

**ADMINISTRATIVE AND FINANCE COMMITTEE**

AGENDA FOR

**MARCH 25, 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)

**II. ACTION/DISCUSSION**

1. Approve Special Agricultural Water Rate Workgroup Board recommendation on Revised Special Agricultural Water Rate Program. Ken Williams/  
Dana Frieauf  
Staff recommendation: Approve the Special Agricultural Water Rate Board Workgroup recommendations as included in their March 12, 2010 Findings and Recommendations. (Action)



III. INFORMATION

1. Presentation on reinvestment of bond proceeds. David Shank
2. Controller's report on monthly financial statements. Leanne Wade
3. 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.



March 17, 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 February 28, 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 95% currently invested in AAA-rated securities. The Water Authority's overall portfolio yield decreased to 0.73 percent in February 2010, yet it continues to exceed the investment benchmark of 0.43 percent in February 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 February 28, 2010

**PORTFOLIO PERCENTAGES**

Investment Type	Permitted By Board Policy	Actual Percentage	Actual Amount
Local Agency Investment Fund (LAIF)	\$40 Million	3.76%	\$ 9,913,431
Banker's Acceptances	20%	0.00%	-
Treasury Securities	15% - Minimum	29.92%	78,892,077
Agency Securities	85%	41.13%	108,466,047
Reverse Repurchase Agreements	20%	0.00%	-
Certificates of Deposit (CDARS)	15%	0.76%	2,000,000
Negotiable Certificates of Deposit	15%	0.00%	-
Commercial Paper	25%	0.00%	-
Medium Term Notes/Corporates	30%	0.00%	-
JPA Pools (CAMP)	25%	23.98%	63,247,243
Money Market Funds	15%	0.45%	1,197,457
		100.00%	
Accrued Interest (unavailable for investing)			643,839
Checking/Petty Cash/Available Funds (unavailable for investing)			204,300
<b>Subtotal for Pooled Funds:</b>			<b>\$ 264,564,394</b>

**Bond/CP Fund Excluded from Portfolio Percentages:**

Treasury Securities	-
Agency Securities	262,767,096
Certificates of Deposit (CDARS)	15,000,000
Commercial Paper	18,278,046
Local Agency Investment Fund (LAIF)	225,000,000
JPA Pools (CAMP)	147,423,608
Money Market Funds and Cash	892
	<b>\$ 668,469,642</b>
Accrued Interest (unavailable for investing)	1,582,090
<b>Subtotal for Bond/CP Fund (available for CIP expenditures):</b>	<b>\$ 670,051,732</b>

**Debt Service Reserve (DSR) Funds Excluded from Portfolio Percentages:**

Treasury Securities and Money Market Fund - Series 2004A COPs	38,599,839
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>	<b>\$ 69,226,364</b>

**Total Cash and Investments** **\$ 1,003,842,490**

**PORTFOLIO INFORMATION**

	Pooled Funds **	Bond/CP Fund	Debt Service Reserve	Total *
Portfolio Yield to Maturity - 365 Days	0.60%	0.56%	2.76%	0.73%
Average Term	308	229	203	248
Average Days to Maturity (730 Days Maximum)	196	212	102	200
<b>Accrued Interest Earnings (Cash and Investments):</b>				
Month Ended February 2010	\$ 217,782	\$ 461,604	\$ 204,713	\$ 884,099
Fiscal Year to Date	\$ 1,579,588	\$ 1,238,746	\$ 1,156,155	\$ 3,974,489
Total Cash and Investments	\$ 264,564,394	\$ 670,051,732	\$ 69,226,364	\$ 1,003,842,490

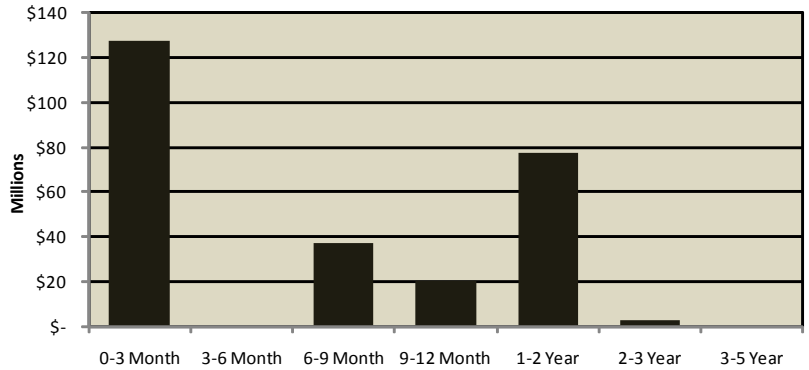
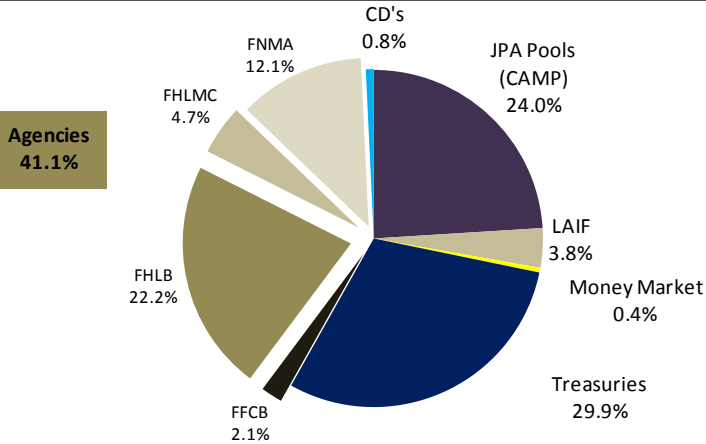
\* "The weighted average days to maturity of the total portfolio shall not exceed 730 days (two years) to maturity" per SDCWA Investment Policy.

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

Asset Allocation

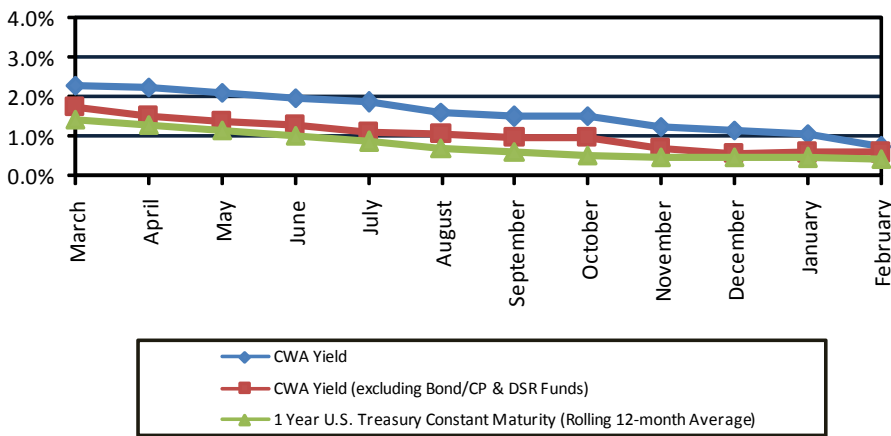
Maturity Distribution

P o o l e d F u n d s



Portfolio Yield - Mar 09 - Feb 10

Credit Quality



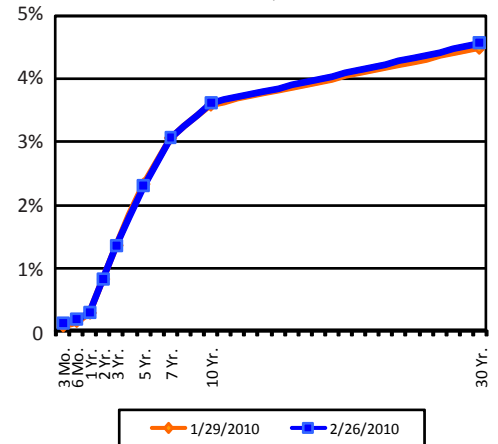
	% OF PORTFOLIO
US Treasury (AAA)	29.9%
Agency (AAA)	41.1%
Other (AAA)*	24.4%
AA**	0.0%
not rated***	4.6%
	<b>100.0%</b>

\* 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) \*

Month End	Investment Maturities	Projected Receipts	Projected Disbursements	Reinvestment/ (Use) of Liquid Funds	Projected Cash & Investments
<b>Pooled Funds</b>					
Feb 10					\$264.56
Mar 10	8.80	19.96	19.63	9.13	264.90
Apr 10	41.19	21.24	59.05	3.38	227.09
May 10	2.00	25.13	20.96	6.17	231.27
June 10	-	22.68	21.95	0.73	231.99
July 10	-	26.52	18.64	7.88	239.88
Aug 10	-	29.47	23.47	6.00	245.88
<b>Bond/CP Fund</b>					
Feb 10					\$670.05
Mar 10	9.00	0.30	15.02	(5.72)	655.33
Apr 10	-	0.29	26.22	(25.93)	629.40
May 10	-	0.28	19.11	(18.83)	610.57
June 10	-	0.28	14.51	(14.24)	596.33
July 10	6.10	0.27	11.86	(5.48)	584.75
Aug 10	72 of 32700	0.26	16.42	(11.16)	568.59

U.S. Treasury Yield Curve



Market Notes

On January 27<sup>th</sup>, the FOMC maintained the target for the federal funds rate at a range of 0-25 basis points. The next meeting is March 16<sup>th</sup>.

\* Numbers may not foot due to rounding

**SDCWA - Fiscal Year 2010  
Portfolio Management  
Portfolio Details - Investments  
February 28, 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			63,247,243.17	63,247,243.17	63,247,243.17	0.180	AAA	0.180	1	
CASH37	6004	CAMP - 2008A COPS			70,345,297.68	70,345,297.68	70,345,297.68	0.180	AAA	0.180	1	
CASH44	3004	CAMP - 2010A BONDS		02/01/2010	569,820.12	569,820.12	569,820.12	0.180		0.180	1	
CASH45	4004	CAMP - 2010B BONDS-BABS		02/01/2010	76,508,490.67	76,508,490.67	76,508,490.67	0.180		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	0.010		0.010	1	
CASH43	4001	GOLDMAN - 2010B BONDS-BABS		02/01/2010	0.00	0.00	0.00	0.010		0.010	1	
CASH09	8001	GOLDMAN - RATE STABILIZATION			0.00	0.00	0.00	0.010	AAA	0.010	1	
CASH31	6001	GOLDMAN - 2008A COPS			880.54	880.54	880.54	0.010	AAA	0.010	1	
CASH18	7001	GOLDMAN - EQUIPMENT			0.00	0.00	0.00	0.010	AAA	0.010	1	
CASH11	0002	GOLDMAN - OPERATING/POOLED			1,177,131.92	1,177,131.92	1,177,131.92	0.010	AAA	0.010	1	
CASH12	5001	GOLDMAN - PAY AS YOU GO			0.00	0.00	0.00	0.010	AAA	0.010	1	
CASH13	72	LAIF - OPERATING		07/01/2009	9,913,431.24	9,913,431.24	9,913,431.24	0.530		0.530	1	
CASH40	3002	LAIF - 2010A BONDS		02/01/2010	50,000,000.00	50,000,000.00	50,000,000.00	0.530		0.530	1	
CASH41	4002	LAIF - 2010B BONDS-BABS		02/01/2010	175,000,000.00	175,000,000.00	175,000,000.00	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			20,325.55	20,325.55	20,325.55	0.001	AAA	0.001	1	
CASH33	208	US BANK MONEY MARKET FUND			759.17	759.17	759.17	0.001	AAA	0.001	1	
<b>Subtotal and Average</b>			<b>522,678,603.70</b>		<b>477,409,905.06</b>	<b>477,409,905.06</b>	<b>477,409,905.06</b>			<b>0.706</b>	<b>1</b>	
<b>Commercial Paper - Discount</b>												
36959JG64	6171	GENERAL ELECTRIC CAPITAL CORP.		02/26/2010	6,100,000.00	6,095,153.92	6,095,153.89	0.220	AA+	0.223	127	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	154	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	184	09/01/2010
<b>Subtotal and Average</b>			<b>1,958,362.11</b>		<b>18,300,000.00</b>	<b>18,278,046.42</b>	<b>18,278,046.39</b>			<b>0.270</b>	<b>157</b>	
<b>Federal Agency - Coupon</b>												
31331JBL6	4014	FEDERAL FARM CREDIT BANK		02/04/2010	9,100,000.00	9,133,690.22	9,122,315.22	1.100	AAA	1.007	682	01/12/2012
31331GNQ8	4018	FEDERAL FARM CREDIT BANK		02/04/2010	5,000,000.00	5,156,250.00	5,153,200.00	2.250	AAA	1.135	785	04/24/2012
31331Y3P3	4019	FEDERAL FARM CREDIT BANK		02/04/2010	10,000,000.00	10,548,888.89	10,561,438.89	3.500	AAA	0.809	581	10/03/2011
31331VXG6	5613	FEDERAL FARM CREDIT BANK		03/16/2009	3,500,000.00	3,522,750.00	3,656,030.00	5.200	AAA	1.080	49	04/19/2010
31331YDC1	7027	FEDERAL FARM CREDIT BANK		09/12/2008	2,000,000.00	2,013,980.00	2,048,560.00	4.250	AAA	2.731	65	05/05/2010
3133XVDM0	10006	FEDERAL HOME LOAN BANK		01/28/2010	20,000,000.00	20,089,666.67	20,095,666.67	0.700	AAA	0.470	413	04/18/2011
3133XVDM0	10007	FEDERAL HOME LOAN BANK		02/17/2010	20,000,000.00	20,097,055.56	20,097,055.56	0.700	AAA	0.485	413	04/18/2011
3133XHPH9	4011	FEDERAL HOME LOAN BANK		02/04/2010	10,000,000.00	10,806,126.67	10,812,016.67	4.875	AAA	0.871	627	11/18/2011
3133XHPH9	4012	FEDERAL HOME LOAN BANK		02/04/2010	5,200,000.00	5,619,185.87	5,622,976.67	4.875	AAA	0.863	627	11/18/2011
3133XVQL8	4013	FEDERAL HOME LOAN BANK		02/04/2010	18,300,000.00	18,438,732.30	18,399,643.50	1.125	AAA	0.971	648	12/09/2011
3133XWW47	4016	FEDERAL HOME LOAN BANK		02/04/2010	4,100,000.00	4,113,065.68	4,099,810.38	1.125	AAA	1.132	739	03/09/2012

**SDCWA - Fiscal Year 2010  
Portfolio Management  
Portfolio Details - Investments  
February 28, 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>												
3133XTAW6	4017	FEDERAL HOME LOAN BANK		02/04/2010	4,700,000.00	4,854,453.75	4,851,666.65	2.250	AAA	1.077	774	04/13/2012
3133XUKB8	4021	FEDERAL HOME LOAN BANK		02/04/2010	9,450,000.00	9,552,816.00	9,539,964.00	1.375	AAA	0.744	528	08/11/2011
3133XR4U1	4022	FEDERAL HOME LOAN BANK		02/04/2010	21,100,000.00	21,881,638.95	21,917,361.25	3.125	AAA	0.589	466	06/10/2011
3133XVDU2	4024	FEDERAL HOME LOAN BANK		02/04/2010	14,800,000.00	14,873,194.22	14,876,450.22	0.800	AAA	0.543	431	05/06/2011
3133XVDM0	4029	FEDERAL HOME LOAN BANK		02/17/2010	14,600,000.00	14,670,850.56	14,670,850.56	0.700	AAA	0.485	413	04/18/2011
3133XWEZ8	4030	FEDERAL HOME LOAN BANK		02/17/2010	12,600,000.00	12,627,751.50	12,633,408.90	0.750	AAA	0.617	494	07/08/2011
3133XJVL9	5556	FEDERAL HOME LOAN BANK		09/20/2007	5,000,000.00	5,232,165.00	5,076,300.00	5.000	AAA	4.520	375	03/11/2011
3133XBB20	5609	FEDERAL HOME LOAN BANK		11/21/2008	1,800,000.00	1,803,295.80	1,843,686.00	4.375	AAA	2.495	16	03/17/2010
3133XQ5C2	5610	FEDERAL HOME LOAN BANK		11/21/2008	8,890,000.00	8,921,230.57	8,886,799.60	2.375	AAA	2.400	60	04/30/2010
3133XES83	6137	FEDERAL HOME LOAN BANK		06/19/2008	5,000,000.00	5,007,205.00	5,121,150.00	4.875	AAA	3.418	11	03/12/2010
3133XBB20	6138	FEDERAL HOME LOAN BANK		06/19/2008	4,000,000.00	4,007,324.00	4,061,520.00	4.375	AAA	3.456	16	03/17/2010
3133XJUT3	8160	FEDERAL HOME LOAN BANK		09/20/2007	2,500,000.00	2,693,482.50	2,539,125.00	5.000	AAA	4.608	739	03/09/2012
3134A4HF4	4020	FEDERAL HOME LOAN MORTGAGE COR		02/04/2010	16,200,000.00	17,748,948.60	17,786,079.00	5.500	AAA	0.713	563	09/15/2011
3137EABK4	4028	FEDERAL HOME LOAN MORTGAGE COR		02/17/2010	25,000,000.00	25,863,250.00	25,898,125.00	2.750	AAA	0.454	406	04/11/2011
3128X6U95	4032	FEDERAL HOME LOAN MORTGAGE COR		02/23/2010	3,500,000.00	3,594,138.33	3,602,853.33	3.320	AAA	0.386	347	02/11/2011
3137EABG3	5614	FEDERAL HOME LOAN MORTGAGE COR		03/16/2009	5,400,000.00	5,423,441.40	5,505,084.00	2.875	AAA	1.124	60	04/30/2010
31359MM26	10005	FEDERAL NATION MORTGAGE ASSOC.		01/28/2010	20,000,000.00	21,330,743.89	21,413,863.89	5.125	AAA	0.489	410	04/15/2011
31359MZ30	10008	FEDERAL NATION MORTGAGE ASSOC.		02/25/2010	10,000,000.00	10,875,205.56	10,880,955.56	5.000	AAA	0.694	593	10/15/2011
31398AWQ1	3011	FEDERAL NATION MORTGAGE ASSOC.		02/18/2010	1,200,000.00	1,217,413.67	1,218,025.67	1.375	AAA	0.465	423	04/28/2011
31359MZ30	3012	FEDERAL NATION MORTGAGE ASSOC.		02/18/2010	1,200,000.00	1,303,858.00	1,304,584.00	5.000	AAA	0.740	593	10/15/2011
31398AWK4	3013	FEDERAL NATION MORTGAGE ASSOC.		02/18/2010	762,000.00	780,206.34	780,063.85	1.875	AAA	1.055	781	04/20/2012
31359MZ30	4010	FEDERAL NATION MORTGAGE ASSOC.		02/04/2010	15,000,000.00	16,269,058.33	16,282,333.33	5.000	AAA	0.817	593	10/15/2011
31359M5H2	4015	FEDERAL NATION MORTGAGE ASSOC.		02/04/2010	8,100,000.00	8,743,504.50	8,749,458.00	5.000	AAA	1.006	717	02/16/2012
31398ARH7	4023	FEDERAL NATION MORTGAGE ASSOC.		02/04/2010	14,000,000.00	14,589,501.50	14,611,677.50	3.375	AAA	0.523	444	05/19/2011
31398AVQ2	4033	FEDERAL NATION MORTGAGE ASSOC.		02/23/2010	10,000,000.00	10,214,686.67	10,214,316.67	1.750	AAA	0.440	387	03/23/2011
<b>Subtotal and Average</b>			<b>278,477,509.46</b>		<b>342,002,000.00</b>	<b>353,618,756.50</b>	<b>353,934,415.54</b>			<b>0.893</b>	<b>470</b>	
<b>Federal Agency - Discount</b>												
313397UW9	5619	FEDERAL HOME LOAN MORTGAGE COR		07/29/2009	7,000,000.00	6,999,342.00	6,983,462.50	0.350	AAA	0.362	28	03/29/2010
313589M34	3010	FEDERAL NATION MORTGAGE ASSOC.		02/18/2010	1,200,000.00	1,197,855.60	1,197,732.00	0.270	AAA	0.277	241	10/28/2010
313588BH7	4031	FEDERAL NATION MORTGAGE ASSOC.		02/23/2010	11,300,000.00	11,262,099.80	11,260,164.36	0.370	AAA	0.381	337	02/01/2011
<b>Subtotal and Average</b>			<b>9,866,892.43</b>		<b>19,500,000.00</b>	<b>19,459,297.40</b>	<b>19,441,358.86</b>			<b>0.368</b>	<b>220</b>	
<b>Treasury Securities - Coupon</b>												
912828DR8	10000	UNITED STATES TREASURY		08/28/2009	21,000,000.00	21,098,448.00	21,493,500.00	4.000	AAA	0.271	45	04/15/2010
912828EJ5	10002	UNITED STATES TREASURY		10/27/2009	12,000,000.00	12,318,685.19	12,458,690.03	4.250	AAA	0.430	228	10/15/2010
912828JL5	10003	UNITED STATES TREASURY		11/24/2009	22,000,000.00	22,293,369.52	22,396,483.52	2.000	AAA	0.230	213	09/30/2010
912828JS0	10004	UNITED STATES TREASURY		11/24/2009	20,000,000.00	20,143,760.00	20,192,200.00	1.250	AAA	0.302	274	11/30/2010

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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>												
912828JJ0	210	UNITED STATES TREASURY		09/01/2009	37,863,000.00	38,267,778.49	38,599,079.74	2.375	AAA	0.426	183	08/31/2010
912828HX1	5616	UNITED STATES TREASURY		06/30/2009	2,400,000.00	2,407,874.40	2,434,500.00	2.125	AAA	0.397	60	04/30/2010
<b>Subtotal and Average</b>			<b>122,661,757.98</b>		<b>115,263,000.00</b>	<b>116,529,915.60</b>	<b>117,574,453.29</b>			<b>0.339</b>	<b>181</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	346	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	346	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	220	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	346	02/10/2011
<b>Subtotal and Average</b>			<b>11,642,857.14</b>		<b>17,000,000.00</b>	<b>17,000,000.00</b>	<b>17,000,000.00</b>			<b>1.329</b>	<b>331</b>	
<b>Total and Average</b>			<b>947,614,693.35</b>		<b>989,474,905.06</b>	<b>1,002,295,920.98</b>	<b>1,003,638,179.14</b>			<b>0.725</b>	<b>200</b>	



**SDCWA - Fiscal Year 2010  
Portfolio Management  
Portfolio Details - Cash  
February 28, 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	51,977.00	51,977.00	51,977.00			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			211,845.21	211,845.21	211,845.21	0.001		0.001	1
CASH03	1001	WELLS FARGO - PAYROLL ZBA		07/01/2009	-62,022.63	-62,022.63	-62,022.63			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	3.57	3.57	3.57			0.000	1
CASH39	4000	WELLS FARGO - 2010B BONDS-BABS		02/01/2010	3.80	3.80	3.80			0.000	1
CASH30	6000	WELLS FARGO - 2008A COPS			3.99	3.99	3.99	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>947,614,693.35</b>		<b>989,679,216.00</b>	<b>1,002,500,231.92</b>	<b>1,003,842,490.08</b>			<b>0.725</b>	<b>200</b>

**SDCWA - Fiscal Year 2010  
Portfolio Management  
Activity Summary  
February 2009 through February 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					
February	2009	95	605,826,154.55	2.321	2.353	1.817	1	6	315	161
March	2009	92	597,110,137.92	2.251	2.282	1.655	2	5	316	146
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
<b>Average</b>		<b>70</b>	<b>545,769,278.82</b>	<b>1.645%</b>	<b>1.668%</b>	<b>1.237</b>	<b>5</b>	<b>6</b>	<b>270</b>	<b>113</b>



March 17, 2010

**Attention: Administrative and Finance Committee**

**Approve Special Agricultural Water Rate Workgroup Board Recommendation on Revised Special Agricultural Water Rate Program. (Action)**

**Staff recommendation**

Approve the Special Agricultural Water Rate Board Workgroup recommendations as included in their March 12, 2010, Findings and Recommendations.

**Alternative**

Do not approve the Special Agricultural Water Rate Board Workgroup recommendations

**Fiscal Impact**

Under continuation of the transitional program for two years, the supply rate differential and storage charge exemption for agricultural customers are accounted for in current rate projections for 2011 and do not result in rate increases beyond what is currently forecasted for 2012. Under the revised Special Agricultural Water Rate (SAWR), which becomes effective January 1, 2013, agricultural customers in the SAWR class of service will pay the Water Authority's melded supply cost which will result in a higher cost to those customers. The exemption of agricultural deliveries from the storage charge is already accounted for in the projected storage charge unit rate.

**Background**

In October 2008, the Board approved a two-year transitional SAWR for customers opting out of Metropolitan Water District's (MWD's) Interim Agricultural Water Program (IAWP). As part of the 4-year phase-out of the IAWP, MWD provides IAWP customers the option of annually opting out of the program. The IAWP will terminate December 31, 2012. The transitional SAWR is to terminate December 31, 2010.

Similar to the Water Authority's special rates provided to IAWP customers, the two-year transitional SAWR program consists of two components:

- 1) Agricultural customers pay a special supply rate and in return take deeper cuts during shortage periods. The current rate is equal to MWD's M&I Rate. Deliveries are exempt from the Water Authority's melded supply rate. The supply reduction is equal to MWD's M&I cutback levels and the customers do not receive any Water Authority QSA supplies or dry year supplies such as spot water transfers or carryover storage water.
- 2) Agricultural deliveries are not included in the calculation of member agencies' proportional share of the fixed Storage Charge. The Storage Charge consists of costs associated with both the Emergency Storage Project (ESP) and Carryover Storage Project (CSP). In return for the storage discount, agricultural customers participating in the program would be required to take a

reduction in delivery of ESP supplies at double the system-wide reduction, up to 90 percent, with the commercial and industrial customers receiving the additional water. Agricultural customers participating in the program would also have limited or no access to CSP supplies. The specific allocation methodology for CSP supplies would be developed over the coming year.

With approval of the transitional SAWR, the Board also agreed to form a workgroup to develop options to either; 1) discontinue special agricultural rates, 2) continue with the transitional program, or 3) adopt a new special agricultural rate program.

The Special Agricultural Water Rate Workgroup was formed in July 2009 and is comprised of Directors Ken Williams (Chair), Hogan, Lewinger, and Wornham, with Directors Arant and Wight recently added as alternates.

As part of its activities, the Workgroup established overriding policies and goals for any potential program, which are:

1. Benefit both Municipal and Industrial (M&I) and agricultural customers
2. Provide water management benefit to M&I customers
3. Offer stable/ predictable program for farmers
4. Program does not need to be linked to MWD's cutback or rates
5. Program simplicity is desirable

The Workgroup met ten times to discuss and develop a revised special agricultural water rate program based on the Workgroup's goals. An initial draft recommendation was developed and presented to the Board in January 2010. This was followed by two meetings with agricultural industry representatives to explain and get their feedback on the initial draft recommendation. The agricultural representatives included Eric Larson, Executive Director of the San Diego County Farm Bureau, Tom Bellamore, President of the California Avocado Commission and Charlie Wolk, farmer and Avocado Commission board member.

### **Discussion**

The attached SAWR Board Workgroup Findings and Recommendations is a comprehensive document that contains results from the Workgroup's discussions, analysis, and recommendations while taking into account feedback received from the agricultural industry on a SAWR.

As stated in the document, the Workgroup is recommending that the SAWR program be revised effective January 1, 2013, (concurrent with termination of MWD's IAWP) and that the SAWR customer will not pay the storage charge but will pay all other rates and charges. As discussed in the attached Findings, the Workgroup found that agriculture's 50 percent lower level of service from the ESP and no service from CSP resulted in significantly higher reliability for M&I customers in an ESP event and greater reliability in a drought event. In addition, the rate impact of exempting SAWR deliveries from the storage charges was less than one percent of the total M&I rate and the reliability benefit makes this "insurance program" cost effective to M&I customers. The workgroup also noted that fixed charges which SAWR customers are subject to,

account for approximately one-third of the storage programs total costs while there is no guarantee on the level of service Agriculture will receive in an emergency. For these primary reasons, the Workgroup is recommending that the revised SAWR continue to contain an exemption from the storage charge. **Table 1** describes how the cutback to agricultural customers during an emergency at twice the rate of M&I customers results in an increase for commercial and industrial(C&I) from 75 percent reliability to an 87 percent reliability level.

**TABLE 1**  
**Increase in C&I Reliability from a 75% Level of Service during an ESP Event**  
**Due to Agricultural Cutbacks**

Demands in Acre-Feet	M&I	Interruptible Agriculture	C&I
Net Annual Demand (less recycled water)	646,200	56,000	133,380
2-Month Demand (Jul - Aug)	148,630	14,560	30,680
2-Month Emergency Demand at 75%	111,470	10,920	23,010
2-Month Emergency Demand at 50%	---	7,280	---
<b>Adjustment for C&amp;I</b>			
C&I Supplement ( <i>2 month Ag Demand @75% minus 2 Month Ag demand @50%</i> )			3,640
Adjusted C&I Demand ( <i>C&amp;I Supplement plus 2 month C&amp;I demand @75%</i> )			26,650
<b>Level of Service for C&amp;I</b>			<b>87%</b>

In determining to eliminate the SAWR supply rate differential from the program, the Workgroup evaluated the supply benefit for M&I customers by considering the unit expense of water made available, compared to the cost of purchasing dry-year transfers. The analysis assumed that cutbacks occurred two out of five years. The unit expense associated with providing the rate differential over five year period equated to approximately \$1,500/AF, assuming two years of cutback at a 20 percent differential between M&I and agricultural cutbacks. Dry-year transfers are estimated at \$750/AF to \$900/AF during the same five year period. As stated in the Findings, the Workgroup therefore determined that maintaining the supply rate differential was not a cost-effective benefit to M&I customers and should be discontinued.

**Table 2** provides a five-year analysis of the unit cost of the supply rate differential under various rate scenarios. As noted, \$64/AF is the five-year average of the projected differential between the Water Authority's melded supply rate and the MWD Tier 1 rate. The other costs reflect scenarios where the differential was fixed at a set amount that did not change over the five-year period. The lower unit cost of the program still required agriculture to cut 20 percent more than M&I for a lesser rate differential. Those scenarios were considered by the agricultural agencies to not be cost effective from a grower's business perspective.

**TABLE 2**  
**Estimated Unit Expense of**  
**Supply Program based on Potential Rate Differential**

Rate Differential	\$20/AF	\$30/AF	\$40/AF	\$64/AF*	\$80/AF	\$100/AF
Unit Expense	\$1,040	\$1,169	\$1,298	\$1,590	\$1,813	\$2,071

\*5-year average of existing program

The Workgroup recommendation also includes continuation of the transitional SAWR for two additional years, until December 31, 2012, to coincide with termination of MWD’s IAWP. The extension of the transitional SAWR would be consistent with the October 2008 Board approved program, except that customers would be kept at a minimum 13 percent cutback level for the two year period regardless of the MWD M&I cutback level. The participants would also be required to maintain at least a five percent differential between the Water Authority M&I cutback level and the transitional SAWR customer cutback level. The benefits to M&I customers in extending the program, with guaranteed reduction in deliveries, is that it will provide an important in-region supply during this shortage period and avoid an increase in firm deliveries which would provide QSA water, transfers and other dry year supplies to currently interruptible customers. The agricultural industry also felt that extension would help minimize the cumulative impact of increasing wholesale costs and the decreasing supply rate differential from both MWD and the Water Authority.

In evaluating the unit expense associated with continuing to provide the supply rate differential through the transitional SAWR, the analysis assumed that the current reduction levels being experienced by transitional SAWR customers continue for an additional two years. Although required to cut 13 percent, the SAWR customers have cutback 25 percent and are expected to continue at that level for the foreseeable future. This has resulted in a 17 percent cutback differential between SAWR and M&I customers and significantly more water available to M&I than first anticipated when the program began. The unit expense for water made available over the two year period in all but one scenario analyzed in **Table 3** below will be comparable to the potential cost to purchase and wheel out-of-region dry-year transfer supplies over the next two years. The cost per acre foot takes into account both the cost to fund the program which reduces agricultural demand and the price for M&I to purchase water freed up by the reduction in agricultural demand. The projected unit cost for fiscal year 2010 to both fund the rate differential and purchase the water is projected to be \$696/AF. This is because the program began yielding water in the first year of its initiation.

**TABLE 3**  
**Two Year Supply Rate Differential Extension - Cost per Acre Foot**  
**(Includes cost of rate differential and purchase of freed up water by M&I)**

	Cutback Levels based on FY 2010 Targeted		Reduction Levels based on Actual Savings in FY 2010	
	M&I 8% & TSAWR 13%	M&I 10% & TSAWR 13%	M&I 8% & TSAWR 25%	M&I 10% & TSAWR 25%
Yield Available to M&I Customers	3,612 AF	9,065 AF	11,587 AF	17,040 AF
Unit Expense	\$1,526/AF	\$975/AF	\$857/AF	\$778/AF

At the request of the agricultural industry, the Workgroup is also recommending that staff meet with representatives of the agricultural industry and agricultural member agencies within 12 months of Board action and annually thereafter for the purpose of identifying other water management or conservation programs that agriculture can participate in that will provide a reliability benefit to M&I or reduce agricultural water demand.

Prepared by: Dana L. Frieauf, Principal Water Resources Specialist

Reviewed by: Ken Weinberg, Director of Water Resources

Approved by: Sandra L. Kerl, Deputy General Manager

Attachment 1: March 12, 2010 SAWR Board Workgroup Findings and Recommendations

**Special Agricultural Water Rate Board Workgroup  
Findings & Recommendations  
March 12, 2010**

General Findings

1. The Agricultural industry is a significant part of the region's economy and is particularly sensitive to the price of water because it comprises as much as 70 percent of the cost of production
2. The Agricultural industry has a historic record of accepting lower levels of reliability through an interruptible class of service primarily because of the availability of surplus water
3. Agriculture has a history as a distinct class of service and is easily identifiable by retail water purveyors
4. During Fiscal Year 2010 current participants in the SAWR have over performed in regards to their cutbacks from what the program requires
5. Cost of Service principles require that any rate differential be based on different service characteristics that the rate relate to the cost of providing that unique level of service
6. For the SAWR to benefit M&I customers the program must both improve M&I reliability and be cost competitive with alternative reliability investments or water management actions
7. For the SAWR to benefit the Agricultural customer, the severity and duration of a cutback must be commensurate with the financial savings to the Agricultural customer
8. If the cutback in water to the Agricultural customer is too severe and lasts too long the business will not be viable regardless of the rate differential
9. The cost of water to all customers has risen significantly and is expected to continue to rise in the future. Any current rate differential for Agricultural customers most likely will be outpaced by expected future increases in the overall water rate
10. The most transparent basis for a rate differential for Agricultural customers is to receive either no or a reduced level of service from specific Water Authority service categories, i.e.; storage, supply, etc. , where a specific reliability benefit can be transferred to M&I customers.
11. The best basis to provide a rate differential between classes of service is through the charge associated with the unbundled rate service category that is associated with the lesser level of service and not through a separate independent calculation of the economic value. ie; reduced level of service for storage is reflected in a lower payment for storage related charges.



## Service Categories

12. When comparing the rate differential for storage the Workgroup found the following:

- Agriculture's 50 percent lower level of service from ESP and no service from CSP resulted in significantly higher reliability for M&I customers in an ESP event and greater reliability for M&I customers in a drought event
- The storage component of the SAWR resulted in additional storage capacity for M&I customers at a cost equal to or less than the cost of investing in additional storage capacity at San Vicente or elsewhere
- Excluding the Storage Charge, fixed revenues account for at least 1/3 of the storage programs costs. With the exception of capacity charges, agricultural customers pay all other remaining fixed charges and make a substantial payment towards the cost of storage commensurate with the reduced benefit they receive.
- In an ESP event it is uncertain what if any service agricultural customers will receive when the emphasis is on health and safety. There is also no guarantee that level of service targets for M&I of 75 percent and Agriculture of 50 percent will be met. The level of service to agriculture can be significantly less.
- C&I customers that received enhanced reliability during an emergency event do not pay more than residential or institutional customers for that unique reliability benefit
- The rate impact of funding the differential rate for agriculture was less than 1 percent of the total M&I rate and the reliability benefit makes this "insurance program" cost effective to M&I customers

13. When comparing the rate differential for supply the Workgroup found the following:

- The current Transitional SAWR requires that Agriculture cutback at the MWD M&I cutback level. Over the long term, the estimated difference between the MWD cutback and the CWA melded cutback would produce only 3,000-6,000 acre feet annually available to M&I during a shortage.
- At most there is a likelihood that the MWD supply will be cut in a 2 out of 5 year period but the rate differential must be funded by M&I customers 5 out of 5 years
- The most appropriate alternative action to a supply rate differential program for Agriculture is the purchase of a dry year option or spot transfer
- The cost to the M&I customer of funding the rate differential combined with the cost to purchase the water that is no longer going to the agricultural customer is not cost competitive with dry year transfers.

- Increasing the cutback to agriculture to provide more water to M&I to lower the unit cost results in too severe a cutback for agriculture to sustain
  - Reducing the amount of the rate differential results in a program that is not financially attractive to the Agricultural customer.
  - The current Transitional SAWR has proven to be cost competitive with transfers because M&I received an immediate benefit in the first year of the program and agricultural customers have reduced demand by more than the 5 percent difference between the CWA cutback and the MWD M&I cutback levels
14. When comparing a possible rate differential for treatment and transportation the Workgroup found the following:
- There is sufficient treated water capacity in the region so that interruptibility of agriculture does not provide a meaningful benefit to M&I
  - With the availability of storage to offset peak demands combined with member agency treatment and other local projects the benefit of reduced peaks by agriculture is not significant enough or frequent enough to warrant a rate differential

#### Program Findings

15. Water supply planning is enhanced if CWA knows that it does not have to supply SAWR customers' carryover water for a specified period of time, preferably 3 years.
16. Any agricultural rate differential should be for commercial growers since that group of customers are the most price sensitive and most capable of managing a lower level of reliability
17. Any new program should have a participation limit set so as not to exceed the base year of agricultural demand prior to the most recent cutbacks i.e. 100,000 AF
18. Current customers in MWD's IAWP program should continue to pay the MWD IAWP rate until that program terminates since they are being cutback according to the rules of that program and that rate appropriately reflects the cost of service to those customers

### **Board Workgroup Recommendations**

1. The Two-Year Transitional SAWR, approved by the Board in October 2008, should be continued for two additional years, terminating December 31, 2012 (concurrent with the termination of MWD's Interim Agricultural Water Program (IAWP)), with the requirement that customers in the program take a minimum 13 percent cutback for the two year period regardless of MWD M&I cutback level. At least a 5 percent differential between Water Authority M&I cutback level and the transitional SAWR customer will also be established.
2. The SAWR program should be revised effective January 1, 2013, (concurrent with the termination of MWD's IAWP) and agricultural customers in the SAWR class of service will not pay the storage charge but will continue to pay all fixed charges then in effect. Customers in the SAWR class will pay all supply, treatment and customer service rates and charges
3. Customers in the SAWR class of service should continue to be cutback at twice the rate of M&I customers in an Emergency Storage Program (ESP) event, up to 90percent
4. Customers in the SAWR class should receive no water from the Carryover Storage Program during Stage 2 or Stage 3 of the Drought Management Plan. When Stage 2 is implemented by the Board of Directors and the Water Authority withdraws water from carryover storage to meet M&I water needs, SAWR customers cannot leave the program for a minimum of three years or the duration of the Stage 2, whichever is less. Staff should be directed to work with the Agricultural member agencies on developing procedures for administering this program and return to the Board for approval prior to completion of the San Vicente Dam Raise.
5. Eligibility for the SAWR class will be limited to commercial growers owning at least 1 acre of property.
6. The maximum amount of water delivered under this program will not exceed 100,000 acre feet annually.
7. Prior to January 1, 2016, a comprehensive review of the SAWR program should be completed by the Board with the full participation of stakeholders and member agencies. The Board should evaluate the effectiveness of the program and determine whether to make additional revisions, if any, continue the program or terminate the program.
8. Direct Staff to meet with representatives of the agricultural industry and agricultural member agencies within 12 months of Board action and annually thereafter for the purpose of identifying other water management or conservation programs that agriculture can participate in that will provide a reliability benefit to M&I or reduce agricultural water demand.

March 17, 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 seven months ended January 31, 2010 with a comparison to December 31, 2009.

- 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 seven months ended January 31, 2010 are 313,779 acre-feet or \$237.0 million. This represents a continued trend of lower than projected water sales revenue. Water sales are down due to mandatory cutbacks, successful water conservation efforts across the region, the economy, and increased rainfall.

Capacity charges revenue of \$7.7 million is trending higher than budget due to a greater number of meter permits issued by the member agencies than anticipated. Property tax and in-lieu receipts of \$5.7 million are slightly less than budget. 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. Reassessment of property values resulting in lower property taxes and refunds of prior periods by the County have also contributed to the variance. Water standby availability charges are on target at 50.4%, or \$5.6 million. Interest income of \$4.3 million is trending lower than budget at 38.3%. It is anticipated that year-end receipts will be in-line with the budget due to additional interest income anticipated from the 2010 Series A and B bond issues.

Expenditures

Water purchases of \$180.0 million include \$12.3 million for 35,833 acre-feet of water purchased from the Imperial Irrigation District (IID), as well as \$31.0 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 38.6 percent and 49.9 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 anticipated to occur in Fiscal Year 2010 and may continue occurring at this level for the rest of the two-year budget period. The Water Resources Department and the Water Conservation Program are trending less than budget at 23.2% and 38.9%, 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 January 31, 2010 and December 31, 2009**

	<b>January</b>	<b>December</b>
<b>Assets:</b>		
<b>Current assets:</b>		
Cash and investments	\$ 126,332,308	\$ 115,498,570
Restricted cash and investments	263,604,563	271,483,092
Water receivables	50,985,476	57,195,174
Interest receivable	3,493,983	3,493,983
Taxes receivable	936,827	592,693
Other receivables	1,639,135	2,230,755
Inventories	25,222,923	25,198,768
Prepaid water	4,615,500	4,615,500
	<b>476,830,715</b>	<b>480,308,535</b>
<b>Noncurrent Assets:</b>		
Cash and investments	2,539,125	2,539,125
Restricted cash and investments	35,702,825	35,702,825
Deferred charges	150,002	142,390
Advances to other agencies	11,997,516	12,305,047
Retention receivable	2,081,304	2,081,304
Long-term loan receivable	20,000,000	20,000,000
Unamortized bond issuance costs	11,970,379	12,012,201
<b>Capital assets:</b>		
Land	13,128,344	13,128,344
Construction in progress	1,323,240,618	1,309,772,406
Work in progress	749,017	749,017
Plant and equipment, net	1,153,499,593	1,153,394,080
Intangible assets, net	119,577,189	119,951,413
	<b>2,694,635,912</b>	<b>2,681,778,152</b>
<b>Total assets</b>	<b>3,171,466,627</b>	<b>3,162,086,687</b>
<b>Liabilities:</b>		
<b>Current Liabilities:</b>		
Accounts payable and other liabilities	33,396,933	36,703,330
Interest payable	17,652,032	11,768,021
Construction deposits	1,052,584	1,081,364
Commercial paper	460,000,000	460,000,000
Current portion of long-term liabilities	13,741,056	13,846,808
	<b>525,842,605</b>	<b>523,399,523</b>
<b>Noncurrent liabilities:</b>		
Long-term liabilities	1,516,376,883	1,516,443,605
	<b>2,042,219,488</b>	<b>2,039,843,128</b>
<b>Net assets:</b>		
Invested in capital assets, net of related debt	612,078,083	612,078,083
Restricted for construction projects	347,541,565	347,541,565
Restricted for debt service	68,708,574	68,708,574
Unrestricted	98,337,252	98,337,252
Change in net assets	2,581,665	(4,421,915)
	<b>\$ 1,129,247,139</b>	<b>\$ 1,122,243,559</b>

**San Diego County Water Authority**  
**Statements of Revenues, Expenses, and Changes in Net Assets**  
**Months Ended January 31, 2010 and December 31, 2009**

	<u>January</u>	<u>December</u>
<b>Operating revenues:</b>		
Water sales	\$ 237,006,574	\$ 211,202,111
<b>Total operating revenues</b>	237,006,574	211,202,111
<b>Operating expenses:</b>		
Cost of sales	179,980,135	161,859,118
Depreciation and amortization	15,340,661	15,066,697
Operations and maintenance	8,770,734	7,592,731
Planning	4,456,919	3,835,318
General and administrative	9,303,662	7,983,460
<b>Total operating expenses</b>	217,852,111	196,337,324
<b>Operating income</b>	19,154,463	14,864,787
<b>Nonoperating revenues (expenses):</b>		
Property taxes and in-lieu charges	5,693,545	4,321,259
Infrastructure access charges	12,093,760	10,291,439
Investment income	4,783,244	4,920,094
Other income	1,546,946	1,331,607
Interest expense	(45,764,390)	(39,667,277)
Other expenses	(8,282,386)	(7,980,695)
<b>Total nonoperating revenues (expenses)</b>	(29,929,281)	(26,783,573)
<b>Income before capital contributions</b>	(10,774,818)	(11,918,786)
<b>Capital contributions:</b>		
Capacity charges	7,710,800	5,713,190
Water standby availability charges	5,621,351	1,763,303
Contributions in aid of capital assets	24,332	20,378
<b>Total capital contributions</b>	13,356,483	7,496,871
<b>Changes in net assets</b>	2,581,665	(4,421,915)
<b>Net assets at beginning of year</b>	1,126,665,474	1,126,665,474
<b>Net assets at end of year</b>	<u>\$ 1,129,247,139</u>	<u>\$ 1,122,243,559</u>

**San Diego County Water Authority  
Schedule of Cash and Investments  
As of January 31, 2010 and December 31, 2009**

	<u>January</u>	<u>December</u>
Operating Fund	63,806,554	53,090,413
Stored Water Fund	11,973,438	11,755,580
Equipment Replacement Fund	9,502,339	9,629,389
Rate Stabilization Fund	<u>43,589,102</u>	<u>43,562,313</u>
<b>Total Unrestricted Funds *</b>	<b>128,871,433</b>	<b>118,037,695</b>
Pay As You Go Fund*	132,781,974	126,761,375
CIP/Bond Construction Fund	97,788,269	111,687,397
Debt Service Reserve Fund	<u>68,737,145</u>	<u>68,737,145</u>
<b>Total Restricted Funds</b>	<b>299,307,388</b>	<b>307,185,917</b>
<b>Total Cash and Investments</b>	<b><u>428,178,821</u></b>	<b><u>425,223,612</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 January 31, 2010 does not include a reimbursement from the CIP/Bond Construction Fund to the Pooled Funds of \$20.5 million for expenditures incurred.



**San Diego County Water Authority  
Budget Status Report  
For the 7 Months Ended January 31, 2010**

	Annual Budget	Year-to-Date Budget (a) 7/12 months (58.3%)	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
<b>Revenues and Other Funding Sources/Uses</b>						
Water sales	\$ 450,564,000	\$ 288,794,569 (b)	\$ 237,006,574	\$ 343,455,834	\$ 213,557,426	52.6%
Infrastructure access charges	21,292,000	12,420,333	12,093,760	17,457,819	9,198,240	56.8%
Property taxes and in-lieu charges	10,423,000 (c)	6,080,083	5,693,545	10,303,336	4,729,455	54.6%
Investment income	11,254,000 (d)	5,627,000	4,314,185	21,166,176	6,939,815	38.3%
Hydroelectric revenue	1,300,000 (e)	758,333	781,557	773,931	518,443	60.1%
Other income	12,932,000 (f)	7,543,667	765,389	8,126,165	12,166,611	5.9%
Capital contributions:						
Capacity charges	6,200,000 (g)	3,100,000	7,710,800	23,883,745	(1,510,800)	124.4%
Water standby availability charges	11,145,000 (h)	6,501,250	5,621,351	11,252,896	5,523,649	50.4%
Contributions in aid of CIP	90,000 (i)	52,500	24,332	3,689,506	65,668	27.0%
Subtotal revenues and capital contributions	525,200,000	330,877,736	274,011,493	440,109,408	251,188,507	52.2%
Other funding sources/uses	250,978,000	137,725,691	87,508,133	267,819,527	163,469,867	34.9%
<b>Total Revenues and Other Funding Sources/Uses</b>	<b>\$ 776,178,000</b>	<b>\$ 468,603,426</b>	<b>\$ 361,519,626</b>	<b>\$ 707,928,935</b>	<b>\$ 414,658,374</b>	<b>46.6%</b>
<b>Expenditures</b>						
Water purchases & treatment	\$ 348,942,000	\$ 211,902,344 (b)	\$ 179,980,135	\$ 267,153,993	\$ 168,961,865	51.6%
Stored water purchases	4,840,000	2,823,333	-	10,000,000	4,840,000	0.0%
Capital improvement program (CIP)	258,590,000	150,844,167	99,721,169	277,385,450	158,868,831	38.6%
Debt service	93,043,000 (j)	54,275,083	43,417,179	96,882,142	49,625,821	46.7%
QSA mitigation	11,082,000 (k)	6,464,500	8,141,875	9,973,063	2,940,125	73.5%
Equipment replacement	1,678,000	978,833	228,583	1,662,176	1,449,417	13.6%
Other expenditures	12,823,000 (l)	7,480,083	7,499,370	7,920,554	5,323,630	58.5%
Operating departments/programs	45,180,000 (m)	26,355,000	22,531,315	36,951,557	22,648,685	49.9%
<b>Total Expenditures</b>	<b>\$ 776,178,000</b>	<b>\$ 468,603,426</b>	<b>\$ 361,519,626</b>	<b>\$ 707,928,935</b>	<b>\$ 414,658,374</b>	<b>46.6%</b>
<b>Operating Departments/Programs</b>						
Administrative Services	\$ 5,504,700	\$ 3,211,075	\$ 3,249,220	\$ 4,077,504	2,255,480	59.0%
Colorado River Programs	1,318,100	768,892	740,791	668,442	577,309	56.2%
Engineering	884,100	515,725	502,690	1,067,289	381,410	56.9%
Finance	2,219,000	1,294,417	1,188,521	1,888,345	1,030,479	53.6%
General Counsel	1,564,600	912,683	1,717,710	1,445,713	(153,110)	109.8%
General Manager & Board of Directors	2,563,900	1,495,608	1,425,834	2,520,357	1,138,066	55.6%
Human Resources	1,253,200	731,033	616,565	804,042	636,635	49.2%
MWD Program	1,303,100	760,142	643,577	777,594	659,523	49.4%
Operations & Maintenance	13,700,000	7,991,667	6,797,805	11,453,619	6,902,195	49.6%
Public Affairs	2,120,000	1,236,667	1,105,811	2,720,343	1,014,189	52.2%
Right of Way	2,779,300	1,621,258	1,470,240	2,139,291	1,309,060	52.9%
Water Conservation Program	5,118,200	2,985,617	1,186,454	5,703,821	3,931,746	23.2%
Water Resources	4,851,800	2,830,217	1,886,097	1,685,197	2,965,703	38.9%
<b>Total Operating Departments/Programs</b>	<b>\$ 45,180,000 (m)</b>	<b>\$ 26,355,000</b>	<b>\$ 22,531,315</b>	<b>\$ 36,951,557</b>	<b>\$ 22,648,685</b>	<b>49.9%</b>

(a) Year-to-date budget amounts are 7/12ths 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.

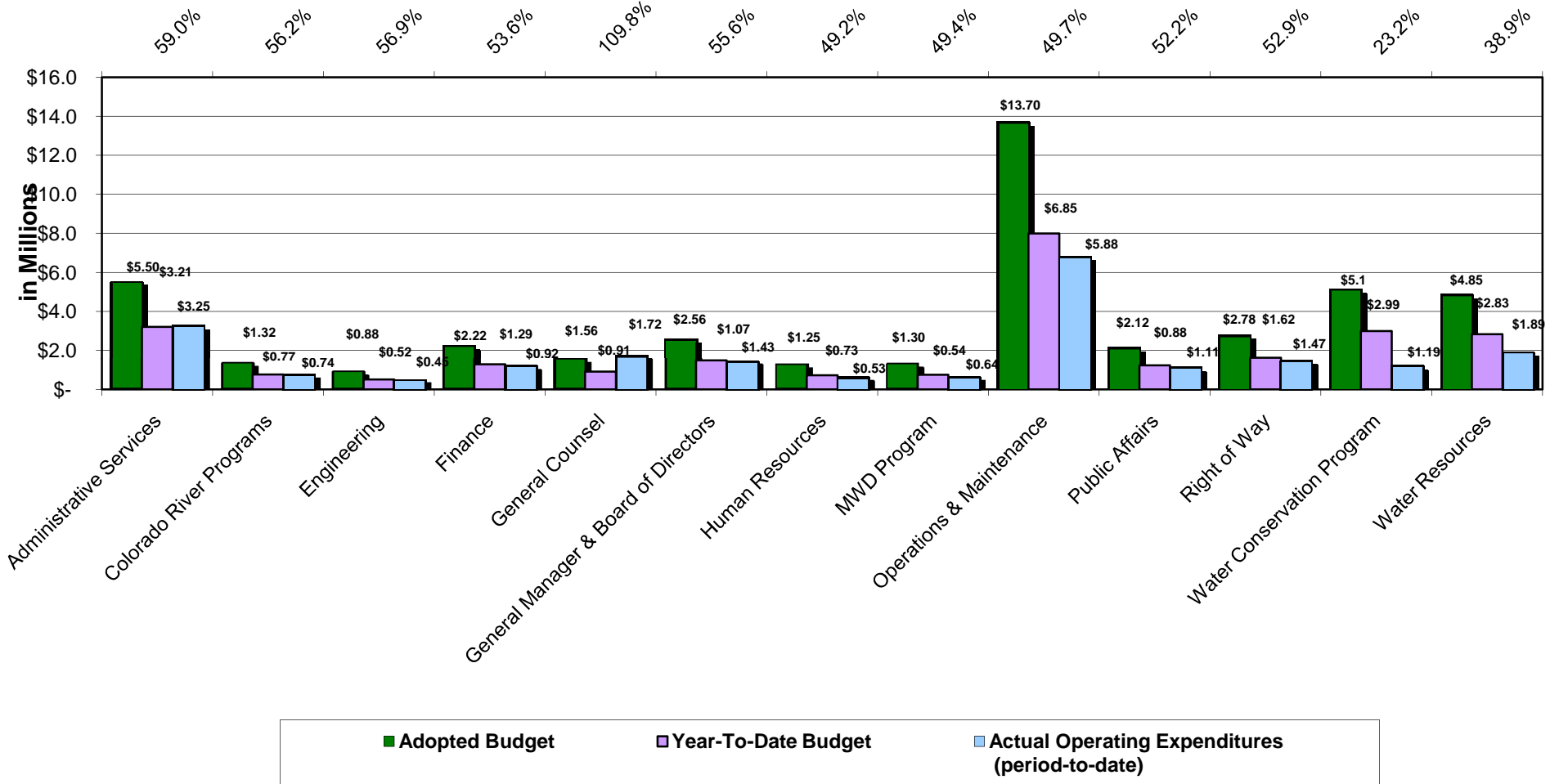
(j) The majority of the Debt Service payments are due in October and April. Debt Service includes principal, interest expense, and debt service fees. Amortization expense relating to premiums and discounts on long-term debt are excluded.

(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.

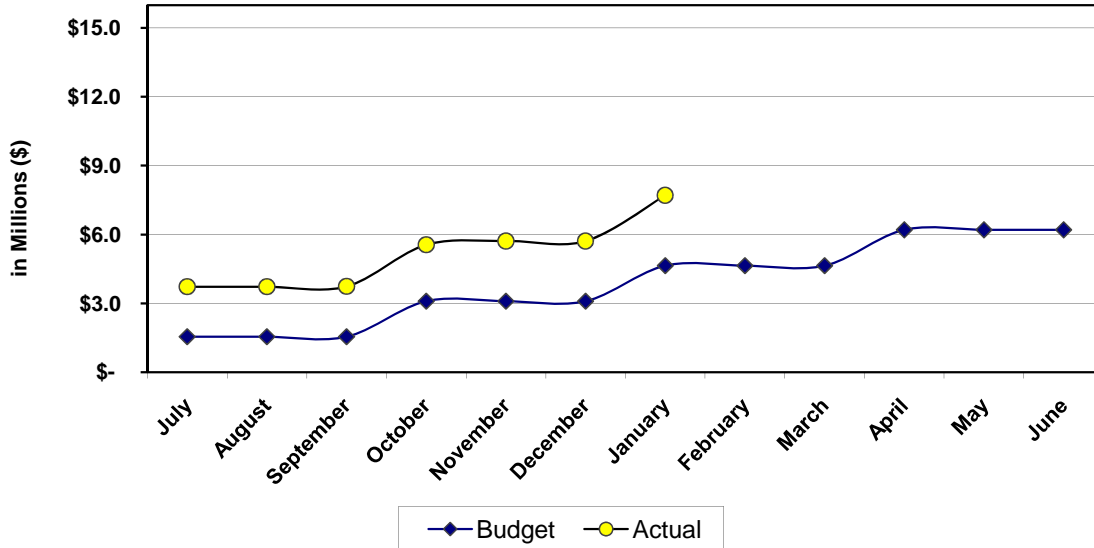
(l) Other expenditures include costs incurred for grants, conservation programs and other miscellaneous expenditures.

(m) Amounts include capital equipment purchases.

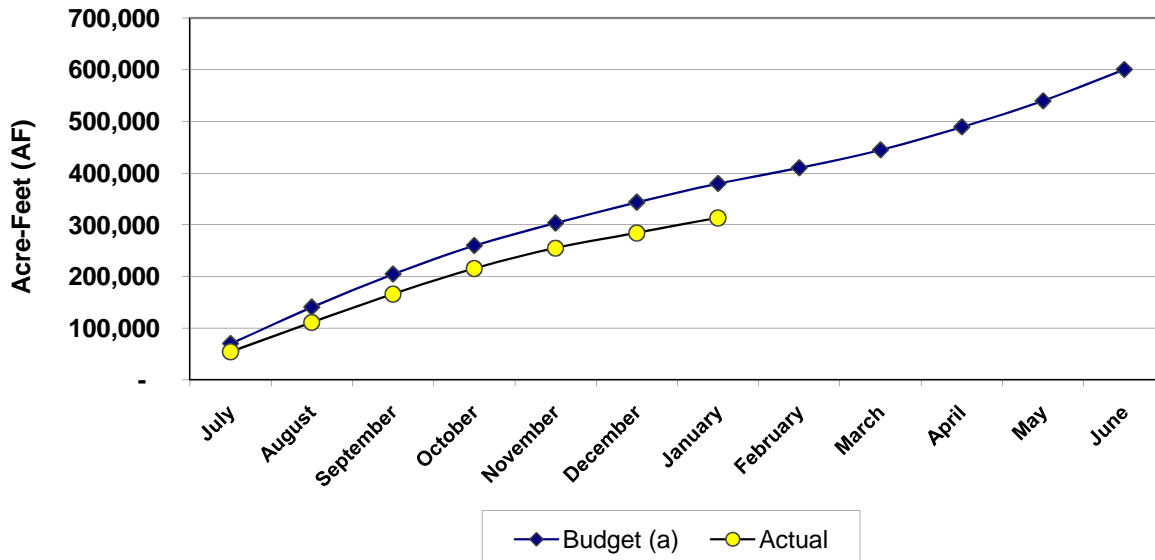
**San Diego County Water Authority  
 Comparison of Adopted Budget and Year-to-Date Budget (58.3% Overall)  
 to Actual Operating Expenditures by Department  
 For the 7 Months Ended January 31, 2010**



**CAPACITY CHARGES  
Budget Versus Actual  
for the 7 Months Ended January 31, 2010**



**WATER SALES  
Budget Versus Actual  
for the 7 Months Ended January 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					
AF Difference (b)	(15,759)	(29,483)	(38,593)	(44,224)	(48,548)	(59,324)	(66,312)					
Cum. Actual AF												
% Difference (b/a)	-22.4%	-20.9%	-18.8%	-17.0%	-16.0%	-17.2%	-17.4%					



San Diego County Water Authority

## BOARD CALENDAR

### APRIL 2010

- **7** MWD Delegates – 11:30 a.m.
- **8** Board of Directors Workshop  
9:00 a.m. – 3:00 p.m.  
Workshop held at the:  
Otay Water District  
2554 Sweetwater Springs Blvd.  
Spring Valley, CA 91978
- **22** Regular Board meeting – 3:00 p.m.

### MAY 2010

- **TBD** MWD Delegates – 11:30 a.m.
- **12** Engineering & Operations Tour –  
7:30 a.m. Escondido Operations Center  
8:45 a.m. Kearny Mesa headquarters
- **13** Tentative Special Board meeting – 1:30 p.m.
- **27** Regular Board meeting – 3:00 p.m.

### JUNE 2010

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

3/16/2010



March 17, 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 March 25, 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