

ADMINISTRATIVE AND FINANCE COMMITTEE

AGENDA FOR

JUNE 24, 2010

Ken Williams – Chair
Michael Hogan – Vice Chair
Hershell Price – Vice Chair
Jim Bond
Jim Bowersox
Mitch Dion
Frank Hilliker

Bud Lewis
Bud Pocklington
Richard Smith
Fern Steiner
Barbara Wight
Howard Williams
Tom Wornham

1. Roll call – determination of quorum.
2. Additions to agenda (Government Code Section 54954.2(b)).
3. Public comment – opportunities for members of the public to address the Committee on matters within the Committee’s jurisdiction.
4. Chair’s report.
 4-A Directors’ comments.

I. CONSENT CALENDAR

1. Treasurer’s report. Eric Sandler
Staff recommendation: Note and file the monthly Treasurer’s report.
(Action)
2. Contract with The Business Cleaning Company for janitorial services for the Kearny Mesa and Escondido offices. Shelli Ellison
Staff recommendation: Authorize the General Manager to execute a three year contract with The Business Cleaning Company for janitorial services in an amount not to exceed \$151,380. (Action)



II. ACTION/DISCUSSION

1. Discussion and Consideration of Fiscal Years 2010 and 2011 Mid-Term Budget update. Lisa Celaya
Staff recommendation: Recommend adoption of the mid-term budget adjustments. (Action)

2. PUBLIC HEARING: Adopt Water Authority rates and charges for calendar year 2011 and continue the annual Standby Availability Charge for fiscal year 2010-2011 as currently imposed. Eric Sandler
Staff recommendation:
 - a) Adopt Ordinance No. 2010-___ an ordinance of the Board of Directors of the San Diego County Water Authority setting rates and charges for the delivery and supply of water, use of facilities and provision of services.
 - b) Adopt Resolution 2010-___ a resolution of the Boards of Directors of the San Diego County Water Authority continuing the Water Standby Availability Charge. (Action)

III. INFORMATION

1. Controller's report on monthly financial statements. Leanne Wade
2. Board Calendar.

IV. CLOSED SESSION

1. CLOSED SESSION: Dan Hentschke
Conference with Labor Negotiator, Government Code §54957.6
Agency Designated Representatives: Frank Belock, Susan Leone
Employee Organization: California Teamsters Public, Professional and Medical Employees Union Local 911

V. ADJOURNMENT

Doria F. Lore
Clerk of the Board

NOTE: This meeting is called as an Administrative and Finance Committee meeting. Because a quorum of the Board may be present, the meeting is also noticed as a Board meeting. Members of the Board who are not members of the Committee may participate in the meeting pursuant to Section 2.00.060(g) of the Authority Administrative Code (Recodified). All items on the agenda, including information items, may be deliberated and become subject to action. All public documents provided to the committee or Board for this meeting including materials related to an item on this agenda and submitted to the Board of Directors within 72 hours prior to this meeting may be reviewed at the San Diego County Water Authority headquarters located at 4677 Overland Avenue, San Diego, CA 92123 at the reception desk during normal business hours.



June 16, 2010

Attention: Administrative and Finance Committee

Treasurer's Report

Attached for review by the Administrative and Finance Committee and the Board of Directors is the Treasurer's Report as of May 31, 2010. The reports are formatted to provide information as required by the California Government Code and the San Diego County Water Authority's Annual Statement of Investment Policy, which was last adopted by the Board on December 17, 2009. A brief description of each report follows:

Portfolio Master Summary: This one page report summarizes all cash and investments held by the Water Authority.

Portfolio Characteristics: This one page snapshot shows the Water Authority's portfolio holdings by type and percentage; the maturity distribution of the portfolio; the portfolio yield for the past twelve months, with and without bond-related funds, compared to a rolling average yield of the Board adopted benchmark; the credit quality of the portfolio's holdings; the cash flow projections for the next six months; and relevant market information.

Portfolio Details - Investments: This report takes the summary information listed in the Portfolio Master Summary and provides details of active investments.

Activity Summary: This one page report produces a thirteen-month rolling summary of portfolio investment activity.

The Water Authority's portfolio is diversified among investment types, with a current concentration toward short-term maturities. This concentration is the result of cash flow needs, as well as the current historic low interest rate environment. The portfolio is comprised of high quality investments, with 91.6 percent currently invested in AAA-rated securities. The Water Authority's overall portfolio yield decreased one basis point to 0.72 percent in May 2010, yet the Water Authority's yield continues to exceed the investment benchmark of 0.41 percent in May 2010. Bond Fund proceeds are expected to fund Capital Improvement Program expenditures for the next two to three years.

All investments have been made in accordance with the San Diego County Water Authority Statement of Investment Policy. This report provides documentation that the Water Authority has sufficient funds to meet the financial obligations for the next six months. The market value information is provided by Bloomberg L.P. and is as of the report date.

Eric Sandler, Director of Finance/Treasurer

PORTFOLIO MASTER SUMMARY
as of May 31, 2010

PORTFOLIO PERCENTAGES

Investment Type	Permitted By Board Policy	Actual Percentage	Actual Amount
Local Agency Investment Fund (LAIF)	\$40 Million	7.65%	\$ 19,927,050
Banker's Acceptances	20%	0.00%	-
Treasury Securities	15% - Minimum	28.03%	73,025,249
Agency Securities	85%	32.97%	85,908,125
Reverse Repurchase Agreements	20%	0.00%	-
Certificates of Deposit (CDARS)	15%	0.77%	2,000,000
Negotiable Certificates of Deposit	15%	0.00%	-
Commercial Paper	25%	5.75%	14,989,389
Medium Term Notes/Corporates	30%	0.00%	-
JPA Pools (CAMP)	25%	24.37%	63,479,932
Money Market Funds	15%	0.46%	1,197,623
		100.00%	\$ 260,527,368
Accrued Interest (unavailable for investing)			11,667
Checking/Petty Cash/Available Funds (unavailable for investing)			258,391
Subtotal for Pooled Funds:			\$ 260,797,426
<u>Bond/CP Fund Excluded from Portfolio Percentages:</u>			
Treasury Securities			-
Agency Securities			296,176,373
Certificates of Deposit (CDARS)			15,000,000
Commercial Paper			25,265,446
Local Agency Investment Fund (LAIF)			225,192,373
JPA Pools (CAMP)			50,450,234
Money Market Funds and Cash			10
			\$ 612,084,436
Accrued Interest (unavailable for investing)			182,860
Subtotal for Bond/CP Fund (available for CIP expenditures):			\$ 612,267,296
<u>Debt Service Reserve (DSR) Funds Excluded from Portfolio Percentages:</u>			
Treasury Securities and Money Market Fund - Series 2004A COPs			39,046,978
FSA - Reserve (GIC) Series 2002A COPs			18,385,750
Trinity Plus - Reserve (GIC) Series 1998A COPs			12,240,775
Subtotal for Debt Service Reserve Funds (unavailable for CIP expenditures):			\$ 69,673,503
Total Cash and Investments			\$ 942,738,225

PORTFOLIO INFORMATION

	Pooled Funds **	Bond/CP Fund	Debt Service Reserve	Total *
Portfolio Yield to Maturity - 365 Days	0.53%	0.58%	2.74%	0.72%
Average Term	303	266	202	272
Average Days to Maturity (730 Days Maximum)	190	208	51	192
Accrued Interest Earnings (Cash and Investments):				
Month Ended May 2010	\$ 300,606	\$ 712,634	\$ 225,436	\$ 1,238,676
Fiscal Year to Date	\$ 1,893,100	\$ 3,181,691	\$ 1,825,192	\$ 6,899,983
Total Cash and Investments	\$ 260,797,426	\$ 612,267,296	\$ 69,673,503	\$ 942,738,225

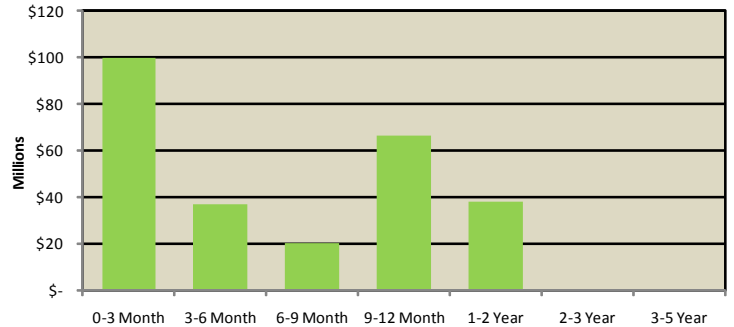
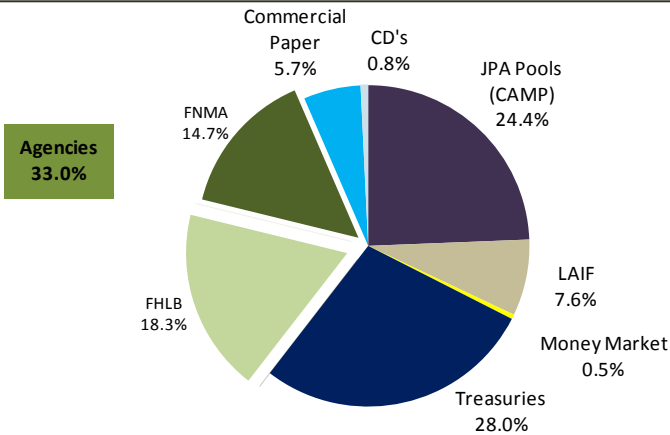
* "The weighted average days to maturity of the total portfolio shall not exceed 730 days (two years) to maturity" per SDCWA Investment Policy.

** Pooled Funds include Operating, Pay Go, RSF and Equipment.

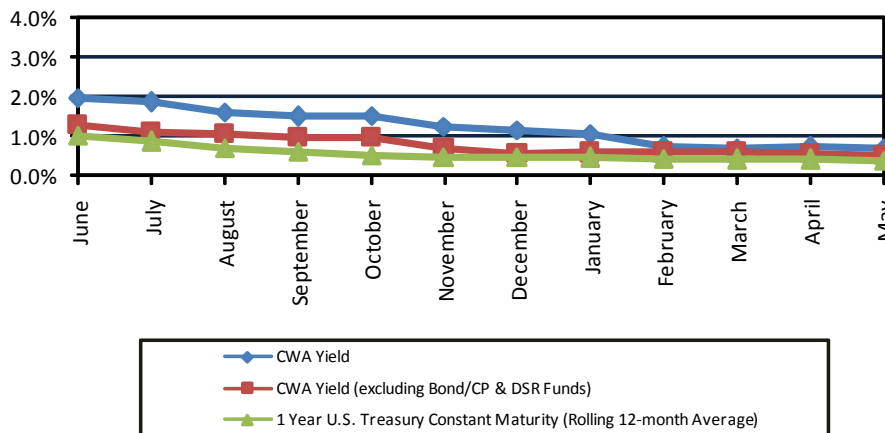
Asset Allocation

Maturity Distribution

Pooled Funds



Portfolio Yield - June 09 - May 10



Credit Quality

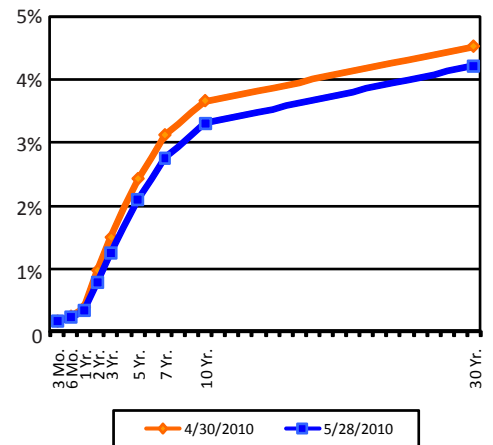
Pooled Funds	
	% OF PORTFOLIO
US Treasury (AAA)	28.0%
Agency (AAA)	33.0%
Other (AAA)*	30.6%
AA**	0.0%
not rated***	8.4%
	<u>100.0%</u>

* Includes money market funds & JPA Pools (CAMP)
 ** The Water Authority's Investment Policy does not permit investments with a rating below AA-
 *** Includes LAIF, which is part of the state investment pool, and is not rated; and CDARS, which is comprised of FDIC-insured CDs.

Projected Cash Flows (in Millions) *

Month End	Investment Maturities	Projected Receipts	Projected Disbursements	Reinvestment/ (Use) of Liquid Funds	Projected Cash & Investments
Pooled Funds					
May 10					\$260.80
Jun 10	10.00	22.69	21.63	11.07	261.87
Jul 10	5.00	26.53	19.04	12.50	269.36
Aug 10	-	30.09	24.52	5.57	274.93
Sep 10	22.00	33.03	22.59	32.44	285.37
Oct 10	14.00	32.37	75.36	(28.99)	242.38
Nov 10	20.00	29.19	20.03	29.16	251.54
Bond/CP Fund					
May 10					\$612.27
Jun 10	-	0.29	13.27	(12.98)	599.29
Jul 10	6.10	0.29	8.83	(2.44)	590.75
Aug 10	5.00	0.28	14.25	(8.97)	576.78
Sep 10	17.20	0.27	17.93	(0.46)	559.11
Oct 10	8.20	0.23	78.68	(70.25)	480.66
Nov 10	-	0.23	15.19	(14.97)	465.69

U.S. Treasury Yield Curve



Market Notes

On April 28th, the FOMC maintained the target for the federal funds rate at a range of 0-25 basis points. The next meeting is June 23rd.

* Numbers may not foot due to rounding

**SDCWA - Fiscal Year 2010
Portfolio Management
Portfolio Details - Investments
May 31, 2010**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Managed Pool Accounts												
CASH35	73	CAMP - OPERATING			63,479,932.32	63,479,932.32	63,479,932.32	0.210	AAA	0.210	1	
CASH37	6004	CAMP - 2008A COPS			27,962,154.28	27,962,154.28	27,962,154.28	0.210	AAA	0.210	1	
CASH44	3004	CAMP - 2010A BONDS		02/01/2010	50,999.78	50,999.78	50,999.78	0.210	AAA	0.210	1	
CASH45	4004	CAMP - 2010B BONDS-BABS		02/01/2010	22,437,079.55	22,437,079.55	22,437,079.55	0.210	AAA	0.210	1	
CASH07	205	FSA CAPITAL MGMT. SVC. - 2002A			18,385,750.00	18,385,750.00	18,385,750.00	5.810	AAA	5.810	1	
CASH42	3001	GOLDMAN - 2010A BONDS		02/01/2010	0.00	0.00	0.00	0.080	AAA	0.080	1	
CASH43	4001	GOLDMAN - 2010B BONDS-BABS		02/01/2010	0.00	0.00	0.00	0.080	AAA	0.080	1	
CASH09	8001	GOLDMAN - RATE STABILIZATION			0.00	0.00	0.00	0.080	AAA	0.080	1	
CASH31	6001	GOLDMAN - 2008A COPS			0.00	0.00	0.00	0.080	AAA	0.080	1	
CASH18	7001	GOLDMAN - EQUIPMENT			0.00	0.00	0.00	0.080	AAA	0.080	1	
CASH11	0002	GOLDMAN - OPERATING/POOLED			1,177,284.60	1,177,284.60	1,177,284.60	0.080	AAA	0.080	1	
CASH12	5001	GOLDMAN - PAY AS YOU GO			0.00	0.00	0.00	0.080	AAA	0.080	1	
CASH13	72	LAIF - OPERATING		07/01/2009	19,927,050.40	19,927,050.40	19,927,050.40	0.530		0.530	1	
CASH40	3002	LAIF - 2010A BONDS		02/01/2010	50,042,749.64	50,042,749.64	50,042,749.64	0.530		0.530	1	
CASH41	4002	LAIF - 2010B BONDS-BABS		02/01/2010	175,149,623.73	175,149,623.73	175,149,623.73	0.530		0.530	1	
CASH17	204	TRINITY PLUS - 1998A			12,240,775.00	12,240,775.00	12,240,775.00	5.550	AAA	5.550	1	
CASH27	1002	US BANK MONEY MARKET FUND			20,338.19	20,338.19	20,338.19	0.001	AAA	0.001	1	
CASH33	208	US BANK MONEY MARKET FUND			450,382.30	450,382.30	450,382.30	0.001	AAA	0.001	1	
Subtotal and Average			399,288,557.72		391,324,119.79	391,324,119.79	391,324,119.79			0.840	1	
Commercial Paper - Discount												
36959JFW8	10010	GENERAL ELECTRIC CAPITAL CORP.		03/24/2010	10,000,000.00	9,994,011.11	9,994,011.11	0.220	AA+	0.223	29	06/30/2010
36959JGW7	10011	GENERAL ELECTRIC CAPITAL CORP.		03/24/2010	5,000,000.00	4,995,377.78	4,995,377.78	0.260	AA+	0.264	59	07/30/2010
36959JG64	6171	GENERAL ELECTRIC CAPITAL CORP.		02/26/2010	6,100,000.00	6,095,153.89	6,095,153.89	0.220	AA+	0.223	35	07/06/2010
36959JH22	6172	GENERAL ELECTRIC CAPITAL CORP.		02/26/2010	5,000,000.00	4,994,112.50	4,994,112.50	0.270	AA+	0.274	62	08/02/2010
36959JJ12	6173	GENERAL ELECTRIC CAPITAL CORP.		02/26/2010	7,200,000.00	7,188,780.00	7,188,780.00	0.300	AA+	0.306	92	09/01/2010
36959JK51	6175	GENERAL ELECTRIC CAPITAL CORP.		04/08/2010	7,000,000.00	6,987,400.00	6,987,400.00	0.360	AA+	0.366	126	10/05/2010
Subtotal and Average			40,254,835.28		40,300,000.00	40,254,835.28	40,254,835.28			0.274	66	
Federal Agency - Coupon												
31331JBL6	4014	FEDERAL FARM CREDIT BANK		02/04/2010	9,100,000.00	9,131,597.22	9,122,315.22	1.100	AAA	1.007	590	01/12/2012
31331GNQ8	4018	FEDERAL FARM CREDIT BANK		02/04/2010	5,000,000.00	5,117,850.00	5,121,950.00	2.250	AAA	1.135	693	04/24/2012
31331Y3P3	4019	FEDERAL FARM CREDIT BANK		02/04/2010	10,000,000.00	10,359,600.00	10,443,800.00	3.500	AAA	0.809	489	10/03/2011
31331GDC0	4036	FEDERAL FARM CREDIT BANK		03/10/2010	3,000,000.00	3,113,970.00	3,135,240.00	3.600	AAA	0.750	500	10/14/2011
31331YZ86	4038	FEDERAL FARM CREDIT BANK		03/12/2010	2,300,000.00	2,382,638.68	2,410,284.68	3.875	AAA	0.679	450	08/25/2011
31331Y3P3	4039	FEDERAL FARM CREDIT BANK		03/12/2010	1,400,000.00	1,450,344.00	1,458,884.00	3.500	AAA	0.779	489	10/03/2011

Portfolio CWA2
CC

**SDCWA - Fiscal Year 2010
Portfolio Management
Portfolio Details - Investments
May 31, 2010**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Federal Agency - Coupon												
3133XVDM0	10006	FEDERAL HOME LOAN BANK		01/28/2010	20,000,000.00	20,035,000.00	20,056,000.00	0.700	AAA	0.470	321	04/18/2011
3133XVDM0	10007	FEDERAL HOME LOAN BANK		02/17/2010	20,000,000.00	20,035,000.00	20,050,000.00	0.700	AAA	0.485	321	04/18/2011
3133XHPH9	4011	FEDERAL HOME LOAN BANK		02/04/2010	10,000,000.00	10,585,500.00	10,709,100.00	4.875	AAA	0.871	535	11/18/2011
3133XHPH9	4012	FEDERAL HOME LOAN BANK		02/04/2010	5,200,000.00	5,504,460.00	5,569,460.00	4.875	AAA	0.863	535	11/18/2011
3133XVQL8	4013	FEDERAL HOME LOAN BANK		02/04/2010	18,300,000.00	18,412,087.50	18,399,643.50	1.125	AAA	0.970	556	12/09/2011
3133XWW47	4016	FEDERAL HOME LOAN BANK		02/04/2010	4,100,000.00	4,105,330.00	4,099,426.00	1.125	AAA	1.132	647	03/09/2012
3133XTAW6	4017	FEDERAL HOME LOAN BANK		02/04/2010	4,700,000.00	4,809,416.00	4,819,060.40	2.250	AAA	1.077	682	04/13/2012
3133XUKB8	4021	FEDERAL HOME LOAN BANK		02/04/2010	9,450,000.00	9,497,250.00	9,539,964.00	1.375	AAA	0.744	436	08/11/2011
3133XR4U1	4022	FEDERAL HOME LOAN BANK		02/04/2010	21,100,000.00	21,780,422.25	21,917,361.25	3.125	AAA	0.589	374	06/10/2011
3133XVDU2	4024	FEDERAL HOME LOAN BANK		02/04/2010	14,800,000.00	14,838,480.00	14,847,508.00	0.800	AAA	0.543	339	05/06/2011
3133XVDM0	4029	FEDERAL HOME LOAN BANK		02/17/2010	14,600,000.00	14,625,550.00	14,636,500.00	0.700	AAA	0.485	321	04/18/2011
3133XWEZ8	4030	FEDERAL HOME LOAN BANK		02/17/2010	12,600,000.00	12,637,075.50	12,633,408.90	0.750	AAA	0.617	402	07/08/2011
3133XJVL9	5556	FEDERAL HOME LOAN BANK		09/20/2007	5,000,000.00	5,178,650.00	5,076,300.00	5.000	AAA	4.520	283	03/11/2011
3133XJUT3	8160	FEDERAL HOME LOAN BANK		09/20/2007	2,500,000.00	2,679,375.00	2,539,125.00	5.000	AAA	4.608	647	03/09/2012
3134A4HF4	4020	FEDERAL HOME LOAN MORTGAGE COR		02/04/2010	16,200,000.00	17,184,960.00	17,442,054.00	5.500	AAA	0.713	471	09/15/2011
3137EABK4	4028	FEDERAL HOME LOAN MORTGAGE COR		02/17/2010	25,000,000.00	25,478,750.00	25,657,500.00	2.750	AAA	0.454	314	04/11/2011
3128X6U95	4032	FEDERAL HOME LOAN MORTGAGE COR		02/23/2010	3,500,000.00	3,569,288.33	3,602,853.33	3.320	AAA	0.386	255	02/11/2011
31359MM26	10005	FEDERAL NATION MORTGAGE ASSOC.		01/28/2010	20,000,000.00	20,806,000.00	21,120,600.00	5.125	AAA	0.489	318	04/15/2011
31359MZ30	10008	FEDERAL NATION MORTGAGE ASSOC.		02/25/2010	10,000,000.00	10,584,700.00	10,700,400.00	5.000	AAA	0.694	501	10/15/2011
31359MZ30	10012	FEDERAL NATION MORTGAGE ASSOC.		04/29/2010	6,000,000.00	6,362,486.67	6,377,366.67	5.000	AAA	0.796	501	10/15/2011
31398AWQ1	3011	FEDERAL NATION MORTGAGE ASSOC.		02/18/2010	1,200,000.00	1,209,768.00	1,212,984.00	1.375	AAA	0.465	331	04/28/2011
31359MZ30	3012	FEDERAL NATION MORTGAGE ASSOC.		02/18/2010	1,200,000.00	1,270,164.00	1,284,084.00	5.000	AAA	0.740	501	10/15/2011
31398AWK4	3013	FEDERAL NATION MORTGAGE ASSOC.		02/18/2010	762,000.00	774,268.20	775,380.72	1.875	AAA	1.055	689	04/20/2012
31359MZ30	4010	FEDERAL NATION MORTGAGE ASSOC.		02/04/2010	15,000,000.00	15,877,050.00	16,055,250.00	5.000	AAA	0.817	501	10/15/2011
31359M5H2	4015	FEDERAL NATION MORTGAGE ASSOC.		02/04/2010	8,100,000.00	8,670,969.00	8,749,458.00	5.000	AAA	1.006	625	02/16/2012
31398ARH7	4023	FEDERAL NATION MORTGAGE ASSOC.		02/04/2010	14,000,000.00	14,390,600.00	14,513,240.00	3.375	AAA	0.523	352	05/19/2011
31398AVQ2	4033	FEDERAL NATION MORTGAGE ASSOC.		02/23/2010	10,000,000.00	10,104,900.00	10,141,400.00	1.750	AAA	0.440	295	03/23/2011
31398ATL6	4035	FEDERAL NATION MORTGAGE ASSOC.		03/10/2010	3,000,000.00	3,115,552.08	3,135,952.08	3.625	AAA	0.615	440	08/15/2011
31398ATL6	4037	FEDERAL NATION MORTGAGE ASSOC.		03/11/2010	1,500,000.00	1,557,927.08	1,567,527.08	3.625	AAA	0.637	440	08/15/2011
Subtotal and Average			339,333,322.54		328,612,000.00	337,236,979.51	338,921,380.83			0.751	422	
Federal Agency - Discount												
313589M34	3010	FEDERAL NATION MORTGAGE ASSOC.		02/18/2010	1,200,000.00	1,198,796.40	1,197,732.00	0.270	AAA	0.277	149	10/28/2010
313588BH7	4031	FEDERAL NATION MORTGAGE ASSOC.		02/23/2010	11,300,000.00	11,274,247.30	11,260,164.36	0.370	AAA	0.381	245	02/01/2011
313588CM5	4034	FEDERAL NATION MORTGAGE ASSOC.		03/10/2010	5,000,000.00	4,985,870.00	4,978,738.89	0.430	AAA	0.444	273	03/01/2011
313588CM5	4040	FEDERAL NATION MORTGAGE ASSOC.		03/18/2010	16,000,000.00	15,954,784.00	15,930,400.00	0.450	AAA	0.464	273	03/01/2011

**SDCWA - Fiscal Year 2010
Portfolio Management
Portfolio Details - Investments
May 31, 2010**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Federal Agency - Discount												
313589E33	6174	FEDERAL NATION MORTGAGE ASSOC.		04/08/2010	10,000,000.00	9,994,470.00	9,990,608.33	0.230	AAA	0.233	93	09/02/2010
Subtotal and Average			43,357,643.58		43,500,000.00	43,408,167.70	43,357,643.58			0.382	221	
Treasury Securities - Coupon												
912828EJ5	10002	UNITED STATES TREASURY		10/27/2009	12,000,000.00	12,183,756.00	12,441,876.84	4.250	AAA	0.430	136	10/15/2010
912828JL5	10003	UNITED STATES TREASURY		11/24/2009	22,000,000.00	22,130,636.00	22,330,000.00	2.000	AAA	0.230	121	09/30/2010
912828JS0	10004	UNITED STATES TREASURY		11/24/2009	20,000,000.00	20,096,880.00	20,192,200.00	1.250	AAA	0.302	182	11/30/2010
912828LT5	10009	UNITED STATES TREASURY		03/24/2010	18,000,000.00	18,070,308.00	18,061,171.88	1.000	AAA	0.786	517	10/31/2011
912828JJ0	210	UNITED STATES TREASURY		09/01/2009	37,863,000.00	38,070,072.75	38,596,595.63	2.375	AAA	0.426	91	08/31/2010
Subtotal and Average			111,621,844.35		109,863,000.00	110,551,652.75	111,621,844.35			0.423	187	
Certificates of Deposit - CDARS												
CDARS03	4026	BORREGO SPRINGS BANK		02/11/2010	245,000.00	245,000.00	245,000.00	1.300		1.300	254	02/10/2011
CDARS04	4027	BORREGO SPRINGS BANK		02/11/2010	9,755,000.00	9,755,000.00	9,755,000.00	1.300		1.300	254	02/10/2011
CDARS01	10001	FIRST BUSINESS BANK		10/08/2009	2,000,000.00	2,000,000.00	2,000,000.00	1.300		1.300	128	10/07/2010
CDARS02	4025	NEIGHBORHOOD NATIONAL BANK		02/11/2010	5,000,000.00	5,000,000.00	5,000,000.00	1.400		1.400	254	02/10/2011
Subtotal and Average			17,000,000.00		17,000,000.00	17,000,000.00	17,000,000.00			1.329	239	
Total and Average			951,730,005.45		930,599,119.79	939,775,755.03	942,479,823.83			0.722	192	

**SDCWA - Fiscal Year 2010
Portfolio Management
Portfolio Details - Cash
May 31, 2010**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity
Passbook/Checking Accounts											
CASH00	50	WELLS FARGO - RETIREE & COBRA		07/01/2009	29,901.94	29,901.94	29,901.94			0.000	1
CASH01	48	PETTY CASH		07/01/2009	2,500.00	2,500.00	2,500.00			0.000	1
CASH02	1000	WELLS FARGO - OPERATING/POOLED			277,383.75	277,383.75	277,383.75	0.001		0.001	1
CASH03	1001	WELLS FARGO - PAYROLL ZBA		07/01/2009	-51,394.21	-51,394.21	-51,394.21			0.000	1
CASH04	5000	WELLS FARGO - PAY AS YOU GO		07/01/2009	0.00	0.00	0.00			0.000	1
CASH05	8000	WELLS FARGO - RSF		07/01/2009	0.00	0.00	0.00			0.000	1
CASH38	3000	WELLS FARGO - 2010A BONDS		02/01/2010	3.13	3.13	3.13			0.000	1
CASH39	4000	WELLS FARGO - 2010B BONDS-BABS		02/01/2010	3.17	3.17	3.17			0.000	1
CASH30	6000	WELLS FARGO - 2008A COPS			3.82	3.82	3.82	0.001		0.001	1
CASH19	7000	WELLS FARGO - EQUIPMENT		07/01/2009	0.00	0.00	0.00			0.000	1
		Average Balance	0.00								1
Total Cash and Investmentss			951,730,005.45		930,857,521.39	940,034,156.63	942,738,225.43			0.722	192

**SDCWA - Fiscal Year 2010
Portfolio Management
Activity Summary
May 2009 through May 2010**

Month End	Year	Number of Securities	Total Invested	Yield to Maturity		Managed Pool Rate	Number of Investments Purchased	Number of Investments Redeemed	Average Term	Average Days to Maturity
				360 Equivalent	365 Equivalent					
May	2009	81	538,642,068.84	2.080	2.109	1.379	0	4	293	105
June	2009	75	523,328,873.94	1.941	1.968	1.236	1	7	279	90
July	2009	70	511,452,913.69	1.837	1.862	1.254	10	3	284	83
August	2009	67	505,522,939.30	1.583	1.605	0.990	1	4	243	74
September	2009	64	500,637,555.33	1.488	1.508	1.080	1	4	253	85
October	2009	60	455,388,877.68	1.517	1.538	1.143	2	6	264	87
November	2009	53	464,047,156.23	1.249	1.266	1.083	2	9	244	99
December	2009	45	424,393,508.31	1.136	1.152	1.021	0	8	222	91
January	2010	42	427,448,456.33	1.047	1.061	1.077	2	5	239	118
February	2010	80	1,003,638,179.14	0.715	0.725	0.706	41	3	248	200
March	2010	86	1,001,988,223.87	0.701	0.711	0.759	10	4	266	209
April	2010	84	941,264,048.98	0.718	0.728	0.843	3	5	273	210
May	2010	83	942,479,823.83	0.712	0.722	0.840	0	1	272	192
Average		68	633,864,048.11	1.286%	1.304%	1.032	6	5	260	126



June 16, 2010

Attention: Administrative and Finance Committee

Contract with The Business Cleaning Company for janitorial services for the Kearny Mesa and Escondido offices. (Action)

Staff recommendation

Authorize the General Manager to execute a three year contract with The Business Cleaning Company for janitorial services in an amount not to exceed \$151,380. (Action)

Alternatives

1. Do not approve the contract and direct staff to enter into negotiations with the second ranked firm.

Fiscal impact

There are sufficient funds available within the existing Administrative Services department budget for fiscal year 2011. Funds for fiscal years 2012 and 2013 in the amount of \$100,920 will be requested during the next bi-annual budget process. This contract impacts the customer service rate category.

Background

The current janitorial services contract with MSC Janitorial Services will expire July 31, 2010.

Discussion

A Request for Proposal was issued to 17 firms on April 14, 2010. Fifteen firms submitted a proposal and were evaluated by the selection committee based on their experience and references; understanding of the scope of work; staffing and quality control procedures; use of environmentally safe products; and cost. Three firms were subsequently interviewed and The Business Cleaning Company was selected as the best qualified firm to provide requested janitorial services. Their monthly cleaning costs of \$.05/sq ft for the Kearny Mesa office and \$.06/sq ft for the Escondido Operations Center, are consistent with industry standards.

The Business Cleaning Company is a small, locally-owned business.

Prepared by: Shelli Budai Ellison, Administrative Services Manager
Reviewed by: Marilyn L. Young, Director of Administrative Services
Approved by: Sandra Kerl, Deputy General Manager



June 16, 2010

Attention: Administrative and Finance Committee

**Discussion and Consideration of the Fiscal Years 2010 and 2011 Mid-Term Budget Update.
(Action)**

Staff Recommendation:

Recommend adoption of the mid-term budget adjustments.

Alternatives

Modify or not recommend adoption of the mid-term budget adjustments.

Fiscal Impact

Staff is recommending increasing the Water Authority's total budget by \$39.0 million from \$1.65 billion to \$1.69 billion to incorporate prior Board action and/or direction. The increase in total expenditures will be offset by additional revenue (\$16.1 million) to be received from the Build American Bonds (BABs) subsidy. Staff recommendations will not change the CIP two-year appropriation of \$555.7 million or CIP lifetime budget of \$3.76 billion.

Background

On June 25, 2009 the Board adopted the Fiscal Years 2010 and 2011 Multi-Year Budget (Adopted Budget) appropriating \$1.65 billion for operations and capital improvement. This budget was developed under unprecedented challenges, including uncertain water supply conditions and a difficult economy.

Discussion

The purpose of this report is to provide the Board with updated projections and explanations for significant variances from the Adopted Budget.

The report begins by discussing Sources of Funds (or revenues) and any variances that are projected and is followed by a similar discussion/review of Uses of Funds (or expenditures). Information is presented on the adopted budget, actual expenditures to date (as of April 30, 2010), and projections based on current conditions. Variances due to differing assumptions or new information are provided for significant categories.

In addition to the discussion on the projections for the two-year budget period, recommendations for adjustment to the budget are included at the end of this report.

Current Sources and Uses of Funds for Fiscal Years 2010 and 2011 (in thousands)
-Prior to Actions Recommended in Board Memo-

	Adopted Budget	Actuals to Date*	Projection	Variance	
				\$	%
Sources of Funds					
Operating Revenue					
Water Sales	964,292	311,787	832,353	(131,939)	-13.7%
Investment Income	26,876	6,773	26,876	0	0.0%
Infrastructure Access Charges	45,551	17,582	45,809	258	0.6%
Property Taxes and In-Lieu Charges	20,846	8,981	20,158	(688)	-3.3%
Hydroelectric Revenue	2,613	911	2,000	(613)	-23.5%
Other Income ⁽¹⁾	30,867	5,721	47,006	16,139	52.3%
Capital Contributions					
Capacity Charges	12,400	10,167	17,049	4,649	37.5%
Water Standby Availability Charges	22,245	7,023	22,306	61	0.3%
Contributions in Aid of CIP	22,143	3,325	23,815	1,672	7.6%
Subtotal Revenue	1,147,833	372,272	1,037,372	(110,461)	-9.6%
Net Fund Withdraws	506,817	140,784	425,432	(81,385)	-16.1%
Total Sources of Funds	1,654,650	513,056	1,462,804	(191,846)	-11.6%
Uses of Funds					
Water Purchases & Treatment	736,432	234,993	620,663	(115,769)	-15.7%
Stored Water Purchases	10,650	0	5,270	(5,380)	-50.5%
Capital Improvements Program (CIP)	555,700	159,854	450,730	(104,970)	-18.9%
Debt Service	209,824	70,485	240,008	30,184	14.4%
Operating Departments	90,801	30,937	89,077	(1,724)	-1.9%
QSA Mitigation ⁽²⁾	16,792	8,142	22,792	6,000	35.7%
Equipment Replacement	3,805	268	3,618	(187)	-4.9%
Other Expenditures ⁽³⁾	30,646	8,377	30,646	0	0.0%
Total Uses of Funds	1,654,650	513,056	1,462,804	(191,846)	-11.6%

*"Actual to Date" column reflects data for the period of July 1, 2009 through April 30, 2010.

(1) Other Income includes BABs, reimbursements received for grants, and other revenues.

(2) QSA Mitigation includes QSA JPA Contributions for environmental mitigation, payments for Socioeconomic Mitigation Settlement, and the \$6 million settlement for IID Price Reset.

(3) Other Expenditures include grants and other expenses.

Sources of Funds

The Water Authority budgeted \$1.65 billion in sources of funds (revenues) for Fiscal Years 2010 and 2011. Based on information to date, it is now projected that the Water Authority will generate \$1.46 billion, 11.6% less than budgeted. This is primarily associated with reduced water sales that have been previously discussed with the Board in October and February. The projection for *Water Sales* is 13.7% less than budgeted and reflects revised water sales volumes and the recommended increase in the Water Authority's rates and charges for calendar year 2011. The adopted budget assumed annual water sales of approximately 600,000 acre-feet; projections are now based on selling approximately 512,000 acre feet of water per fiscal year. In addition, the budget assumed a

calendar year 2011 rate increase of 17.5% (treated), whereas the recommended rate increase is 11.3% (treated).

The Water Authority conservatively budgeted \$12.4 million for *Capacity Charges*, including System and Treatment Capacity Charges, due to economic conditions and the impact from new meter restrictions implemented by member agencies as part of their drought ordinances. As of April 30, 2010, \$10.2 million has been received from *Capacity Charges* which represents 82.0% of the two-year budget. In total, the Water Authority is conservatively projecting to receive \$17.0 million in *Capacity Charges* which is \$4.6 million higher than budgeted.

The projection for *Other Income* is increasing by approximately \$16.1 million to reflect the inclusion of the Build American Bonds (BABs) subsidy. The projection for *Property Taxes* will be less than budgeted due to the State's action to reallocate 8% of Fiscal Year 2009 property tax receipts, approximately \$688,000, to mitigate its budget deficits. Under Proposition A, the State will be required to repay these funds within three years. In addition, less income from *Hydroelectric Revenue* is anticipated during this budget period due to reduced untreated water demand from member agencies, resulting in low flow conditions, as well as for facility maintenance at the Rancho Peñasquitos Hydroelectric Facility.

Uses of Funds

The Fiscal Years 2010 and 2011 budget for *Water Purchases and Treatment* totaled \$736.4 million. Similar to *Water Sales*, it is projected that actual purchases will be less than the budget by approximately 15.7%, reflecting a decrease in the volume of water needing to be purchased and a lower than projected MWD rate and charge increase for calendar year 2011. MWD is projecting an overall increase of 7.5% for calendar year 2011; however, the Water Authority's impact is estimated to be 12.2%. In addition to reduced water purchases for resale, water purchased for storage has been reduced.

The *Capital Improvement Program (CIP)* is projecting expenditures that are 18.9% less than the two-year budget of \$555.7 million. The primary driver for this is savings attributed with the award of San Vicente Dam Raise, Packages 2 and 3. It should be noted that the adopted budget assumed the full value of planned expenditures, including the anticipated expenditure of all project reserves; whereas the projection only includes those reserves that have been committed through the date of this report. In addition, the projection also includes the settlement payments for both the IID Price Reset (\$50 million) scheduled for October 2010, and the Olivenhain Municipal Water District (\$13.5 million). These payments had been approved by the Board in December 2009 and March 2010, respectively.

The *Operating Departments* budget is projecting a slight deficit and includes savings identified in February 2010 as part of a multi-faceted strategy to mitigate the budgetary impact from reduced water sales. The total savings of \$2.4 million (\$2.2 million from *Operating Departments* and \$0.2 million from the *Equipment Replacement Fund*) was achieved through programmatic reductions of \$1.4 million in conservation, drought communication and local supply development programs and identifying \$1.0 million in short-term operational reductions through cuts to services, capital equipment, materials, memberships, travel and other categories.

In the following tables, which depict the *Operating Departments* budget by major expense category and by department, a variance is calculated when comparing the “Total Projection” for the two-year budget to the “Available Budget”. The “Available Budget” column takes into consideration reductions as presented to the Board in February.

Current Operating Departments Budget by Expense Category
-Prior to Actions Recommended in Board Memo-

Expense Category	Amended		Available Budget	Actuals To Date	Total Projection	Variance	
	Budget*	Reductions				\$	%
Labor and Benefits	64,172,860	(20,000)	64,152,860	24,988,465	62,473,066	(1,679,794)	-2.6%
Services	24,585,075	(1,811,028)	22,774,047	5,915,041	24,879,611	2,105,563	9.2%
Supplies	2,543,673	(34,200)	2,509,473	708,697	2,429,048	(80,424)	-3.2%
Utilities	2,680,111	(3,750)	2,676,361	613,590	2,675,124	(1,237)	0.0%
Insurance	1,861,900	0	1,861,900	932,039	1,861,900	0	0.0%
Leases/Rent	838,090	(30,000)	808,090	257,304	796,998	(11,093)	-1.4%
Other	3,416,187	(238,703)	3,177,484	1,037,748	3,065,039	(112,445)	-3.5%
Fixed Assets	240,900	(105,000)	135,900	0	129,274	(6,627)	-4.9%
Capitalized Overhead	(9,537,983)	0	(9,537,983)	(3,516,000)	(9,233,130)	340,852	-3.2%
Total Budget	90,800,814	(2,242,681)	88,558,133	30,936,884	89,076,929	518,796	0.6%

*Amended Budget reflects adjustments between expense categories as allowed under the authority of the General Manager.

**Totals may not foot due to rounding.

Current Operating Departments Budget by Department/Program
-Prior to Actions Recommended in Board Memo-

Department	Amended		Available Budget	Actuals To Date	Total Projection	Variance	
	Budget*	Reductions				\$	%
Administrative Services	11,019,018	(133,000)	10,886,018	4,269,517	10,743,815	(142,203)	-1.3%
Colorado River Program	2,880,763	(69,229)	2,811,534	948,592	2,697,661	(113,873)	-4.1%
Engineering	1,786,460	(9,200)	1,777,260	643,294	1,673,999	(103,261)	-5.8%
Finance	4,481,650	(45,000)	4,436,650	1,676,645	4,400,982	(35,668)	-0.8%
General Counsel	3,131,425	0	3,131,425	2,205,628	5,964,146	2,832,721	90.5%
General Manager & Board of Directors	5,181,337	(138,600)	5,042,737	2,006,449	4,912,187	(130,550)	-2.6%
Human Resources	2,372,831	(20,000)	2,352,831	823,369	2,089,953	(262,878)	-11.2%
MWD Program	2,609,859	(22,000)	2,587,859	936,952	2,544,681	(43,178)	-1.7%
Operations & Maintenance	28,633,112	(317,585)	28,315,527	9,342,370	26,986,352	(1,329,175)	-4.7%
Public Affairs	4,243,825	(63,590)	4,180,235	1,547,054	4,178,083	(2,152)	-0.1%

Current Operating Departments Budget by Department/Program (cont.)

-Prior to Actions Recommended in Board Memo-

Department	Amended		Available Budget	Actuals To Date	Total Projection	Variance	
	Budget*	Reductions				\$	%
Right of Way	5,704,234	(18,477)	5,685,757	2,079,066	5,637,860	(47,897)	-0.8%
Water Conservation Program	10,212,682	(943,000)	9,269,682	1,790,645	9,171,619	(98,063)	-1.1%
Water Resources	8,543,618	(463,000)	8,080,618	2,667,303	8,075,588	(5,030)	-0.1%
Total Budget	90,800,814	(2,242,681)	88,558,133	30,936,884	89,078,926	518,794	0.6%

*Amended Budget reflects adjustments between expense categories as allowed under the authority of the General Manager.

**Totals may not foot due to rounding.

Currently, prior to staff recommendations outlined at the end of this Board memo, the Water Authority is projecting a total deficit of \$0.5 million, or 0.6%, which is a result of additional legal services previously authorized by the Board. The major variances are described below:

- The largest component of the *Operating Departments* budget, Labor and Benefits, is projecting minimal savings of \$1.7 million or 2.6%. The two-year projection is based on nine-months of data and should be considered conservative at the current time. The adopted budget and the current projections assume no new salary increases for Fiscal Year 2011 or benefit increases for Calendar Year 2011 pending the outcome of negotiations for labor contracts that are set to expire June 30, 2010. The Water Authority currently has a vacancy rate of 1.5%.

The labor and benefits savings is primarily associated with the Operations and Maintenance Department (O&M). In order to properly account for costs that should be capitalized, O&M staff time spent on training for the operations at San Vicente and Lake Hodges will be charged to the CIP. Overall there is a zero impact on the Water Authority's total budget; however, the *Operating Departments* budget will reflect this as savings. In addition, Human Resources is anticipating savings associated with the suspension of the filling of student workers/interns.

- The remaining non-labor portion of the *Operating Departments* budget, including services, supplies, utilities, insurance, and other expenses, is projecting a deficit of approximately \$2.2 million. The primary driver of this deficit is the identification of additional legal services for ongoing Quantification Settlement Agreement (QSA) litigation and potential litigation in regard to MWD's rate structure. These actions have previously been authorized by the Board. To address this, the Water Authority will be requesting the Board increase the General Counsel's budget by \$2.85 million.

Debt Service was budgeted at \$209.8 million, however our current projections assume an additional \$30.2 million will be needed for debt service payments in this budget period. The primary driver for this increase was the amount and type of debt (fixed versus variable debt as assumed when the budget was adopted). Despite the intention of capitalizing part of this debt as mentioned to the

Board in February, the total gross amount is reflected in our projections. A portion of this additional debt service from issuing fixed rate debt will be offset by the BABs subsidy.

QSA Mitigation is projecting to be \$6.0 million higher than budget due to the IID Price Reset Settlement payment for Fiscal Year 2010, and projections for *Equipment Purchases* reflects the deferral of replacement and purchase of new vehicles to mitigate the impact from reduced water sales.

Recommended Budget Adjustments

The following three recommendations have a net zero impact on the adopted budget of the Water Authority. The CIP two-year appropriation of \$555.7 million and CIP lifetime budget of \$3.76 billion will remain the same; however, Board approval is required when increasing any CIP project budget in excess of \$50,000.

1. *Reallocate savings from the San Vicente Dam Raise and Carryover Storage project (\$67.4 million) to the IID Water Conservation Improvements (\$50.0 million), Olivenhain Settlement Agreement (\$13.5 million), Olivenhain Flow Control Facility (\$0.7 million), and Nob Hill Improvements (\$3.2 million) projects.*

The Water Authority will utilize \$67.4 million in savings from the San Vicente Dam Raise and Carryover Storage project to mitigate the following adjustments:

- Create new projects as a result of settlement agreements with Olivenhain Municipal Water District and Imperial Irrigation District.
 - A \$13.5 million settlement agreement payment to Olivenhain Municipal Water District (OMWD) was authorized by the Board in March 2010. In addition, \$637,000 is needed for the Olivenhain Flow Control Facility project to provide design review and construction support services. Of this amount, OMWD will reimburse the Water Authority \$337,000.
 - Pursuant to the Fifth Amendment to the agreement between IID and the Water Authority for transfer of conserved water, a \$50 million payment is due October 31, 2010 for IID Water Conservation Improvements.
 - An additional \$3.2 million is required to fund a change in scope for the Nob Hill Improvements project. To address excessive hydraulic transient pressures that occur near Nob Hill, staff is recommending tunnel construction to lower an existing segment between Pipelines 3 and 4. This alternative will reduce impacts to existing residential housing and differs from the adopted budget which assumed an open trench construction.
2. *Transfer \$8.3 million from Colorado River Canal Linings to the Colorado River Canal Linings – Post Construction Mitigation Monitoring project to ensure compliance with mandated requirements.*

The following table summarizes these recommended actions. In addition, a revised Project Summary Table and further details on these project changes are included in Attachments A and B.

CIP Recommended Adjustments

Project Name	Budget Adjustment
ESP - San Vicente Dam Raise and Carryover Storage	(\$67,387,000)
IID Water Conservation Improvements	50,000,000
ESP - Olivenhain Settlement Agreement Project*	13,500,000
Olivenhain Flow Control Facility**	687,000
Nob Hill Improvements	3,200,000
Colorado River Canal Linings	(8,300,000)
Colorado River Canal Linings - Post Construction Mitigation Monitoring	8,300,000
Net Impact to Budget	\$0

*Previously authorized by the Board in March 2010.

**OMWD to reimburse the Water Authority \$337,000.

3. *Transfer one limited-duration position each from the Colorado River Program and the Engineering Department to Water Resources and Finance.*

Over the past several months the Water Authority has been undergoing numerous process efficiency studies to ensure the most efficient and effective use of our resources. Securing and managing external grant funding was identified as becoming increasingly essential for carrying out our programs in support of the Business and Strategic Plans. As part of the recommendations implemented to ensure best practices were incorporated across the organization, two existing limited duration employees (LDE) were reassigned. One LDE (Grants Administrator) was transferred from Colorado River Program to the Water Resources Department and the other LDE (Grants Analyst) was transferred from Engineering to Finance. This recommendation has no impact on the *Operating Departments* budget.

Pursuant to prior board direction, staff is recommending increasing the Water Authority's total budget by \$39.0 million from \$1.65 billion to \$1.69 billion. These recommendations will be offset by additional revenue (\$16.1 million) to be received from the Build American Bonds (BABs) subsidy.

4. *Increase appropriations for the General Counsel's Operating Department budget by \$2.85 million for additional legal services associated with QSA and MWD's rate structure, as discussed in the Uses of Funds section.*
5. *Increase appropriations for QSA Mitigation by \$6.0 million, as discussed in the Uses of Funds section.*

6. Increase appropriations for Debt Service by \$30.2 million, as discussed in the Uses of Funds section.

The following table summarizes the adjustments to the Adopted Budget.

Fiscal Year 2010 and 2011 Adopted and Amended Budget
-Includes Actions Recommended in Board Memo-

USES OF FUNDS (in thousands)	Adopted	Amended	Variance	
	FY10&11	FY10&11	\$	%
Water Purchases & Treatment	736,432	736,432	0	0.0%
Stored Water Purchases	10,650	10,650	0	0.0%
Capital Improvements Program (CIP)	555,700	555,700	0	0.0%
Debt Service	209,824	240,008	30,184	14.4%
Operating Departments				
Administrative Services	11,019	11,019	0	0.0%
Colorado River Program	2,881	2,881	0	0.0%
Engineering	1,786	1,786	0	0.0%
Finance	4,482	4,482	0	0.0%
General Counsel	3,131	5,981	2,850	91.0%
General Manager & Board of Directors	5,181	5,181	0	0.0%
Human Resources	2,373	2,373	0	0.0%
MWD Program	2,610	2,610	0	0.0%
Operations & Maintenance	28,633	28,633	0	0.0%
Public Affairs	4,244	4,244	0	0.0%
Right of Way	5,704	5,704	0	0.0%
Water Conservation Program	10,213	10,213	0	0.0%
Water Resources	<u>8,544</u>	<u>8,544</u>	<u>0</u>	<u>0.0%</u>
Subtotal Operating Departments	90,801	93,651	2,850	3.1%
QSA Mitigation	16,792	22,792	6,000	35.7%
Equipment Replacement	3,805	3,805	0	0.0%
Other Expenditures	30,646	30,646	0	0.0%
Total Uses of Funds	1,654,650	1,693,684	39,034	2.4%

Upcoming Activities

To ensure the effective use of our resources in the most efficient manner possible, the Water Authority will continue to monitor and manage the budget, including the following upcoming activities:

- Discuss “Capitalized Overhead” at the July Board meeting.

Administrative and Finance Committee

June 16, 2010

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- Reconvene the Comprehensive Reliability and Cost Assessment (CRACA) Committee in September 2010.

Prepared by: Lisa M. Celaya, Budget and Analysis Manager

Reviewed by: Eric Sandler, Finance Director

Reviewed by: Sandra L. Kerl, Deputy General Manager

Approved by: Maureen A. Stapleton, General Manager

Attachment A: Revised Project Summary Table

Attachment B: CIP Mid-Term Budget Update - New Project Narratives

Attachment A: Revised Project Summary Table

Project Name	Recommended FY 2010/FY 2011 Midterm Budget	Reimbursable Lifetime Cost	Authority Cost	Life-To-Date Expenditures Thru 39,629	Projected FY 2009 Expenditures	Projected FY 2010 Expenditures	Projected FY 2011 Expenditures	Projected FY 2012 Expenditures	Projected FY 2013 Expenditures	Projected FY 2014 Expenditures	Projected Expenditures Beyond FY 2014	Projected Total Expenditures	Rate Category Code
Asset Management													
Additional Aqueduct Right of Way Width	5,787,000	-	5,787,000	3,090,172	796,000	900,000	1,000,000	-	-	-	-	5,787,000	CS
Aqueduct Alignment Corrections	878,000	-	878,000	604,035	94,000	120,000	59,000	-	-	-	-	878,000	CS
Aqueduct Protection Program	24,560,000	-	24,560,000	16,329,222	5,646,000	2,138,000	342,000	101,000	-	-	-	24,560,000	T
Building Additions and Improvements	635,000	-	635,000	293,641	10,000	100,000	-	130,000	101,000	-	-	635,000	CS
Emergency Ops Center/Alt Control Room	4,881,000	-	4,881,000	1,034,321	15,000	-	-	370,000	3,461,000	-	-	4,881,000	CS
Fallbrook 7/Rainbow 14 FCFs (formerly F3/R1 FCF Upgrade)	4,188,000	-	4,188,000	1,027,168	241,000	1,694,000	989,000	236,000	-	-	-	4,188,000	CS
Fallbrook 8 FCF & DeLuz 1 SCADA (formerly F6/D1 TVS)	4,272,000	250,000	4,022,000	1,308,659	235,000	1,560,000	942,000	226,000	-	-	-	4,272,000	CS
Line Structure and Access Improvements	2,070,000	-	2,070,000	847,540	389,000	256,000	218,000	45,000	312,000	-	-	2,070,000	CS
Miramar Pump Station Rehabilitation	3,900,000	-	3,900,000	365,920	49,000	245,000	440,000	2,270,000	530,000	-	-	3,900,000	CS
Miramar Pump Station Valve and Meter Vaults	1,908,000	-	1,908,000	651,867	118,000	1,011,000	126,000	-	-	-	-	1,908,000	CS
Relining and Pipe Replacement Program	786,823,000	-	786,823,000	138,964,384	35,384,000	4,084,000	2,240,000	44,070,000	31,142,000	48,190,000	482,739,000	786,823,000	T
San Diego 12 FCF Expansion	9,420,000	3,391,200	6,028,800	24,690	345,000	1,125,000	1,770,000	4,925,000	1,230,000	-	-	9,420,000	CS
San Diego 24 FCF (formerly SD 24/25/26 FCF)	7,517,000	7,517,000	-	173,183	101,000	925,000	1,640,000	4,000,000	677,000	-	-	7,517,000	CS
Valve and Venturi Meter Replacement Program	3,009,000	-	3,009,000	1,533,928	675,000	300,000	300,000	200,000	-	-	-	3,009,000	CS
Water System Security	4,595,000	-	4,595,000	3,992,299	442,000	75,000	60,000	25,000	-	-	-	4,595,000	CS
Subtotal - Asset Management	864,443,000	11,158,200	853,284,800	170,241,031	44,540,000	14,533,000	10,126,000	56,598,000	37,453,000	48,190,000	482,739,000	864,443,000	
New Facilities													
Camp Pendleton Desalination Project	5,720,000	-	5,720,000	-	-	840,000	2,270,000	2,070,000	540,000	-	-	5,720,000	CS
Carlsbad Desalination Flow Control Facility	2,080,000	2,080,000	-	-	100,000	800,000	820,000	360,000	-	-	-	2,080,000	CS
Colorado River Canal Linings	271,230,000	83,360,000	187,870,000	150,363,720	77,354,000	41,766,000	1,153,000	4,692,000	200,000	200,000	-	271,230,000	Sup
Colorado River Canal Linings - Post Construction Mitigation Monitoring	20,220,000	-	20,220,000	498,230	2,180,000	5,687,000	4,297,000	2,157,000	232,000	234,000	432,000	20,220,000	Sup
Communications System Facilities	1,750,000	-	1,750,000	-	-	750,000	1,000,000	-	-	-	-	1,750,000	CS
Lake Murray Control Valve	9,600,000	-	9,600,000	-	330,000	1,170,000	900,000	40,000	6,110,000	1,050,000	-	9,600,000	T
Mission Trails Flow Regulatory Structure (FRS) II	44,702,000	-	44,702,000	4,703,007	475,000	-	200,000	23,322,000	14,606,000	1,270,000	125,000	44,702,000	T
Mission Trails Pipeline Tunnel (formerly Construction & Vent Demolition)	49,463,000	-	49,463,000	4,359,482	13,730,000	18,782,000	4,340,000	5,600,000	2,584,000	67,000	-	49,463,000	T
Nob Hill Improvements	16,000,000	-	16,000,000	-	125,000	300,000	3,925,000	625,000	8,950,000	2,075,000	-	16,000,000	T
Olivenhain-Hodges Pumped Storage	66,083,000	-	66,083,000	46,249,017	7,450,000	7,449,000	4,934,000	-	-	-	-	66,083,000	CS
Olivenhain Flow Control Facility	637,000	337,000	300,000	-	-	-	337,000	300,000	-	-	-	637,000	CS
Pipeline 6	444,411,000	-	444,411,000	4,559,533	1,372,000	1,365,000	700,000	17,000,000	5,000,000	-	414,414,000	444,411,000	T
Second Crossover Pipeline	371,041,000	-	371,041,000	-	-	-	600,000	400,000	-	-	-	371,041,000	T
System Regulatory Storage	60,593,000	-	60,593,000	4,192,680	-	400,000	200,000	-	-	78,000	55,721,000	60,593,000	T
Twin Oaks Valley Water Treatment Plant	179,000,000	310,000	178,690,000	167,173,756	1,840,000	1,500,000	500,000	-	-	-	7,985,000	179,000,000	WTP/T
Subtotal - New Facilities	1,542,530,000	86,087,000	1,456,443,000	382,099,426	104,956,000	80,809,000	26,176,000	56,566,000	38,222,000	4,974,000	848,718,000	1,542,530,000	
Emergency Storage Program													
ESP - Lake Hodges Pump Station and Inlet/Outlet	102,768,000	3,800,000	98,968,000	53,646,108	19,350,000	18,833,000	10,938,000	-	-	-	-	102,768,000	S
ESP - Lake Hodges to Olivenhain Pipeline	27,590,000	-	27,590,000	27,033,954	-	23,000	457,000	75,000	-	-	-	27,590,000	S
ESP - Olivenhain Settlement Agreement Project	13,500,000	-	13,500,000	-	-	13,500,000	-	-	-	-	-	13,500,000	S
ESP - Operations Center Upgrade	2,176,000	-	2,176,000	675,893	25,000	-	-	130,000	1,344,000	-	-	2,176,000	S
ESP - Planning & Support Services	101,346,000	-	101,346,000	75,137,729	3,543,000	10,119,000	6,873,000	2,862,000	2,001,000	807,000	-	101,346,000	S
ESP - Post Construction Mitigation	2,105,000	-	2,105,000	341,229	408,000	75,000	130,000	149,000	201,000	205,000	591,000	2,105,000	S
ESP - Pump Station at Pipeline 3 & Interconnect	15,765,000	-	15,765,000	862,400	224,000	773,000	1,058,000	3,013,000	9,775,000	58,000	-	15,765,000	S
ESP - Pump Station at Pipeline 4	5,798,000	-	5,798,000	428,354	91,000	481,000	529,000	2,020,000	2,226,000	22,000	-	5,798,000	S
ESP - San Vicente Dam Raise and Carryover Storage	482,223,000	-	482,223,000	32,557,940	27,075,000	59,003,000	166,923,000	161,903,000	34,402,000	608,000	-	482,223,000	S
ESP - San Vicente Pipeline & Aqueduct Interconnect	341,558,000	-	341,558,000	215,327,919	40,020,000	42,000,000	16,000,000	28,209,000	-	-	-	341,558,000	S
ESP - San Vicente Pumping Facilities	117,745,000	-	117,745,000	66,378,666	38,566,000	2,600,000	-	680,000	1,901,000	6,791,000	827,000	117,745,000	S
Subtotal - Emergency Storage Program	1,212,574,000	3,800,000	1,208,774,000	472,390,193	129,302,000	147,407,000	202,908,000	199,041,000	51,850,000	8,491,000	1,418,000	1,212,574,000	
Other													
Capitalized Warranty	750,000	-	750,000	-	100,000	400,000	250,000	-	-	-	-	750,000	CS
East County Regional Treated Water Improvements	28,906,000	4,653,000	24,253,000	18,061,785	1,709,000	9,113,000	18,000	-	-	-	-	28,906,000	CS/T/WTPH
Facilities Master Plan	1,625,000	-	1,625,000	-	-	813,000	812,000	-	-	-	-	1,625,000	CS
Groundwater Conjunctive Use Program (aka Vidler/Semitropic)	31,000,000	25,816,300	5,183,700	202,096	28,596,000	1,801,000	400,000	-	-	-	-	31,000,000	Sup
Hydraulic Transient Model	3,100,000	-	3,100,000	-	1,568,000	1,376,000	156,000	-	-	-	-	3,100,000	CS
IID Conservation Program	50,000,000	-	50,000,000	-	-	-	50,000,000	-	-	-	-	50,000,000	Sup
Mitigation Program	23,806,000	-	23,806,000	14,040,596	1,223,000	1,603,000	5,894,000	245,000	200,000	200,000	399,000	23,806,000	T
Post-Construction Mitigation Monitoring Program	4,807,000	-	4,807,000	359,555	212,000	649,000	366,000	802,000	400,000	583,000	1,430,000	4,807,000	T
Restore Untreated Water in LMSE to Sweetwater	1,417,000	-	1,417,000	-	-	75,000	-	140,000	240,000	481,000	-	1,417,000	T
Subtotal - Other	145,411,000	30,469,300	114,941,701	32,664,033	33,408,000	15,830,000	57,896,000	1,187,000	840,000	1,264,000	2,310,000	145,411,000	
ACTIVE PROJECTS TOTAL	3,764,958,000	131,514,500	3,633,443,501	1,057,394,682	312,206,000	258,579,000	297,106,000	313,392,000	128,365,000	62,919,000	1,335,185,000	3,764,958,000	

Attachment B
Fiscal Years 2010 and 2011 Mid-Term Budget Update (CIP)
New Project Narratives

Project Name	Current Budget	Budget Increase	New Budget	Historical Expenditures	Forecast 2011	Forecast 2012	Forecast 2013	Forecast 2014	Forecast 2015
Olivenhain FCF	-	0.64 M	0.64 M	-	0.34 M	0.30 M			

Justification Narrative. As the result of an agreement reached between the Olivenhain MWD and the Water Authority on Lake Hodges and the Olivenhain Reservoir, a new raw water connection to the second aqueduct will be designed and constructed at Olivenhain's cost to serve Olivenhain's David M. McCollum Water Treatment Plant. Olivenhain is also proposing to design and construct a new flow control facility to serve the water treatment plant. At the completion of construction, the aqueduct connection and flow control facility will be owned, operated, and maintained by the Water Authority. The Water Authority is responsible for providing design review and construction support services on both projects. The budgeted amount represents the cost of Water Authority reviews and oversight. Approximately \$637,000 has been identified for this project, of which \$337,000 will be reimbursed by Olivenhain MWD. The remainder of the funding has been identified from the San Vicente Dam Raise project.

Project Name	Current Budget	Budget Increase	New Budget	Historical Expenditures	Forecast 2011	Forecast 2012	Forecast 2013	Forecast 2014	Forecast 2015
Colorado River Canal Linings Post-Const Mitigation	11.92 M	8.30 M	20.22 M	2.99 M	4.30 M	2.16 M	0.23 M	0.23 M	0.43 M

Justification Narrative. Environmental mitigation for the impacts of construction on the Canal Lining Projects still need to be completed. About \$8.3 million of recently identified costs are anticipated to ensure compliance with requirements imposed by the resource agencies. These costs are associated with the construction of a 50-acre fishery mitigation pond, long-term management for sustained water supply at the Dos Palmas mitigation site, and equipment installation for powering check structure(s) along the lined canals. Funding for these costs is being provided by a transfer from the remaining project mitigation reserves of the Colorado River Canal Lining project.

Project Name	Current Budget	Budget Increase	New Budget	Historical Expenditures	Forecast 2011	Forecast 2012	Forecast 2013	Forecast 2014	Forecast 2015
IID Water Conservation Improvements	-	50.00 M	50.00 M	-	50.00 M				

Justification Narrative. On December 21, 2009 the Water Authority and IID settled a dispute over the unit price of water conserved by the IID/SDCWA water transfer and executed a fifth amendment to the water transfer agreement. The amendment sets the price per acre-foot for transfer water and requires the Water Authority to pay IID \$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. No such stoppage has occurred. The settlement is being funded by a transfer of \$50 million from the San Vicente Dam Raise project.

Project Name	Current Budget	Budget Increase	New Budget	Historical Expenditures	Forecast 2011	Forecast 2012	Forecast 2013	Forecast 2014	Forecast 2015
Nob Hill Improvements	12.8 M	3.2 M	16.0 M	-	3.93 M	0.63 M	8.95 M	2.08 M	

Justification Narrative. The additional budget is required to fund a change in scope. The preferred alternative for addressing excessive hydraulic transient pressures that occur near Nob Hill is to lower a segment of the existing Pipelines 3 and 4. The desired method for lowering these pipe segments requires tunnel construction in order to reduce impacts to existing residential housing. The adopted budget is based on the cost for open trench construction, which may not be a feasible construction method given the close proximity of the existing housing. Tunnel construction is estimated to increase the cost of the project by \$3.2 million.



June 16, 2010

Attention: Administrative and Finance Committee

Adopt the Water Authority's rates and charges for calendar year 2011 and continue the annual Standby Availability Charge for fiscal year 2010-2011 as currently imposed (Action).

Purpose

To increase water and service rates and charges and to continue the Standby Availability charge at its current level.

Staff recommendation

- a. Adopt Ordinance No. 2010-___ an ordinance of the Board of Directors of the San Diego County Water Authority setting rates and charges for the delivery and supply of water, use of facilities and provision of services.
- b. Adopt Resolution 2010-___ a resolution of the Board of Directors of the San Diego County Water Authority continuing the Standby Availability Charge.

Alternative

Modify the proposed rates and charges to obtain full cost recovery in the upcoming year.

Fiscal impact

The proposed water rates and charges, in combination with existing taxes, the System Capacity Charge, the Treatment Capacity Charge, the Infrastructure Access Charge (IAC), investment income and the Standby Availability Charge are expected to raise revenues sufficient to meet the Water Authority's revenue requirement and bond covenants.

Background

Under Government Code section 54984.7, as amended effective January 1, 2008, it is no longer necessary to have a public hearing to keep the standby availability charge at the same level. However, as part of the Water Authority's rate setting process, the Water Authority holds public hearings before establishing or changing any of the rates or charges that it levies to solicit input from stakeholders.

In mid 2006, the Board addressed concerns about increases in construction bids following the award of San Vicente Pipeline and Lake Hodges Pump Station by creating the Comprehensive Reliability and Cost Assessment Ad-Hoc Committee (CRACA). The CRACA committee conducted a thorough evaluation of the cost and reliability impacts of each project included in the Capital Improvement Program (CIP) as well as other important long-term planning assumptions (*i.e.* local

supplies, conservation, etc.). On April 10, 2007, the Board approved the preferred alternative recommended by CRACA, known as the Revised Baseline. The Revised Baseline provided the foundational assumptions upon which the Water Authority's long-term planning was based.

In mid 2008, in response to the extraordinary water supply and economic conditions facing the Water Authority, the CRACA committee reconvened to develop early guidance on future rate and charge levels to support Water Authority and member agency financial planning. Since the 2004 Master Plan was validated during the 2006 CRACA process, the CRACA "Lite" scope was narrowed to focus on supply related issues, re-costing major CIP projects, project scheduling and updating the other foundational assumptions, specifically MWD rates and charges. At the time this process was initiated, there was significant uncertainty regarding the water supply and MWD rates and charges. Therefore, the CRACA committee developed a high and a low rate scenario to bookend the potential outcomes. In February 2009, the Board adopted the Committee's recommendation for using the high rate scenario for the development of the fiscal years 2010 and 2011 Recommended Budget and calendar year 2010 rates and charges.

On April 14, 2009, the Metropolitan Water District (MWD) went to Level 2 water supply allocation effective July 1, 2009. As a result, MWD's water supply allocation to the Water Authority was reduced by approximately 13%. Due to continued water supply shortages, MWD has elected to maintain the Level 2 allocation for fiscal year 2011 and maintain the current water supply allocations.

On April 13, 2010, MWD's Board of Directors adopted rate and charge increases for calendar years 2011 and 2012. The adopted rate and charge schedule results in a 7.5% annual increase in revenues in each year. Based upon MWD's adopted rate and charge schedule, the cost of treated and untreated water will increase by 8.9% and 6.1%, respectively, in calendar year 2011. In addition, the cost of transporting water through MWD's system will increase by 18.5% in calendar year 2011. This increase disproportionately impacts the Water Authority by increasing the MWD cost associated with transporting QSA water to our service area by 18.5%. Based upon calendar year 2011 planned water purchases, the Water Authority's MWD water costs are expected to increase by approximately 12.2%.

Previous Board Action: On May 27, 2010 the Board adopted Resolution 2010-03 setting the time and place for the public hearing on June 24, 2010 to receive comments on the proposed rates and charges.

Discussion

MWD's recent water supply and rate and charge actions result in a water supply and rate and charge environment that is very similar to that anticipated when the CRACA "Lite" and budget projections were developed. As such, the rates and charges being recommended for calendar year 2011 are consistent with the CRACA "Lite" low and below the Budget rate and charge forecast. These rates and charges have been presented to the Water Authority's Board, Member Agency general managers and finance officers on numerous occasions over the past year. Detailed information regarding the CY 2011 recommended rates and charges was provided to Member Agency Staff

(general managers and finance officers) in mid April, 2010 to aid in developing their FY 2011 budgets.

In response to the water supply and economic challenges facing the region, the Water Authority has taken the following actions to mitigate rate and charge increases.

- Mid-year budget reduction – cut FY 2010 and 2011 multi-year operating budget by \$2.4 million.
- Reduced spot water purchases – the Water Authority is currently well under its MWD allocation, allowing the Water Authority to meet all demands without purchasing the more expensive spot water.
- Rate Stabilization Fund draw – the Water Authority plans to draw up to \$10.7 million from the fund to mitigate the financial impacts of reduced water sales in CY 2011. A draw of this size would decrease the RSF ending balance to approximately 33 million, which is about 60 percent of the Board’s policy.
- Other actions – these include letting the debt service coverage level fall below the Water Authority Board’s policy target and capitalizing additional interest on debt.

On June 10, 2010, the Board initiated a legal challenge of MWD’s rate and charge structure and cost allocation methodologies. The board also directed the General Manager to initiate a cost of service evaluation of the Water Authority’s conservation and local supply incentive programs. In response to this action, staff is recommending a detailed review of the Water Authority’s rate and charge structure and Cost of Service (COS) allocation methodologies for all rate categories. Staff expects to issue a request for proposals this summer and that the project will be completed by the end of this calendar year. Any modifications made to the rate and charge structure or the COS methodology will be incorporated into the recommended calendar year 2012 rates and charges.

Setting Rates and Charges:

As part of the rate setting process, a revenue requirement is calculated for each of the rate and charge categories by allocating the Water Authority’s anticipated expenditures, which includes O&M, water purchases, debt service, *etc.*, between the rate and charge categories. The rate and charge categories are Supply, Treatment, Customer Service, Storage, and Transportation. Debt service payments are allocated to rate and charge categories based upon the CIP projects that were funded by the debt and a pro rata share of the annual debt service expenditure is allocated to the corresponding rate and charge category. The Operating Budget is allocated to the rate and charge categories by functionalizing the expenditures into rate and charge categories. For example, the Water Authority’s Twin Oaks Water Treatment Plant costs are allocated to the Treatment rate category. Revenues from taxes, Water Standby Availability Charges, Infrastructure Access Charges, System and Treatment Capacity Charges, investment income and other miscellaneous income (collectively Non-Commodity Revenues) offset expenditures and are credited to the revenue requirement of each rate and charge category. Rates and charges are then set to recover the net revenue requirement calculated.

Description of Rates and Charges:

Table 1 summarizes the Water Authority’s recommended calendar year 2011 rates and charges. A description of the Water Authority’s rates and charges is provided in subsequent sections. In addition to the Water Authority’s rates and charges shown in Table 1, certain MWD rates and charges are passed through to the member agencies. Table 2, below, summarizes MWD’s rates and charges that the Water Authority passes through to its member agencies.

Table 1 – Summary of Water Authority Rates and Charges			
Water Authority Rates and Charges	CY 2009 Previous	CY 2010 Current	CY 2011 Recommended
Melded M&I Supply Rate (\$/AF)	\$463	\$532	\$597
Melded M&I Treatment Rate (\$/AF)	\$168	\$215	\$215
Transportation Rate (\$/AF)	\$64	\$67	\$75
Untreated Special Agricultural Water Rate (\$/AF)	\$412	\$484	\$527
Treated Special Agricultural Water Rate (\$/AF)	\$580	\$699	\$742
Infrastructure Access Charge	\$1.90/ME ²	\$2.02/ME ²	\$2.49/ME ²
Customer Service Charge	\$16,000,000	\$18,000,000	\$23,200,000
Storage Charge	\$23,000,000	\$34,000,000	\$44,300,000
Standby Availability Charge per parcel or acre, whichever is greater ¹	\$10	\$10	\$10

¹ Fiscal Year Charge.
² ME means meter equivalent as defined in the resolution establishing the Infrastructure Access Charge.

Table 2 – Summary of Water Authority Pass Through Rates and Charges			
MWD Rates and Charges	CY 2009 Previous	CY 2010 Current	CY 2011 Adopted
Untreated Tier 2 Supply Rate \$/AF ¹	\$528	\$594	\$652
Interim Agricultural Water Program Untreated (\$/AF)	\$322	\$416	\$482
Interim Agricultural Water Program Treated (\$/AF)	\$465	\$615	\$687
Replenishment Water Rate Untreated (\$/AF)	\$294	\$366	\$409
Replenishment Water Rate Treated (\$/AF)	\$436	\$558	\$601
MWD Capacity Charge	\$8,812,800	\$9,331,200	\$9,204,480
Readiness-to-Serve Charge ²	\$10,865,652	\$17,481,664	\$18,596,489

¹ Agencies exceeding their Tier 1 allocation pay the MWD bundled Tier 2 Supply Rate (System Access Rate, System Power Rate and Water Stewardship Rate) instead of the M&I Melded Supply Rate.
² Fiscal Year Charge.

The following proposed charge is effective July 1, 2010:

Standby Availability Charge. The County Water Authority Act limits the maximum annual Standby Availability Charge to \$10 per acre or parcel, whichever is greater. Beginning before November 6, 1996, the Water Authority has determined that the maximum annual standby availability charge should be levied on property within the Water Authority's service area. To provide necessary funding for the CIP, the General Manager recommends that the charge continue at the \$10 maximum for fiscal year 2010-2011. The Standby Availability Charge rate is effective July 1, 2010. The amount of this charge has not changed since the adoption of Proposition 218 in 1996. The justification for imposition of this charge is the same as for when the charge was initially levied and as it was imposed before November 6, 1996.

The following rates and charges are being proposed effective on January 1, 2010:

Melded Untreated M&I Supply Rate. The Melded Untreated Municipal and Industrial Supply Rate will be set to recover the costs of purchasing Tier 1 water from MWD, water purchases from IID, and may include other costs specifically associated with the acquisition of the IID supply source, cost recovery for supply costs previously incurred but not charged, etc. For CY 2011, the Melded M&I Supply Rate will increase from its current level of \$532/AF to \$597/AF.

Table 3 – Melded Untreated M&I Supply Rate Calculation

	<u>CY 2011</u>
Acre-Foot Sales (A/F) (000's)	
MWD Tier I	309.2
IID	80.0
Canal Water Delivery Costs	80.2
Supplemental Supply Purchases – CY 2011	0
TOTAL A/F SALES	469.4
Water Purchase Cost (in Millions)	
MWD Tier 1 Water Purchases & Exchange Fees	\$222.6
IID Water Purchases	35.6
Canal Water Purchases	0.9
Supplemental Supply – Purchases CY 2011	0
Subtotal Water Purchases	\$259.1
Additional Costs (in Millions)	
Canal Cost Differential and Operating Budget Costs	\$12.1
IID Socioeconomic	3.1
QSA Environmental	5.3
Groundwater Storage	0.4
Subtotal Other Costs	\$20.9
TOTAL SUPPLY COST	\$280.0
A/F RATE (Total Supply Cost /Total A/F Sales)	\$597

Melded M&I Treatment Rate. The Melded Municipal and Industrial Treatment Rate will be set to recover the costs of treating water for the Water Authority and may include costs of purchasing treated water from MWD, and the Levy and Olivenhain treatment plants and may recover certain other costs associated with the delivery of treated water. For CY 2011, the Melded M&I Treatment Rate will remain at its current level of \$215/AF.

Table 4 – Melded M&I Treatment Rate Calculation

	<u>CY 2011</u>
Acre-Foot Sales (A/F) (000's)*	
MWD	75.4
Water Authority	87.4
Helix	25.0
Olivenhain	6.0
TOTAL A/F SALES	193.8
Cost (in Millions)	
MWD	\$17.8
Water Authority	18.8
Helix	3.4
Olivenhain	1.8
TOTAL TREATMENT COSTS	\$41.6
A/F RATE (Total Treatment Costs/Total A/F Sales)	\$215

* Includes SAWR treated water deliveries.

Transportation Rate. The Transportation Rate is a uniform rate set to recover capital, operating and maintenance costs of the Authority's aqueduct system including all facilities used to physically transport the water to member agency meters. The Transportation Rate is charged to each acre-foot of water delivered by the Authority as it occurs. All users, member agencies and third-party wheelers will pay the Transportation Rate. For CY 2011, the Transportation Rate will increase from its current level of \$67/AF to \$75/AF.

Water Authority's Transitional Special Agricultural Water Program Rates. For CY 2011, the untreated agricultural water rate will increase from its current level of \$484/AF to \$527/AF. The treated agricultural water rate will increase from \$699/AF in CY 2010 to \$742/AF in CY 2011.

MWD's Interim Agricultural Water Program Rates. For CY 2011, the untreated agricultural water rate will increase from its current level of \$416/AF to \$482/AF. The treated agricultural water rate will increase from \$615/AF in CY 2010 to \$687/AF in CY 2011.

Replenishment Rate. For CY 2011, the untreated replenishment water rate will increase from its current level of \$366/AF to \$409/AF. The treated replenishment water rate will increase from its current level of \$558/AF in CY 2010 to \$601/AF in CY 2011.

Infrastructure Access Charge. The Infrastructure Access Charge (IAC) was adopted in June 1998 as an additional source of fixed revenue to improve coverage of the Authority's projected fixed expenditures. The IAC is levied on all retail water meters within the

Authority's service area. For CY 2011, the IAC will increase from its current level of \$2.02/ME to \$2.49/ME.

Customer Service Charge. The Customer Service Charge is set to recover costs that are necessary to support the functioning of the Authority, to develop policies and implement programs that benefit the region as a whole. The Customer Service Charge will be allocated among the member agencies on the basis of each agency's three-year rolling average of all deliveries (including all users, member agencies and third-party wheeling throughput). For CY 2011, the Customer Service Charge will increase from its current level of \$18M to \$23.2M.

Storage Charge. The Storage Charge is set to recover costs associated with the Emergency Storage Program. The Storage Charge is based on all non-agricultural water deliveries and will be allocated among the member agencies using a pro rata share of each agency's three-year rolling average deliveries (including all users, member agencies and third-party wheeling throughput). For CY 2011, the Storage Charge will increase from its current level of \$34M to \$44.3M.

The following MWD rates and charges are passed on directly or allocated to the member agencies as follows;

MWD Capacity Charge. For CY 2011, the Capacity Charge is \$7,200 per cubic foot second (cfs) of maximum daily flow requested by a MWD member agency. The Capacity Charge is a fixed charge levied on an agency's maximum daily flows over the three previous fiscal years. It recovers the cost of providing peak capacity within the distribution system, and is designed to encourage member agencies to shift demands and avoid placing large daily peaks on the MWD system during the summer months. Daily flow measured between May 1 and September 30 for purposes of billing the Capacity Charge will include deliveries (except long-term seasonal storage deliveries) made by MWD to a member agency or member agency customer including water transfers, exchanges and agricultural deliveries. As part of a separate surface storage operating agreement to manage seasonal peaking, the Authority is expected to reserve its full available capacity. The Capacity Charge will be set at \$9,204,480. The Authority's Board has directed that the Capacity Charge will be recovered proportionally based on a five-year rolling average of member agency flows during coincident peak weeks.

Table 5 - Calendar Year 2011 MWD Capacity Charge Allocation (Capacity Charge)							
Member Agency	Coincident Peak Week Deliveries (AF) ¹					5-year average share ³	CY2011 Charge
	7/19/2005	7/18/2006	8/14/2007	7/15/2008	8/25/2009		
Carlsbad M.W.D.	499.8	539.3	565.8	527.3	429.3	3.4743%	319,790
Del Mar, City of	36.2	42.9	36.1	28.0	34.1	0.2405%	22,135
Escondido, City of	686.9	663.9	823.5	454.5	668.7	4.4726%	411,676
Fallbrook P.U.D.	508.8	545.5	562.9	333.9	450.8	3.2578%	299,864
Helix W.D.	463.3	536.0	558.8	789.6	861.7	4.3531%	400,677
Lakeside W.D. ²	115.4	146.3	95.5	66.3	96.1	0.7048%	64,869
Oceanside, City of	798.4	879.6	915.4	780.1	648.1	5.4547%	502,076
Olivenhain M.W.D.	678.4	699.7	700.6	606.5	553.1	4.3923%	404,285
Otay W.D.	1,093.6	1,184.1	1,082.8	1,016.7	871.0	7.1184%	655,210
Padre Dam M.W.D. ²	411.4	458.2	472.9	499.8	545.8	3.2391%	298,141
Pendleton M.R.	1.0	2.2	2.3	2.7	1.4	0.0130%	1,198
Poway, City of	365.4	336.8	378.6	365.5	220.3	2.2605%	208,066
Rainbow M.W.D.	939.8	970.9	839.1	616.3	865.7	5.7398%	528,318
Ramona M.W.D.	205.7	215.8	353.2	254.5	156.9	1.6088%	148,078
Rincon Del Diablo M.W.D.	235.1	251.0	231.0	204.1	204.1	1.5263%	140,488
San Diego, City of	4,293.5	4,181.8	5,176.0	5,523.8	4,932.0	32.6976%	3,009,646
San Dieguito W.D.	142.4	206.2	122.5	136.2	67.6	0.9154%	84,258
Santa Fe I.D.	280.3	401.8	296.9	335.3	187.9	2.0375%	187,542
Sweetwater Authority	-	-	-	-	443.3	0.6013%	55,344
Vallecitos W.D.	549.3	631.1	566.4	526.4	520.3	3.7890%	348,754
Valley Center M.W.D.	1,438.1	1,592.3	1,426.1	941.7	1,130.4	8.8551%	815,062
Vista I.D.	297.7	271.3	646.5	273.7	300.2	2.4271%	223,397
Yuima M.W.D.	136.4	164.8	193.7	81.2	29.5	0.8214%	75,606
Totals ¹	14,176.9	14,921.5	16,046.6	14,364.1	14,218.3	100.0000%	\$ 9,204,480

¹ Charge is allocated based on a five-year rolling average of member agency deliveries during regional peak weeks. Annual charges and totals may not foot due to rounding.

² Lakeside Water District's proportional share of annual peak week deliveries is based on actual meter delivery records provided by Padre Dam M.W.D.

³ Percentages shown are rounded. Totals may not foot.

Readiness-to-Serve Charge. MWD's Readiness-to-Serve Charge differs from the other MWD charges in that it is set on a Fiscal Year basis. The total Readiness-to-Serve Charge will increase from its current level of \$114 million to \$125 million in Fiscal Year 2010-2011. The Authority's share is set at \$31,291,362. After credits from the MWD Standby Charge, and administrative costs, the net Authority share is \$18,596,487. MWD's Readiness-to-Serve Charge will recover costs associated with standby and peak conveyance capacity and system emergency storage capacity. The Readiness-to-Serve Charge will be allocated among MWD member agencies on the basis of each agency's ten-year rolling average of firm demands (including water transfers and exchanges conveyed through system capacity). This allocation will be revised each year. Revenues equal to the amount of MWD Standby Charges will continue to be credited against the member agency's Readiness-to-Serve Charge obligation unless a change is requested by the member agency. The Board has directed that the Authority's Readiness-to-Serve Charge will be passed through proportionally to member agencies on the basis of each agency's ten-year rolling average of firm demands (including water transfers and exchanges conveyed through system capacity).

Table 6 - Readiness-to-Serve Charge Allocation					
Member Agency	10-Year Average Deliveries (AF)¹	FY11 RTS Charge²	Net Stand-By Charge Credits³	FY11 RTS Net Charge	Monthly Charge
Carlsbad M.W.D.	19,635	\$ 1,183,095	\$ (392,426)	790,669	\$ 65,889
Del Mar, City of	1,357	81,765	(24,722)	57,043	4,754
Escondido, City of	21,549	1,298,422	(224,248)	1,074,174	89,515
Fallbrook P.U.D.	9,278	559,040	(283,011)	276,029	23,002
Helix W.D.	37,379	2,252,248	(791,588)	1,460,660	121,722
Lakeside W.D. ⁴	4,563	274,941	(168,950)	105,991	8,833
Oceanside, City of	29,194	1,759,066	(657,702)	1,101,364	91,780
Olivenhain M.W.D.	21,144	1,274,018	(420,270)	853,748	71,146
Otay W.D.	36,299	2,187,174	(958,810)	1,228,364	102,364
Padre Dam M.W.D. ⁴	14,881	896,645	(538,468)	358,177	29,848
Pendleton Military Reservation	78	4,700	(34)	4,666	389
Poway, City of	14,161	853,262	(284,349)	568,913	47,409
Rainbow M.W.D.	10,017	603,568	(542,890)	60,678	5,057
Ramona M.W.D.	7,600	457,933	(403,112)	54,821	4,568
Rincon Del Diablo M.W.D.	7,536	454,077	(309,887)	144,190	12,016
San Diego, City of	212,950	12,831,169	(4,350,303)	8,480,866	706,737
San Dieguito W.D.	5,149	310,250	(162,495)	147,755	12,313
Santa Fe I.D.	9,297	560,185	(150,580)	409,605	34,134
Sweetwater Authority	11,388	686,177	(424,161)	262,016	21,835
Vallecitos W.D.	16,219	977,266	(430,481)	546,785	45,565
Valley Center M.W.D.	10,549	635,623	(683,996)	(48,373)	(4,031)
Vista I.D.	18,328	1,104,342	(407,615)	696,727	58,061
Yuima M.W.D.	11	663	(84,851)	(84,188)	(7,016)
Contract Water	759	45,733	74	45,807	3,817
Totals	519,321	\$ 31,291,362	\$ (12,694,875)	\$ 18,596,487	\$ 1,549,707

¹10-year rolling average of firm MWD deliveries based on FY00-FY09 period and rounded to nearest acre-foot. Annual and monthly charges are rounded to nearest dollar.

²Effective date is July 1, 2010.

³Net of \$12,745,381 in standby-charge credits and \$50,505 in MWD administrative fees.

⁴Lakeside W.D. is allocated 23.83% of Padre Dam M.W.D's deliveries prior to January 2008. Lakeside W.D's deliveries after January 2008 are being metered seperately from Padre Dam M.W.D's deliveries.

After consideration of public comments at the Public Hearing on June 24, 2010, the staff recommends that the Board adopt ordinances setting the water rates and charges for the next calendar year and continuing the existing Standby Availability Charge.

Prepared by: David G. Shank, Financial Planning Manager

Reviewed by: Eric Sandler, Director of Finance/Treasurer

Approved by: Sandra L. Kerl, Deputy General Manager

Attachment: Ordinance 2010-__ (Rate Ordinance)
 Resolution 2010-__ (Standby Availability Charge Resolution)

ORDINANCE NO. 2010-

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE SAN DIEGO COUNTY WATER AUTHORITY SETTING RATES AND CHARGES FOR THE DELIVERY AND SUPPLY OF WATER, USE OF FACILITIES AND PROVISION OF SERVICES

WHEREAS, Subdivision (11) of Section 5 of the County Water Authority Act provides, in part that, the Authority's Board of Directors, "as far as practicable, shall provide each of its member agencies with adequate supplies of water to meet their expanding and increasing needs;" and

WHEREAS, Subdivision (13) of Section 5 of the County Water Authority Act provides that the Authority may: "Fix, revise, and collect rates or other charges for the delivery of water, use of any facilities or property, or provision of services. In fixing rates, the Board may establish reasonable classifications among different classes and conditions of service, but rates shall be the same for similar classes and conditions of service." and

WHEREAS, subdivision (j) of Section 7 of the County Water Authority Act provides in part, that the Authority's Board of Directors, "as far as practicable, shall fix such rate or rates for water as will result in revenues which will pay the operating expenses of the Authority, provide for required maintenance, and provide for the payment of the interest and principal of the bonded debt;" and

WHEREAS, the Long-Range Financing Plan adopted by the Board of Directors contemplates the establishment of sufficient rates and charges, when considered along with taxes and other revenues of the Authority, to provide revenues for accomplishment of the Authority's purposes and programs as determined by the Board of Directors; and

WHEREAS, pursuant to the County Water Authority Act, the Board of Directors has adopted ordinances and resolutions levying and fixing property taxes, water standby availability charges and other rates and charges for delivery and supply of water, use of facilities and provision of other services by the Authority, including, without limitation, a system capacity charge, water treatment capacity charge, an infrastructure access charge, a readiness-to-serve charge and a water rates and charges; and

WHEREAS, the Board of Directors, upon recommendation of the Rate Study Subcommittee and the Fiscal Policy Committee, enacted Ordinance 2002-03, "An Ordinance of the Board of Directors of the San Diego County Water Authority Setting Rates and Charges for the Delivery and Supply of Water, Use of Facilities and Provision of Services", which established a new structure for water rates and charges; and

WHEREAS, on May 26, 2005, the Board of Directors adopted Ordinance No. 2005-03 increasing the System Capacity Charge and establishing the Water Treatment Capacity Charge; and

WHEREAS, on May 21, 2002, the Authority filed a Notice of Exemption pursuant to the California Environmental Quality Act (CEQA) for the project described as "Establishment of water supply and delivery rates and charges including: Customer Service Charge, Emergency Storage Program Charge, Transportation Rate, Supply Service Charge, Capacity Reservation

Charge and Readiness-to-Serve Charge, and maintaining the Infrastructure Access Charge and Standby Availability Charge" stating the project is exempt from the requirements of CEQA pursuant to the statutory exemption of Public Resources Code Section 21080(b)(8) and stating as the reason therefore: "Project involves establishment of water rates, tolls, fares, or other charges for the purpose of meeting operating expenses, including employee wages and benefits; purchasing and leasing supplies, equipment, or materials; meeting financial reserve needs and requirements; or obtaining funds for capital projects within existing service areas."; and

WHEREAS, the adoption of this ordinance is exempt from CEQA for the same reason; and

WHEREAS, the Authority has adopted a policy of diversifying its supplies and in furtherance of that policy is evaluating several potential Authority programs to augment and enhance supplies from the Metropolitan Water District, including: local ocean water desalination, regional water treatment, and water transfers in addition to the transfer from the Imperial Irrigation District; and

WHEREAS, these potential new supply programs are incurring capital costs for research, development and planning, the costs of which are appropriately recovered through the Customer Service Charge subject to reimbursement from future revenues collected through the Supply Charge if and when a new supply is approved and implemented; and

WHEREAS, the Director of Finance has presented a report dated May 27, 2010 to the Administrative and Finance Committee describing the proposed rates and charges to be collected from the member agencies (the "Report"); and

WHEREAS, the Administrative and Finance Committee recommended that the proposed rates and charges set forth in the Report be considered by the Board along with public input; and

WHEREAS, the Clerk of the Board caused a notice to be published pursuant to Section 6066 of the Government Code in newspapers of general circulation printed and published within the Water Authority which fixed Thursday, June 24, 2010 at 9:00 a.m. or as soon thereafter as may practicably be heard, during the Administrative and Finance Committee meeting, in the Board room of the Water Authority, 4677 Overland Avenue, San Diego, California as the time and place for a public hearing to consider objections and protests to the schedule of charges as proposed by Resolution 2010-03; and

WHEREAS, the Board of Directors has considered the information contained in the Report, the testimony and other evidence presented during the public hearing, the recommendations of the Administrative and Finance Committee; and

WHEREAS, the Board of Directors hereby makes the following legislative findings and determinations:

1. The foregoing recitals are true and correct;
2. The rates and charges as proposed and recommended in the Report are exempt from the requirements of the California Environmental Quality Act pursuant to Public Resources Code Section 21080(b)(8);

3. Any and all protests to the rates and charges as proposed and recommended in the Report are overruled;
4. The Report is approved;
5. The rates and charges as proposed and recommended in the Report are reasonable, fair, proper and necessary to meet the Authority's revenue requirements and fund its capital, operations, maintenance and other costs.

NOW, THEREFORE, the Board of Directors of the San Diego County Water Authority does ordain as follows:

1. The Authority's revenues from taxes, water rates and charges consists of: ad valorem property taxes, including payments of member agencies in lieu of taxes; a standby availability charge levied pursuant to Section 5.2 of the County Water Authority Act, including payments of such charges pursuant to Section 5.3 of the County Water Authority Act; an infrastructure access charge levied pursuant to Section 5.00.050 (c) of the Administrative Code; a capacity charge levied pursuant to Section 5.9 of the County Water Authority Act according to Ordinance No. 2005-3; and water rates and charges having the following components as described in this ordinance: customer service, storage, transportation, treatment and supply.

2. Ad valorem taxes, the standby availability charge and the system and water treatment capacity charges are not affected by this ordinance. All other water rates and charges shall continue to be paid pursuant to existing authority until increased or adjusted as provided in this ordinance.

3. Commencing January 1, 2011, the amount of the Infrastructure Access Charge to be paid monthly by each member agency of the Authority, shall be \$2.49 per equivalent meter within the territory of the member agency and determined according to Table 1 attached hereto and made a part hereof.

4. Effective January 1, 2011, the Customer Service Charge is fixed at \$23,200,000. Commencing January 1, 2011 the amount of the monthly Customer Service Charge to be paid by each member agency shall be determined according to Table 2 attached hereto and made a part hereof.

5. Effective January 1, 2011, the Storage Charge is fixed at \$44,300,000. Commencing January 1, 2011 the amount of the monthly Storage Charge to be paid by each member agency to the Authority for Storage as set forth in Table 3 attached hereto and made a part hereof.

6. Effective January 1, 2011, the Transportation Rate is fixed at \$75 per acre-foot of water delivered by the Authority through Authority facilities. Member agencies shall pay the Transportation Rate in accordance with the procedures and processes of the Administrative Code relating to billing and payment of the Municipal and Industrial Water Rate.

7. Effective January 1, 2011, the Melded Municipal and Industrial Treatment Rate is fixed at \$215 per acre-foot.

8. (a) Each member agency shall reimburse the Authority on a per-acre foot of water delivered basis, except as otherwise provided in subdivisions (b) and (c), for rates, fees and charges of the Metropolitan Water District of Southern California, the Imperial Irrigation District, or other sources of supply that may become available to the Authority. It is the intent of the Authority to charge the melded rate for supply representing the cost of water to the Authority for the appropriate class of service. Effective January 1, 2011, the Melded Untreated Municipal and Industrial Supply Rate is \$597 per acre-foot to reflect the cost of the supply of untreated municipal and industrial water to the Water Authority.

(b) Effective January 1, 2011 as part of the Supply Charge, each member agency shall pay to the Authority a MWD Capacity Charge determined according to the method as set forth in the to Table 4 attached hereto and made a part hereof.

(c) Effective July 1, 2010 as part of the Supply Charge, each member agency shall pay a MWD Readiness-to-Serve Charge determined according to Table 5 attached hereto and made a part hereof.

(d) This section shall be administered in accordance with the Report approved by this ordinance.

9. For the purposes of this ordinance, including the tables, the City of National City and the South Bay Irrigation District are collectively referred to as Sweetwater Authority. Any reference in this ordinance to Sweetwater Authority as a member agency shall be construed as a reference to the City of National City and the South Bay Irrigation District.

10. This ordinance shall be effective upon adoption. In lieu of publication of the text of this ordinance, the Clerk of the Board may publish a summary prepared by the General Counsel.

11. The provisions of this ordinance shall prevail over any provisions of the Administrative Code relating to rates and charges to the extent of any conflict. All existing rates and charges shall continue in effect until adjusted as provided in this ordinance.

12. To the greatest extent possible the provisions of this ordinance shall be construed to be compatible with the provisions of Section 8.2 (e) of the Agreement Between the San Diego County Water Authority and the City of San Diego for the Emergency Storage Project (Joint Use of Lake Hodges Dam and Reservoir and of Section 8.2 (e) of the Agreement Between the San Diego County Water Authority and the City of San Diego for the Emergency Storage Project (Expansion of San Vicente Reservoir; however, the contract provisions shall control in the event of a conflict).

13. For the purposes of Section 6 of this ordinance, water delivered by the Authority through the following turnouts is deemed not to be “water delivered by the Authority through Authority facilities” – DeLuz 1, Fallbrook 3, Fallbrook 6, Rainbow 1, Rainbow 8, Rainbow 9 and Rainbow 10.

PASSED, APPROVED AND ADOPTED, this 24th day of June, 2010

AYES: Unless noted below all Directors voted aye.

NOES:

ABSTAIN:

ABSENT:

Bud Lewis, Chair

ATTEST:

Thomas V. Wornham, Secretary

I, Doria F. Lore, Clerk of the Board of the San Diego County Water Authority, certify that the vote shown above is correct and this Ordinance 2010- _____ was duly adopted at the meeting of the Board of Directors on the date stated above.

Doria F. Lore
Clerk of the Board

RESOLUTION NO. 2010-

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN DIEGO COUNTY WATER AUTHORITY CONTINUING THE WATER STANDBY AVAILABILITY CHARGE

The Board of Directors of the San Diego County Water Authority resolves as follows:

Pursuant to Government Code Section 54984.7 the Water Standby Availability Charge last imposed by Ordinance No. 2008-04 shall continue to be levied, imposed and administered as provided in that ordinance during fiscal year 2010-2011.

PASSED, APPROVED AND ADOPTED, this 24th day of June, 2010

AYES: Unless noted below all Directors voted aye.

NOES:

ABSTAIN:

ABSENT:

Bud Lewis, Chair

ATTEST:

Thomas V. Wornham, Secretary

I, Doria F. Lore, Clerk of the Board of the San Diego County Water Authority, certify that the vote shown above is correct and this Resolution No. 2010- _____ was duly adopted at the meeting of the Board of Directors on the date stated above.

Doria F. Lore
Clerk of the Board

Table 1 - Infrastructure Access Charge Allocation

Member Agency	IAC Equivalent Meters (ME) as of 12/31/09¹	Monthly Rate (\$/ME)	CY11 Annual Charge	Monthly Charge
Carlsbad M.W.D.	34,973	2.49	\$ 1,044,996	\$ 87,083
Del Mar, City of	2,505	2.49	74,844	6,237
Escondido, City of	34,668	2.49	1,035,876	86,323
Fallbrook P.U.D.	11,727	2.49	350,400	29,200
Helix W.D.	64,500	2.49	1,927,260	160,605
Lakeside W.D.	7,953	2.49	237,636	19,803
Oceanside, City of	55,690	2.49	1,664,016	138,668
Olivenhain M.W.D.	27,693	2.49	827,472	68,956
Otay W.D.	57,455	2.49	1,716,756	143,063
Padre Dam M.W.D.	25,971	2.49	776,016	64,668
Pendleton Military Reservation	-	2.49	-	-
Poway, City of	17,285	2.49	516,480	43,040
Rainbow M.W.D.	13,070	2.49	390,528	32,544
Ramona M.W.D.	10,587	2.49	316,344	26,362
Rincon Del Diablo M.W.D.	9,525	2.49	284,604	23,717
San Diego, City of	388,214	2.49	11,599,836	966,653
San Dieguito W.D.	14,798	2.49	442,164	36,847
Santa Fe I.D.	10,376	2.49	310,032	25,836
Sweetwater Authority	42,870	2.49	1,280,952	106,746
Vallecitos W.D.	25,404	2.49	759,072	63,256
Valley Center M.W.D.	15,003	2.49	448,284	37,357
Vista I.D.	34,925	2.49	1,043,556	86,963
Yuima M.W.D.	485	2.49	14,496	1,208
Totals	905,677		\$ 27,061,620	\$ 2,255,135

¹Equivalent meters rounded to nearest whole meter; annual and monthly charges rounded to nearest dollar.

Table 2 - Customer Service Charge Allocation

Member Agency	3-Year Average Deliveries (AF)¹	CY11 Annual Charge	Monthly Charge
Carlsbad M.W.D.	21,051	795,064	66,255
Del Mar, City of	1,292	48,797	4,066
Escondido, City of	25,838	975,862	81,322
Fallbrook P.U.D.	18,104	683,760	56,980
Helix W.D.	39,170	1,479,391	123,283
Lakeside W.D. ²	4,318	163,084	13,590
Oceanside, City of	32,417	1,224,340	102,028
Olivenhain M.W.D.	24,578	928,273	77,356
Otay W.D.	38,321	1,447,326	120,611
Padre Dam M.W.D. ²	15,771	595,647	49,637
Pendleton Military Reservation	77	2,908	242
Poway, City of	15,104	570,455	47,538
Rainbow M.W.D.	29,700	1,121,724	93,477
Ramona M.W.D.	11,012	415,906	34,659
Rincon Del Diablo M.W.D.	8,067	304,678	25,390
San Diego, City of	217,059	8,197,986	683,166
San Dieguito W.D.	4,656	175,850	14,654
Santa Fe I.D.	9,642	364,164	30,347
Sweetwater Authority	11,857	447,821	37,318
Vallecitos W.D.	20,566	776,746	64,729
Valley Center M.W.D.	43,037	1,625,442	135,454
Vista I.D.	18,641	704,042	58,670
Yuima M.W.D.	3,218	121,539	10,128
Contract Water	773	29,195	2,433
Totals	614,269	\$ 23,200,000	\$ 1,933,333

¹Three-year rolling average of firm and agricultural MWD deliveries based on FY07-FY09 period. Rounded to nearest acre-foot. Annual and monthly charges are rounded to nearest dollar.

²Lakeside W.D. is allocated 22.82% of Padre Dam M.W.D's deliveries prior to January 2008. Lakeside W.D's deliveries after January 2008 are being metered separately from Padre Dam M.W.D's deliveries.

Table 3 - Emergency Storage Charge Allocation

Member Agency	3-Year Average Deliveries (AF) ¹	CY11 Annual Charge	Monthly Charge
Carlsbad M.W.D.	20,307	\$ 1,682,952	\$ 140,246
Del Mar, City of	1,292	107,075	8,923
Escondido, City of	21,449	1,777,596	148,133
Fallbrook P.U.D.	9,768	809,527	67,461
Helix W.D.	39,170	3,246,232	270,519
Lakeside W.D. ²	4,286	355,204	29,600
Oceanside, City of	30,153	2,498,944	208,245
Olivenhain M.W.D.	23,677	1,962,242	163,520
Otay W.D.	38,240	3,169,158	264,097
Padre Dam M.W.D. ²	14,670	1,215,783	101,315
Pendleton Military Reservation	77	6,381	532
Poway, City of	14,617	1,211,391	100,949
Rainbow M.W.D.	11,666	966,825	80,569
Ramona M.W.D.	7,601	629,936	52,495
Rincon Del Diablo M.W.D.	7,518	623,058	51,922
San Diego, City of	216,575	17,948,754	1,495,730
San Dieguito W.D.	4,656	385,868	32,156
Santa Fe I.D.	9,432	781,681	65,140
Sweetwater Authority	11,857	982,654	81,888
Vallecitos W.D.	18,480	1,531,539	127,628
Valley Center M.W.D.	10,976	909,641	75,803
Vista I.D.	18,079	1,498,305	124,859
Yuima M.W.D.	(9)	(746)	(62)
Totals	534,537	\$ 44,300,000	\$ 3,691,668

¹Three-year rolling average of firm, non-agricultural MWD deliveries based on FY07-FY09 period. Rounded to the nearest acre-foot. Annual and monthly charges are rounded to nearest dollar.

²Lakeside W.D. is allocated 23.94% of Padre Dam M.W.D.'s deliveries prior to January 2008. Lakeside W.D.'s deliveries after January 2008 are being metered separately from Padre Dam M.W.D.'s deliveries.

**Table 4 - Calendar Year 2011 MWD Capacity Charge Allocation
(Capacity Charge)**

Member Agency	Coincident Peak Week Deliveries (AF) ¹					5-year average share ³	CY2011 Charge
	7/19/2005	7/18/2006	8/14/2007	7/15/2008	8/25/2009		
Carlsbad M.W.D.	499.8	539.3	565.8	527.3	429.3	3.4743%	319,790
Del Mar, City of	36.2	42.9	36.1	28.0	34.1	0.2405%	22,135
Escondido, City of	686.9	663.9	823.5	454.5	668.7	4.4726%	411,676
Fallbrook P.U.D.	508.8	545.5	562.9	333.9	450.8	3.2578%	299,864
Helix W.D.	463.3	536.0	558.8	789.6	861.7	4.3531%	400,677
Lakeside W.D. ²	115.4	146.3	95.5	66.3	96.1	0.7048%	64,869
Oceanside, City of	798.4	879.6	915.4	780.1	648.1	5.4547%	502,076
Olivenhain M.W.D.	678.4	699.7	700.6	606.5	553.1	4.3923%	404,285
Otay W.D.	1,093.6	1,184.1	1,082.8	1,016.7	871.0	7.1184%	655,210
Padre Dam M.W.D. ²	411.4	458.2	472.9	499.8	545.8	3.2391%	298,141
Pendleton M.R.	1.0	2.2	2.3	2.7	1.4	0.0130%	1,198
Poway, City of	365.4	336.8	378.6	365.5	220.3	2.2605%	208,066
Rainbow M.W.D.	939.8	970.9	839.1	616.3	865.7	5.7398%	528,318
Ramona M.W.D.	205.7	215.8	353.2	254.5	156.9	1.6088%	148,078
Rincon Del Diablo M.W.D.	235.1	251.0	231.0	204.1	204.1	1.5263%	140,488
San Diego, City of	4,293.5	4,181.8	5,176.0	5,523.8	4,932.0	32.6976%	3,009,646
San Dieguito W.D.	142.4	206.2	122.5	136.2	67.6	0.9154%	84,258
Santa Fe I.D.	280.3	401.8	296.9	335.3	187.9	2.0375%	187,542
Sweetwater Authority	-	-	-	-	443.3	0.6013%	55,344
Vallecitos W.D.	549.3	631.1	566.4	526.4	520.3	3.7890%	348,754
Valley Center M.W.D.	1,438.1	1,592.3	1,426.1	941.7	1,130.4	8.8551%	815,062
Vista I.D.	297.7	271.3	646.5	273.7	300.2	2.4271%	223,397
Yuima M.W.D.	136.4	164.8	193.7	81.2	29.5	0.8214%	75,606
Totals¹	14,176.9	14,921.5	16,046.6	14,364.1	14,218.3	100.0000%	\$ 9,204,480

¹Charge is allocated based on a five-year rolling average of member agency deliveries during regional peak weeks. Annual charges and totals may not foot due to rounding.

² Lakeside Water District's proportional share of annual peak week deliveries is based on actual meter delivery records provided by Padre Dam M.W.D.

³ Percentages shown are rounded. Totals may not foot.

Table 5 - Readiness-to-Serve Charge Allocation

Member Agency	10-Year Average Deliveries (AF) ¹	FY11 RTS Charge ²	Net Stand-By Charge Credits ³	FY11 RTS Net Charge	Monthly Charge
Carlsbad M.W.D.	19,635	\$ 1,183,095	\$ (392,426)	790,669	\$ 65,889
Del Mar, City of	1,357	81,765	(24,722)	57,043	4,754
Escondido, City of	21,549	1,298,422	(224,248)	1,074,174	89,515
Fallbrook P.U.D.	9,278	559,040	(283,011)	276,029	23,002
Helix W.D.	37,379	2,252,248	(791,588)	1,460,660	121,722
Lakeside W.D. ⁴	4,563	274,941	(168,950)	105,991	8,833
Oceanside, City of	29,194	1,759,066	(657,702)	1,101,364	91,780
Olivenhain M.W.D.	21,144	1,274,018	(420,270)	853,748	71,146
Otay W.D.	36,299	2,187,174	(958,810)	1,228,364	102,364
Padre Dam M.W.D. ⁴	14,881	896,645	(538,468)	358,177	29,848
Pendleton Military Reservation	78	4,700	(34)	4,666	389
Poway, City of	14,161	853,262	(284,349)	568,913	47,409
Rainbow M.W.D.	10,017	603,568	(542,890)	60,678	5,057
Ramona M.W.D.	7,600	457,933	(403,112)	54,821	4,568
Rincon Del Diablo M.W.D.	7,536	454,077	(309,887)	144,190	12,016
San Diego, City of	212,950	12,831,169	(4,350,303)	8,480,866	706,737
San Dieguito W.D.	5,149	310,250	(162,495)	147,755	12,313
Santa Fe I.D.	9,297	560,185	(150,580)	409,605	34,134
Sweetwater Authority	11,388	686,177	(424,161)	262,016	21,835
Vallecitos W.D.	16,219	977,266	(430,481)	546,785	45,565
Valley Center M.W.D.	10,549	635,623	(683,996)	(48,373)	(4,031)
Vista I.D.	18,328	1,104,342	(407,615)	696,727	58,061
Yuima M.W.D.	11	663	(84,851)	(84,188)	(7,016)
Contract Water	759	45,733	74	45,807	3,817
Totals	519,321	\$ 31,291,362	\$ (12,694,875)	\$ 18,596,487	\$ 1,549,707

¹10-year rolling average of firm MWD deliveries based on FY00-FY09 period and rounded to nearest acre-foot. Annual and monthly charges are rounded to nearest dollar.

²Effective date is July 1, 2010.

³Net of \$12,745,381 in standby-charge credits and \$50,505 in MWD administrative fees

⁴Lakeside W.D. is allocated 23.83% of Padre Dam M.W.D.'s deliveries prior to January 2008. Lakeside W.D.'s deliveries after January 2008 are being metered separately from Padre Dam M.W.D.'s deliveries.

June 16, 2010

Attention: Administrative and Finance Committee

Controller's Report on Monthly Financial Statements (Information)

Attached for review by the Administrative and Finance Committee and the Board of Directors are the Monthly Financial Statements for the ten months ended April 30, 2010 with a comparison to March 31, 2010.

- Statements of Net Assets – Assets, Liabilities, and Net Assets
- Statements of Revenues, Expenses, and Changes in Net Assets
- Cash and Investments by Fund
- Budget Status Report
- Graphs for Budget to Actual Comparison:
 - Operating Expenses by Department
 - Water Sales and Capacity Charges

The Budget Status Report compares the budget to actual expenses through the current month of the fiscal year and prior year on a budgetary basis. Explanations for material variances are provided below.

Revenues

Gross water sales for the ten months ended April 30, 2010 are 396,215 acre-feet or \$311.8 million. This represents a continued trend of lower than projected water sales revenue versus the adopted budget. The reduction of water sales are primarily due to mandatory restrictions, continued water conservation efforts across the region, the economy, and increased rainfall, thereby reducing the need for outdoor irrigation.

Property taxes and in-lieu charges revenue of \$9.0 million are on target at 86.2 percent of budget. Property taxes increased by \$2.3 million in April due to semi-annual receipts. However, this amount is partially offset by a second transfer of \$344,134 made in April to the State's supplemental revenue augmentation fund, for a total transfer this fiscal year in the amount of \$688,268. In-lieu charges revenue increased by \$0.4 million due to the receipt from the City of San Diego's quarterly payment. Investment income received in April increased by \$2.6 million primarily due to investment income received from the Series 2010 B bond proceeds and the pooled funds. Total investment income of \$6.8 million is trending lower than budget at 60.2 percent. It is anticipated that year-end receipts will be in-line with the budget due to anticipated investment income from the Series 2010 bond proceeds. Hydroelectric revenue of \$0.9 million generated by the Rancho Penasquitos Pressure Control Facility is trending lower than budget at 70.1 percent due to facility maintenance and reduced demand. Other income of \$5.7 million is trending lower than

budget at 44.2 percent. Other income includes \$2.7 million received from the U.S. Treasury for a bi-annual subsidy for the Water Revenue Bonds, Series 2010B debt service payment and \$1.7 million received from Zurich American Insurance for CH2M Hill settlement agreement on the Twin Oaks Water Treatment Plant. The Taxable Build America Bonds provide for a federal subsidy in an amount equal to 35 percent of the total interest payable. Capacity charges revenue received in April increased by \$2.4 million primarily due to the quarterly receipts from member agencies. Capacity charges revenue of \$10.2 million is trending higher than budget due to a greater number of meter permits issued by the member agencies than anticipated. Water standby availability charges revenue of \$7.0 million is less than budget at 63.0 percent, as revenue received occurs on a cyclical basis. Contributions in aid of capital assets of \$3.3 million are trending higher than budget due to the invoice payment received for the completion of the Padre Dam 7 Flow Control Facility in February.

Expenditures

Water purchases of \$235.0 million include \$19.1 million for 53,332 acre-feet of water purchased from the Imperial Irrigation District (IID), as well as \$36.6 million for Metropolitan Water District's wheeling charges related to IID, Coachella Canal and All-American Canal water. Capital expenditures and operating expenditures are trending less than budget at 61.8 percent and 68.5 percent, respectively, due to the timing of payment processing. The General Counsel Department is currently trending higher than budget at 141.0 percent due to the amount of legal services rendered to date, primarily associated with the Quantification Settlement Agreement (QSA) litigation. These types of expenditure levels were not anticipated for 2010 and will likely continue in 2011. An amendment to the General Counsel's budget is scheduled to be presented with the mid-term budget update to reallocate funds to the department's operating budget by transferring savings from other departments.

Leanne B. Wade, Controller

San Diego County Water Authority
Statements of Net Assets
As of April 30, and March 31, 2010

	April	March
Assets:		
Current assets:		
Cash and investments	\$ 76,081,325	\$ 58,346,244
Restricted cash and investments	561,187,783	540,388,617
Water receivables	56,770,150	49,568,791
Interest receivable	3,493,983	3,493,983
Taxes receivable	592,693	592,693
Other receivables	2,191,462	2,276,925
Inventories	24,925,558	25,241,104
Prepaid water	4,615,500	4,615,500
Total current assets	729,858,454	684,523,857
Noncurrent assets:		
Cash and investments	37,678,064	90,620,316
Restricted cash and investments	267,707,668	312,532,997
Deferred charges	193,672	180,938
Advances to other agencies	5,851,368	5,316,581
Retention receivable	2,081,304	2,081,304
Long-term loan receivables	20,688,268	20,344,134
Unamortized bond issuance costs	17,706,161	17,747,983
Capital assets:		
Land	14,157,615	14,157,615
Construction in progress	1,381,304,758	1,358,561,706
Work in progress	749,954	749,017
Plant and equipment, net	1,145,061,417	1,147,054,713
Intangible assets, net	117,210,544	117,709,028
Total noncurrent assets	3,010,390,793	3,087,056,332
Total assets	3,740,249,247	3,771,580,189
Liabilities:		
Current liabilities:		
Accounts payable and other liabilities	46,507,392	39,371,521
Interest payable	-	29,420,053
Construction deposits	1,018,377	1,018,377
Commercial paper	460,000,000	460,000,000
Current portion of long-term liabilities	7,440,320	13,871,166
Total current liabilities	514,966,089	543,681,117
Noncurrent liabilities:		
Long-term liabilities	2,098,431,433	2,098,478,286
Total noncurrent liabilities	2,098,431,433	2,098,478,286
Total liabilities	2,613,397,522	2,642,159,403
Net assets:		
Invested in capital assets, net of related debt	204,760,298	168,453,263
Restricted for construction projects	759,236,226	783,262,339
Restricted for debt service	69,659,226	69,659,276
Unrestricted	93,195,975	108,045,908
Total net assets	\$ 1,126,851,725	\$ 1,129,420,786

San Diego County Water Authority
Statements of Revenues, Expenses, and Changes in Net Assets
Months Ended April 30, and March 31, 2010

	<u>April</u>	<u>March</u>
Operating revenues:		
Water sales	\$ 311,787,369	\$ 284,040,878
Total operating revenues	<u>311,787,369</u>	<u>284,040,878</u>
Operating expenses:		
Cost of sales	234,992,918	213,947,239
Depreciation and amortization	24,631,837	22,240,317
Operations and maintenance	12,064,730	11,025,596
Planning	6,343,493	5,737,335
General and administrative	12,528,662	11,516,048
Total operating expenses	<u>290,561,640</u>	<u>264,466,535</u>
Operating income	<u>21,225,729</u>	<u>19,574,343</u>
Nonoperating revenues (expenses):		
Property taxes and in-lieu charges	8,981,232	6,254,500
Infrastructure access charges	17,582,140	15,752,680
Investment income	7,242,056	4,644,507
Other income	6,632,386	6,481,013
Interest expense	(72,449,490)	(58,632,564)
Other expenses	(9,543,372)	(8,823,409)
Total nonoperating revenues (expenses)	<u>(41,555,048)</u>	<u>(34,323,273)</u>
Income before capital contributions	<u>(20,329,319)</u>	<u>(14,748,930)</u>
Capital contributions:		
Capacity charges	10,167,458	7,787,179
Water standby availability charges	7,023,267	6,407,886
Contributions in aid of capital assets	3,324,864	3,309,196
Total capital contributions	<u>20,515,589</u>	<u>17,504,261</u>
Changes in net assets	<u>186,270</u>	<u>2,755,331</u>
Net assets at beginning of year	<u>1,126,665,455</u>	<u>1,126,665,455</u>
Net assets at end of month	<u>\$ 1,126,851,725</u>	<u>\$ 1,129,420,786</u>

**San Diego County Water Authority
Schedule of Cash and Investments
As of April 30, and March 31, 2010**

	<u>April</u>	<u>March</u>
Operating Fund	\$ 48,621,396	\$ 84,058,396
Stored Water Fund	12,009,873	11,966,709
Equipment Replacement Fund	9,578,265	9,545,452
Rate Stabilization Fund	<u>43,549,855</u>	<u>43,396,003</u>
Total Unrestricted Funds *	<u>113,759,389</u>	<u>148,966,560</u>
Pay As You Go Fund*	139,199,955	136,142,508
CIP/Bond Construction Funds	620,036,271	647,119,830
Debt Service Reserve Funds	<u>69,659,225</u>	<u>69,659,276</u>
Total Restricted Funds	<u>828,895,451</u>	<u>852,921,614</u>
Total Cash and Investments	<u><u>\$ 942,654,840</u></u>	<u><u>\$ 1,001,888,174</u></u>

* Total Unrestricted Funds and the Pay As You Go Fund represent the Pooled Funds in the Treasurer's Report. The Treasurer's Report as of April 30, 2010 does not include a reimbursement from the CIP/Bond Construction Fund to the Pooled Funds of \$2.5 million for expenditures incurred.

**San Diego County Water Authority
Budget Status Report
For the 10 Months Ended April 30, 2010**

	Adopted Budget	Year-to-Date Budget (a) 10/12 months (83.3%)	Actual Fiscal Year 2010 Revenues/Expenditures Period-to-Date Budgetary Basis	Actual Fiscal Year 2008 Revenues/Expenditures Period-to-Date Budgetary Basis	Remaining Budget	% Actual Revenues/Expenditures Period-to-Date Budgetary Basis
Revenues and Other Funding Sources/Uses						
Water sales	\$ 450,564,000	\$ 374,188,936 (b)	\$ 311,787,369	\$ 280,187,795	\$ 138,776,631	69.2%
Infrastructure access charges	21,292,000	17,743,333	17,582,140	14,417,093	3,709,860	82.6%
Property taxes and in-lieu charges	10,423,000 (c)	8,685,833	8,981,232	9,138,937	1,441,768	86.2%
Investment income	11,254,000 (d)	9,378,333	6,772,997	19,418,335	4,481,003	60.2%
Hydroelectric revenue	1,300,000 (e)	1,083,333	910,892	815,797	389,108	70.1%
Other income	12,932,000 (f)	10,776,667	5,721,494	5,728,657	7,210,506	44.2%
Capital contributions:						
Capacity charges	6,200,000 (g)	6,200,000	10,167,458	24,068,555	(3,967,458)	164.0%
Water standby availability charges	11,145,000 (h)	9,287,500	7,023,267	6,986,676	4,121,733	63.0%
Contributions in aid of CIP	90,000 (i)	75,000	3,324,864	2,005,958	(3,234,864)	3694.3%
Subtotal revenues and capital contributions	525,200,000	437,418,935	372,271,713	362,767,803	152,928,287	70.9%
Other funding sources/uses	250,978,000	196,106,805	140,784,532	177,627,359	110,193,468	56.1%
Total Revenues and Other Funding Sources/Uses	\$ 776,178,000	\$ 633,525,740	\$ 513,056,245	\$ 540,395,162	\$ 263,121,755	66.1%
Expenditures						
Water purchases & treatment	\$ 348,942,000	\$ 277,495,740 (b)	\$ 234,992,918	\$ 217,694,154	\$ 113,949,082	67.3%
Stored water purchases	4,840,000	4,033,333	-	10,000,000	4,840,000	0.0%
Capital improvement program (CIP)	258,590,000	215,491,667	159,854,412	185,281,005	98,735,588	61.8%
Debt service	93,043,000 (j)	77,535,833	70,485,179	88,411,807	22,557,821	75.8%
QSA mitigation	11,082,000 (k)	9,235,000	8,141,875	5,599,469	2,940,125	73.5%
Equipment replacement	1,678,000	1,398,333	267,521	370,516	1,410,479	15.9%
Other expenditures	12,823,000 (l)	10,685,833	8,377,456	5,009,863	4,445,544	65.3%
Operating departments/programs	45,180,000 (m)	37,650,001	30,936,884	28,028,348	14,243,116	68.5%
Total Expenditures	\$ 776,178,000	\$ 633,525,740	\$ 513,056,245	\$ 540,395,162	\$ 263,121,755	66.1%
Operating Departments/Programs						
Administrative Services	\$ 5,504,700	\$ 4,587,250	\$ 4,269,517	\$ 3,132,372	\$ 1,235,183	77.6%
Colorado River Programs	1,318,100	1,098,417	948,592	1,136,633	369,508	72.0%
Engineering	884,100	736,750	643,294	998,206	240,806	72.8%
Finance	2,219,000	1,849,167	1,676,645	1,517,526	542,355	75.6%
General Counsel	1,564,600	1,303,833	2,205,628	1,020,885	(641,028)	141.0%
General Manager & Board of Directors	2,563,900	2,136,583	2,006,449	1,899,689	557,451	78.3%
Human Resources	1,253,200	1,044,333	823,369	671,303	429,831	65.7%
MWD Program	1,303,100	1,085,917	936,952	787,770	366,148	71.9%
Operations & Maintenance	13,700,000	11,416,667	9,342,370	8,622,466	4,357,630	68.2%
Public Affairs	2,120,000	1,766,667	1,547,054	1,635,646	572,946	73.0%
Right of Way	2,779,300	2,316,083	2,079,066	1,607,926	700,234	74.8%
Water Conservation Program	5,118,200	4,265,167	1,790,645	1,311,042	3,327,555	35.0%
Water Resources	4,851,800	4,043,167	2,667,303	3,686,884	2,184,497	55.0%
Total Operating Departments/Programs	\$ 45,180,000 (m)	\$ 37,650,001	\$ 30,936,884	\$ 28,028,348	\$ 14,243,116	68.5%

(a) Year-to-date budget amounts are 10/12ths of the annual budget unless noted below.

(b) Water sales and water purchases are based on projected acre-feet per month. For seasonal water forecasts refer to the Cumulative Water Sales by Acre-Feet (AF) table.

(c) Property taxes are primarily received in December and April. In-lieu charges in the amount of \$407,321 are received quarterly.

(d) Investment income excludes unrealized gains or losses.

(e) Hydroelectric sales include Rancho Penasquitos Hydroelectric Plant.

(f) Other income includes grants, conservation programs and other miscellaneous revenues.

(g) Capacity charges are received quarterly in July, October, January and April.

(h) Water Standby availability charges are received in January and May.

(i) Contributions in aid of CIP includes East County Regional Treated Water Improvements.

(j) The majority of the Debt Service payments are due in October and April. Debt Service includes principal, interest expense, and debt service fees. Amortization expense relating to premiums and discounts on long-term debt are excluded.

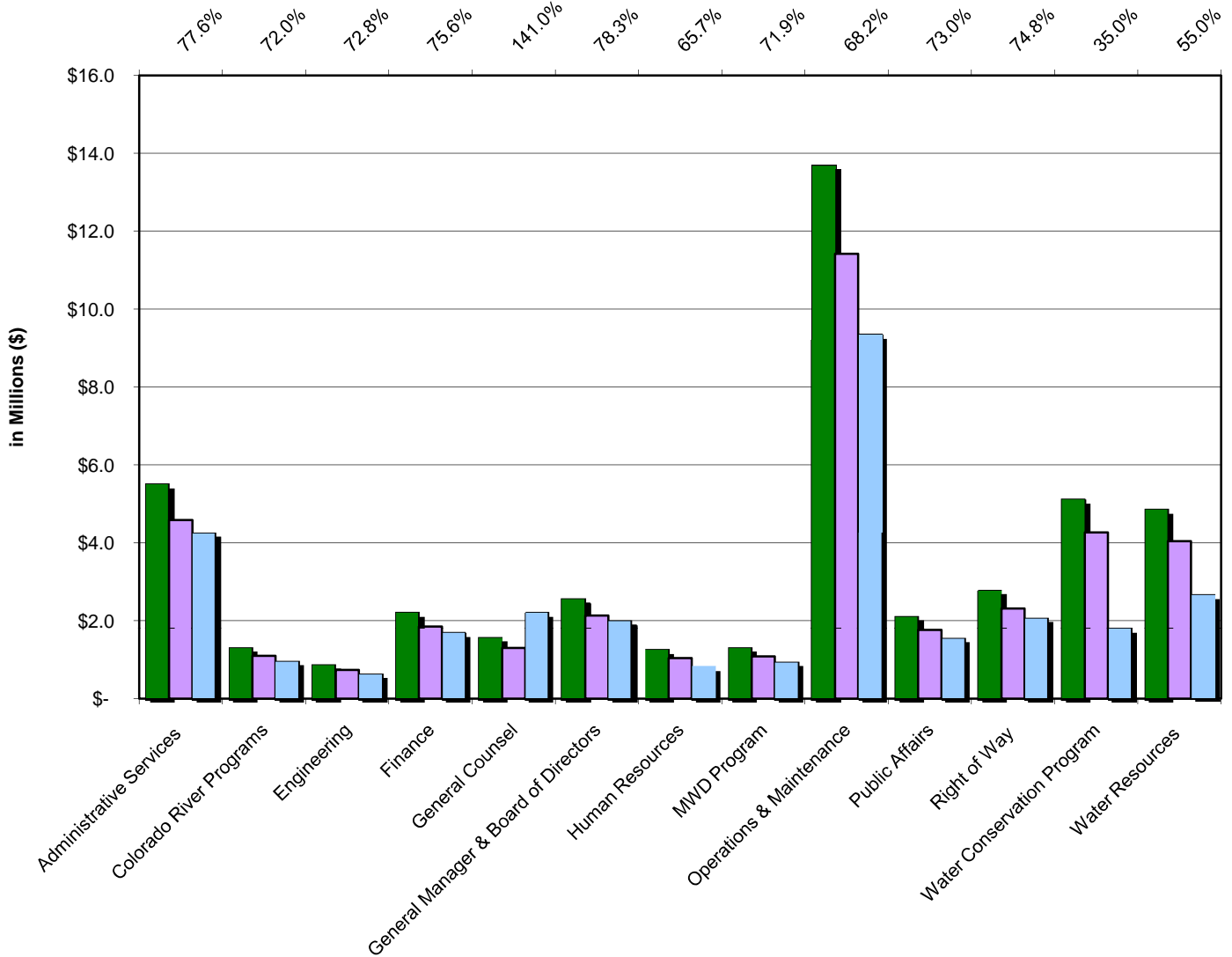
(k) The QSA mitigation payments scheduled for FY2010 are: QSA-JPA payment of \$8.1M in December, and IID socioeconomic settlement payment of \$2.9M in June.

(l) Other expenditures include costs incurred for grants, conservation programs and other miscellaneous expenditures.

(m) Amounts include capital equipment purchases.

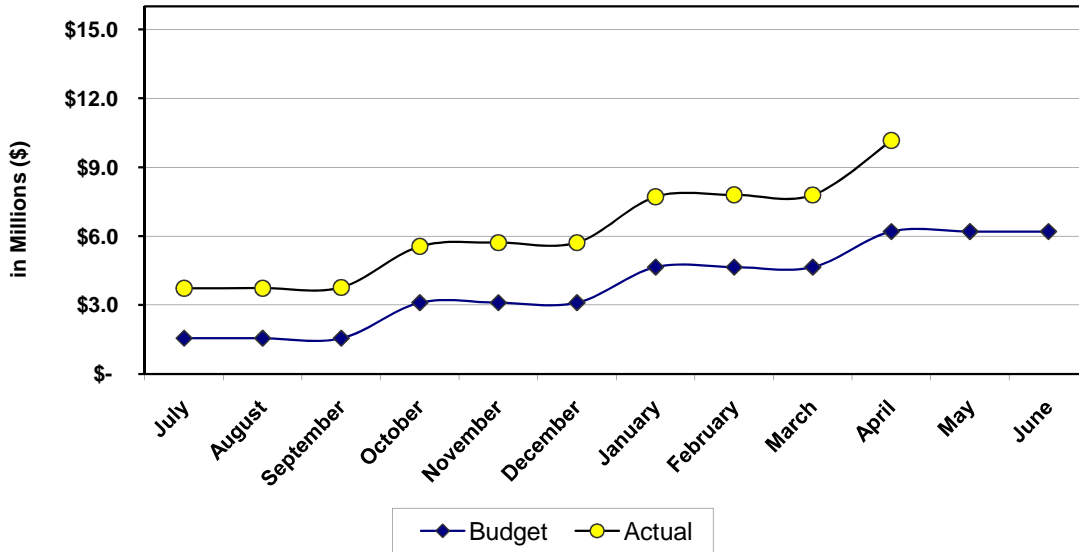
**San Diego County Water Authority
 Comparison of Adopted Budget and Year-to-Date Budget (83.3% Overall)
 to Actual Operating Expenditures by Department
 For the 10 Months Ended April 30, 2010**

in Percentages (%)

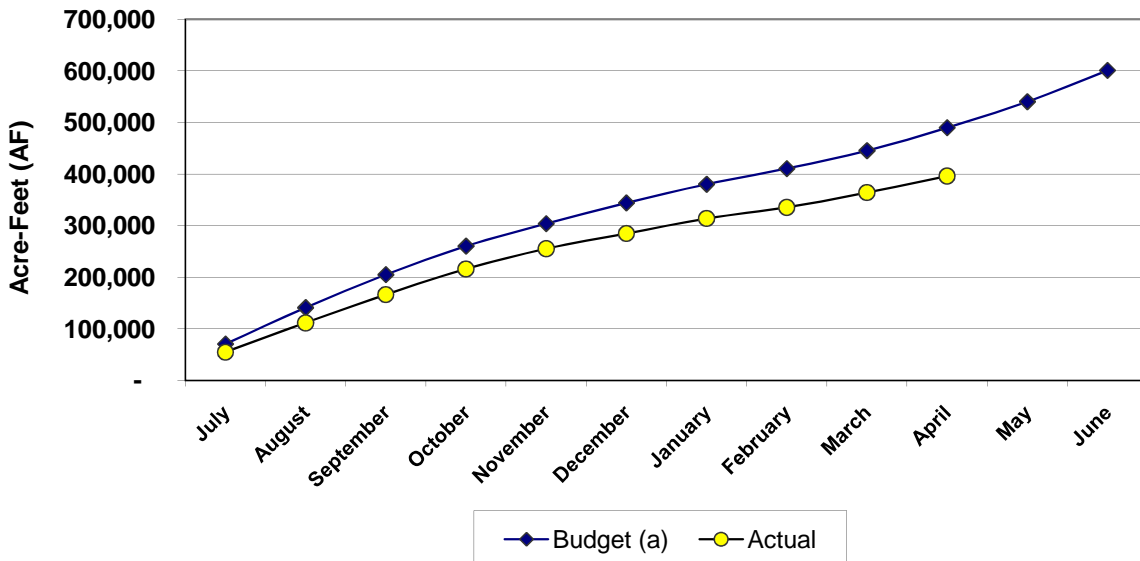


■ Adopted Budget
 ■ Year-To-Date Budget
 ■ Actual Operating Expenditures Period-to-Date

**CAPACITY CHARGES
Budget Versus Actual
for the 10 Months Ended April 30, 2010**



**WATER SALES
Budget Versus Actual
for the 10 Months Ended April 30, 2010**



Fiscal Year 2010 Cumulative Water Sales (AF)

Months	July	August	September	October	November	December	January	February	March	April	May	June
Budget (a)	70,476	140,959	204,870	260,170	303,733	343,957	380,091	410,411	445,174	489,533	540,069	600,753
Actual	54,717	111,476	166,277	215,946	255,185	284,634	313,779	335,473	364,072	396,215		
AF Difference (b)	(15,759)	(29,483)	(38,593)	(44,224)	(48,548)	(59,324)	(66,312)	(74,938)	(81,102)	(93,318)		
Cum. Actual AF												
% Difference (b/a)	-22.4%	-20.9%	-18.8%	-17.0%	-16.0%	-17.2%	-17.4%	-18.3%	-18.2%	-19.1%		



San Diego County Water Authority

BOARD CALENDAR

JULY 2010

- 7 MWD Delegates – 11:30 a.m.
- 8 Tentative Special Board meeting – 1:30 p.m.
- 22 Regular Board meeting – 3:00 p.m.

AUGUST 2010

- 11 MWD Delegates – 11:30 a.m.
- 12 Tentative Special Board meeting – 1:30 p.m.
- 26 Regular Board meeting – 3:00 p.m.

SEPTEMBER 2010

- 8 MWD Delegates – 11:30 a.m.
- 8 SCOOP – 1:30 p.m.
- 9 **Rosh Hashanah – (No Special Board meeting this month)**
- 23 Regular Board meeting – 3:00 p.m.

6/16/2010



June 16, 2010

Attention: Administrative and Finance Committee

**CLOSED SESSION:
Conference with Labor Negotiator, Government Code §54957.6**

Agency Designated Representatives: Frank Belock, Susan Leone

**Employee Organization: California Teamsters Public, Professional and Medical
Employees Union Local 911**

Purpose

The General Manager has asked that the above-referenced closed session be scheduled for the Administrative and Finance Committee at the June 24, 2010, Board meeting.

A closed session has also been included on the agenda of the formal Board of Directors' meeting. Unless the Board desires additional discussion, it is not staff's intention to ask for a closed session with the full Board at that time, but staff may request action to confirm directions given or action recommended by the committee.

Prepared by: Daniel S. Hentschke, General Counsel