

**ADMINISTRATIVE AND FINANCE COMMITTEE**

AGENDA FOR

**MAY 27, 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. Procedures for Acquisitions and Contracts. Marilyn Young/  
Dan Hentschke  
Staff recommendation:
  - a) Adopt Ordinance No. 2010-\_\_\_\_\_ an ordinance of the Board of Directors of the San Diego County Water Authority amending various sections of Article 4, Chapter 4.04 of the Administrative Code to delete authorization to award contracts based on vendor lists and making other technical and clean-up amendments.
  - b) Retain the current limits for the General Manager’s emergency contracting authority. (Action)



II. ACTION/DISCUSSION

1. Resolution setting a Public Hearing date for the Water Authority's proposed calendar year 2011 rate and charge increases. Eric Sandler  
Staff recommendation: Adopt Resolution No. 2010-\_\_\_ setting the time and place for a public hearing on June 24, 2010, at 9:00 a.m., or as soon thereafter as may practicably be heard, during the Administrative and Finance Committee meeting, to receive comments regarding establishing a Melded Supply Rate, a Melded Treatment Rate, a Transportation Rate, the Special Agricultural Water Program rates, a Customer Service Charge, a Storage Charge and an Infrastructure Access Charge to be effective January 1, 2011 for calendar year 2011. (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.



May 19, 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 April 30, 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 very high quality investments, with 91 percent currently invested in AAA-rated securities. The Water Authority's overall portfolio yield increased to 0.73 percent in April 2010, and it continues to exceed the investment benchmark of 0.41 percent in April 2010. The portfolio size reached \$1 billion in February 2010, the result of the Water Authority's recent issuance of the Series 2010A & B Bonds, which added \$576 million in proceeds (net of the defeasance) to the portfolio. These proceeds will fund the Capital Improvement Program over the next two 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.

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Eric Sandler, Director of Finance/Treasurer

**PORTFOLIO MASTER SUMMARY**  
as of April 30, 2010

**PORTFOLIO PERCENTAGES**

Investment Type	Permitted By Board Policy	Actual Percentage	Actual Amount
Local Agency Investment Fund (LAIF)	\$40 Million	7.98%	\$ 19,927,050
Banker's Acceptances	20%	0.00%	-
Treasury Securities	15% - Minimum	29.25%	73,025,249
Agency Securities	85%	35.22%	87,956,685
Reverse Repurchase Agreements	20%	0.00%	-
Certificates of Deposit (CDARS)	15%	0.80%	2,000,000
Negotiable Certificates of Deposit	15%	0.00%	-
Commercial Paper	25%	6.00%	14,989,389
Medium Term Notes/Corporates	30%	0.00%	-
JPA Pools (CAMP)	25%	20.27%	50,618,965
Money Market Funds	15%	0.48%	1,197,548
		<u>100.00%</u>	<u>\$ 249,714,886</u>
Accrued Interest (unavailable for investing)			11,667
Checking/Petty Cash/Available Funds (unavailable for investing)			459,498
<b>Subtotal for Pooled Funds:</b>			<u>\$ 250,186,051</u>
<b><u>Bond/CP Fund Excluded from Portfolio Percentages:</u></b>			
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)			59,763,127
Money Market Funds and Cash			11
			<u>\$ 621,397,330</u>
Accrued Interest (unavailable for investing)			466,673
<b>Subtotal for Bond/CP Fund (available for CIP expenditures):</b>			<u>\$ 621,864,003</u>
<b><u>Debt Service Reserve (DSR) Funds Excluded from Portfolio Percentages:</u></b>			
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
<b>Subtotal for Debt Service Reserve Funds (unavailable for CIP expenditures):</b>			<u>\$ 69,673,503</u>
<b>Total Cash and Investments</b>			<u><b>\$ 941,723,557</b></u>

**PORTFOLIO INFORMATION**

	Pooled Funds **	Bond/CP Fund	Debt Service Reserve	Total *
Portfolio Yield to Maturity - 365 Days	0.56%	0.57%	2.74%	0.73%
Average Term	321	262	202	273
Average Days to Maturity (730 Days Maximum)	220	222	68	210
<b>Accrued Interest Earnings (Cash and Investments):</b>				
Month Ended April 2010 ***	\$ (387,212)	\$ 708,341	\$ 218,164	\$ 539,293
Fiscal Year to Date	\$ 1,591,557	\$ 2,471,080	\$ 1,599,756	\$ 5,662,393
Total Cash and Investments	\$ 250,186,051	\$ 621,864,003	\$ 69,673,503	\$ 941,723,557

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

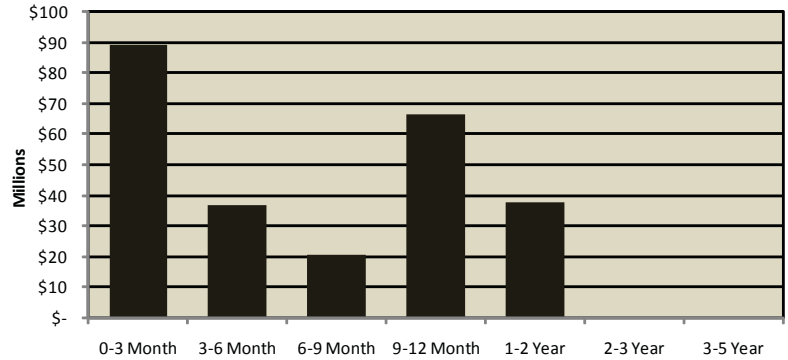
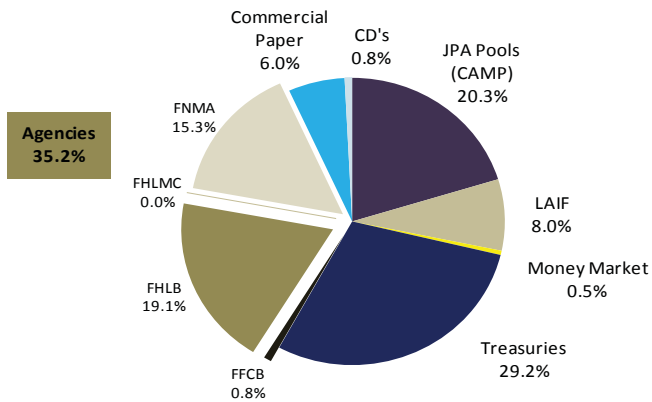
\*\* Pooled Funds include Operating, Pay Go, RSF and Equipment.

\*\*\* Interest earnings have been reduced by the premiums that were paid at the time of purchase for investments that matured in April 2010.

Asset Allocation

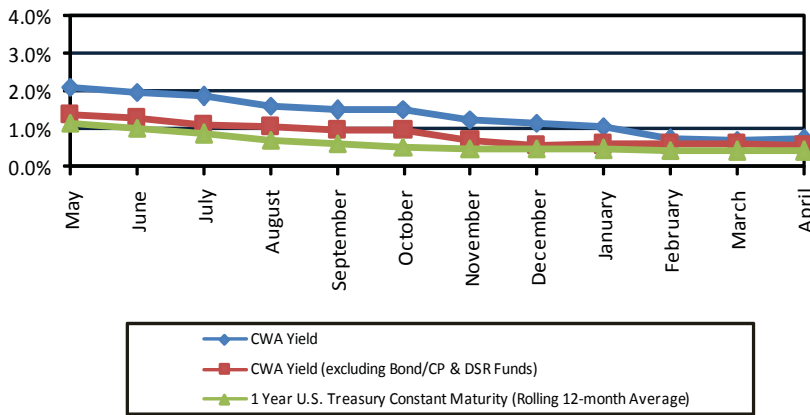
Maturity Distribution

P o o l e d F u n d s



Portfolio Yield - May 09 - Apr 10

Credit Quality



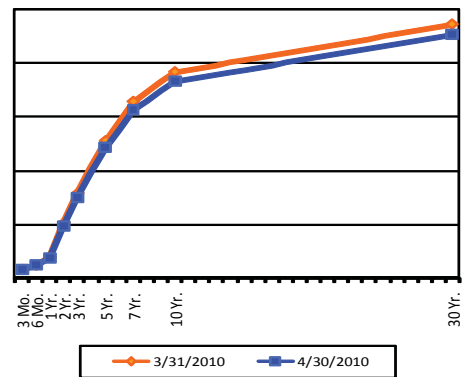
Category	% of Portfolio
US Treasury (AAA)	29.2%
Agency (AAA)	35.2%
Other (AAA)*	26.8%
AA**	0.0%
not rated***	8.8%
<b>Total</b>	<b>100.0%</b>

\* 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) \*

U.S. Treasury Yield Curve

Month End	Investment Maturities	Projected Receipts	Projected Disbursements	Reinvestment/ (Use) of Liquid Funds	Projected Cash & Investments
<b>Pooled Funds</b>					
Apr 10					\$250.19
May 10	2.00	24.54	20.88	5.66	253.85
Jun 10	10.00	22.70	23.62	9.08	252.92
Jul 10	5.00	26.54	19.44	12.10	260.02
Aug 10	-	30.10	24.37	5.73	265.75
Sep 10	22.00	33.03	22.31	32.71	276.46
Oct 10	14.00	32.42	74.80	(28.38)	234.09
<b>Bond/CP Fund</b>					
Apr 10					\$621.86
May 10	-	0.29	12.27	(11.98)	609.88
Jun 10	-	0.29	6.11	(5.83)	604.05
Jul 10	6.10	0.28	13.67	(7.28)	590.67
Aug 10	5.00	0.27	15.47	(10.19)	575.48
Sep 10	17.20	0.27	18.55	(1.09)	557.19
Oct 10	8.20	0.23	78.32	(69.89)	479.10



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 add due to rounding

**SDCWA - Fiscal Year 2010  
Portfolio Management  
Portfolio Details - Investments  
April 30, 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
<b>Managed Pool Accounts</b>												
CASH35	73	CAMP - OPERATING			50,618,964.88	50,618,964.88	50,618,964.88	0.180	AAA	0.180	1	
CASH37	6004	CAMP - 2008A COPS			33,308,483.76	33,308,483.76	33,308,483.76	0.180	AAA	0.180	1	
CASH44	3004	CAMP - 2010A BONDS		02/01/2010	50,991.32	50,991.32	50,991.32	0.180	AAA	0.180	1	
CASH45	4004	CAMP - 2010B BONDS-BABS		02/01/2010	26,403,652.28	26,403,652.28	26,403,652.28	0.180	AAA	0.180	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	0.060	AAA	0.060	1	
CASH43	4001	GOLDMAN - 2010B BONDS-BABS		02/01/2010	0.00	0.00	0.00	0.060	AAA	0.060	1	
CASH09	8001	GOLDMAN - RATE STABILIZATION			0.00	0.00	0.00	0.060	AAA	0.060	1	
CASH31	6001	GOLDMAN - 2008A COPS			0.00	0.00	0.00	0.060	AAA	0.060	1	
CASH18	7001	GOLDMAN - EQUIPMENT			0.00	0.00	0.00	0.060	AAA	0.060	1	
CASH11	0002	GOLDMAN - OPERATING/POOLED			1,177,213.72	1,177,213.72	1,177,213.72	0.060	AAA	0.060	1	
CASH12	5001	GOLDMAN - PAY AS YOU GO			0.00	0.00	0.00	0.060	AAA	0.060	1	
CASH13	72	LAIF - OPERATING		07/01/2009	19,927,050.40	19,927,050.40	19,927,050.40	0.540		0.540	1	
CASH40	3002	LAIF - 2010A BONDS		02/01/2010	50,042,749.64	50,042,749.64	50,042,749.64	0.540		0.540	1	
CASH41	4002	LAIF - 2010B BONDS-BABS		02/01/2010	175,149,623.73	175,149,623.73	175,149,623.73	0.540		0.540	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			20,334.85	20,334.85	20,334.85	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	
<b>Subtotal and Average</b>			<b>430,531,189.76</b>		<b>387,775,971.88</b>	<b>387,775,971.88</b>	<b>387,775,971.88</b>		<b>0.843</b>	<b>1</b>		
<b>Commercial Paper - Discount</b>												
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	60	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	90	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	66	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	93	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	123	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	157	10/05/2010
<b>Subtotal and Average</b>			<b>38,624,441.95</b>		<b>40,300,000.00</b>	<b>40,254,835.28</b>	<b>40,254,835.28</b>		<b>0.274</b>	<b>97</b>		
<b>Federal Agency - Coupon</b>												
31331JBL6	4014	FEDERAL FARM CREDIT BANK		02/04/2010	9,100,000.00	9,122,315.22	9,122,315.22	1.100	AAA	1.007	621	01/12/2012
31331GNQ8	4018	FEDERAL FARM CREDIT BANK		02/04/2010	5,000,000.00	5,113,050.00	5,121,950.00	2.250	AAA	1.135	724	04/24/2012
31331Y3P3	4019	FEDERAL FARM CREDIT BANK		02/04/2010	10,000,000.00	10,382,800.00	10,443,800.00	3.500	AAA	0.809	520	10/03/2011
31331GDC0	4036	FEDERAL FARM CREDIT BANK		03/10/2010	3,000,000.00	3,120,660.00	3,135,240.00	3.600	AAA	0.750	531	10/14/2011
31331YZ86	4038	FEDERAL FARM CREDIT BANK		03/12/2010	2,300,000.00	2,401,475.68	2,410,284.68	3.875	AAA	0.679	481	08/25/2011
31331Y3P3	4039	FEDERAL FARM CREDIT BANK		03/12/2010	1,400,000.00	1,453,592.00	1,458,884.00	3.500	AAA	0.779	520	10/03/2011
31331YDC1	7027	FEDERAL FARM CREDIT BANK		09/12/2008	2,000,000.00	2,001,100.00	2,048,560.00	4.250	AAA	2.731	4	05/05/2010
3133XVDM0	10006	FEDERAL HOME LOAN BANK		01/28/2010	20,000,000.00	20,033,400.00	20,056,000.00	0.700	AAA	0.470	352	04/18/2011

Portfolio CWA2

CC

**SDCWA - Fiscal Year 2010  
Portfolio Management  
Portfolio Details - Investments  
April 30, 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
<b>Federal Agency - Coupon</b>												
3133XVDM0	10007	FEDERAL HOME LOAN BANK		02/17/2010	20,000,000.00	20,033,400.00	20,050,000.00	0.700	AAA	0.485	352	04/18/2011
3133XHPH9	4011	FEDERAL HOME LOAN BANK		02/04/2010	10,000,000.00	10,723,716.67	10,812,016.67	4.875	AAA	0.871	566	11/18/2011
3133XHPH9	4012	FEDERAL HOME LOAN BANK		02/04/2010	5,200,000.00	5,576,332.67	5,622,976.67	4.875	AAA	0.863	566	11/18/2011
3133XVQL8	4013	FEDERAL HOME LOAN BANK		02/04/2010	18,300,000.00	18,419,407.50	18,399,643.50	1.125	AAA	0.971	587	12/09/2011
3133XWW47	4016	FEDERAL HOME LOAN BANK		02/04/2010	4,100,000.00	4,104,674.00	4,099,426.00	1.125	AAA	1.132	678	03/09/2012
3133XTAW6	4017	FEDERAL HOME LOAN BANK		02/04/2010	4,700,000.00	4,805,421.00	4,819,060.40	2.250	AAA	1.077	713	04/13/2012
3133XUKB8	4021	FEDERAL HOME LOAN BANK		02/04/2010	9,450,000.00	9,491,580.00	9,539,964.00	1.375	AAA	0.744	467	08/11/2011
3133XR4U1	4022	FEDERAL HOME LOAN BANK		02/04/2010	21,100,000.00	21,785,486.25	21,917,361.25	3.125	AAA	0.589	405	06/10/2011
3133XVDU2	4024	FEDERAL HOME LOAN BANK		02/04/2010	14,800,000.00	14,865,646.22	14,876,450.22	0.800	AAA	0.543	370	05/06/2011
3133XVDM0	4029	FEDERAL HOME LOAN BANK		02/17/2010	14,600,000.00	14,624,382.00	14,636,500.00	0.700	AAA	0.485	352	04/18/2011
3133XWEZ8	4030	FEDERAL HOME LOAN BANK		02/17/2010	12,600,000.00	12,625,231.50	12,633,408.90	0.750	AAA	0.617	433	07/08/2011
3133XJVL9	5556	FEDERAL HOME LOAN BANK		09/20/2007	5,000,000.00	5,187,250.00	5,076,300.00	5.000	AAA	4.520	314	03/11/2011
3133XJUT3	8160	FEDERAL HOME LOAN BANK		09/20/2007	2,500,000.00	2,674,425.00	2,539,125.00	5.000	AAA	4.608	678	03/09/2012
3134A4HF4	4020	FEDERAL HOME LOAN MORTGAGE COR		02/04/2010	16,200,000.00	17,247,330.00	17,442,054.00	5.500	AAA	0.713	502	09/15/2011
3137EABK4	4028	FEDERAL HOME LOAN MORTGAGE COR		02/17/2010	25,000,000.00	25,524,750.00	25,657,500.00	2.750	AAA	0.454	345	04/11/2011
3128X6U95	4032	FEDERAL HOME LOAN MORTGAGE COR		02/23/2010	3,500,000.00	3,578,948.33	3,602,853.33	3.320	AAA	0.386	286	02/11/2011
31359MM26	10005	FEDERAL NATION MORTGAGE ASSOC.		01/28/2010	20,000,000.00	20,690,000.00	21,120,600.00	5.125	AAA	0.489	349	04/15/2011
31359MZ30	10008	FEDERAL NATION MORTGAGE ASSOC.		02/25/2010	10,000,000.00	10,605,600.00	10,700,400.00	5.000	AAA	0.694	532	10/15/2011
31359MZ30	10012	FEDERAL NATION MORTGAGE ASSOC.		04/29/2010	6,000,000.00	6,375,026.67	6,377,366.67	5.000	AAA	0.796	532	10/15/2011
31398AWQ1	3011	FEDERAL NATION MORTGAGE ASSOC.		02/18/2010	1,200,000.00	1,211,388.00	1,212,984.00	1.375	AAA	0.465	362	04/28/2011
31359MZ30	3012	FEDERAL NATION MORTGAGE ASSOC.		02/18/2010	1,200,000.00	1,272,672.00	1,284,084.00	5.000	AAA	0.740	532	10/15/2011
31398AWK4	3013	FEDERAL NATION MORTGAGE ASSOC.		02/18/2010	762,000.00	773,269.98	775,380.72	1.875	AAA	1.055	720	04/20/2012
31359MZ30	4010	FEDERAL NATION MORTGAGE ASSOC.		02/04/2010	15,000,000.00	15,908,400.00	16,055,250.00	5.000	AAA	0.817	532	10/15/2011
31359M5H2	4015	FEDERAL NATION MORTGAGE ASSOC.		02/04/2010	8,100,000.00	8,672,751.00	8,749,458.00	5.000	AAA	1.006	656	02/16/2012
31398ARH7	4023	FEDERAL NATION MORTGAGE ASSOC.		02/04/2010	14,000,000.00	14,511,997.50	14,611,677.50	3.375	AAA	0.523	383	05/19/2011
31398AVQ2	4033	FEDERAL NATION MORTGAGE ASSOC.		02/23/2010	10,000,000.00	10,112,600.00	10,141,400.00	1.750	AAA	0.440	326	03/23/2011
31398ATL6	4035	FEDERAL NATION MORTGAGE ASSOC.		03/10/2010	3,000,000.00	3,119,512.08	3,135,952.08	3.625	AAA	0.615	471	08/15/2011
31398ATL6	4037	FEDERAL NATION MORTGAGE ASSOC.		03/11/2010	1,500,000.00	1,559,907.08	1,567,527.08	3.625	AAA	0.637	471	08/15/2011
<b>Subtotal and Average</b>			<b>351,983,504.47</b>		<b>330,612,000.00</b>	<b>339,709,498.35</b>	<b>341,253,753.89</b>			<b>0.763</b>	<b>451</b>	
<b>Federal Agency - Discount</b>												
313589M34	3010	FEDERAL NATION MORTGAGE ASSOC.		02/18/2010	1,200,000.00	1,198,501.20	1,197,732.00	0.270	AAA	0.277	180	10/28/2010
313588BH7	4031	FEDERAL NATION MORTGAGE ASSOC.		02/23/2010	11,300,000.00	11,268,642.50	11,260,164.36	0.370	AAA	0.381	276	02/01/2011
313588CM5	4034	FEDERAL NATION MORTGAGE ASSOC.		03/10/2010	5,000,000.00	4,982,110.00	4,978,738.89	0.430	AAA	0.444	304	03/01/2011
313588CM5	4040	FEDERAL NATION MORTGAGE ASSOC.		03/18/2010	16,000,000.00	15,942,752.00	15,930,400.00	0.450	AAA	0.464	304	03/01/2011
313589E33	6174	FEDERAL NATION MORTGAGE ASSOC.		04/08/2010	10,000,000.00	9,993,180.00	9,990,608.33	0.230	AAA	0.233	124	09/02/2010
<b>Subtotal and Average</b>			<b>41,026,501.64</b>		<b>43,500,000.00</b>	<b>43,385,185.70</b>	<b>43,357,643.58</b>			<b>0.382</b>	<b>252</b>	

**SDCWA - Fiscal Year 2010  
Portfolio Management  
Portfolio Details - Investments  
April 30, 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
<b>Treasury Securities - Coupon</b>												
912828EJ5	10002	UNITED STATES TREASURY		10/27/2009	12,000,000.00	12,219,372.00	12,441,876.84	4.250	AAA	0.430	167	10/15/2010
912828JL5	10003	UNITED STATES TREASURY		11/24/2009	22,000,000.00	22,158,136.00	22,330,000.00	2.000	AAA	0.230	152	09/30/2010
912828JS0	10004	UNITED STATES TREASURY		11/24/2009	20,000,000.00	20,109,380.00	20,192,200.00	1.250	AAA	0.302	213	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	548	10/31/2011
912828JJ0	210	UNITED STATES TREASURY		09/01/2009	37,863,000.00	38,129,214.75	38,596,595.63	2.375	AAA	0.426	122	08/31/2010
<b>Subtotal and Average</b>			<b>124,082,555.98</b>		<b>109,863,000.00</b>	<b>110,686,410.75</b>	<b>111,621,844.35</b>			<b>0.423</b>	<b>218</b>	
<b>Certificates of Deposit - CDARS</b>												
CDARS03	4026	BORREGO SPRINGS BANK		02/11/2010	245,000.00	245,000.00	245,000.00	1.300		1.300	285	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	285	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	159	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	285	02/10/2011
<b>Subtotal and Average</b>			<b>17,000,000.00</b>		<b>17,000,000.00</b>	<b>17,000,000.00</b>	<b>17,000,000.00</b>			<b>1.329</b>	<b>270</b>	
<b>Total and Average</b>			<b>1,003,620,528.54</b>		<b>929,050,971.88</b>	<b>938,811,901.96</b>	<b>941,264,048.98</b>			<b>0.728</b>	<b>210</b>	



**SDCWA - Fiscal Year 2010  
Portfolio Management  
Portfolio Details - Cash  
April 30, 2010**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity
<b>Passbook/Checking Accounts</b>											
CASH00	50	WELLS FARGO - RETIREE & COBRA		07/01/2009	40,688.13	40,688.13	40,688.13			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			467,235.90	467,235.90	467,235.90	0.001		0.001	1
CASH03	1001	WELLS FARGO - PAYROLL ZBA		07/01/2009	-50,926.11	-50,926.11	-50,926.11			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	3.60	3.60	3.60			0.000	1
CASH30	6000	WELLS FARGO - 2008A COPS			3.84	3.84	3.84	0.001		0.001	1
CASH19	7000	WELLS FARGO - EQUIPMENT		07/01/2009	0.00	0.00	0.00			0.000	1
		<b>Average Balance</b>	<b>0.00</b>								<b>1</b>
<b>Total Cash and Investments</b>			<b>1,003,620,528.54</b>		<b>929,510,480.37</b>	<b>939,271,410.45</b>	<b>941,723,557.47</b>			<b>0.728</b>	<b>210</b>

**SDCWA - Fiscal Year 2010  
Portfolio Management  
Activity Summary  
April 2009 through April 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					
April	2009	85	537,563,803.34	2.225	2.256	1.633	2	9	307	127
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
Average		<b>69</b>	<b>602,716,661.92</b>	<b>1.403%</b>	<b>1.422%</b>	<b>1.093</b>	<b>6</b>	<b>5</b>	<b>263</b>	<b>121</b>

May 19, 2010

**Attention: Administrative and Finance Committee**

**Procedures for Acquisitions and Contracts. (Action)**

**Staff recommendation**

- a) Adopt Ordinance No. 2010-\_\_\_\_\_ an ordinance of the Board of Directors of the San Diego County Water Authority amending various sections of Article 4, Chapter 4.04 of the Administrative Code to delete authorization to award contracts based on vendor lists and making other technical and clean-up amendments.
- b) Retain the current limits for the General Manager's emergency contracting authority.

**Alternatives**

- a) Do not amend the Administrative Code.
- b) Change the limits for the General Manager's emergency contracting authority.

**Fiscal impact**

None.

**Background**

Article 4 of the Water Authority's Administrative Code sets forth procedures for acquisitions and contracts. In December 2009, Article 4 was amended to increase the General Manager's contract approval signature authority from \$50,000 to \$150,000. At that time, the Board requested staff to review two other provisions in the Administrative Code and report back to the Board with recommendations. One provision related to the selection process for consultant contracts and the other provision related to the General Manager's emergency contracting authority. This report provides staff recommendations on both provisions.

**Discussion**

Consultant Selection Process

Section 4.04.160 of the Administrative Code sets forth certain procedures for using statements of qualifications (SOQ) provided by scientific, professional and technical service providers to form lists from which proposals can be solicited in lieu of soliciting proposals from the open market. The SOQ lists were primarily used for repetitive type projects such as pipelines and flow control facilities. Water Authority staff have not used SOQ lists to solicit proposals since 2005 because the complexity of more recent projects (e.g., large pump stations and the dam raise) required unique expertise that necessitated going to the open market. The proposed ordinance will amend the Administrative Code to eliminate the option of using SOQ lists from which to solicit proposals. The recommended action is consistent with current procurement procedures used by Water Authority staff and should also help alleviate perceptions in the contracting community that the SOQ lists present a barrier to contracting with the Water Authority.

Emergency Contracting Authority

Section 4.04.030 of the Administrative Code provides the rules for the award and execution of contracts in an emergency. As defined in Chapter 2.04 of the Code an emergency is a sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent and mitigate the loss or impairment of life, health, property or essential public services. An emergency also includes a material interruption of the Water Authority's ability to operate due to acts that disable the Water Authority's computer-based information systems such as cyber terrorism, virus attacks, network security breaches, or other impairment of the computer system.

The General Manager may award and execute contracts without regard to limits provided that the goods and services are of an urgent nature, directly and immediately required by the emergency. Ratification by the Board is required for goods and services contracts in excess of \$250,000, and for public works contracts in excess of \$500,000. Ratification is to occur at the first regular Board meeting following the onset of an emergency.

Staff surveyed eight other agencies on their emergency contracting rules, with the focus of the survey being on the two elements of delegated authority from their boards: 1) the dollar value at which the general manager or chief executive officer could independently enter into emergency contracts, and 2) the subsequent controls on the delegated authority. While the results of the survey were mixed, overall, the Water Authority's rules are in line with those in place at most other agencies, therefore staff is not recommending a change in the Water Authority's current limits.

Prepared: Marilyn L. Young, Director of Administrative Services

Reviewed by: Michael T. Stift, Director of Engineering

Approved by: Sandra L. Kerl, Deputy General Manager

Attachment:

Ordinance No. 2010-\_\_\_\_

ORDINANCE NO. 2010-\_\_

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE SAN DIEGO COUNTY WATER AUTHORITY AMENDING VARIOUS SECTIONS OF ARTICLE 4, CHAPTER 4.04 OF THE ADMINISTRATIVE CODE TO DELETE AUTHORIZATION TO AWARD CONTRACTS BASED ON VENDOR LISTS AND MAKING OTHER TECHNICAL AND CLEAN-UP AMENDMENTS

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

1. Article 4, Chapter 4.04 of the Administrative Code is amended by the amendment of sections 4.04.080(b), 4.04.090(c), 4.04.140(a) and 4.04.160 to read as shown on Exhibit A to this ordinance.
2. The highlighted text in Exhibit A is intended solely to show the amendments to the Administrative Code made by this ordinance.
3. This ordinance shall be effective upon adoption.
4. The Clerk of the Board shall publish this ordinance or a summary prepared by the General Counsel pursuant to Section 1.00.040 of the Administrative Code.

PASSED, APPROVED AND ADOPTED, this 27th day of May, 2010.

AYES:

NOES:

ABSTAIN:

ABSENT:

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Claude A. (Bud) Lewis  
Chair

ATTEST:

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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 No. 2010-\_\_\_\_ was duly adopted at the meeting of the Board of Directors on the date stated above.

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Doria F. Lore,  
Clerk of the Board

Amendment to Chapter 4.04  
**Goods and Services**

Amendment to Section 4.04.080 - **Informal Bids**

(a) The General Manager may acquire a good having a unit price, excluding applicable taxes, of \$10,000 or less or may contract for the acquisition of goods having a contract price, excluding applicable taxes, of \$10,000 or less in compliance with the informal competitive price quotation process of this subdivision. Prior to making the acquisition or contract the General Manager shall obtain price quotations from at least three vendors. The price quotations may be solicited in writing or orally, but responses shall be in writing and may be transmittable to the Authority by facsimile, mail, courier, electronic mail (e-mail), or any other means of delivery. A qualified vendor is a vendor capable of delivering the good or goods meeting the Authority's specifications and requirements at the time specified by the General Manager. During the process of soliciting price quotations, a vendor's or prospective vendor's price quotations shall be kept confidential except for internal use by Authority personnel for purposes of the pending acquisition.

(b) The General Manager may acquire a good having a unit price, excluding applicable taxes, of more than \$10,000 and up to \$50,000 or may contract for the acquisition of goods having a contract price, excluding applicable taxes of more than \$10,000 and up to \$50,000 in compliance with the informal competitive bids process of this subdivision. Informal bids may be solicited by publication in a newspaper or by soliciting bids from not fewer than three **qualified** vendors. ~~whose names appear on the lists of vendors maintained by the Authority.~~ Where appropriate, the General Manager may request sealed, written informal bids. The notice inviting informal bids and the bids shall be in writing. Bids may be transmittable to the Authority by facsimile, mail, courier, electronic mail (e-mail), or any other means of delivery. A qualified vendor is a vendor capable of delivering the good or goods meeting the Authority's specifications and requirements at the time specified by the General Manager. During the process of soliciting price quotations, a vendor's or prospective vendor's price quotations shall be kept confidential except for internal use by Authority personnel for purposes of the pending acquisition.

(c) When soliciting price quotations or informal bids under either paragraph (a) or (b), the Authority shall (1) describe to the vendor in general terms the goods; (2) advise vendors how to obtain additional information about the goods; (3) state the date, time and place for the submission of bids; (4) state whether the selection of the successful bidder will be based on price alone or whether vendor reliability, experience, availability, expertise or designation by Authority as a Small Business will be considered; (5) include a description of additional items such as insurance, bonding, and warranties to be included in the price; (6) include any other information required by law.

(d) If the acquisition specified in the bid is of a generic quality and a vendor with particular attributes is not required to meet the needs of the Authority and the purposes of this

chapter, then the General Manager shall select the vendor whose responsive bid offers to sell the goods at the lowest price.

(e) If vendor reliability, experience, availability, expertise or designation by Authority as a Small Business are a component in meeting the needs of the Authority and the purposes of this chapter, then the General Manager need not necessarily purchase from the vendor proposing the lowest price but may select a vendor that best meets the Authority's requirements including price.

(f) The respective department responsible for an acquisition subject to paragraph (a) or (b) shall keep a record of requests for quotations or bids and all responses submitted for the acquisition in compliance with the Authority's Record Retention Program.

#### Amendment to Section 4.04.090 - **Formal Bids**

(a) Except as otherwise provided in this chapter or where the General Manager determines that competitive bidding is infeasible or impractical, when a contract has a value of more than \$50,000, it will be awarded to the lowest responsible and responsive bidder after a formal competitive process.

(b) The notice inviting bids shall include a general description of the goods to be purchased and bond requirements, if any, and shall state where bid blanks and specifications may be secured, and the time and place for opening bids. It shall incorporate by reference all other bid documents.

(c) The notice inviting bids shall be published in one or more-a newspapers designated pursuant to section 1.08.050 of this Code at least once not less than 14 days before the date of opening of the bids. In addition to publication, notices may also be posted on the Water Authority website or internet site.

(d) The notice inviting bids shall also be mailed by first class mail or transmitted via courier, e-mail or facsimile, or any combination of mailing, e-mail and facsimile, to prospective suppliers known to the Authority or who have requested their names be considered and from lists of small contractors under the Authority's Small Contractor Outreach and Opportunity Program (SCOOP), and any other source that will ensure the maximum participation by qualified vendors in the formal bid competition. The notices shall be mailed or sent not less than 14 days before the date of opening of the bids.

(e) When deemed necessary by the General Manager bidder's security may be prescribed in the public notices inviting bids. Bidders shall be entitled to return of bid security provided that a successful bidder shall forfeit his bid security upon refusal or failure to execute the contract within 15 days after the notice of award of contract has been mailed, unless the Authority is responsible for the delay. On refusal or failure of the successful bidder to execute the contract, it may be awarded to the next lowest bidder; the amount of the lowest bidder's security may be applied by the Authority to the difference between the low bid and the second lowest bid, and the surplus, if any, shall be returned to the lowest bidder.

(f) Sealed bids shall be submitted to the Authority's addressee identified in the notice inviting bids and shall be identified as bids on the envelope.

(g) Bids shall be opened in public at the time and place stated in the public notices. A tabulation of all bids received shall be open to public inspection during regular business hours for a reasonable period of time. No bidder may withdraw his bid for a period of at least 90 days after the date set for the opening thereof. Bids received after the time set for the opening of bids shall be returned unopened to the bidder.

(h) At its sole discretion, the awarding authority may reject any and all bids presented and re-advertise for bids or exclude any item or items from the award of bid or waive any informalities in a bid.

(i) If two or more bids are received for the same total amount or unit price, quality and service being equal, the awarding authority may accept the one it chooses or accept the lowest bid made by negotiations with the bidders after the bid opening.

(j) The awarding authority may require a performance bond before entering a contract in such amount as it shall find reasonably necessary to protect the best interest of the Authority. If a performance bond is required, the form and amount of the bond shall be described in the notice inviting bids.

(k) If no bids are received in response to an invitation for competitive bids, a contract may be negotiated with any qualified person.

(l) If the apparent successful bidder fails to meet deadlines for submitting documents required by the notice inviting bids or instructions to bidders, the awarding authority may award a contract to the next lowest bidder meeting all requirements.

(m) If a contract let pursuant to the provisions of this chapter is terminated because of breach by the contractor, the awarding authority may complete the project by negotiated contract with any qualified individual or firm.

#### Amendment to Section 4.04.140 - **Cooperative Procurement**

(a) Purchases of goods and services by contract arrangement and agreement for cooperative purchasing programs with the [federal](#), state, the county, or any other public or municipal corporation of the state may be made by the Authority when the administering agency has based its contract on competitive pricing procedures and the purchase is determined to be in the best interest of the Authority. The purchase agreement utilized must specifically include the item or service to be purchased by Authority.

(b) The General Manager is authorized to enter into contracts greater than \$50,000 for the purchase of goods and services available through a cooperative purchasing agreement provided: (a) goods and services to be purchased were approved in the budget, and (b) the cooperative purchasing agreement being utilized was awarded as a result of a competitive procurement (bid or negotiated) containing a public agency clause.



## Amendment to Section 4.04.160 - **Procedures for Professional and Technical Services**

(a) Unless otherwise provided in this Chapter, the Authority's selection of the architects, landscape architects, professional engineers, environmental consultants, land surveyors, and construction managers, construction and materials inspectors or testers, appraisers, accountants, auditors, economists, lobbyists, computer programmers, information technology consultants, management consultants, security consultants, geologists, biologists, chemists, and similar scientific, professional and technical service providers shall be in accordance with the provisions of this Section and on the basis of professional qualifications and competence to perform the particular services required and at fair and reasonable prices to the Authority.

~~(b) — Any department may establish a uniform process to obtain and keep on file statements of qualifications of scientific, professional and technical service providers, along with a list, by category, of each provider for which a statement of qualifications is on file. — Providers may submit a new statement of qualifications or update an existing statement of qualification at any time. Unless updated, a statement of qualifications shall be invalid and removed from the file two years after the date of initial submission. The process authorized by this subdivision shall include periodic solicitation of statements by publication in trade journals and newspapers. The department head may remove the statement of qualifications of any service provider that has violated the Authority's procurement or contract requirements.~~

(eb) Any department may establish a list or lists of pre-qualified service providers for award of contracts on a rotational, as-needed basis. A list shall be established after public advertisement of solicitation of statements of qualification; once established a list shall be valid for a period not to exceed five years. The department head may remove from a list any service provider that no longer meets the qualifications or has violated the Authority's procurement or contract requirements.

(ec) When a service contract has a value of \$10,000 or less, the General Manager may award a contract to a provider selected from a rotational as-needed list established pursuant to subdivision (eb), ~~or to a provider selected after soliciting proposals from at least three qualified services providers on a list maintained pursuant to subdivision (b)~~ or from the open market. The solicitation of proposals and responses may be made by any commercially acceptable form of communication. The General Manager may negotiate prior to award of a contract in the best interest of the Authority.

(ed) When a service contract has a value greater than \$10,000 and not more than \$50,000 the General Manager may award a contract to a provider selected from a rotational as-needed list established pursuant to subdivision (eb), ~~or from a provider selected after soliciting a written proposal from at least 5 qualified service providers on a list maintained pursuant to subdivision (b)~~ or from the open market. The solicitation of proposal may be made by any commercially acceptable form of communication, including publication, but responses shall be in writing. Unless the General Manager selects a provider from an established rotational as-needed list, the General Manager will determine the selected provider based on responses to a

solicitation, however, the General Manager may reject all proposals. If all proposals are rejected, the General Manager will follow the procedures of this subdivision for any subsequent selection. The General Manager may negotiate prior to award of a contract in the best interests of the Authority.

(fe) When a professional service contract has a value greater than \$50,000 the awarding authority may award a contract to a qualified provider that has submitted a written proposal in response to a request for written proposals. Proposals shall be solicited through public advertisement, ~~or public advertisement and direct communication to qualified providers on the list maintained pursuant to subdivision (b).~~ Alternatively, the General Manager may solicit proposals from a short list of pre-qualified providers. The short list of pre-qualified providers may be developed based upon responses to requests for qualifications solicited through public advertisement, ~~or direct communication to selected providers on a list maintained pursuant to subdivision (b);~~ provided, however, in determining selected providers invited to submit a proposal the General Manager shall endeavor to assure participation opportunities among all similarly qualified providers, including providers without previous Water Authority service history. The method for evaluating, ranking and selecting proposals, or for establishing the short list of pre-qualified providers shall be stated in the request for proposals or request for qualifications. The General Manager may negotiate with the top ranked firm and recommend award of a contract to the Board for the most qualified firm or individual to perform the service and which best meets the needs of the Authority.

~~(g) — Any provider that fails to submit a proposal after receiving notice of placement on a short list of pre-qualified providers for a project and having not requested removal from that list within five days following notification, or after executing a statement of intention to provide a proposal shall be removed from the list maintained pursuant to subdivision (b) and will be precluded from being placed on a subsequent short list for a period of two years.~~

(hf) If no proposals are received in response to a solicitation, the General Manager may negotiate a contract with any qualified service provider.

(ig) If a contract let pursuant to the provisions of this chapter is terminated because of breach, the Authority may complete the work by negotiated contract with any qualified service provider.



May 19, 2010

**Attention: Administrative and Finance Committee**

**Resolution setting a Public Hearing date for the Water Authority's proposed calendar year 2011 Rate and Charge increases. (Action)**

**Purpose**

To adopt a resolution setting a time and place for a public hearing for the consideration and adoption of the proposed rate and charge increases for water, services and facilities.

**Staff recommendation**

Adopt Resolution Number 2010-\_\_ setting the time and place for a public hearing on June 24, 2010, at 9:00 a.m., or as soon thereafter as may practicably be heard, during the Administrative and Finance Committee meeting, to receive comments regarding establishing a Melded Supply Rate, a Melded Treatment Rate, a Transportation Rate, the Special Agricultural Water Program rates, a Customer Service Charge, a Storage Charge and an Infrastructure Access Charge to be effective January 1, 2011 for calendar year 2011.

**Alternative**

Direct staff to set a different time or date for the public hearing.

**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. 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 the IID transfer 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 June 25, 2009, the Board a) Adopted the Multi-Year Budget for FY 2010 and FY 2011; b) conducted a public hearing on CY 2010 rates and charges; and c) adopted CY 2010 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.

Table 1 summarizes the Water Authority's recommended calendar year 2011 rates and charges.

<b>Table 1 – Summary of Water Authority Rates and Charges</b>			
<b>Water Authority Rates and Charges</b>	<b>CY 2009 Previous</b>	<b>CY 2010 Current</b>	<b>CY 2011 Recommended</b>
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 <sup>2</sup>	\$2.02/ME <sup>2</sup>	\$2.49/ME <sup>2</sup>
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 <sup>1</sup>	\$10	\$10	\$10
<sup>1</sup> Fiscal Year Charge.			
<sup>2</sup> ME means meter equivalent as defined in the resolution establishing the Infrastructure Access Charge.			

Table 2 below shows the rates and charges adopted by MWD for calendar year 2011.

<b>Table 2 – Summary of Water Authority Pass Through Rates and Charges</b>			
<b>MWD Rates and Charges</b>	<b>CY 2009 Previous</b>	<b>CY 2010 Current</b>	<b>CY 2011 Adopted</b>
Untreated Tier 2 Supply Rate \$/AF <sup>1</sup>	\$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 <sup>2</sup>	\$10,865,652	\$17,481,664	\$18,596,489
<sup>1</sup> 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.			
<sup>2</sup> Fiscal Year Charge.			

*The following rates and charges will be 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, 2011:*

**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.

**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.

**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.

**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 \$18,596,489. 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).

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: Resolution 2010-\_\_  
Resolution of the Board of Directors of the San Diego County Water Authority fixing the time and place for a public hearing to consider: (1) Changes to the rates and charges for delivery and supply of water; and (2) Continuing the existing Standby Availability Charge.



RESOLUTION NO. 2010-\_\_\_\_\_

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN DIEGO COUNTY WATER AUTHORITY FIXING THE TIME AND PLACE FOR A PUBLIC HEARING TO CONSIDER: (1) CHANGES TO THE RATES AND CHARGES FOR DELIVERY AND SUPPLY OF WATER, AND (2) CONTINUING THE EXISTING STANDBY AVAILABILITY CHARGE

WHEREAS, pursuant to the County Water Authority Act, the Board of Directors has adopted resolutions and ordinances setting rates and charges for delivery and supply of water, use of facilities and provision of other services; and

WHEREAS, the Metropolitan Water District has adopted certain rate and charge increases for water and services it provides to the Water Authority that will become effective January 1, 2011; and

WHEREAS, the County Water Authority Act and the updated Long-Range Financing Plan adopted by the Board of Directors contemplate 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, the Director of Finance has provided a report recommending increases of Water Authority rates and charges a copy of which has been filed with the Clerk of the Board; and

WHEREAS, the Board of Directors desires to set a public hearing to consider comments regarding continuing the existing rates and charges

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Directors of the San Diego County Water Authority as follows:

1. The foregoing recitations are true and correct.
2. A public hearing will be held by the Board of Directors of the San Diego County Water Authority Administrative and Finance Committee on June 24, 2010, at 9:00 a.m., or as soon thereafter as the matter may be heard, in the Board Room of the Water Authority at 4677 Overland Avenue, San Diego, California 92123, to consider changes to the rates and charges for delivery and supply of water, use of facilities, and provision of other services as determined necessary by the Director of Finance
3. The Clerk of the Board is directed to cause the following notice to be published pursuant to Government Code Section 6066 in the newspapers of general circulation stated in paragraph 5, below:

## Legal Notice

Notice is hereby given that the Board of Directors of the San Diego County Water Authority Administrative and Finance Committee will hold a public hearing at June 24, 2010, at 9:00 a.m. or as soon thereafter as may practicably be heard, at its offices located at 4677 Overland Avenue, San Diego, CA 92123.

- A. The purpose of the hearing will be to hear objections, protests or comments from the public about proposed water rates and charges as follows:

***The following rates and charges will be 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, 2011:***

**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.

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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.

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The Water Authority also intends to continue the water standby availability charge at its existing level, and to levy property taxes as authorized by law.

By Order of the Board of Directors  
of the San Diego County Water Authority

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Doria F. Lore  
Clerk of the Board

5. The newspapers in which said notice is to be published are:

San Diego Union-Tribune  
350 Camino de la Reina  
San Diego, CA 92108

North County Times  
1722 S. Coast Hwy  
Oceanside, CA 92054

PASSED, APPROVED AND ADOPTED, this 27th day of May 2010.

AYES: Unless noted below all Directors voted aye.

NOES:

ABSTAIN:

ABSENT:

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Claude A. Lewis, Chair

ATTEST:

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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.

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Doria F. Lore  
Clerk of the Board

May 19, 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 nine months ended March 31, 2010 with a comparison to February 28, 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 nine months ended March 31, 2010 are 364,072 acre-feet or \$284.0 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 \$6.3 million are slightly less than budget at 60.0 percent. The variance is primarily due to the transfer of approximately \$344,000 to the State's supplemental revenue augmentation fund. An equal amount will be transferred to the State in April. Investment income of \$4.2 million is trending lower than budget at 37.1 percent. It is anticipated that year-end receipts will be in-line with the budget due to additional investment income anticipated from the 2010 Series A and B bond issues. Hydroelectric revenue of \$0.8 million generated by the Rancho Penasquitos Pressure Control Facility is trending lower than budget at 63.7 percent due to a nine day scheduled shutdown in March by Operations and Maintenance. Other income of \$5.7 million is trending lower than budget at 43.7 percent. Other income received in March increased by \$5.2 million primarily due to \$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 of \$7.8 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 \$6.4 million is less than budget at 57.5 percent. Revenue received does not occur on a monthly basis, but rather on a cyclical basis. Contributions in aid of capital assets revenue of \$3.3 million is trending higher than budget due to the completion of the Padre Dam 7 Flow Control Facility in February.

### Expenditures

Water purchases of \$209.0 million include \$17.0 million for 47,499 acre-feet of water purchased from the Imperial Irrigation District (IID), as well as \$38.7 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 49.3 percent and 62.6 percent, respectively, due to the timing of payment processing. The General Counsel Department is currently trending higher than budget 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 will be presented with the mid-year update. The Water Resources Department and the Water Conservation Program Department are trending less than budget at 49.8 percent and 30.9 percent, respectively. As discussed with the Board in February, programmatic reductions of approximately \$1.4 million will occur in these two departments/programs to mitigate the anticipated deficit resulting from reduced water sales.

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Leanne B. Wade, Controller

**San Diego County Water Authority**  
**Statements of Net Assets**  
**As of March 31, and February 28, 2010**

	<b>March</b>	<b>February</b>
<b>Assets:</b>		
<b>Current assets:</b>		
Cash and investments	\$ 58,346,244	\$ 62,598,466
Restricted cash and investments	540,388,617	551,467,081
Water receivables	49,568,791	48,785,036
Interest receivable	3,493,983	3,493,983
Taxes receivable	592,693	592,693
Other receivables	2,276,925	5,556,031
Inventories	25,241,104	25,230,114
Prepaid water	4,615,500	4,615,500
<b>Total current assets</b>	684,523,857	702,338,904
<b>Noncurrent assets:</b>		
Cash and investments	90,620,316	75,026,667
Restricted cash and investments	312,532,997	313,408,430
Deferred charges	180,938	168,436
Advances to other agencies	15,006,550	13,831,000
Retention receivable	2,081,304	2,081,304
Long-term loan receivables	20,344,134	20,344,134
Unamortized bond issuance costs	17,747,983	17,778,897
Capital assets:		
Land	14,157,615	14,157,615
Construction in progress	1,348,871,737	1,331,021,077
Work in progress	749,017	749,017
Plant and equipment, net	1,147,054,713	1,149,018,436
Intangible assets, net	117,709,028	118,207,513
<b>Total noncurrent assets</b>	3,087,056,332	3,055,792,526
<b>Total assets</b>	3,771,580,189	3,758,131,430
<b>Liabilities:</b>		
<b>Current liabilities</b>		
Accounts payable and other liabilities	34,447,909	33,996,019
Interest payable	29,420,053	23,536,042
Construction deposits	1,018,377	1,052,584
Commercial paper	460,000,000	460,000,000
Current portion of long-term liabilities	13,871,166	13,812,015
<b>Total current liabilities</b>	538,757,505	532,396,660
<b>Noncurrent liabilities:</b>		
Long-term liabilities	2,098,478,286	2,098,462,577
<b>Total noncurrent liabilities</b>	2,098,478,286	2,098,462,577
<b>Total liabilities</b>	2,637,235,791	2,630,859,237
<b>Net assets:</b>		
Invested in capital assets, net of related debt	168,453,263	153,063,125
Restricted for construction projects	783,262,339	795,665,542
Restricted for debt service	69,659,276	69,209,968
Unrestricted	112,969,520	109,333,558
<b>Total net assets</b>	\$ 1,134,344,398	\$ 1,127,272,193



**San Diego County Water Authority**  
**Statements of Revenues, Expenses, and Changes in Net Assets**  
**Months Ended March 31, and February 28, 2010**

	<u>March</u>	<u>February</u>
<b>Operating revenues:</b>		
Water sales	\$ 284,040,878	\$ 258,081,306
<b>Total operating revenues</b>	<u>284,040,878</u>	<u>258,081,306</u>
<b>Operating expenses:</b>		
Cost of sales	209,023,627	192,440,693
Depreciation and amortization	22,240,317	19,848,314
Operations and maintenance	11,025,596	9,801,396
Planning	5,737,335	5,182,233
General and administrative	11,516,048	10,425,600
<b>Total operating expenses</b>	<u>259,542,923</u>	<u>237,698,236</u>
<b>Operating income</b>	<u>24,497,955</u>	<u>20,383,070</u>
<b>Nonoperating revenues (expenses):</b>		
Property taxes and in-lieu charges	6,254,500	5,894,996
Infrastructure access charges	15,752,680	13,923,220
Investment income	4,644,507	3,284,937
Other income	6,481,013	1,268,049
Interest expense	(58,632,564)	(52,530,513)
Other expenses	(8,823,409)	(8,595,380)
<b>Total nonoperating revenues (expenses)</b>	<u>(34,323,273)</u>	<u>(36,754,691)</u>
<b>Income before capital contributions</b>	<u>(9,825,318)</u>	<u>(16,371,621)</u>
<b>Capital contributions:</b>		
Capacity charges	7,787,179	7,791,653
Water standby availability charges	6,407,886	5,879,974
Contributions in aid of capital assets	3,309,196	3,306,732
<b>Total capital contributions</b>	<u>17,504,261</u>	<u>16,978,359</u>
<b>Changes in net assets</b>	<u>7,678,943</u>	<u>606,738</u>
<b>Net assets at beginning of year</b>	<u>1,126,665,455</u>	<u>1,126,665,455</u>
<b>Net assets at end of month</b>	<u>\$ 1,134,344,398</u>	<u>\$ 1,127,272,193</u>

**San Diego County Water Authority  
Schedule of Cash and Investments  
As of March 31, and February 28, 2010**

	<u>March</u>	<u>February</u>
Operating Fund	\$ 84,058,396	\$ 72,787,757
Stored Water Fund	11,966,709	11,953,418
Equipment Replacement Fund	9,545,452	9,535,324
Rate Stabilization Fund	<u>43,396,003</u>	<u>43,348,634</u>
<b>Total Unrestricted Funds *</b>	<b><u>148,966,560</u></b>	<b><u>137,625,133</u></b>
Pay As You Go Fund*	136,142,508	131,192,443
CIP/Bond Construction Funds	647,119,830	664,473,100
Debt Service Reserve Funds	<u>69,659,276</u>	<u>69,209,968</u>
<b>Total Restricted Funds</b>	<b><u>852,921,614</u></b>	<b><u>864,875,511</u></b>
<b>Total Cash and Investments</b>	<b><u><u>\$ 1,001,888,174</u></u></b>	<b><u><u>\$ 1,002,500,644</u></u></b>

\* 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 March 31, 2010 does not include a reimbursement from the CIP/Bond Construction Fund to the Pooled Funds of \$3.4 million for expenditures incurred.

**San Diego County Water Authority**  
**Budget Status Report**  
**For the 9 Months Ended March 31, 2010**

	Adopted Budget	Year-to-Date Budget (a) 9/12 months (75.0%)	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
<b>Revenues and Other Funding Sources/Uses</b>						
Water sales	\$ 450,564,000	\$ 341,731,807 (b)	\$ 284,040,878	\$ 250,153,171	\$ 166,523,122	63.0%
Infrastructure access charges	21,292,000	15,969,000	15,752,680	12,896,730	5,539,320	74.0%
Property taxes and in-lieu charges	10,423,000 (c)	7,817,250	6,254,500	6,298,039	4,168,500	60.0%
Investment income	11,254,000 (d)	8,440,500	4,175,448	18,001,108	7,078,552	37.1%
Hydroelectric revenue	1,300,000 (e)	975,000	827,998	708,417	472,002	63.7%
Other income	12,932,000 (f)	9,699,000	5,653,015	4,305,600	7,278,985	43.7%
Capital contributions:						
Capacity charges	6,200,000 (g)	4,650,000	7,787,179	21,143,681	(1,587,179)	125.6%
Water standby availability charges	11,145,000 (h)	8,358,750	6,407,886	6,519,343	4,737,114	57.5%
Contributions in aid of CIP	90,000 (i)	67,500	3,309,196	2,005,958	(3,219,196)	3676.9%
Subtotal revenues and capital contributions	525,200,000	397,708,807	334,208,780	322,032,047	190,991,220	63.6%
Other funding sources/uses	250,978,000	174,356,221	103,231,565	116,457,024	147,746,435	41.1%
<b>Total Revenues and Other Funding Sources/Uses</b>	<b>\$ 776,178,000</b>	<b>\$ 572,065,028</b>	<b>\$ 437,440,345</b>	<b>\$ 438,489,071</b>	<b>\$ 338,737,655</b>	<b>56.4%</b>
<b>Expenditures</b>						
Water purchases & treatment	\$ 348,942,000	\$ 251,638,028 (b)	\$ 209,023,627	\$ 194,721,491	\$ 139,918,373	59.9%
Stored water purchases	4,840,000	3,630,000	-	10,000,000	4,840,000	0.0%
Capital improvement program (CIP)	258,590,000	193,942,500	127,402,596	150,086,725	131,187,404	49.3%
Debt service	93,043,000 (j)	69,782,250	56,298,325	48,838,746	36,744,675	60.5%
QSA mitigation	11,082,000 (k)	8,311,500	8,141,875	5,599,469	2,940,125	73.5%
Equipment replacement	1,678,000	1,258,500	267,521	340,483	1,410,479	15.9%
Other expenditures	12,823,000 (l)	9,617,250	8,027,421	4,273,686	4,795,579	62.6%
Operating departments/programs	45,180,000 (m)	33,885,000	28,278,980	24,628,471	16,901,020	62.6%
<b>Total Expenditures</b>	<b>\$ 776,178,000</b>	<b>\$ 572,065,028</b>	<b>\$ 437,440,345</b>	<b>\$ 438,489,071</b>	<b>\$ 338,737,655</b>	<b>56.4%</b>
<b>Operating Departments/Programs</b>						
Administrative Services	\$ 5,504,700	\$ 4,128,525	\$ 3,941,674	\$ 2,789,726	\$ 1,563,026	71.6%
Colorado River Programs	1,318,100	988,575	881,441	1,060,560	436,659	66.9%
Engineering	884,100	663,075	594,865	952,936	289,235	67.3%
Finance	2,219,000	1,664,250	1,526,445	1,360,510	692,555	68.8%
General Counsel	1,564,600	1,173,450	2,080,780	898,663	(516,180)	133.0%
General Manager & Board of Directors	2,563,900	1,922,925	1,808,466	1,690,189	755,434	70.5%
Human Resources	1,253,200	939,900	760,657	611,804	492,543	60.7%
MWD Program	1,303,100	977,325	861,285	717,816	441,815	66.1%
Operations & Maintenance	13,700,000	10,275,000	8,504,783	7,780,615	5,195,217	62.1%
Public Affairs	2,120,000	1,590,000	1,398,025	1,159,908	721,975	65.9%
Right of Way	2,779,300	2,084,475	1,925,949	1,412,172	853,351	69.3%
Water Conservation Program	5,118,200	3,838,650	1,580,615	1,169,021	3,537,585	30.9%
Water Resources	4,851,800	3,638,850	2,413,995	3,024,551	2,437,805	49.8%
<b>Total Operating Departments/Programs</b>	<b>\$ 45,180,000 (m)</b>	<b>\$ 33,885,000</b>	<b>\$ 28,278,980</b>	<b>\$ 24,628,471</b>	<b>\$ 16,901,020</b>	<b>62.6%</b>

(a) Year-to-date budget amounts are 9/12ths 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-Foot (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.

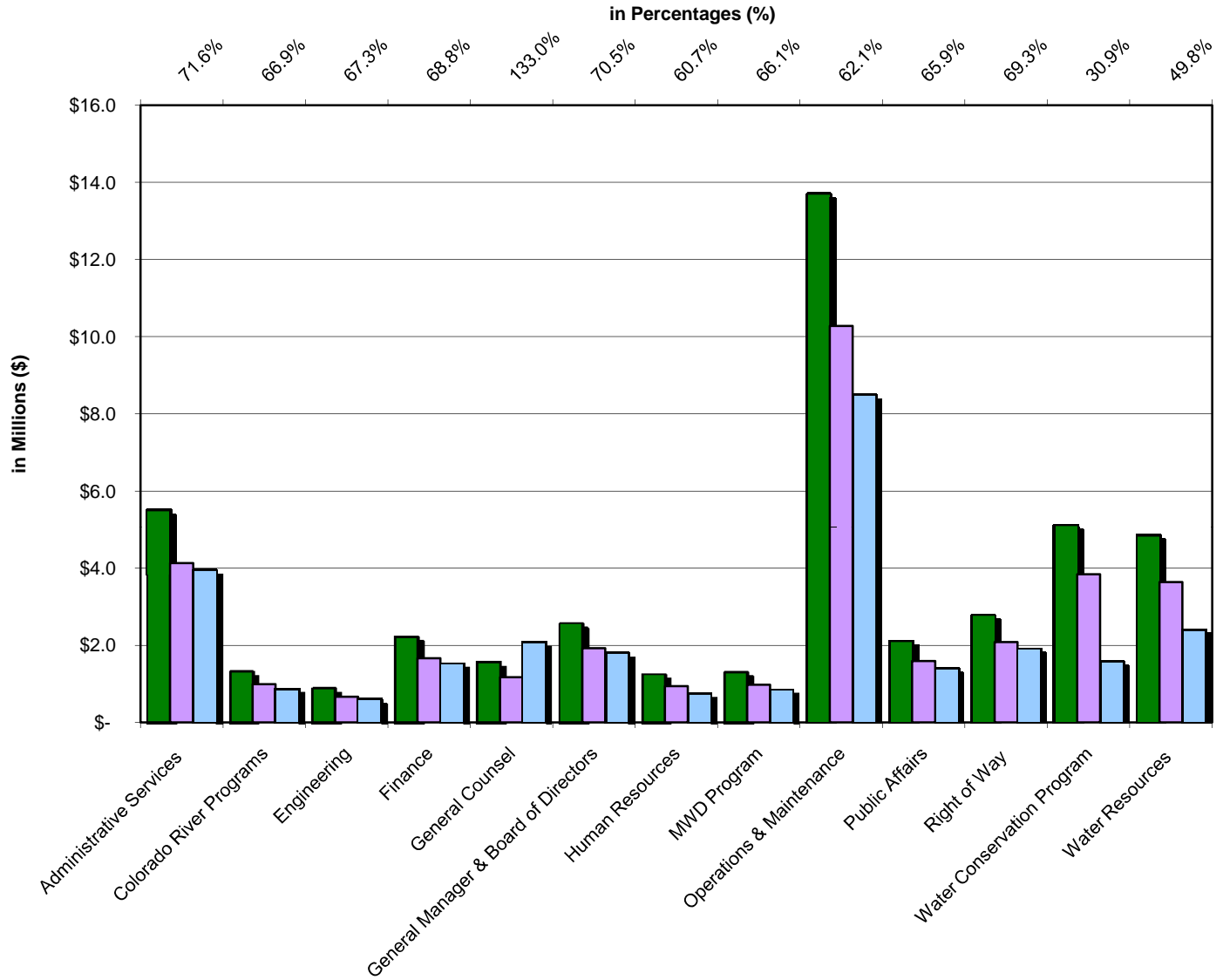
(j) The majority of the Debt Service payments are due in October and April. Debt Service includes principal, interest expense, and debt service fees. Amortization expense relating to premiums and discounts on long-term debt are excluded.

(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.

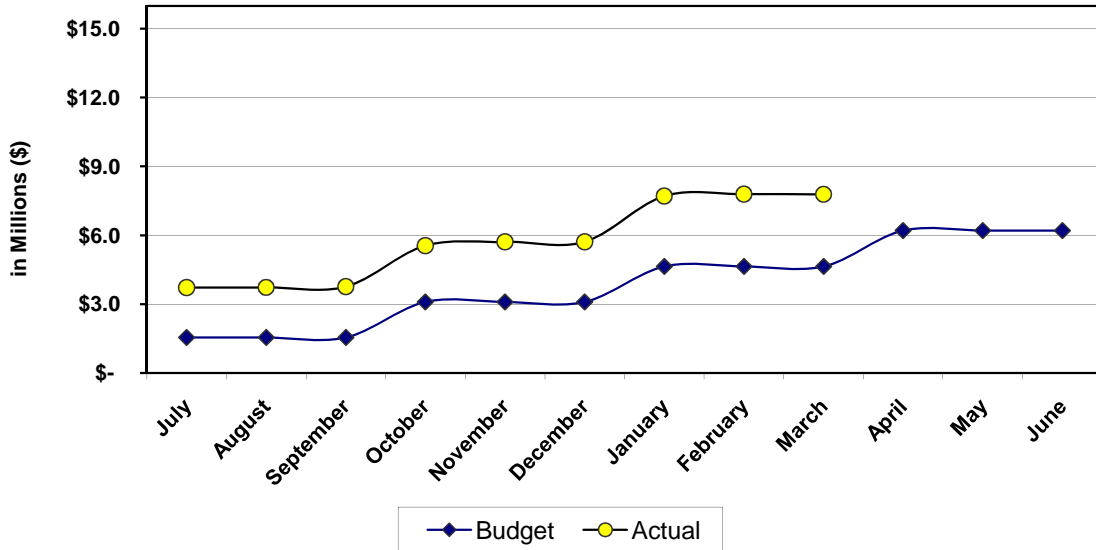
(l) Other expenditures include costs incurred for grants, conservation programs and other miscellaneous expenditures.

(m) Amounts include capital equipment purchases.

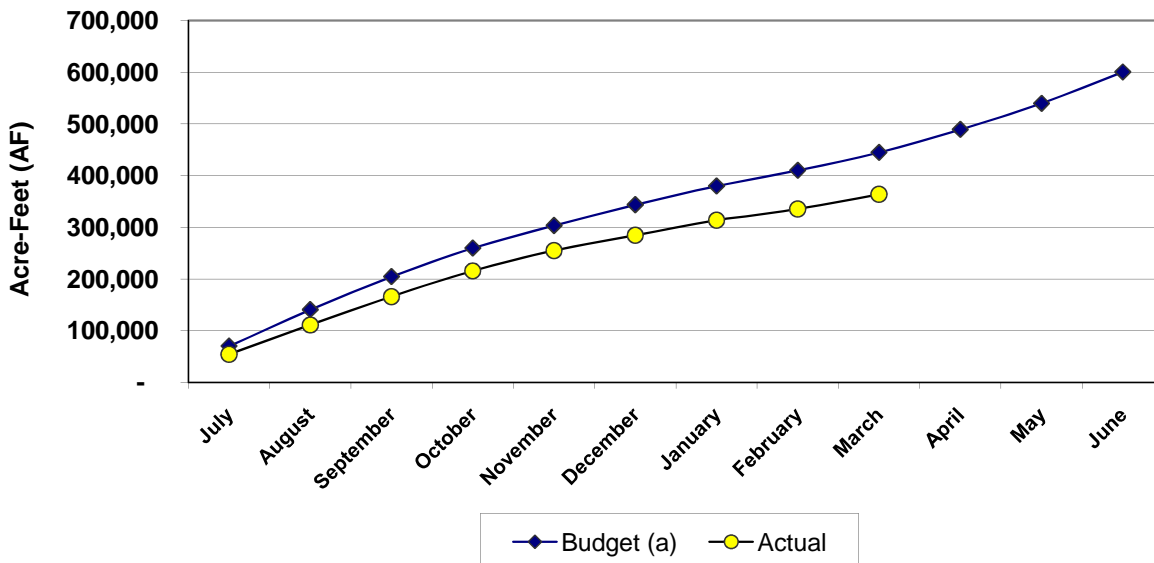
**San Diego County Water Authority  
 Comparison of Adopted Budget and Year-to-Date Budget (75.0% Overall)  
 to Actual Operating Expenditures by Department  
 For the 9 Months Ended March 31, 2010**



**CAPACITY CHARGES  
Budget Versus Actual  
for the 9 Months Ended March 31, 2010**



**WATER SALES  
Budget Versus Actual  
for the 9 Months Ended March 31, 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			
AF Difference (b)	(15,759)	(29,483)	(38,593)	(44,224)	(48,548)	(59,324)	(66,312)	(74,938)	(81,102)			
Cum. Actual AF												
% Difference (b/a)	-22.4%	-20.9%	-18.8%	-17.0%	-16.0%	-17.2%	-17.4%	-18.3%	-18.2%			



San Diego County Water Authority

## BOARD CALENDAR

### JUNE 2010

- 2 MWD Delegates – 11:30 a.m.
- 2 SCOOP – 1:30 p.m.
- 10 Special Board meeting – 1:30 p.m.
- 24 Regular Board meeting – 3:00 p.m.

### 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.

5/18/2010



May 19, 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 May 27, 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