Amount
Rand Engineering	\$160,183.80
Western Pacific Pipeline	\$180,100.00
KTA Construction	\$178,540.00

Staff used the following methodology to evaluate the reimbursement request submitted by MSDC:

- a.) A quantity take-off (see Attachment C)
- b.) CIP price verification sheet (see Attachment D)
- c.) Comparison of prices and quantities against the reimbursement request (see Attachment E)

Staff reviewed and is in agreement with the information on the documents provided.

FISCAL IMPACT:

The total budget for CIP R2058, as approved in the FY 2011 budget, is \$3,500,000. Total expenditures, plus outstanding commitments and forecast, is \$1,298,546. See Attachment F for budget detail.

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

Finance has determined that 100% of the funding will be available from the Expansion Fund.

STRATEGIC GOAL:

This Project is in line with the District's Strategic Focus Area No. 3, Financial Health; No. 5, Potable Water; and No. 6, Recycled Water, to increase recycled water use to help augment total water supply.

LEGAL IMPACT: _____

None.



General Manager

P:\Public-s\STAFF REPORTS\2011\BD 05-04-11, Staff Report, Airway Rd Fed Ex Reimbursement, (DC-RP).doc
BD/DC/RP:jf

Attachments: Exhibit A - Location Map
Attachment A - Committee Action
Attachment B - Reimbursement Agreement
Attachment C - Quantity Take-Offs
Attachment D - Price Verification Sheet
Attachment E - Comparison of Prices and Quantities
Against the Reimbursement Request
Attachment F - Budget Detail



EXHIBIT A

AIRWAY BUSINESS CENTER

DEVELOPER: MS DEVELOPMENT CO. LLC

PROJECT#: D0672-090017

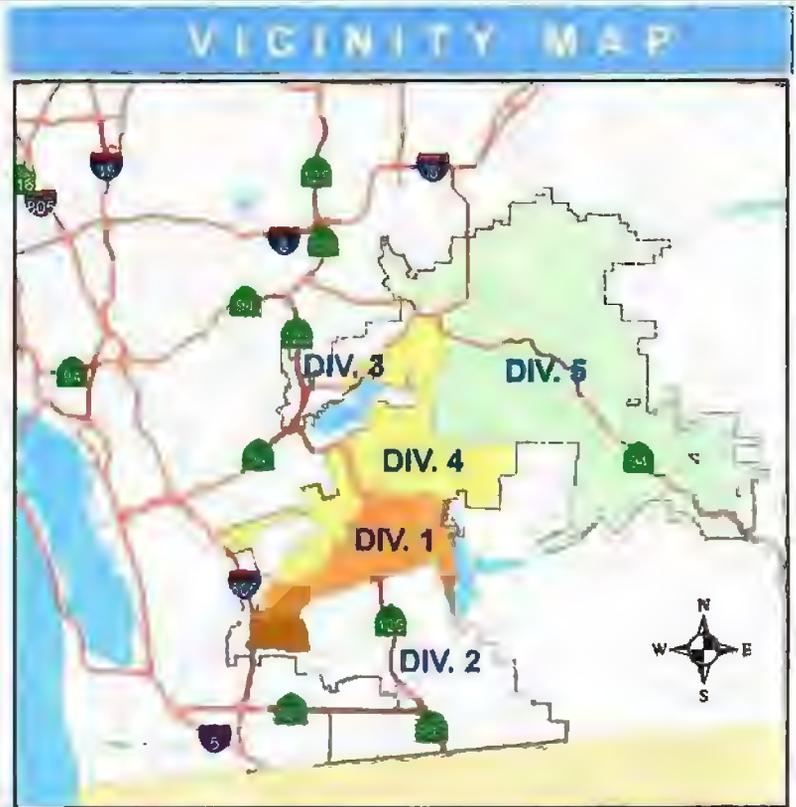
APN: 646-130-60, 61, 62, 63, 64-00

ADDRESS: AIRWAY ROAD

DIV: 2

ID: 7

DATE: 4/18/2011



LOCATION MAP





ATTACHMENT A

SUBJECT/PROJECT:	Reimbursement Agreement with MS. Development Company LLC, for a Portion of the Capital Improvement Project for Airway Business Center - RecPL-16-Inch 860 Zone, Airway Road (CIP R2058)
D0672-090017	

COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a meeting held on May 19, 2011 and the following comments were made:

- Staff requested that the Board authorize the General Manager to enter into a Reimbursement Agreement with MS. Development Company LLC, a California Limited Liability Company (MSDC), in an amount not to exceed \$162,305.85 and to reimburse MSDC for the completion of construction of a portion of the Capital Improvement Project for Airway Business Center - RecPL-16-Inch 860 Zone recycled pipeline on Airway Road (CIP R2058).
- It was indicated that MSDC was required to widen Airway Road, therefore staff solicited the Developer, MSDC, to install approximately 1,383 linear feet of 16-inch PVC pipe as part of the District's Otay Mesa Fed-Ex Project.
- Due to the expedited nature of the Project, it was completed by the Developer who agreed to seek reimbursement at a later date. Staff is requesting that the District enter into a Reimbursement Agreement with MSDC, per Policy 26.
- It was indicated that MSDC received three (3) responsive bids for the pipeline construction and forwarded them to the District. Staff reviewed and evaluated the bids with District Counsel who certified that they were in compliance of Policy 26 and concurred with the award to Rand Engineering, the low bidder.
- See page 2 of the staff report for additional bidder information and the methodology used to evaluate MSDC's reimbursement request.

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

ATTACHMENT B
REIMBURSEMENT AGREEMENT

REIMBURSEMENT AGREEMENT
For
CAPITAL IMPROVEMENT PROGRAM WATER FACILITIES
Associated With
MS. DEVELOPMENT COMPANY LLC, A CALIFORNIA
LIMITED LIABILITY COMPANY
For A Portion Of The Project For
AIRWAY BUSINESS CENTER
RECPL-16-INCH 860 ZONE, AIRWAY ROAD (CIP R2058)

This Reimbursement Agreement (“**Agreement**”) is entered into as of this ____ day of _____, 2011, by and between the OTAY WATER DISTRICT, a Municipal Water District formed under the Municipal Water District Act of 1911 (“**District**”) and MS. DEVELOPMENT COMPANY LLC, A CALIFORNIA LIMITED LIABILITY COMPANY with and address at 560 Ranchito Drive, Escondido, California 92025 (“**Developer**”), in view of the following facts and for the following purposes:

RECITALS

A. District’s Board of Directors has adopted a Master Plan and approved a Capital Improvement Program (“**CIP**”) for all regional water facilities (“**Planned CIP Facilities**”) throughout District. There are a number of Planned CIP Facilities within and adjacent to Airway Business Center (the “**Development**”) (see Exhibit A), which Developer will construct within District’s service area in City of San Diego, California.

~~B. In connection with the Development and the Facilities, Developer was required to complete a Subarea Master Plan (the “**SAMP**”) upon which the Planned CIP Facilities are identified. If required, the SAMP has been completed, is entitled “Subarea Water Master Plan of Potable and Recycled Water for Otay Ranch Village 2”, dated June 1, 2006 and is incorporated herein by reference. Developer will complete the Planned CIP Facilities as identified in the SAMP, if any, or/and as depicted or described in Exhibit A attached hereto.~~

C. Developer intends to develop its property, which will include substantial public improvements, including the construction of certain of the Planned CIP Facilities within the Development (“**Required CIP Facilities**”) as more fully depicted or described in Exhibits B-1 and B-2.

D. Developer recognizes that District will need to construct regional facilities to support this development, typically in advance of the Developer paying all capacity fees.

E. Developer shall conform to, and comply with, all of the conditions set forth in District’s current Policy 26, attached hereto as Exhibit C.

F. Developer shall comply with all terms and conditions in the current District’s Code of Ordinances and in the District’s Standard Specifications.

G. Developer agrees to encourage participation by Emerging Business Enterprises on construction contracts related to this agreement.

H. In coordination with this Agreement, Developer and District have entered into that certain Agreement for Construction of a Water System dated March 16, 2009 (“**Construction Agreement**”) wherein Developer’s obligations regarding the construction and completion of the Required CIP Facilities are more fully set forth. The Parties acknowledge that where the terms and conditions of this agreement conflict with the Construction Agreement on matters pertaining to construction and completion of the Required CIP Facilities, the Construction Agreement will control. Similarly, where the terms and conditions of the Construction Agreement conflict with this Agreement on matters pertaining to the reimbursement of Developer by District, this Agreement will control.

OPERATIVE PROVISIONS

NOW, THEREFORE, in consideration of the above Recitals and of the promises and agreements contained herein, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, District and the Developer do hereby promise and agree as follows:

1. **Project Cost**

Developer shall design and construct, install and complete the Required CIP facilities described in Exhibits B-1 and B-2 in the manner more fully set forth in the Construction Agreement, and shall provide all funds needed for the design, construction, installation and completion of the Required CIP Facilities. In order to remain eligible for reimbursement as provided under this Agreement, the Required CIP Facilities must be constructed and completed within the time provided in the Construction Agreement. Furthermore, to remain eligible for reimbursement, Developer must construct the Required CIP Facilities in compliance with all applicable laws, rules and regulations.

2. **Reimbursement**

Developer shall be entitled to reimbursement for the cost and expense of constructing and completing the Required CIP Facilities consistent with District’s Policy No. 26 and consistent with any Construction Agreement in form and function satisfactory to the District. Except as provided in Policy 26, the District will pay 100% of the reimbursement cost after the General Manager accepts the project and the Board approves the request for reimbursement.

Developer shall submit a request for reimbursement in writing to the District and shall attach all documents necessary to demonstrate, to the satisfaction of District, that the work has been completed and accepted and the costs and expenses have been actually and reasonably incurred. The necessary documents shall include (i) copies of bid documents, (ii) invoices, (iii) unconditional lien releases, and (iv) any other documentation as requested by the District.

3. **Termination**

If not otherwise earlier terminated, this agreement shall terminate on the earlier of (i) the date on which the reimbursements contemplated herein have been paid, or (ii) five (5) calendar years from the date first set forth above, which shall be the date of Board approval; provided that all Developer's warranties and indemnifications shall remain in effect until terminated in accordance with their respective terms. District may terminate this Agreement and its obligations if the General Manager determines that Developer has failed to comply with its obligations hereunder or under the Construction Agreement.

4. **Plan Removal**

Developer shall be required to adhere to District's process for submittal of improvement plans, which includes bonding for all facilities to be constructed, construction agreements, deposits for District staff time and project acceptance.

5. **Record Keeping**

Developer shall keep an accurate record of the actual cost to construct the Required CIP Facilities for which reimbursement is requested, in accordance with generally accepted accounting procedures. Developer shall allow an authorized District representative, during Developer's regular business hours and upon reasonable notice, to examine and duplicate any records relevant to verifying the actual cost to construct the Required CIP Facilities, including, without limitation, all contract bids and invoices. Any changes occurring during construction shall be properly documented. Back-up documentation shall be kept by Developer for three (3) years after the completion of the facilities and be provided to District for its review upon its request.

6. **Change Orders**

No change orders will be permitted unless the change order results from a change in the work, design or specifications initiated by District during the construction of the Required CIP Facilities.

7. **General Provisions**

a. **Incorporation of Recitals and Exhibits.** The recitals set forth above and all exhibits referenced in this Agreement are hereby incorporated by reference into this Agreement to be given the same force and effect as if fully set forth herein.

b. **Amendments.** No amendment, modification, supplement, termination or waiver of any provision of this Agreement shall be effective unless executed in writing by both parties and then only in the specified instance and for the specific purpose given.

c. **Notices.** Any demand upon or notice required or permitted to be given by one party to the other party shall be in writing. Except as otherwise provided by law, any demand upon or notice required or permitted to be given by one party to the other party in connection with this Agreement shall be effective (i) on the date a personal delivery is accepted, (ii) on the date a facsimile of the notice is sent, or on the next business day if

the fax is sent after 5:00 p.m. or on a Saturday, Sunday, or holiday; provided that receipt and confirmation of the facsimile transmission is attached to a copy of the faxed notice, (iii) on the second business day after mailing by certified or registered United States mail, return receipt requested, or (iv) on the succeeding business day after mailing by Express Mail or after deposit with a private delivery service of general use (e.g., Federal Express), postage or fee prepaid as appropriate, addressed to the party at the address shown below:

If to District: Otay Water District
2554 Sweetwater Springs Boulevard
Spring Valley, California 91978-2004
Attn: General Manager
Telephone: (619) 670-2222

If to Developer: Monaf Saeed
MS. Development Company LLC,
A California Limited Liability Company
560 Ranchito Drive
Escondido, California 92025
Telephone: (619) 865-3900
email: lebnz@yahoo.com

Notice of change of address shall be given by written notice in the manner set forth in this paragraph.

d. Indemnity. Developer agrees to defend, indemnify, protect, and hold harmless District and its governing boards, agents, officers and employees from and against any and all claims asserted or liability established for damages or injuries to any person or property, including injury to employees, agents or officers, which arise from or are connected with or are caused or claimed to be caused by the negligent acts or omissions or willful misconduct of Developer or its agents, officers or employees, in performing the Work, or any part thereof, and all expenses of investigation and defending against same; provided, however, that Developer's duty to defend, indemnify and hold harmless shall not include any claims or liability arising from the negligent acts or omissions or willful misconduct of District or its governing board, agents, officers or employees. District and Developer agree that in the event of any joint or concurrent negligence, they will apportion any established or agreed upon liability proportionate to their respective degree of fault.

e. Applicable Law and Venue. This Agreement and each provision herein shall be interpreted in accordance with the laws of the State of California. The Parties agree that the proper venue for the resolution of any disputes under this Agreement shall be with the Superior Court of the County of San Diego.

f. Successors in Interest. The Agreement and all rights and obligations contained herein shall be in effect whether or not any or all parties to the Agreement have been succeeded by another entity, and all rights and obligations of the parties signatory to this Agreement shall be vested and binding on their successors in interest.

g. Counterparts. This Agreement may be executed in multiple counterparts, each or which counterpart, if fully executed, shall be deemed an original. No counterpart shall be deemed to be an original or presumed delivered unless and until the counterpart executed by the other party to this Agreement is in the physical possession of the party seeking enforcement thereof.

h. Effective Date. This Agreement shall not bind the parties and become effective until such time as the authorized representative of Developer has executed the Agreement, and District has approved and the authorized representative of District has executed this Agreement.

i. Corporate Authority. The persons executing this Agreement on behalf of the parties hereto represent and warrant that: (i) such party is duly organized and existing; (ii) they are duly authorized to execute and deliver this Agreement on behalf of said party; (iii) by so executing this Agreement, such party is formally bound to the provisions of any other Agreement to which said is bound.

IN WITNESS WHEREOF, this Agreement is executed by District and by Developer as of the date first above written.

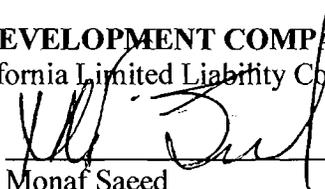
OTAY WATER DISTRICT
A California Municipal Water District

By: _____
General Manager

APPROVED AS TO FORM:

Richard Romero
General Counsel

MS. DEVELOPMENT COMPANY
A California Limited Liability Company

By: 

Monaf Saeed
Manager



EXHIBIT A-1

AIRWAY BUSINESS CENTER

DEVELOPER: MS DEVELOPMENT CO. LLC

PROJECT#: D0672-090017

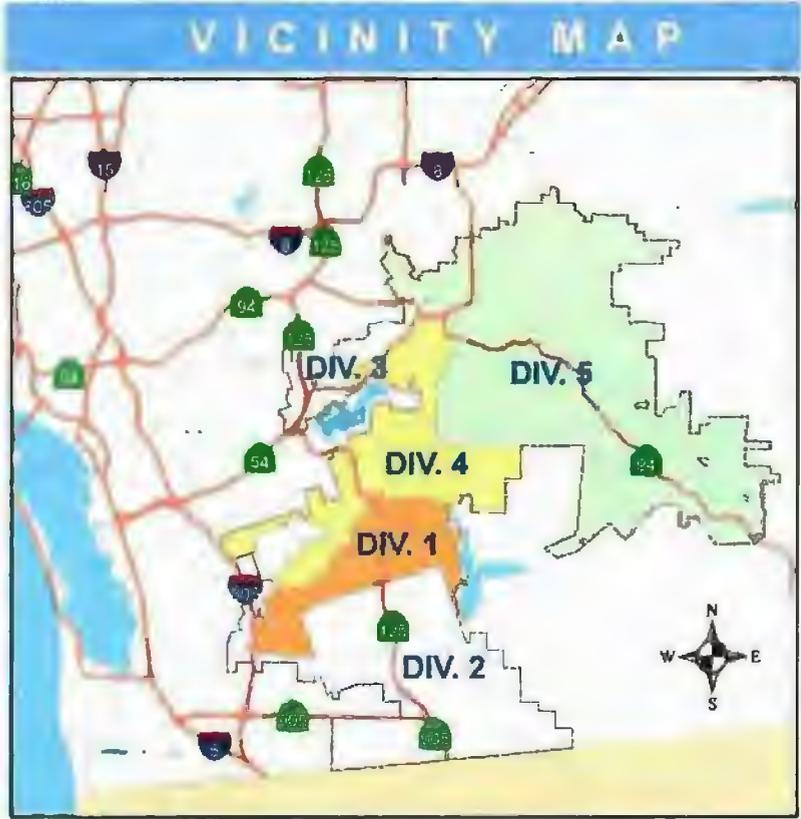
APN: 646-130-60, 61, 62, 63, 64-00

ADDRESS: AIRWAY ROAD

DIV: 2

ID: 7

DATE: 4/18/2011



LOCATION MAP



PROJECT SITE

1,383 L.F.
16-INCH RECYCLED MAIN
CIP R2058

**OTAY WATER DISTRICT
CAPITAL IMPROVEMENT PROGRAM**

Exhibit B-1

CIP Number: R2058

PROJECT TITLE:	RecPL - 16-Inch, 860 Zone, Airway Road - Otay Mesa/Alta		
WORK ORDER NO:	n/a	DIRECTOR DIVISION:	2
PROJECT MANAGER:	Kennedy	I.D. LOCATION:	7
ORIGINAL APPROVED DATE:	6/16/1999	PRIORITY	1
RELATED CIP PROJECTS:	R2048, R2077, R2087, R2088	BUDGET AMOUNT:	\$3,500,000

DESCRIPTION OF PROJECT

Construction of approximately 10,700 feet of 16-inch pipeline within the 860 Pressure Zone in Airway Road from Otay Mesa Road to Alta Road. Portions of this project will be constructed by developers and these are subject to reimbursement at actual cost per Board policy.

JUSTIFICATION OF PROJECT:

This project will provide transmission capacity for development of Otay Mesa within the 860 Pressure Zone.

COMMENTS:

Funding opportunity is the United States Bureau of Reclamation Water Reclamation and Reuse Program, Title XVI of P.L. 102-575.

FUND DETAIL:

FUNDING SOURCE:	Expansion	Betterment	Replacement	Total
Recycled	100%			100%
TOTAL	100%			100%

EXPENDITURE SCHEDULE (X \$1000):

PRIOR YEARS:	FY	FY	FY	FY	FY	FY	
TOTAL	2011	2012	2013	2014	2015	2016	TOTAL
\$1,000	\$1,000	\$1,495	\$5				\$3,500

OTAY WATER DISTRICT CAPITAL IMPROVEMENT PROGRAM

Exhibit B-2

CIP Number: R2058

PROJECT SCHEDULE:	ESTIMATED START DATE:	ESTIMATED FINISH DATE:
PROJECT PHASE:		
PLANNING:	07/01	12/09
DESIGN:	01/10	06/11
CONSTRUCTION:	07/11	06/13

PROJECTED INCREMENTAL OPERATION EXPENDITURES SCHEDULE (\$):					
FY	FY	FY	FY	FY	FY
2011	2012	2013	2014	2015	2016
			\$3,600	\$3,700	\$3,800

PROJECT LOCATION:	Thomas Bros. Map: 1351	OWD Map Book: 12
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The map displays a grid of streets. A thick black line runs horizontally across the middle, representing the project location. Key roads labeled include OTAY MESA ROAD at the top, AIRWAY ROAD below it, SIEMPRE ROAD, VINA ROAD, and MEXICO at the bottom. ALTA ROAD runs vertically on the right side. Highway markers for 905 and 94 are also present.

Submitted By: Bob Kennedy	Date: 2/19/2010
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OTAY WATER DISTRICT BOARD OF DIRECTORS POLICY			
Subject	Policy Number	Date Adopted	Date Revised
DISTRICT ADMINISTRATION OF REIMBURSEMENT AGREEMENTS	26	2/10/93	7/05/06

PURPOSE

This policy establishes guidelines for how the District will administer reimbursement agreements for facilities, both Master Plan and Non-Master Plan. It also describes when and how the District will participate in the cost of such facilities.

BACKGROUND

Policy 25 requires that development which creates the need for new facilities must bear all costs to construct and finance the on-site, in-tract and off-site water, wastewater, and recycled water systems.

"On-site" facilities are defined as those pipelines, pump stations and reservoirs required within a developer's project boundaries. "Off-site" facilities are those facilities located outside a project's boundary that are required to serve the project. "In-tract" facilities are defined as those non-regional facilities that serve only the project being constructed. These facilities are typically 6 inch through 12 inch pipelines. In-tract facilities are the sole responsibility of the developer/property owner until the facilities and all required property easements are dedicated to, and accepted by, the District pursuant to authority granted by the Board to the General Manager.

The District's Master Plan includes all regional on-site and off-site facilities anticipated to be necessary to provide service throughout the District. The District's capacity fees have been calculated to pay for the cost of all the regional facilities identified in the Master Plan including the developer/property owner portion of such facilities. The District does not subsidize development but it does undertake responsibility to insure that those regional facilities necessary to serve a particular development are constructed and that the costs associated with the construction of said facilities is fairly distributed among all users.

POLICY

A. Master Plan Facilities-Reimbursement by the District: For facilities identified in the Master Plan, both on-site and off-site, the District may reimburse the developer for construction and design costs if the project meets the following guidelines:

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
DISTRICT ADMINISTRATION OF REIMBURSEMENT AGREEMENTS	26	2/10/93	7/05/06

1. The project must be in the District's approved five-year Capital Improvement Program (CIP) at the time of the request, and shall not exceed the CIP budget amount without prior Board approval.
2. The District has approved a Sub-Area Master Plan (SAMP) and any required maps, upon which the facilities are clearly described.
3. The developer makes an irrevocable offer to dedicate the facilities and any easements required for the operation and maintenance of the facilities to the District, which offer is accepted by the General Manager and all applicable language and documentation of the dedication(s) is prepared and recorded, all in the manner authorized by the Board.
4. The developer enters into an Agreement for Construction of a Water System with the District.
5. The developer/property owner obtains bids from qualified contractors and provides copies of the bids to the District. The developer/property owner is responsible for selecting the lowest responsive responsible bidder. The developer/property owner will be reimbursed for the CIP portions of the project based on the unit prices submitted with the lowest responsive responsible bid.
6. The cost of addressing environmental issues, such as burying a reservoir, shall not be reimbursable unless they are currently addressed in the District's Master Environmental Impact Report and CIP.
7. All soft costs, such as engineering, inspection, bonds, etc., will be included in the reimbursement cost at five percent of the construction costs.
8. Except as provided below, the District will pay 100 percent of the reimbursement cost after the General Manager accepts the project.
9. The District may elect to finance the facilities by borrowing if, after analysis by the Finance Department, it is determined that the borrowing fits into the District's financial plan as outlined in Policy 25.
10. If for any reason reimbursement funds are not available at the time the project is operationally complete, the District may elect to defer or a portion of the reimbursement the District determines is due the developer until the General Manager accepts

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
DISTRICT ADMINISTRATION OF REIMBURSEMENT AGREEMENTS	26	2/10/93	7/05/06

the dedication of the project and until all liens, claims and/or bonds, as applicable, have been released in the manner provided under the Agreement for Construction of a Water System.

11. Funds for reimbursement shall be carried as a CIP until the reimbursement is made.
12. Each reimbursement agreement requires approval by the Board. A Staff Report will be prepared and reviewed with the Finance Department prior to presentation to the Board for approval.
13. This type of reimbursement agreement ends five (5) years after Board's original approval. The reimbursement agreement may be terminated prior to said (5) year term by the General Manager upon a determination that the developer has failed to comply with its obligations under the Reimbursement Agreement or the Agreement for Construction of a Water System.
14. If the reimbursement agreement expires prior to the facilities by the District or prior to payment of reimbursement, the Developer shall no longer be entitled to reimbursement. The Developer may submit new documentation and request that the District enter into a new reimbursement agreement. If the District agrees to enter into a new reimbursement agreement for the facilities, however, the District may revise the terms and amounts of reimbursement at its discretion based on information available at the time of the request.
15. All reimbursement requests shall be submitted to the Board for consideration and shall not be processed without prior Board approval.

B. Non-Master Plan Facilities-Reimbursement to Developer by Future Users: Occasionally, a developer/property owner requests the District to administer a reimbursement agreement to collect money from future customers who connect to the facility built by the developer/property owner. If the District agrees, the District collects the reimbursement amount from each customer connecting to the facility, together with any other District connection fees. The reimbursement portion of the customer's payment is forwarded by the District to the developer/property owner as reimbursement.

The District may administer this type of reimbursement agreement if the developer/property owner's project meets the following criteria and guidelines:

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
DISTRICT ADMINISTRATION OF REIMBURSEMENT AGREEMENTS	26	2/10/93	7/05/06

1. The developer/property owner demonstrates the facilities to be constructed have adequate capacity to serve future customers.
2. The developer/property owner requests and executes a reimbursement agreement, which is presented to the Board for approval in conjunction with the presentation of an agreement to construct.
3. The property owner deposits with the District the estimated cost for District staff to prepare a nexus study and obtain Board approval for the reimbursement agreement. District staff will provide a written estimate of the required deposit to the property owner within 15 days of the property owner's request.
4. The property owner provides three (3) bids from qualified contractors for the purpose of establishing the cost of the facilities and the portion of the reimbursement amount which is to be allocated to future connections.
5. A nexus study shall be performed by District staff to identify those who may benefit from the construction of the proposed facility and the amount they shall reimburse the developer/property owner who constructed the facility.
6. Prior to the public notice being sent to those property owners affected by the reimbursement agreement, an informational staff report will be presented to the Board.
7. The District shall notice all those property owners that will be subject to the reimbursement charge. These property owners will then be responsible to pay their fair share of the cost of the facilities at such time as they connect to the system. The fair share will be based on their Assigned Service Unit/Equivalent Dwelling Unit (ASU/EDU) contribution to the total projected ASU/EDU to use the system. The reimbursement charge will be in addition to any other fees a property owner would pay to the District to obtain service.
8. Each reimbursement agreement requires approval by the Board. Prior to presenting a reimbursement agreement to the Board, staff must obtain two originals signed by an authorized representative of the developer/property owner. A Staff Report must then be prepared and reviewed with the Finance Department prior to presentation to the Board for approval.

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
DISTRICT ADMINISTRATION OF REIMBURSEMENT AGREEMENTS	26	2/10/93	7/05/06

9. This type of reimbursement agreement shall be valid for 10 years from the date of Board approval. After the 10 year period has lapsed the collection of the reimbursement amount by the District shall cease.
10. Concurrently with submission of a signed reimbursement agreement, the developer/property owner must pay an administrative fee to the District to defray costs related to the review of the request and the negotiation and execution of the reimbursement agreement. The amount of the administrative fee will be calculated at the staff rate existing at the time of said submission.
11. In addition, concurrently with payment of the fee described above, developer must pay a fee to defray costs estimated to be incurred per each connection to be established during the term of the reimbursement agreement. The amount of this fee will be calculated based on an estimated 6 man hours per connection. The staff rate in existence at the time the reimbursement agreement is executed will be used as a base and it will be projected to change each year to account for changes in the COLA, as determined by the District's finance department.
12. The District will not distribute any reimbursement funds to the developer/property owner until the project has been accepted by the Board. The distribution of reimbursement funds will occur as the District collects the funds from new customers who connect to the facility, but not more frequently than once per year.
13. District staff shall collect the reimbursement amount due at the same time the standard District capacity fees for the new service are collected.
14. If the reimbursement agreement expires prior to the facilities by the District or prior to payment of reimbursement, the Developer shall no longer be entitled to reimbursement. The Developer may submit new documentation and request that the District enter into a new reimbursement agreement. If the District agrees to enter into a new reimbursement agreement for the facilities, however, the District may revise the terms and amounts of reimbursement at its discretion based on information available at the time of the request.
15. All reimbursement requests shall be submitted to the Board for consideration and shall not be processed without prior Board approval.

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
DISTRICT ADMINISTRATION OF REIMBURSEMENT AGREEMENTS	26	2/10/93	7/05/06

C. Non-Master Plan Facilities-Reimbursement to Developer by the District: Normally the District would not participate in the cost of facilities which are not identified in the Master Plan. These facilities are of benefit only to the adjoining property and should ordinarily be financed solely by the developer/property owner proposing the new facility. Nonetheless, there may be circumstances where the General Manager determines that it is appropriate for the District to participate in the cost of a non-Master Plan facility. Typical reasons would be in order to accommodate future growth or betterment of the system. In these instances, the District may establish special fees to recover the reimbursement costs from benefiting property owners as they connect to the system.

The District may reimburse the developer/property owner for construction costs if the project meets the following criteria and guidelines:

1. The General Manager has determined that it is appropriate for the District's customers to participate in the construction of the project.
2. The developer/property owner shall obtain three (3) bids from qualified contractors and provide copies of the initial bids to the District. The developer/property owner is responsible for selecting the lowest responsive bidder. The developer/property owner will be reimbursed for the CIP portions of the project based on the unit prices submitted with the lowest responsive bid.
3. A nexus study will be performed by the District to identify those property owners who may benefit from the construction of the proposed facility.
4. Prior to the public notice being sent to those property owners affected by the reimbursement agreement, an informational Staff Report shall be presented to the Board.
5. The District shall notice all those property owners which will be subject to the reimbursement charge. These properties will then be responsible to pay their fair share of the cost of the facilities, plus interest, at such time as they connect to the system.
6. The developer/property owner shall request and execute the reimbursement agreement with the District prior to awarding any contracts for construction.

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
DISTRICT ADMINISTRATION OF REIMBURSEMENT AGREEMENTS	26	2/10/93	7/05/06

7. Each reimbursement agreement requires approval by the Board. A Staff Report shall be prepared and reviewed with the Finance Department prior to presentation to the Board for approval.
8. Except as provided below, the District will pay 100 percent of the reimbursement cost after the General Manager accepts the project.
9. The District may elect to finance the facilities by borrowing, if it is determined that borrowing is in the best interest of the District's customers.
10. If for any reason reimbursement funds are not available at the time the project is operationally complete, the District may elect to defer the reimbursement until the General Manager determines that it is appropriate to make payments.
11. Funds for reimbursement shall be carried as a CIP until the reimbursement has been made.
12. This type of reimbursement agreement contains no end date for the collection by the District of its contributed share of the cost, and shall be the responsibility of all current and subsequent property owners.
13. District staff shall collect the reimbursement amount due at the same time the standard District capacity fees for the new service are collected.
14. If the reimbursement agreement expires prior to the facilities by the District or prior to payment of reimbursement, the Developer shall no longer be entitled to reimbursement. The Developer may submit new documentation and request that the District enter into a new reimbursement agreement. If the District agrees to enter into a new reimbursement agreement for the facilities, however, the District may revise the terms and amounts of reimbursement at its discretion based on information available at the time of the request.
15. All reimbursement requests shall be submitted to the Board for consideration and shall not be processed without prior Board approval.

**OTAY WATER DISTRICT
CIP QUANTITY TAKE OFFS**

**AIRWAY BUSINESS CENTER CO SAN DIEGO TRACT 5304-1
REIMBURSEMENT AGREEMENT
PROJECT# D0672-090017**

CIP R2058 RecPL - 16-Inch, 860 Zone, Airway Road - Otay Mesa/Alta Rd

LOWEST BID: RAND ENGINEERING

Description	RAND	OTAY	Staff Recommendation
16" BUTTERFLY VALVE	2	2	2
16" PVC C905 C235 DR18	1340	1383	* 1383 *
16" END CAP	1	1	1
10" PVC C900 CL 200	105	105	105
10" RPDA (Interconnect)	1	1	1
10" RSGV	2	2	2
8" END CAP	1	1	1
8" PVC C900 CL 200	88	88	88
8" RSGV	2	2	2
6" END CAP	1	1	1
6" PVC C900 CL 200	44	44	44
6" RSGV	1	1	1
4" AIR VAC	3	3	3
4" BLOW OFF	4	4	4
2" BLOW OFF	1	1	1
CONNECT TO EXISTING	1	1	1

Prepared By: 
David Charles
Public Services Manager

Date: 4-14-11

* Actual LFL quantities per site per inspection

ATTACHMENT D

OTAY WATER DISTRICT CIP PRICE VERIFICATION SHEET

AIRWAY BUSINESS CENTER CO SAN DIEGO TRACT 5304-1
REIMBURSEMENT AGREEMENT
PROJECT# D0672-090017

CIP R2058 RecPL - 16-Inch, 860 Zone, Airway Road - Otay Mesa/Alta Rd

LOWEST BID: RAND ENGINEERING

Description	RAND	OTAY	Staff Recommendation
16" BUTTERFLY VALVE	\$4,950.00	\$4,950.00	\$4,950.00
16" PVC C905 C235 DR18	\$47.00	\$47.00	\$47.00
16" END CAP	\$900.00	\$900.00	\$900.00
10" PVC C900 CL 200	\$36.00	\$36.00	\$36.00
10" RPDA (Interconnect)	\$21,330.00	\$21,330.00	\$21,330.00
10" RSGV	\$1,650.00	\$1,650.00	\$1,650.00
8" END CAP	\$300.00	\$300.00	\$300.00
8" PVC C900 CL 200	\$29.00	\$29.00	\$29.00
8" RSGV	\$1,300.00	\$1,300.00	\$1,300.00
6" END CAP	\$750.00	\$750.00	\$750.00
6" PVC C900 CL 200	\$27.00	\$27.00	\$27.00
6" RSGV	\$1,100.00	\$1,100.00	\$1,100.00
4" AIR VAC	\$6,600.00	\$6,600.00	\$6,600.00
4" BLOW OFF	\$4,840.00	\$4,840.00	\$4,840.00
2" BLOW OFF	\$1,716.00	\$1,716.00	\$1,716.00
CONNECT TO EXISTING	\$1,000.00	\$1,000.00	\$1,000.00

Prepared By: 
Brandon DiPietro
Inspection Supervisor

Date: 4.19.11



ATTACHMENT F

SUBJECT/PROJECT: Reimbursement Agreement with MS. Development Company LLC, for a Portion of the Capital Improvement Project for Airway Business Center - RecPL-16-Inch 860 Zone, Airway Road (CIP R2058)

D0672-090017
R2058-001103

Olay Water District
R2058 - RecPL - 16-Inch, 860 Zone, Airway Road - Otay Mesa/Alta

Date Updated: May 11, 2011

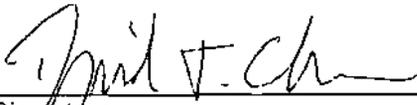
<i>Budget</i>	<i>Committed</i>	<i>Expenditures</i>	<i>Outstanding Commitment & Forecast</i>	<i>Projected Final Cost</i>	<i>Vendor/Comments</i>
3,500,000					
Planning					
Labor	74,525	74,525		74,525	
Business Meetings	17	17		17	PETTY CASH CUSTODIAN
Professional Legal Fees	385	385	-	385	GARCIA CALDERON & RUIZ LLP
Consultant Contracts	10,127	10,127	-	10,127	LEE & RO INC
	118,202	97,410	18,793	118,203	JONES & STOKES ASSOCIATES INC
Reimbursement R058	123,911	123,911	-	123,911	ORIX OTAY LLC
Total Planning	325,167	306,375	18,793	325,168	
Design					
Labor	372,895	372,895		372,895	
Office Supplies	32	32	-	32	US BANK CORPORATE PAYMENT
Regulatory Agency Fees	6,667	6,667	-	6,667	CITY TREASURER
	156	156	-	156	STATE WATER RESOURCES
	6,783	6,783	-	6,783	COUNTY OF SAN DIEGO
Consultant Contracts	10,500	10,500	-	10,500	SAN-LO AERIAL SURVEYS
	45,413	45,413	-	45,413	HDR ENGINEERING INC
	2,825	2,825	-	2,825	MWH CONSTRUCTORS INC
	42,424	42,424	-	42,424	SOUTHERN CALIFORNIA SOIL
	74,448	74,448	-	74,448	DARNELL & ASSOCIATES INC
	23,139	23,139	-	23,139	AEGIS ENGINEERING MGMT INC
	12,890	12,890	-	12,890	CPM PARTNERS INC
Service Contracts	3,100	3,100	-	3,100	SAN-LO AERIAL SURVEYS
	2,000	2,000	-	2,000	FIRST AMERICAN TITLE INS CO
	138	138	-	138	UNION TRIBUNE PUBLISHING CO
	6,660	2,461	4,199	6,660	REPROHAUS CORP
Total Design	609,868	605,669	4,199	609,868	
Construction					
Labor	2,452	2,452		2,452	
Consultant Contracts	4,653	4,653	-	4,653	RBF CONSULTING
	193,173	193,173	-	193,173	J GARY BURKE CORPORATION
	926	926	-	926	CPM PARTNERS INC
Reimbursement Agreement	162,306		162,306	162,306	MS DEVELOPMENT COMPANY LLC
Total Construction	363,510	201,204	162,306	363,509	
Grand Total	1,298,545	1,113,246	185,298	1,298,546	

Quality Assurance Approval Sheet

Subject: Reimbursement Agreement with MS. Development Company LLC, for a Portion of the Capital Improvement Project for Airway Business Center - RecPL-16-Inch 860 Zone, Airway Road (CIP R2058)

Project No.: D0672-090017
R2058-001103

Document Description: Staff Report for the June 1, 2011 Board Meeting

Author:  5/12/11
Signature Date

David Charles
Printed Name

QA Reviewer:  5/12/11
Signature Date

Gary Silverman
Printed Name

Manager:  5/12/11
Signature Date

Rod Posada
Printed Name

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



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	June 1, 2011
SUBMITTED BY:	David Charles <i>DC</i> Public Services Manager	PROJECT NO./	R2094- DIV. NO. 2
		SUB-PROJECT:	001101
APPROVED BY: (Chief)	Rod Posada <i>Rod Posada</i> Chief, Engineering		
APPROVED BY: (Asst. GM):	Manny Magaña <i>Manny Magaña</i> Assistant General Manager, Engineering and Operations		
SUBJECT:	Authorization to Execute a Reimbursement Agreement with Aspire-Encore at Rancho Del Rey Homeowners Association for the Conversion of a Potable Water Irrigation System to a Recycled Water Irrigation System		

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) authorizes the General Manager to execute a Reimbursement Agreement for up to 50% of the construction costs not to exceed \$25,500 for the conversion of an existing multi-family development from a potable water irrigation system to a recycled water irrigation system with Aspire-Encore at Rancho Del Rey Homeowners Association (HOA) (see Exhibit A for project location).

COMMITTEE ACTION: _____

Please see Attachment A.

PURPOSE:

To obtain Board authorization for the General Manager to enter into an agreement with the HOA for reimbursement of conversion costs associated with retrofitting an existing potable water irrigation system to a recycled water irrigation system (see Attachment B).

ANALYSIS:

At the September 2, 2009 Board Meeting, the Board approved the implementation of a pilot program to convert multi-family dwelling projects that front recycled water mains to utilize recycled water

its ratepayers is the decrease in the utilization of potable water use and maximizing the use of recycled water. As a result of the Board action and adoption of Resolution 4145, "District Administration of Recycled Water Retrofit Program," an agreement is requested for Aspire-Encore at Rancho Del Rey Homeowners Association.

The HOA will, in accordance to the terms of this agreement, submit plans to the District and Department of Health Services for approval, perform the conversion, and retrofit in accordance with the District's Water Agency Standards. Upon completion and certification of this site to utilize recycled water for on-site irrigation, staff will bring to the Board a request for reimbursement. The estimated costs of the facilities is \$51,000. The District will then reimburse the HOA fifty percent (50%) of the approved on-site construction costs of the conversion from the lowest responsive bidder. Thus, the actual reimbursement would not exceed \$25,500.

FISCAL IMPACT:



The total budget for CIP R2094, as approved in the FY 2011 budget is \$3,100,000. Total expenditures, plus outstanding commitments and forecast, is \$1,440,309. See Attachment C for budget detail.

Based on a review of the financial budget, the Project Manager has determined that the budget is sufficient to support the reimbursement conversion for this CIP project.

Finance has determined that 40% of the funding is available from the Expansion Fund and 60% of the funding is available from the Betterment Fund.

STRATEGIC GOAL:

This project supports the District's Mission statement, "To provide the best quality of water and wastewater service to the customers of the Otay Water District, in a professional, effective, and efficient manner," and the Otay Strategic Goal "to develop and improve infrastructure for increased recycled water use."

LEGAL IMPACT:

None.



General Manager

P:\Public-s\STAFF REPORTS\2011\BD 06-01-11, Staff Report, Reimbursement Agreement, Aspire-Encore, Rancho Del Rey HOA, (DC RP).doc

DC/RP:jf

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



ASPIRE-ENCORE AT RANCHO DEL REY HOA

DEVELOPER: Aspire-Encore at Rancho Del Rey Homeowners Association

PROJECT#: R2094

APN: 640-330-01 thru 07, 11 thru 28, 30 thru 45

AREA: NULL

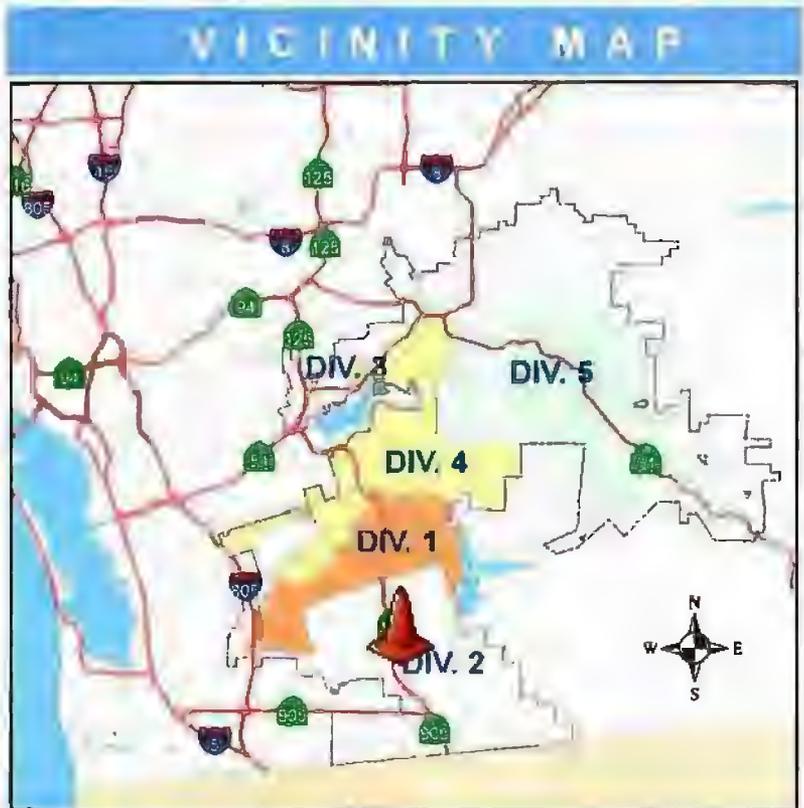
ADDRESS: NULL

OWNER: Aspire-Encore at Rancho Del Rey HOA

DIR: DIV. 2

WID: ID 22/27

DATE: 4/21/2011



LOCATION MAP





ATTACHMENT A

SUBJECT/PROJECT: Authorization to Execute a Reimbursement Agreement with
R2094-001131 Aspire-Endore at Rancho Del Rey Homeowners Association for
the Conversion of a Potable Water Irrigation System to a
Recycled Water Irrigation System

COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a meeting held on May 19, 2011 and the following comments were made:

- Staff requested that the Board authorize the General Manager to execute a Reimbursement Agreement for up to 50% of the construction costs not-to-exceed \$25,500 for the conversion of an existing multi-family development from a potable water irrigation system to a recycled water irrigation system with Aspire-Endore at Rancho Del Rey Homeowners Association (HOA).
- Staff indicated that as a result of the Board action and adoption of Resolution 4145 on September 2, 2009, "District Administration of Recycled Water Reimbursement Program", the HOA is requesting to enter into a reimbursement agreement and participate in the District's retrofit program.
- It was indicated that after the terms and conditions of the reimbursement agreement have been met by the HOA, and the completion and certification of the subject site's recycled water irrigation system, staff will bring to the Board a request for reimbursement.
- Staff indicated that the estimated construction cost is \$51,100 and that the actual reimbursement cost to the HOA would not exceed \$25,500.

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



ATTACHMENT B

**AGREEMENT FOR RECYCLED WATER RETROFIT
(OWD Recycled Water Retrofit Program)**

This Agreement for Construction of a Water System (“Agreement”) is entered into by and between the **Otay Water District**, a Municipal Water District formed under the Municipal Water District Act of 1911 (“**District**”), and **Aspire-Encore at Rancho Del Rey Homeowners Association**, a non-profit mutual benefit corporation, with a business address at 9610 Waples Street, San Diego, California, 92121-2992 (“**Participant**”). The District and the Participant are sometimes collectively referred to herein as the “Parties” and each as a “Party.” All references to “Participant” herein are equally applicable to each and every heir, assign or successor in interest of the Participant. By mutual agreement of the parties, this Agreement shall be dated and effective on the date indicated on the signature page under the District’s signature.

RECITALS

A. Participant desires to install and construct new recycled water facilities or replace and retrofit existing facilities (the “**Retrofit Facilities**”), as further described in Recital C, below, to qualify the Development (defined below) to receive and use recycled water, in lieu of potable water, for its landscaping needs; and

B. The Retrofit Facilities will serve the real property located at Rancho Del Rey Parkway, Chula Vista, California, and will benefit a development currently commonly known as **Aspire-Encore at Rancho Del Rey** (the “**Development**”); and

C. The owner of the Development, or an authorized representative, submitted an application, dated August 18, 2010 (the “**Application**”), to participate in the District’s Recycled Water Retrofit Grant Pilot Program, authorized by the Board of Directors on September 2, 2009 (the “**Retrofit Program**”); and

D. The District staff reviewed the Application and has determined that the Development qualifies for the **Retrofit Program** because: (i) at present, the Development uses potable water for its irrigation needs; (ii) the location of the Development is such that the Retrofit Facilities could be connected to the District’s Recycled Water System; and (iii) the applicant has preliminarily demonstrated its willingness and ability to fulfill and satisfy on an ongoing basis all requirements to receive recycled water service and manage its recycled water facilities; and

E. The Participant is solely responsible for the cost of adequate and complete Plans and Specifications, which shall not be considered adequate until reviewed and approved by the District and any other agency whose approval is required in connection with the proposed Retrofit Facilities (as approved, the “**Plans and Specifications**”); and

F. In consideration of the benefit to the District and the region of the conservation of potable water by using recycled water to irrigate the Participant’s landscaping, if the Retrofit Facilities are installed in accordance with the terms of this Agreement and the approved Plans and Specifications, and after Completion (as defined below), the District will reimburse the Participant 50% of the approved on-site construction costs of the conversion, as further described

in this Agreement. Additionally, the District will waive its fees for plan-checking and inspection.

OPERATIVE PROVISIONS

NOW THEREFORE, in consideration of the above Recitals and of the promises and agreements contained herein, and for other good and valuable consideration the receipt and adequacy of which is hereby acknowledged, District and Participant do hereby promise and agree as follows:

1. Installation and Operation of Retrofit Facilities

a. **General.** In consideration of the Grant, as described below, Participant agrees to do and perform, or cause to be done and performed, at its expense and without cost or liability to District, all of the design, construction, installation and other work (“**Work**”) required to construct and complete the Retrofit Facilities. Participant also agrees to furnish all of the labor, equipment, materials and improvements (“**Labor and Materials**”), except as may be specified on the Plans and Specifications, required for Completion (as defined in Section 3 of this Agreement) of the Retrofit Facilities. Participant shall promptly pay and discharge all bills and claims related to Work on, Labor and Materials for, and Completion of, the Retrofit Facilities.

b. **Strict Conformity Required.** The Work shall be done and performed in a good and workmanlike manner. The Retrofit Facilities shall be designed, constructed, installed and operated in strict conformity with the District requirements for recycled water facilities and service, as set forth in Section 26 of the District’s Code of Ordinance (available at District offices and on the District’s website at www.otaywater.gov), and other related documents and regulations, including without limitation the following documents incorporated herein by reference:

- i. Approved Plans and Specifications for the Retrofit Facilities
- ii. District’s List of Approved Costs
- iii. Board Policy 52
- iv. DEH Requirements for the Retrofit Facilities
- v. Participant’s Recycled Water Permit

If at any time during the term of this Agreement, Participant requires assistance to identify requirements applicable to the recycled water facilities or service, Participant shall contact the Recycled Water Manager at the District’s Operation Department at 619-670-2510.

2. Estimated Cost

The estimated cost of the Work for the Retrofit Facilities, as approved by District pursuant to the Plans and Specifications, is fifty-one-thousand Dollars (\$51,000.00) (the “**Cost Estimate**”). Participant’s obligations under this Agreement in connection with the construction and operation of the Retrofit Facilities are not limited by the amount of the Cost Estimate.

Participant understands that, although the District will contribute the agreed upon amounts after Completion (as defined below), Participant must ensure the Completion of the Retrofit Facilities and must operate and maintain them in accordance with all applicable requirements of the District and the law.

3. Notice of Completion; Completion Date

For purposes of this Agreement, the Retrofit Facilities, and all Work required therefor, shall only be deemed completed when all items identified on District's Final Inspection/Operations Punch List have been completed in accordance with the terms of this Agreement and the District approved Plans and Specifications, the District receives DEH acceptance letter and the District formally notifies the Participant ("**Notice of Completion**") that the Retrofit Facilities have been completed ("**Completion**" or "**Completed**"). Participant agrees to Complete the Retrofit Facilities on or before the Seven Hundred and Thirtieth (730th) day from and after the effective date of this Agreement ("**Completion Date**"). Participant MUST request and extension of the Completion Date at least 45 days prior to the Completion Date if it determines that it might not finish the Work on time. One or more extensions may be granted by District at its sole discretion and any such extension shall not affect the validity of this Agreement. District may request a Deposit, as described and defined in Section 9, below, prior to granting and extension.

Any defective work or material that may be discovered by the District before the Completion Date, or before payment on the Grant, must be removed and replaced or repaired, as appropriate, by the Participant. **No additional Grant money will be available for such repairs or replacements.**

The District may issue a written notice of substantial completion for the purpose of establishing the date that the District anticipates payment of the Grant might be made, pending satisfactory Completion and final inspections. If so, said notice shall not be considered as Completion of any portion of the work or relieve the Participant from completing the remaining work within the specified time and in full compliance with this Agreement and the Plans and Specifications.

4. Grant

The District will issue an initial list of approved on-site construction costs (the "**Approved Costs**") after the Participant provides the District a copy of the Participant's contract with the low bidder for the Retrofit Facilities. The list of Approved Costs may only be amended by the District if, during the construction of the Work, the District, at its sole discretion, determines that additional costs should be added to the list. Following the issuance of the Notice of Completion, the District will reimburse Participant for FIFTY percent (50%) of the Approved Costs (the "**Grant**"). Participant understands that the District the District will not contribute toward any costs that are not Approved Costs. Participant must provide copies of invoices for the Work and evidence of payment satisfactory to the District before the District disburses any portion of the Grant.

5. **Term**

The term of this Agreement shall be 730 days from the effective date unless extended, provided that Participant's obligations under Section 9, Participant Indemnity; Section 11, Changes to Work, Modifications; and Section 12, Responsibility for the Retrofit Facilities, shall survive the expiration or early termination (as provided below) of this Agreement.

6. **Termination**

This Agreement may be terminated by District as follows:

(a) Upon ten (10) days written notice to Participant following a failure by Participant to comply with any of the terms of this Agreement within thirty (30) days after written notice from District that Participant is non-compliant.

(b) Upon thirty (30) days written notice to Participant that a change in the provisions of law has occurred such that District would be unable to comply with its obligations hereunder.

(c) At the expiration of the 730th day from the effective date hereof if a determination by the General Manager of District is made that Participant will be unable to complete the Retrofit Facilities by the Completion Date and that District does not wish to grant an extension, as provided under Section 3, above.

7. **District Inspection**

District shall be allowed to inspect the Retrofit Facilities during all stages of the Work. District shall be notified a minimum of five (5) working days prior to the commencement of Work on the Retrofit Facilities. Except as provided in Section 9, below, District agrees to waive all plan-checking and inspection fees.

8. **Delivery of Record Drawings**

Upon completion of the Work on the Retrofit Facilities to the satisfaction of the District, Participant shall deliver to District one complete set of duplicate tracings together with two (2) prints of the Plans and Specifications for the Retrofit Facilities showing thereon "Record Drawings" conditions. Delivery of said Record Drawings shall be a prerequisite for the Retrofit Facilities to be deemed Completed and shall be a prerequisite to the payment of the Grant.

As required by law, the District will deliver copies of the Record Drawings to the San Diego County Department of Environmental Health ("DEH").

9. **Participant Deposit; Participant Waiver**

In consideration of Participant's commitment to complete the Retrofit Facilities and in consideration of the anticipated savings of potable water, which are of benefit to the District, the District will waive the Deposit herein described. If the Participant fails to complete the Retrofit Facilities in the manner herein contemplated, Participant shall pay District all costs and expenses

incurred in connection with the Retrofit Facilities, including without limitation plan checking, inspection, attorney's fees, materials furnished, if any, and all other expenses of District directly attributable to the Retrofit Facilities, plus a reasonable amount for District's overhead costs in connection therewith. At such time as requested by District, upon a determination in its sole discretion that Participant has failed to timely and satisfactorily complete the Retrofit Facilities, Participant shall deposit with District, an amount equal to the District costs and expenses (the "Deposit"). If an extension is granted, pursuant to Section 3, and Participant fails to ensure that the Retrofit Facilities are Completed and Accepted prior to the expiration of any such extension, the Deposit will be forfeited and District shall have no obligation to refund any balance or to provide any services herein contemplated.

In connection with such failure, Participant specifically waives any claim or right to receive any reimbursement of the Deposit, any portion of the Grant, any credit against potable water consumption or any other benefit under this Agreement.

Participant Initials 

10. Changes of Work; Modification

It is agreed that conditions now unforeseen may require modifications of the Plans and Specifications heretofore approved by District. In such event Participant shall obtain District approval of such changes; provided that all changes shall be in compliance with all applicable requirements of law and regulation. No Work shall be commenced on any change requested by Participant until District's General Manager has approved such change. Approved changes in Plans and Specifications shall be entered by Participant upon the original tracing of the Plans and Specifications Participant, and District's approval of said changes shall be endorsed upon said tracing by District's engineer.

Participant understands and agrees that *ANY and ALL modifications* to the Retrofit Facilities are subject to prior approval by District and the DEH; and such understanding is evidenced by the Participant's initials below.

Participant Initials 

11. Responsibility for the Retrofit Facilities

Participant, its heir, assigns or successors in interest (each, a "Responsible Party"), as applicable, shall be and, at all times, remain responsible for the care, maintenance of, and any damage to the Retrofit Facilities, and any liabilities arising from the Retrofit Facilities. Operation of the Retrofit Facilities shall at all times be in accordance with District's rules and regulations and all laws, rules and regulations applicable to the recycled water service provided by District. *The Responsible Party shall neither make nor allow any changes or modifications to the Retrofit Facilities without prior written approval by District and the DEH.*

Participant guarantees all Work and Retrofit Facilities covered by this Agreement. Participant shall, at no cost or expense to District, correct all defective Work, and repair or replace all damaged, defective or malfunctioning Retrofit Facilities, or parts thereof.

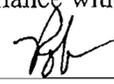
The Responsible Party shall ensure that, at all time while the Retrofit Facilities remain in operation, a properly trained and certified Site Supervisor in compliance with the requirements of Section 26 of the District's Code of Ordinance and DEH requirement shall be in charge of the regular maintenance and inspection of the Retrofit Facilities. If damage or defects cause a leak or other malfunction at any time, the Site Supervisor shall follow the applicable procedures established thereunder, and any other procedures as from time to time are formulated by the District or the DEH.

In the event of an emergency, District may disconnect or terminate service to the Retrofit Facilities without notice and the Responsible Party shall be liable for all costs and expenses incurred by District. Any and all sums left unpaid for more than Thirty (30) days after demand therefor has been made by District shall accrue interest at the legal rate of interest (currently ten percent (10%) per annum).

12. District Recycled Water Service

If the Retrofit Facilities are Completed and connected to the District's recycled water system, Participant shall at all times comply with all requirements of service, including without limitation all ordinance and provisions of the District's Code of Ordinance, timely payment of bills issued by the District, ongoing compliance with DEH and District requirements concerning the use of recycled water, and compliance with the terms of any permits or other federal, state or local laws or regulations.

Participant agrees that before Participant can purchase and have District install recycled water meter(s), the following must occur: (i) Participant must Complete the Retrofit Facilities; (ii) Participant must pay capacity fees and any other appropriate fees and charges; (iii) District must receive a letter of clearance from DEH; (iv) Participant must have submitted all required documentation for District to process the Grant; and (iv) Participant must be in compliance with all applicable provisions of the Code Ordinances of District.



INITIAL

Participant understands that, at the time it pays capacity to purchase the recycled water meter, it will have the opportunity to request to downsize its existing potable water meter. If the Participant requests a smaller potable meter, the District agrees to apply credits toward the purchase of capacity for the recycled water meter.

13. Responsibility for Water Costs

Participant, on behalf of itself, its heirs, assigns and successors in interest, agrees to be liable for the cost of all water or recycled water used for the Development, the Work and the Retrofit Facilities, without limitation.

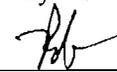


INITIAL

14. Use of Water without Meter; Unauthorized Connections; Liability

No person, other than an employee or agent of District, has any right to operate any part of the District's distribution systems.

Participant acknowledges that the District has an obligation to ensure the security and integrity of its facilities and system and has adopted a strict liability standard for any unauthorized connection to, operation of, or use of any portion of the potable water, recycled water and/or sewer system. *Participant shall be subject to a fine, as from time to time determined by the District, and or criminal prosecution in connection with any unauthorized connection for any of its property or the Development.* Furthermore, at District's discretion, Participant's officers, employees, agents or any independent contractors or subcontractors may also be subject to criminal prosecution to the maximum extent allowed by law if there is evidence of their participation in connection with any such unauthorized connection, use or operation. In connection with this Agreement, the Work and the Retrofit Facilities, Participant shall inform all of its officers, employees, agents or any independent contractors or subcontractors of this potential liability and shall institute procedures to prevent any such unauthorized connection, use or operation; and to prevent any cross-connections.



INITIAL

15. Easements to District

If one or more easements are required in connection with the Retrofit Facilities, the facilities shall not be considered Completed until the date the easements are recorded with the San Diego County Recorder.

16. Indemnity

(a) Indemnity. Participant hereby agrees to indemnify, protect, defend and hold District, its elective and appointive boards, officials, officers, attorneys, agents, and employees, harmless from any liability, damage, suit or action at law or in equity, judgment, demand, or claim for damages for personal injury, including death, or for damages to property which may arise from, or are in any way related to, the acts and/or omissions of Participant, and/or contractors, subcontractors, agents, or employees in any way related to the Retrofit Facilities, the Work or otherwise under this Agreement, whether such acts and omissions be by Participant or any of Participant's contractors, sub-contractors, employees, or agents, or by one or more persons directly or indirectly employed by, or acting as agent for, Participant or any of Participant's contractors, subcontractors, employees or agents or any other person whomsoever.

(b) Defense. Participant agrees to appear and defend District and its elective and appointive boards, officials, officers, attorneys, agents and employees, with legal counsel reasonably acceptable to District, from any suits or actions at law or in equity, proceedings,

judgments, demands, and claims for damages alleged to have been caused, or in any way related to, any of the aforesaid acts or omissions; provided that:

(c) No Waiver. District does not waive any rights against Participant, which it may have by reason of the aforesaid indemnity agreement, because of any acceptance of Work or Retrofit Facilities by District; and

(d) Coverage of Indemnity. The indemnity agreement by Participant shall apply to all liabilities, damages and claims for damages of every kind suffered, or alleged to have been suffered, by reason of any of the aforesaid operations referred to in this paragraph (8), regardless of whether or not District has prepared, supplied or approved plans and/or specifications for the Retrofit Facilities and/or the Development; and

(e) Limit of Indemnity. The agreement by Participant to indemnify, defend and hold District harmless shall not include liabilities, damages, or claims for damages caused by the negligent acts or omissions or willful misconduct of District, or its elective and appointive boards, officials, officers, agents, and employees.

17. Insurance

At all times while doing any Work or activity concerning the Retrofit Facilities, Participant and any contractors and subcontractors or agents shall maintain, at minimum, *commercial or general liability* policy of insurance in the applicable amount indicated below based on the estimated cost of the Facilities, per incident coverage for personal injury, property damage and any other loss arising from or in connection with the Retrofit Facilities.

Estimated Cost	Minimum Amount of Insurance Required
Less than \$500,000	\$1,000,000 aggregate; \$500,000 per occurrence
\$500,000-5,000,000	\$3,000,000 aggregate; \$1,000,000 per occurrence
More than \$5,000,000	\$10,000,000 aggregate; \$2,000,000 per occurrence

In addition, Participant shall maintain all other insurance coverage required by law, including but not limited to any applicable *workers compensation* insurance.

18. General Provisions

(a) Entire Agreement. The terms and conditions set forth in this Agreement constitute the entire understanding of the Parties with respect to the Retrofit Facilities; provided that, where reference is made to applicable laws, rules or regulations, including those of the District or DEH, such are incorporated herein by reference.

(b) Enforcement of Agreement. Should either party hereto sue to enforce the terms of this Agreement, the venue for such action shall be with the Superior Court of the County of San Diego.

(c) Applicable Law. This Agreement shall be construed and interpreted in accordance with the internal laws of the State of California, without regard to its conflict of laws principles.

(d) Amendments. No amendment, modification, supplement, termination or waiver of any provision of this Agreement shall be effective unless executed in writing by both parties and then only in the specified instance and for the specific purpose given.

(e) Waiver. The waiver of any term, condition or provision of this Agreement is valid only as to that specific waiver and does not constitute a waiver of, and shall not be construed to waive, any other term, condition or provision of this Agreement.

(f) Effective Date. This Agreement become effective on the date on which District has approved, and the authorized representative of District has executed, this Agreement; provided that an authorized representative of Participant shall have executed this Agreement prior to the date on which the District executes this Agreement.

(g) Notices. Any notice required or given under this Agreement shall be in writing and, except as otherwise provided by law, shall be effective (i) upon personal delivery, (ii) on the day it is faxed, provided that the party giving facsimile notification must retain evidence of successful transmittal of the notice, (iii) on the second business day after mailing by certified or registered United States mail, return receipt requested, if addressed as follows:

If to District: Otay Water District
Attention: Public Services
2554 Sweetwater Springs Boulevard
Spring Valley, California 91978-2004
Telephone: (619) 670-2241
Facsimile: (619) 670-6184

If to Participant: Aspire-Encore at Rancho Del Rey Homeowners
Association
Attention: Robert Davis, Board President
9610 Waples Street
San Diego, California 92121
Telephone: (858) 550-7929
Facsimile: (858) 550-7929

Notice of change of address shall be given by written notice in the manner set forth in this Section.

(h) Counterparts. This Agreement may be executed in multiple counterparts, each of which counterpart, if fully executed, shall be deemed an original. No counterpart shall be deemed to be an original or presumed delivered unless and until the counterpart executed by the other party to this Agreement is in the physical possession of the party seeking enforcement thereof.

(i) Corporate Authority. Each person executing this Agreement of behalf of the Participant warrants that: (i) such party is duly organized and existing; (ii) the signatory is duly authorized to execute and deliver this Agreement on behalf of said party; (iii) by so executing

this Agreement, such party is formally bound to the provisions of this Agreement; and (iv) the entering in this Agreement does not violate any provision of any other Agreement to which said party is bound.

IN WITNESS WHEREOF, this Agreement has been executed by an authorized representative of Participant, on behalf of the Participant, and by the General Manager, on behalf of District.

OTAY WATER DISTRICT
a California municipal water district

By: _____
General Manager
Date: _____, 2 _____

Approved as to Form:

General Counsel

ASPIRE-ENCORE AT RANCHO EL REY HOMEOWNERS ASSOCIATION
a non-profit mutual benefit corporation

BY: Robert Davis
ITS: 1st BOARD PRESIDENT
DATE: 5 MAY 2011

BY: _____
ITS: _____
DATE: _____



ATTACHMENT C

Otay Water District

Date Updated: May 02 2011

R2094 - Potable Irrigation Meters to Recycled Water Conversions

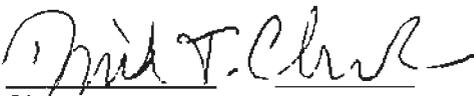
Budget	Committed	Expenditures	Outstanding Commitment & Forecast	Projected Final Cost	Vendor/Comments
3,100,000					
Planning					
Labor		72,258		72,258	
Meals and Incidentals	22	22	-	22	PETTY CASH CUSTODIAN
Professional Legal Fees	2,413	2,413	-	2,413	GARCIA CALDERON & RUIZ LLP
Service Contracts	983	983	-	983	JONES & STOKES ASSOCIATES INC
Total Planning	3,417	75,678	-	75,675	
Design					
Labor		24,285		24,285	
Regulatory Agency Fees	1,042	1,042	-	1,042	DEPARTMENT OF PUBLIC HEALTH
Consultant Contracts	72,204	72,204	-	72,204	LEE & RO INC
	30,035	30,035	-	30,035	SOUTHERN CALIFORNIA SOIL
	3,850	3,850	-	3,850	MWH CONSTRUCTORS INC
Total Design	107,131	131,416	-	131,416	
Construction					
Labor		95,448		95,448	
Other Agency Fees	985,989	985,989	-	985,989	CITY OF CHULA VISTA
Consultant Contracts	2,488	2,488	-	2,488	AEGIS ENGINEERING MGMT INC
	4,950	4,950	-	4,950	VALLEY CONSTRUCTION MANAGEMENT
	16,554	16,554	-	16,554	LEE & RO INC
Construction Contracts	144	144	-	144	CLARKSON LAB & SUPPLY INC
	7,469	7,469	-	7,469	SOUTHLAND PAVING
Service Contracts	27	27	-	27	CARMEL BUSINESS SYSTEMS INC
Total Construction	1,017,618	1,113,065	-	1,113,065	
Agave & Saguaro					
Reimbursement Agreement	20,000	-	20,000	20,000	
Labor		5,859		5,859	
Consultant Contracts	3,342	3,342	-	3,342	AECOM USA INC
	13,003	13,003	-	13,003	AEGIS ENGINEERING MGMT INC
Service Contracts	298	298	-	298	CARMEL BUSINESS SYSTEMS INC
Total Agave & Saguaro	36,642	22,501	20,000	42,501	
Aristata					
Reimbursement Agreement	10,000	-	10,000	10,000	
Labor		2,763		2,763	
Consultant Contracts	11,517	11,517	-	11,517	AEGIS ENGINEERING MGMT INC
Service Contracts	298	298	-	298	CARMEL BUSINESS SYSTEMS INC
Total Aristata	21,814	14,577	10,000	24,577	
Tapestry & Mosaic					
Reimbursement Agreement	10,500	-	10,500	10,500	
Labor		4,364		4,364	
Consultant Contracts	12,711	12,711	-	12,711	AEGIS ENGINEERING MGMT INC
Total Tapestry & Mosaic	23,211	17,074	10,500	27,574	
Aspire Encore					
Reimbursement Agreement	25,500	-	25,500	25,500	
Total Aspire Encore	25,500	-	25,500	25,500	
Grand Total	1,235,333	1,374,309	66,000	1,440,309	

Quality Assurance Approval Sheet

Subject: Authorization to Execute a Reimbursement Agreement with Aspire-Encore at Rancho Del Rey Homeowners Association for the Conversion of a Potable Water Irrigation System to a Recycled Water Irrigation System

Project No.: R2094-001101

Document Description: Staff Report for the June 1, 2011 Board Meeting

Author:  5/12/11
Signature Date

David Charles
Printed Name

QA Reviewer:  5/12/11
Signature Date

Gary Silverman
Printed Name

Manager:  5/12/11
Signature Date

Rod Posada
Printed Name

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



STAFF REPORT

TYPE MEETING	Regular Board	MEETING DATE:	June 1, 2011
SUBMITTED BY:	William Granger Water Conservation Manager <i>WG</i>	W.O./G.F. NO	DIV. NO. All
APPROVED BY: (Chief)	Rom Sarno <i>[Signature]</i> Chief, Administrative Services		
APPROVED BY: (Asst. GM).	German Alvarez <i>[Signature]</i> Assistant General Manager, Finance and Administration		
SUBJECT:	APPROVE RESOLUTION NO. 4176, DECLARING AN END TO WATER SHORTAGE RESPONSE PLAN LEVEL 1		

GENERAL MANAGER'S RECOMMENDATION:

The General Manager recommends that the Board approve Resolution No. 4176, declaring an end to the District's Water Shortage Response Plan Level 1.

COMMITTEE ACTION: _____

Please see "Attachment A".

PURPOSE:

To present for the Board's consideration approval of Resolution No. 4176, declaring an end to the District's Water Shortage Level 1.

ANALYSIS:

The District has been in a voluntary Level 1 water shortage since June 12, 2008. The Governor declared an end of the statewide drought on March 30, 2011. The Metropolitan Water District and the San Diego County Water Authority also declared an end of the water shortage. Although the District is no longer asking for a targeted reduction, the District will continue to encourage its customers to use water wisely at all times.

The District's potable water purchases declined by 19% as compared to fiscal year 2008. This year, through the first week of May, the District is on target to use 25% less than its now deactivated Water Authority allocation.

On April 12, 2011, the Metropolitan Water District declared an end to their supply allocations. Then, on April 29, 2011, the Water Authority ended shortage allocations for their twenty-four member agencies. The District and the other member agencies of the Water Authority had been given an 8% reduction of its allocation.

District staff communicated with its fellow member agencies to discuss what they planned related to their own water shortage declarations. Nearly all plan to deactivate their water shortage declarations, if they have not done so already.

Currently, the state's reservoir levels are near capacity and the Department of Water Resources estimated that it will be able to supply 80% of the requested State Water Project Water this year, up from 50% last year, 40% in 2009 and 35% in 2008. The Metropolitan Water District is expected to be able to store up to 800,000 acre feet this year, enough to completely fill its largest reservoir in Diamond Valley. In the Colorado River system, snowpack levels are above normal and the system continues to recover from an 11th year of water shortages.

While the pumping restrictions on the Bay Delta remain in effect and uncertainty remains regarding the Colorado River system's reservoir levels, staff felt that the available water supply would give the District's customers at least two years of secure supply.

FISCAL IMPACT:



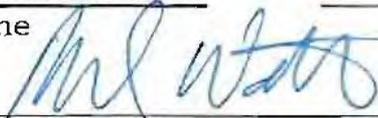
None.

STRATEGIC GOAL:

n/a

LEGAL IMPACT:

none



General Manager

Attachments:

- A) Committee Action Report
- B) Resolution No. 4176

ATTACHMENT A

SUBJECT/PROJECT: APPROVE RESOLUTION NO. 4136, DECLARING AN END TO WATER SHORTAGE RESPONSE PLAN LEVEL 1

COMMITTEE ACTION:

The Finance, Administration and Communications Committee reviewed this item in detail at a meeting held on May 18, 2011. The following comments were made:

- Staff indicated that the District had declared a Water Shortage Response Level I Alert in June 2008 (voluntary restrictions on water use), shortly after the state Governor, Metropolitan Water District (MWD) and County Water Authority (CWA) declared a water shortage.
- On April 12, 2011 MWD declared an end to their supply allocations and CWA followed suit on April 29.
- It was discussed that State water reservoir levels are at or near capacity and the State has indicated that they are able to provide 80% of the supplies requested from the State Water Project. The Colorado River system is also in good shape.
- The pumping restrictions on the Bay Delta will remain an issue, but it is felt that there is at least two (2) years of secure water supplies available.
- Since declaring the Water Shortage Response Level I Alert, the District's potable water sales has declined 19% and, to date, customers actual water use in fiscal year 2011 is 25% below the District's allocation from CWA.
- Staff has communicated with the CWA member agency staff and most agencies indicated that they plan to deactivate their water shortage declarations as well.
- For these reasons, staff is recommending that the District declare an end to its Water Shortage Response Level I Alert.
- The committee discussed, because the District is declaring an end to the water shortage, that the public may

mistakenly believe that the declaration ends their need to conserve water and that rates would start to go down. The reality, however, is that the same issues still exist with the water supply (arid climate, Bay Delta pumping restrictions, etc.) and everyone must still continue to conserve to provide for future supply needs. It was also noted that the District will continue to experience rate increases from its suppliers due to the cost for water projects, including water storage projects, that will still need to be built to stabilize water supplies. The committee wished to assure that this message is shared with the District's customers.

- Staff recommended that an article be published in the District's customer newsletter indicating that while the Water Supply Shortage Alert has been lifted, that the water crisis is not over and it is still appropriate to conserve. Also, it was discussed that the information within the rate increase notice to customers includes the reasons for the rate increase. This information can be included in the article published in the customer newsletter. This message will be consistent with MET and CWA.

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

RESOLUTION NO. 4176

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE OTAY WATER DISTRICT
DECLARING AN END TO THE DISTRICT'S
WATER SHORTAGE RESPONSE LEVEL I

WHEREAS, the Otay Water District had declared a Water Shortage Response Level I on June 12, 2008 in response to water shortages throughout the State; and

WHEREAS, California State Governor Jerry Brown officially declared an end to the State's Drought on March 30, 2011 due to the abundant rain and snow throughout the State this winter; and

WHEREAS, the Metropolitan Water District Board voted on April 12, 2011 to lift water allocation restrictions and restore full imported water deliveries to the District's 26 member public agencies, effective April 13, 2011; and

WHEREAS, the San Diego County Water Authority Board also voted on April 28, 2011 to restore full urban and agricultural water deliveries to its 24 member agencies effective April 29, 2011, and

WHEREAS, Section 39.09 of the District's Code of Ordinances, Procedures for Determination and Notification of Water Shortage Response Level, states that the District's Board may declare an end to a Water Shortage Response Level by the adoption of a resolution at any regular or special meeting;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Otay Water District that the Water Shortage Response Level I be

declared ended effective immediately upon adoption of this resolution.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Otay Water District at a regular meeting held this 1st day of June, 2011.

Ayes:
Noes:
Abstain:
Absent:

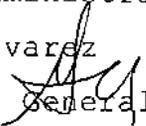
President

ATTEST:

Secretary



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	June 1, 2011
SUBMITTED BY:	Stephen Dobrawa  Purchasing and Facilities Manager	W.O./G.F. NO:	DIV. NO. All
APPROVED BY: (Chief)	Rom Sarno  Chief, Administrative Services		
APPROVED BY: (Asst. GM):	German Alvarez  Assistant General Manager, Finance and Administration		
SUBJECT:	AUTHORIZE THE GENERAL MANAGER TO NEGOTIATE AND EXECUTE AGREEMENTS WITH GREENRIDGE LANDSCAPE, INC., FOR LANDSCAPE MAINTENANCE SERVICES, AND PRIORITY BUILDING SERVICES, LLC, FOR JANITORIAL SERVICES		

GENERAL MANAGER'S RECOMMENDATION:

That the Board authorize the General Manager to finalize negotiations and execute 2-year agreements with 3 1-year option renewals with:

1. Greenridge Landscape, Inc. of El Cajon, for landscape maintenance services of 61 District facilities in the following not-to-exceed yearly amounts:

Year 1	\$8,650.00/month
Year 2	\$8,650.00/month
Option Year 1	Year 2 Price plus increase limited to Year 2 Consumer Price Index
Option Year 2	Option Year 1 Price plus increase limited to Option Year 1 Consumer Price Index
Option Year 3	Option Year 2 Price plus increase limited to Option Year 2 Consumer Price Index

2. Priority Building Services, LLC of San Diego, for janitorial maintenance services for the District's Administration, Operations, and Warehouse facilities located at 2554 and 2553 Sweetwater Springs Blvd, Spring Valley, CA, in the following not-to-exceed yearly amounts:

Year 1	\$3,504.00/month
Year 2	\$3,504.00/month
Option Year 1	\$3,504.00/month
Option Year 2	\$3,504.00/month
Option Year 3	\$3,504.00/month

COMMITTEE ACTION:

Please see "Attachment A".

PURPOSE:

To obtain authorization for the General Manager to finalize negotiations and enter into 2-year agreements with 3 1-year option renewals with Greenridge Landscape, Inc. of El Cajon, for landscape maintenance services, and Priority Building Services, LLC of San Diego, for janitorial maintenance services.

ANALYSIS:

Landscape Services:

The District contracts for landscape maintenance services, maintaining 61 sites through a multi-year agreement. The current agreement will expire on June 30th of this year.

In accordance with established purchasing procedures, the District issued a Request for Proposals (RFP) for the work. A mandatory pre-proposal meeting was held at 9:00 am on April 19, 2011, with five (5) firms attending.

The District received five (5) proposals that were evaluated by a panel consisting of representatives from Purchasing and Facilities Maintenance and Operations. Based on the review, it was determined that the proposal from Greenridge Landscape, Inc. best meets the District's needs, and it is recommended that the General Manager be authorized to finalize negotiations and enter into a 2-year agreement with 3 1-year option renewals with Greenridge Landscape, Inc. in the following not-to-exceed yearly amounts:

Year 1	\$8,650.00/month
Year 2	\$8,650.00/month
Option Year 1	Year 2 Price plus increase limited to Year 2 Consumer Price Index
Option Year 2	Option Year 1 Price plus increase limited to Option Year 1 Consumer Price Index
Option Year 3	Option Year 2 Price plus increase limited to Option Year 2 Consumer Price Index

The District has reviewed and checked references for Greenridge Landscape, Inc. including S.C. Wright Construction, Inc.; Lienan Family Trust, LLC; Canyon Pottery Inc.; and High Country West HOA. Responses received were favorable and the District is confident that they can successfully perform the work identified within the RFP.

Additionally, as is consistent with the District's multi-year agreements, should Greenridge Landscape, Inc. fail to perform as required, the District will have the ability to terminate the agreement at any time for cause and without penalty.

Janitorial Services:

The District contracts for janitorial maintenance services for its Administration, Operations, and Warehouse facilities through a multi-year agreement. The current multi-year agreement with Professional Maintenance System of San Diego was terminated effective March 18, 2011, based on a mutual decision by the service provider and the District. Subsequently, the District has been on a month-to-month service agreement with Jani-King of San Diego, pending the solicitation of proposals and award of a new agreement.

In accordance with established purchasing procedures, the District issued a Request for Proposals (RFP) for the work. A mandatory pre-proposal meeting was held at 2:00 pm on April 19, 2011 with five (5) firms attending.

The District received four (4) proposals that were evaluated by a panel consisting of representatives from Purchasing and Facilities Maintenance and Customer Service. Based on the review, it was determined that the proposal from Priority Building Services, LLC best meets the District's needs, and it is recommended that the General Manager be authorized to finalize negotiations and enter into a 2-year agreement with 3 1-year option renewals with Priority Building Services, LLC in the following not-to-exceed yearly amounts:

Year 1	\$3,504.00/month
Year 2	\$3,504.00/month
Option Year 1	\$3,504.00/month
Option Year 2	\$3,504.00/month
Option Year 3	\$3,504.00/month

The District has reviewed and checked references for Priority Building Services, LLC including the City of Brea, City of Fullerton, and Teledyne RD Instruments. Responses received were favorable and the District is confident that Priority Building Services, LLC can successfully perform the work identified within the RFP.

Additionally, as is consistent with the District's multi-year agreements, should Priority Building Services, LLC fail to perform as required, the District will have the ability to terminate the agreement at any time for cause and without penalty.

FISCAL IMPACT: ~~1/1/12~~

The proposed FY12 landscape maintenance operating budget is \$120,000.00. Of this amount, \$103,800.00 will be utilized for the proposed agreement. This 2012 budget request is sufficient to cover the \$103,800.00 cost for Year 1 of the proposed landscape maintenance agreement. The remaining balance of \$16,200.00 will be utilized for other required ancillary landscaping services.

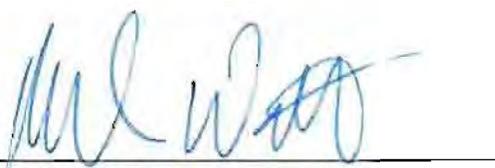
The proposed FY12 janitorial maintenance operating budget is \$60,000.00. Of this amount, \$42,048.00 will be utilized for the proposed agreement. This 2012 budget request is sufficient to cover the \$42,048.00 cost for Year 1 of the proposed janitorial maintenance agreement. The remaining balance of \$17,952.00 will be utilized for other required ancillary janitorial services.

STRATEGIC GOAL:

The proposed contract supports the District's strategy of:
▪ Reduce costs and improve efficiencies

LEGAL IMPACT: _____

None.



Mark Watton
General Manager

Attachments:

- A) Committee Action Report
- B) Landscape Maintenance Proposal
- C) Janitorial Maintenance Proposal

ATTACHMENT A

SUBJECT/PROJECT:	AUTHORIZE THE GENERAL MANAGER TO NEGOTIATE AND EXECUTE AGREEMENTS WITH GREENRIDGE LANDSCAPE, INC., FOR LANDSCAPE MAINTENANCE SERVICES, AND PRIORITY BUILDING SERVICES, LLC FOR JANITORIAL SERVICES
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COMMITTEE ACTION:

The Finance, Administration and Communications Committee reviewed this item in detail at a meeting held on May 18, 2011. The following comments were made:

- Staff indicated that typically janitorial and landscaping services agreements have been multi-year agreements. The District signs a two (2) year agreement with option year renewals with the selected service providers and it has worked well for the District and services providers indicate that they too prefer multi-year agreements.
- Staff stated that the proposed agreements are in line with past practice and if a service provider is good and the pricing is right, the District would like to continue using them by exercising the right to extend the agreement using the option year renewals.
- A Request for Proposal (RFP) was issued for both service requirements and the proposals were evaluated by panels of employees. The panels are recommending that the District complete negotiations and enter into agreements with the following service providers:
 - o Greenridge Landscape, Inc.
 - o Priority Building Services, LLC
- Staff indicated that the agreement for janitorial services for this fiscal year was terminated early at the mutual agreement of the service provider and the District and is one of the reasons the selection process was changed from a straight bid to a RFP.
- Staff checked references for the proposed service providers and is confident that both will be able to perform as per the specifications of the RFP. Staff recommends that the General Manager finalize negotiations based on the proposers' bid pricing and enter into agreements with the recommended service providers.

- The committee inquired with regard to the "Evaluation Summary Form" that the service providers indicated how many hours of services they would provide monthly under the agreement and why Greenscape was not selected when they would provide more hours at a lower cost. Staff indicated that Greenscape is the current service provider. In their proposal, they indicated that if they were awarded the contract, they would purchase equipment they do not have currently that would be necessary to perform to the required specifications. After review of their proposal and ranking, they were rated lower by the panel.
- It was discussed that Greenridge has been in business for 16-18 years. Staff checked their references and they currently provide services for one of the largest homeowner associations (servicing 650 independent homes and all the common area landscaping). It was noted that they are currently doing the work that the District is requesting; weed abatement, cleanup, tree trimming, pest control, irrigation, etc. These services were previously handled with in-house staff and the District has realized substantial savings by utilizing an outside service provider.
- The committee commented on the "Evaluation Summary Form" as it is somewhat different from the summary form that is utilized by the Engineering Department. It was indicated that the process was reviewed with staff and the committee felt confident that the process followed was acceptable and the recommended service providers were appropriate. The committee, however, asked that staff review the engineering and services RFP processes and make recommendations for changes to provide consistency throughout the District.

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

Note: Following the committee meeting, staff noted that the "Total Score" column was mislabeled and that it should have been labeled "90" versus "100." Amended "Evaluation Summary Forms" for both the Landscape and Janitorial Maintenance proposals have been attached to these notes.

JANITORIAL MAINTENANCE PROPOSAL
Amended Evaluation Summary Form May 18, 2011

		Qualifications, Experience of Janitorial Firm	Qualifications, Experience of Firm's Assigned Personnel	Completeness, Addressed Requested Information	Proposed Method to Accomplish Work	Hours Proposed	Proposed Monthly Fee	Total Score	Monthly Total Hours		
SCORE		45	40	40	45	20	20	90			
Priority	Stephen Dobrowski	13	8	7	11	15	18	71	\$1,500/mo		
	Alicia Mendez-Schomer	9	8	8	5	15	15	60	740 hrs/mo		
	Francisco Pedrin	10	7	8	7	20	17	70			
	Greg Ponce	10	7	8	10	15	15	60			
										Total Score	Average Score
										275	68.25
T&T Janitorial	Stephen Dobrowski	12	8	7	12	15	15	60	\$2505/mo		
	Alicia Mendez-Schomer	10	10	7	7	10	8	71	240 hrs/mo		
	Francisco Pedrin	8	8	8	12	20	9	78			
	Greg Ponce	10	8	8	10	15	18	55			
										Total Score	Average Score
										275	68.75
Pegasus	Stephen Dobrowski	17	9	7	10	10	14	62	\$2,955/mo		
	Alicia Mendez-Schomer	7	10	10	12	19	18	75	180 hrs/mo		
	Francisco Pedrin	10	8	8	12	18	18	75			
	Greg Ponce	10	9	8	10	10	15	62			
										Total Score	Average Score
										274	69.5
Janixing	Stephen Dobrowski	14	9	7	11	15	13	68	\$4,180/mo		
	Alicia Mendez-Schomer	8	9	6	6	18	10	53	740 hrs/mo		
	Francisco Pedrin	13	8	7	12	20	17	77			
	Greg Ponce	12	10	8	12	15	12	60			
										Total Score	Average Score
										272	68

LANDSCAPE MAINTENANCE PROPOSAL
Amended Evaluation Summary Form May 18, 2011

		Qualifications Experience of Landscape Firm	Qualifications Experience of Firm's Assigned Personnel	Completeness Addressed Requested Information	Proposed Method to Accomplish Work	Hours Proposed	Proposed Monthly Fee	Total Score	Monthly Hour Hours		
SCORE		15	10	10	15	20	40	80			
Greenacres	Stephen Dobrowski	10	6	5	11	15	14	71	\$8,140/mo		
	Gary Stalker	10	6	7	4	16	18	63	384 hrs/mo		
	Francisco Pedrin	10	10	10	12	17	18	77			
	Darryl Hackett	5	5	5	10	10	12	38			
	Greg Ponce	5	5	10	5	15	15	48			
										Total Score:	Average Score:
								72		70.4	
Green Ridge	Stephen Dobrowski	10	7	5	12	15	18	70	\$8,550/mo		
	Gary Stalker	12	7	4	11	14	17	64	240 hrs/mo		
	Francisco Pedrin	15	5	10	13	12	6	71			
	Darryl Hackett	6	1	5	11	14	15	55			
	Greg Ponce	10	3	10	10	15	15	71			
										Total Score:	Average Score:
								331		69.2	
Patric Green	Stephen Dobrowski	12	5	5	10	5	11	60	\$5,050/mo		
	Gary Stalker	10	5	5	7	5	15	46	No Hrs Provided		
	Francisco Pedrin	15	5	5	5	10	15	35			
	Darryl Hackett	10	4	5	10	6	10	51			
	Greg Ponce	10	10	10	10	10	10	60			
										Total Score:	Average Score:
								273		55.8	
Dave Sun	Stephen Dobrowski	10	7	8	14	17	15	71	\$13,850/mo		
	Gary Stalker	17	7	7	7	17	13	58	480 hrs/mo		
	Francisco Pedrin	10	10	10	10	10	14	64			
	Darryl Hackett	10	5	5	11	14	15	63			
	Greg Ponce	10	4	10	10	15	15	73			
										Total Score:	Average Score:
								328		66.8	
Lurens	Stephen Dobrowski	10	7	5	7	15	7	31	\$31,599/mo		
	Gary Stalker	8	5	5	6	12	6	42	508 hrs/mo		
	Francisco Pedrin	10	10	10	5	10	10	35			
	Darryl Hackett	4	5	5	8	14	14	55			
	Greg Ponce	10	10	10	10	15	5	60			
										Total Score:	Average Score:
								199		52.5	

**LANDSCAPE MAINTENANCE PROPOSAL
Evaluation Summary Form May 10, 2011**

		Justifications, Experience of Landscape Firm	Qualifications, Experience of Firms Assigned Personnel	Comprehensiveness of Responses Requested Information	Methods Employed to Accomplish Work	Hours Proposed	Proposed Monthly Fee	Total Score	Monthly Fee Hours		
SCORE		15	10	10	15	20	20	100			
Greenscape	Stephen Dobrowski	10	6	6	11	18	15	71	\$8,140/mo		
	Gary Staller	10	0	0	0	10	15	63	\$64/mo		
	Francisco Pedrin	10	10	10	12	17	15	77			
	Garry Hackett	9	5	5	10	15	12	56			
	Greg Ponce	8	0	10	5	15	15	55		Total Score	Average Score
									227	65.4	
GreenRider	Stephen Dobrowski	10	7	6	10	15	15	73	\$9,000/mo		
	Gary Staller	10	7	6	11	14	15	64	240 hrs/mo		
	Francisco Pedrin	15	5	10	11	17	15	71			
	Garry Hackett	9	5	5	10	11	15	65			
	Greg Ponce	10	0	10	10	15	15	71		Total Score	Average Score
									301	66.0	
Pacific Green	Stephen Dobrowski	12	4	5	10	5	18	58	\$8,050/mo		
	Gary Staller	10	3	5	7	9	11	46	hours provided		
	Francisco Pedrin	15	5	5	5	10	15	55			
	Garry Hackett	10	4	5	10	5	18	51			
	Greg Ponce	10	10	10	10	10	15	55		Total Score	Average Score
									279	55.8	
Usaz & Sons	Stephen Dobrowski	10	7	8	14	13	15	67	210 hrs/mo		
	Gary Staller	15	7	7	7	13	12	58	400 hrs/mo		
	Francisco Pedrin	10	10	10	9	12	14	64			
	Garry Hackett	15	8	15	11	14	15	62			
	Greg Ponce	9	8	10	15	15	12	73		Total Score	Average Score
									325	65.6	
Lucena	Stephen Dobrowski	10	7	11	9	10	18	65	\$7,000/mo		
	Gary Staller	8	5	5	6	10	8	42	500 hrs/mo		
	Francisco Pedrin	10	10	10	9	10	10	59			
	Garry Hackett	8	5	5	8	12	14	56			
	Greg Ponce	15	10	10	10	15	5	60		Total Score	Average Score
									261	52.3	

**JANITORIAL MAINTENANCE PROPOSAL
Evaluation Summary Form May 10, 2011**

		Qualifications, Experience of Janitorial Firm	Qualifications, Experience of Firm's Assigned Personnel	Completeness of Addressed Requested Information	Proposed Method to Accomplish Work	Hours Proposed	Proposed Monthly Fee	Total Score	Monthly Fee/ Hour
SCORE		15	10	10	15	20	20	100	
HITON	Stephen Dabrowski	12	8	7	11	12	16	81	\$2,150/mo
	Alicia Mendez-Schoman	8	8	7	8	18	18	61	240 hrs/mo
	Francisco Pedrin	10	5	7	12	20	18	71	
	Greg Ponce	10	7	7	10	18	15	60	
								Total Score	Average Score
								211	80.1
T&T Janitorial	Stephen Dabrowski	12	8	7	12	15	15	69	\$2,150/mo
	Alicia Mendez-Schoman	10	10	7	7	18	18	71	240 hrs/mo
	Francisco Pedrin	8	8	8	12	20	18	76	
	Greg Ponce	10	8	8	10	18	18	89	
								Total Score	Average Score
								238	89.15
Pegasus	Stephen Dabrowski	12	10	7	10	18	14	62	\$2,550/mo
	Alicia Mendez-Schoman	10	10	10	12	15	18	75	100 hrs/mo
	Francisco Pedrin	10	8	9	12	18	18	75	
	Greg Ponce	10	9	8	10	18	15	67	
								Total Score	Average Score
								274	88.5
Jan-King	Stephen Dabrowski	14	8	7	11	15	18	69	\$4,100/mo
	Alicia Mendez-Schoman	8	7	6	8	18	18	58	240 hrs/mo
	Francisco Pedrin	10	8	7	12	20	17	77	
	Greg Ponce	8	10	8	12	17	12	61	
								Total Score	Average Score
								272	88



AGENDA ITEM 7h

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	June 1, 2011
SUBMITTED BY:	Mark Watton, General Manager	W.O./G.F. NO:	DIV. NO.
SUBJECT:	Consideration to Nominate Representative to San Diego Local Agency Formation Commission (LAFCO)		

GENERAL MANAGER'S RECOMMENDATION:

That the Board of Directors nominate Director Gary Croucher to LAFCO's Special Districts Advisory Committee and consider nominating a District Representative for a Regular District Member on the San Diego Local Agency Formation Commission (LAFCO).

PURPOSE:

To bring to the Board of Directors attention that LAFCO is requesting nominations to fill a Regular District Member seat and nine (9) positions on their Special Districts Advisory Committee (please see Attachment B).

COMMITTEE ACTION: _____

Please see Attachment A.

ANALYSIS:

The terms of a Regular District Member seat and eight positions on the Special District Advisory Committee are expiring in 2011. A ninth position on LAFCO's Advisory Committee is currently vacant with a term expiring in 2012. The LAFCO commissioners and Advisory Committee members serve four-year terms and LAFCO is soliciting nominations for representatives to serve the next four-year terms (through May and October 2015 respectively) and the unexpired term of the vacant Advisory Committee seat.

The Board may nominate a board member representative for the Regular Member seat. LAFCO rules indicate that nominees must be a District officer, but cannot be a member of the legislative body of a city or county. Advisory Committee nominees may be either a District officer or staff member, but may not be a member on LAFCO and the number of candidates and members of the

Advisory Committee representing the same agency shall be limited to one. Director Croucher is an incumbent of the Advisory Committee whose term will expire in October 2011 and he has expressed interest in being reelected to his seat on the Advisory Committee. Attached is his nomination form which will be submitted to LAFCO upon the board's consideration (Attachment C).

The deadline for submitting nominations is June 3, 2011. Voting instructions and ballots will be mailed by LAFCO on August 26, 2011.

FISCAL IMPACT: _____

None.

LEGAL IMPACT: _____

None.



General Manager



ATTACHMENT A

SUBJECT/PROJECT:	Consideration to Nominate Representatives to San Diego Local Agency Formation Commission (LAFCO)
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COMMITTEE ACTION:

The Finance, Administration and Communications Committee reviewed this item in detail at a meeting held on May 18, 2011. It was discussed that Director Crouchez had indicated interest in being reelected to his seat on LAFCO's Special District Advisory Committee. No other Director expressed interest in being nominated for a seat on LAFCO's commission or advisory committee. Following the discussion, the committee supported staffs' recommendation and suggested presentation on the consent calendar.



1600 Pacific Highway • Room 452 • San Diego, CA 92101
(619) 531-5400 • FAX (619) 557-4190

San Diego Local Agency Formation Commission

Website: www.sdlafco.org

Chairman

April 18, 2011

Carl Hilliard
Councilmember
City of Del Mar

Vice Chairwoman

Dianne Jacob
County Board of
Supervisors

Members

Bill Horn
County Board of
Supervisors

Bud Pocklington
South Bay
Irrigation District

Mark Lewis
Mayor
City of El Cajon

John Ingalls
Santa Fe
Irrigation District

Andrew L. Vanderlaan
Public Member

Lorie Zapf
Councilmember
City of San Diego

Alternate Members

Greg Cox
County Board of
Supervisors

Sherri Lightner
Councilmember
City of San Diego

Jim Janney
Mayor
City of Imperial Beach

Jo MacKenzie
Vista Irrigation District

Harry Malhis
Public Member

Executive Officer

Michael D. Ott

Counsel

Thomas Bosworth

TO: Independent Special Districts in San Diego County

FROM: Executive Officer
Administrative Assistant

SUBJECT: Call for Nominations to the Local Agency Formation Commission and the Special Districts Advisory Committee

Nominations are being solicited for one alternate district member position on the Local Agency Formation Commission (LAFCO), and nine positions on LAFCO's Special Districts Advisory Committee. The **deadline for receipt of all nominations is June 3, 2011.**

LAFCO commissioners serve four-year terms. The term of the incumbent LAFCO alternate district member, Jo MacKenzie, will expire in May 2011; however, she can continue to serve until conclusion of the election/installation proceedings. Ms. MacKenzie has indicated that she will seek reelection to the alternate LAFCO position. The new term of the alternate district member position will expire in May 2015. LAFCO regular and alternate district members must be special district officers who reside within San Diego County, but may not be members of the legislative body of a city or county.

The advisory committee consists of 16 members elected to four-year terms. The terms for eight of the positions will expire in 2011 and there is one vacant position with a term that expires in 2012. The terms of the eight committee members elected in 2011 to fill four-year terms will expire in October 2016. The ninth position will serve the remainder of a term that expires in October 2012. It is not known at this time whether incumbent advisory committee members whose terms expire in 2011 will seek reelection. Please note the following nomination restrictions: (1) members of LAFCO's advisory committee may be either a district officer or staff member, but may not be a member on LAFCO; (2) the number of candidates and members of the advisory committee representing the same agency shall be limited to one. A list of incumbents is attached (**Attachment 1**).

After LAFCO and Special Districts Advisory Committee nominations are received by June 3, 2011, it is anticipated that a candidate's forum will be

held in August 2011, in conjunction with the California Special Districts Association (CSDA) Quarterly Dinner.

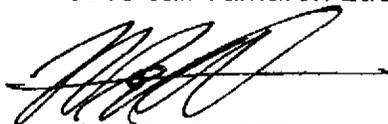
All districts are encouraged to submit nominations. **Please use the attached nomination/resume form (Attachment 2), and be sure that the form specifies whether the nomination is for the LAFCO alternate district member or a Special Districts Advisory Committee member. Only the one-page nomination/resume form will be distributed with the official voting ballot.** The nomination form should be signed by, or with authority of, the district presiding officer. Facsimile (FAX) Copies of nominations are permitted, if necessary, to meet the submission deadline, but an original form must be furnished as soon as possible thereafter. Again, **the deadline for receipt of nominations is June 3, 2011.** Please send nominations to:

Executive Officer
Local Agency Formation Commission
1600 Pacific Highway, Room 452
San Diego, CA 92101

All nominations received by the deadline will be reviewed by a nominating committee. The nominating committee's report and copies of all nomination forms submitted will be included with the ballots and voting instructions. These materials will be mailed on **August 26, 2011.**

As required by the Rules, please acknowledge receipt of this letter calling for nominations by completion and return of the form attached (Attachment 3).

Please call Tamaron Luckett if you have any questions regarding this letter.



MICHAEL D. OTT
Executive Officer



TAMARON LUCKETT
Administrative Assistant

MDO:trl

Attachments (3)

- No. 1: List of Incumbents
- No. 2: Nominations/Resume Form
- No. 3: Acknowledgement of Receipt Form

**2011 LAFCO & SPECIAL DISTRICTS ADVISORY COMMITTEE
CALL FOR NOMINATIONS
LIST OF INCUMBENTS**

<u>Incumbent Alternate LAFCO Special District Member</u>	<u>Term Expires</u>
Jo MacKenzie Vista Irrigation District	May 2, 2011 *

* *The term of the alternate member expires on May 2, 2011, but the incumbent may continue to serve until conclusion of the election proceedings.*

<u>Incumbent Special District Advisory Committee Members</u>	<u>Term Expires</u>
Gary Croucher (Otay Water District)	October 21, 2011
Judy Hanson (Leucadia CWD)	October 21, 2011
Larry Jackman (San Miguel Consolidated Fire Protection District)	October 21, 2011
John Pastore (Rancho Santa Fe CSD)	October 21, 2011
Tom Pocklington (Bonita-Sunnyside FPD)	October 21, 2011
Jim Poltl (Vallecitos Water District)	October 21, 2011
Teresa Thomas (South Bay Irrigation District)	October 21, 2011
Kimberly Thorner (Olivenhain Municipal Water District)	October 21, 2011
Gary Arant (Valley Center MWD)	October 19, 2012
Ron Fuller (Alpine FPD)	October 19, 2012
Douglas Humphrey (Resource Conservation District of Greater SD)	October 19, 2012
Margaret Morgan (Vista Fire Protection District)	October 19, 2012
Augie Scalzitti (Padre Dam Municipal Water District)	October 19, 2012
Dennis Shepard (North County Cemetery District)	October 19, 2012
Diana Towne (Rincon del Diablo MWD)	October 19, 2012
Vacant	October 19, 2012

**2011 LAFCO & SPECIAL DISTRICTS
NOMINATION/RESUME**

Date Received by LAFCO _____

NOMINATED BY: _____
District

NAME OF NOMINEE: _____
Address: _____
Phone: _____

NOMINATED FOR: LAFCO ALTERNATE () ADVISORY COMMITTEE ()

DISTRICT EXPERIENCE:

LAFCO EXPERIENCE:

ADDITIONAL INFORMATION:

(Authorized Signature)

**2011 LAFCO & SPECIAL DISTRICTS
NOMINATION/RESUME**

Date Received by LAFCO _____

NOMINATED BY: Otay Water District

NAME OF NOMINEE: Gary Croucher

Address: 2554 Sweetwater Springs Blvd., Spring Valley, CA 91978

Phone: 619-670-2280

NOMINATED FOR: **LAFCO ALTERNATE () ADVISORY COMMITTEE (X)**

DISTRICT EXPERIENCE: Mr. Gary Croucher was appointed to the Board of the Otay Water District in June 2001 by the SD County Board of Supervisors and following his appointment was elected three times to the Division 3 seat in November 2002, 2006 and 2010 for four-year terms. Mr. Croucher has served as President of Otay's Board of Directors three times and has served as one of the District's two representatives to CWA since July 2001. He is chair of Otay's Finance, Administration & Communications Committee, is past chair of its Engineering, Operations & Water Resources Committee, Employee Negotiations Ad Hoc Committee and serves as the alternate representative on the Water Conservation Garden Authority's Board of Directors. As a member of CWA's Board of Directors, Mr. Croucher is co-chair of its Administrative & Finance Committee, has been reappointed several times to its Legislative, Conservation and Outreach Committee and Small Contractor Outreach and Opportunity Program Committee. He is also past chair of CWA's Imported Water Committee, a past member of its Colorado River Programs Committee and Conservation Ad Hoc Committee, and past 2nd Alternate to SANDAG. Mr. Croucher is also a past vice chair of CSDA's San Diego Chapter.

LAFCO EXPERIENCE: Mr. Croucher is currently vice chair of LAFCO's Special Districts Advisory Committee and served as the alternate for Fire Chief Augie Ghio on the LAFCO Task Force on Fire Protection and Emergency Medical Services. He also participated as a Board of Director with the LAFCO Municipal Service Review and has experience at the employee and staff level serving on two (2) separate successful Special District Consolidations which were requested by the agencies.

ADDITIONAL INFORMATION: Mr. Croucher is supported by both Water and Fire Districts and is endorsed by outgoing LAFCO Regular District representative, Mr. Andy Menshek.. Mr. Croucher is a long-time firefighter in San Diego and a resident of Spring Valley. He is the Division Chief for the San Miguel Consolidated Fire Protection District and during his 26 year career as a firefighter, has moved up the ranks from Firefighter, Engineer, Captain and Battalion Chief to his current position as Division Chief. He has also been recognized for numerous achievements including being named Employee of the Year and served as the President of the Executive Board of Directors for Southern Area Fire Equipment Research (SAFER) in 2004.

(Authorized Signature)



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	June 1, 2011
SUBMITTED BY:	Bob Kennedy <i>BK</i> Associate Civil Engineer	PROJECT / SUBPROJECTS:	P1210- DIV. ALL 001000 NO.
	Ron Ripperger <i>ur</i> Engineering Manager		
APPROVED BY: (Chief):	Rod Posada <i>R. Posada</i> Chief, Engineering		
APPROVED BY: (Asst. GM):	Manny Magaña <i>m magana</i> Assistant General Manager, Engineering and Operations		
SUBJECT:	Public Hearing for the Otay Water District's 2010 Urban Water Management Plan and Approve Resolution No. 4175 Approving the District's 2010 Urban Water Management Plan		

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board), after holding a public hearing on the District's 2010 Urban Water Management Plan (UWMP), approve Resolution No. 4175 approving the District's 2010 UWMP.

COMMITTEE ACTION: _____

Please see Attachment A.

PURPOSE:

That the Board, after holding a public hearing on the District's 2010 UWMP, approve Resolution No. 4175 (Attachment B) approving the District's 2010 UWMP (Attachment C).

ANALYSIS:

Since 1984, California's Urban Water Management Planning Act (Act) has required each urban water supplier in the State to prepare an UWMP. The requirement applies to each urban water supplier that provides water for municipal purposes either directly or indirectly to more than 3,000 customers or supplies more than 3,000 acre-feet (AF) of water annually. These agencies must update their UWMP at least once every five years

on or before December 31st in years ending in five and zero. The deadline for submittal of the 2010 UWMP for retail water purveyors was extended to July 31, 2011 as a result of recent legislation. Sections 10610 through 10657 of the California Water Code detail the information that must be included in these plans. In accordance with the Act, the District is required to update and adopt its plan for submittal to the California Department of Water Resources (DWR) by July 1, 2011. Appendix A in Attachment C contains the text of the Act.

The District utilized DWR's "Guidebook to Assist Urban Water Suppliers to Prepare a 2010 Urban Water Management Plan" dated March 2011 and Senate Bill 7-7 (SBX 7-7) to prepare the UWMP. SBX 7-7 was passed in November 2009 with the goal of reducing California's urban per capita water use by 20 percent by December 31, 2020 with an incremental goal of reducing per capita water use by 10 percent by December 31, 2015.

An UWMP is required in order for a water supplier to receive DWR administered State grants, loans, and drought assistance. In addition, the UWMP is the reference document cited in Water Supply Assessment and Verification Reports mandated in 2001 by Senate Bill 610 and Senate Bill 221 for new developments.

Each urban water supplier is also required to meet SBX 7-7 goals, which are discussed in the UWMP. The UWMP includes projections of the District's future demands and supplies, based on estimates of future growth in the District's service area. It also discusses the steps the District has taken to promote water conservation and ensure water is being used wisely. The strategies outlined in UWMP are intended to allow the District to continue to provide a safe and reliable water supply to its customers.

As required by the Act, the public hearing was noticed in newspapers of general circulation including the San Diego Union Tribune, the Star News, and the East County Californian. In addition, a draft notice was posted on the District's webpage. The District also noticed and solicited comments from the Water Authority, the City of Chula Vista, the City of San Diego, the County of San Diego, local planning groups and sent copies of the draft UWMP to local libraries.

The District's 2010 UWMP is consistent with the Water Authority's 2010 UWMP. Demand and population estimates, along with service reliability, are consistent with those used by the

Water Authority. The table below outlines the projected population and the water demand for the District through 2035.

	2015	2020	2025	2030	2035
Service Area Population	219,223	242,241	258,037	269,522	284,997
Annual Demand (AF/year)	44,883	53,769	63,811	70,669	77,171
Demands with Conservation (AF/year)	44,883	46,321	49,815	52,774	56,614

One amendment made to the Act since preparation of the District's 2005 UWMP require a plan to include water use projections for lower income and affordable households, to assist with compliance with the existing requirement under Section 65589.7 of the Government Code, that suppliers grant priority for the provision of service to affordable and lower income households.

FISCAL IMPACT:



An approved UWMP is required in order for the District to receive DWR administered grants, loans, and to receive drought assistance.

STRATEGIC GOAL:

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

LEGAL IMPACT:

In accordance with the Act, the District will meet its legal requirement if its 2010 UWMP is approved by its Board by July 1, 2011 and copies of the UWMP are submitted to DWR by July 30, 2011.



General Manager

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BK/RR/RP:jf

- Attachments: Attachment A - Committee Action
 Attachment B - Resolution No. 4175
 Attachment C - Otay Water District 2010 UWMP



ATTACHMENT A

SUBJECT/PROJECT: P1210-001000	Public Hearing for the Otay Water District's 2010 Urban Water Management Plan and Approve Resolution No. 4175 Approving the District's 2010 Urban Water Management Plan
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COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a meeting held on May 19, 2011 and the following comments were made:

- Staff requested that after holding a public hearing on the District's 2010 Urban Water Management Plan (UWMP), the Board approve Resolution No. 4175 approving the District's 2010 UWMP.
- A PowerPoint presentation was provided to the Committee, *Otay Water District, 2010 Urban Water Management Plan Public Hearing and Plan Adoption*. The presentation included the following:
 - o Preparation of 2010 UWMP
 - o Benefits of Preparing an UWMP
 - o What's New for the 2010 UWMP
 - o SANDAG Series 12 Forecasts for 2030
 - o Water Use Target Methods (4 Methods)
 - o Method 1 Baseline
 - o Demand Target: 20% Reduction by 2020
 - o Baseline Demand Forecast (AF)
 - o Water Use Efficiency (WUE) Goal & Additional Conservation Requirement (AF)
 - o Population and Demand Through 2035
 - o Preparation of 2010 UWMP
 - o Water Shortage Contingency Plan
 - o District Water Shortage Response Levels
- It was indicated that the California Urban Water Management Planning Act require each urban water purveyors to prepare

an UWMP every five years and that the deadline to submit the District's UWMP to the California Department of Water Resources (DWR) is July 1, 2011. Staff stated that DWR's *Guidebook to Assist Urban Water Suppliers to Prepare a 2010 UWMP* was used to prepare the District's Plan. This would be the third plan for the District.

- Staff stated that the Plan is also required for the District to receive funding or drought assistance from the State, and that it can also be used as a supporting document for water supply assessments and verification reports that are required under SB 610 and SB 221.
- The District's 2010 UWMP must also be in compliance with the existing Government Code Section 65589.7 that require water suppliers to grant a priority for the provision of service to housing units affordable to lower income households.
- It was indicated that Legislature passed Senate Bill 7 as part of the Seventh Extraordinary Session (SBX7-7) on November 10, 2009, with the goal of reducing California's urban per capita water use by 20% by December 2020 and an incremental goal of reducing per capita water use by 10% by December 2015. After July 1, 2016, water purveyors are not eligible for state water grants or loans unless they comply with SBX7-7.
- Staff indicated that legal notices for this hearing at the June 1, 2011 Board meeting were placed in the San Diego Union Tribune, San Diego Daily Transcript, Chula Vista Star News, and the East County Californian. Another public hearing notice will be placed again at the end of May 2011. Staff also indicated that the legal notice and a draft copy of the 2010 UWMP was placed on the District's website on May 11, 2011, and that hard copies of the 2010 UWMP were mailed to 13 libraries.
- Staff solicited comments from 9 local business groups, 11 local public agencies, 5 water agencies, and 7 Community Planning Groups. They were also notified about the hearing on June 1, 2011.
- Presented to the Committee was SANDAG's Adopted Series 12 Forecasts for 2030, which staff indicated that SANDAG reduced the number of single-family dwelling from their earlier series 10 forecast and increased the number of

multi-family dwellings consistent with the economist projections presented in early May 2011.

- Staff discussed four (4) water use target methods and indicated that three of the methods are listed in the Water Code and the fourth method was developed by DWR. A comparison of all four methods were provided:
 - Method 1 is eighty percent (80%) of the water supplier's baseline per capita potable water use, which the District's baseline is 190 gpcd, the 2015 target will be 171 gpcd, and the 2020 target will be 152 gpcd.
 - Method 2 estimates the per capita daily water use by using the sum of performance standards applied to indoor residential use, landscape area water use, commercial, industrial, and institutional uses. It also requires that the target be based on the water supplier's estimate of 2020 landscape areas.
 - Method 3 is defined as ninety-five percent (95%) of the applicable state hydrologic region target as stated in the State's Draft 20x2020 Water Conservation Plan. The District is within the South Coast Hydrologic Unit whose target is 149, which is lower than the target calculated by Method 1.
 - Method 4 defines the District's 2020 target at 151 gpcd, which is lower than the target calculated by Method 1.
- Staff indicated that Method 1 was applied to the District's 2010 UWMP. A slide (Method 1 Baseline) was shown to provide more details on how the baseline demand of 190 gpcd was determined.
- Staff stated that in addition to preparing population projects, SANDAG also estimated the potable demand for the District based on CWA's MAIN program. A slide (Baseline Demand Forecast (AF)) was shown to provide a model of the raw water demand projections. Staff noted that the model does not take into account near term annexations and changed to agricultural demand. The total baseline demand will be used to determine the total baseline demand with conservation for each five year increment starting with 2015.

- A slide (Population and Demand Through 2035) was provided to show how the Total baseline demand with conservation was determined. The District fully expects to meet and surpass its gpcd target for several reasons:
 - District's investment in recycled water
 - Customer's response to the increasing cost of water
 - District's Water Conservation efforts
 - Requirement for new developments to use recycled water for irrigation purposes
 - Expansion of the recycled water system and retrofits at large mixed use sites (Southwestern College)
 - CALGREEN impacts that are expected to lower the per capita consumption for those who purchase new homes within the District

- Staff indicated that the District's 2010 UWMP includes scenario planning to account for gradual, sudden or short term changes. Water shortage contingencies and adopted shortage response levels are noted in the District's 2010 UWMP, Section 6.6. Staff noted that CWA has also adopted a drought management plan to deal with water shortages.

- Staff stated that the District is providing annual BMP reports into the DWR's new online website and that the roll out of DWR's website was delayed due to technical problems which they recently fixed. Staff indicated that these reports will be added to the District's 2010 UWMP's Appendix Section I. Staff will also update the 2010 UWMP as a result of comments received during the Board's public hearing on June 1, 2011. A resolution of adoption is included with the Board item for action after the public has had a chance to comment at the scheduled Board meeting.

- In response to a question by the Committee, staff indicated that the District's 2010 UWMP included a scenario plan that anticipates the loss of incentives from the state and local agencies.

- It was indicated that out of the four methods, staff recommended Method 1 because it had the highest baseline rate. Staff believes that other districts will also utilize Method 1 as a model because it is consistent and straight-forward.

- In response to a comment by the Committee, staff stated that the District is currently at a thirty-three percent (33%) water conservation level which is higher than the required target. Staff continues to monitor the levels as a precaution to ensure the availability of water supply for the future.
- The Committee inquired if MWD's plan to reserve water would affect the District. Staff said no, but there is a concern that the MWD Board will approve a special rate for the sale of groundwater and not reserve its water at full capacity. As one of the major water supply agency, MWD should maintain its water reserves at full capacity to ensure the availability of water supply at all times, especially during drought conditions. As for MWD's plan to sell groundwater at a special rate, staff is concerned that MWD may not receive sufficient funding for its infrastructures and questions how MWD plans to offset that.

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

ATTACHMENT B

RESOLUTION NO. 4175

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE OTAY WATER DISTRICT ADOPTING THE
2010 URBAN WATER MANAGMENT PLAN

WHEREAS, the Otay Water District (District) has completed the 2010 Urban Water Management Plan pursuant to the requirements of the California Water Code section 10610 et seq.; and

WHEREAS, the plan is the formal document to discuss past, current, and projected water demands; current and alternative water conservation measures; water supply deficiencies; and future management practices.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Otay Water District approves and adopts the plan entitled "2010 Urban Water Management Plan" for the Otay Water District; and

BE IT FURTHER RESOLVED that the General Manager of the District is authorized and directed to implement the water conservation measures included in the plan as the District's part in the local and regional water conservation effort.

PASSED, APPROVED, AND ADOPTED by the Board of Directors of
the Otay Water District at a regular meeting this 1st day of
June, 2011.

President

ATTEST:

District Secretary

Attachment C

2010 URBAN WATER MANAGEMENT PLAN

**Refer to Separate File
(Agenda Item 8.a.i, Attachment C)**



OTAY WATER DISTRICT

2010 Urban Water Management Plan

Public Hearing and Plan Adoption

Draft

Otay Water District 2010 Urban Water Management Plan

Adopted June xx, 2011

Prepared by:



OTAY WATER DISTRICT
1600 Laurelwood Springs Boulevard
Escondido, California 92029

Prepared by:

ATKINS

4275 Sky Park Court, Suite 200
San Diego, California 92121

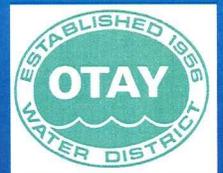
Preparation of 2010 UWMP

- ◆ Update Required by law every 5 years.
- ◆ Purpose and importance has grown since first required 10 years ago.
- ◆ Includes detailed information (actions, steps, schedule) on future supply development.
- ◆ Includes elements of drought management planning.
- ◆ Coordination with member agencies.



Benefits of Preparing an UWMP

- ◆ Document existing and future supplies available to reliably meet demands.
- ◆ Utilize as supporting documents in preparation of water supply assessments and verification reports under SB 610 & SB 221.
- ◆ Required to be eligible to receive funding or drought assistance from the State.



What's New for the 2010 UWMP?

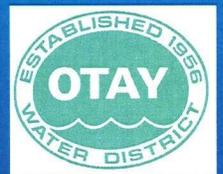
◆ SBX 7-7 Compliance:

- Establish Baseline gallons per capita day (gpcd) water use.
- Set target for interim gpcd water reduction by 2015.
- Set target for 20% gpcd reduction by 2020.

◆ Water use projections for lower income and affordable households

◆ Scenario Planning to deal with uncertainties:

- Climate change
- Regulatory/Legislative actions
- Water supply development & conservation



SANDAG Series 12 Forecasts for 2030

Water Authority Service Area.

Forecast	Series 12
Population	3,759,000
Single-Family Housing Units	713,400
Multi-Family Housing Units	570,900
Employment Counts	1,682,100



Water Use Target Methods

◆ Method 1

- 80% of Baseline gallons per capita (gpcd) potable water use

◆ Method 2

- Performance standard applied for indoor residential use, Landscape area water use, and CII uses.

◆ Method 3

- 95% of hydrologic region target of state's 20x2020 Water Conservation Plan.

◆ Method 4 (February 2011)

- Draft provisional target method to be updated 2014
- Excel Spreadsheet calculator of baseline target
 - ◆ Assumed savings of metering of unmetered connections
 - ◆ Assumed water conservation for residential indoor, CII, and Landscape water use



Method 1 Baseline

10 Year Base Period (SDCWA Method for Estimating Total Potable Demand)														
Estimated Potable Water Use (AF)-Excluding Recycled Water														
Fiscal Year	1996-2005		1997-2006		1998-2007		1999-2008		2000-2009		2001-2010		Population	Annual (gpcd)
	AFY ^a	gpcd												
1996	23,753	176.5											120,102	176.5
1997	24,560	175.9	24,560	176.9									123,901	176.9
1998	22,874	159.9	22,874	159.9	22,874	139.9							127,700	159.9
1999	25,442	172.7	25,442	172.7	25,442	172.7	25,442	172.7					131,489	172.7
2000	29,901	197.3	29,901	197.3	29,901	197.3	29,901	197.3	29,901	197.3			135,301	197.3
2001	30,002	187.0	30,002	187.0	30,002	187.0	30,002	187.0	30,002	187.0	30,002	187.0	143,328	187.0
2002	35,182	201.4	35,182	201.4	35,182	201.4	35,182	201.4	35,182	201.4	35,182	201.4	155,948	201.4
2003	34,536	186.3	34,536	186.3	34,536	186.3	34,536	186.3	34,536	186.3	34,536	186.3	165,514	186.3
2004	39,579	204.4	39,579	204.4	39,579	204.4	39,579	204.4	39,579	204.4	39,579	204.4	172,868	204.4
2005	37,678	185.0	37,678	185.0	37,678	185.0	37,678	185.0	37,678	185.0	37,678	185.0	181,792	185.0
2006	41,258		41,258	197.3	41,258	197.3	41,258	197.3	41,258	197.3	41,258	197.3	186,888	197.3
2007	41,909				41,909	196.6	41,909	196.6	41,909	196.6	41,909	196.6	190,283	196.6
2008	38,045						38,045	176.4	38,045	176.4	38,045	176.4	193,586	176.4
2009	34,971								34,971	159.3	34,971	159.3	195,922	159.3
10-Year Year (gpcd)		185		187		185		180		189		188		

a. From CWA Draft Member Agency Demand Forecast For Clay WD

b. Population from SANDAG Population and Housing, 1994-2010 (revised 2/22/2011)



Demand Target 20% Reduction by 2020

Year	2015	2020	2025	2030	2035
GPCD Goal	171	152	152	152	152
Population Projection	219,223	242,241	258,037	269,522	284,997
20% by 2020 Demand Target (AF)	42,069	41,321	44,015	45,974	48,614

Population projections from SANDAG Series 12 forecast.



Baseline Demand Forecast (AF)

Year	2015	2020	2025	2030	2035
Baseline M&I Demand (SANDAG)	41,811	50,709	60,760	67,625	71,135
Baseline Ag. Demand (CWA)	99	86	78	71	63
Near-term Annexations	2,973	2,973	2,973	2,973	2,973
Total Baseline Demand	44,883	53,768	63,811	70,669	77,171

Population and M&I demand projections from SANDAG Series 12 forecast.



Water Use Efficiency (WUE) Goal & Additional Conservation Requirement (AF)

Year	2015	2020	2025	2030	2035
Total Baseline Demand	44,883	53,768	63,811	70,669	77,171
20% by 2020 Demand Target	42,069	41,321	44,015	45,974	48,614
Water Use Efficiency Goal	-2,814	-12,447	-19,796	-24,695	-28,557
Recycled Water	4,400	5,000	5,800	6,800	8,000
Adjusted WUE Goal	0 (Surplus)	-7,447	-13,996	-17,895	-20,552

Based on SBX 7-7 Method 1 Calculation



Population and Demand Through 2035

Year	2015	2020	2025	2030	2035
Population Projection	219,223	242,241	258,037	269,522	284,997
Total Baseline Demand (AF)	44,883	53,768	63,811	70,669	77,171
Adjusted WUE Goal (AF)	0 (Surplus)	-7,447	-13,996	-17,895	-20,552
Total Baseline Demand w/ conservation (AF)	44,883	46,321	49,815	52,774	56,614

Table from Staff Report



Preparation of 2010 UWMP

Sources of Gradual Change and Uncertainty	Sources of Sudden or Short-term Change and Uncertainty
Demographic Shift	Droughts
Growth deviates from SANDAG Forecast	Severity, timing, and frequency
Climate Change	SWP Regulatory Restrictions
Impacts from long-term changes in temperature and rainfall	Regulatory restrictions are put in place that further limit supply availability
State Water Project Reliability	
Willingness to pay for Delta fix.	
Local supplies not developed as planned	



Water Shortage Contingency Plan

Water Authority Water Supply Water Stages

Water Authority Water Supply Conditions	DMP Stage
A temporary general water supply shortage due to increased demand or limited supplies such as a disruption to the potable water treatment, distribution or storage facilities of Metropolitan or the Water Authority, or of other agencies whereby such systems become inadequate to meet local or regional demand.	Stage 1
A long-term scheduled or unscheduled shutdown, major system disruption, or multi-year drought.	Stage 2
A 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.	Stage 3

Table 38 of the OWD 2010 UWMP



District Water Shortage Response Levels

Water Shortage Response Levels	Water Use Restrictions	Conservation Target	DMP Stage
1 – Supply Watch	Voluntary	Up to 10%	Stage 1 or 2
2 – Supply Alert	Mandatory	> 10% - 20%	Stage 2 or 3
3 – Supply Critical	Mandatory	> 20% - 40%	Stage 3
4 – Supply Emergency	Mandatory	Above 40%	Stage 3

Table 39 of the OWD 2010 UJWMP and from District Code of Ordinance Section 3B





OTAY WATER DISTRICT

2010 Urban Water Management Plan

Questions ?

Draft

Otay Water District 2010 Urban Water Management Plan

Adopted June xx, 2011



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ATKINS

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San Diego, CA 92130

Quality Assurance Approval Sheet

Subject: Public Hearing for the Otay Water District's
2010 Urban Water Management Plan
(UWMP) and Approve Resolution No. 4175
Approving the District's 2010 Urban Water
Management Plan

Project No.: P1210-001000

Document Description: Staff Report for the June 1, 2011 Board Meeting.

Author: Bob Kennedy 5/10/11
Signature Date

Bob Kennedy
Printed Name

QA Reviewer: Gary Silverman 5/10/11
Signature Date

Gary Silverman
Printed Name

Manager: Ron Ripperger 5/10/11
Signature Date

Ron Ripperger
Printed Name

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