OTAY WATER DISTRICT
ENGINEERING, OPERATIONS & WATER RESOURCES COMMITTEE MEETING
and
SPECIAL MEETING OF THE BOARD OF DIRECTORS

2554 SWEETWATER SPRINGS BOULEVARD
SPRING VALLEY, CALIFORNIA
Board Room

THURSDAY
February 21, 2013
12:00 P.M.

This is a District Committee meeting. This meeting is being posted as a special meeting in order to comply with the Brown Act (Government Code Section §54954.2) in the event that a quorum of the Board is present. Items will be deliberated, however, no formal board actions will be taken at this meeting. The committee makes recommendations to the full board for its consideration and formal action.

AGENDA

1. ROLL CALL

2. 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

DISCUSSION ITEMS

3. APPROVE CHANGE ORDER NO. 1 TO THE CONTRACT WITH LAYFIELD ENVIRONMENTAL SYSTEMS CORPORATION FOR THE 624-1 RESERVOIR PROJECT IN AN AMOUNT NOT-TO-EXCEED $183,026, AND INCREASE THE CAPITAL IMPROVEMENT PROGRAM (CIP) P2477 BUDGET IN THE AMOUNT OF $200,000 (MARCHIORO) [5 minutes]

4. APPROVE CHANGE ORDER NO. 1 TO THE CONTRACT WITH SEPULVEDA CONSTRUCTION FOR THE 30-INCH POTABLE WATER PIPELINE IN HUNTE PARKWAY PROJECT IN AN AMOUNT NOT-TO-EXCEED $109,223.44, AND INCREASE THE CAPITAL IMPROVEMENT PROGRAM (CIP) BUDGET IN THE AMOUNT OF $135,000 (MARTIN) [5 minutes]

5. APPROVE THE WATER SUPPLY ASSESSMENT REPORTS DATED JANUARY 2013 FOR THE OTAY TECH CENTRE PROJECT AND THE SUNROAD PLAZA PROJECT

6. INFORMATIONAL UPDATE ON THE SECOND QUARTER FISCAL YEAR 2013 CAPITAL IMPROVEMENT PROGRAM REPORT (MARTIN) [5 minutes]

7. SAN DIEGO COUNTY WATER AUTHORITY UPDATE (WATTON) [10 minutes]

8. ADJOURNMENT

BOARD MEMBERS ATTENDING:
David Gonzalez, Chair
Gary Croucher

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

Certification of Posting

I certify that on February 15, 2013 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 24 hours in advance of the meeting of the Board of Directors (Government Code Section §54954.2).

Executed at Spring Valley, California on February 15, 2013.

/s/ Susan Cruz, District Secretary

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	March 6, 2013
SUBMITTED BY:	Jeff Marchioro Senior Civil Engineer Ron Ripperger Engineering Manager	PROJECT:	P2477-001103 DIV. NO. 1
APPROVED BY:	☒ Rod Posada, Chief, Engineering ☒ German Alvarez, Asst. General Manager ☒ Mark Watton, General Manager		
SUBJECT:	Approve Change Order No. 1 to the Contract with Layfield Environmental Systems Corporation for the 624-1 Reservoir Project and Increase the CIP P2477 Budget in an amount of $200,000		

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) approve Change Order No. 1 to the existing contract with Layfield Environmental Systems Corporation (Layfield) in an amount not-to-exceed $183,026 for the Floating Cover Replacement at the 624-1 Reservoir Project and to increase the CIP P2477 budget in the amount of $200,000 (see Exhibit A for Project location).

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To obtain Board authorization for the General Manager to approve Change Order No. 1 (see Exhibit B) to the existing contract with Layfield in an amount not-to-exceed $183,026 for the Floating Cover Replacement at the 624-1 Reservoir Project and to increase the CIP P2477 budget in the amount of $200,000.

ANALYSIS:

At the October 9, 2012 Board Meeting, the Board awarded a construction contract in an amount of $497,050 to Layfield to replace the 624-1 Reservoir floating cover and protect, clean, and inspect the existing liner.

The reservoir was originally fitted with a chlorosulfanated polyethylene (CSPE) cover which is also known as "hypalon" in the early 1980's. The reservoir was most recently improved and fitted with a reinforced polypropylene (RPP) liner and floating cover in 1999. The RPP floating cover had been repeatedly repaired to maintain the integrity of the cover material; however, it became cost prohibitive to continue to repair the existing cover. It was reasonable to expect that the existing liner was in good condition based on manufacturer specifications, the annual dive videos, and observations made during a previous spot repair of the liner. In addition, it is reasonable to expect that the cover deteriorated more quickly compared to the liner because only the cover was exposed to sunlight. The cover protected the liner from UV degradation.

Layfield demolished and began cleaning the liner the week of January 28, 2013. During the cleaning, it was observed that the liner had small bubbles on the surface of it that were mostly concentrated around the inlet, in the northeast corner of the reservoir. While lightly brushing the surface with soft bristled brooms, Layfield noticed that a thin layer (approximately 2 mils thick) was beginning to peel from the liner surface in long strips. The bubbling and peeling issue appeared to extend up the slope about seven feet. Layfield also noticed seam failures along the butt seam at the toe of slope.

Layfield recommended total replacement of the liner based on their theory that all liner seams have failed or will continue to fail due to liner peeling; however, a leak test performed on the bottom of the reservoir did not find leaks. Leak testing at the toe of the slope and in the slopes were inconclusive. The peeling thin layer could slough off and enter the distribution system and damage mechanical systems. Layfield stated that they have never seen this type of failure before.

Staff performed a life cycled cost analysis for the replacement of the liner and cover with different material combinations (unreinforced polypropylene liner/RPP cover, RPP liner/RPP cover, RPP liner/CSPE cover, and CSPE liner/RPP cover) and concluded that RPP liner/RPP cover was the best alternative based on five (5) options quoted by Layfield. The analysis considered replacement frequencies of materials with dissimilar warranties for the various material combinations. The advantage of the RPP liner/RPP cover option was

that the liner and cover would have the same warranty duration (20-years). Also, Layfield would take the partially fabricated and delivered RPP material currently intended for the cover and install it as the liner to minimize the amount of time that the reservoir will be out of service.

Staff recommends Layfield for the liner replacement work because Layfield's quotations appeared competitive and fair based on a detailed review of Layfield's bid proposal/schedule of values and a review of cost estimates in the design consultant's (Atkin's) preliminary design report. Competitively bidding and/or contracting the liner replacement work separately is not pragmatic. A single contractor should complete installation of both the liner and cover to provide a single point of responsibility. As detailed in the October 9, 2012 staff report, there are very few contractors in the continental United States that are commonly known to install the "mechanically tensioned" style cover that is currently in use at the 624-1 Reservoir; and it is unlikely that qualified non-local contractors can compete with Layfield on this Change Order.

The liner and cover material installed in 1999 was provided with a 20-year warranty. Layfield reported that the material manufacturer (JPS Elastomerics Corp.) is no longer in business. A sample warranty provided in the 1999 membrane material construction submittal implies that the warranty covers material replacement cost based on the prorated amount of time in service only. Staff did not pursue a warranty claim for the cover because the cover previously required spot repairs and the warranty provides material replacement for only the spot repairs. The liner appears to have a complete failure which may facilitate a warranty claim for the liner. Based on the amount of time remaining in the warranty, and the approximate current liner material cost ($100,000), a possible warranty claim amount would be on the order of $25,000 for the liner only. Staff is discussing options with Legal Counsel.

FISCAL IMPACT: ☒ Joe Beachem, Chief Financial Officer

The Fiscal Year 2013 budget for CIP P2477 is $800,000. Total expenditures, plus outstanding commitments and forecast, including this contract, are $1,000,000. See Attachment B for budget detail.

Based on a review of the financial budget, the Project Manager anticipates that with a budget increase of $200,000 the Project will be completed within the new budget amount of $1,000,000.

Finance has determined that 100% of the funding is available from the Replacement Fund for CIP P2477 including the $200,000 increase in budget. It anticipated that the actual overall CIP expenditures in

Fiscal Year 2013 will be well below the overall CIP budget making sufficient reserves available to fund this budget increase. The impact to the rolling 6-year CIP budget (fiscal years 2013 through 2019 budget) would be minor.

STRATEGIC GOAL:

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

LEGAL IMPACT:

Staff is discussing options for a possible warranty claim against the defunct material manufacturer (JPS Elastomerics Corp.) and/or JPS's insurer (see discussion above).

JM/RR:jf
P:\WORKING\CIP P2477 Reservoir Cover Replacement\Staff Reports\BD 3-6-13, Staff Report, 624-1 Res Floating Cvr Repl.docx
Attachments: Attachment A – Committee Action
Attachment B – Budget Detail
Exhibit A – Location Map
Exhibit B – Change Order No. 1
Exhibit C – Presentation

ATTACHMENT A

SUBJECT/PROJECT:	Approve Change Order No. 1 to the Contract with Layfield Environmental Systems Corporation for the 624-1 Reservoir Project and Increase the CIP P2477 Budget in an amount of $200,000
P2477-001103	

COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee (Committee) reviewed this item at a meeting held on February 21, 2013. The Committee supported Staff's recommendation.

NOTE:

The "Committee Action" is written in anticipation of the Committee moving the item forward for Board approval. This report will be sent to the Board as a Committee approved item, or modified to reflect any discussion or changes as directed from the Committee prior to presentation to the full Board.

ATTACHMENT B

SUBJECT/PROJECT:	Approve Change Order No. 1 to the Contract with Layfield Environmental Systems Corporation for the 624-1 Reservoir Project and Increase the CIP P2477 Budget in an amount of $200,000
P2477-001103	

Otay Water District — **Date Updated: - 2/4/2013**

p2477-Res - 624-1 Reservoir Cover Replacement

Budget 1,000,000	*Committed*	*Expenditures*	*Outstanding Commitment & Forecast*	*Projected Final Cost*	*Vendor/Comments*
Planning					
Regulatory Agency Fees	50	50	-	50	PETTY CASH CUSTODIAN
Service Contracts	4,000	4,000	-	4,000	FIRST AMERICAN TITLE CO
Standard Salaries	18,083	18,083	-	18,083	
Total Planning	22,133	22,133	-	22,133	
Design					
Consultant Contracts	1,810	1,810	-	1,810	ALTA LAND SURVEYING INC
	68,540	68,540	-	68,540	ATKINS
Service Contracts	84	84	-	84	SAN DIEGO DAILY TRANSCRIPT
	1,062	1,062	-	1,062	LAYFIELD ENVIRONMENTAL SYSTEMS
	1,823	1,547	276	1,823	MAYER REPROGRAPHICS INC
Standard Salaries	44,228	44,228	-	44,228	
Total Design	117,547	117,271	276	117,547	
Construction					
Professional Legal Fees	244	244	-	244	STUTZ ARTIANO SHINOFF
Service Contracts	2,000	2,000	-	2,000	DIVE/CORR INC
2009 Repair	16,104	16,104	-	16,104	LAYFIELD ENVIRONMENTAL SYSTEMS
Cover Replacement	497,050	-	497,050	497,050	LAYFIELD ENVIRONMENTAL SYSTEMS
Liner Replacement			183,026	183,026	LAYFIELD ENVIRONMENTAL SYSTEMS
Standard Salaries	20,002	20,002	90,494	110,496	
			26,400	26,400	ALYSON CONSULTING
			15,000	15,000	CONTINGENCY @ 3%
			10,000	10,000	CLOSEOUT
Total Construction	535,400	38,350	821,970	860,320	
Grand Total	**675,080**	**177,754**	**822,246**	**1,000,000**	

P:\WORKING\CIP P2477 Reservoir Cover Replacement\Graphics\Exhibits-Figures\Exhibit A, Location Map.mxd

OTAY WATER DISTRICT

624-1 RESERVOIR FLOATING COVER REPLACEMENT
LOCATION MAP

CIP P2477

EXHIBIT A

EXHIBIT B

OTAY WATER DISTRICT
2554 SWEETWATER SPRINGS BLVD., SPRING VALLEY, CA. 91978, (619) 670-2222

CONTRACT/P.O. CHANGE ORDER No. 1

PROJECT/ITEM: Reservoir 624-1 Floating Cover Replacement Project
CONTRACTOR/VENDOR: Layfield Environmental Systems **REF.CIP No.:** P2477-001103
APPROVED BY: Board **REF. P.O. No:** 716855 **DATE:** 02/12/13

DESCRIPTION:

This Change Order provides for replacement of the existing 624-1 liner pursuant to RFP 01.

REASON:

Subsequent to reservoir draining and liner cleaning activities a differing site condition was discovered. The existing liner material is blistered resulting in an approximate 2 mil delamination within the top layer of liner material when scrubbed as part of the cleaning process. The blistering was not evident in design inspection video or analysis and may result in premature liner failure. This Change Order is necessary to resolve all costs associated with Contractor Change Order Request No. 01 and RFP 001 for liner replacement.

CHANGE P.O. TO READ:

Revise Contract to add $183,026.00 and add 28 days time for a total Contract amount of $680,076.00 with a Contract Duration of 168 Calendar Days.

ORIGINAL CONTRACT/P.O. AMOUNT:	$	497,050.00
ADJUSTED AMOUNT FROM PREVIOUS CHANGE:	$	0.00
TOTAL COST OF THIS CHANGE ORDER:	$	183,026.00
NEW CONTRACT/P.O. AMOUNT IS:	$	680,076.00
ORIGINAL CONTRACT COMPLETION DATE:		04/05/13
CONTRACT/P.O. TIME AFFECTED BY THIS CHANGE:		Yes
REVISED CONTRACT COMPLETION DATE:		05/03/13

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

CONTRACTOR/VENDOR:

SIGNATURE: _____
NAME : DAVID OTT
TITLE: PROJECT MANAGER DATE : 2/13/13
COMPANY & ADDRESS: LAYFIELD ENVIRONMENTAL SYSTEMS
2500 SWEETWATER SPRINGS BLVD
SPRING VALLEY, CA 91978

STAFF APPROVALS:

PROJ. MGR : _____ DATE: 2/13/13
DIV. MGR : _____ DATE: _____
CHIEF: _____ DATE: _____
ASST. GM : _____ DATE: _____

DISTRICT APPROVAL:

GEN. MANAGER: _____ DATE: _____

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

CHANGE ORDER LOG

Reservoir 624-1 Floating Cover Replacement **P2477-001103**

C.O.	AMOUNT	APPROVED BY	APPROVED DATE	DESCRIPTION	TYPE C.O.
1	$183,026.00	Board		Replace Existing Liner	
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
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28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					

Total C.O.'s To Date:	$183,026.00	36.8%
Original Contract Amount:	$497,050.00	
Current Contract Amount:	$680,076.00	

Change Order Breakdown for the Month:

Month	Net C.O.$	Limit	Authorization	Absolute C.O.$	Absolute C.O. %
2/13	$0.00	$5,000/5%	PM/Supervisor	$0.00	0.0%
		$10,000/10%	Manager	$0.00	0.0%
		$15,000/20%	Chief	$0.00	0.0%
		$50,000/30%	GM	$0.00	0.0%

OTAYWATERDISTRICT

EXHIBIT C

Change Order No. 1 and Budget Increase for:

Reservoir 624-1 (Patzig) Floating Cover Replacement

March 6, 2013

OTAYWATERDISTRICT

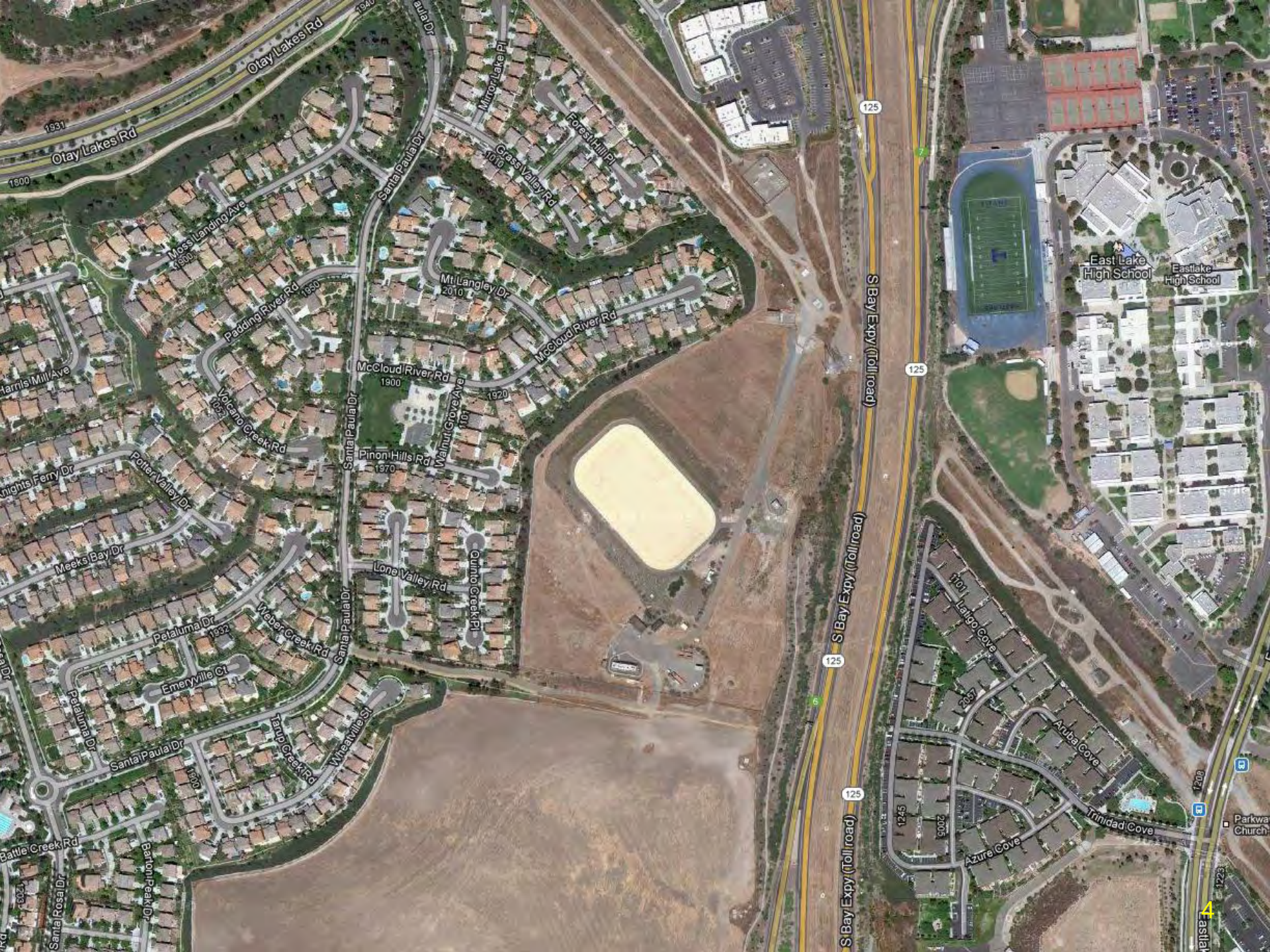
Presentation Outline

1. Project Overview
2. Existing Reservoir Description
3. Demolition
4. Change Order/Budget Increase
5. Schedule

Project Overview

Potable water reservoir cover/liner replacement

- 12.4 million gallon
- Originally used for agriculture.
- Chlorosulfanated polyethylene (CSPE) cover which is also known as “hypalon” in the early 80’s
- Reinforced polypropylene (RPP) liner and floating cover in 1999.
- Normal maintenance (15-20 year frequency)


Otay Lakes Rd
Otay Lakes Rd
Otay Lakes Rd
Santa Paula Dr
Mirror Lake Pl
Forest Hill Pl
Grass Valley Rd
Moss Landing Ave
Padding River Rd
Mt Langley Dr
McCloud River Rd
McCloud River Rd
Harris Mill Ave
Volcano Creek Rd
Santa Paula Dr
Pinon Hills Rd
Walnut Grove Ave
Potter Valley Dr
Meeks Bay Dr
Lone Valley Rd
Quino Creek Pl
Petaluma Dr
Weber Creek Rd
Santa Paula Dr
Emeryville Ct
Petaluma Dr
Tahoe Creek Rd
Wheatville St
Santa Paula Dr
Battle Creek Rd
Santa Rosa Dr
Bartoni Peak Dr
S Bay Expy (Toll road)
S Bay Expy (Toll road)
S Bay Expy (Toll road)
125
125
125
East Lake High School
Eastlake High School
Laligo Cove
Aruba Cove
Trinidad Cove
Azure Cove
Parkwa
Church
4


01.22.2013 14:47


01.25.2013 11:04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01.25.2013 11:13

LAYFIELD

Floating Cover Systems

With over 25 years experience, Layfield Environmental Systems Corp is recognized as a global leader in the design, fabrication and installation of floating cover systems.

Our floating covers are designed using state of the art, high performance geomembrane materials and proprietary Layfield cover technology, designed to meet a wide range of project applications.

We offer a full range of services including design, fabrication, installation, and maintenance programs for the North American market. Layfield also has extensive experience providing our cover systems in a variety of international markets. We take pride in providing our high quality products and services on a bid or design-build basis.

Our cover systems are commonly used in a variety of applications ranging from:

Drinking Water:

- Prevent Contamination
- Improve Water Quality
- Reduce Treatment Costs & Trihalomethane (THM) levels
- Eliminate Evaporation Losses
- Improve Security
- Meet Health Services Standards

Process and Wastewater:

- Odor Control
- Methane Gas Collection
- Power & Heat Generation
- Waste Reduction
- Pollution Control & Contamination Prevention
- Meets Health Services Standards
- Modular Insulated Covers

OTAYWATERDISTRICT

Change Order

- Life Cycle Cost analysis of five different Layfield quoted options with different combinations of materials
- Layfield's quotations appeared competitive and fair
- $183,026 Change Order
- $200,000 CIP budget increase
- 1 month time increase

OTAYWATERDISTRICT

Project Schedule

- Contract Award — Oct 2012 (complete)
- Demolition of existing cover — Jan 2013 (complete)
- Installation of new liner/cover — Mar 2013
- Construction Completion — April 2013

OTAYWATERDISTRICT

Questions?

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	March 6, 2013		
SUBMITTED BY:	Dan Martin Engineering Manager	PROJECT:	P2514-001103	DIV. NO.	5
APPROVED BY:	☒ Rod Posada, Chief, Engineering ☒ German Alvarez, Assistant General Manager ☒ Mark Watton, General Manager				
SUBJECT:	Approve Change Order No. 1 to the Contract with Sepulveda Construction for the 30-Inch Potable Water Pipeline in Hunte Parkway Project and Increase the CIP P2514 Budget in the amount of $135,000				

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) approve Change Order No. 1 to the existing contract with Sepulveda Construction in an amount not-to-exceed of $109,223.44 for the 30-Inch Potable Water Pipeline in Hunte Parkway Project and to authorize an increase in the amount of $135,000 to an overall budget of $1,685,000 (see Exhibit A for Project location).

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To obtain Board authorization for the General Manager to execute Change Order No. 1 in an amount not-to-exceed $109,223.44 to the existing contract with Sepulveda Construction for the 30-Inch Potable Water Pipeline in Hunte Parkway Project and obtain Board approval to increase the CIP P2514 budget in the amount of $135,000.

ANALYSIS:

At the March 7, 2012 Board Meeting, the Board awarded a construction contract in an amount of $1,212,257.13 to Sepulveda Construction for the 30-Inch Potable Water Pipeline in Hunte Parkway Project.

The Project consists of the installation of approximately 2,240 linear feet of 30-inch polyurethane coated, cement mortar lined, steel cylinder potable water pipeline in Hunte Parkway from Proctor Valley Road to the entrance of the District's Use Area adjacent to the Salt Creek Golf Course in Chula Vista.

This pipeline is needed to eliminate high head losses experienced during the morning peak demand periods in the existing 980 Pressure Zone. The pipeline is being installed parallel to the existing 20-inch 980 Pipeline in Hunte Parkway and will also serve to eliminate the low pressures currently experienced in the 980 Zone.

Change Order No. 1 (Exhibit B) includes a variety of items related to multiple utility conflicts that were discovered during construction which required a redesign of the water main. These utility conflicts include existing electrical, gas, cable television, sewer, and irrigation controller conduits which in summary were either not shown or shown in a different location than included in the original contract plans. Additionally, the contractor encountered caving soils on the Project and an additional 30-inch Class 150 Butterfly Valve was required, but not reflected in the quantities of the contract's Bid Schedule. The costs associated with these items total $140,548.51.

Lastly, this Change Order provides a credit for the use of existing native material determined during construction to be suitable for the purposes of backfilling the trench zone for the water line in lieu of the decomposed granite material required by the contract. This credit also provides for the disposal of displaced native material from the pipe zone and aggregate base from the existing structural section located within the trench zone at the District's Salt Creek off-site area. The credit associated with these changes is <$31,325.07>.

The following is a table summarizing the cost items in Change Order No. 1. A more detailed description of each item is provided in Exhibit B:

Item	Description	Amount
1	New alignment due to utility conflicts and Irrigation Controller line relocations. Caving soils. Additional 30-inch Class 150 Butterfly Valve.	$140,548.51
2	Use of existing native material/disposal site	<$31,325.07>
	Total	**$109,223.44**

Change Order No. 1 also addresses contract time as a result of the items included in the Change Order. A detailed assessment of the time associated with each change is provided in Exhibit B. In total, 124 days will be added to the contract which will result in a revised total contract duration of 334 calendar days as a result of this Change Order. Additional support for inspection and contract administration will be required to support the contract through completion. A forecast for these activities, along with a contingency for the remaining work, is included in the overall budget increase request.

In summary, the net increase to the Project for Change Order No. 1 is $109,223.44 and 124 calendar days. The budget increase request associated with the changes included in Change Order No. 1, additional inspection, contract administration and contingency is $135,000 which amounts to an 8.7% increase in the Project budget.

FISCAL IMPACT: ☒ Joe Beachem, Chief Financial Officer

The total budget for CIP P2514, as approved in the FY 2013 budget, is $1,550,000. Total expenditures, plus outstanding commitments and forecast, are $1,684,837.00. See Attachment B for budget detail.

Based on a review of the financial budgets, the Project Manager anticipates that with a budget increase of $135,000 the Project will be completed within the new budget amount of $1,685,000.

Finance has determined that 100% of the funding is available from the Expansion Fund for CIP P2514.

STRATEGIC GOAL:

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

LEGAL IMPACT:

None.

DM:jf
P:\WORKING\CIP P2514 PL-30-Inch, 980 Zone, Hunte Pkwy - Proctor Valley\Staff Reports\CO 01\BD 03-06-2013, Change Order No 1 to Sepulveda Construction, (DM).docx

Attachments: Attachment A – Committee Action
Attachment B – P2514 Budget Detail
Exhibit A – Location Map
Exhibit B – Change Order No. 1

ATTACHMENT A

SUBJECT/PROJECT:	Approve Change Order No. 1 to the Contract with Sepulveda Construction for the 30-Inch Potable Water Pipeline in Hunte Parkway Project and increase the CIP Budget for CIP P2514 in an amount not-to-exceed $135,000
P2514-001103	

COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee (Committee) reviewed this item at a meeting held on February 21, 2013. The Committee supported Staff's recommendation.

NOTE:

The "Committee Action" is written in anticipation of the Committee moving the item forward for Board approval. This report will be sent to the Board as a Committee approved item, or modified to reflect any discussion or changes as directed from the Committee prior to presentation to the full Board.

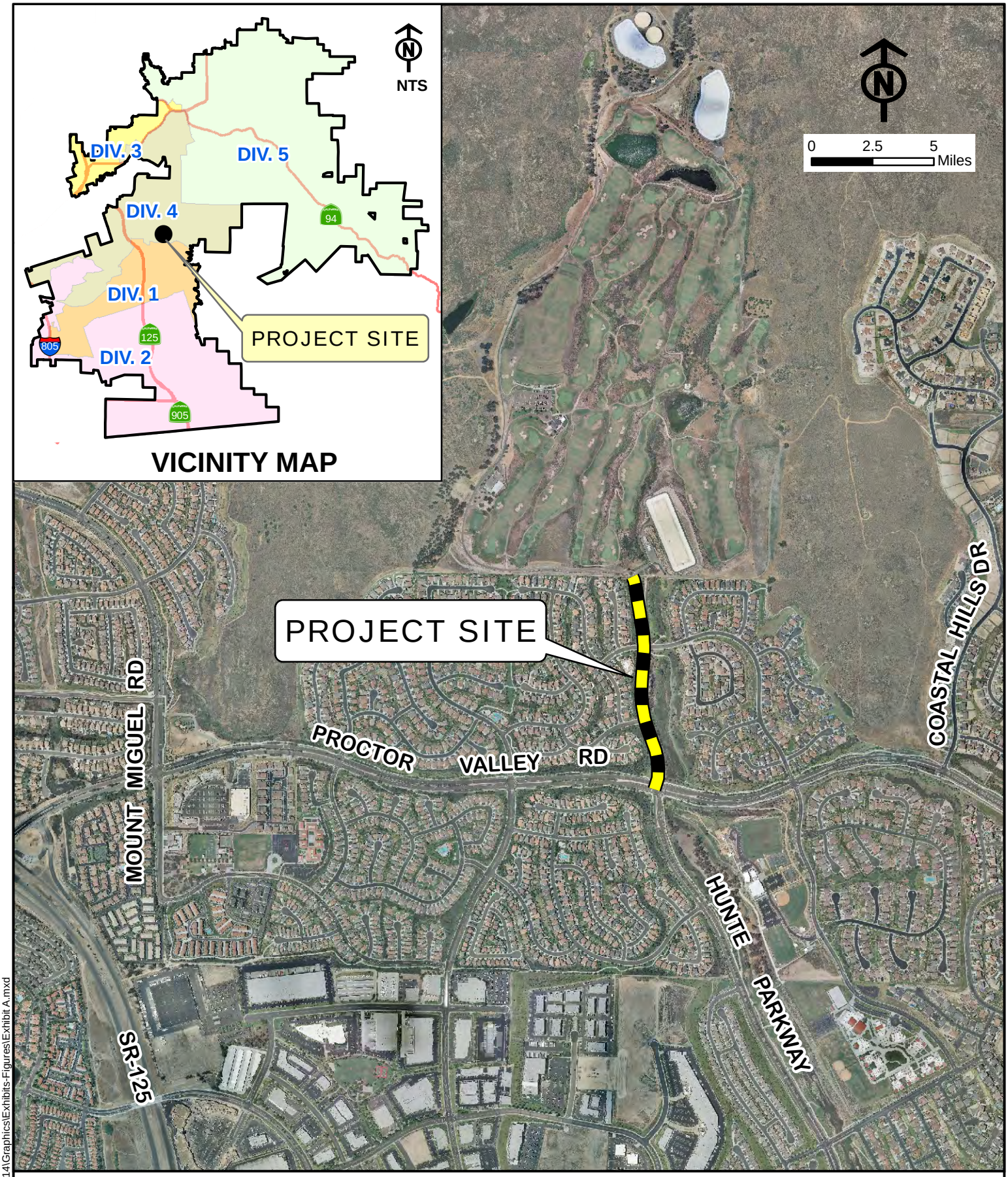
ATTACHMENT B – Budget Detail

SUBJECT/PROJECT:	Approve Change Order No. 1 to the Contract with Sepulveda Construction for the 30-Inch Potable Water Pipeline in Hunte Parkway Project and increase the CIP Budget for CIP P2514 in an amount not-to-exceed $135,000
P2514-001103	

Otay Water District
p2514-PL-30-Inch, 980 Zone, Hunte Pkwy - Proct

Date Updated: 1/31/2013

Budget 1,550,000	*Committed*	*Expenditures*	*Outstanding Commitment & Forecast*	*Projected Final Cost*	*Vendor/Comments*
Planning					
Consultant Contracts	4,000	4,000	-	4,000	JAMES NAUGHTON JR, MAI
Service Contracts	295	295	-	295	SAN DIEGO UNION-TRIBUNE LLC
Settlements	1,080	1,080	-	1,080	ROLLING HILLS RANCH COMM ASSN
Standard Salaries	974	974	-	974	
Total Planning	6,349	6,349	-	6,349	
Design					
Consultant Contracts	5,252	5,252	-	5,252	CPM PARTNERS INC
	750	750	-	750	PROGRESSIVE MAPPING
	4,919	4,919	-	4,919	V & A CONSULTING ENGINEERS
Professional Legal Fees	2,300	2,300	-	2,300	STUTZ ARTIANO SHINOFF
Service Contracts	295	295	-	295	SAN DIEGO UNION-TRIBUNE LLC
	70	70	-	70	SAN DIEGO DAILY TRANSCRIPT
	4,300	4,300	-	4,300	CITY OF CHULA VISTA
	10,600	10,600	-	10,600	UNDERGROUND SOLUTIONS INC
Standard Salaries	100,102	100,102	-	100,102	
Total Design	128,587	128,587	-	128,587	
Construction					
Construction Contracts	1,212,257	980,201	232,056	1,212,257	SEPULVEDA CONSTRUCTION INC
	109,223		109,223	109,223	Change Order No. 1
Consultant Contracts	638	638	-	638	MARSTON+MARSTON INC
	34,000	16,800	17,200	34,000	ALYSON CONSULTING
Postage	127	127	-	127	PETTY CASH CUSTODIAN
Professional Legal Fees	370	370	-	370	STUTZ ARTIANO SHINOFF
Regulatory Agency Fees	18,660	11,160	7,500	18,660	CITY OF CHULA VISTA
Service Contracts	562	562	-	562	MAIL MANAGEMENT GROUP INC
	5,746	5,746	-	5,746	MAYER REPROGRAPHICS INC
	68	68	-	68	SAN DIEGO DAILY TRANSCRIPT
Standard Salaries	141,250	125,226	16,024	141,250	
	27,000	-	27,000	27,000	10% CONTINGENCY ON REMAINING WORK
	-	-	-	-	
	-	-	-	-	
Total Construction	1,549,901	1,140,897	409,004	1,549,901	
Grand Total	1,684,837	1,275,833	409,004	1,684,837	



OTAY WATER DISTRICT

30-INCH POTABLE WATER PIPELINE IN HUNTE PARKWAY
LOCATION MAP

CIP P2514

EXHIBIT A

P:\WORKING\CIP P2514\Graphics\Exhibits-Figures\Exhibit A.mxd

OTAY WATER DISTRICT
2554 SWEETWATER SPRINGS BLVD., SPRING VALLEY, CA. 91978, (619) 670-2222

CONTRACT/P.O. CHANGE ORDER No. 1

PROJECT/ITEM: 30-Inch Potable Water Pipeline in Hunte Parkway
CONTRACTOR/VENDOR: Sepulveda Construction **REF.CIP No.:** P2514-001103
APPROVED BY: Assistant GM **REF. P.O. No:** 715949 **DATE:** 1/16/13

DESCRIPTION:

See attached page 2 of 3 for continuation.

REASON:

See attached page 3 of 3 for continuation.

CHANGE P.O. TO READ:

Revise Contract to add $109,223.44 and add 124 days time for a total Contract amount of $1,321,180.57 with a Contract Duration of 334 Calendar Days.

ORIGINAL CONTRACT/P.O. AMOUNT:	$	1,212,257.13
ADJUSTED AMOUNT FROM PREVIOUS CHANGE:	$	0.00
TOTAL COST OF THIS CHANGE ORDER:	$	109,223.44
NEW CONTRACT/P.O. AMOUNT IS:	$	1,321,180.57
ORIGINAL CONTRACT COMPLETION DATE:		11/14/12
CONTRACT/P.O. TIME AFFECTED BY THIS CHANGE:		Yes
REVISED CONTRACT COMPLETION DATE:		3/18/13

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

CONTRACTOR/VENDOR:

SIGNATURE: _____
NAME : Peter Liu
TITLE: Principal DATE : 1/17/2013
COMPANY & ADDRESS: Sepulveda Construction
233 W Cerritos Ave
Anaheim, CA 92805

STAFF APPROVALS:

PROJ. MGR : _____ DATE: 1/17/13
DIV. MGR : _____ DATE: _____
CHIEF: _____ DATE: _____
ASST. GM : _____ DATE: _____

DISTRICT APPROVAL:

GEN. MANAGER: _____ DATE: _____

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

Description of Work

Description	Increase	Decrease	Time
Item No. 1: This Change Order increases the amount allocated for Bid Item 6, 30-Inch Class 150 Butterfly Valves by $22,333.88 to a new authorized amount of $67,001.64. (Add 1 EA at $22,333.88 / EA)	$22,333.88		15
Item No. 2: This Change Order provides for time related to the use of the Unknown Utilities Allowance associated with re-survey of Drawings C-1, C-2 and C-4 Revisions 1 and 2 resulting from unknown utilities.	$0.00	$0.00	11
Item No. 3: This Change Order adds 11 calendar days due to rain impacts per Contract Specifications 00700-8.5.	$0.00	$0.00	11
Item No. 4: This Change Order provides for realignment and profile modifications of the 30-inch pipeline between Stations 11+67 and 32+50 due to multiple utility conflicts per Drawings C-1, C-2 and C-4 Revisions 1 and 2.	$31,144.00		19
Item No. 5: This Change Order provides a credit for use of native soil material in the pipe zone in lieu of required decomposed granite material and allowing the Contractor to dispose of displaced native soil material at the District's Salt Creek off-site mitigation area.		$31,325.07	0
Item No. 6: This Change Order provides for modifications of the 30-inch pipeline between Stations 10+00 and 11+67 due to an unknown and conflicting electrical ductbank per Drawing C-1 Revision 3.	$46,654.88		49
Item No. 7: This Change Order provides for added costs to relocate unknown irrigation control conduits and wires located between Stations 10+00 and 10+30.	$11,426.07		2
Item No. 8: This Change Order provides for added costs to relocate unknown irrigation control conduits and wires located between Stations 24+75 and 25+77.	$13,924.68		3
Item No. 9: This Change Order provides for added costs associated with loose and caving soils at Station 24+50 which could not reasonably have been anticipated.	$15,065.00		14
	$140,548.51	$31,325.07	124
Sub Total Amount			
Total Net Change Order Amount	$109,223.44		

Revisions to: BID SCHEDULE

Item #	Description	Quantity	Unit	Unit Price	Amount
6	30-Inch Class 150 Butterfly Valve	3	EA	$22,333.88	$67,001.64

Reason:

Item No. 1:

The Contract Bid Item No. 6, 30-Inch Class 150 Butterfly Valve, quantity required an increase due to field conditions.

Item No. 2:

The Contract Allowance Bid Item, Item No. 11, Unknown or Unidentified Utilities Allowance, was utilized twice to account for additional scope associated with conflicting utilities (Contractor's Change Order Request No.'s 2 and 3). Costs were accounted via the Contractual Allowance, however it was agreed that the added scope cumulatively resulted in an 11 calendar day extension to the Contract. This change is necessary to provide the time extension agreed upon to resolve all costs associated with Contractor Change Order Request No.'s 02 and 03.

Item No. 3:

Contract Documents Section 00700-8.5 provides for no cost time extensions due to weather impacts on the project progress. Weather impacted the project eleven (11) days between October 2012 and December 2012. October 11, 12, 2012, November 8, 9, 29, 30, 2012 and December 13, 14, 17, 18, 26, 2012.

Item No. 4:

Resulting from Contract required potholing of utilities; multiple utilities were discovered to be deeper than shown on utility record drawings. This discovery resulted in the need to lower portions of the pipeline profile resulting in additional pipe length and soil excavation/backfill. This Change Order is necessary to resolve all costs associated with Contractor Change Order Request No. 04 and the issuance of Drawings C-1 and C-2 Delta 2 Revisions associated with these modifications.

Item No. 5:

Resulting from construction operations it was determined that native soil materials were suitable for use in the pipe zone and the District could benefit from the proximity of the District's Salt Creek off-site mitigation area for disposal of displaced native soil. This Change Order is necessary to allow the District to realize the credit for the reduced contractual scope associated with Contractor Change Order Request No. 06 associated with these modifications.

Item No. 6:

Subsequent to potholing and during excavation for the 30-inch mainline it was discovered that an existing electrical ductbank between stations 10+00 and 11+57 was not shown on the drawings or found during potholing. This discovery resulted in the need to perform additional excavation to deepen the pipeline profile and added costs and time associated with re-fabrication of affected pipe joints to avoid conflicting with the unknown existing ductbank. This change is necessary to resolve all costs associated with Contractor Change Order Request No. 08 and the issuance of Drawing C-1 Delta 3 Revisions associated with this modification.

Item No. 7:

Subsequent to potholing and during excavation for the 30-inch mainline it was discovered that irrigation control conduits and conductors associated with the homeowner's association property between Stations ~10+00 and ~10+30 were not shown on record drawings or as part of field utility mark-out. This discovery resulted in the need to perform additional excavation and restoration work to relocate the conduits and conductors out of the 30-inch trenchline. This change is necessary to resolve all costs associated with Contractor Change Order Request No. 05.

Item No. 8:

Subsequent to potholing and during excavation for the 30-inch mainline it was discovered that irrigation control conduits and conductors associated with the homeowner's association property between Stations ~24+75 and ~25+77 were not shown on record drawings or as part of field utility mark-out. This discovery resulted in the need to perform additional excavation and restoration work to relocate the conduits and conductors out of the 30-inch trenchline. This change is necessary to resolve all costs associated with Contractor Change Order Request No. 07.

Item No. 9:

During excavation for pipeline installation between Stations ~24+50 and ~25+00 loose and caving soils were encountered that could not have been reasonably anticipated. The encountered soil conditions required changing shoring methods and resulted in time impacts to bring additional equipment to the project site to safely continue prosecution of the work. This change is necessary to resolve all costs associated with Contractor Change Order Request No. 12.

CHANGE ORDER LOG

CIP Title - 30-Inch Potable Water Pipeline in Hunte Parkway

Project: P2514

Consultant/Contractor: Sepulveda Construction

Subproject: 001103

C.O.	AMOUNT	APPROVED BY	APPROVED DATE	DESCRIPTION	TYPE C.O.
1	$109,223.44	Board		Nine Items: Includes resolution for various utility conflicts, a 30-inch butterfly valve, and compensation for impacts due to caving soils. Also adds 124 days to contract.	Owner
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35					

Total C.O.'s To Date:	$109,223.44	9.0%
Original Contract Amount:	$1,212,257.13	
Current Contract Amount:	$1,321,480.57	

Month	Net C.O.$	Limit	Authorization	Absolute C.O.$	C.O. %
2/13	$109,223.44	$2,000	Insp		0.0%
		$5,000	PM/Sr. Engr.		0.0%
		$10,000	DivM		0.0%
		$15,000	Chief		0.0%
		$25,000	AGM		0.0%
		$50,000	GM		0.0%
		>$50000	Board	$109,223.44	9.0%

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	March 6, 2013
SUBMITTED BY:	Bob Kennedy Senior Civil Engineer Ron Ripperger Engineering Manager	CIP./G.F. NO:	D0362-090131 DIV. NO. 2
APPROVED BY:	☒ Rod Posada, Chief, Engineering ☒ German Alvarez, Asst General Manager ☒ Mark Watton, General Manager		
SUBJECT:	Approval of Water Supply Assessment Report (January 2013) for the Otay Tech Centre Project		

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) approves the Water Supply Assessment Report (WSA Report) dated January 2013 for the Otay Tech Centre Project, as required by Senate Bill 610 (see Exhibit A for Project location).

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To obtain Board approval of the January 2013 WSA Report for the Otay Tech Centre Project, as required by Senate Bill 610 (SB 610).

ANALYSIS:

Sunroad Otay Partners, LP submitted an entitlement application to the County for the development of the 253.1 acre project (Otay Tech Centre Project). The fifty five (55) Industrial/Commercial lot tentative map is located within the East Otay Mesa Specific Plan of the County's General Plan. The Planning Commission on March 9, 2012 adopted the environmental findings and tentative map conditions for the Otay Tech Centre project including a condition to require a water supply assessment be submitted to the County of San Diego Department of

Planning and Land Use prior to the approval of any permits for the Otay Tech Centre Project.

SB 610 requires the agency conducting the environmental review to evaluate whether total water supplies will meet the projected water demand for certain "projects" that are otherwise subject to the requirement of the California Environmental Quality Act (CEQA). SB 610 provides its own definition of "project" in Water Code Section 10912. The County submitted a request for a WSA to the District and in response to such request, SB 610 requires that, upon request of the agency conducting the environmental review, a water purveyor, such as the District, prepare the water supply assessment to be included in the CEQA documentation.

The requirements of SB 610 are addressed by the WSA Report for the Otay Tech Centre Project. Prior to transmittal to the County, the WSA Report must be approved by the District Board. Additional information of the intent of SB 610 is provided in Exhibit B and the Otay Tech Centre Project WSA Report is attached as Exhibit C.

For the Otay Tech Centre Project, the County is the responsible agency that requested the SB 610 water supply assessment from the District, as the water purveyor for the proposed Otay Tech Centre Project. The request for the WSA Report, in compliance with SB 610 requirements, was made by the County because the Otay Tech Centre Project meets or exceeds one or both of the following SB 610 criteria:

- A proposed industrial, manufacturing or processing plant or industrial park planned to house more than 1,000 persons, occupying more than 40 acres of land, or having more than 650,000 square feet of area.
- A project that would demand an amount of water equivalent to, or greater than, the amount of water required by a 500 dwelling unit project.

The District, as the proposed water purveyor for the Otay Tech Centre Project, does not have to comply with the requirements of Senate Bill 221 (SB 221) because the Project is an industrial development and SB 221 applies to residential subdivisions.

Pursuant to SB 610, the WSA Report incorporates by reference the current Urban Water Management Plans and other water resources planning documents of the District, the San Diego County Water Authority (Water Authority), and the Metropolitan Water District

of Southern California (MWD). The District prepared the WSA Report in consultation with Dexter Wilson Engineering, Inc. and the Water Authority which demonstrates and documents that sufficient water supplies are planned for and are intended to be made available over a 20-year planning horizon under normal supply conditions and in single and multiple dry years to meet the projected demand of the Otay Tech Centre Project and other planned development projects within the District.

The expected potable water demand for the Otay Tech Centre Project is 159,510 gallons per day (gpd) or about 178.7 acre-feet per year (AFY). This is below the demands in the District's 2008 Water Resources Master Plan updated November 2010 which estimated 304.3 AFY for the same parcels, but assumed a higher commercial use for the property. The projected recycled water demand for the Otay Tech Centre Project is 20,580 gpd or 23.0 AFY, representing about 11% of the total Otay Tech Centre Project water demand.

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

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

The intent of the SB 610 legislation is that the land use agencies and the water agencies coordinate their efforts in planning for new development and thus plan for sufficient water supplies to meet the needs.

As per the requirements of SB 610, if the water supply assessment finds that the supply is sufficient, then the governing body of the water supplier (District) must approve the water supply assessment and deliver it to the lead agency (County) within 90 days. The County's letter dated January 31, 2013 requested the WSA for the Otay Tech Centre Project. The deadline for the District to provide a Board approved WSA to the County is April 30, 2013. An extension can be requested to provide 30 additional days, if necessary.

Pursuant to SB 610, if the water supply assessment finds overall supplies are insufficient, the water supplier shall provide to the lead agency "its plans for acquiring additional water supplies, setting forth measures that are being undertaken to acquire and develop those water supplies," and the water supplier governing body must approve the assessment and deliver it to the lead agency within 90 days. If the water supplier does conclude that additional water supplies are required, the water supplier should indicate the status or stage of development of the actions identified in the plans it provides. Identification of a potential future action in such plans does not by itself indicate that a decision to approve or to proceed with the action has been made.

Once either of the two actions listed above are accomplished, the District's SB 610 water supply assessment responsibilities are complete.

Water supply agencies throughout California continue to face climatological, environmental, legal, and other challenges that impact water source supply conditions, such as the court ruling regarding the Sacramento-San Joaquin Delta issues. Challenges such as these are always present. The regional water supply agencies, the Water Authority, MWD, and the District nevertheless fully intend to have sufficient, reliable supplies to serve the Otay Tech Centre Project.

FISCAL IMPACT: ☒ Joe Beachem, Chief Financial Officer

The District has been reimbursed $8,000 for all costs associated with the preparation of the Otay Tech Centre Project WSA Report. The reimbursement was accomplished via a $8,000 deposit the Project proponents placed with the District on September 26, 2012.

STRATEGIC GOAL:

The preparation and approval of the Otay Tech Centre Project WSA Report supports the District's Mission statement, "To provide the best quality of water and wastewater services to the customers of the Otay Water District, in a professional, effective, and efficient manner" and the District's Strategic Goal, in planning for infrastructure and supply to meet current and future potable water demands.

LEGAL IMPACT:

Approval of a WSA Report for the Otay Tech Centre Project in form and content satisfactory to the Board of Directors would allow the District to comply with the requirements of Senate Bill 610.

BK/RR:jf
P:\WORKING\WO D0362 Sunroad Otay Tech Park\Staff Report\BD 03-06-13, Staff Report, Sunroad Otay Tech Centre WSA , (BK-RR).doc
Attachments: Attachment A – Committee Action
Exhibit A – Project Location Map
Exhibit B – Explanation of the Intent of SB 610
Exhibit C – Otay Tech Centre WSA Report
Exhibit D – Presentation

ATTACHMENT A

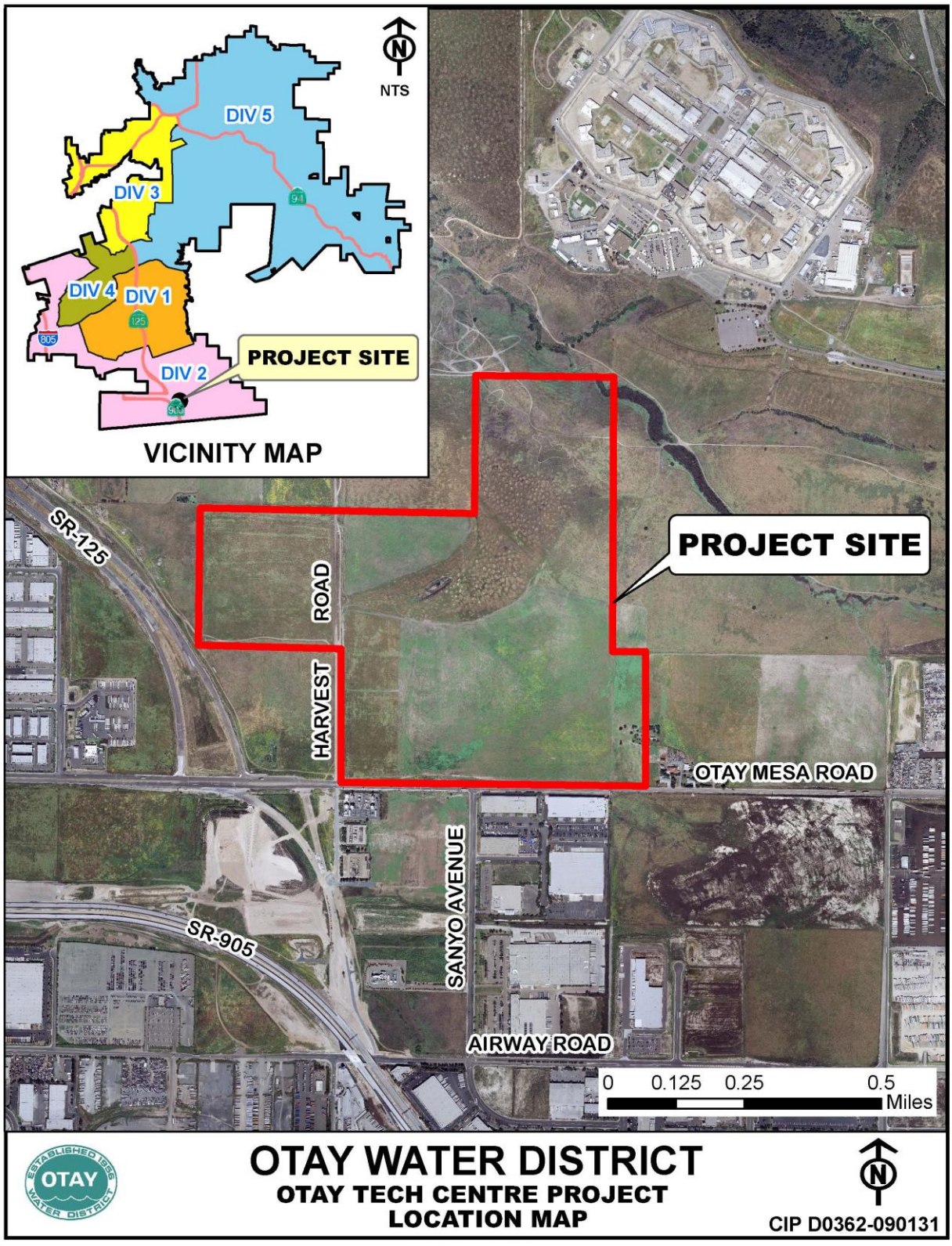
SUBJECT/PROJECT:	Approval of Water Supply Assessment Report (January 2013) for the Otay Tech Centre Project
D0362-090131	

COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee (Committee) reviewed this item at a meeting held on February 21, 2013. The Committee supported Staff's recommendation.

NOTE:

The "Committee Action" is written in anticipation of the Committee moving the item forward for Board approval. This report will be sent to the Board as a Committee approved item, or modified to reflect any discussion or changes as directed from the Committee prior to presentation to the full Board.



P:\WORKING\WO D0362-SUNROAD OTAY TECH CENTRE\STAFF REPORT\EXHIBIT A

OTAY WATER DISTRICT

OTAY TECH CENTRE PROJECT LOCATION MAP

CIP D0362-090131

EXHIBIT A

EXHIBIT B

Background Information

The Otay Water District (District) prepared the January 2013 Water Supply Assessment Report (WSA Report) for the Otay Tech Centre Project development at the request of the County of San Diego. The County's WSA request letter dated January 28, 2013 was received by the District on January 28, 2013 so the 90-day deadline for the District to provide the Board an approved WSA Report to the County ends April 27, 2013. Sunroad Otay Partners, LP submitted an entitlement application to the County for the development of the 253.1 acre project.

The Otay Tech Centre Project is located within the jurisdictions of the District, the San Diego County Water Authority (Water Authority), and the Metropolitan Water District of Southern California (MWD). See Exhibit A for Project location. To obtain permanent imported water supply service, land areas are required to be within the jurisdictions of the District, Water Authority, and MWD.

The January 2013 WSA Report for the Otay Tech Centre Project has been prepared by the District in consultation with Dexter Wilson Engineering, Inc., the Water Authority, and the County pursuant to Public Resources Code Section 21151.9 and California Water Code Sections 10631, 10656, 10910, 10911, 10912, and 10915 referred to as Senate Bill (SB) 610. SB 610 amended state law, effective January 1, 2002, intending to improve the link between information on water supply availability and certain land use decisions made by cities, counties, and other regulatory agencies. SB 610 requires that the water purveyor of the public water system prepare a water supply assessment to be included in the California Environmental Quality Act (CEQA) environmental documentation and approval process of certain proposed projects. The requirements of SB 610 are addressed in the January 2013 WSA Report for the Otay Tech Centre Project.

The Otay Tech Centre Project is located along the north side of Otay Mesa Road, just east of State Route 125. Refer to Exhibit A for a vicinity map of the proposed Otay Tech Centre Project. The project is proposed to be located on 253.1 acres within the East Otay Mesa Specific Plan of the County of San Diego (County) General Plan. The Otay Tech Centre Project is planned to include 55 Industrial/Commercial business park lots ranging from 1.1 to 5.25 acres in size. One of these lots will be open space and two lots will be used for support facilities (storm water detention and sewer lift station). Of the 52 lots to be developed, 9 of these lots will be in a commercial overlay zone.

The expected potable water demand for the Otay Tech Centre Project is 159,510 gallons per day (gpd) or about 178.7 acre feet per year (AFY). This is lower than the demand estimate in the District's WRMP Update which estimated 304.3 AFY. The projected recycled water demand for the Otay Tech Centre Project is approximately

20,580 gpd or 23.0 AFY, representing about 11% of the total Otay Tech Centre Project water demand.

The District currently depends on the Water Authority and the MWD for all of its potable water supplies and regional water resource planning.

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

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

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

- Periodic extended drought conditions.

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

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

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

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

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

The Water Authority's Drought Management Plan (May 2006) provides the Water Authority and its member agencies with a series of potential actions to engage when faced with a shortage of imported water supplies due to prolonged drought conditions. Such actions help avoid or minimize impacts of shortages and ensure an equitable allocation of supplies throughout the San Diego County region.

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

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

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

So the best the District can do right now is to state the current water supply situation clearly, indicating intent to provide supply through reassessment and reallocation by the regional, as well as, the local water suppliers. In doing so, it is believed that the Board

has met the intent of the SB 610 statute, that the land use agencies and the water agencies are coordinating their efforts in planning water supplies for new development.

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

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

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

- The Otay Water District Board approved in July 2007 the Eastern Urban Center Water Supply and Assessment Report.

- The Board approved the Judd Company Otay Crossings Commerce Park water supply assessment report on December 5, 2007.

- The Board approved the Otay Ranch L.P. Otay Ranch Preserve and Resort Project Water Supply Assessment and Verification Report on February 4, 2009.

- The Board approved water supply assessment and verification reports for the City of Chula Vista Village 8 West Sectional Plan Area and Village 9 Sectional Plan Are on January 5, 2011.

- The Board approved the water supply assessment report for the San Diego-Tijuana Cross Border Facility on February 2, 2011.

- The Board approved the water supply assessment for the County of San Diego Rabago Technology Park on April 6, 2011.

- The Board approved the water supply assessment report for the Pio Pico Energy Center Project on October 5, 2011.

- The Board approved the water supply assessment report for the Hawano Project on March 7, 2012.

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

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

Accordingly, after approval of a WSA Report for the Otay Tech Centre Project by the District's Board of Directors, the WSA Report may be used to comply with the requirements of the legislation enacted by Senate Bills 610 as follows:

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

OTAY WATER DISTRICT

WATER SUPPLY ASSESSMENT REPORT
for the
Otay Tech Centre Project
D0362-090131

Prepared by:

Bob Kennedy, P.E.
Senior Civil Engineer
Otay Water District
In consultation with
Dexter Wilson Engineering, Inc.
And
San Diego County Water Authority

January 2013

Otay Water District
Water Supply Assessment Report
January 2013

Otay Tech Centre Project

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Executive Summary

The Otay Water District (OWD) prepared this Water Supply Assessment Report (WSA Report) at the request of the County of San Diego (County) for the Otay Tech Centre Project. Sunroad Otay Partners, LP submitted an entitlement application to the County for the development of the Otay Tech Centre Project.

Otay Tech Centre Project Overview and Water Use

The Otay Tech Centre Project is located within the jurisdictions of the OWD, the San Diego County Water Authority (Water Authority), and the Metropolitan Water District of Southern California (MWD). To obtain permanent imported water supply service, land areas are required to be within the jurisdictions of the OWD, Water Authority, and MWD.

Sunroad Otay Partners, LP submitted an entitlement application to the County for the development of the 253.1 acre parcel (Otay Tech Centre Project). The fifty five (55) Industrial/Commercial lot tentative map is located within the East Otay Mesa Specific Plan of the County's General Plan along the north side of Otay Mesa Road, just east of State Route 125.

The expected potable water demand for the Otay Tech Centre Project is 159,510 gallons per day (gpd) or about 178.7 acre feet per year (AFY). This is below the projected demands in the District's 2008 Water Resources Master Plan updated November 2010 (WRMP Update) which estimated 304.3 AFY for the same parcels, but assumed a higher commercial use for the property. The projected recycled water demand for the Otay Tech Centre Project is 20,580 gpd or 23.0 AFY, representing about 11% of the total Otay Tech Centre Project water demand.

The Otay Tech Centre Project development components are required to use recycled water for irrigation and other potential purposes. The primary benefit of using recycled water is that it will offset the potable water demand by an estimated 23.0 AFY. The Otay WD WRMP

Update and 2010 Urban Water Management Plan (UWMP) anticipated that the Otay Tech Centre Project would use both potable and recycled water.

Planned Imported Water Supplies from the Water Authority and MWD

The Water Authority and MWD have an established process that ensures supplies are being planned to meet future growth. Any annexations and revisions to established land use plans are captured in the San Diego Association of Governments (SANDAG) updated forecasts for land use planning, demographics, and economic projections. SANDAG serves as the regional, intergovernmental planning agency that develops and provides forecast information. The Water Authority and MWD update their demand forecasts and supply needs based on the most recent SANDAG forecast approximately every five years to coincide with preparation of their Urban Water Management Plans (UWMP). Prior to the next forecast update, local jurisdictions with land use authority may require water supply assessment and/or verification reports for proposed land developments that are not within the OWD, Water Authority, or MWD jurisdictions (i.e. pending or proposed annexations) or that have revised land use plans with either lower or higher development intensities than reflected in the existing growth forecasts. Proposed land areas with pending or proposed annexations, or revised land use plans, typically result in creating higher demand and supply requirements than previously anticipated. The OWD, Water Authority, and MWD next demand forecast and supply requirements and associated planning documents would then capture any increase or decrease in demands and required supplies as a result of annexations or revised land use planning decisions.

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

MWD's 2010 IRP long term water plan offers a strategy to protect the region from future supply shortages, with an emphasis on water-use efficiency through conservation and local supply development. The 2010 IRP includes a planning buffer supply intended to mitigate against the risks associated with implementation of local and imported supply programs and for the risk that future demands could be higher than projected. The planning buffer identifies an additional increment of water that could potentially be developed when needed or if other supplies are not fully implemented as planned. As part of implementation of the planning buffer, MWD periodically evaluates supply development, supply conditions, and projected

demands to ensure that the region is not under or over developing supplies. Managed properly, the planning buffer will help ensure that the southern California region, including San Diego County, will have adequate water supplies to meet long-term future demands.

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

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

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

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

Otay Water District Water Supply Development Program

In evaluating the availability of sufficient water supply, the Otay Tech Centre Project will be required to participate in the water supply development program being implemented by the OWD. This is intended to be achieved through financial participation in several local and/or

regional water supply development projects envisioned by the OWD. These water supply projects are in addition to those identified as sustainable supplies in the current Water Authority and MWD UWMP, IRP, Master Plans, and other planning documents. These new water supply projects are in response to the regional water supply issues. These new additional water supply projects are not currently developed and are in various stages of the planning process. Imported water supplies along with the OWD water supply development projects supplies are planned to be developed and are intended to increase water supplies to serve the Otay Tech Centre Project water supply needs and that of other similar situated development projects. The OWD water supply development program includes but is not limited to projects such as the Middle Sweetwater River Basin Groundwater Well project, the North District Recycled Water Supply Concept, the Rosarito Ocean Desalination Facility project, and the Rancho del Rey Groundwater Well project. The Water Authority and MWD's next forecasts and supply planning documents would capture any increase in water supplies resulting from any new water resources developed by the OWD.

Findings

This WSA Report for the Otay Tech Centre Project has been prepared by the OWD in consultation with Dexter Wilson Engineering, Inc., the Water Authority, and the County pursuant to Public Resources Code Section 21151.9 and California Water Code Sections 10631, 10656, 10657, 10910, 10911, 10912, and 10915 referred to as Senate Bill (SB) 610. SB 610 amended state law, effective January 1, 2002, to improve the link between information on water supply availability and certain land use decisions made by cities and counties. SB 610 requires that the water purveyor of the public water system prepare a water supply assessment to be included in the California Environmental Quality Act (CEQA) environmental documentation and approval process of certain proposed projects. The County requested that OWD prepare a water supply assessment as per the requirements of SB 610. The requirements of SB 610 are being addressed by this WSA Report

The Otay Tech Centre Project development concept exceeds the thresholds contained in the legislation enacted by SB 610 and therefore requires preparation of a WSA report. The Otay Tech Centre Project is considered as an industrial development and is not a residential subdivision project of more than 500 units and hence it is not subject to the requirements of Senate Bill 221 for preparation of a Water Supply Verification Report.

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

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

Accordingly, after approval of a WSA Report for the Otay Tech Centre Project by the Otay Water District Board of Directors (Board), the WSA Report may be used to comply with the requirements of the legislation enacted by Senate Bill 610 as follows:

> Senate Bill 610 Water Supply Assessment: The Otay Water District Board approved Otay Tech Centre Project WSA Report may be incorporated into the California Environmental Quality Act (CEQA) compliance process for the Otay Tech Centre Project as a water supply assessment report consistent with the requirements of the legislation enacted by SB 610. The County, as lead agency under CEQA for the Otay Tech Centre Project EIR, may cite the approved WSA Report as evidence that a sufficient water supply is planned for and is intended to be made available to serve the Otay Tech Centre Project.

Section 1 - Purpose

Sunroad Otay Partners, LP submitted an entitlement application to the County for the development of the 253.1 acre parcel (Otay Tech Centre Project). The fifty five (55) Industrial/Commercial lot tentative map is located within the East Otay Mesa Specific Plan of the County's General Plan along the north side of Otay Mesa Road, just east of State Route 125. The County requested that the Otay Water District (OWD) prepare a Water Supply Assessment (WSA) Report for the Otay Tech Centre Project. The Otay Tech Centre Project description is provided in Section 3 of this WSA Report.

This WSA Report for the Otay Tech Centre Project has been prepared by the OWD in consultation with Dexter Wilson Engineering, Inc., the San Diego County Water Authority (Water Authority), and the County pursuant to Public Resources Code Section 21151.9 and California Water Code Sections 10631, 10656, 10910, 10911, 10912, and 10915 referred to as Senate Bill (SB) 610. SB 610 amended state law, effective January 1, 2002, intending to improve the link between information on water supply availability and certain land use decisions made by cities and counties. SB 610 requires that the water purveyor of the public water system prepare a water supply assessment to be included in the California Environmental Quality Act (CEQA) environmental documentation and approval process of

certain proposed projects. The requirements of SB 610 are being addressed by this WSA Report.

The Otay Tech Centre Project's development concept exceeds the thresholds contained in the legislation enacted by SB 610 and therefore requires preparation of a WSA report. The Otay Tech Centre Project is considered as an industrial development and is not a residential subdivision project of more than 500 units and hence it is not subject to the requirements of Senate Bill 221 for preparation of a Water Supply Verification Report.

This WSA Report evaluates water supplies that are planned to be available during normal, single dry year, and multiple dry water years during a 20-year planning horizon to meet existing demands, expected demands of the Otay Tech Centre Project, and reasonably foreseeable planned future water demands to be served by OWD. The Otay Water District Board of Directors approved WSA Report is planned to be used by the County in its evaluation of the Otay Tech Centre Project under the CEQA approval process procedures.

Section 2 - Findings

Sunroad Otay Partners, LP submitted an entitlement application to the County for the development of the 253.1 acre parcel (Otay Tech Centre Project). The OWD prepared this WSA Report at the request of the County for the Otay Tech Centre Project.

The Otay Tech Centre Project is located within the jurisdictions of the OWD, the Water Authority, and the Metropolitan Water District of Southern California (MWD). To obtain permanent imported water supply service, land areas are required to be within the jurisdictions of the OWD, Water Authority, and MWD to utilize imported water supply.

The expected potable water demand for the Otay Tech Centre Project is 159,510 gallons per day (gpd) or about 178.7 acre feet per year (AFY). This is lower than the demand estimate in the District's WRMP Update which estimated 304 AFY. The projected recycled water demand for the Otay Tech Centre Project is approximately 20,580 gpd or 23.0 AFY, representing about 11% of the total Otay Tech Centre Project water demand.

The Otay Tech Centre Project development proponents are required to use recycled water for irrigation and other appropriate uses. The primary benefit of using recycled water is that it will offset the potable water demands by an estimated 23.0 AFY. The WRMP Update and the 2010 Urban Water Management Plan (UWMP) anticipated that the land area to be utilized for the Otay Tech Centre Project would use both potable and recycled water.

In evaluating the availability of sufficient water supply, the Otay Tech Centre project proponents are required to participate in the development of alternative water supply project(s). This can be achieved through payment of the New Water Supply Fee adopted by

the Otay Water District Board in May 2010. These water supply projects are in addition to those identified as sustainable supplies in the current Water Authority and MWD UWMP, IRP, Master Plans, and other planning documents. These new water supply projects are in response to the regional water supply issues related to the Sacramento-San Joaquin Delta and the current ongoing western states drought conditions. These new additional water supply projects are not currently developed and are in various stages of the planning process. A few examples of these alternative water supply projects include the Middle Sweetwater River Basin Groundwater Well project, the OWD Desalination project, and the Rancho del Rey Groundwater Well project. The Water Authority and MWD next forecast and supply planning documents would capture any increase in water supplies resulting from verifiable new water resources developed by the OWD.

The Water Authority and MWD have an established process that ensures supplies are being planned to meet future growth. Any annexations and revisions to established land use plans are captured in the San Diego Association of Governments (SANDAG) updated forecasts for land use planning, demographics, and economic projections. SANDAG serves as the regional, intergovernmental planning agency that develops and provides forecast information. The Water Authority and MWD update their demand forecasts and supply needs based on the most recent SANDAG forecast approximately every five years to coincide with preparation of their urban water management plans. Prior to the next forecast update, local jurisdictions may require water supply assessment and/or verification reports for proposed land developments that are not within the OWD, Water Authority, or MWD jurisdictions (i.e. pending or proposed annexations) or that have revised land use plans with lower or higher land use intensities than reflected in the existing growth forecasts. Proposed land areas with pending or proposed annexations, or revised land use plans, typically result in creating higher demand and supply requirements than anticipated. The OWD, the Water Authority, and MWD next demand forecast and supply requirements and associated planning documents would then capture any increase or decrease in demands and required supplies as a result of annexations or revised land use planning decisions.

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

This WSA Report includes, among other information, an identification of existing water supply entitlements, water rights, water service contracts, proposed water supply projects, and agreements relevant to the identified water supply needs for the proposed Otay Tech Centre Project. This WSA Report incorporates by reference the current Urban Water Management Plans and other water resources planning documents of the OWD, the Water Authority, and MWD. The OWD prepared this WSA Report to assess and document that sufficient water supplies are planned for and are intended to be acquired to meet projected water demands of

the Otay Tech Centre Project as well as existing and other reasonably foreseeable planned development projects within the OWD for a 20-year planning horizon, in normal supply years and in single dry and multiple dry years.

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

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

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

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

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

Section 3 - Project Description

The Otay Tech Centre Project is located along the north side of Otay Mesa Road, just east of State Route 125. Refer to Appendix A for a vicinity map of the proposed Otay Tech Centre Project. The project is proposed to be located on 253.1 acres within the East Otay Mesa Specific Plan of the County of San Diego (County) General Plan. Although the proposed development is located within the municipal boundaries of the County and subject to the County's land use jurisdiction, the OWD is the potable and recycled water purveyor. The Otay Tech Centre Project is within the jurisdictions of the OWD, the Water Authority, and Metropolitan Water District of Southern California (MWD).

The Otay Tech Centre Project is planned to include 55 Industrial/Commercial business park lots ranging from 1.1 to 5.25 acres in size. One of these lots will be open space and two lots will be used for support facilities (storm water detention and sewer lift station). Of the 52 lots to be developed, 9 of these lots will be in a commercial overlay zone. As each of these lots develops in the future, it would be subject to the project approval and permitting processes of the County and OWD. Refer to Appendix B for the proposed development plan of the Otay Tech Centre Project.

The County has discretionary authority on land use decisions for the Otay Tech Centre Project and can establish actions and/or permit approval requirements. The projected potable and recycled water demands associated with the Otay Tech Centre Project have considered the anticipated County discretionary actions and/or permit approvals and are incorporated into and used in this WSA Report. The water demands for the proposed Otay Tech Centre Project are included in the projected water demand estimates provided in Section 5 – Historical and Projected Water Demands.

Section 4 – Otay Water District

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

The OWD currently meets all its potable demands with imported treated water from the Water Authority. The Water Authority is the agency responsible for the supply of imported water into San Diego County through its membership in MWD. The Water Authority currently obtains about half of its imported supply from MWD, but is in the process of further diversifying its available supplies.

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

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

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

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

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

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

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

Urban Water Management Plan

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

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

The SBX 7-7 target setting process includes the following: (1) baseline daily per capita water use; (2) urban water use target; (3) interim water use target; (4) compliance daily per capita water use, including technical bases and supporting data for those determinations. In order for an agency to meet its 2020 water use target, each agency can increase its use of recycled water to offset potable water use and also step up its water conservation measures. The required water use targets for 2020 and an interim target for 2015 are determined using one of

four target methods – each method has numerous methodologies. The 2020 urban water use target may be updated in a supplier's 2015 UWMP.

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

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

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

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

Section 5 – Historical and Projected Water Demands

The projected demands for OWD are based on Specific or Sectional Planning Areas, the Otay Ranch General Development Plan/Sub-regional Plan, the East Otay Mesa Specific Plan Area, San Diego County Community Plans, and City of San Diego, City of Chula Vista, and County of San Diego General Plans. This land use information is also used by SANDAG as the basis for its most recent forecast data. This land use information was utilized for the preparation of the Otay Water District WRMP Update and Otay Water District 2010 UWMP to develop the forecasted demands and supply requirements.

In 1994, the Water Authority selected the Institute for Water Resources-Municipal and Industrial Needs (MAIN) computer model to forecast municipal and industrial water use for the San Diego region. The MAIN model uses demographic and economic data to project sector-level water demands (i.e. residential and non-residential demands). This econometric model has over a quarter of a century of practical application and is used by many cities and

water agencies throughout the United States. The Water Authority's version of the MAIN model was modified to reflect the San Diego region's unique parameters and is known as CWA-MAIN.

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

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

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

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

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

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

The state of California Business and Professions Code Section 11010 and Government Code Sections 65867.5, 66455.3, and 66473.7, are referred to as SB 221, requires affirmative written verification from the water purveyor of the public water system that sufficient water supplies are to be available for certain residential subdivisions of property prior to approval of a tentative map. SB 221 compliance does not apply to the Otay Tech Centre Project, as it is an industrial project and not a residential subdivision.

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

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

Demand Methodology

The OWD water demand projection methodology in the WRMP Update utilizes a component land use approach. This is done by applying representative values of water use to the acreage of each land use type and then aggregating these individual land use demand projections into an overall total demand for the OWD. This is called the water duty method, and the water duty is the amount of water used in gallons per day per acre per year. This approach is used for all the land use types except residential development where a demand per dwelling unit

was applied. In addition, commercial and industrial water use categories are further subdivided by type including separate categories for golf courses, schools, jails, prisons, hospitals, etc. where specific water demands are established.

To determine water duties for the various types of land use, the entire water meter database of the OWD is utilized and sorted by the appropriate land use types. The metered consumption records are then examined for each of the land uses, and water duties are determined for the various types of residential, commercial, industrial, and institutional land uses. For example the water duty factors for commercial and industrial land uses are estimated using 1,785 and 893 gallons per day per acre (gpd/acre) respectively. Residential water demand is established based on the same data but computed on a per-dwelling unit basis. The focus is to ensure that for each of the residential land use categories (very low, low, medium, and high densities), the demand criteria used is adequately represented based upon actual data. This method is used because residential land uses constitute a substantial percentage of the total developable planning area of the OWD.

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

Otay Water District Projected Demand

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

The historical and projected potable water demands for OWD are shown in Table 1.

Table 1
Historical and Projected Potable Water Fiscal Year Demands (acre-feet)

Water Use Sectors	2005	2010	2015	2020	2025	2030	2035
Single Family	21,233	17,165	23,633	28,312	33,600	37,211	40,635
Multi-Family	3,095	3,605	3,444	4,126	4,897	5,423	5,922
Commercial &	1,657	2,243	1,844	2,209	2,622	2,904	3,171
Institutional &	2,262	1,867	2,518	3,017	3,580	3,965	4,330
Landscape	6,458	3,732	10,134	12,141	14,408	15,957	17,425
Other	2,426	584	2,700	3,235	3,839	4,252	4,643
Unaccounted for	547	23	608	729	865	958	1,046
Totals	**37,668**	**29,270**	**44,883**	**53,768**	**63,811**	**70,669**	**77,171**

Source: Otay Water District 2010 UWMP.

The historical and projected recycled water demands for OWD are shown in Table 2.

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

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

Source: Otay Water District 2010 UWMP, Table 10.

Otay Tech Centre Project Projected Water Demand

Using the land use demand projection noted above, the projected potable water demand and projected recycled water demand for the proposed Otay Tech Centre Project are shown in Table 3 and Table 4, respectively. The projected potable water demand is 159,510 gpd, or about 178.7 ac-ft/yr. The projected recycled water demand is 20,580 gpd, or about 23.0 ac-ft/yr, representing about 11% of the total Otay Tech Centre Project demand.

Table 3
Otay Tech Centre Project Projected Potable Water Annual Average Demands

Location (Land Use)	Gross Acreage	Potable Water Factor	Net Potable Acreage/Units	Unit Rate	Average Demand
Industrial Lots	136.31	95%	129.49	893 gpd/ac	115,635
Industrial w/commercial overlay	27.31	90%	24.58	1,785 gpd/ac	43,875
Open Space	51.34	0	0	0	0
Circulation	38.18	0	0	0	0
Total	**253.14**				**159,510 gpd**

The Otay Tech Centre Project development proponents are required to use recycled water for irrigation and for other appropriate uses. The primary benefit of using recycled water is that it will offset the potable water demands by an estimated 23.0 ac-ft/yr. The WRMP Update and 2010 UWMP anticipated that the Otay Tech Centre Project site would use both potable and recycled water.

Table 4
Otay Tech Centre Project Projected Recycled Water Average Demands

Location (Land Use)	Gross Acreage	Recycled Water Factor	Net Recycled Acreage	Unit Rate	Average Demand
Industrial Lots	136.31	5%	6.82	2,155	14,697
Industrial w/commercial overlay	27.31	10%	2.73	2,155	5,883
Open Space	51.34	0	0	0	0
Circulation	38.18	0	0	0	0
Total	253.14 acres				20,580 gpd

The WRMP Update projected a potable water demand for the project site based on land uses in the East Otay Mesa Specific Plan. The current development plan does not propose any changes to the Specific Plan land uses and, therefore, the proposed development has been accounted for in the Otay Water District planning documents.

5.1 Demand Management (Water Conservation)

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

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

The OWD is signatory to the Memorandum of Understanding (MOU) Regarding Urban Water Conservation in California, which created the California Urban Water Conservation Council (CUWCC) in 1991 in an effort to reduce California's long-term water demands. Water conservation programs are developed and implemented on the premise that water conservation increases the water supply by reducing the demand on available supply, which is vital to the optimal utilization of a region's water supply resources. The OWD participates in many water conservation programs designed and typically operated on a shared cost participation program basis among the Water Authority, MWD, and their member agencies. The demands shown in Tables 1 and 2 take into account implementation of water conservation measures within OWD.

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

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

Supervisory Control and Data Acquisition System

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

Water Conservation Ordinance

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

1. A general water supply shortage due to increased demand or limited supplies.
2. Distribution or storage facilities of the Water Authority or other agencies become inadequate.
3. A major failure of the supply, storage, and distribution facilities of MWD, Water Authority, and/or OWD.

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

OWD continues to promote water conservation at a variety of events, including those involving developers in its service area. In addition, OWD developed and manages a number of its own programs such as the Cash for WaterSmart Plants retrofit program, the Water Smart Irrigation Upgrade Program, and the Commercial Process Improvement Program.

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

- Residential Water Surveys: 1,349 completed since 1994
- Large Landscape Surveys: 194 completed since 1990

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

As a signatory to the MOU Regarding Urban Water Conservation in California, the OWD is required to submit biannual reports that detail the implementation of current water conservation practices. The OWD voluntarily agreed to implement the fourteen water conservation Best Management Practices beginning in 1992. The OWD submits its report to the CUWCC every two years. The OWD BMP Reports for 2005 to 2010, as well as the BMP Coverage Report for 1999-2010, are included in the Otay Water District 2010 UWMP.

Section 6 - Existing and Projected Supplies

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

The Water Authority through two delivery pipelines, referred to as Pipeline No. 4 and the Helix Flume Pipeline, currently supply the OWD with 100 percent of its potable water. The Water Authority in turn, currently purchases the majority of its water from MWD. Due to the OWD reliance on these two agencies, this WSA Report includes referenced documents that contain information on the existing and projected supplies, supply programs, and related

projects of the Water Authority and MWD. The OWD, Water Authority, and MWD are actively pursuing programs and projects to further diversify their water supply resources.

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

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

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

6.1.1 Availability of Sufficient Supplies and Plans for Acquiring Additional Supplies

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

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

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

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

The UWMPs for both MWD and the Water Authority will include the increase in demand projections included in SANDAG's Series 12 Update and from the projections from Otay Water District WRMP Update.

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

6.1.2 MWD Capital Investment Plan

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

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

6.2 San Diego County Water Authority Regional Water Supplies

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

- In accordance with the Urban Water Management Planning Act, the Water Authority adopted their 2010 UWMP in June 2011. The updated Water Authority 2010 UWMP identifies a diverse mix of local and imported water supplies to meet future demands. A copy of the updated Water Authority 2010 UWMP can be found on the internet at http://www.sdcwa.org/2010-urban-water-management-plan

- As part of the October 2003 Quantification Settlement Agreement (QSA), the Water Authority was assigned MWD's rights to 77,700 acre feet per year of conserved water from the All-American Canal (AAC) and Coachella Canal (CC) lining projects. Deliveries of this conserved water from the CC reached the region in 2007 and deliveries from the AAC reached the region in 2010. Expected supplies from the canal lining projects are considered verifiable Water Authority supplies.

- Deliveries of conserved agricultural water from the Imperial Irrigation District (IID) to San Diego County have increased annually since 2003, with 70,000 acre feet per year t of deliveries in Fiscal Year (FY) 2010. The quantities will increase annually to 200,000 acre feet per year by 2021, and then remain fixed for the duration of the transfer agreement.

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

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

6.2.1 Availability of Sufficient Supplies and Plans for Acquiring Additional Supplies

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

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

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

As part of the Water Authority's diversification efforts, the Water Authority is now taking delivery of conserved agricultural water from IID and water saved from the AAC and CC lining projects. The CC lining project is complete and the Water Authority has essentially completed construction of the AAC lining project. Table 5 summarizes the Water Authority's supply sources with detailed information included in the sections to follow. Deliveries from MWD are also included in Table 5, which is further discussed in Section 6.1 above. The Water Authority's member agencies provided the verifiable local supply targets for groundwater, groundwater recovery, recycled water, and surface water, which are discussed in more detail in Section 5 of the Water Authority's 2010 UWMP.

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

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

Source: Water Authority 2010 Urban Water Management Plan – Table 9-1.
Note 1: On November 29, 2012, the Water Authority approved a water purchase agreement with Poseidon for 48,000 AFY with the right to purchase up to 56,000 AFY

Section 5 of the Water Authority's 2010 UWMP also includes a discussion on the local supply target for seawater desalination. Seawater desalination supplies represent a significant future local resource in the Water Authority's service area.
The Carlsbad Desalination Project (Project) is a fully-permitted seawater desalination plant and conveyance pipeline designed to provide a highly reliable local supply of up to 56,000 acre-feet (AF) per year for the region. In 2020, the Project would account for approximately 8% of the total projected regional supply and 30% of all locally generated water in San Diego County. If the project becomes operational in 2016, it will more than double the amount of local supplies developed in the region since 1991. The desalination plant itself will be fully financed, built, and operated by Poseidon. The Water Authority will purchase water from the plant under a water purchase agreement. The new pipeline connecting the desalination plant with the Water Authority's Second Aqueduct will be owned and operated by the Water Authority, but responsibility for design and construction will reside with Poseidon through a separate Design-Build Agreement. The Water Authority will be responsible for aqueduct improvements, including the relining and rehabilitation of Pipeline 3 to accept desalinated water under higher operating pressures, modifications to the San Marcos Vent that allows the flow of water between Pipelines 3 and 4, and improvements at the Twin Oaks Valley Water Treatment Plant necessary to integrate desalinated water into the Water Authority's system for optimal distribution to member agencies.

On July 22, 2010, the Board approved a Term Sheet between the Water Authority and Poseidon Resources that outlined the key terms and conditions that would be detailed and incorporated in a comprehensive Water Purchase Agreement (WPA). Beginning in October

2011 and under the direction of the Board's Carlsbad Desalination Project Advisory Group, staff began developing and negotiating with Poseidon a WPA consistent with the July 22, 2010 Board approved Term Sheet. The July 2010 Term Sheet also identified specific conditions precedent to Board consideration of the WPA. On November 29, 2012, the Water Authority Board adopted a resolution approving the Water Purchase Agreement (WPA).

The Water Authority's existing and planned supplies from the IID transfer and canal lining projects are considered "drought-proof" supplies and should be available at the yields shown in Table 5 in normal water year supply and demand assessment. Single dry year and multiple dry year scenarios are discussed in more detail in Section 9 of the Water Authority's 2010 UWMP.

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

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

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

On April 29, 1998, the Water Authority signed a historic agreement with IID for the long-term transfer of conserved Colorado River water to San Diego County. The Water Authority-IID Water Conservation and Transfer Agreement (Transfer Agreement) is the largest agriculture-to-urban water transfer in United States history. Colorado River water will be conserved by Imperial Valley farmers who voluntarily participate in the program and then transferred to the Water Authority for use in San Diego County.

Implementation Status

On October 10, 2003, the Water Authority and IID executed an amendment to the original 1998 Transfer Agreement. This amendment modified certain aspects of the Transfer Agreement to be consistent with the terms and conditions of the QSA and related agreements. It also modified other aspects of the agreement to lessen the environmental impacts of the transfer of conserved water. The amendment was expressly contingent on the approval and implementation of the QSA, which was also executed on October 10, 2003. Section 6.2.1, "Colorado River," contains details on the QSA.

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

Expected Supply

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

During dry years, when water availability is low, the conserved water will be transferred under IID's Colorado River rights, which are among the most senior in the Lower Colorado River Basin. Without the protection of these rights, the Water Authority could suffer delivery cutbacks. In recognition for the value of such reliability, the 1998 contract required the Water Authority to pay a premium on transfer water under defined regional shortage circumstances. The shortage premium period duration is the period of consecutive days during which any of the following exist: 1) a Water Authority shortage; 2) a shortage condition for the Lower Colorado River as declared by the Secretary; and 3) a Critical Year. Under terms of the October 2003 amendment, the shortage premium will not be included in the cost formula until Agreement Year 16.

Transportation

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

Cost/Financing

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

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

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

As part of implementation of the QSA and water transfer, the Water Authority also entered into an environmental cost sharing agreement. Under this agreement the Water Authority is contributing a total of $64 million to fund environmental mitigation projects and the Salton Sea Restoration Fund.

Written Contracts or Other Proof

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

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

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

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

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

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

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

Federal, State, and Local Permits/Approvals

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

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

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

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

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

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

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

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

6.2.1.2 All-American Canal and Coachella Canal Lining Projects

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

Implementation Status

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

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

Expected Supply

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

Transportation

The October 2003 Exchange Agreement between the Water Authority and MWD provides for the delivery of the conserved water from the canal lining projects. The Water Authority pays MWD’s applicable wheeling rate for each acre-foot of exchange water delivered. In the Agreement, MWD will deliver the canal lining water for the term of the Allocation Agreement (110 years).

Cost/Financing

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

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

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

Written Contracts or Other Proof

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

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

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

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

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

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

Allocation Agreement among the United States of America, The MWD Water District of Southern California, Coachella Valley Water District, Imperial Irrigation District, San Diego County Water Authority, the La Jolla, Pala, Pauma, Rincon, and San Pasqual Bands of Mission

Indians, the San Luis Rey River Indian Water Authority, the City of Escondido, and Vista Irrigation District (October 10, 2003). This agreement includes assignment of MWD's rights and interest in delivery of 77,700 acre-feet of Colorado River water previously intended to be delivered to MWD to the Water Authority. Allocates water from the AAC and CC lining projects for at least 110 years to the Water Authority, the San Luis Rey Indian Water Rights Settlement Parties, and IID, if it exercises its call rights.

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

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

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

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

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

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

California Water Code Section 79567. This Water Code Section identifies $20 million as available for appropriation by the California Legislature from the Water Security, Clean Drinking Water, Coastal, and Beach Protection Fund of 2002 (Proposition 50) to DWR for grants for canal lining and related projects necessary to reduce Colorado River water use. According to the Allocation Agreement, it is the intention of the agencies that those funds will be available for use by the Water Authority, IID, or CVWD for the AAC and CC lining projects.

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

Federal, State, and Local Permits/Approvals

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

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

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

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

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

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

6.2.1.3 Carlsbad Seawater Desalination Project

Development of seawater desalination in San Diego County will assist the region in diversifying its water resources, reduce dependence on imported supplies, and provide a new drought-proof, locally treated water supply. The Carlsbad Desalination Project is a fully-permitted seawater desalination plant and conveyance pipeline currently being developed by Poseidon, a private investor–owned company that develops water and wastewater infrastructure. The project, located at the Encina Power Station in Carlsbad, has been in development since 1998 and was incorporated into the Water Authority's 2003 Water Facilities Master Plan and the 2010 UWMP. The Carlsbad Desalination Project has obtained all required permits and environmental clearances and, when completed, will provide a highly reliable local supply of 48,000 to 56,000 acre-feet per year for the region.

Implementation Status

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

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

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

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

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

Expected Supply

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

Transportation

On November 29, 2012, the Water Authority Board adopted a resolution approving the Design-Build Agreement between the Water Authority and Poseidon. The Design-Build Agreement establishes the commercial and technical terms for implementation of the

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

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

Cost/Financing

The plant and the offsite pipeline will be financed through tax exempt government bonds issued for the Water Authority by the California Pollution Control Financing Authority (CPCFA). On November 29, 2012, the Water Authority Board adopted a resolution approving agreements to accomplish tax exempt project financing through the CPCFA. A preliminary September 2012 unit cost estimate was $2,300/AF. The Water Authority's water purchase costs would be financed through Water Authority rates and charges. Poseidon is financing the capital cost of the Project with a combination of private equity and tax-exempt Private Activity Bonds.

Written Contracts or Other Proof

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

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

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

Federal, State, and Local Permits/Approvals

Carlsbad Desalination Project Final EIR
The City of Carlsbad, acting as lead agency for Carlsbad Seawater Desalination Plant and appurtenant facilities proposed by Poseidon (the "Project") prepared an Environmental Impact Report for the Project in compliance with the California Environmental Quality Act ("CEQA"), which the City of Carlsbad certified on June 13, 2006.
http://www.sdcwa.org/rwfmp-peir

The City of Carlsbad prepared an Addendum to the Carlsbad EIR ("Addendum") which was adopted on September 15, 2009, and reflects minor and immaterial design modifications to the Project site plan, appurtenant facilities, and water delivery pipeline network.
The environmental documents and permits are found at the following links:

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

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

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

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

Sub regional Natural Community Conservation Plan/Habitat Conservation Plan (NCCP/HCP)
On December 8, 2010, the Board adopted Resolution No. 2010-18 certifying a Final environmental Impact Report/Environmental Impact Statement for the San Diego County Water Authority Subregional Natural Community Conservation Plan/Habitat Conservation Plan (State Clearinghouse No. 2003121012) (the "Habitat Conservation Plan EIR/EIS"), which Plan was implemented on December 28, 201.
The environmental documents and permits are found at the following links:
http://www.sdcwa.org/nccp-hcp

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

2010 Urban Water Management Plan
http://www.sdcwa.org/2010-urban-water-management-plan

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

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

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

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

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

6.2.2 Water Authority Capital Improvement Program and Financial Information

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

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

- Asset Management – The primary components of the asset management projects include relining and replacing existing pipelines and updating and replacing metering facilities.
- New Facilities – These projects will expand the capacity of the aqueduct system, complete the projects required under the Quantification Settlement Agreement (QSA), and evaluate new supply opportunities.
- Emergency Storage Project – Projects remaining to be completed under the ongoing ESP include the San Vicente Dam Raise, the Lake Hodges projects, and a new pump station to extend ESP supplies to the northern reaches of the Water Authority service area.

- Other Projects – This category includes out-of-region groundwater storage, increased local water treatment plant capacity, and projects that mitigate environmental impacts of the CIP.

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

6.3 Otay Water District

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

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

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

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

6.3.1 Availability of Sufficient Supplies and Plans for Acquiring Additional Supplies

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

Table 6
Otay Water District
Historic Imported and Local Water Supplies

Calendar Year	Imported Water (acre-feet)	Recycled Water (acre-feet)	Total (acre-feet)
1980	12,558	0	12,558
1985	14,529	0	14,529
1990	23,200	0	23,200
1995	20,922	614	21,536
2000	29,901	948	30,849
2005	37,678	1,227	38,905
2010	29,270	4,090	33,270
2011	30,777	3,776	34,553

Source: Otay Water District operational records.

6.3.1.1 Imported and Regional Supplies

The availability of sufficient imported and regional potable water supplies to serve existing and planned uses within OWD is demonstrated in the above discussion on MWD and the Water Authority's water supply reliability. The County Water Authority Act, Section 5 subdivision 11, states that the Water Authority "as far as practicable, shall provide each of its member agencies with adequate supplies of water to meet their expanding and increasing needs." The Water Authority provides between 75 to 95 percent of the total supplies used by its 24 member agencies, depending on local weather and supply conditions. In calendar year 2010 the supply to OWD was 29,270 acre-feet of supply from the Water Authority. An additional 4,090 ac-ft of recycled water was provided from the City of San Diego and from OWD's Ralph W. Chapman Water Reclamation Facility. The total baseline demand for potable water within the OWD is expected to increase to about 77,171 acre-feet by 2035 as per the Otay Water District 2010 UWMP.

Potable Water System Facilities

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

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

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

Cost and Financing

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

Written Agreements, Contracts, or Other Proof

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

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

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

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

Federal, State, and Local Permits/Approvals

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

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

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

6.3.1.2 Recycled Water Supplies

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

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

<u>North District Recycled Water Concept</u>

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

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

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

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

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

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

Recycled Water System Facilities

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

Cost and Financing

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

Written Agreements, Contracts, or Other Proof

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

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

Federal, State, and Local Permits/Approvals

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

The California Regional Water Quality Control Board San Diego Region (RWQCB) "Master Reclamation Permit for Otay Water District Ralph W. Chapman Reclamation Facility" was

adopted on May 9, 2007 (Order No. R9-2007-0038). This order establishes master reclamation requirements for the production, distribution, and use of recycled water in the OWD service area. The order includes the use of tertiary treated water produced and received from the City of San Diego's SBWRP. Recycled water received from and produced by the SBWRP is regulated by Regional Board Order No. 2000-203 and addenda. The City of San Diego is required to meet all applicable federal, state, and local health and water quality requirements for the recycled water produced at the SBWRP and delivered to OWD in conformance with Order No. 2000-203.

6.3.1.3 Potential Groundwater Supplies

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

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

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

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

<u>Middle Sweetwater River Basin Groundwater Well</u>

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

of a pilot well project. The ultimate objective of the OWD is to develop a groundwater well production system within the Middle Sweetwater River Basin capable of producing a sustainable yield of potable water as a local supply.

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

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

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

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

The scope of work to complete Middle Sweetwater River Basin Groundwater Well Pilot Project consists of many major tasks and is to address the groundwater supply concepts outlined above. It is anticipated that the cost for the entire scope of work, will be on the order of $2,000,000, which includes a contingency and may take up to one and a half years to complete.

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

Otay Mesa Lot 7 Groundwater Well

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

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

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

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

The OWD may still continue to pursue the Otay Mesa groundwater well opportunity with due consideration of the recommendations of the existing report. Based on the recommendations of the investigation report, a groundwater well production facility at Otay Mesa Lot 7 could realistically extract approximately 300 acre-feet per year.

Rancho del Rey Groundwater Well

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

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

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

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

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

The OWD is continuing to pursue the Rancho del Rey groundwater well opportunity with due consideration of the recommendations of the existing reports and plans to develop a groundwater well production facility to extract approximately 500 acre-feet per year. For water planning purposes, production of groundwater from the Rancho del Rey well is considered "additional planned" for local supplies. During preparation of this 2010 UWMP, the OWD has contracted for design services for the wellhead treatment facilities.

6.3.1.4 Otay Water District Desalination Project

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

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

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

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

On November 3, 2010, the OWD authorized the General Manager to enter into an agreement with AECOM for the engineering design, environmental documentation, and the permitting for the construction of the conveyance pipeline, pump station, and disinfection facility to be constructed within the OWD. The supply target is assumed to be 50 mgd while the ultimate capacity of the plant will be 100 mgd.

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

6.3.2 Otay Water District Capital Improvement Program

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

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

Section 7 – Conclusion: Availability of Sufficient Supplies

The Otay Tech Centre Project is currently located within the jurisdictions of the OWD, Water Authority, and MWD. To obtain permanent imported water supply service, land areas are required to be within the jurisdictions of the OWD, Water Authority, and MWD to utilize imported water supply.

The Water Authority and MWD have an established process that ensures supplies are being planned to meet future growth. Any annexations and revisions to established land use plans

are captured in the San Diego Association of Governments (SANDAG) updated forecasts for land use planning, demographics, and economic projections. SANDAG serves as the regional, intergovernmental planning agency that develops and provides forecast information. The Water Authority and MWD update their demand forecasts and supply needs based on the most recent SANDAG forecast approximately every five years to coincide with preparation of their urban water management plans. Prior to the next forecast update, local jurisdictions with land use authority may require water supply assessment and/or verification reports for proposed land developments that are not within the OWD, Water Authority, or MWD jurisdictions (i.e. pending or proposed annexations) or that have revised land use plans with either lower or higher development intensities than reflected in the existing growth forecasts. Proposed land areas with pending or proposed annexations, or revised land use plans, typically result in creating higher demand and supply requirements than previously anticipated. The OWD, Water Authority, and MWD next demand forecast and supply requirements and associated planning documents would then capture any increase or decrease in demands and required supplies as a result of annexations or revised land use planning decisions.

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

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

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

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

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

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

Table 7 presents the forecasted balance of water demands and required supplies for the OWD service area under average or normal year conditions. The total actual demand for FY 2010 was 33,270 acre feet. The demand for FY 2010 is 5,635 acre feet lower than the demand in FY 2005 of 38,905 acre feet. The drop in demand is a result of the unit price of water, the conservation efforts of users as a result of the prolonged drought, and the economy.

Table 8 presents the forecasted balance of water demands and supplies for the OWD service area under single dry year conditions. Table 8 presents the forecasted balance of water demands and supplies for the OWD service area under multiple dry year conditions for the three year period ending in 2018. The multiple dry year conditions for periods ending in 2023, 2028, and 2033 are provided in the Otay Water District 2010 UWMP. The projected potable demand and supply requirements shown the Tables 7 and 8 are from the Otay Water District 2010 UWMP adjusted to reflect the additional 75.6 acre-feet per year of potable water

demand for the Otay Tech Centre Project. Hot, dry weather may generate urban water demands that are about 6.4 percent greater than normal. This percentage was utilized to generate the dry year demands shown in Table 8. The recycled water supplies are assumed to experience no reduction in a dry year.

Table 7
Projected Balance of Water Demands and Supplies Normal Year Conditions (acre feet)

Description	FY 2015	FY 2020	FY 2025	FY 2030	FY 2035
Demands					
OWD Demands	44,883	53,768	63,811	70,669	77,171
Additional Conservation Target	0	(7,447)	(13,996)	(17,895)	(20,557)
Total Demand	44,883	46,321	49,815	52,774	56,614
Supplies					
Water Authority Supply	40,483	41,321	44,015	45,974	48,614
Recycled Water Supply	4,400	5,000	5,800	6,800	8,000
Total Supply	44,883	46,321	49,815	52,774	56,614
Supply Surplus/(Deficit)	**0**	**0**	**0**	**0**	**0**

Table 8 presents the forecasted balance of water demands and supplies for the OWD service area under single dry year and multiple dry year conditions as from the Otay Water District 2010 UWMP.

Table 8
Projected Balance of Water Demands and Supplies
Single Dry and Multiple Dry Year Conditions (acre feet)

	Normal Year	Single Dry Year	Multiple Dry Years		
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Demands					
OWD Demands	37,176	41,566	43,614	46,385	50,291
Total Demand	37,176	41,566	43,614	46,385	50,291
Supplies					
Water Authority Supply	33,268	37,535	39,460	42,108	45,891
Recycled Water Supply	3,908	4,031	4,154	4,277	4,400
Total Supply	37,176	41,566	43,614	46,385	50,291
Supply Surplus/(Deficit)	**0**	**0**	**0**	**0**	**0**
District Demand totals with SBX7-7 conservation target achievement plus single dry year increase as shown. The Water Authority could implement its DMP. In this instances, the Water Authority may have to allocate supply shortages based on it equitable allocation methodology in its DMP.					

Dry year demands assumed to generate a 6.4% increase in demand over normal conditions for each year in addition to new demand growth.

Table 8 also presents the forecasted balance of water demands and supplies for the OWD service area under multiple dry year conditions for the three year period ending in 2015.

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

The OWD acknowledges the ever-present challenge of balancing water supply with demand and the inherent need to possess a flexible and adaptable water supply implementation strategy that can be relied upon during normal and dry weather conditions. The responsible regional water supply agencies have and will continue to adapt their resource plans and strategies to meet climate, environmental, and legal challenges so that they may continue to provide water supplies to their service areas. The regional water suppliers along with OWD fully intend to maintain sufficient reliable supplies through the 20-year planning horizon under normal, single, and multiple dry year conditions to meet projected demand of the Otay Tech Centre Project, along with existing and other planned development projects within the OWD service area.

This WSA Report assesses, demonstrates, and documents that sufficient water supplies are planned for and are intended to be acquired, as well as the actions necessary and status to develop these supplies, to meet projected water demands of the Otay Tech Centre Project as well as existing and other reasonably foreseeable planned development projects within the OWD for a 20-year planning horizon, in normal and in single and multiple dry years.

Source Documents

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NBS Lowry, "Middle Sweetwater River System Study Water Resources Audit," June 1991.

Michael R. Welch, "Middle Sweetwater River System Study Alternatives Evaluation," May 1993.

Michael R. Welch, "Middle Sweetwater River Basin Conjunctive Use Alternatives," September 1994.

Geoscience Support Services, Inc., "Otay Mesa Lot 7 Well Investigation," May 2001.

Boyle Engineering Corporation, "Groundwater Treatment Feasibility Study Ranch del Rey Well Site," September 1996.

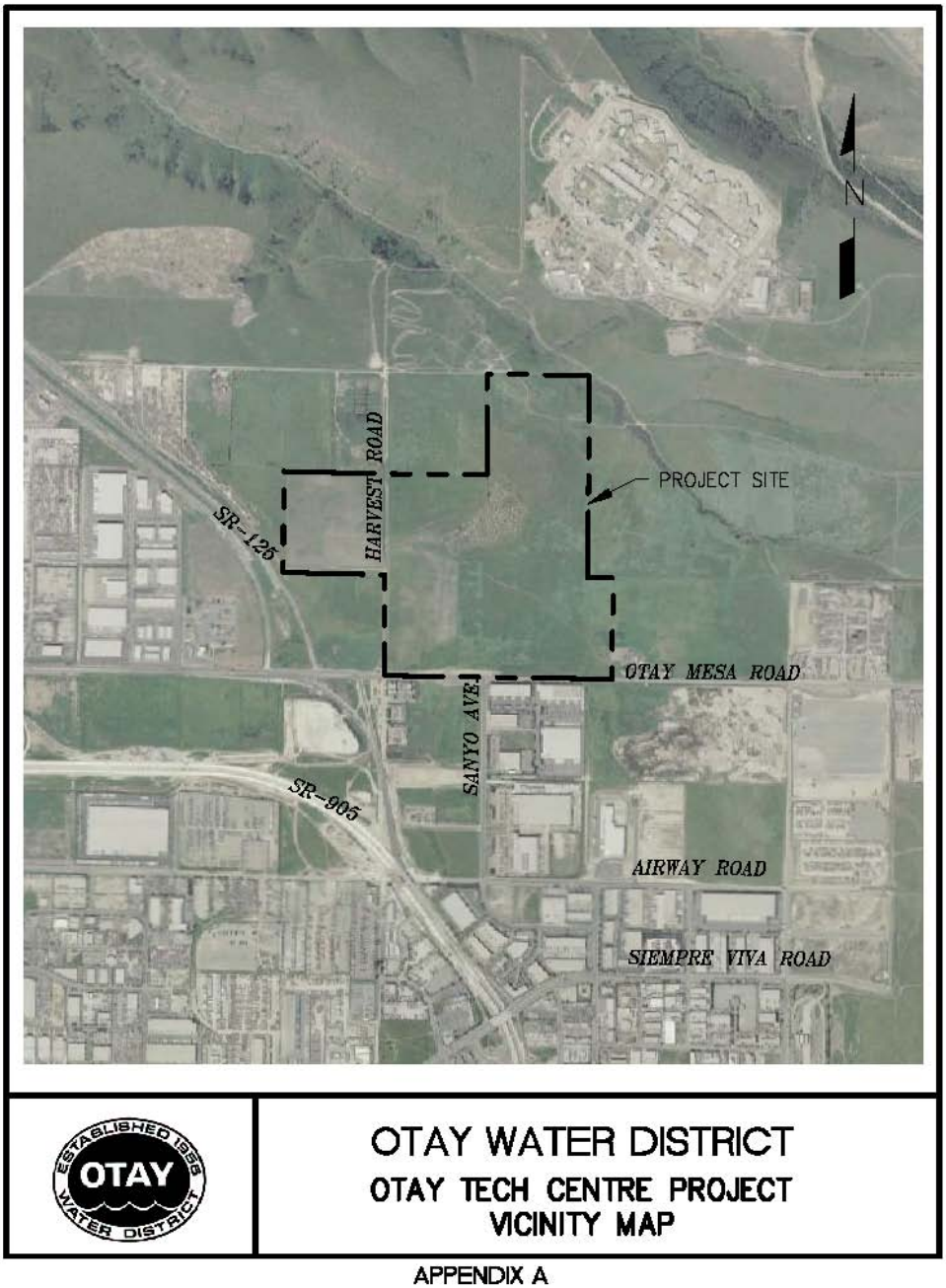
Agreement for the Purchase of Treated Water from the Otay Water Treatment Plant between the City of San Diego and the Otay Water District.

Agreement between the San Diego County Water Authority and Otay Water District regarding Implementation of the East County Regional Treated Water Improvement Program.

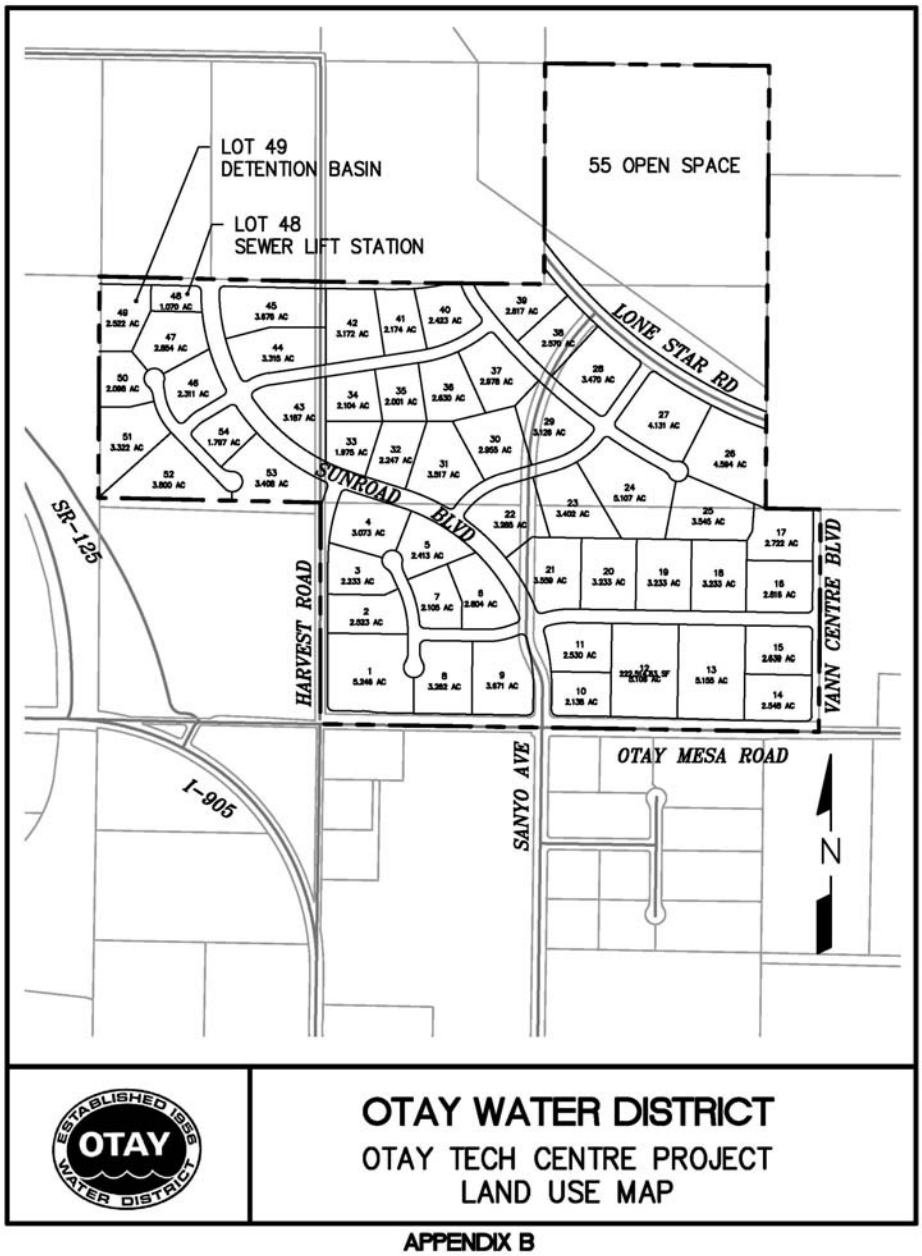
Agreement between the San Diego County Water Authority and Otay Water District for Design, Construction, Operation, and Maintenance of the Otay 14 Flow Control Facility Modification.

Agreement between the Otay Water District and the City of San Diego for Purchase of Reclaimed Water from the South Bay Water Reclamation Plant.

Appendix A
Otay Tech Centre Project Vicinity Map



Appendix B
Otay Tech Centre Project Development Plan

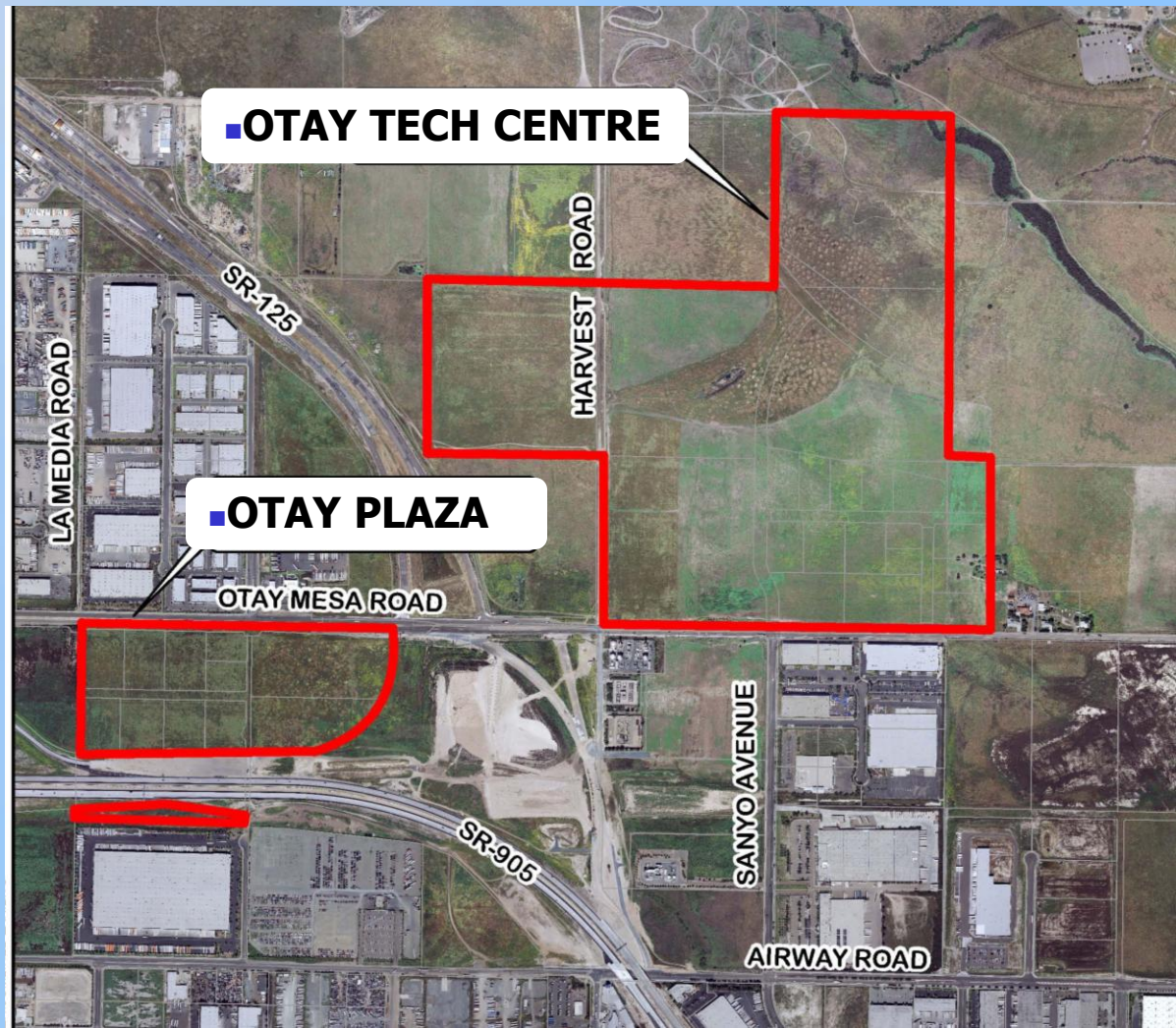


APPENDIX B

Otay Water District
Board of Directors Meeting
March 6, 2013

Water Supply Assessment Reports for the Sunroad Otay Tech Centre and Otay Plaza Projects

SB 610 Compliance



Background

Senate Bills 610 and 221 became effective on January 1, 2002, with the primary intent to improve the link between water supply availability and land use decisions.

SB 610 Water Supply Assessment (WSA):

- **Requires water purveyor to prepare a *Water Supply Assessment* report for inclusion in agency CEQA documentation.**

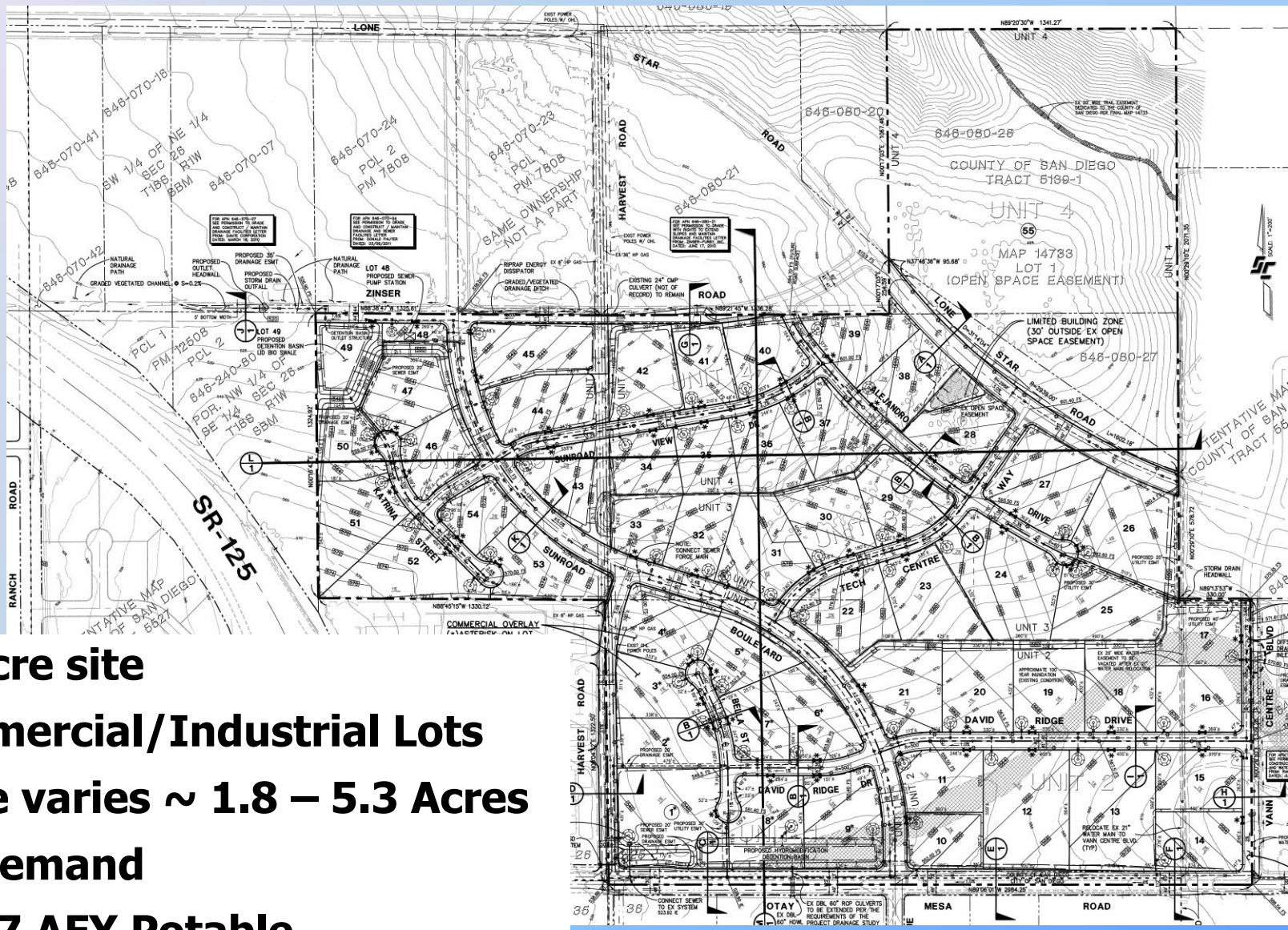
SB 221 Water Supply Verification:

- **Does not apply to the Sunroad Projects which are Industrial/Commercial subdivisions.**

The Otay Tech Centre Project and Otay Plaza Water Supply Assessment Reports:

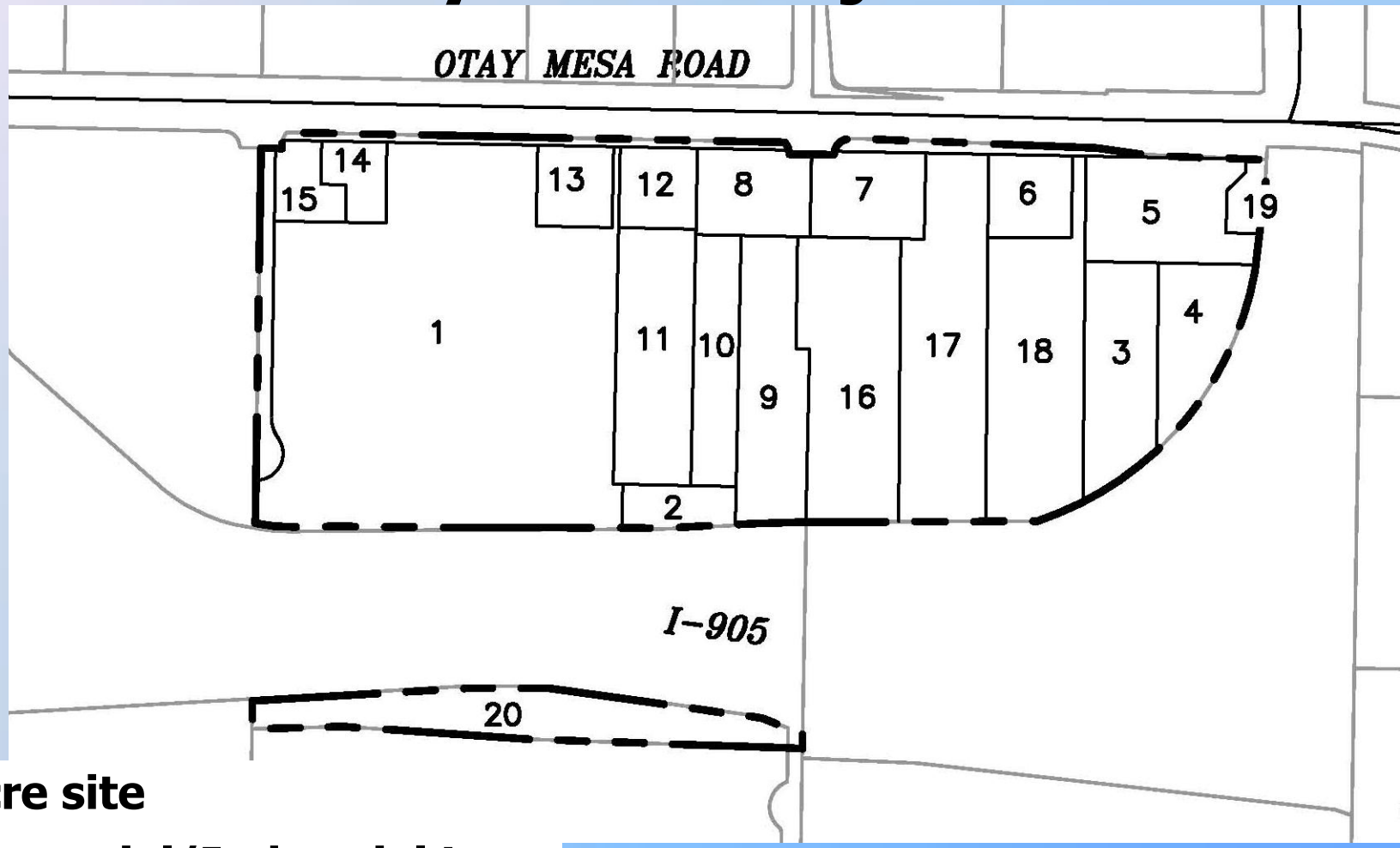
- **Board approval required for submittal of the WSAs to the City of San Diego and County of San Diego.**

Otay Tech Centre Project



- **253.1 Acre site**
- **52 Commercial/Industrial Lots**
- **Lots size varies ~ 1.8 – 5.3 Acres**
- **Water Demand**
  - **178.7 AFY Potable**
  - **23 AFY Recycled**

Otay Plaza Project



- 51.9 Acre site
- 20 Commercial/Industrial Lots
- Water Demand
  - 101.9 AFY Potable
  - 11.9 AFY Recycled

Water Supply Assessment Reports for the Sunroad Otay Tech Centre and Otay Plaza Projects

	Potable Water Demands		2010 WRMP Estimated Potable Water Demands	Recycled Water Demands	
	GPD	AFY	AFY	GPD	AFY
Otay Tech Centre	159,510	178.7	304.3	20,580	23
Otay Plaza	90,939	101.9	53	10,581	11.9
Total	250,449	280.6	357.3	31,161	34.9

Water Supply Assessment Reports

- **The regional and local water supply agencies acknowledge the challenges and fully intend to develop sufficient, reliable supplies to meet demands.**

- **Water suppliers recognize additional water supplies are necessary and portfolios need to be reassessed and redistributed with intent to serve existing and future needs.**

Water Supply Assessment Reports

- **The Reports documents the planned water supply projects and the actions necessary to develop the supplies.**

- **Water supply for the Projects and for existing and future developments within the District for a 20-year planning horizon, under normal and in single and multiple dry years, are planned for and are intended to be made available.**

Otay Water District
Planned Local Water Supply Projects

- **Rancho Del Rey Groundwater Well (500 AFY)**
- **Rosarito Ocean Desalination Project (20,000-50,000 AFY)**
- **Otay Mesa Lot 7 Groundwater Well (300 AFY)**
- **Otay Mesa Recycled Water Supply Link Project (800 AFY)**

Otay Water District
Projected Balance of Supply and Demand

	Normal Year	Single Dry Year	Multiple Dry Years		
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Demands					
Otay Water District Demands	37,176	41,566	43,614	46,385	50,291
Total Demand	37,176	41,566	43,614	46,385	50,291
Supplies					
Water Authority Supply	33,268	37,535	39,460	42,108	45,891
Recycled Water Supply	3,908	4,031	4,154	4,277	4,400
Total Supply	37,176	41,566	43,614	46,385	50,291
Supply Surplus/(Deficit)	**0**	**0**	**0**	**0**	**0**

Table 8 of Otay Tech Centre WSA Report and Otay Plaza WSA Report based on data from Table 30 on page 41 of OWD 2010 UWMP

District Demand totals with SBX7-7 conservation target achievement with single dry year and multiple dry year increase as shown. The Water Authority could implement its DMP. In these instances, the Water Authority may have to allocate supply shortages based on the equitable allocation methodology in its DMP.

Conclusion

- **Water demand and supply forecasts are included in the planning documents of MWD, Water Authority, and the Otay Water District.**
- **Actions necessary to develop the identified water supplies are documented.**
- **The Otay Tech Centre Project and Otay Plaza Project SB 610 WSA demonstrates and documents that sufficient water supplies are planned for and are intended to be available over the next 20 years.**

Conclusion continued

- **It is believed that the Board has met the intent of SB 610 statute in that:**
  1) **Land use agencies and water suppliers have demonstrated strong linkage.**
  2) **The Otay Tech Centre Project and Otay Plaza Project Water Supply Assessment clearly documents the current water supply situation.**

Staff Recommendation

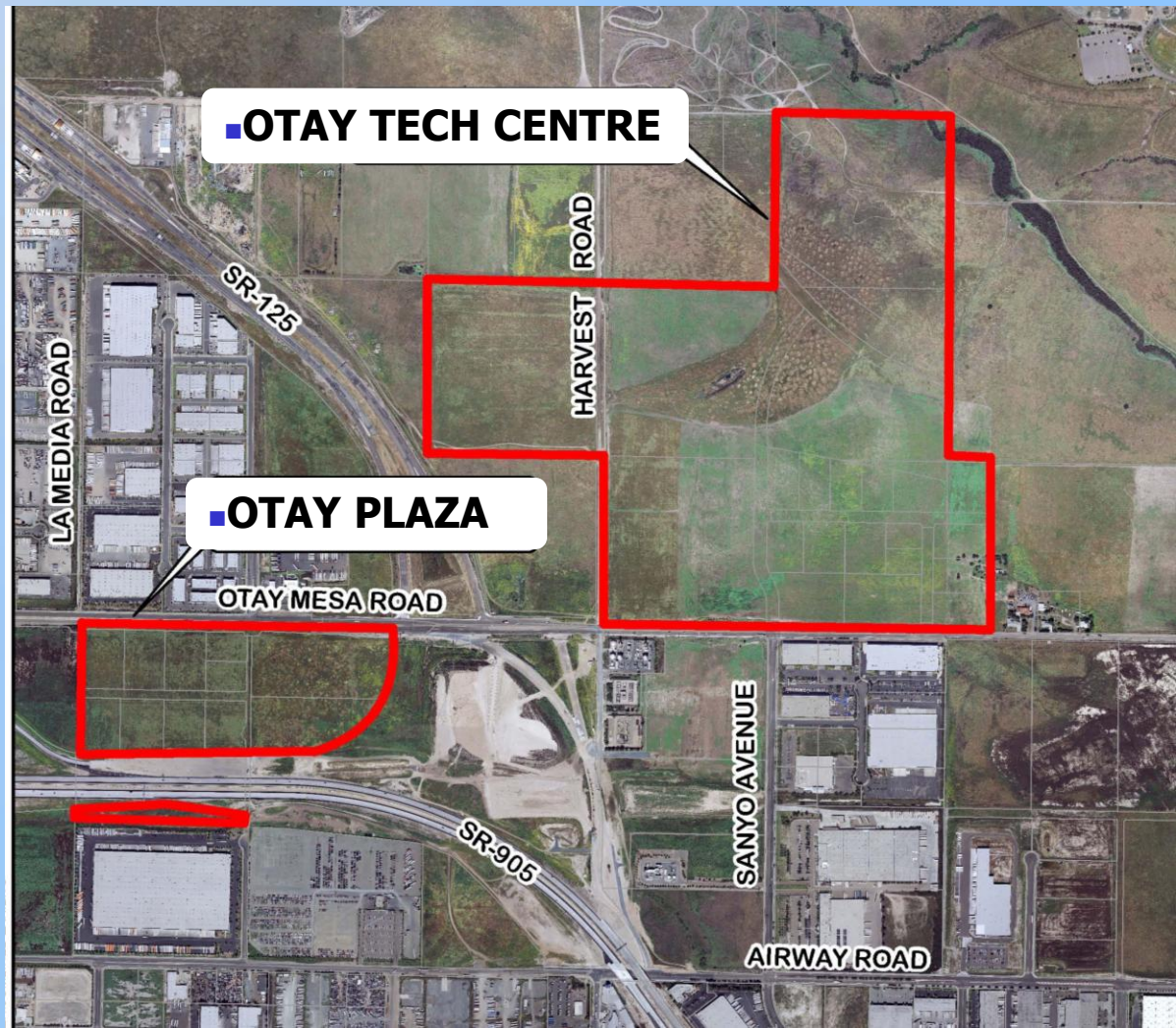
That the Board of Directors approve the Senate Bill 610 Water Supply Assessment Report dated January 2013 for the Otay Tech Centre Project.

That the Board of Directors approve the Senate Bill 610 Water Supply Assessment Report dated January 2013 for the Otay Plaza Project.

Questions ?

Water Supply Assessment Reports for the Sunroad Otay Tech Centre and Otay Plaza Projects

SB 610 Compliance



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	March 6, 2013
SUBMITTED BY:	Bob Kennedy Senior Civil Engineer Ron Ripperger Engineering Manager	CIP./G.F. NO:	D0362-090143 DIV. NO. 2
APPROVED BY:	☒ Rod Posada, Chief, Engineering ☒ German Alvarez, Asst General Manager ☒ Mark Watton, General Manager		
SUBJECT:	Approval of Water Supply Assessment Report (January 2013) for the Otay Plaza Project		

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) approve the Water Supply Assessment Report (WSA Report) dated January 2013 for the Otay Plaza Project, as required by Senate Bill 610 (see Exhibit A for Project location).

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To obtain Board approval of the January 2013 WSA Report for the Otay Plaza Project, as required by Senate Bill 610 (SB 610).

ANALYSIS:

Sunroad Otay Partners, LP submitted an entitlement application to the City of San Diego for the development of the 51.9 acre project (Otay Plaza Project). The Twenty (20) Commercial/Industrial lot tentative map is located within the Otay Mesa Community Planning area within the City of San Diego.

SB 610 requires the agency conducting the environmental review to evaluate whether total water supplies will meet the projected water demand for certain "projects" that are otherwise subject to the requirement of the California Environmental Quality Act

(CEQA). SB 610 provides its own definition of "project" in Water Code Section 10912. The City of San Diego submitted a request for a WSA to the District pursuant to SB 610. In response to such request, SB 610 requires that, upon request of the agency conducting the environmental review, a water purveyor, such as the District, prepare the water supply assessment to be included in the CEQA documentation.

The requirements of SB 610 are addressed by the WSA Report for the Otay Plaza Project. Prior to transmittal to the City of San Diego, the WSA Report must be approved by the District Board. Additional information of the intent of SB 610 is provided in Exhibit B and the Otay Plaza Project WSA Report is attached as Exhibit C.

For the Otay Plaza Project, the City of San Diego is the responsible agency that requested the SB 610 water supply assessment from the District, as the water purveyor for the proposed Otay Plaza Project. The request for the WSA Report, in compliance with SB 610 requirements, was made by the City of San Diego because the Otay Plaza Project meets or exceeds one or both of the following SB 610 criteria:

- A proposed industrial, manufacturing or processing plant or industrial park planned to house more than 1,000 persons, occupying more than 40 acres of land, or having more than 650,000 square feet of area.
- A project that would demand an amount of water equivalent to, or greater than, the amount of water required by a 500 dwelling unit project.

The District, as the proposed water purveyor for the Otay Plaza Project, does not have to comply with the requirements of Senate Bill 221 (SB 221) because the Project is an industrial development and SB 221 applies to residential subdivisions.

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

the projected demand of the Otay Plaza Project and other planned development projects within the District.

The expected potable water demand for the Otay Plaza Project is 90,939 gallons per day (gpd) or about 101.9 acre-feet per year (AFY). The rezone of the property to Commercial-Regional is expected to increase the water demand for this project above what was projected in the District's 2008 Water Resources Master Plan updated November 2010 which estimated 53 AFY for the same parcels, but with a lower industrial use for the property. The projected recycled water demand for the Otay Plaza Project is 10,581 gpd or 11.9 AFY, representing about 10% of the total Otay Plaza Project water demand.

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

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

The intent of the SB 610 legislation is that the land use agencies and the water agencies coordinate their efforts in planning for new development and thus plan for sufficient water supplies to meet the needs.

As per the requirements of SB 610, if the water supply assessment finds that the supply is sufficient, then the governing body of the water supplier (District) must approve the water supply assessment and deliver it to the lead agency (City

of San Diego) within 90 days. The City of San Diego's notification on January 7, 2013 requested the WSA for the Otay Plaza Project. The deadline for the District to provide a Board approved WSA to the City of San Diego is April 6, 2013. An extension can be requested to provide 30 additional days, if necessary.

Pursuant to SB 610, if the water supply assessment finds overall supplies are insufficient, the water supplier shall provide to the lead agency "its plans for acquiring additional water supplies, setting forth measures that are being undertaken to acquire and develop those water supplies," and the water supplier governing body must approve the assessment and deliver it to the lead agency within 90 days. If the water supplier does conclude that additional water supplies are required, the water supplier should indicate the status or stage of development of the actions identified in the plans it provides. Identification of a potential future action in such plans does not by itself indicate that a decision to approve or to proceed with the action has been made.

Once either of the two actions listed above are accomplished, the District's SB 610 water supply assessment responsibilities are complete.

Water supply agencies throughout California continue to face climatological, environmental, legal, and other challenges that impact water source supply conditions, such as the court ruling regarding the Sacramento-San Joaquin Delta issues. Challenges such as these are always present. The regional water supply agencies, the Water Authority, MWD, and the District nevertheless fully intend to have sufficient, reliable supplies to serve the Otay Plaza Project.

FISCAL IMPACT: ☒ Joe Beachem, Chief Financial Officer

The District has been reimbursed $8,000 for all costs associated with the preparation of the Otay Plaza Project WSA Report. The reimbursement was accomplished via a $8,000 deposit the Project proponents placed with the District on January 7, 2013.

STRATEGIC GOAL:

The preparation and approval of the Otay Plaza Project WSA Report supports the District's Mission statement, "To provide the best quality of water and wastewater services to the customers of the Otay Water District, in a professional,

effective, and efficient manner" and the District's Strategic Goal, in planning for infrastructure and supply to meet current and future potable water demands.

LEGAL IMPACT:

Approval of a WSA Report for the Otay Plaza Project in form and content satisfactory to the Board of Directors would allow the District to comply with the requirements of Senate Bill 610.

BK/RR:jf
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Attachments: Attachment A – Committee Action
Exhibit A – Project Location Map
Exhibit B – Explanation of the Intent of SB 610
Exhibit C – Otay Plaza Project WSA Report
Exhibit D – Presentation

ATTACHMENT A

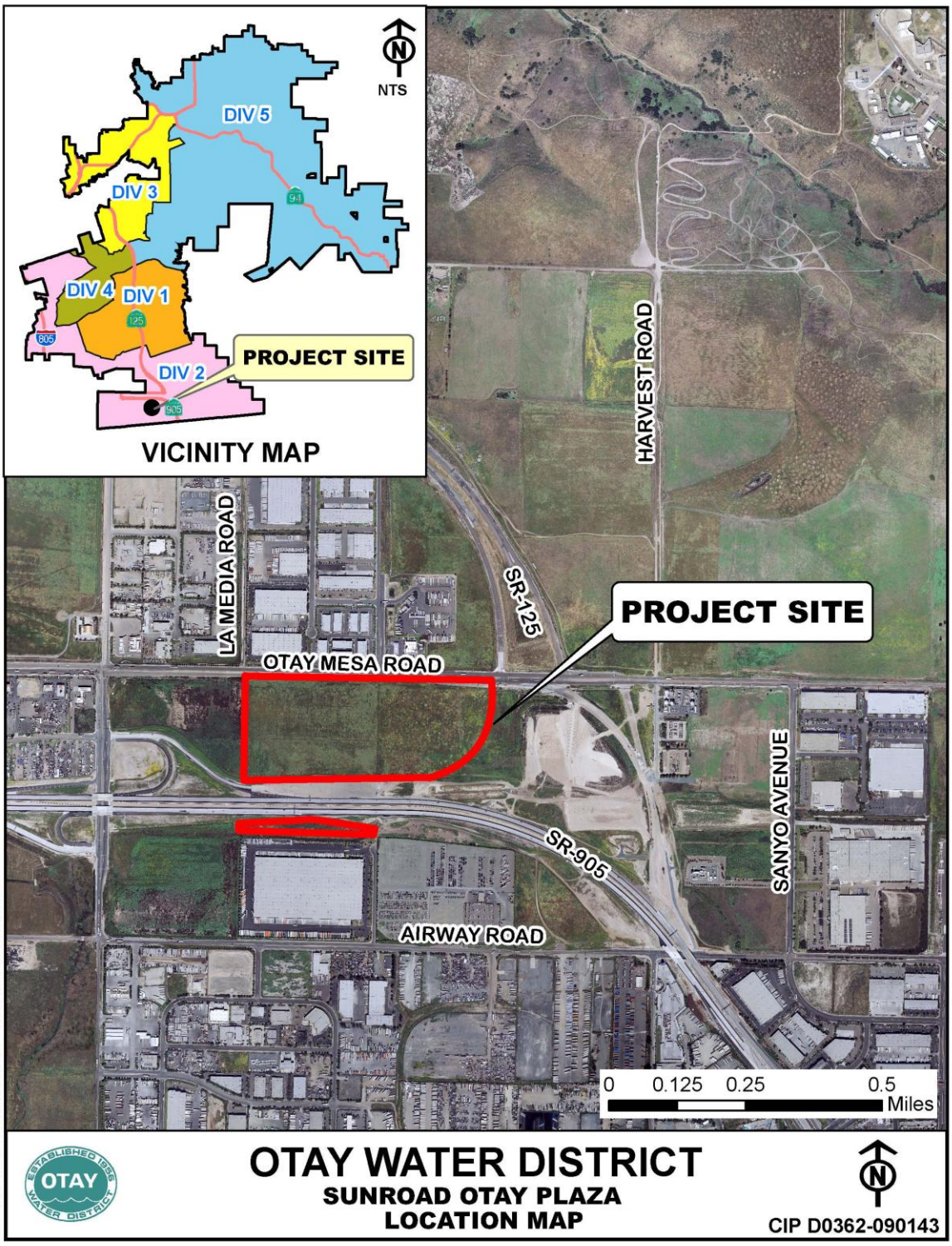
SUBJECT/PROJECT:	Approval of Water Supply Assessment Report (January 2013) for the Otay Plaza Project
D0362-090131	

COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee (Committee) reviewed this item at a meeting held on February 21, 2013. The Committee supported Staff's recommendation.

NOTE:

The "Committee Action" is written in anticipation of the Committee moving the item forward for Board approval. This report will be sent to the Board as a Committee approved item, or modified to reflect any discussion or changes as directed from the Committee prior to presentation to the full Board.


NTS
DIV 5
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DIV 1
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PROJECT SITE
VICINITY MAP
HARVEST ROAD
LA MEDIA ROAD
SR-125
PROJECT SITE
OTAY MESA ROAD
SANYO AVENUE
SR-905
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OTAY WATER DISTRICT
SUNROAD OTAY PLAZA
LOCATION MAP
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P:\WORKING\WO D0362-SUNROAD OTAY PLAZA\STAFF REPORT\EXHIBIT A

EXHIBIT A

EXHIBIT B

Background Information

The Otay Water District (District) prepared the January 2013 Water Supply Assessment Report (WSA Report) for the Otay Plaza Project development at the request of the City of San Diego. The City of San Diego's WSA request on January 7, 2013 was received by the District on January 7, 2013 so the 90-day deadline for the District to provide the Board an approved WSA Report to the County ends April 6, 2013. Sunroad Otay Partners, LP submitted an entitlement application to the County for the development of the 51.9 acre project.

The Otay Plaza Project is located within the jurisdictions of the District, the San Diego County Water Authority (Water Authority), and the Metropolitan Water District of Southern California (MWD). See Exhibit A for Project location. To obtain permanent imported water supply service, land areas are required to be within the jurisdictions of the District, Water Authority, and MWD.

The January 2013 WSA Report for the Otay Plaza Project has been prepared by the District in consultation with Dexter Wilson Engineering, Inc., the Water Authority, and the County pursuant to Public Resources Code Section 21151.9 and California Water Code Sections 10631, 10656, 10910, 10911, 10912, and 10915 referred to as Senate Bill (SB) 610. SB 610 amended state law, effective January 1, 2002, intending to improve the link between information on water supply availability and certain land use decisions made by cities, counties, and other regulatory agencies. SB 610 requires that the water purveyor of the public water system prepare a water supply assessment to be included in the California Environmental Quality Act (CEQA) environmental documentation and approval process of certain proposed projects. The requirements of SB 610 are addressed in the January 2013 WSA Report for the Otay Plaza Project.

The Otay Plaza Project is located south of Otay Mesa Road, west of the State Route 125 southbound off-ramp terminus at Otay Mesa Road; east of the existing Avenida Costa Azul unimproved, dedicated public Right of Way and north of State Route 905. Refer to Exhibit A for a vicinity map of the proposed Otay Plaza Project. The project is proposed to be located on 51.9 acres in the Otay Mesa Community Planning Area within the City of San Diego. The Otay Plaza Project is planned to include 20 Industrial/Commercial business park lots.

The expected potable water demand for the Otay Plaza Project is 90,939 gallons per day (gpd) or about 101.9 acre feet per year (AFY). The rezone of the property to Commercial-Regional is expected to increase the water demand for this project above what was projected in the District's Water Resources Master Plan updated November 2010 (WRMP Update) which estimated 53 AFY for the same parcels, but with a lower industrial use for the property. The projected recycled water demand for the Otay Plaza

Project is approximately 10,581 gpd or 11.9 AFY, representing about 10% of the total Otay Plaza Project water demand.

The District currently depends on the Water Authority and the MWD for all of its potable water supplies and regional water resource planning.

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

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

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

- Periodic extended drought conditions.

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

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

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

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

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

The Water Authority's Drought Management Plan (May 2006) provides the Water Authority and its member agencies with a series of potential actions to engage when faced with a shortage of imported water supplies due to prolonged drought conditions. Such actions help avoid or minimize impacts of shortages and ensure an equitable allocation of supplies throughout the San Diego County region.

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

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

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

So the best the District can do right now is to state the current water supply situation clearly, indicating intent to provide supply through reassessment and reallocation by the regional, as well as, the local water suppliers. In doing so, it is believed that the Board

has met the intent of the SB 610 statute, that the land use agencies and the water agencies are coordinating their efforts in planning water supplies for new development.

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

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

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

- The Otay Water District Board approved in July 2007 the Eastern Urban Center Water Supply and Assessment Report.

- The Board approved the Judd Company Otay Crossings Commerce Park water supply assessment report on December 5, 2007.

- The Board approved the Otay Ranch L.P. Otay Ranch Preserve and Resort Project Water Supply Assessment and Verification Report on February 4, 2009.

- The Board approved water supply assessment and verification reports for the City of Chula Vista Village 8 West Sectional Plan Area and Village 9 Sectional Plan Are on January 5, 2011.

- The Board approved the water supply assessment report for the San Diego-Tijuana Cross Border Facility on February 2, 2011.

- The Board approved the water supply assessment for the County of San Diego Rabago Technology Park on April 6, 2011.

- The Board approved the water supply assessment report for the Pio Pico Energy Center Project on October 5, 2011.

- The Board approved the water supply assessment report for the Hawano Project on March 7, 2012.

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

The WSA Report includes, among other information, an identification of existing water supply entitlements, water rights, water service contracts, or agreements relevant to the

identified water supply needs for the proposed Otay Plaza Project. The WSA Report demonstrates and documents that sufficient water supplies are planned and are intended to be available over a 20-year planning horizon, under normal conditions and in single and multiple dry years, to meet the projected demand of the proposed Otay Plaza Project and the existing and other planned development projects within the District.

Accordingly, after approval of a WSA Report for the Otay Plaza Project by the District's Board of Directors, the WSA Report may be used to comply with the requirements of the legislation enacted by Senate Bills 610 as follows:

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

OTAY WATER DISTRICT

WATER SUPPLY ASSESSMENT REPORT
for the
Otay Plaza Project
D0362-090143

Prepared by:

Bob Kennedy, P.E.
Senior Civil Engineer
Otay Water District
In consultation with
Dexter Wilson Engineering, Inc.
And
San Diego County Water Authority

January 2013

Otay Water District
Water Supply Assessment Report
January 2013

Otay Plaza Project

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Appendices

Otay Water District
Water Supply Assessment Report
January 2013

Otay Plaza Project

Executive Summary

The Otay Water District (OWD) prepared this Water Supply Assessment Report (WSA Report) at the request of the City of San Diego (City) for the Otay Plaza Project. Sunroad Otay Partners, LP submitted an entitlement application to the City of San Diego for the development of the Otay Plaza Project.

Otay Plaza Project Overview and Water Use

The Otay Plaza Project is located within the jurisdictions of the OWD, the San Diego County Water Authority (Water Authority), and the Metropolitan Water District of Southern California (MWD). To obtain permanent imported water supply service, land areas are required to be within the jurisdictions of the OWD, Water Authority, and MWD.

The project applicant, Sunroad Otay Partners, LP, has made application to the City of San Diego for a Community Plan Amendment, re-zone, Site Development Permit (No. 945297), Right-of-Way Vacation (No. 945299), a 20 commercial lot Vesting Tentative Map (No. 945298), Neighborhood Development Permit and a Planned Development Permit to construct a regional commercial retail center on a 51.9 acre site located in the Otay Mesa Community Planning Area within the City of San Diego. The breakdown of the project comprises 49.1 acres of land lying north of SR-905 together with a 2.8 acre parcel lying south of SR-905 which may be used for storm water detention purposes.

The proposed site is located south of Otay Mesa Road, west of the State Route 125 southbound off-ramp terminus at Otay Mesa Road; east of the existing Avenida Costa Azul unimproved, dedicated public Right of Way and north of State Route 905. The site is currently vacant with flat topography. Surrounding land uses include SR-905 freeway to the south; the vacant SR-125/SR-905 future interchange to the east; mixed light industrial and commercial uses to the north; and a vacant commercially zoned property to the west. The site is zoned Otay Mesa Development District (Industrial Subdistrict) (OMDD-I) and designated Industrial on the City of San Diego Otay Mesa Community Plan. The location map in

Appendix A depicts the location of the proposed site within the Otay Mesa area. The proposed lot layout of the project is shown in Appendix B.

The proposed project would involve a re-zone of the property to CR-2-1 (Commercial-Regional) with construction of eleven buildings consisting of 500,590 square feet of gross leasable retail area and a 134-key room hotel of 72,250 square feet, approximately 2,420 parking spaces and all grading, drainage, utility and access improvements.

The shopping center could also include a gas-station with car wash and several dining/coffee providers some of which will have drive-thru service. The project would be anchored by four buildings along the southern boundary of the site; eight outparcel building pads would be located along the northern site boundary adjacent to and south of Otay Mesa Road. Specific tenants have yet to be identified but the scope of on and off-site improvements required has been developed to accommodate a specific square footage of retail, hotel and restaurant uses.

The expected potable water demand for the Otay Plaza Project is 90,939 gallons per day (gpd) or about 101.9 acre feet per year (AFY). The rezone of the property to Commercial-Regional is expected to increase the water demand for this project above what was projected in the District's Water Resources Master Plan updated November 2010 (WRMP Update) which estimated 53 AFY for the same parcels, but with a lower industrial use for the property. The projected recycled water demand for the Otay Plaza Project is 10,581 gpd or 11.9 AFY, representing about 10% of the total Otay Plaza Project water demand.

The Otay Plaza Project development components are required to use recycled water for irrigation and other potential purposes. The primary benefit of using recycled water is that it will offset the potable water demand by an estimated 11.9 AFY. The Otay WD WRMP Update and 2010 Urban Water Management Plan (UWMP) anticipated that the Otay Plaza Project would use both potable and recycled water.

Planned Imported Water Supplies from the Water Authority and MWD

The Water Authority and MWD have an established process that ensures supplies are being planned to meet future growth. Any annexations and revisions to established land use plans are captured in the San Diego Association of Governments (SANDAG) updated forecasts for land use planning, demographics, and economic projections. SANDAG serves as the regional, intergovernmental planning agency that develops and provides forecast information. The Water Authority and MWD update their demand forecasts and supply needs based on the most recent SANDAG forecast approximately every five years to coincide with preparation of their Urban Water Management Plans (UWMP). Prior to the next forecast update, local jurisdictions with land use authority may require water supply assessment and/or verification reports for proposed land developments that are not within the OWD, Water Authority, or MWD jurisdictions (i.e. pending or proposed annexations) or that have revised land use plans with either lower or higher development intensities than reflected in the existing growth

forecasts. Proposed land areas with pending or proposed annexations, or revised land use plans, typically result in creating higher demand and supply requirements than previously anticipated. The OWD, Water Authority, and MWD next demand forecast and supply requirements and associated planning documents would then capture any increase or decrease in demands and required supplies as a result of annexations or revised land use planning decisions.

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

MWD's 2010 IRP long term water plan offers a strategy to protect the region from future supply shortages, with an emphasis on water-use efficiency through conservation and local supply development. The 2010 IRP includes a planning buffer supply intended to mitigate against the risks associated with implementation of local and imported supply programs and for the risk that future demands could be higher than projected. The planning buffer identifies an additional increment of water that could potentially be developed when needed or if other supplies are not fully implemented as planned. As part of implementation of the planning buffer, MWD periodically evaluates supply development, supply conditions, and projected demands to ensure that the region is not under or over developing supplies. Managed properly, the planning buffer will help ensure that the southern California region, including San Diego County, will have adequate water supplies to meet long-term future demands.

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

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

11), which could be available to meet the unanticipated demands such as those related to the Otay Plaza Project.

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

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

Otay Water District Water Supply Development Program

In evaluating the availability of sufficient water supply, the Otay Plaza Project will be required to participate in the water supply development program being implemented by the OWD. This is intended to be achieved through financial participation in several local and/or regional water supply development projects envisioned by the OWD. These water supply projects are in addition to those identified as sustainable supplies in the current Water Authority and MWD UWMP, IRP, Master Plans, and other planning documents. These new water supply projects are in response to the regional water supply issues. These new additional water supply projects are not currently developed and are in various stages of the planning process. Imported water supplies along with the OWD water supply development projects supplies are planned to be developed and are intended to increase water supplies to serve the Otay Plaza Project water supply needs and that of other similar situated development projects. The OWD water supply development program includes but is not limited to projects such as the Middle Sweetwater River Basin Groundwater Well project, the North District Recycled Water Supply Concept, the Rosarito Ocean Desalination Facility project, and the Rancho del Rey Groundwater Well project. The Water Authority and MWD's next forecasts and supply planning documents would capture any increase in water supplies resulting from any new water resources developed by the OWD.

Findings

This WSA Report for the Otay Plaza Project has been prepared by the OWD in consultation with Dexter Wilson Engineering, Inc., the Water Authority, and the City of San Diego pursuant to Public Resources Code Section 21151.9 and California Water Code Sections 10631, 10656, 10657, 10910, 10911, 10912, and 10915 referred to as Senate Bill (SB) 610. SB 610 amended state law, effective January 1, 2002, to improve the link between information on water supply availability and certain land use decisions made by cities and counties. SB 610 requires that the water purveyor of the public water system prepare a water supply assessment to be included in the California Environmental Quality Act (CEQA) environmental documentation and approval process of certain proposed projects. The County requested that OWD prepare a water supply assessment as per the requirements of SB 610. The requirements of SB 610 are being addressed by this WSA Report

The Otay Plaza Project development concept exceeds the thresholds contained in the legislation enacted by SB 610 and therefore requires preparation of a WSA report. The Otay Plaza Project is considered as a commercial/industrial development and is not a residential subdivision project of more than 500 units and hence it is not subject to the requirements of Senate Bill 221 for preparation of a Water Supply Verification Report.

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

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

Accordingly, after approval of a WSA Report for the Otay Plaza Project by the Otay Water District Board of Directors (Board), the WSA Report may be used to comply with the requirements of the legislation enacted by Senate Bill 610 as follows:

> Senate Bill 610 Water Supply Assessment: The Otay Water District Board approved Otay Plaza Project WSA Report may be incorporated into the California Environmental Quality Act (CEQA) compliance process for the Otay Plaza Project as

a water supply assessment report consistent with the requirements of the legislation enacted by SB 610. The City, as lead agency under CEQA for the Otay Plaza Project EIR, may cite the approved WSA Report as evidence that a sufficient water supply is planned for and is intended to be made available to serve the Otay Plaza Project.

Section 1 - Purpose

The project applicant, Sunroad Otay Partners, LP, has made application to the City of San Diego for a Community Plan Amendment, re-zone, Site Development Permit (No. 945297), Right-of-Way Vacation (No. 945299), a 20 commercial lot Vesting Tentative Map (No. 945298), Neighborhood Development Permit and a Planned Development Permit to construct a regional commercial retail center on a 51.9 acre site located in the Otay Mesa Community Planning Area within the City of San Diego. The breakdown of the project comprises 49.1 acres of land lying north of SR-905 together with a 2.8 acre parcel lying south of SR-905 which may be used for storm water detention purposes.

The proposed site is located south of Otay Mesa Road, west of the State Route 125 southbound off-ramp terminus at Otay Mesa Road; east of the existing Avenida Costa Azul unimproved, dedicated public Right of Way and north of State Route 905. The site is currently vacant with flat topography. Surrounding land uses include SR-905 freeway to the south; the vacant SR-125/SR-905 future interchange to the east; mixed light industrial and commercial uses to the north; and a vacant commercially zoned property to the west. The site is zoned Otay Mesa Development District (Industrial Subdistrict) (OMDD-I) and designated Industrial on the City of San Diego Otay Mesa Community Plan. The location map in Appendix A depicts the location of the proposed site within the Otay Mesa area. The proposed lot layout of the project is shown in Appendix B.

The proposed project would involve a re-zone of the property to CR-2-1 (Commercial-Regional) with construction of eleven buildings consisting of 500,590 square feet of gross leasable retail area and a 134-key room hotel of 72,250 square feet, approximately 2,420 parking spaces and all grading, drainage, utility and access improvements.

The shopping center could also include a gas-station with car wash and several dining/coffee providers some of which will have drive-thru service. The project would be anchored by four buildings along the southern boundary of the site; eight outparcel building pads would be located along the northern site boundary adjacent to and south of Otay Mesa Road. Specific tenants have yet to be identified but the scope of on and off-site improvements required has been developed to accommodate a specific square footage of retail, hotel and restaurant uses. The City requested that the Otay Water District (OWD) prepare a Water Supply Assessment (WSA) Report for the Otay Plaza Project. The Otay Plaza Project description is provided in Section 3 of this WSA Report.

This WSA Report for the Otay Plaza Project has been prepared by the OWD in consultation with Dexter Wilson Engineering, Inc., the San Diego County Water Authority (Water Authority), and the City of San Diego pursuant to Public Resources Code Section 21151.9 and California Water Code Sections 10631, 10656, 10910, 10911, 10912, and 10915 referred to as Senate Bill (SB) 610. SB 610 amended state law, effective January 1, 2002, intending to improve the link between information on water supply availability and certain land use decisions made by cities and counties. SB 610 requires that the water purveyor of the public water system prepare a water supply assessment to be included in the California Environmental Quality Act (CEQA) environmental documentation and approval process of certain proposed projects. The requirements of SB 610 are being addressed by this WSA Report.

The Otay Plaza Project's development concept exceeds the thresholds contained in the legislation enacted by SB 610 and therefore requires preparation of a WSA report. The Otay Plaza Project is considered as an industrial development and is not a residential subdivision project of more than 500 units and hence it is not subject to the requirements of Senate Bill 221 for preparation of a Water Supply Verification Report.

This WSA Report evaluates water supplies that are planned to be available during normal, single dry year, and multiple dry water years during a 20-year planning horizon to meet existing demands, expected demands of the Otay Plaza Project, and reasonably foreseeable planned future water demands to be served by OWD. The Otay Water District Board of Directors approved WSA Report is planned to be used by the City in its evaluation of the Otay Plaza Project under the CEQA approval process procedures.

Section 2 - Findings

Sunroad Otay Partners, LP submitted an entitlement application to the City of San Diego for the development of the 51.9 acre parcel (Otay Plaza Project). The OWD prepared this WSA Report at the request of the City of San Diego for the Otay Plaza Project.

The Otay Plaza Project is located within the jurisdictions of the OWD, the Water Authority, and the Metropolitan Water District of Southern California (MWD). To obtain permanent imported water supply service, land areas are required to be within the jurisdictions of the OWD, Water Authority, and MWD to utilize imported water supply.

The expected potable water demand for the Otay Plaza Project is 90,939 gallons per day (gpd) or about 101.9 acre feet per year (AFY). The rezone of the property to Commercial-Regional is expected to increase the water demand for this project above what was projected in the District's Water Resources Master Plan updated November 2010 (WRMP Update) which estimated 53 AFY for the same parcels, but with a lower industrial use for the property. The

projected recycled water demand for the Otay Plaza Project is 10,581 gpd or 11.9 AFY, representing about 10% of the total Otay Plaza Project water demand.

The Otay Plaza Project development proponents are required to use recycled water for irrigation and other appropriate uses. The primary benefit of using recycled water is that it will offset the potable water demands by an estimated 11.9 AFY. The WRMP Update and the 2010 Urban Water Management Plan (UWMP) anticipated that the land area to be utilized for the Otay Plaza Project would use both potable and recycled water.

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

The Water Authority and MWD have an established process that ensures supplies are being planned to meet future growth. Any annexations and revisions to established land use plans are captured in the San Diego Association of Governments (SANDAG) updated forecasts for land use planning, demographics, and economic projections. SANDAG serves as the regional, intergovernmental planning agency that develops and provides forecast information. The Water Authority and MWD update their demand forecasts and supply needs based on the most recent SANDAG forecast approximately every five years to coincide with preparation of their urban water management plans. Prior to the next forecast update, local jurisdictions may require water supply assessment and/or verification reports for proposed land developments that are not within the OWD, Water Authority, or MWD jurisdictions (i.e. pending or proposed annexations) or that have revised land use plans with lower or higher land use intensities than reflected in the existing growth forecasts. Proposed land areas with pending or proposed annexations, or revised land use plans, typically result in creating higher demand and supply requirements than anticipated. The OWD, the Water Authority, and MWD next demand forecast and supply requirements and associated planning documents would then capture any increase or decrease in demands and required supplies as a result of annexations or revised land use planning decisions.

This process is utilized by the Water Authority and MWD to document the water supplies necessary to serve the demands of any proposed development project, along with existing and

other projected future users, as well as the actions necessary to develop any required water supplies. Through this process the necessary demand and supply information is thus assured to be identified and incorporated within the water supply planning documents of the Water Authority and MWD.

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

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

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

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

Based on a normal water supply year, the five-year increments for a 20-year projection indicate projected potable and recycled water supply is being planned for and is intended to be acquired to meet the estimated water demand targets of the OWD (44,883 acre-feet (ac-ft) in 2015 to 56,614 ac-ft in 2035 per the Otay Water District 2010 UWMP). Based on dry year forecasts, the estimated water supply is also being planned for and is intended to be acquired to meet the projected water demand, during single dry and multiple dry year scenarios. On average, the dry-year demands are about 6.4 percent higher than the normal year demands.

The OWD recycled water supply is assumed to be drought-proof and not subject to reduction during dry periods.

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

Section 3 - Project Description

The Otay Plaza Project is located south of Otay Mesa Road, west of the State Route 125 southbound off-ramp terminus at Otay Mesa Road; east of the existing Avenida Costa Azul unimproved, dedicated public Right of Way and north of State Route 905. The site is currently vacant with flat topography. Surrounding land uses include SR-905 freeway to the south; the vacant SR-125/SR-905 future interchange to the east; mixed light industrial and commercial uses to the north; and a vacant commercially zoned property to the west. The site is zoned Otay Mesa Development District (Industrial Subdistrict) (OMDD-I) and designated Industrial on the City of San Diego Otay Mesa Community Plan. The location map in Appendix A depicts the location of the proposed site within the Otay Mesa area. The proposed lot layout of the project is shown in Appendix B.

The Otay Plaza Project is planned to include 20 Commercial business park lots ranging from 0.6 to 16.1 acres in size. . As each of these lots develops in the future, it would be subject to the project approval and permitting processes of the City of San Diego and OWD.

The City of San Diego has discretionary authority on land use decisions for the Otay Plaza Project and can establish actions and/or permit approval requirements. The projected potable and recycled water demands associated with the Otay Plaza Project have considered the anticipated City of San Diego discretionary actions and/or permit approvals and are incorporated into and used in this WSA Report. The water demands for the proposed Otay Plaza Project are included in the projected water demand estimates provided in Section 5 – Historical and Projected Water Demands.

Section 4 – Otay Water District

The OWD is a municipal water district formed in 1956 pursuant to the Municipal Water District Act of 1911 (Water Code §§ 71000 et seq.). The OWD joined the Water Authority as a member agency in 1956 to acquire the right to purchase and distribute imported water

throughout its service area. The Water Authority is an agency responsible for the wholesale supply of water to its 24 public agency members in San Diego County.

The OWD currently meets all its potable demands with imported treated water from the Water Authority. The Water Authority is the agency responsible for the supply of imported water into San Diego County through its membership in MWD. The Water Authority currently obtains about half of its imported supply from MWD, but is in the process of further diversifying its available supplies.

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

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

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

The City of Chula Vista, the City of San Diego, and the County of San Diego are the three land use planning agencies within the OWD jurisdiction. Data on forecasts for land use planning, demographics, economic projections, population, and the future rate of growth within OWD were obtained from the San Diego Association of Governments (SANDAG).

SANDAG serves as the regional, intergovernmental planning agency that develops and provides forecast information through the year 2050. Population growth within the OWD service area is expected to increase from the 2010 figure of approximately 198,616 to an estimated 284,997 by 2035. Land use information used to develop water demand projections are based upon Specific or Sectional Planning Areas, the Otay Ranch General Development Plan/Sub-regional Plan, East Otay Mesa Specific Plan Area, San Diego County Community Plans, and City of San Diego Otay Mesa Community Plan, City of Chula Vista, and County of San Diego General Plans.

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

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

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

Urban Water Management Plan

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

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

supplier to develop urban water use targets to help meet the 20 percent reduction goal by 2020 (20x2020), and an interim water reduction target by 2015.

The SBX 7-7 target setting process includes the following: (1) baseline daily per capita water use; (2) urban water use target; (3) interim water use target; (4) compliance daily per capita water use, including technical bases and supporting data for those determinations. In order for an agency to meet its 2020 water use target, each agency can increase its use of recycled water to offset potable water use and also step up its water conservation measures. The required water use targets for 2020 and an interim target for 2015 are determined using one of four target methods – each method has numerous methodologies. The 2020 urban water use target may be updated in a supplier's 2015 UWMP.

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

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

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

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

Section 5 – Historical and Projected Water Demands

The projected demands for OWD are based on Specific or Sectional Planning Areas, the Otay Ranch General Development Plan/Sub-regional Plan, the East Otay Mesa Specific Plan Area, San Diego County Community Plans, and City of San Diego Otay Mesa Community Plan, City of Chula Vista, and County of San Diego General Plans. This land use information is

also used by SANDAG as the basis for its most recent forecast data. This land use information was utilized for the preparation of the Otay Water District WRMP Update and Otay Water District 2010 UWMP to develop the forecasted demands and supply requirements.

In 1994, the Water Authority selected the Institute for Water Resources-Municipal and Industrial Needs (MAIN) computer model to forecast municipal and industrial water use for the San Diego region. The MAIN model uses demographic and economic data to project sector-level water demands (i.e. residential and non-residential demands). This econometric model has over a quarter of a century of practical application and is used by many cities and water agencies throughout the United States. The Water Authority's version of the MAIN model was modified to reflect the San Diego region's unique parameters and is known as CWA-MAIN.

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

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

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

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

The Water Authority and MWD update their water demand and supply projections within their jurisdictions utilizing the SANDAG most recent growth forecast to project future water demands. This provides for the important strong link between demand and supply projections to the land use plans of the cities and the county. This provides for consistency between the retail and wholesale agencies water demand projections, thereby ensuring that adequate supplies are and will be planned for the OWD existing and future water users. Existing land use plans, any revisions to land use plans, and annexations are captured in the SANDAG updated forecasts. The Water Authority and MWD update their demand forecasts based on the SANDAG most recent forecast approximately every five years to coincide with preparation of their urban water management plans. Prior to the next forecast update, local jurisdictions may require water supply assessment and/or verification reports consistent with Senate Bills 610 and 221 for proposed land use developments that either have pending or proposed annexations into the OWD, Water Authority, and MWD or that have revised land use plans than originally anticipated. The Water Authority and MWD's next forecasts and supply planning documents would then capture any increase or decrease in demands caused by annexations or revised land use plans.

The state of California Business and Professions Code Section 11010 and Government Code Sections 65867.5, 66455.3, and 66473.7, are referred to as SB 221, requires affirmative written verification from the water purveyor of the public water system that sufficient water supplies are to be available for certain residential subdivisions of property prior to approval of a tentative map. SB 221 compliance does not apply to the Otay Plaza Project, as it is an industrial project and not a residential subdivision.

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

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

Demand Methodology

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

To determine water duties for the various types of land use, the entire water meter database of the OWD is utilized and sorted by the appropriate land use types. The metered consumption records are then examined for each of the land uses, and water duties are determined for the various types of residential, commercial, industrial, and institutional land uses. For example the water duty factors for commercial and industrial land uses are estimated using 1,785 and 893 gallons per day per acre (gpd/acre) respectively. Residential water demand is established based on the same data but computed on a per-dwelling unit basis. The focus is to ensure that for each of the residential land use categories (very low, low, medium, and high densities), the demand criteria used is adequately represented based upon actual data. This method is used because residential land uses constitute a substantial percentage of the total developable planning area of the OWD.

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

Otay Water District Projected Demand

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

The historical and projected potable water demands for OWD are shown in Table 1.

Table 1
Historical and Projected Potable Water Fiscal Year Demands (acre-feet)

Water Use Sectors	2005	2010	2015	2020	2025	2030	2035
Single Family	21,233	17,165	23,633	28,312	33,600	37,211	40,635
Multi-Family	3,095	3,605	3,444	4,126	4,897	5,423	5,922
Commercial &	1,657	2,243	1,844	2,209	2,622	2,904	3,171
Institutional &	2,262	1,867	2,518	3,017	3,580	3,965	4,330
Landscape	6,458	3,732	10,134	12,141	14,408	15,957	17,425
Other	2,426	584	2,700	3,235	3,839	4,252	4,643
Unaccounted for	547	23	608	729	865	958	1,046
Totals	**37,668**	**29,270**	**44,883**	**53,768**	**63,811**	**70,669**	**77,171**

Source: Otay Water District 2010 UWMP.

The historical and projected recycled water demands for OWD are shown in Table 2.

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

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

Source: Otay Water District 2010 UWMP, Table 10.

Otay Plaza Project Projected Water Demand

Using the land use demand projection noted above, the projected potable water demand and projected recycled water demand for the proposed Otay Plaza Project are shown in Table 3 and Table 4, respectively. The expected potable water demand for the Otay Plaza Project is 90,939 gallons per day (gpd) or about 101.9 acre feet per year (AFY). The rezone of the property to Commercial-Regional is expected to increase the water demand for this project above what was projected in the District's Water Resources Master Plan updated November 2010 (WRMP Update) which estimated 53 AFY for the same parcels, but with a lower industrial use for the property. The projected recycled water demand for the Otay Plaza

Project is 10,883 gpd or 12.2 AFY, representing about 11% of the total Otay Plaza Project water demand.

Table 3
Otay Plaza Project Projected Potable Water Annual Average Demands

Location (Land Use)	Gross Acreage	Potable Water Factor	Net Potable Acreage/Units	Unit Rate	Average Demand
Commercial	49.1	90%	44.2	1,785 gpd/ac	78,879
134 Room Hotel				90 gpd/room	12,060
Open Space	2.8	0	0	0	0
Total	**51.9**				**90,939 gpd**

The Otay Plaza Project development proponents are required to use recycled water for irrigation and for other appropriate uses. The primary benefit of using recycled water is that it will offset the potable water demands by an estimated 11.9 ac-ft/yr. The WRMP Update and 2010 UWMP anticipated that the Otay Plaza Project site would use both potable and recycled water.

Table 4
Otay Plaza Project Projected Recycled Water Average Demands

Location (Land Use)	Gross Acreage	Recycled Water Factor	Net Recycled Acreage	Unit Rate	Average Demand
Commercial	49.1	10%	4.91	2,155	10,581
Open Space	2.8	0	0	0	0
Total	51.9 acres				10,581 gpd

The rezone of the property to Commercial-Regional is expected to increase the water demand for this project above what was projected in the District's Water Resources Master Plan updated November 2010 (WRMP Update) which estimated 53 AFY for the same parcels, but with a lower industrial use for the property.

5.1 Demand Management (Water Conservation)

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

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

The OWD is signatory to the Memorandum of Understanding (MOU) Regarding Urban Water Conservation in California, which created the California Urban Water Conservation Council (CUWCC) in 1991 in an effort to reduce California's long-term water demands. Water conservation programs are developed and implemented on the premise that water conservation increases the water supply by reducing the demand on available supply, which is vital to the optimal utilization of a region's water supply resources. The OWD participates in many water conservation programs designed and typically operated on a shared cost participation program basis among the Water Authority, MWD, and their member agencies. The demands shown in Tables 1 and 2 take into account implementation of water conservation measures within OWD.

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

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

Supervisory Control and Data Acquisition System

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

Water Conservation Ordinance

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

1. A general water supply shortage due to increased demand or limited supplies.
2. Distribution or storage facilities of the Water Authority or other agencies become inadequate.
3. A major failure of the supply, storage, and distribution facilities of MWD, Water Authority, and/or OWD.

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

OWD continues to promote water conservation at a variety of events, including those involving developers in its service area. In addition, OWD developed and manages a number of its own programs such as the Cash for WaterSmart Plants retrofit program, the Water Smart Irrigation Upgrade Program, and the Commercial Process Improvement Program.

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

- Residential Water Surveys: 1,349 completed since 1994
- Large Landscape Surveys: 194 completed since 1990
- Cash for Water Smart Plants Landscape Retrofit Program: over 217,600 square feet of turf grass replaced with water wise plants since 2003
- Rotating Nozzles Rebated: 3,170
- Residential Weather-Based Irrigation Controller (WBIC) Incentive Program: 231 distributed or rebated since 2004
- Residential High Efficiency Clothes Washers: 7,187 rebates since 1994
- Residential ULFT/HET Rebate Program: 22,376 rebates provided between 1991-2010
- Outreach Efforts to OWD Customers - the OWD promotes its conservation programs through staffing outreach events, bill inserts, articles in the OWD's quarterly customer Pipeline newsletter, direct mailings to OWD customers, the OWD's webpage and through the Water Authority's marketing efforts.
- School Education Programs- the OWD funds school tours of the Water Conservation Garden, co-funds Splash Labs, provides classroom water themed kits, maintains a

library of school age appropriate water themed books, DVDs, and videos, and runs both a school poster contest and a water themed photo contest.
- Water efficiency in new construction through Cal Green and the Model Water Efficient Landscape Ordinance
- Focus on Commercial/Institutional/Industrial through Promoting MWD's Save a Buck (Commercial) Program in conjunction with the OWD's own Commercial Process Improvement Program

As a signatory to the MOU Regarding Urban Water Conservation in California, the OWD is required to submit biannual reports that detail the implementation of current water conservation practices. The OWD voluntarily agreed to implement the fourteen water conservation Best Management Practices beginning in 1992. The OWD submits its report to the CUWCC every two years. The OWD BMP Reports for 2005 to 2010, as well as the BMP Coverage Report for 1999-2010, are included in the Otay Water District 2010 UWMP.

Section 6 - Existing and Projected Supplies

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

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

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

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

In November 2010, MWD adopted its 2010 Regional Urban Water Management Plan (RUWMP). The 2010 RUWMP provides MWD's member agencies, retail water utilities, cities, and counties within its service area with, among other things, a detailed evaluation of

the supplies necessary to meet future demands, and an evaluation of reasonable and practical efficient water uses, recycling, and conservation activities. During the preparation of the 2010 RUWMP, MWD also utilized the previous SANDAG regional growth forecast in calculating regional water demands for the Water Authority service area.

6.1.1 Availability of Sufficient Supplies and Plans for Acquiring Additional Supplies

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

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

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

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

The UWMPs for both MWD and the Water Authority will include the increase in demand projections included in SANDAG's Series 12 Update and from the projections from Otay Water District WRMP Update.

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

6.1.2 MWD Capital Investment Plan

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

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

6.2 San Diego County Water Authority Regional Water Supplies

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

- In accordance with the Urban Water Management Planning Act, the Water Authority adopted their 2010 UWMP in June 2011. The updated Water Authority 2010 UWMP identifies a diverse mix of local and imported water supplies to meet future demands. A copy of the updated Water Authority 2010 UWMP can be found on the internet at http://www.sdcwa.org/2010-urban-water-management-plan

- As part of the October 2003 Quantification Settlement Agreement (QSA), the Water Authority was assigned MWD's rights to 77,700 acre feet per year of conserved water from the All-American Canal (AAC) and Coachella Canal (CC) lining projects. Deliveries of this conserved water from the CC reached the region in 2007 and deliveries from the AAC reached the region in 2010. Expected supplies from the canal lining projects are considered verifiable Water Authority supplies.

- Deliveries of conserved agricultural water from the Imperial Irrigation District (IID) to San Diego County have increased annually since 2003, with 70,000 acre feet per year of deliveries in Fiscal Year (FY) 2010. The quantities will increase annually to 200,000 acre feet per year by 2021, and then remain fixed for the duration of the transfer agreement.

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

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

6.2.1 Availability of Sufficient Supplies and Plans for Acquiring Additional Supplies

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

Section 135 of MWD's Act defines the preferential right to water for each of its member agencies. As calculated by MWD, the Water Authority's preferential right as of December 11, 2012 is 17.22 percent of MWD's supply, while the Water Authority accounted for approximately 25 percent of MWD's total revenue. Under preferential rights, MWD could allocate water without regard to historic water purchases or dependence on MWD. The Water Authority and its member agencies are taking measures to reduce dependence on MWD through development of additional supplies and a water supply portfolio that would not be jeopardized by a preferential rights allocation. MWD has stated, consistent with Section 4202 of its Administrative Code that it is prepared to provide the Water Authority's service area with adequate supplies of water to meet expanding and increasing needs in the years ahead. When and as additional water resources are required to meet increasing needs, MWD stated it will be prepared to deliver such supplies. In Section ES-5 of their 2010 RUWMP, MWD

states that MWD has supply capacities that would be sufficient to meet expected demands from 2015 through 2035. MWD has plans for supply implementation and continued development of a diversified resource mix including programs in the Colorado River Aqueduct, State Water Project, Central Valley Transfers, local resource projects, and in-region storage that enables the region to meet its water supply needs.

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

As part of the Water Authority's diversification efforts, the Water Authority is now taking delivery of conserved agricultural water from IID and water saved from the AAC and CC lining projects. The CC lining project is complete and the Water Authority has essentially completed construction of the AAC lining project. Table 5 summarizes the Water Authority's supply sources with detailed information included in the sections to follow. Deliveries from MWD are also included in Table 5, which is further discussed in Section 6.1 above. The Water Authority's member agencies provided the verifiable local supply targets for groundwater, groundwater recovery, recycled water, and surface water, which are discussed in more detail in Section 5 of the Water Authority's 2010 UWMP.

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

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

Source: Water Authority 2010 Urban Water Management Plan – Table 9-1.
Note 1: On November 29, 2012, the Water Authority approved a water purchase agreement with Poseidon for 48,000 AFY with the right to purchase up to 56,000 AFY

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

The Carlsbad Desalination Project (Project) is a fully-permitted seawater desalination plant and conveyance pipeline designed to provide a highly reliable local supply of up to 56,000 acre-feet (AF) per year for the region. In 2020, the Project would account for approximately 8% of the total projected regional supply and 30% of all locally generated water in San Diego County. If the project becomes operational in 2016, it will more than double the amount of local supplies developed in the region since 1991. The desalination plant itself will be fully financed, built, and operated by Poseidon. The Water Authority will purchase water from the plant under a water purchase agreement. The new pipeline connecting the desalination plant with the Water Authority's Second Aqueduct will be owned and operated by the Water Authority, but responsibility for design and construction will reside with Poseidon through a separate Design-Build Agreement. The Water Authority will be responsible for aqueduct improvements, including the relining and rehabilitation of Pipeline 3 to accept desalinated water under higher operating pressures, modifications to the San Marcos Vent that allows the flow of water between Pipelines 3 and 4, and improvements at the Twin Oaks Valley Water Treatment Plant necessary to integrate desalinated water into the Water Authority's system for optimal distribution to member agencies.

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

The Water Authority's existing and planned supplies from the IID transfer and canal lining projects are considered "drought-proof" supplies and should be available at the yields shown in Table 5 in normal water year supply and demand assessment. Single dry year and multiple dry year scenarios are discussed in more detail in Section 9 of the Water Authority's 2010 UWMP.

As part of preparation of a written water supply assessment and/or verification report, an agency's shortage contingency analysis should be considered in determining sufficiency of supply. Section 11 of the Water Authority's 2010 UWMP contains a detailed shortage contingency analysis that addresses a regional catastrophic shortage situation and drought management. The analysis demonstrates that the Water Authority and its member agencies, through the Emergency Response Plan, Emergency Storage Project, and Drought Management Plan (DMP) are taking actions to prepare for and appropriately handle an interruption of water supplies. The DMP, adopted in May 2006, provides the Water Authority

and its member agencies with a series of potential actions to take when faced with a shortage of imported water supplies from MWD due to prolonged drought or other supply shortfall conditions. The actions will help the region avoid or minimize the impacts of shortages and ensure an equitable allocation of supplies throughout the San Diego region.

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

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

On April 29, 1998, the Water Authority signed a historic agreement with IID for the long-term transfer of conserved Colorado River water to San Diego County. The Water Authority-IID Water Conservation and Transfer Agreement (Transfer Agreement) is the largest agriculture-to-urban water transfer in United States history. Colorado River water will be conserved by Imperial Valley farmers who voluntarily participate in the program and then transferred to the Water Authority for use in San Diego County.

Implementation Status

On October 10, 2003, the Water Authority and IID executed an amendment to the original 1998 Transfer Agreement. This amendment modified certain aspects of the Transfer Agreement to be consistent with the terms and conditions of the QSA and related agreements. It also modified other aspects of the agreement to lessen the environmental impacts of the transfer of conserved water. The amendment was expressly contingent on the approval and implementation of the QSA, which was also executed on October 10, 2003. Section 6.2.1, "Colorado River," contains details on the QSA.

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

District Court of Appeal. A stay of the trial court judgment has been issued during the appeal. Implementation of the transfer provisions is proceeding during litigation.

Expected Supply

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

During dry years, when water availability is low, the conserved water will be transferred under IID's Colorado River rights, which are among the most senior in the Lower Colorado River Basin. Without the protection of these rights, the Water Authority could suffer delivery cutbacks. In recognition for the value of such reliability, the 1998 contract required the Water Authority to pay a premium on transfer water under defined regional shortage circumstances. The shortage premium period duration is the period of consecutive days during which any of the following exist: 1) a Water Authority shortage; 2) a shortage condition for the Lower Colorado River as declared by the Secretary; and 3) a Critical Year. Under terms of the October 2003 amendment, the shortage premium will not be included in the cost formula until Agreement Year 16.

Transportation

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

Cost/Financing

The costs associated with the transfer are financed through the Water Authority's rates and charges. In the agreement between the Water Authority and IID, the price for the transfer water started at $258 per acre-feet and increased by a set amount for the first seven years. In December 2009, the Water Authority and IID executed a fifth amendment to the water transfer agreement that sets the price per acre-feet for transfer water for calendar years 2010 through 2015, beginning at $405 per acre-feet in 2010 and increasing to $624 per acre-feet in 2015. For

calendar years 2016 through 2034, the unit price will be adjusted using an agreed-upon index. The amendment also required the Water Authority to pay IID $6 million at the end of calendar year 2009 and another $50 million on or before October 1, 2010, provided that a transfer stoppage is not in effect as a result of a court order in the QSA coordinated cases. Beginning in 2035, either the Water Authority or IID can, if certain criteria are met, elect a market rate price through a formula described in the water transfer agreement.

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

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

As part of implementation of the QSA and water transfer, the Water Authority also entered into an environmental cost sharing agreement. Under this agreement the Water Authority is contributing a total of $64 million to fund environmental mitigation projects and the Salton Sea Restoration Fund.

Written Contracts or Other Proof

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

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

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

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

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

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

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

Federal, State, and Local Permits/Approvals

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

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

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

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

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

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

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

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

6.2.1.2 All-American Canal and Coachella Canal Lining Projects

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

Implementation Status

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

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

Expected Supply

The AAC lining project makes 67,700 acre-feet of Colorado River water per year available for allocation to the Water Authority and San Luis Rey Indian water rights settlement parties. The CC lining project makes 26,000 acre-feet of Colorado River water each year available for allocation. The 2003 Allocation Agreement provides for 16,000 acre-feet per year of

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

Transportation

The October 2003 Exchange Agreement between the Water Authority and MWD provides for the delivery of the conserved water from the canal lining projects. The Water Authority pays MWD's applicable wheeling rate for each acre-foot of exchange water delivered. In the Agreement, MWD will deliver the canal lining water for the term of the Allocation Agreement (110 years).

Cost/Financing

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

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

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

Written Contracts or Other Proof

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

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

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

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

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

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

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

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

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

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

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

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

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

California Water Code Section 79567. This Water Code Section identifies $20 million as available for appropriation by the California Legislature from the Water Security, Clean Drinking Water, Coastal, and Beach Protection Fund of 2002 (Proposition 50) to DWR for grants for canal lining and related projects necessary to reduce Colorado River water use. According to the Allocation Agreement, it is the intention of the agencies that those funds will be available for use by the Water Authority, IID, or CVWD for the AAC and CC lining projects.

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

Federal, State, and Local Permits/Approvals

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

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

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

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

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

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

6.2.1.3 Carlsbad Seawater Desalination Project

Development of seawater desalination in San Diego County will assist the region in diversifying its water resources, reduce dependence on imported supplies, and provide a new drought-proof, locally treated water supply. The Carlsbad Desalination Project is a fully-permitted seawater desalination plant and conveyance pipeline currently being developed by Poseidon, a private investor–owned company that develops water and wastewater infrastructure. The project, located at the Encina Power Station in Carlsbad, has been in development since 1998 and was incorporated into the Water Authority's 2003 Water Facilities Master Plan and the 2010 UWMP. The Carlsbad Desalination Project has obtained all required permits and environmental clearances and, when completed, will provide a highly reliable local supply of 48,000 to 56,000 acre-feet per year for the region.

Implementation Status

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

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

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

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

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

Expected Supply

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

Transportation

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

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

Cost/Financing

The plant and the offsite pipeline will be financed through tax exempt government bonds issued for the Water Authority by the California Pollution Control Financing Authority (CPCFA). On November 29, 2012, the Water Authority Board adopted a resolution approving agreements to accomplish tax exempt project financing through the CPCFA. A preliminary September 2012 unit cost estimate was $2,300/AF. The Water Authority's water purchase costs would be financed through Water Authority rates and charges. Poseidon is financing the capital cost of the Project with a combination of private equity and tax-exempt Private Activity Bonds.

Written Contracts or Other Proof

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

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

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

Federal, State, and Local Permits/Approvals

Carlsbad Desalination Project Final EIR
The City of Carlsbad, acting as lead agency for Carlsbad Seawater Desalination Plant and appurtenant facilities proposed by Poseidon (the "Project") prepared an Environmental Impact Report for the Project in compliance with the California Environmental Quality Act ("CEQA"), which the City of Carlsbad certified on June 13, 2006.
http://www.sdcwa.org/rwfmp-peir

The City of Carlsbad prepared an Addendum to the Carlsbad EIR ("Addendum") which was adopted on September 15, 2009, and reflects minor and immaterial design modifications to the Project site plan, appurtenant facilities, and water delivery pipeline network.
The environmental documents and permits are found at the following links:

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

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

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

The environmental documents and permits are found at the following links:
http://www.sdcwa.org/rwfmp-peir

Sub regional Natural Community Conservation Plan/Habitat Conservation Plan (NCCP/HCP)
On December 8, 2010, the Board adopted Resolution No. 2010-18 certifying a Final environmental Impact Report/Environmental Impact Statement for the San Diego County Water Authority Subregional Natural Community Conservation Plan/Habitat Conservation Plan (State Clearinghouse No. 2003121012) (the "Habitat Conservation Plan EIR/EIS"), which Plan was implemented on December 28, 201.
The environmental documents and permits are found at the following links:
http://www.sdcwa.org/nccp-hcp

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

2010 Urban Water Management Plan
http://www.sdcwa.org/2010-urban-water-management-plan

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

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

(September 2009), and Coastal Development Permit 04-41; the State of California State Lands Commission issuing an Amendment of Lease PRC 8727.1 (August 2008). The environmental documents and permits are found at the following links:

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

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

6.2.2 Water Authority Capital Improvement Program and Financial Information

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

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

- Asset Management – The primary components of the asset management projects include relining and replacing existing pipelines and updating and replacing metering facilities.
- New Facilities – These projects will expand the capacity of the aqueduct system, complete the projects required under the Quantification Settlement Agreement (QSA), and evaluate new supply opportunities.
- Emergency Storage Project – Projects remaining to be completed under the ongoing ESP include the San Vicente Dam Raise, the Lake Hodges projects, and a new pump

station to extend ESP supplies to the northern reaches of the Water Authority service area.

- Other Projects – This category includes out-of-region groundwater storage, increased local water treatment plant capacity, and projects that mitigate environmental impacts of the CIP.

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

6.3 Otay Water District

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

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

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

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

6.3.1 Availability of Sufficient Supplies and Plans for Acquiring Additional Supplies

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

Table 6
Otay Water District
Historic Imported and Local Water Supplies

Calendar Year	Imported Water (acre-feet)	Recycled Water (acre-feet)	Total (acre-feet)
1980	12,558	0	12,558
1985	14,529	0	14,529
1990	23,200	0	23,200
1995	20,922	614	21,536
2000	29,901	948	30,849
2005	37,678	1,227	38,905
2010	29,270	4,090	33,270
2011	30,777	3,776	34,553

Source: Otay Water District operational records.

6.3.1.1 Imported and Regional Supplies

The availability of sufficient imported and regional potable water supplies to serve existing and planned uses within OWD is demonstrated in the above discussion on MWD and the Water Authority's water supply reliability. The County Water Authority Act, Section 5 subdivision 11, states that the Water Authority "as far as practicable, shall provide each of its member agencies with adequate supplies of water to meet their expanding and increasing needs." The Water Authority provides between 75 to 95 percent of the total supplies used by its 24 member agencies, depending on local weather and supply conditions. In calendar year 2010 the supply to OWD was 29,270 acre-feet of supply from the Water Authority. An additional 4,090 ac-ft of recycled water was provided from the City of San Diego and from OWD's Ralph W. Chapman Water Reclamation Facility. The total baseline demand for potable water within the OWD is expected to increase to about 77,171 acre-feet by 2035 as per the Otay Water District 2010 UWMP.

Potable Water System Facilities

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

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

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

Cost and Financing

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

Written Agreements, Contracts, or Other Proof

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

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

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

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

Federal, State, and Local Permits/Approvals

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

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

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

6.3.1.2 Recycled Water Supplies

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

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

<u>North District Recycled Water Concept</u>

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

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

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

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

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

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

Recycled Water System Facilities

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

Cost and Financing

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

Written Agreements, Contracts, or Other Proof

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

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

Federal, State, and Local Permits/Approvals

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

The California Regional Water Quality Control Board San Diego Region (RWQCB) "Master Reclamation Permit for Otay Water District Ralph W. Chapman Reclamation Facility" was

adopted on May 9, 2007 (Order No. R9-2007-0038). This order establishes master reclamation requirements for the production, distribution, and use of recycled water in the OWD service area. The order includes the use of tertiary treated water produced and received from the City of San Diego's SBWRP. Recycled water received from and produced by the SBWRP is regulated by Regional Board Order No. 2000-203 and addenda. The City of San Diego is required to meet all applicable federal, state, and local health and water quality requirements for the recycled water produced at the SBWRP and delivered to OWD in conformance with Order No. 2000-203.

6.3.1.3 Potential Groundwater Supplies

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

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

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

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

<u>Middle Sweetwater River Basin Groundwater Well</u>

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

of a pilot well project. The ultimate objective of the OWD is to develop a groundwater well production system within the Middle Sweetwater River Basin capable of producing a sustainable yield of potable water as a local supply.

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

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

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

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

The scope of work to complete Middle Sweetwater River Basin Groundwater Well Pilot Project consists of many major tasks and is to address the groundwater supply concepts outlined above. It is anticipated that the cost for the entire scope of work, will be on the order of $2,000,000, which includes a contingency and may take up to one and a half years to complete.

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

Otay Mesa Lot 7 Groundwater Well

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

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

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

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

The OWD may still continue to pursue the Otay Mesa groundwater well opportunity with due consideration of the recommendations of the existing report. Based on the recommendations of the investigation report, a groundwater well production facility at Otay Mesa Lot 7 could realistically extract approximately 300 acre-feet per year.

Rancho del Rey Groundwater Well

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

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

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

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

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

The OWD is continuing to pursue the Rancho del Rey groundwater well opportunity with due consideration of the recommendations of the existing reports and plans to develop a groundwater well production facility to extract approximately 500 acre-feet per year. For water planning purposes, production of groundwater from the Rancho del Rey well is considered "additional planned" for local supplies. During preparation of this 2010 UWMP, the OWD has contracted for design services for the wellhead treatment facilities.

6.3.1.4 Otay Water District Desalination Project

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

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

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

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

On November 3, 2010, the OWD authorized the General Manager to enter into an agreement with AECOM for the engineering design, environmental documentation, and the permitting for the construction of the conveyance pipeline, pump station, and disinfection facility to be constructed within the OWD. The supply target is assumed to be 50 mgd while the ultimate capacity of the plant will be 100 mgd.

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

6.3.2 Otay Water District Capital Improvement Program

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

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

Section 7 – Conclusion: Availability of Sufficient Supplies

The Otay Plaza Project is currently located within the jurisdictions of the OWD, Water Authority, and MWD. To obtain permanent imported water supply service, land areas are required to be within the jurisdictions of the OWD, Water Authority, and MWD to utilize imported water supply.

The Water Authority and MWD have an established process that ensures supplies are being planned to meet future growth. Any annexations and revisions to established land use plans

are captured in the San Diego Association of Governments (SANDAG) updated forecasts for land use planning, demographics, and economic projections. SANDAG serves as the regional, intergovernmental planning agency that develops and provides forecast information. The Water Authority and MWD update their demand forecasts and supply needs based on the most recent SANDAG forecast approximately every five years to coincide with preparation of their urban water management plans. Prior to the next forecast update, local jurisdictions with land use authority may require water supply assessment and/or verification reports for proposed land developments that are not within the OWD, Water Authority, or MWD jurisdictions (i.e. pending or proposed annexations) or that have revised land use plans with either lower or higher development intensities than reflected in the existing growth forecasts. Proposed land areas with pending or proposed annexations, or revised land use plans, typically result in creating higher demand and supply requirements than previously anticipated. The OWD, Water Authority, and MWD next demand forecast and supply requirements and associated planning documents would then capture any increase or decrease in demands and required supplies as a result of annexations or revised land use planning decisions.

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

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

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

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

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

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

Table 7 presents the forecasted balance of water demands and required supplies for the OWD service area under average or normal year conditions. The total actual demand for FY 2010 was 33,270 acre feet. The demand for FY 2010 is 5,635 acre feet lower than the demand in FY 2005 of 38,905 acre feet. The drop in demand is a result of the unit price of water, the conservation efforts of users as a result of the prolonged drought, and the economy.

Table 8 presents the forecasted balance of water demands and supplies for the OWD service area under single dry year conditions. Table 8 presents the forecasted balance of water demands and supplies for the OWD service area under multiple dry year conditions for the three year period ending in 2018. The multiple dry year conditions for periods ending in 2023, 2028, and 2033 are provided in the Otay Water District 2010 UWMP. The projected potable demand and supply requirements shown the Tables 7 and 8 are from the Otay Water District 2010 UWMP adjusted to reflect the additional 75.6 acre-feet per year of potable water

demand for the Otay Plaza Project. Hot, dry weather may generate urban water demands that are about 6.4 percent greater than normal. This percentage was utilized to generate the dry year demands shown in Table 8. The recycled water supplies are assumed to experience no reduction in a dry year.

Table 7
Projected Balance of Water Demands and Supplies Normal Year Conditions (acre feet)

Description	FY 2015	FY 2020	FY 2025	FY 2030	FY 2035
Demands					
OWD Demands	44,883	53,768	63,811	70,669	77,171
Additional Conservation Target	0	(7,447)	(13,996)	(17,895)	(20,557)
Total Demand	44,883	46,321	49,815	52,774	56,614
Supplies					
Water Authority Supply	40,483	41,321	44,015	45,974	48,614
Recycled Water Supply	4,400	5,000	5,800	6,800	8,000
Total Supply	44,883	46,321	49,815	52,774	56,614
Supply Surplus/(Deficit)	**0**	**0**	**0**	**0**	**0**

Table 8 presents the forecasted balance of water demands and supplies for the OWD service area under single dry year and multiple dry year conditions as from the Otay Water District 2010 UWMP.

Table 8
Projected Balance of Water Demands and Supplies
Single Dry and Multiple Dry Year Conditions (acre feet)

	Normal Year	Single Dry Year	Multiple Dry Years		
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Demands					
OWD Demands	37,176	41,566	43,614	46,385	50,291
Total Demand	37,176	41,566	43,614	46,385	50,291
Supplies					
Water Authority Supply	33,268	37,535	39,460	42,108	45,891
Recycled Water Supply	3,908	4,031	4,154	4,277	4,400
Total Supply	37,176	41,566	43,614	46,385	50,291
Supply Surplus/(Deficit)	**0**	**0**	**0**	**0**	**0**
District Demand totals with SBX7-7 conservation target achievement plus single dry year increase as shown. The Water Authority could implement its DMP. In this instances, the Water Authority may have to allocate supply shortages based on it equitable allocation methodology in its DMP.					

Dry year demands assumed to generate a 6.4% increase in demand over normal conditions for each year in addition to new demand growth.

Table 8 also presents the forecasted balance of water demands and supplies for the OWD service area under multiple dry year conditions for the three year period ending in 2015.

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

The OWD acknowledges the ever-present challenge of balancing water supply with demand and the inherent need to possess a flexible and adaptable water supply implementation strategy that can be relied upon during normal and dry weather conditions. The responsible regional water supply agencies have and will continue to adapt their resource plans and strategies to meet climate, environmental, and legal challenges so that they may continue to provide water supplies to their service areas. The regional water suppliers along with OWD fully intend to maintain sufficient reliable supplies through the 20-year planning horizon under normal, single, and multiple dry year conditions to meet projected demand of the Otay Project, along with existing and other planned development projects within the OWD service area.

This WSA Report assesses, demonstrates, and documents that sufficient water supplies are planned for and are intended to be acquired, as well as the actions necessary and status to develop these supplies, to meet projected water demands of the Otay Plaza Project as well as existing and other reasonably foreseeable planned development projects within the OWD for a 20-year planning horizon, in normal and in single and multiple dry years.

Source Documents

Sunroad Otay Partners, LP, E-mail Request to Initiate the Preparation of a Water Supply Assessment for the Otay Plaza. Compliance request letter received January 7, 2013.

City of Chula Vista, "Otay Ranch General Development Plan/Sub-regional Plan, The Otay Ranch Joint Planning Project," October 1993 amended June 1996.

County of San Diego, "East Otay Mesa Specific Plan Area," adopted July 27, 1994.

Otay Water District, "2008 Water Resources Master Plan Update," dated November 2010.

Atkins and Otay Water District, "Otay Water District 2010 Urban Water Management Plan," June 2011.

Camp Dresser & McKee, Inc., "Otay Water District Integrated Water Resources Plan," March 2007

San Diego County Water Authority, "Urban Water Management Plan 2010 Update," May 2011.

MWD Water District of Southern California, "Regional Urban Water Management Plan," November 2010.

Camp Dresser & McKee, Inc., "Rosarito Desalination Facility Conveyance and Disinfection System Project," June 21, 2010.

PBS&J, "Draft Otay Water District North District Recycled Water System Development Project, Phase I Concept Study," December 2008.

NBS Lowry, "Middle Sweetwater River System Study Water Resources Audit," June 1991.

Michael R. Welch, "Middle Sweetwater River System Study Alternatives Evaluation," May 1993.

Michael R. Welch, "Middle Sweetwater River Basin Conjunctive Use Alternatives," September 1994.

Geoscience Support Services, Inc., "Otay Mesa Lot 7 Well Investigation," May 2001.

Boyle Engineering Corporation, "Groundwater Treatment Feasibility Study Ranch del Rey Well Site," September 1996.

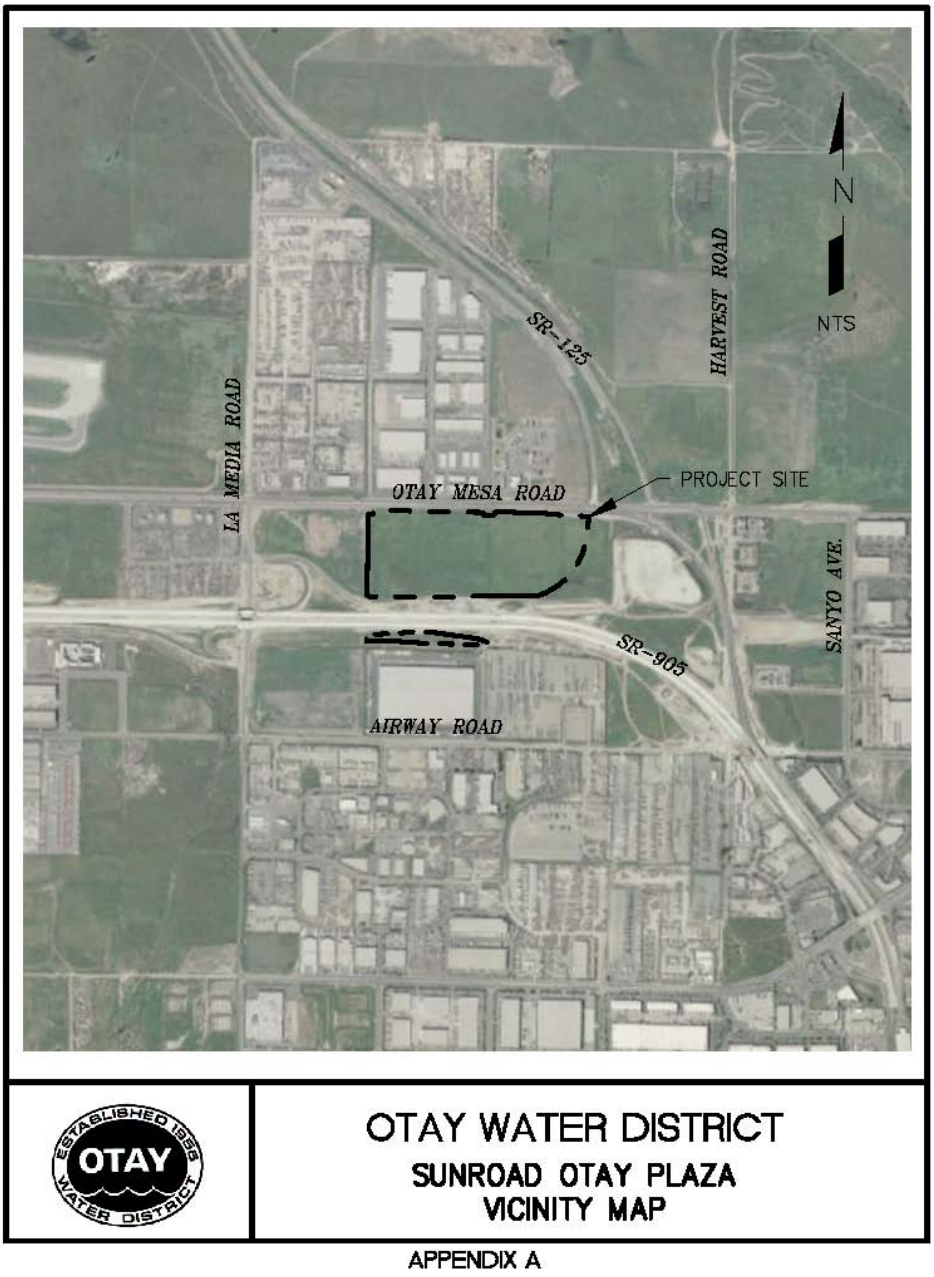
Agreement for the Purchase of Treated Water from the Otay Water Treatment Plant between the City of San Diego and the Otay Water District.

Agreement between the San Diego County Water Authority and Otay Water District regarding Implementation of the East County Regional Treated Water Improvement Program.

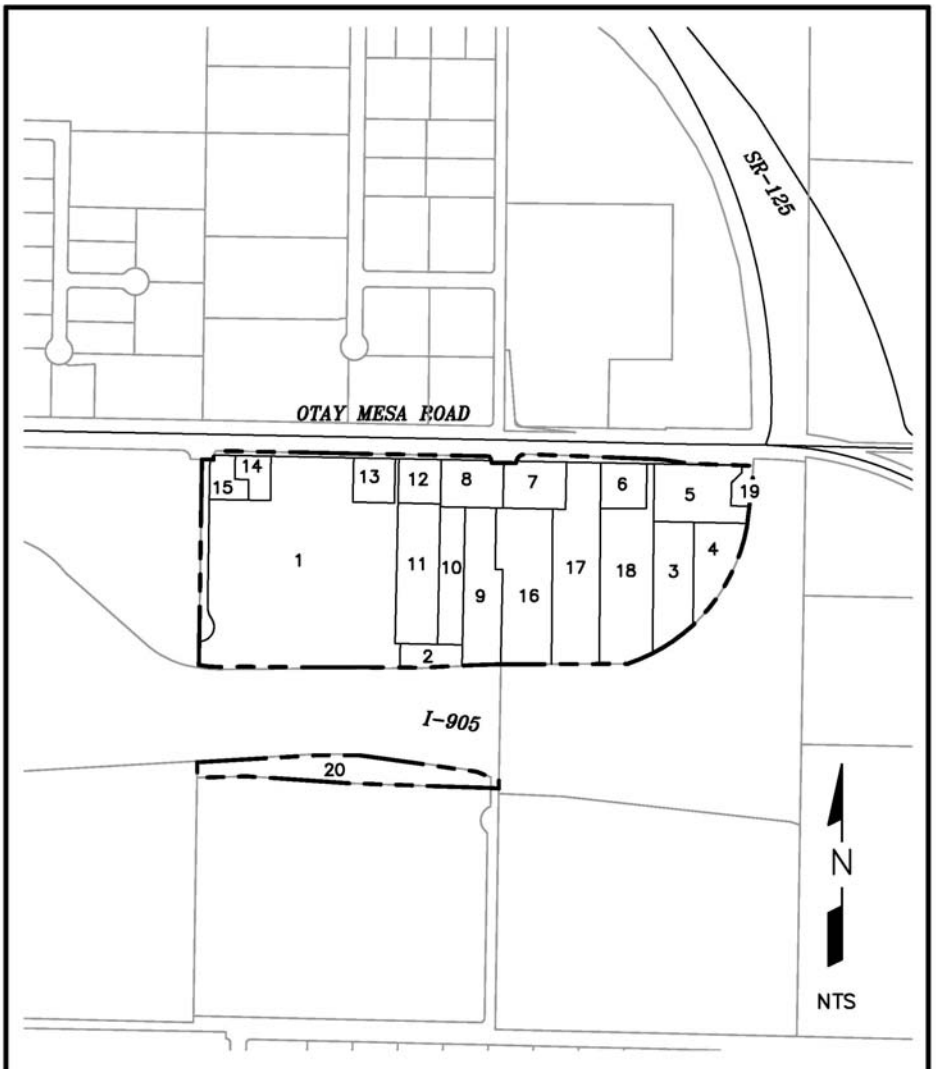
Agreement between the San Diego County Water Authority and Otay Water District for Design, Construction, Operation, and Maintenance of the Otay 14 Flow Control Facility Modification.

Agreement between the Otay Water District and the City of San Diego for Purchase of Reclaimed Water from the South Bay Water Reclamation Plant.

Appendix A
Otay Plaza Project Vicinity Map



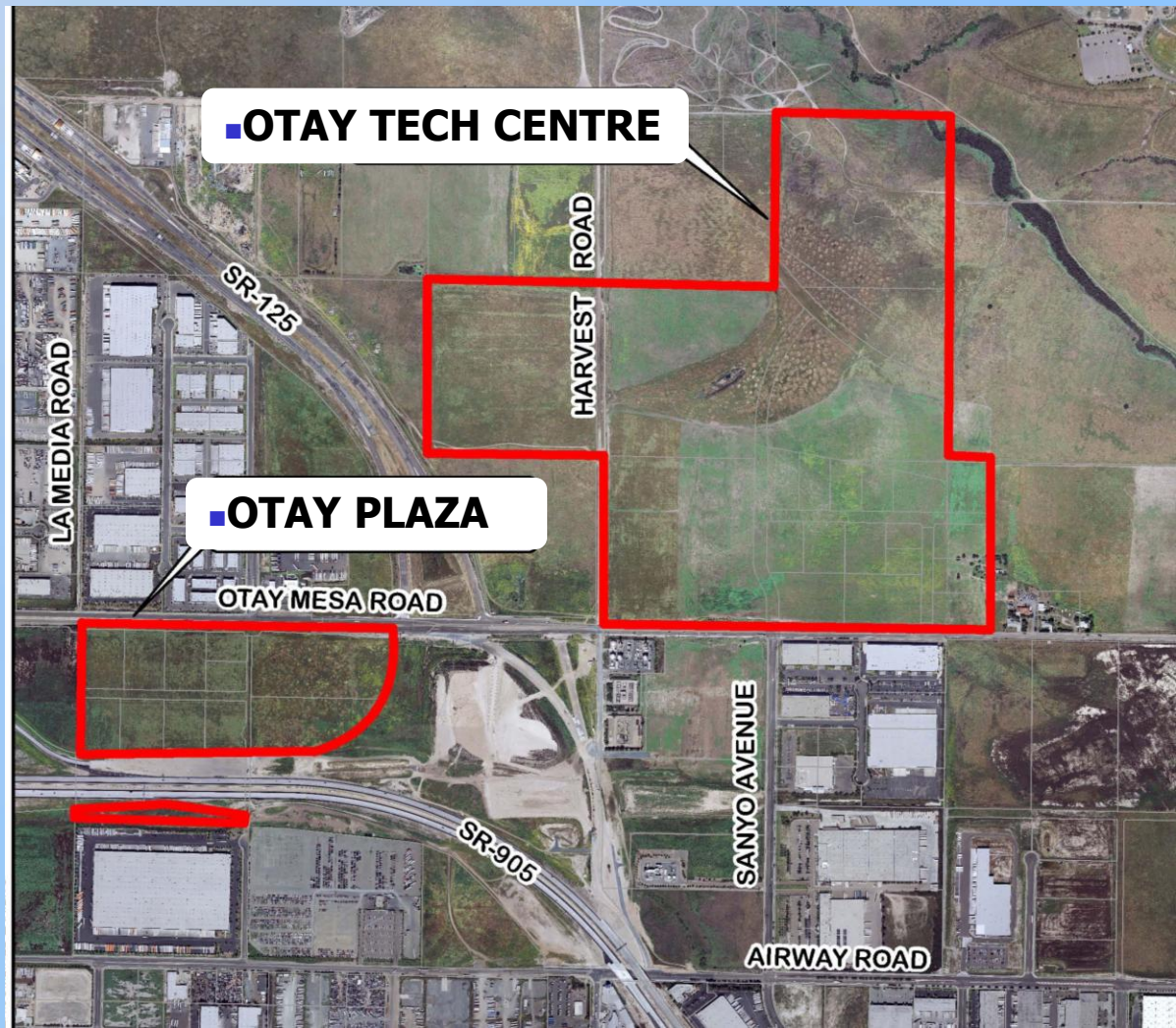
Appendix B
Otay Plaza Project Development Plan



Otay Water District
Board of Directors Meeting
March 6, 2013

Water Supply Assessment Reports for the Sunroad Otay Tech Centre and Otay Plaza Projects

SB 610 Compliance



Background

Senate Bills 610 and 221 became effective on January 1, 2002, with the primary intent to improve the link between water supply availability and land use decisions.

SB 610 Water Supply Assessment (WSA):

- **Requires water purveyor to prepare a *Water Supply Assessment* report for inclusion in agency CEQA documentation.**

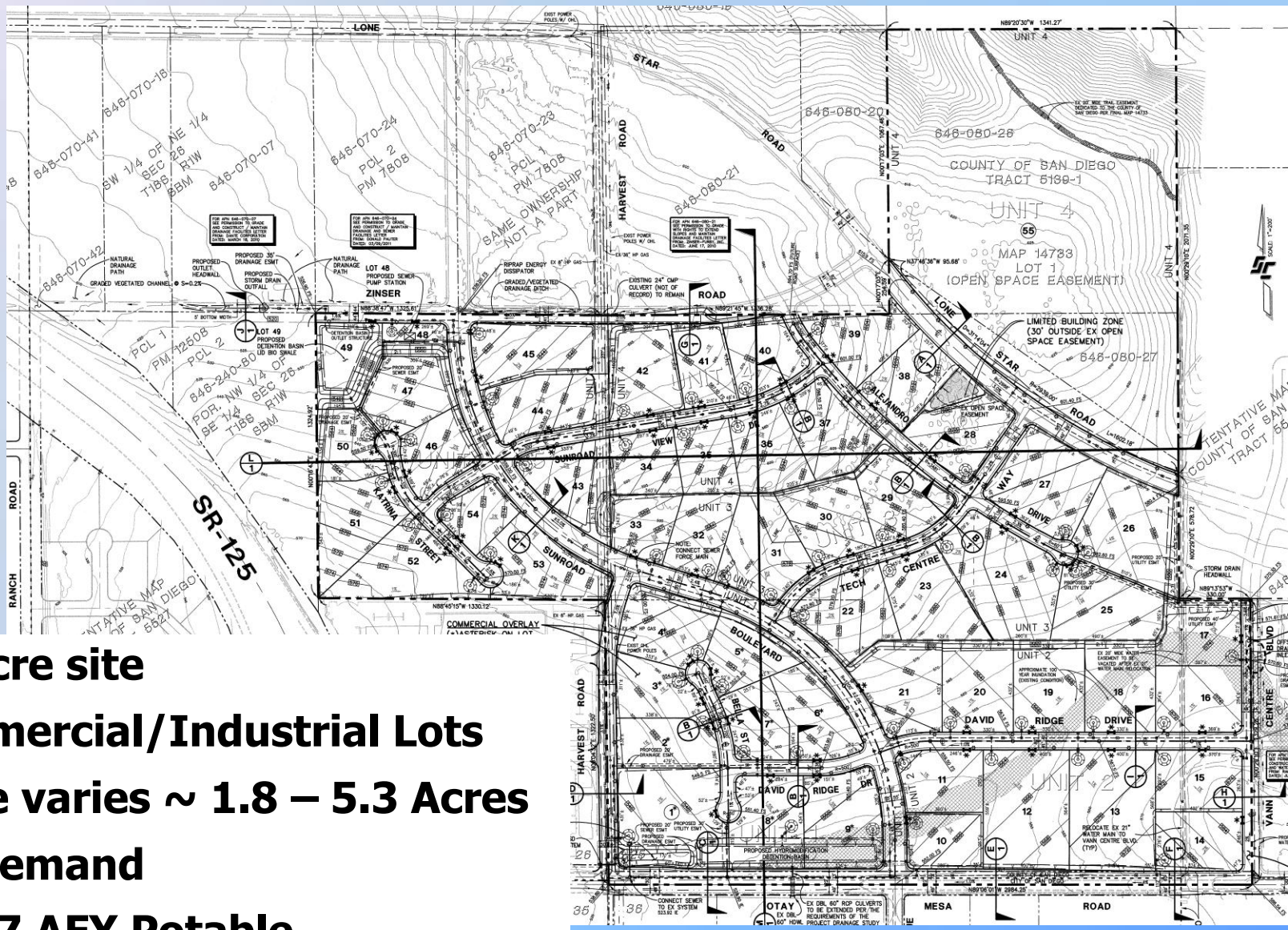
SB 221 Water Supply Verification:

- **Does not apply to the Sunroad Projects which are Industrial/Commercial subdivisions.**

The Otay Tech Centre Project and Otay Plaza Water Supply Assessment Reports:

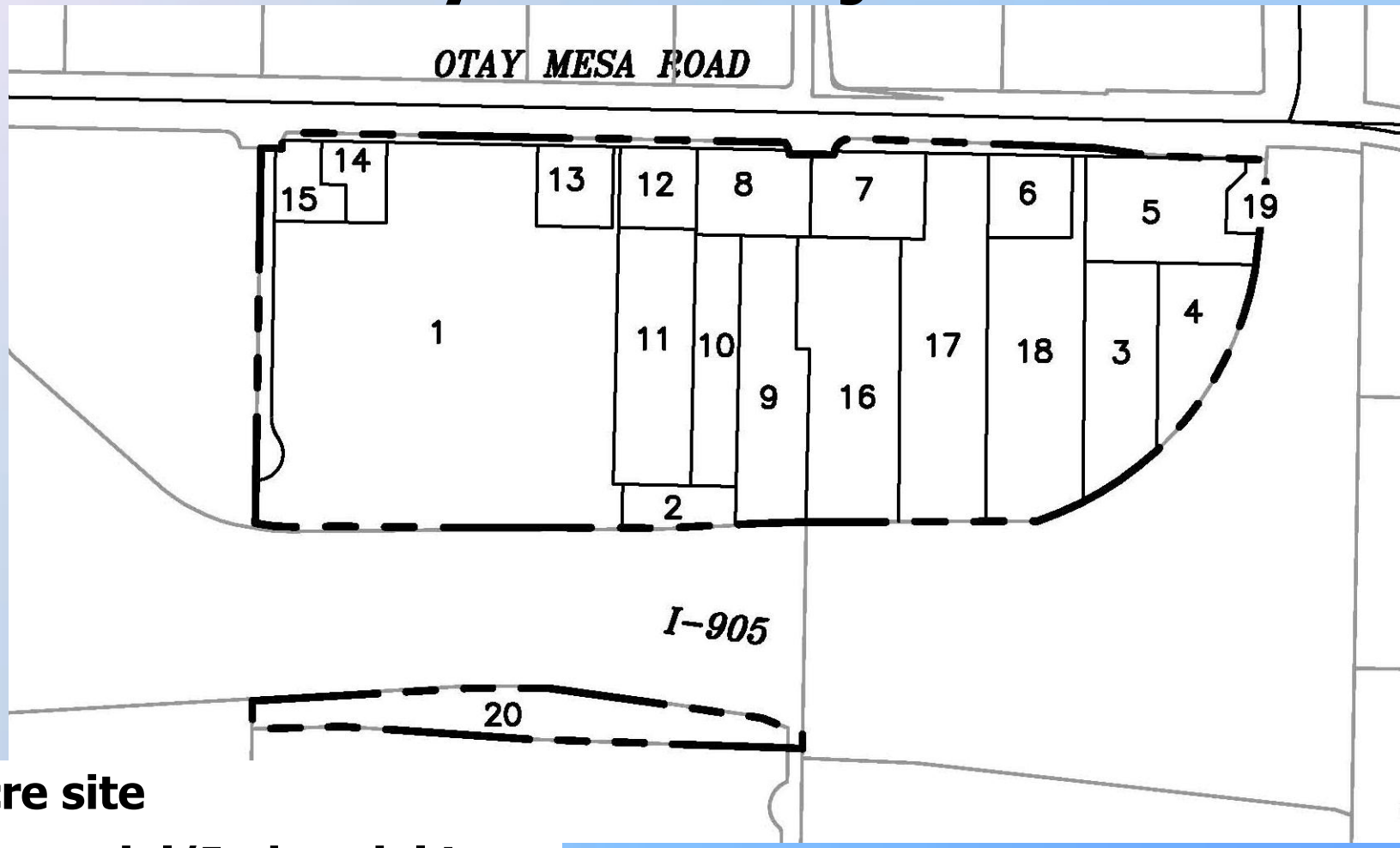
- **Board approval required for submittal of the WSAs to the City of San Diego and County of San Diego.**

Otay Tech Centre Project



- **253.1 Acre site**
- **52 Commercial/Industrial Lots**
- **Lots size varies ~ 1.8 – 5.3 Acres**
- **Water Demand**
  - **178.7 AFY Potable**
  - **23 AFY Recycled**

Otay Plaza Project



- 51.9 Acre site
- 20 Commercial/Industrial Lots
- Water Demand
  - 101.9 AFY Potable
  - 11.9 AFY Recycled

Water Supply Assessment Reports for the Sunroad Otay Tech Centre and Otay Plaza Projects

	Potable Water Demands		2010 WRMP Estimated Potable Water Demands	Recycled Water Demands	
	GPD	AFY	AFY	GPD	AFY
Otay Tech Centre	159,510	178.7	304.3	20,580	23
Otay Plaza	90,939	101.9	53	10,581	11.9
Total	250,449	280.6	357.3	31,161	34.9

Water Supply Assessment Reports

- **The regional and local water supply agencies acknowledge the challenges and fully intend to develop sufficient, reliable supplies to meet demands.**

- **Water suppliers recognize additional water supplies are necessary and portfolios need to be reassessed and redistributed with intent to serve existing and future needs.**

Water Supply Assessment Reports

- **The Reports documents the planned water supply projects and the actions necessary to develop the supplies.**

- **Water supply for the Projects and for existing and future developments within the District for a 20-year planning horizon, under normal and in single and multiple dry years, are planned for and are intended to be made available.**

Otay Water District
Planned Local Water Supply Projects

- **Rancho Del Rey Groundwater Well (500 AFY)**
- **Rosarito Ocean Desalination Project (20,000-50,000 AFY)**
- **Otay Mesa Lot 7 Groundwater Well (300 AFY)**
- **Otay Mesa Recycled Water Supply Link Project (800 AFY)**

Otay Water District
Projected Balance of Supply and Demand

	Normal Year	Single Dry Year	Multiple Dry Years		
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Demands					
Otay Water District Demands	37,176	41,566	43,614	46,385	50,291
Total Demand	37,176	41,566	43,614	46,385	50,291
Supplies					
Water Authority Supply	33,268	37,535	39,460	42,108	45,891
Recycled Water Supply	3,908	4,031	4,154	4,277	4,400
Total Supply	37,176	41,566	43,614	46,385	50,291
Supply Surplus/(Deficit)	**0**	**0**	**0**	**0**	**0**

Table 8 of Otay Tech Centre WSA Report and Otay Plaza WSA Report based on data from Table 30 on page 41 of OWD 2010 UWMP

District Demand totals with SBX7-7 conservation target achievement with single dry year and multiple dry year increase as shown. The Water Authority could implement its DMP. In these instances, the Water Authority may have to allocate supply shortages based on the equitable allocation methodology in its DMP.

Conclusion

- **Water demand and supply forecasts are included in the planning documents of MWD, Water Authority, and the Otay Water District.**
- **Actions necessary to develop the identified water supplies are documented.**
- **The Otay Tech Centre Project and Otay Plaza Project SB 610 WSA demonstrates and documents that sufficient water supplies are planned for and are intended to be available over the next 20 years.**

Conclusion continued

- **It is believed that the Board has met the intent of SB 610 statute in that:**
  1) **Land use agencies and water suppliers have demonstrated strong linkage.**
  2) **The Otay Tech Centre Project and Otay Plaza Project Water Supply Assessment clearly documents the current water supply situation.**

Staff Recommendation

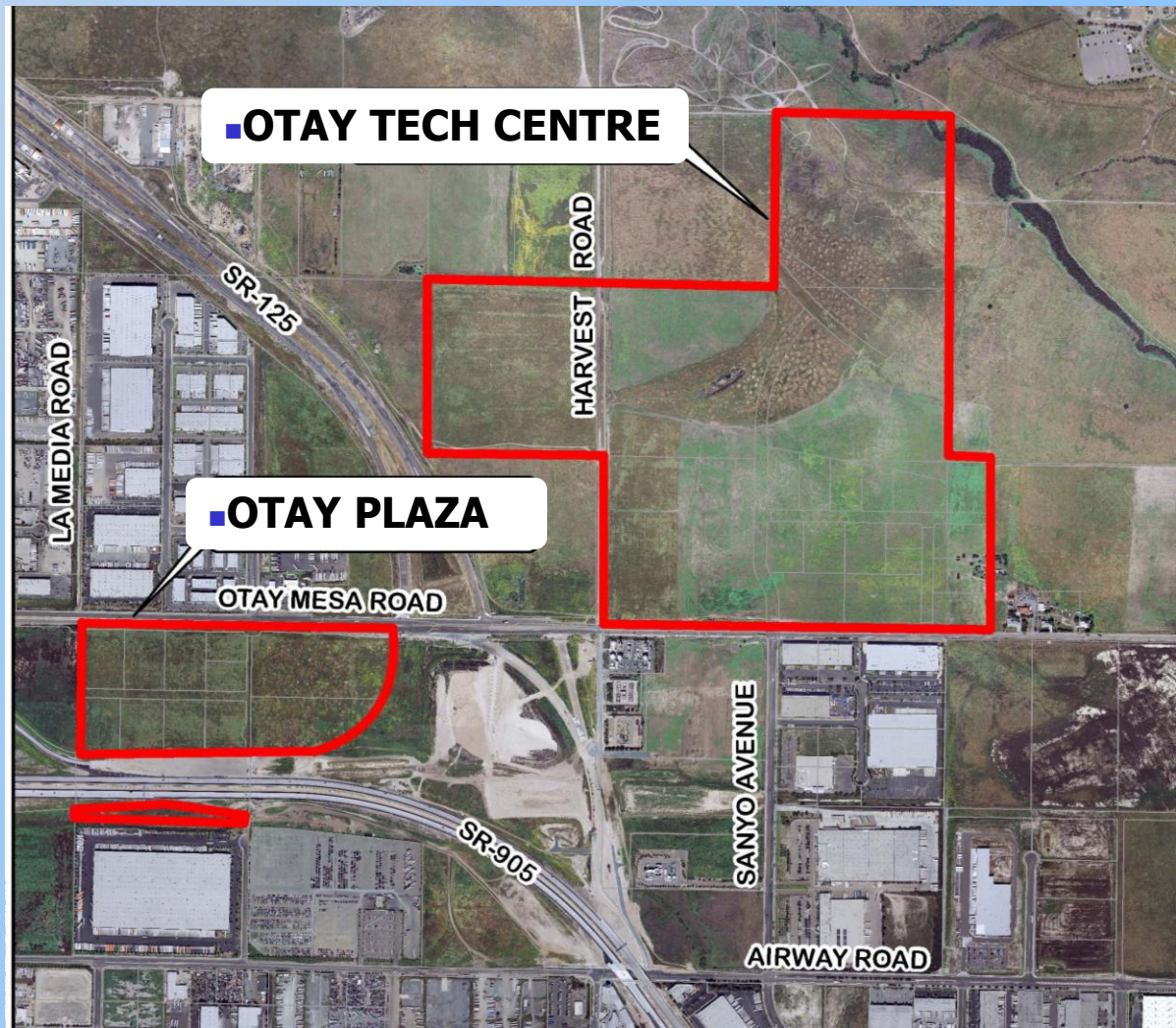
That the Board of Directors approve the Senate Bill 610 Water Supply Assessment Report dated January 2013 for the Otay Tech Centre Project.

That the Board of Directors approve the Senate Bill 610 Water Supply Assessment Report dated January 2013 for the Otay Plaza Project.

Questions ?

Water Supply Assessment Reports for the Sunroad Otay Tech Centre and Otay Plaza Projects

SB 610 Compliance



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	March 6, 2013
SUBMITTED BY:	Dan Martin Engineering Manager	PROJECT:	Various DIV. NO. ALL
APPROVED BY:	☒ Rod Posada, Chief of Engineering ☒ German Alvarez, Asst. General Manager ☒ Mark Watton, General Manager		
SUBJECT:	Informational Item – Second Quarter Fiscal Year 2013 Capital Improvement Program Report		

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) accept the Second Quarter Fiscal Year 2013 Capital Improvement Program (CIP) Report for review and receives a summary via PowerPoint presentation (see Attachment C).

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

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

ANALYSIS:

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

The Second Quarter Fiscal Year 2013 update is intended to provide a detailed analysis of progress in completing these projects within the allotted time and budget of $18 million. Expenditures through the Second Quarter totaled approximately $5.8 million. Approximately 32% of the Fiscal Year 2013 expenditure budget was spent (see Attachment B).

FISCAL IMPACT: ☒ Joe Beachem, Chief Financial Officer

No fiscal impact as this is an informational item only.

STRATEGIC GOAL:

The Capital Improvement Program supports the District's Mission statement, "To provide high value water and wastewater services to the customers of the Otay Water District, in a professional, effective, and efficient manner" and the General Manager's Vision, "A District that is at the forefront in innovations to provide water services at affordable rates, with a reputation for outstanding customer service."

LEGAL IMPACT:

None.

DM/RP:jf
P:\CIP\CIP Quarterly Reports\2013\Q1\Staff Report\BD 03-06-13, Staff Report, Second Quarter FY 2013 CIP Report, (DM-RP).docx
Attachments: Attachment A – Committee Action
Attachment B - Fiscal Year 2013 Second Quarter CIP Expense Report
Attachment C – Presentation

ATTACHMENT A

SUBJECT/PROJECT:	Informational Item – Second Quarter Fiscal Year 2013 Capital Improvement Program Report
Various	

COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee (Committee) reviewed this item at a Committee Meeting held on February 21, 2013. The Committee supported staff's recommendation.

NOTE:

The "Committee Action" is written in anticipation of the Committee moving the item forward for Board approval. This report will be sent to the Board as a Committee approved item, or modified to reflect any discussion or changes as directed from the Committee prior to presentation to the full Board.

ATTACHMENT B

FISCAL YEAR 2013 2nd QUARTER REPORT

(Expenditures through 12/30/2012)

($ In Thousands)

			FISCAL YEAR-TO-DATE, 12/31/12				LIFE-TO-DATE, 12/31/12				
CIP No.	Description	Project Manager	FY 2013 Budget	Expenses	Balance	Expense to Budget %	Budget	Expenses	Balance	Expense to Budget %	Comments
	CAPITAL FACILITY PROJECTS										
p2009	PL - 36-Inch, SDCWA Otay FCF No. 14 to Regulatory Site	Ripperger	$ 900	$ 222	$ 678	25%	$ 21,600	$ 20,997	$ 603	97%	The project is complete and accepted. It will be deleted this coming fiscal year.
p2083	PS - 870-2 Pump Station Replacement (28,000 GPM)	Marchioro	50	-	50	0%	12,581	581	12,000	5%	Project on hold pending the Otay Mesa Desalination Conveyance and Disinfection System (CIP P2451) project.
p2190	PL - 10-Inch, 1485 Zone, Jamul Highlands	Ripperger	-	-	-	0%	228	3	225	1%	No budget for FY 13.
p2267	36-Inch Main Pumpouts and Air/Vacuum Ventilation Installations	Vasquez	5	-	5	0%	435	234	201	54%	No expenditures planned in Q2 FY 2013.
p2370	La Presa System Improvements	Martin	195	227	(32)	116%	1,430	1,427	3	100%	Project substantially complete. Planned expenditures for FY 12 carried over to FY 13.
p2403	PL - 12-Inch, 624 Zone, Heritage Road - Olympic/Otay Valley	Martin	-	-	-	0%	925	-	925	0%	No budget for FY 13.
p2434	Rancho Del Rey Groundwater Well Development	Marchioro	500	127	373	25%	8,700	3,532	5,168	41%	On target.
p2451	Otay Mesa Desalination Conveyance and Disinfection System	Kennedy	1,000	124	876	12%	30,000	1,186	28,814	4%	The project is on hold pending NSC Agua acquiring rights to purchase adjacent property, constructing first phase of pilot plant, and acquiring rights from CFE for access to intake and outlet structures. Plan to restart the 3rd quarter of FY 13.
p2466	Regional Training Facility	Coburn-Boyd	14	4	10	29%	300	276	24	92%	The FY 13 budget will be used for coordination with the Fire District to complete the project.
p2486	Asset Management Plan Condition Assessment and Data Acquisition	Stevens	200	15	185	8%	1,350	750	600	56%	Forecast on target.
p2502	803-1 Pump Station Modifications	Marchioro	50	35	15	70%	625	606	19	97%	On target; however, pending in-house SCADA work will be completed third and fourth quarters of FY2013.
p2503	850-2 Pump Station Modifications	Marchioro	50	15	35	30%	525	485	40	92%	See P2502.
p2511	North District - South District Interconnection System	Marchioro	1,000	115	885	12%	3,550	1,591	1,959	45%	Progress slowed due to community opposition to the Corral Canyon Road alignment and follow up meetings with County Supervisor Greg Cox and CWA.
p2514	PL - 30-Inch, 980 Zone, Hunte Parkway - Proctor Valley/Use Area	Martin	1,150	1,028	122	89%	1,550	1,256	294	81%	Project under construction; anticipate completion in March 2013.
p2527	1200-1 Pump Station Facility Cover	Stalker	30	-	30	0%	30	-	30	0%	We are getting updated quotes to see if there are sufficient funds budgeted for this cover. If not, we will revaluate the cost effectiveness of this project.
p2528	30-Inch Potable Water Pipeline Manifold at 624 Reservoirs	Marchioro	300	2	298	1%	1,300	2	1,298	0%	Project on hold pending North District - South District Interconnection System (CIP P2511) Project.
p2536	HMBP-Emergency Stand-By Generator Secondary Containment	Acuna	60	34	26	57%	60	34	26	57%	One remaining on list for the 1004-2 Reservoir site.
p2537	Operations Yard Property Acquisition Improvements	Martin	250	6	244	2%	300	6	294	2%	Project in design.
r2048	RecPL - Otay Mesa Distribution Pipelines and Conversions	Martin	15	68	(53)	453%	2,200	468	1,732	21%	Planned expenditures for FY 12 carried over to FY 13. Design is 90% complete.
r2058	RecPL - 16-Inch, 860 Zone, Airway Road - Otay Mesa/Alta	Martin	5	5	-	100%	3,500	1,339	2,161	38%	Project on hold.
r2077	RecPL - 24-Inch, 860 Zone, Alta Road - Alta Gate/Airway	Martin	950	672	278	71%	4,500	2,675	1,825	59%	Portions of project built by developer.
r2087	RecPL - 24-Inch, 927 Zone, Wueste Road - Olympic/Otay WTP	Cameron	5	7	(2)	140%	7,000	1,031	5,969	15%	Planned expenditures for FY 12 carried over to FY 13. Project on hold.
r2091	RecPS - 927-1 Pump Station Upgrade (10,000 GPM) and System Enhancements	Martin	65	79	(14)	122%	1,880	1,858	22	99%	Planned expenditures for FY 12 carried over to FY 13. Project substantially complete.
r2094	Potable Irrigation Meters to Recycled Water Conversions	Martin	10	13	(3)	130%	3,100	1,519	1,581	49%	Conversion rate faster than anticipated for FY 13. This multi-year project is under budget.
r2107	RWCWRF Screening Compactor and Chlorine Injectors Enclosure	Stalker	115	5	110	4%	115	5	110	4%	$70,000 will be spent this fiscal year. Due to a long lead time to get the screening compactor unit manufactured, the installation and SCADA programming for the system will need to be deferred until next year during the upcoming budget cycle.
s2039	Hidden Mountain Lift Station Enclosure	Stalker	29	-	29	0%	29	-	29	0%	Enclosure is in the process off being ordered. These funds will be spent this fiscal year.

FISCAL YEAR 2013 2nd QUARTER REPORT

(Expenditures through 12/30/2012)

($ In Thousands)

			FISCAL YEAR-TO-DATE, 12/31/12				LIFE-TO-DATE, 12/31/12				
CIP No.	Description	Project Manager	FY 2013 Budget	Expenses	Balance	Expense to Budget %	Budget	Expenses	Balance	Expense to Budget %	Comments
s2040	Calavo Sewer Basin Improvements	Marchioro	275	68	207	25%	1,250	68	1,182	5%	Effort to prioritize sewer rehabilitation projects District-wide for design is taking longer than expected.
s2041	Rancho San Diego Sewer Basin Improvements	Marchioro	40	13	27	33%	1,750	13	1,737	1%	On target.
s2042	Sewer Vehicle Capital Purchases	Rahders	325	-	325	0%	325	-	325	0%	The actual purchase will not take place in FY 13, but instead in FY 14. P.O. was approved by GM in January 2013.
	Total Capital Facility Projects	Total:	7,588	2,884	4,704	**38%**	111,138	41,942	69,196	**38%**	
	REPLACEMENT/RENEWAL PROJECTS										
p2366	APCD Engine Replacements and Retrofits	Rahders	120	231	(111)	193%	3,488	2,439	1,049	70%	$31,798.10 CP#11 FY 12, Replacement dump truck was purchased in FY 12, however, the cab and chassis were delivered and paid for in FY 12, but fabrication and installation of the dump body was not completed until FY 13 so final payment of $58,224.47 was deferred until completed. $54,036.63 CP#'s 3 & 4 FY 12, new gensets for 1090-1 p/s and the warehouse were budgeted and ordered in FY 12, but not delivered until FY 13. $36,664.58, APCD permitting and annual renewal fees. $1,384.61, CP#2 FY 12 New genset for 944-1 p/s Genset was delivered and paid for in FY 12, but budgeted start up fee's were not incurred until FY 13 due to permitting issues with APCD. Further encumbrances expected due to APCD retrofitting compliance of on road vehicles. Expect $60,000.
p2382	Safety and Security Improvements	Dobrawa	300	89	211	30%	3,397	1,828	1,569	54%	$86K planned to be spent through Q3 & Q4 FY 13. $125K to be pushed to FY 14.
p2440	I-905 Utility Relocations	Marchioro	5	-	5	0%	1,600	1,579	21	99%	Staff anticipates that Caltrans will issue a $33K credit to Otay; however, project on hold pending Caltrans' receipt of final accounting numbers from the City of San Diego's sewer contractor.
p2453	SR-11 Utility Relocations	Martin	200	85	115	43%	2,250	121	2,129	5%	Project in design.
p2458	AMR Manual Meter Replacement	Holly	1,400	82	1,318	6%	9,400	8,624	776	92%	Project is ahead of schedule and on budget.
p2477	Res - 624-1 Reservoir Cover Replacement	Marchioro	690	103	587	15%	800	176	624	22%	On target; however, construction postponed to coincide with low FY 13 winter demands.
p2484	Large Water Meter Testing and Replacement Program	Holly	150	114	36	76%	835	376	459	45%	Project in progress. Project expected to spend 85% of budget for FY 13.
p2485	SCADA Communication System and Software Replacement	Stalker	629	20	609	3%	1,846	759	1,087	41%	$125,000 will be spent this fiscal year due to low staffing and deciding to contract out SCADA implementation and wireless radio installations. The remaining $475,000 will be moved to next year during the upcoming budget cycle.
p2491	850-3 Reservoir Exterior Coating	Cameron	150	66	84	44%	350	326	24	93%	Project completed. Updating Reservoir As-builts.
p2493	624-2 Reservoir Interior/Exterior Coating	Cameron	8	2	6	25%	1,850	6	1,844	0%	Expenditures anticipated in fourth quarter.
p2494	Multiple Species Conservation Plan	Coburn-Boyd	93	7	86	8%	930	789	141	85%	Approximately $69,000 of the FY 13 budget will not be spent because work on the JPA plan is being stopped.
p2495	San Miguel Habitat Management/Mitigation Area	Coburn-Boyd	120	39	81	33%	1,900	810	1,090	43%	Project on track; this FY budget will be spent.
p2496	Otay Lakes Road Utility Relocations	Martin	50	3	47	6%	275	204	71	74%	Project on hold. City of Chula Vista driven.
p2504	Regulatory Site Access Road and Pipeline Relocation	Cameron	50	93	(43)	186%	600	256	344	43%	Project is progressing faster than initially anticipated.

FISCAL YEAR 2013 2nd QUARTER REPORT

(Expenditures through 12/30/2012)

($ In Thousands)

			FISCAL YEAR-TO-DATE, 12/31/12				LIFE-TO-DATE, 12/31/12				
CIP No.	Description	Project Manager	FY 2013 Budget	Expenses	Balance	Expense to Budget %	Budget	Expenses	Balance	Expense to Budget %	Comments
p2507	East Palomar Street Utility Relocation	Cameron	150	68	82	45%	900	246	654	27%	Caltrans driven project. Construction to begin in Summer 2013.
p2508	Pipeline Cathodic Protection Replacement Program	Martin	80	-	80	0%	150	3	147	2%	Project in design.
p2513	East Orange Avenue Bridge Crossing	Cameron	840	115	725	14%	1,200	270	930	23%	Construction began January 2013.
p2515	870-1 Reservoir Paving	Cameron	100	5	95	5%	550	8	542	1%	Environmental Studies to begin in February 2013.
p2518	803-3 Reservoir Interior/Exterior Coating	Cameron	700	28	672	4%	750	28	722	4%	Construction to begin Mid-February 2013.
p2519	832-2 Reservoir Interior/Exterior Coating	Cameron	725	21	704	3%	775	21	754	3%	Construction to begin Mid-February 2013.
p2520	Motorola Mobile Radio Upgrade	Martinez	50	3	47	6%	100	9	91	9%	All mobile vehicle radios scheduled to be upgraded by the end of FY13.
p2521	Large Meter Vault Upgrade Program	Holly	150	47	103	31%	600	142	458	24%	Project in progress.
p2529	711-2 Reservoir Interior & Exterior Coating	Cameron	-	-	-	0%	600	-	600	0%	No budget in FY 13.
p2530	711-1 Reservoir Interior & Exterior Coating	Cameron	-	-	-	0%	725	-	725	0%	No budget in FY 13.
p2531	944-1 Reservoir Interior & Exterior Coating	Cameron	-	-	-	0%	175	-	175	0%	No budget in FY 13.
p2532	944-2 Reservoir Interior & Exterior Coating	Cameron	-	-	-	0%	725	-	725	0%	No budget in FY 13.
p2533	1200-1 Reservoir Interior & Exterior Coating	Cameron	-	-	-	0%	325	-	325	0%	No budget in FY 13.
p2534	978-1 Reservoir Interior & Exterior Coating	Cameron	-	-	-	0%	225	-	225	0%	No budget in FY 13.
p2535	458-2 Reservoir Interior Coating	Cameron	5	-	5	0%	300	-	300	0%	Expenditures anticipated in fourth quarter of FY 13.
r2096	RWCWRF - Upgrades and Modifications	Martin	60	75	(15)	125%	4,995	4,973	22	100%	Project substantially complete. Planned expenditures for FY 12 carried over to FY 13.
r2099	Recycled System Air and Vacuum Value Retrofit	Holly	233	113	120	48%	700	421	279	60%	Project substantially completed.
s2012	San Diego County Sanitation District Outfall and RSD Outfall Replacement	Kennedy	100	-	100	0%	3,550	761	2,789	21%	The invoice will come in late in the Fiscal Year.
s2019	Avocado Boulevard 8-Inch Sewer Main Improvement	Martin	1,375	334	1,041	24%	2,275	1,547	728	68%	Project under construction.
s2020	Calavo Drive 8-Inch Sewer Main Replacement	Martin	210	392	(182)	187%	600	476	124	79%	Project under construction. Planned expenditures for FY 12 carried over to FY 13.
s2022	Hidden Mesa Drive 8-Inch Sewer Main Rehabilitation	Martin	50	37	13	74%	180	180	-	100%	Project under construction.
s2023	Calavo Drive Sewer Main Utility Relocation	Martin	60	63	(3)	105%	80	79	1	99%	Project under construction. Planned expenditures for FY 12 carried over to FY 13.
s2024	Campo Road Sewer Main Replacement	Cameron	50	-	50	0%	5,500	3	5,497	0%	Project on hold. Waiting for Waste Water Management Plan.
s2026	Challenge Boulevard 8-Inch Sewer Main Replacement	Martin	155	234	(79)	151%	280	277	3	99%	Project under construction. Planned expenditures for FY 12 carried over to FY 13.
s2027	Rancho San Diego Pump Station Rehabilitation	Kennedy	300	17	283	6%	2,800	28	2,772	1%	County has not completed the preliminary design report and the agreement needed before the District can reimburse the County.
s2028	Explorer Way 8-Inch Sewer Main Replacement	Marchioro	1	1	-	100%	125	10	115	8%	On target.
s2033	Sewer System Various Locations Rehabilitation	Marchioro	200	69	131	35%	800	91	709	11%	See S2040.
	Total Replacement/Renewal Projects	Total:	9,559	2,556	7,003	**27%**	59,506	27,866	31,640	**47%**	
	CAPITAL PURCHASE PROJECTS										
p2282	Vehicle Capital Purchases	Rahders	49	104	(55)	212%	5,021	2,853	2,168	57%	$104,386.45, CP#8 FY12, was budgeted for and ordered in FY12, but was not delivered until 8/2012. $23,000.00, CP# 6 FY13, purchase deferred for FY13. No further activity projected this fiscal year.
p2285	Office Equipment and Furniture Capital Purchases	Dobrawa	-	-	-	0%	571	504	67	88%	No budget in FY 13.
p2286	Field Equipment Capital Purchases	Rahders	115	125	(10)	109%	1,758	1,129	629	64%	$4,900.00 Welding for trailer CP#14, FY 12. Welding was budgeted for FY 12, but work was not completed until FY 13. $43,628.27 unbudgeted emergency repair. Used to pay for the repair of effluent pump and motor #4 at the treatment plant. $18,465.79 encumbered against this account for the purchase of one truck mounted crane. No further activity projected this fiscal year.

FISCAL YEAR 2013 2nd QUARTER REPORT

(Expenditures through 12/30/2012)

($ In Thousands)

			FISCAL YEAR-TO-DATE, 12/31/12				LIFE-TO-DATE, 12/31/12				
CIP No.	Description	Project Manager	FY 2013 Budget	Expenses	Balance	Expense to Budget %	Budget	Expenses	Balance	Expense to Budget %	Comments
p2443	Wireless Communications System	Stevens	200	-	200	0%	1,492	1,104	388	74%	Expenditures to take place in Q3 and Q4 of FY 13.
p2461	Records Management System Upgrade 2	Stevens	90	21	69	23%	475	369	106	78%	Expenditures on target.
p2469	Information Technology Network and Hardware	Stevens	120	8	112	7%	2,173	1,384	789	64%	Forecast on target.
p2470	Financial System Enhancements	Stevens	220	86	134	39%	2,732	1,560	1,172	57%	Reduction in contractor expenses reduces forecast from $220K to $175K for FY 13.
	Total Capital Purchase Projects	Total:	794	344	450	**43%**	14,222	8,903	5,319	**63%**	
	DEVELOPER REIMBURSEMENT PROJECTS										
p2104	PL - 12-Inch, 711 Zone, La Media Road - Birch/Rock Mountain	Martin	-	-	-	0%	833	-	833	0%	No budget in FY 13.
p2107	PL - 12-Inch, 711 Zone, Rock Mountain Road - La Media/SR 125	Martin	-	-	-	0%	722	-	722	0%	No budget in FY 13.
p2325	PL - 10-inch to 12-inch Oversize, 1296 Zone, PB Road - Rolling Hills Hydro PS/PB Bndy	Martin	49	-	49	0%	50	-	50	0%	Expenditures anticipated in third quarter as a result of reimbursement agreement.
r2028	RecPL - 8-Inch, 680 Zone, Heritage Road - Santa Victoria/Otay Valley	Martin	-	-	-	0%	600	-	600	0%	No budget in FY 13.
r2042	RecPL - 8-Inch, 927 Zone, Rock Mountain Road - SR-125/EastLake	Martin	-	-	-	0%	140	-	140	0%	No budget in FY 13.
r2047	RecPL - 12-Inch, 680 Zone, La Media Road - Birch/Rock Mountain	Martin	-	-	-	0%	450	-	450	0%	No budget in FY 13.
r2082	RecPL - 24-Inch, 680 Zone, Olympic Parkway - Village 2/Heritage	Martin	-	-	-	0%	1,747	-	1,747	0%	No budget in FY 13.
r2083	RecPL - 20-Inch, 680 Zone, Heritage Road - Village 2/Olympic	Martin	4	-	4	0%	400	-	400	0%	Expenditures anticipated in third quarter.
r2084	RecPL - 20-Inch, 680 Zone, Village 2 - Heritage/La Media	Martin	-	-	-	0%	971	1	970	0%	No budget in FY 13.
r2085	RecPL - 20-Inch, 680 Zone, La Media - State/Olympic	Martin	-	-	-	0%	600	-	600	0%	No budget in FY 13.
	Total Developer Reimbursement Projects	Total:	53	-	53	**0%**	6,513	1	6,512	**0%**	
	GRAND TOTAL		**$ 17,994**	**$ 5,784**	**$ 12,210**	**32%**	**$ 191,379**	**$ 78,712**	**$ 112,667**	**41%**	

Attachment C

Otay Water District
Capital Improvement Program

Fiscal Year 2013
Second Quarter

Calavo Gardens Sewer Rehabilitation

Background

The approved CIP Budget for Fiscal Year 2013 consists of 70 projects that total $18 million. These projects are broken down into four categories.

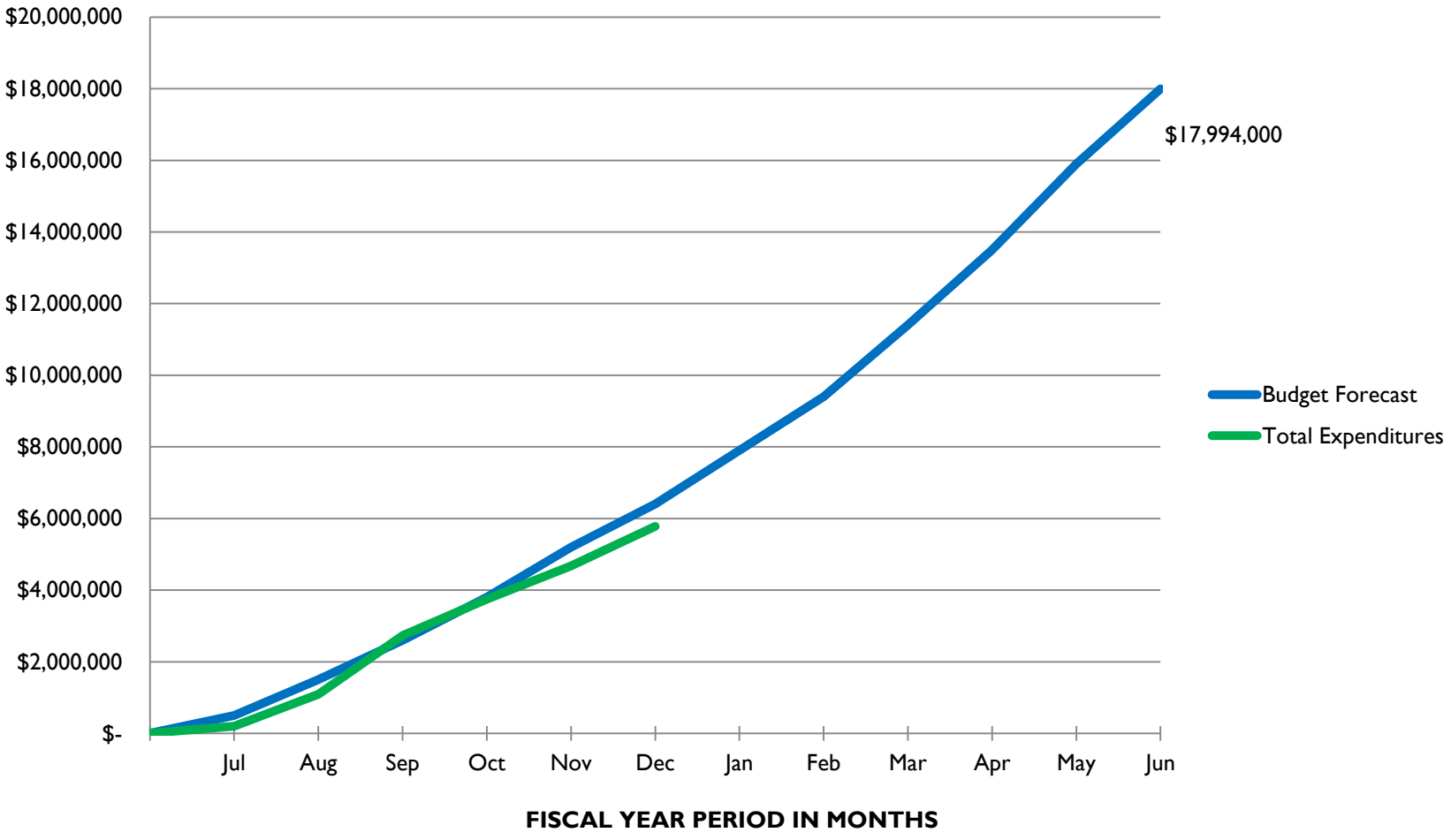
1.	Capital Facilities	$ 7.6 million
2.	Replacement/Renewal	$ 9.6 million
3.	Capital Purchases	$ .8 million
4.	Developer Reimbursement	$ 0.0 million

Overall expenditures through the Second Quarter Fiscal Year 2013 totaled $5.8 million, which is 32% of the Fiscal Year budget.

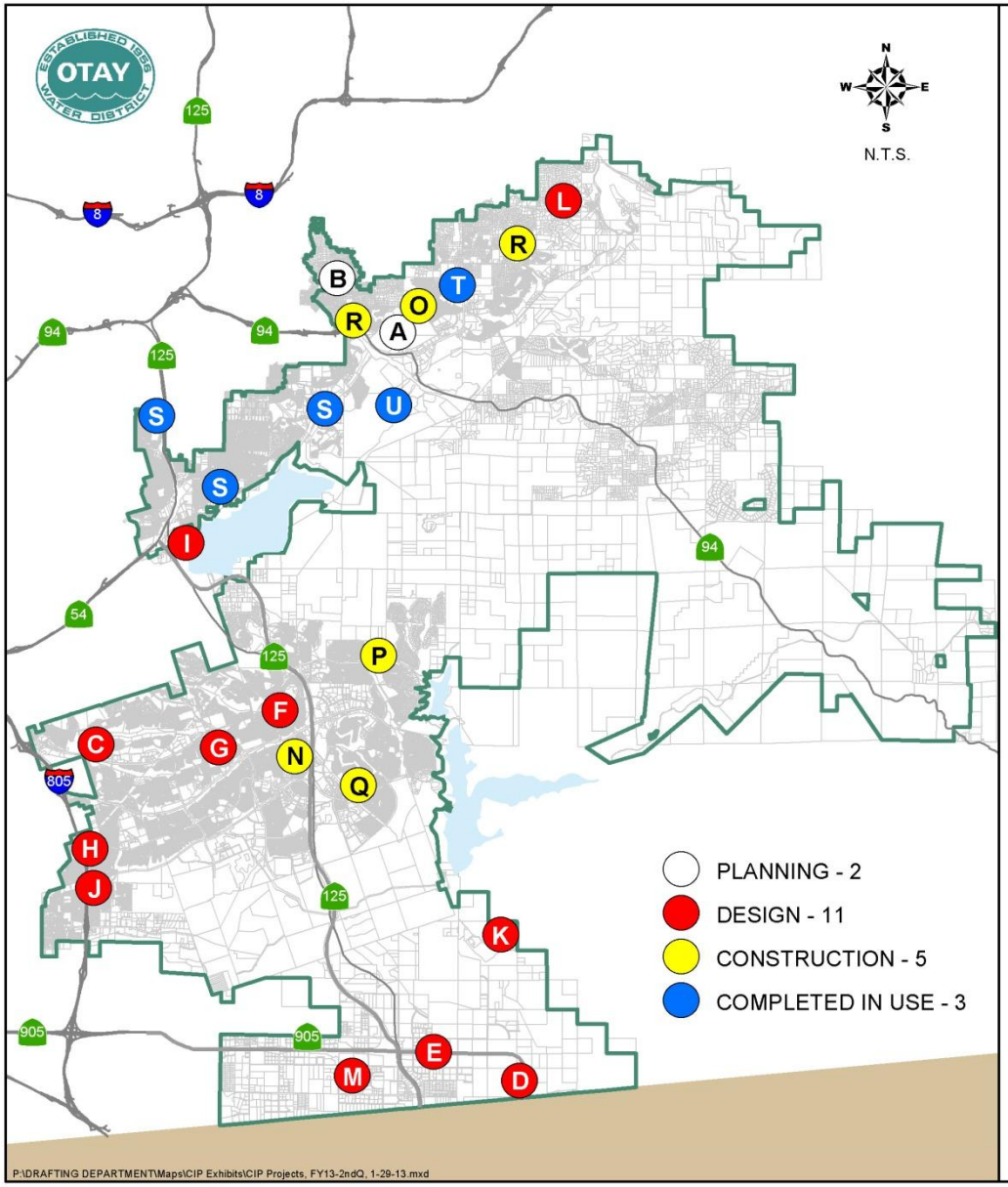
Fiscal Year 2013
Second Quarter Update
($1,000)

CIP CAT	Description	**FY 2013 Budget**	**FY 2013 Expenditures**	**% FY 2013 Budget Spent**	Total Life-to-Date Budget	Total Life-to-Date Expenditures	% Life-to-Date Budget Spent
1	**Capital Facilities**	**$7,588**	**$2,884**	**38%**	$111,138	$41,942	38%
2	**Replacement/ Renewal**	**$9,559**	**$2,556**	**27%**	$59,506	$27,866	47%
3	**Capital Purchases**	**$794**	**$344**	**43%**	$14,222	$8,903	63%
4	**Developer Reimbursement**	**$53**	**$0**	**0%**	$6,513	$1	0%
	Total:	**$17,994**	**$5,784**	**32%**	$191,379	$78,712	41%

Fiscal Year 2013
Second Quarter
CIP Budget Forecast vs. Expenditures



District Map of Major CIP Projects



MAJOR CIP PROJECTS

- A — P2504 -- Regulatory Site Access Road & Pipe Relocation
- B — S2033 & S2040 -- Sewer System Rehabilitation & Calavo Sewer Basin Improvements
- C — P2434 -- Rancho Del Rey Groundwater Well
- D — P2451 -- Otay Mesa Conveyance and Disinfection System
- E — P2453 -- SR-11 Utility Relocations
- F — P2493 -- 624-2 Reservoir Interior Coating & Upgrades
- G — P2496 -- Otay Lakes Road Utility Relocations Phase II
- H — P2507 -- East Palomar Utility Relocation
- I — P2511 -- North District / South District Interconnection System
- J — P2513 -- East Orange Avenue Bridge Crossing
- K — P2515 -- 870-1 Reservoir Paving
- L — P2518 -- 803-3 Reservoir Interior/Exterior Coating
- M — R2048 -- Otay Mesa Distribution Pipelines and Conversions
- N — P2477 -- 624-1 Reservoir Cover Replacement
- O — P2502 & P2503 -- 803-1 and 850-2 Pump Station Modifications
- P — P2514 -- 30-Inch Potable Water Pipeline in Hunte Parkway
- Q — R2091 -- 944-1R Recycled Water Pump Station Upgrade
- R — S2019, S2020, S2022 & S2026 -- Sanitary Sewer Replacement
- S — P2370 -- La Presa System Improvements
- T — P2491 -- 850-3 Reservoir Coating Upgrades
- U — R2096 -- Ralph W. Chapman Water Reclamation Facility - Upgrades and Modifications

CIP Projects in Construction

- Reservoir 624-1 Floating Cover Replacement (P2477)
- Install New Reinforced Polypropylene Geomembrane Floating Reservoir Cover
- $0.8M Budget
- Start: November 2012
- Estimated Completion: April 2013

Draining 624-1 Reservoir for Construction

CIP Projects in Construction

- Calavo Gardens Sewer Rehabilitation (S2019, S2020, S2022, S2026)
- Replacement of 4,500 Linear Feet of Sewer
- Manhole Rehabilitation/Replacement
- Capacity Upgrades
- New Flow Control and Diversion Vault for Calavo Lift Station
- $3.35M Budget
- Start: February 2012
- Estimated Completion: May 2013

Above: Installing sewer pipe across Avocado Blvd

Left: Excavating Sewer Trench Adjacent to Calavo Lift Station

CIP Projects in Construction

- Hunte Parkway 30-Inch Potable Pipeline (P2514)
- Installation of 2,250 LF of Polyurethane Coated Steel Pipe
- $1.55M Budget
- Start: April 2012
- Estimated Completion: March 2013

10/18/12

10/16/12

Above: Installing 30-Inch Polyurethane Coated Steel Pipeline

Left: Backfilling Operations

CIP Projects in Construction

- Phase I of 944-1R Recycled Water Pump Station Improvements (R2091)
- Installation of New Pump
- New Instrumentation
- New Suction Header Piping
- Three (3) New Pressure Reducing Stations
- $1.88M Budget
- Start: June 2011
- Substantially Complete: 8/3/12

New Pump No. 3 and Suction Header Piping at 944 Pump Station

Construction Contract Status

CIP NO.	PROJECT TITLE	CONTRACTOR	BASE BID AMOUNT	CONTRACT AMOUNT W/ ALLOWANCES	NET CHANGE ORDERS LTD*		% CHANGE ORDERS W/ ALLOWANCE CREDIT**
					PROJECT TOTAL	%	
R2091	944-1R Recycled Pump Station Upgrade & System Enhancements	Sepulveda	$1,099,423	$1,162,423	$0	0.0%	-1.2%
R2096	RWCWRF Upgrades	Newest	$3,349,000	$3,499,000	$72,807	2.2%	0.5%
P2370	La Presa System Improvements	TC Construction	$938,995	$978,995	$82,548	8.8%	8.4%
S2019/S2020/S2022/S2026	Calavo Gardens Sewer Rehabilitation	Garcia Juarez Construction	$2,232,275	$2,316,275	$62,960	2.8%	0.4%
P2491	850-3 Reservoir Coating	Advanced Industrial Services	$273,300	$293,300	$400	0.1%	0.1%
P2514	30-Inch Potable Pipeline in Hunte Parkway	Sepulveda	$1,172,257	$1,212,257	$0	0.0%	-2.1%
P2477	Reservoir 624-1 Cover Replacement	Layfield	$457,050	$497,050	$0	0.0%	-8.0%
		TOTALS:	***$9,522,300***	***$9,959,300***	***$218,715***	**2.3%**	**0.3%**

*NET CHANGE ORDERS DO NOT INCLUDE ALLOWANCE ITEM CREDITS. IT'S A TRUE CHANGE ORDER PERCENTAGE FOR THE PROJECT

**THIS CHANGE ORDER RATE INCLUDES THE CREDIT FOR UNUSED ALLOWANCES

Consultant Contract Status

Consultant	CIP No.	Project Title	Original Contract Amount	Total Change Orders	Revised Contract Amount	Approved Payment To Date	% Change Orders	% Project Complete	Date of Signed Contract	End Date of Contract
PLANNING										
ARCADIS U.S., INC.	Varies	WASTEWATER MANAGEMENT PLAN FY12-13	$ 349,979.36	$ -	$ 349,979.36	$ 311,578.70	0.0%	89.0%	8/3/2011	6/30/2013
NARASIMHAN CONSULTING	Varies	HYDRAULIC MODELING SERVICES	$ 175,000.00	$ -	$ 175,000.00	$ 58,099.50	0.0%	33.2%	5/2/2011	6/30/2013
TRAN CONSULTING ENGINEERS	S1201	SANITARY SEWER CCTV INSPECTION AND CONDITION ASSESSMENT	$ 560,025.00	$ -	$ 560,025.00	$ 549,013.25	0.0%	98.0%	1/20/2010	6/30/2013
DESIGN										
AECOM	P2451	OTAY MESA CONVEYANCE AND DISINFECTION SYSTEM (DESIGN ENGINEER)	$ 3,910,297.00	$ -	$ 3,910,297.00	$ 33,215.00	0.0%	0.8%	1/3/2011	6/30/2016
AEGIS ENGINEERING MGMT INC	VARIES	AS-NEEDED DESIGN SERVICES FY13-14	$ 300,000.00	$ -	$ 300,000.00	$ -	0.0%	0.0%	11/1/2012	6/30/2014
ARCADIS U.S., INC.	P2434, P2511	VALUE ENGINEERING AND CONSTRUCTIBILITY REVIEW	$ 153,628.00	$ -	$ 153,628.00	$ 42,717.35	0.0%	27.8%	1/18/2012	6/30/2014
ATKINS	Varies	AS-NEEDED ENGINEERING DESIGN SERVICES FY12-13	$ 175,000.00	$ -	$ 175,000.00	$ 127,961.58	0.0%	73.1%	10/25/2011	6/30/2013
BSE ENGINEERING INC	Varies	AS-NEEDED ELECTRICAL SERVICES	$ 100,000.00	$ -	$ 100,000.00	$ -	0.0%	0.0%	6/1/2012	6/30/2014
DARNELL & ASSOCIATES	Varies	AS-NEEDED TRAFFIC ENGINEERING SERVICES	$ 175,000.00	$ 49,330.00	$ 224,330.00	$ 224,117.50	28.2%	99.9%	1/20/2010	12/31/2012 COMPLETE
DARNELL & ASSOCIATES	Varies	AS-NEEDED TRAFFIC ENGINEERING SERVICES	$ 125,000.00	$ -	$ 125,000.00	$ -	0.0%	0.0%	6/12/2012	6/30/2014
ENGINEERING PARTNERS INC, THE	Varies	AS-NEEDED ELECTRICAL DESIGN SERVICES	$ 100,000.00	$ -	$ 100,000.00	$ 93,580.00	0.0%	93.6%	10/7/2009	12/31/2012 COMPLETE
HECTOR MARES-COSSIO	P2451	OTAY MESA CONVEYANCE AND DISINFECTION SYSTEM (BINATIONAL WATER AND RELATED ISSUES)	$ 45,000.00	$ -	$ 45,000.00	$ 39,600.00	0.0%	88.0%	2/9/2011	12/31/2012 COMPLETE
LEE & RO INC	Varies	AS-NEEDED ENGINEERING DESIGN SERVICES	$ 175,000.00	$ 23,660.00	$ 198,660.00	$ 198,535.07	13.5%	99.9%	6/30/2010	6/30/2013
LEE & RO INC	P2511	OTAY INTERCONNECT PIPELINE	$ 2,769,119.00	$ -	$ 2,769,119.00	$ 922,260.89	0.0%	33.3%	11/4/2010	12/31/2015

Consultant Contract Status

Consultant	CIP No.	Project Title	Original Contract Amount	Total Change Orders	Revised Contract Amount	Approved Payment To Date	% Change Orders	% Project Complete	Date of Signed Contract	End Date of Contract
MICHAEL D.KEAGY REAL ESTATE	VARIES	AS-NEEDED APPRAISAL SERVICES FY13-14	$ 45,000.00	$ -	$ 45,000.00	$ -	0.0%	0.0%	9/5/2012	6/30/2014
MTGL INC.	Varies	AS-NEEDED GEOTECHNICAL CONSULTING SERVICES	$ 175,000.00	$ -	$ 175,000.00	$ 150,784.80	0.0%	86.2%	6/23/2010	6/30/2013
MWH AMERICAS INC.	R2096	RWCWRF UPGRADE PROJECT (DESIGN ENGINEER)	$ 458,813.00	$ 143,548.00	$ 602,361.00	$ 590,028.65	31.3%	98.0%	10/14/2009	6/30/2013
SILVA SILVA CONSULTING	P2451	OTAY MESA CONVEYANCE AND DISINFECTION SYSTEM (BINATIONAL WATER AND RELATED ISSUES)	$ 104,000.00	$ -	$ 104,000.00	$ 40,000.00	0.0%	38.5%	5/1/2012	6/30/2014
SOUTHERN CALIFORNIA SOIL	VARIES	GEOTECHNICAL SERVICES FY13-15	$ 175,000.00	$ -	$ 175,000.00	$ -	0.0%	0.0%	12/10/2012	6/30/2015
TETRA TECH, INC	P2434	RANCHO DEL REY WELL - PHASE 2	$ 724,493.50	$ 23,749.00	$ 748,242.50	$ 404,445.17	3.3%	54.1%	4/21/2011	12/31/2014
UTILITY SERVICE COMPANY INC	Varies	AS-NEEDED SURVEYING SERVICES	$ 11,700.00	$ -	$ 11,700.00	$ 11,700.00	0.0%	100.0%	4/16/2012	8/31/2012 COMPLETE
V & A CONSULTING	Varies	PROFESSIONAL CORROSION SERVICES FY12-13	$ 392,729.00	$ -	$ 392,729.00	$ 159,380.40	0.0%	40.6%	6/23/2011	6/30/2013
CONSTRUCTION SERVICES										
ALTA LAND SURVEYING, INC.	Varies	AS-NEEDED SURVEYING SERVICES	$ 175,000.00	$ -	$ 175,000.00	$ 101,463.75	0.0%	58.0%	8/15/2011	6/30/2013
ALYSON CONSULTING	VARIES	CONSTRUCTION MGMT/INSPECTION FY13-15	$ 350,000.00	$ -	$ 350,000.00	$ -	0.0%	0.0%	10/24/2012	6/30/2015
RBF CONSULTING	R2058, R2077, R2087	OTAY MESA RECYCLED WATER SUPPLY LINK (CONSTRUCTION MANAGEMENT)	$ 708,560.00		$ 708,560.00	$ 13,960.00	0.0%	2.0%	3/24/2010	12/31/2012 COMPLETE
SAIC ENERGY, ENVIRONMENT & INFRASTRUCTURES, LLC	R2096	RWCWRF UPGRADE PROJECT (CONSTRUCTION MANAGEMENT)	$ 359,013.32	$ 34,551.52	$ 393,564.84	$ 393,564.84	9.6%	100.0%	8/15/2011	9/30/2012 COMPLETE
VALLEY CONSTRUCTION MANAGEMENT	Varies	AS-NEEDED CONSTRUCTION MANAGEMENT AND INSPECTION SERVICES FY12-13	$ 175,000.00	$ -	$ 175,000.00	$ 89,755.00	0.0%	51.3%	10/25/2011	6/30/2013
ENVIRONMENTAL										
A.D. HINSHAW	Varies	CONSULTING SERVICES FOR JWA's CEQA	$ 34,625.25	$ -	$ 34,625.25	$ 8,500.00	0.0%	24.5%	3/25/2010	6/30/2014
ICF INTERNATIONAL (aka JONES & STOKES ASSOCIATES)	Varies	AS-NEEDED ENVIRONMENTAL CONSULTING SERVICES	$ 375,000.00	$ -	$ 375,000.00	$ 215,561.21	0.0%	57.5%	9/9/2010	6/30/2013

Consultant Contract Status

Consultant	CIP No.	Project Title	Original Contract Amount	Total Change Orders	Revised Contract Amount	Approved Payment To Date	% Change Orders	% Project Complete	Date of Signed Contract	End Date of Contract
MERKEL & ASSOCIATES	Varies	SAN MIGUEL HABITAT MANAGEMENT AREA AND CIP-ASSOCIATED MITIGATION PROJECTS	$ 359,079.00	$ -	$ 359,079.00	$ 116,843.65	0.0%	32.5%	12/14/2011	12/31/2014
RECON	P2494	PREPARATION OF THE SUBAREA PLAN	$ 270,853.00	$ -	$ 270,853.00	$ 190,221.86	0.0%	70.2%	3/28/2008	6/30/2015
TECHNOLOGY ASSOCIATES	P2494	CONSULTING SERVICES FOR JWA's NCCP	$ 34,625.25	$ 41,825.26	$ 76,450.51	$ 42,422.49	120.8%	55.5%	4/5/2010	6/30/2013
THE RICK ALEXANDAR COMPANY (TRAC)	P2494	CONSULTING SERVICES FOR JWA's NCCP	$ 20,201.75	$ -	$ 20,201.75	$ 14,450.22	0.0%	71.5%	3/17/2010	6/30/2013
WATER RESOURCES										
MICHAEL R. WELCH	P2481	ENGINEERING PLANNING SVCS.	$ 40,000.00	$ -	$ 40,000.00	$ 24,975.00	0.0%	62.4%	3/25/2009	6/30/2013
PUBLIC SERVICES										
AEGIS ENGINEERING MANAGEMENT	Varies	RECYCLED WATER PLAN CHECKING, RETROFIT, AND INSPECTION SERVICES FOR DEVELOPER PROJECTS	$ 300,000.00	$ -	$ 300,000.00	$ 259,152.56	0.0%	86.4%	1/20/2010	6/30/2013
AEGIS ENGINEERING MANAGEMENT	Varies	RECYCLED WATER PLAN CHECKING, RETROFIT, AND INSPECTION SERVICES FOR DEVELOPER PROJECTS	$ 300,000.00	$ -	$ 300,000.00	$ 206,995.51	0.0%	69.0%	11/24/2010	6/30/2013
		TOTALS:	$ 14,701,741.43	$ 316,663.78	$ 15,018,405.21	$ 5,634,883.95	2.2%			

QUESTIONS?