



ADMINISTRATIVE AND FINANCE COMMITTEE

AGENDA FOR

AUGUST 28, 2008

Tom Wornham – Chair
Michael Hogan – Vice Chair
Hershell Price – Vice Chair
Jim Bond
Mitch Dion
Frank Hilliker
John Johnson

Bud Lewis
Rua Petty
Bud Pocklington
Javier Saunders
Richard Smith
Fred Thompson
Howard Williams

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 monthly Treasurer’s report.
(Action)
2. Resolution establishing amount due from the city of San Diego for the In-Lieu Charge as a condition of providing water service for fiscal year 2008-2009. Tandy Ramsey
Staff recommendation: Adopt Resolution No. 2008- _____
establishing an amount due of \$1,706,931.61 from the city of San Diego for the In-Lieu charge for fiscal year 2008-2009. (Action)



3. Amended agreement for legal services with Liebert Cassidy Whitmore.
Staff recommendation: Authorize the General Counsel to execute the amended agreement for legal services with Liebert Cassidy Whitmore. (Action) Dan Hentschke

4. Updated Temporary Emergency Service Fee for emergency delivery of Mexico's Colorado River Treaty water to Tijuana, Baja California, Mexico.
Staff recommendation: Adopt an updated Temporary Emergency Service Fee equal to the Water Authority's Transportation Rate, as modified by the Board, currently \$60 per acre-foot, for temporary emergency deliveries of Mexico's Colorado River Treaty water to Tijuana. (Action) Dana Frieauf

II. ACTION/DISCUSSION

1. Public Hearing - Adopt Resolution approving amendments to the San Diego County Water Authority Local Conflict of Interest Code.
Staff recommendation: Adopt Resolution No. 2008-____ approving amendments to the San Diego County Water Authority Local Conflict of Interest Code. (Action) Dan Hentschke

III. INFORMATION

1. Report on Water Standby Availability Charge deferrals for fiscal year 2009. Leanne Wade

2. Potential financial impacts on property tax revenue resulting from the possible suspension of Proposition 1A. Tandy Ramsey

3. Controller's report on monthly financial statements. Leanne Wade

4. Board calendar.



San Diego County Water Authority

IV. CLOSED SESSION

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.



August 20, 2008

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 July 31, 2008, which includes:

- Portfolio Master Summary
- Investment Securities, Agency Securities, and Portfolio Yield Graphs
- Investment Portfolio Details
- Investment Activity Summary
- Cash Flow Summary
- Glossary of Terms

The reports are formatted to provide information, as required by the California Government Code, and the San Diego County Water Authority's Statement of Investment Policy. A brief description of each report follows:

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

Investment Securities, Agency Securities and Portfolio Yield Graphs: The Investment Securities Graph shows the Water Authority's portfolio holdings by type, percentage and amount. The Agency Securities Graph shows the Water Authority's total portfolio holdings of agencies by issuer. The Portfolio Yield Graph shows the Water Authority's portfolio yield, with and without bond funds, for the past twelve months, compared to a rolling average yield of the Board adopted 1-Year U.S. Treasury Constant Maturity benchmark.

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

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

Cash Flow Summary: This report shows Operating, Rate Stabilization Fund and Capital Improvement Program cash flows for the next 12 months.

Glossary of Terms: This report defines investment and cash flow terms.

On August 5, the Federal Open Market Committee (FOMC) again kept its target for the federal funds rate unchanged at 2.00 percent. The FOMC's press release announcing the decision stated, "Economic activity expanded in the second quarter, partly reflecting growth in consumer spending and exports. However, labor markets have softened further and financial markets remain under considerable stress. Tight credit conditions, the ongoing housing contraction, and

elevated energy prices are likely to weigh on economic growth over the next few quarters. Over time, the substantial easing of monetary policy, combined with ongoing measures to foster market liquidity, should help to promote moderate economic growth. Inflation has been high, spurred by earlier increases in the prices of energy and some other commodities, and some indicators of inflation expectations have been elevated. The Committee expects inflation to moderate later this year and next year, but the inflation outlook remains highly uncertain. Although downside risks to growth remain, the upside risks to inflation are also of significant concern to the Committee. The Committee will continue to monitor economic and financial developments and will act as needed to promote sustainable economic growth and price stability.” The next FOMC meeting is scheduled for September 16.

The Bureau of Labor Statistics of the U.S. Department of Labor reported that the unemployment rate rose to 5.7 percent, and nonfarm payroll employment continued to trend down in July by 51,000 jobs. In July, employment continued to fall in construction, manufacturing, and several service-providing industries, while health care and mining continued to add jobs. According to Reuters News, seven straight months of job losses has happened only eight other times since the end of World War Two. Every other instance occurred during a recession. The underlying data shows patterns consistent with previous periods of economic contraction. In addition to the seven-month streak of declines, the data showed the range of industries losing jobs was broadening. Only 41.2 percent of industries reported payroll gains for July, the lowest since August 2003.

California’s state budget is several weeks overdue and about \$17 billion in the red, as reported by the New York Times. Governor Arnold Schwarzenegger laid off more than 10,000 part-time and seasonal workers and ordered a temporary pay cut to the federal minimum wage of \$6.55 an hour for roughly 200,000 state workers until a state budget is enacted. Governor Schwarzenegger said he would reimburse workers for their full pay once the Legislature had finished the state budget; however labor unions are seeking to block the pay cuts in court. California is one of the few states that require a two-thirds legislative majority to pass a budget, which is challenging with large deficits and unpopular cuts. California also relies on income taxes rather than property taxes for most of its revenues, a difficult formula in times when jobs are in short supply.

The Water Authority’s overall portfolio yield, including bond proceeds and debt service reserve funds, decreased from 3.00 percent in June 2008 to 2.93 percent in July 2008, a loss of 7 basis points (100 basis points equals 1 percent). This occurred with a corresponding decrease of 22 basis points in the investment benchmark from 2.97 percent in June 2008 to 2.75 percent in July 2008. Our portfolio yield continues to exceed the investment benchmark.

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.

PORTFOLIO MASTER SUMMARY
as of July 31, 2008

PORTFOLIO PERCENTAGES

Investment Type	Permitted By Board Policy	Actual Percentage	Actual Amount
Local Agency Investment Fund (LAIF)	\$40 Million	19.82%	\$ 40,000,000
Banker's Acceptances	20%	0.00%	-
Treasury Securities	15% - Minimum	20.27%	40,922,769
Agency Securities	70%	40.63%	82,018,501
Reverse Repurchase Agreements	20%	0.00%	-
Certificates of Deposit (CD's)	15%	0.00%	-
Negotiable CD's	15%	0.00%	-
Commercial Paper	25%	17.31%	34,950,863
Medium Term Notes/Corporates	30%	0.96%	1,928,232
Money Market Funds	15%	1.01%	2,040,641
		<u>100.00%</u>	
Accrued Interest (unavailable for investing)			128,987
Checking/Petty Cash/Available Funds (unavailable for investing)			91,435
Subtotal:			<u>\$ 202,081,428</u>

Bond/CP Proceeds Excluded from Portfolio Percentages:

Money Market Funds and Cash	243,758
Treasury Securities	16,963,414
Agency Securities	338,806,127
Commercial Paper	49,731,400
Local Agency Investment Fund (LAIF)	50,173,915
Subtotal for Bond/CP Proceeds (available for CIP expenditures):	<u>\$ 455,918,614</u>

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

Treasury Securities and Money Market Fund - Series 2004A COPs	38,568,617
Trinity Plus - Reserve (GIC) Series 1998A COPs	12,240,775
FSA - Reserve (GIC) Series 2002A COPs	18,385,750
MBIA - Reserve (GIC) Series 2004A COPs	-
Subtotal for Debt Service Reserve Funds (unavailable for CIP expenditures):	<u>\$ 69,195,142</u>

Total Cash and Investments \$ 727,195,184

PORTFOLIO INFORMATION

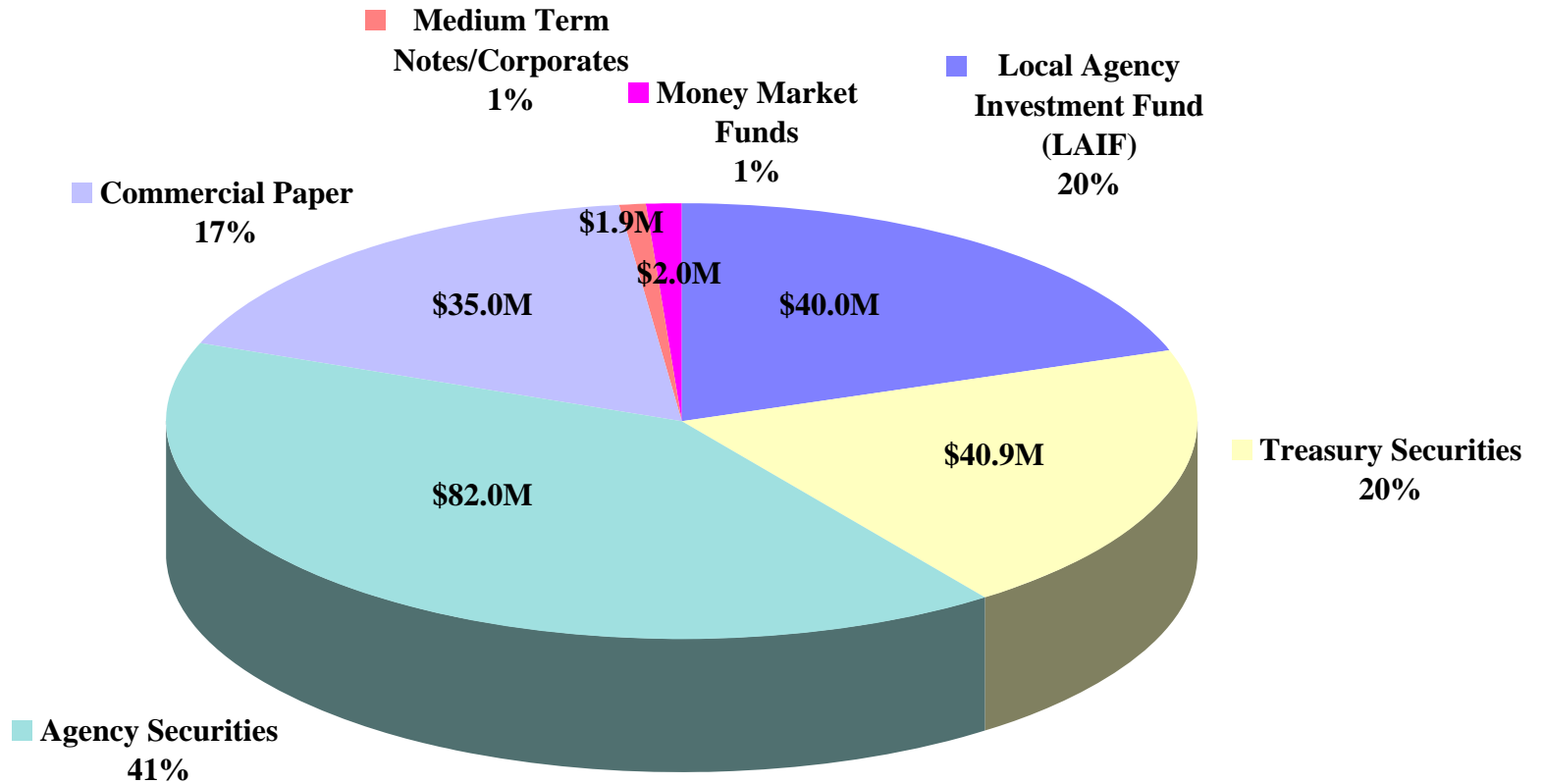
	Operating	RSF	Pay Go	Equipment Replacement	Bond Proceeds	CP Proceeds	Debt Service Reserve	Total *
Portfolio Yield to Maturity - 365 Days	2.61%	3.55%	3.07%	3.25%	2.75%	0.00%	3.75%	2.93%
Average Term	14	976	701	469	242	0	221	319
Average Days to Maturity (730 Days Maximum)	10	401	325	301	203	0	221	214
Avg. Term, excluding Bond/CP Proceeds & DSR								526
Avg. Days to Maturity, excluding Bond/CP Proceeds & DSR (730 Days Max.)								237
Accrued Interest Earnings (Cash and Investments):								
Month Ended July 2008	\$ 153,035	\$ 138,590	\$ 227,381	\$ 27,750	\$ 1,188,517	\$ -	\$ 225,553	\$ 1,960,826
Fiscal Year to Date	\$ 153,035	\$ 138,590	\$ 227,381	\$ 27,750	\$ 1,188,517	\$ -	\$ 225,553	\$ 1,960,826
Total Cash and Investments by Fund	\$ 66,842,579	\$ 45,583,859	\$ 81,450,691	\$ 8,204,299	\$ 455,918,614	\$ -	\$ 69,195,142	\$ 727,195,184

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

INVESTMENT SECURITIES

\$201,861,006

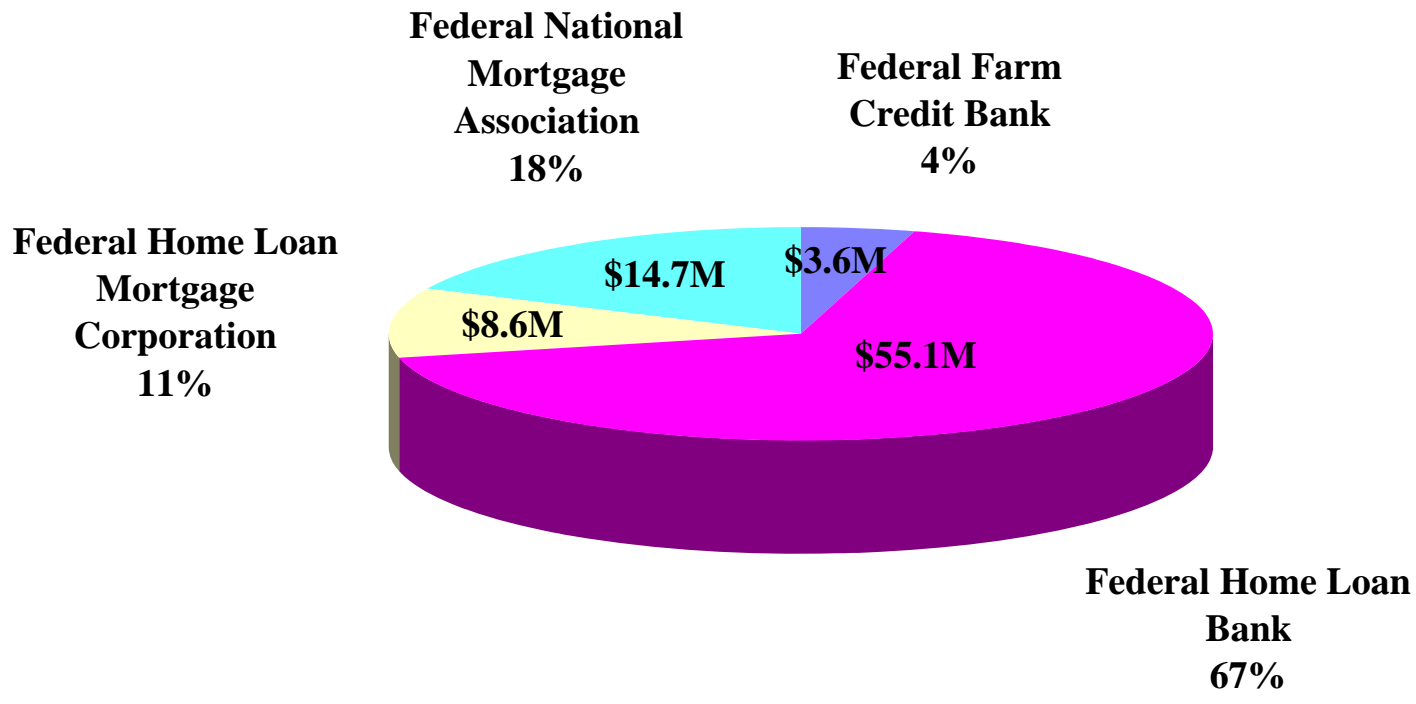
July 31, 2008



AGENCY SECURITIES

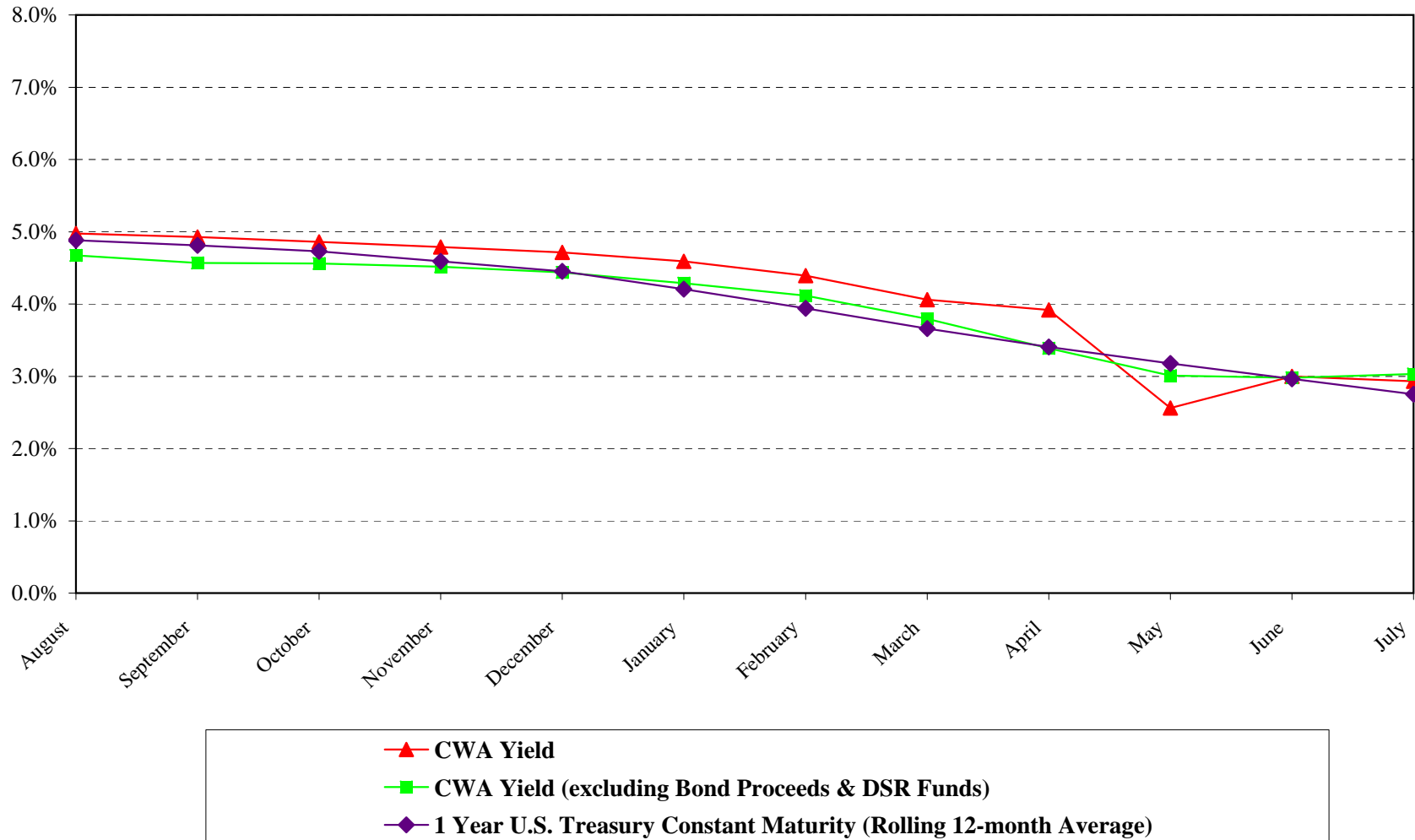
\$82,018,501

July 31, 2008



AGGREGATE CWA PORTFOLIO YIELD

August 2007 through July 2008



**SDCWA - Fiscal Year 2008
Portfolio Management
Portfolio Details - Investments
July 31, 2008**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Managed Pool Accounts												
CASH25	4003	AIG MATCHED FUNDING CORP.			0.00	0.00	0.00	2.380	AA	2.380	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	
CASH09	8001	GOLDMAN - RATE STABILIZATION		07/01/2007	97,561.73	97,561.73	97,561.73	1.900	AAA	1.900	1	
CASH21	4001	GOLDMAN - 2004A COPS		07/01/2007	0.00	0.00	0.00	4.910	AAA	4.910	1	
CASH29	3001	GOLDMAN - 2006 CP		07/01/2007	0.00	0.00	0.00	1.510	AAA	1.510	1	
CASH31	6001	GOLDMAN - 2008A COPS		05/21/2008	243,754.65	243,754.65	243,754.65	1.900	AAA	1.900	1	
CASH18	7001	GOLDMAN - EQUIPMENT		07/01/2007	12,561.58	12,561.58	12,561.58	1.900	AAA	1.900	1	
CASH11	0002	GOLDMAN - OPERATING		07/01/2007	1,387,284.56	1,387,284.56	1,387,284.56	1.900	AAA	1.900	1	
CASH12	5001	GOLDMAN - PAY AS YOU GO		07/01/2007	522,986.00	522,986.00	522,986.00	1.900	AAA	1.900	1	
CASH13	72	LAIF - OPERATING			40,000,000.00	40,000,000.00	40,000,000.00	2.860		2.860	1	
CASH32	6002	LAIF - 2008A COPS		05/21/2008	50,173,915.22	50,173,915.22	50,173,915.22	2.860		2.860	1	
CASH24	206	MBIA INC. - 2004A			0.00	0.00	0.00	4.995	AA	4.995	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			20,247.24	20,247.24	20,247.24	0.003	AAA	0.003	1	
CASH33	208	US BANK MONEY MARKET FUND		07/07/2008	737.77	737.77	737.77		AAA	0.000	1	
Subtotal and Average			170,252,880.95		123,085,573.75	123,085,573.75	123,085,573.75			3.550	1	
Medium Term Notes												
38141GAA2	8162	GOLDMAN SACHS GROUP INC.		10/31/2007	1,870,000.00	1,888,700.00	1,928,231.80	6.650	AA	4.530	287	05/15/2009
Subtotal and Average			1,928,231.80		1,870,000.00	1,888,700.00	1,928,231.80			4.530	287	
Commercial Paper - Discount												
36959HHV2	1430	GENERAL ELECTRIC CAPITAL CORP.		07/15/2008	15,900,000.00	15,854,685.00	15,854,685.00	2.280	AAA	2.318	28	08/29/2008
36959HH18	1431	GENERAL ELECTRIC CAPITAL CORP.		07/30/2008	3,800,000.00	3,799,577.78	3,799,577.78	2.000	AAA	2.028	0	08/01/2008
36959HH42	5592	GENERAL ELECTRIC CAPITAL CORP.		07/31/2008	15,300,000.00	15,296,600.00	15,296,600.00	2.000	AAA	2.028	3	08/04/2008
36959HHB6	6104	GENERAL ELECTRIC CAPITAL CORP.		06/12/2008	17,000,000.00	16,932,000.00	16,932,000.00	2.400	AAA	2.443	10	08/11/2008
36959HJA6	6105	GENERAL ELECTRIC CAPITAL CORP.		06/12/2008	17,000,000.00	16,894,600.00	16,894,600.00	2.480	AAA	2.530	40	09/10/2008
36959HK14	6146	GENERAL ELECTRIC CAPITAL CORP.		07/03/2008	16,000,000.00	15,904,800.00	15,904,800.00	2.380	AAA	2.427	61	10/01/2008
Subtotal and Average			70,456,458.08		85,000,000.00	84,682,262.78	84,682,262.78			2.341	27	
Federal Agency - Coupon												
31331VAC0	5567	FEDERAL FARM CREDIT BANK		11/29/2007	3,530,000.00	3,591,114.89	3,564,417.50	4.510	AAA	3.950	423	09/28/2009
31331V4M5	6125	FEDERAL FARM CREDIT BANK		06/19/2008	2,890,000.00	2,990,468.60	2,992,283.52	5.000	AAA	3.100	416	09/21/2009
31331YDR8	6129	FEDERAL FARM CREDIT BANK		06/19/2008	10,000,000.00	10,179,850.00	10,159,250.00	4.125	AAA	3.254	469	11/13/2009
3133XJVL9	5556	FEDERAL HOME LOAN BANK		09/20/2007	5,000,000.00	5,189,440.00	5,076,300.00	5.000	AAA	4.520	952	03/11/2011
3133X16Q5	5565	FEDERAL HOME LOAN BANK		11/29/2007	1,390,000.00	1,401,764.96	1,391,556.80	4.080	AAA	3.990	241	03/30/2009
3133XLPT4	5578	FEDERAL HOME LOAN BANK		04/10/2008	3,670,000.00	3,711,826.99	3,752,208.00	5.250	AAA	2.260	166	01/14/2009
3133XKLY9	5588	FEDERAL HOME LOAN BANK		06/12/2008	3,710,000.00	3,783,952.67	3,793,969.67	4.750	AAA	2.829	266	04/24/2009

SDCWA - Fiscal Year 2008
Portfolio Management
Portfolio Details - Investments
July 31, 2008

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Federal Agency - Coupon												
3133XRNC0	6123	FEDERAL HOME LOAN BANK		06/19/2008	16,800,000.00	16,837,242.33	16,808,346.33	3.125	AAA	3.083	321	06/18/2009
3133XGEQ3	6124	FEDERAL HOME LOAN BANK		06/19/2008	17,200,000.00	17,930,581.47	17,934,503.07	5.250	AAA	3.140	369	08/05/2009
3133X8V25	6126	FEDERAL HOME LOAN BANK		06/19/2008	7,545,000.00	7,654,198.79	7,641,402.47	3.600	AAA	3.170	430	10/05/2009
3133XMD40	6127	FEDERAL HOME LOAN BANK		06/19/2008	2,810,000.00	2,884,043.50	2,883,903.00	4.500	AAA	3.115	434	10/09/2009
3133XNTD1	6132	FEDERAL HOME LOAN BANK		06/19/2008	5,000,000.00	5,048,000.00	5,039,000.00	3.750	AAA	3.230	525	01/08/2010
3133X9VB3	6133	FEDERAL HOME LOAN BANK		06/19/2008	5,000,000.00	5,058,000.00	5,051,250.00	3.875	AAA	3.200	532	01/15/2010
3133XES83	6137	FEDERAL HOME LOAN BANK		06/19/2008	5,000,000.00	5,187,677.08	5,186,827.08	4.875	AAA	3.418	588	03/12/2010
3133XBB20	6138	FEDERAL HOME LOAN BANK		06/19/2008	4,000,000.00	4,123,522.22	4,106,242.22	4.375	AAA	3.456	593	03/17/2010
3133M8XV1	6141	FEDERAL HOME LOAN BANK		06/20/2008	3,975,000.00	4,096,563.46	4,105,876.88	6.210	AAA	3.000	305	06/02/2009
3133XPMY7	6143	FEDERAL HOME LOAN BANK		06/20/2008	8,600,000.00	8,636,069.36	8,605,728.56	2.500	AAA	3.216	406	09/11/2009
3133XRP46	6144	FEDERAL HOME LOAN BANK		06/23/2008	2,000,000.00	2,002,032.00	1,998,580.00	3.000	AAA	3.073	326	06/23/2009
3133XHJG8	7019	FEDERAL HOME LOAN BANK		09/07/2007	2,400,000.00	2,406,288.00	2,403,960.00	5.000	AAA	4.829	42	09/12/2008
3133X9BF6	7025	FEDERAL HOME LOAN BANK		03/28/2008	3,800,000.00	3,819,760.00	3,864,182.00	3.500	AAA	2.415	459	11/03/2009
3133XBTT2	8146	FEDERAL HOME LOAN BANK		06/20/2005	650,000.00	656,215.30	647,348.00	4.000	AAA	4.110	315	06/12/2009
3133XGYT5	8157	FEDERAL HOME LOAN BANK		03/12/2007	1,800,000.00	1,845,360.00	1,809,036.00	5.000	AAA	4.794	497	12/11/2009
3133XJUT3	8160	FEDERAL HOME LOAN BANK		09/20/2007	2,500,000.00	2,576,737.50	2,539,125.00	5.000	AAA	4.608	1,316	03/09/2012
3134A4UQ5	5587	FEDERAL HOME LOAN MORTGAGE COR		06/12/2008	3,575,000.00	3,607,688.91	3,607,896.26	3.375	AAA	2.904	257	04/15/2009
3137EAAK5	6128	FEDERAL HOME LOAN MORTGAGE COR		06/19/2008	5,000,000.00	5,142,347.22	5,137,297.22	4.750	AAA	3.143	459	11/03/2009
3137EABB4	6130	FEDERAL HOME LOAN MORTGAGE COR		06/19/2008	5,000,000.00	5,086,385.42	5,068,985.42	4.125	AAA	3.295	486	11/30/2009
3137EAAP4	6135	FEDERAL HOME LOAN MORTGAGE COR		06/19/2008	7,000,000.00	7,313,629.17	7,299,692.17	4.875	AAA	3.280	557	02/09/2010
3137EAAE9	6140	FEDERAL HOME LOAN MORTGAGE COR		06/20/2008	10,890,000.00	11,138,609.63	11,159,300.63	5.250	AAA	2.970	293	05/21/2009
3128X3VA8	6142	FEDERAL HOME LOAN MORTGAGE COR		06/20/2008	6,025,000.00	6,167,729.74	6,175,200.74	4.125	AAA	3.056	396	09/01/2009
31398AJX1	6131	FEDERAL NATION MORTGAGE ASSOC.		06/19/2008	12,400,000.00	12,552,132.50	12,519,520.50	3.875	AAA	3.268	496	12/10/2009
3136F6TK5	6134	FEDERAL NATION MORTGAGE ASSOC.		06/19/2008	4,475,000.00	4,550,269.50	4,536,844.50	4.250	AAA	3.345	536	01/19/2010
31398AKX9	6136	FEDERAL NATION MORTGAGE ASSOC.		06/19/2008	15,400,000.00	15,610,145.83	15,546,697.83	3.250	AAA	3.381	558	02/10/2010
31359MTZ6	6139	FEDERAL NATION MORTGAGE ASSOC.		06/20/2008	11,400,000.00	11,556,005.83	11,554,865.83	3.250	AAA	2.888	198	02/15/2009
31359MD67	7026	FEDERAL NATION MORTGAGE ASSOC.		06/12/2008	1,900,000.00	1,922,075.47	1,923,591.67	4.200	AAA	2.964	311	06/08/2009
Subtotal and Average			206,008,868.70		202,335,000.00	206,257,728.34	205,885,188.87		3.239	433		
Federal Agency - Coupon - Callable												
3133XMXQ9	5563	FEDERAL HOME LOAN BANK		11/19/2007	3,300,000.00	3,319,050.90	3,308,250.00	4.625	AAA	4.535	840	11/19/2010
3133XMXQ9	5566	FEDERAL HOME LOAN BANK		11/29/2007	2,000,000.00	2,011,546.00	2,004,200.00	4.625	AAA	4.548	840	11/19/2010
3133XKH24	8158	FEDERAL HOME LOAN BANK		04/16/2007	3,000,000.00	3,050,121.00	3,000,000.00	5.250	AAA	5.250	1,354	04/16/2012
3133XMXQ9	8163	FEDERAL HOME LOAN BANK		11/19/2007	4,200,000.00	4,224,246.60	4,210,500.00	4.625	AAA	4.535	840	11/19/2010
3133XN6F1	8164	FEDERAL HOME LOAN BANK		11/26/2007	2,900,000.00	2,917,110.00	2,900,000.00	4.550	AAA	4.550	1,028	05/26/2011
3128X52N7	5557	FEDERAL HOME LOAN MORTGAGE COR		09/20/2007	5,000,000.00	5,079,885.00	5,032,500.00	5.250	AAA	5.087	1,341	04/03/2012
Subtotal and Average			20,455,450.00		20,400,000.00	20,601,959.50	20,455,450.00		4.779	1,065		

**SDCWA - Fiscal Year 2008
Portfolio Management
Portfolio Details - Investments
July 31, 2008**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Federal Agency - Discount												
313384D89	1432	FEDERAL HOME LOAN BANK		07/30/2008	5,700,000.00	5,688,736.80	5,689,360.00	2.240	AAA	2.275	28	08/29/2008
313384E47	6108	FEDERAL HOME LOAN BANK		06/12/2008	12,300,000.00	12,274,698.90	12,238,923.67	2.180	AAA	2.221	32	09/02/2008
313384S59	6117	FEDERAL HOME LOAN BANK		06/19/2008	12,900,000.00	12,781,358.70	12,744,684.00	2.520	AAA	2.586	129	12/08/2008
313384T66	6118	FEDERAL HOME LOAN BANK		06/19/2008	12,900,000.00	12,772,044.90	12,734,611.25	2.550	AAA	2.619	138	12/17/2008
313384A41	6147	FEDERAL HOME LOAN BANK		07/10/2008	9,400,000.00	9,400,000.00	9,388,223.89	2.050	AAA	2.081	0	08/01/2008
313384G52	8168	FEDERAL HOME LOAN BANK		03/31/2008	5,100,000.00	5,082,634.50	5,050,292.00	2.040	AAA	2.089	49	09/19/2008
313384M55	8172	FEDERAL HOME LOAN BANK		07/30/2008	3,700,000.00	3,677,352.30	3,677,740.39	2.380	AAA	2.428	89	10/29/2008
313396F24	6109	FEDERAL HOME LOAN MORTGAGE COR		06/12/2008	12,300,000.00	12,267,318.90	12,233,252.00	2.220	AAA	2.263	38	09/08/2008
313396N41	6113	FEDERAL HOME LOAN MORTGAGE COR		06/12/2008	11,600,000.00	11,522,941.20	11,485,682.00	2.430	AAA	2.488	96	11/05/2008
313396Q30	6148	FEDERAL HOME LOAN MORTGAGE COR		07/31/2008	8,000,000.00	7,937,712.00	7,938,275.56	2.480	AAA	2.534	111	11/20/2008
313396T52	6149	FEDERAL HOME LOAN MORTGAGE COR		07/31/2008	8,500,000.00	8,417,890.00	8,418,215.83	2.510	AAA	2.570	137	12/16/2008
313589E22	5589	FEDERAL NATION MORTGAGE ASSOC.		06/30/2008	10,000,000.00	9,792,090.00	9,776,222.22	2.650	AAA	2.779	272	04/30/2009
313588A70	6107	FEDERAL NATION MORTGAGE ASSOC.		06/12/2008	11,100,000.00	11,100,000.00	11,064,375.17	2.180	AAA	2.217	3	08/04/2008
313588H99	6110	FEDERAL NATION MORTGAGE ASSOC.		06/12/2008	10,300,000.00	10,256,523.70	10,225,367.92	2.350	AAA	2.400	61	10/01/2008
313588J63	6111	FEDERAL NATION MORTGAGE ASSOC.		06/12/2008	10,300,000.00	10,253,032.00	10,221,674.22	2.360	AAA	2.411	66	10/06/2008
313588N27	6112	FEDERAL NATION MORTGAGE ASSOC.		06/12/2008	11,600,000.00	11,524,681.20	11,487,712.00	2.420	AAA	2.478	94	11/03/2008
313589AE3	6119	FEDERAL NATION MORTGAGE ASSOC.		06/19/2008	9,600,000.00	9,489,811.20	9,467,200.00	2.490	AAA	2.600	157	01/05/2009
313589AM5	6120	FEDERAL NATION MORTGAGE ASSOC.		06/19/2008	9,600,000.00	9,484,176.00	9,462,000.00	2.500	AAA	2.611	164	01/12/2009
313589BJ1	6121	FEDERAL NATION MORTGAGE ASSOC.		06/19/2008	11,400,000.00	11,242,520.40	11,216,612.00	2.540	AAA	2.654	185	02/02/2009
313589CN1	6122	FEDERAL NATION MORTGAGE ASSOC.		06/19/2008	7,100,000.00	6,986,229.60	6,967,719.11	2.620	AAA	2.740	213	03/02/2009
313588M51	8171	FEDERAL NATION MORTGAGE ASSOC.		06/12/2008	3,068,000.00	3,049,220.77	3,039,332.95	2.420	AAA	2.477	89	10/29/2008
Subtotal and Average			200,853,183.94		196,468,000.00	195,000,973.07	194,527,476.18			2.460	103	
Treasury Securities - Discount												
912795H46	6100	UNITED STATES TREASURY		05/21/2008	17,100,000.00	17,029,890.00	16,963,413.75	1.775	AAA	1.814	90	10/30/2008
912795H53	8169	UNITED STATES TREASURY		05/08/2008	1,382,000.00	1,375,855.63	1,370,052.61	1.710	AAA	1.749	97	11/06/2008
Subtotal and Average			46,948,647.33		18,482,000.00	18,405,745.63	18,333,466.36			1.809	91	
Treasury Securities - Coupon												
912828HB9	209	UNITED STATES TREASURY		07/31/2008	37,235,000.00	38,505,846.74	38,567,879.51	4.000	AAA	2.200	395	08/31/2009
912828BK5	5362	UNITED STATES TREASURY		08/18/2004	2,000,000.00	2,003,438.00	1,998,125.00	3.125	AAA	3.149	45	09/15/2008
912828BK5	5363	UNITED STATES TREASURY		08/20/2004	1,575,000.00	1,577,707.43	1,574,015.63	3.125	AAA	3.141	45	09/15/2008
912828BG4	5364	UNITED STATES TREASURY		08/20/2004	3,575,000.00	3,577,234.38	3,593,433.59	3.250	AAA	3.111	14	08/15/2008
912828BM1	5365	UNITED STATES TREASURY		08/27/2004	3,500,000.00	3,510,391.50	3,493,437.50	3.125	AAA	3.173	75	10/15/2008
912828BQ2	5366	UNITED STATES TREASURY		08/27/2004	3,500,000.00	3,515,858.50	3,525,156.25	3.375	AAA	3.191	106	11/15/2008
912828BT6	5369	UNITED STATES TREASURY		08/31/2004	2,300,000.00	2,313,296.30	2,324,257.81	3.375	AAA	3.110	136	12/15/2008
912828GP9	5593	UNITED STATES TREASURY		07/31/2008	7,600,000.00	7,814,935.60	7,815,156.00	4.500	AAA	2.190	272	04/30/2009
912828BT6	8137	UNITED STATES TREASURY		08/31/2004	4,000,000.00	4,023,124.00	4,042,187.50	3.375	AAA	3.110	136	12/15/2008

**SDCWA - Fiscal Year 2008
Portfolio Management
Portfolio Details - Investments
July 31, 2008**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Treasury Securities - Coupon												
912828BQ2	8138	UNITED STATES TREASURY		10/28/2004	3,675,000.00	3,691,651.43	3,709,453.13	3.375	AAA	3.126	106	11/15/2008
912828CE8	8139	UNITED STATES TREASURY		11/01/2004	1,775,000.00	1,786,649.33	1,767,511.72	3.125	AAA	3.227	257	04/15/2009
912828BK5	8141	UNITED STATES TREASURY		03/15/2005	1,865,000.00	1,868,205.94	1,810,798.44	3.125	AAA	4.024	45	09/15/2008
912828BM1	8143	UNITED STATES TREASURY		03/21/2005	2,730,000.00	2,738,105.37	2,650,659.38	3.125	AAA	4.007	75	10/15/2008
912828FR6	8165	UNITED STATES TREASURY		11/29/2007	1,320,000.00	1,323,300.00	1,334,025.00	4.875	AAA	3.426	30	08/31/2008
		Subtotal and Average	33,319,287.90		76,650,000.00	78,249,744.52	78,206,096.46			2.638	259	
		Total and Average	750,578,701.58		724,290,573.75	728,172,687.59	727,103,746.20			2.925	214	

**SDCWA - Fiscal Year 2008
Portfolio Management
Portfolio Details - Cash
July 31, 2008**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity
Passbook/Checking Accounts											
CASH00	50	WELLS FARGO - RETIREE & COBRA		05/01/2008	30,000.00	30,000.00	30,000.00			0.000	1
CASH01	48	PETTY CASH		07/01/2007	2,500.00	2,500.00	2,500.00			0.000	1
CASH34	6003	US BANK - 2008A COPS		05/01/2008	0.00	0.00	0.00			0.000	1
CASH02	1000	WELLS FARGO - OPERATING			146,990.64	146,990.64	146,990.64	0.001		0.001	1
CASH03	1001	WELLS FARGO - PAYROLL ZBA		07/01/2007	-88,066.28	-88,066.28	-88,066.28			0.000	1
CASH04	5000	WELLS FARGO - PAY AS YOU GO		07/01/2007	3.21	3.21	3.21			0.000	1
CASH05	8000	WELLS FARGO - RSF		07/01/2007	3.52	3.52	3.52			0.000	1
CASH20	4000	WELLS FARGO - 2004A COPS		07/01/2007	0.00	0.00	0.00			0.000	1
CASH28	3000	WELLS FARGO - 2006 CP		07/01/2007	0.00	0.00	0.00			0.000	1
CASH30	6000	WELLS FARGO - 2008A COPS		05/21/2008	3.75	3.75	3.75	0.001		0.001	1
CASH19	7000	WELLS FARGO - EQUIPMENT		07/01/2007	3.89	3.89	3.89			0.000	1
		Average Balance	0.00								1
Total Cash and Investments			750,578,701.58		724,382,012.48	728,264,126.32	727,195,184.93			2.925	214

**SDCWA - Fiscal Year 2008
Portfolio Management
Activity Summary
July 2007 through July 2008**

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					
July	2007	122	550,335,780.32	4.894	4.962	5.280	9	10	387	145
August	2007	120	528,740,332.83	4.907	4.975	5.287	16	18	383	131
September	2007	116	507,674,418.40	4.859	4.926	5.231	13	17	437	167
October	2007	117	478,202,660.47	4.789	4.856	5.209	21	20	457	171
November	2007	117	471,465,121.26	4.725	4.791	5.123	21	21	443	195
December	2007	112	452,364,731.08	4.649	4.714	4.994	12	17	444	183
January	2008	110	442,154,721.89	4.526	4.589	4.911	15	17	432	168
February	2008	104	422,177,722.07	4.332	4.393	4.772	10	16	399	158
March	2008	93	404,408,389.74	4.005	4.061	4.387	13	24	382	146
April	2008	75	295,042,905.15	3.864	3.918	4.550	13	31	421	166
May	2008	76	789,876,928.12	2.526	2.562	3.643	19	18	147	68
June	2008	109	762,396,751.73	2.956	2.997	3.730	52	20	279	197
July	2008	110	727,103,746.20	2.885	2.925	3.550	14	13	319	214
Average		106	525,534,169.94	4.148%	4.205%	4.667	18	19	379	162

GLOSSARY OF TERMS
INVESTMENT PORTFOLIO DETAIL REPORT and CASH FLOW

INVESTMENT PORTFOLIO DETAIL REPORT

- **CUSIP**: Committee of Uniform Securities Identification Procedures; unique number assigned to a security.
- **Investment Number**: The unique number assigned by the investment software in order to keep track of an investment.
- **Issuer**: The Bank, Federal Agency/Government, Corporation or Company that manages a fund or issues the security/securities.
- **Average Balance**: The average daily balance of the type of security or cash account during the month reported.
- **Purchase Date**: The day in which the security was delivered to the Authority's safekeeping account.
- **Book Value**: The amount paid for the security inclusive of any accrued interest or premium/discount. A security that has a book value in excess of face value was purchased with accrued interest or at a premium, thus the yield-to-maturity on the security will be the same as or less than the stated rate. A security that has a book value less than face value was purchased at a discount, thus the yield to maturity will always be in excess of the stated rate. The book value may differ significantly from the security's current value in the market.
- **Face (Par) Value**: The amount of cash to be received on the maturity date.
- **Market Value**: The current market value of the security. This is based on the price a security can be traded in the market at the close of the month.
- **Stated Rate**: The rate of interest paid on a security as dictated by the coupon, if applicable, and by discount rate (original purchase price) if it is a discount security (t-bill, banker's acceptance, commercial paper, etc.).
- **Yield to Maturity**: The yield of a security on a 365 day basis (converting 360 day interest payment investments to 365 day) with a theoretical assumption that securities with coupon payments are reinvested at the rate of the coupon.
- **Quality Rating**: The credit rating of the security.
- **Maturity Date**: The date in which the security matures. With managed pool accounts and passbook/checking accounts, there are no maturity dates because these accounts are ongoing.
- **Days to Maturity**: The number of days remaining from the reporting date until the maturity of the security.

CASH FLOW TERMS

- **Other Revenues**: Revenues received from hydro-electric power sales and other sources.
- **RSF Transfers**: Transfers to or from the Rate Stabilization Fund.
- **Use/Replenishment of Liquid Funds**: Incoming or outgoing transfer of funds from either the State of California LAIF pooled investment account or the Goldman Sachs money market accounts.
- **Investment Purchases**: Investments with specific maturities to cover the cash flow needs of the fund (Operating, RSF, PAYGO, Bond/CIP).
- **Net Change in Investments**: The increase or decrease (dollars) held in investments for a fund.

GLOSSARY OF TERMS INVESTMENT TYPES

Agencies: Debt instrument(s) that are issued by U.S. Government agencies, departments and government-sponsored corporations. Some agencies have a direct government guarantee and others have an implied government guarantee. All agency securities are of the highest credit quality.

Banker's Acceptances: An investment instrument issued by a bank, guaranteeing the payment of a customer's drafts for a stated amount for a specified period. It substitutes the bank's credit for the buyer and eliminates the seller's risk. This security is created out of a trade transaction.

Callable: A security redeemable by the issuer before the scheduled maturity. The issuer usually pays the holder par or in some cases a premium price if such a security is retired early.

Certificates of Deposit: A security instrument representing specific cash deposits in commercial banks, having varying maturities and yields based on size and maturity. This security has pooled collateral pledged against the deposit.

Commercial Paper: Commercial paper is a short-term, unsecured promissory discount note that usually pays interest at maturity and is primarily used by large corporations to finance receivables.

Managed Pool Accounts: Funds are managed by outside managers. Goldman Sachs is an AAA rated U.S. Treasury fund with a very short average life. The Local Agency Investment Fund (LAIF) is run by the State Treasurer's Office and is invested in most securities permitted under the California Government Code. LAIF has an average life that varies between 6 to 12 months. Both types of funds are used for liquidity purposes. Trinity Plus, FSA and MBIA are guaranteed investment contracts (GICs) that provide competitive rates of return while giving additional security to the holders of Authority 1998A, 2002A and 2004A debt. The final maturity of the Trinity Plus, FSA and MBIA reserve funds are 2028, 2032 and 2034, but due to the ability to access funds immediately, the investments are considered to have daily liquidity.

Medium Term Notes: Corporate and agency, usually senior, unsecured debt instruments sold by an agent on a continuously offered basis.

Negotiable Certificates of Deposit: Securities that are issued by major international and domestic banks and are similar to certificates of deposits purchased at a local bank; however, unlike collateralized certificates of deposit, they are liquid with an active secondary market for strong issuers.

Passbook/Checking Account: These accounts are savings, checking and money market accounts at Wells Fargo Bank.

Repurchase Agreements (RP, Repo): An agreement with a commitment by the seller (dealer) to buy a security back from the purchaser (customer) at a specified price at a designated future date. Also called a repo, it represents a collateralized short-term loan for which, where the collateral may be a Treasury security, money market instrument, federal agency security, or a mortgage-backed security. From the purchaser's (customer's) perspective, the deal is reported as a **reverse repurchase agreement**.

Treasury Bill: An obligation issued by the U.S. Treasury with a maturity of under one year and having virtually no risk.

Treasury Note: An obligation issued by the U.S. Treasury with a maturity ranging from one to ten years, paying interest semiannually, and having virtually no risk.



August 20, 2008

Attention: Administrative and Finance Committee

Resolution establishing amount due from the city of San Diego for the In-Lieu Charge as a condition of providing water service for fiscal year 2008-2009. (Action)

Staff recommendation

Adopt Resolution 2008-__ establishing an amount due of \$1,706,931.61 from the city of San Diego for the In-Lieu charge for fiscal year 2008-2009.

Fiscal Impact

The amount due from the city of San Diego for the fiscal year 2008-2009 In-Lieu Charge is \$1,706,931.61, and is payable in four installments as follows: \$426,732.91 on September 5, 2008; \$426,732.90 on November 7, 2008; \$426,732.90 on February 6, 2009; and \$426,732.90 on May 8, 2009.

Background

Each year, the Water Authority receives an allocation of property taxes from the County of San Diego that is collected from taxing agencies. After the passage of Proposition 13 in 1978 limiting property taxes to 1 percent of assessed valuations, the Legislature established a formula to distribute property tax revenues on a pro rata basis to each agency, including the Water Authority, based on tax collections in the three fiscal years prior to its passage. Pursuant to provisions of the County Water Authority Act, the city was then making payments in lieu of property taxes to the Water Authority. As a result of those payments' exclusion from the Legislature's formula, property taxes payable to the Water Authority from the city were understated.

Over the following years, the Water Authority and city occasionally disputed the appropriate amount of property taxes payable. In April 1987, the two agencies negotiated a settlement and the Water Authority adopted Resolution No. 87-21. This resolution authorized an annual In-Lieu Charge as a condition of service to member agencies that made payments in lieu of taxes prior to the passage of Prop. 13 and established the calculation for the annual In-Lieu Charge.

Discussion

Water Authority staff calculated the In-Lieu Charge due from the city for fiscal year 2008-2009, resulting in a charge of \$1,706,931.61 payable in four installments. The calculation and installment payment schedule are shown in Attachment A.

The In-Lieu Charge is calculated by multiplying an imputed rate per \$100 of assessed valuation times the city's total net assessed valuation for the upcoming year. The imputed rate is calculated by dividing the Water Authority's tax collections last year, less the amount paid by the city, by the total net assessed valuation applicable last year, less the city's and half of Camp Pendleton's combined applicable assessed valuations.

The increase to the In-Lieu Charge for the city is \$12,363 or .73 percent. The slight increase is due to the net valuation for the city increasing 5.0 percent for Fiscal Year 2009 and the offset which is the amount already paid by the city increasing 6.0 percent from the prior year.

Representatives from the city's Water Department have reviewed and are in agreement with the calculation presented in Attachment A.

Prepared by: Ann Yasukochi, Management Analyst

Reviewed by: Eric Sandler, Director of Finance

Approved by: Paul A. Lanspery, Deputy General Manager

Attachment(s):

Attachment A - Calculation of In-Lieu Charge due from the City of San Diego for Fiscal Year 2008-2009

Resolution 2008 -__ Resolution establishing the amount due from the city of San Diego for the In-Lieu Charge for Fiscal Year 2008-2009

**Attachment A – Calculation of In-Lieu Charge due from City of San Diego for Fiscal Year
2008-2009**

Numerator:

County Tax Apportionment No. 14 Received from County of San Diego, 2007-2008:	\$8,540,669.58
Less amount received from City of San Diego:	<u>(2,344,771.58)</u>
Numerator amount:	\$6,195,898.00

Denominator:

Assessed Valuations for Fiscal Year 2007-2008 Less Redevelopment:

All CWA Member Agencies:	<u>Total</u>	<u>Less Redevelopment</u>	<u>Net</u>
Secured Valuations (1% Roll)	\$366,097,391,371	(\$35,882,008,296)	\$330,215,383,075
Unsecured Valuations (1% Roll)	<u>13,463,785,663</u>	<u>(2,093,493,169)</u>	<u>11,370,292,494</u>
TOTAL - Net Valuations	\$379,561,177,034	(\$37,975,501,465)	\$341,585,675,569
Deduct City of San Diego:	<u>Total</u>	<u>Less Redevelopment</u>	<u>Net</u>
Secured Valuations (1% Roll)	\$168,973,904,410	(\$16,197,634,688)	\$152,776,269,722
Unsecured Valuations (1% Roll)	8,013,568,991	(492,013,706)	7,521,555,285
Deduct 50% of Pendleton	293,323,845	50.00%	<u>146,661,923</u>
TOTAL - Deductions			\$160,444,486,930
Denominator amount:			\$181,141,188,639

Imputed Rate:

Numerator amount:	\$6,195,898
Denominator amount:	\$181,141,188,639
Rate / \$100 Assessed Valuation:	\$.00342048

In-Lieu Charge due from city of San Diego, Fiscal Year 2008-2009:

City of San Diego, 2008-2009	<u>Total</u>	<u>Less Redevelopment</u>	<u>Net</u>
Secured Valuations (1% Roll)	\$178,418,917,643	(\$18,017,535,184)	\$160,401,382,459
Unsecured Valuations (1% Roll)	<u>8,498,587,113</u>	<u>(542,464,333)</u>	<u>7,956,122,780</u>
TOTAL – Net Valuations	\$186,917,504,756	(\$18,559,999,517)	\$168,357,505,239

Gross In-Lieu Charge (Imputed Rate x Total Net Valuations)	\$5,758,634.80
Less: Collected from City	<u>(2,344,771.58)</u>
In-Lieu Charge Due	\$3,413,863.22
Total Amount Due (1/2 per Sec. 4, Resolution 87-21):	<u>\$1,706,931.608</u>

Amount due on:

Friday, September 5, 2008	\$426,732.91
Friday, November 7, 2008	426,732.90
Friday, February 6, 2009	426,732.90
Friday, May 8, 2009	<u>426,732.90</u>
Total	\$1,706,931.61

RESOLUTION NO. 2008-__

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN DIEGO COUNTY WATER AUTHORITY ESTABLISHING THE AMOUNT DUE FROM THE CITY OF SAN DIEGO FOR FISCAL YEAR 2008-2009 FOR THE IN-LIEU CHARGE AS A CONDITION OF PROVIDING WATER SERVICE.

WHEREAS, by Resolution 87-21 the San Diego County Water Authority (the "Water Authority") established an In-Lieu Charge, as a condition of providing water service against each member agency, which made In-Lieu payments pursuant to Section 9(d) of the County Water Authority Act for the three fiscal years preceding 1978-79;

WHEREAS, the City of San Diego (the "City") is the only member agency to which said charge is applicable;

WHEREAS, the Water Authority has calculated, pursuant to Resolution 87-21, the In-Lieu Charge applicable to the City for Fiscal Year 2008-2009 pursuant to Section 2 thereof, the reduction of the In-Lieu Charge pursuant to Section 3 thereof, and the payment due to the Water Authority pursuant to Section 4 thereof, and presented the same to the Board of Directors;

NOW THEREFORE, it is resolved by the Board of Directors of the Water Authority as follows:

- Section 1: In-Lieu Charge - City of San Diego (Resolution 87-21, Section 2)
An In-Lieu Charge in the amount of \$5,758,634.80 is hereby established against the City for Fiscal Year 2008-2009 as a condition of providing water service to the City.
- Section 2: Reduction of In-Lieu Charge (Resolution 87-21, Section 3)
A deduction from said charge shall be made in the amount of \$2,344,771.58 being the amount received by the Water Authority during Fiscal Year 2007-2008 from the County of San Diego Auditor and Controller based upon an allocation from the 1% ad valorem tax levied on taxpayers within the boundaries of the City of San Diego.
- Section 3: Amount Due (Resolution 87-21, Section 4)
The City shall pay the Water Authority the sum of \$1,706,931.61 which is one-half of the calculated In-Lieu Charge pursuant to Section 1 hereof reduced by the amount received as set forth in Section 2 hereof.

Section 4: Installment Payments

The amount due of \$1,706,931.61 shall be paid in four installments as follows:

September 5, 2008	\$ 426,732.91
November 7, 2008	426,732.90
February 6, 2009	426,732.90
May 8, 2009	<u>426,732.90</u>
Total Amount Due	<u>\$1,706,931.61.</u>

Section 5: Transmittal

The Clerk of the Board shall forthwith deliver or cause to be promptly delivered a certified copy of this Resolution to the City of San Diego Water Department.

PASSED, APPROVED AND ADOPTED, this 28th day of August 2008.

AYES: Unless noted below all Directors voted aye.

NOES:

ABSTAIN:

ABSENT:

Fern M. Steiner, Chair, Board of
Directors

ATTEST:

Mark A. Watton, Secretary, Board of
Directors

I, Doria F. Lore, Clerk of the Board of Directors of the San Diego County Water Authority, do hereby certify that the vote shown above is correct and this Resolution No. 2008-__ was duly adopted at the meeting of the Board of Directors on the date stated above.

Doria F. Lore,
Clerk of the Board

August 20, 2008

Attention: Administrative and Finance Committee

Amended agreement for legal services with Liebert Cassidy Whitmore. (Action)

Purpose

This report seeks approval of an amended agreement for legal services with special counsel Liebert Cassidy Whitmore.

Staff recommendation

Authorize the General Counsel to execute the amended agreement for legal services with Liebert Cassidy Whitmore.

Alternative

Direct the General Counsel to negotiate a different agreement.

Fiscal impact

The amended agreement would establish the fees under the agreement at an amount not to exceed \$65,000. Funds for legal services are available in the General Counsel's office budget for Fiscal Years 2007/2008 and 2008/2009. Customer Service is the related rate category.

Background

The General Counsel, under his contract authority, retained Liebert Cassidy Whitmore to provide special counsel services for a personnel hearing in accordance with the Administrative Code and Human Resources Policies and Procedures manual. The firm has historically represented the Water Authority in a variety of employment related matters.

Discussion

The proposed amendment would establish the fees under the agreement at an amount not to exceed \$65,000, and is necessary to cover costs incurred during the course of the personnel hearing.

Prepared by: Daniel S. Hentschke, General Counsel
Reviewed by: Paul A. Lanspery, Deputy General Manager



August 20, 2008

Attention: Administrative and Finance Committee

Updated Temporary Emergency Service Fee for emergency delivery of Mexico's Colorado River Treaty water to Tijuana, Baja California, Mexico (Action)

Purpose

To update the Water Authority unit charge for emergency deliveries to Tijuana, Mexico for a proposed five-year renewal period beginning November 2008.

Staff recommendation:

Adopt an updated Temporary Emergency Service Fee equal to the Water Authority's Transportation Rate, as modified by the Board, currently \$60 per acre-foot, for temporary emergency deliveries of Mexico's Colorado River Treaty water to Tijuana.

Alternative:

Do not approve the Temporary Emergency Service Fee

Fiscal Impact

Mexico will provide the funds necessary to fully recover the costs of emergency service associated with temporary emergency deliveries to Tijuana.

Background

In August 2001, the Board adopted a Temporary Emergency Service Fee of \$19.25/acre-foot (AF) for emergency delivery of Mexico's Colorado River Treaty Water to Tijuana, Baja California. The Fee was developed prior to the Water Authority's current rate structure and set to recover the direct and indirect variable costs associated with providing space available, interruptible emergency water transportation service to Tijuana. In August 2001, the Board also authorized the General Manager to enter into a 5-year Agreement for temporary emergency deliveries to Tijuana in a form approved by the General Counsel.

In September 2003, the Water Authority, United States International Boundary and Water Commission (USIBWC), United States Bureau of Reclamation, Metropolitan Water District (Metropolitan), and Otay Water District (Otay) entered into an Agreement for Temporary Emergency Delivery of a Portion of the Mexican Treaty Waters of the Colorado River to the International Boundary in the Vicinity of Tijuana, Baja California, Mexico, and for Operation of Facilities in the United States (Agreement).

Under terms and conditions of the Agreement, Mexico is required to pay in advance for requested deliveries, based on the fees and charges established by the Water Authority, Metropolitan and Otay. Deliveries are on a space available basis in the conveyance systems of the three agencies. The Agreement stipulates that maximum monthly and annual delivery volumes, based on capacity of the emergency connection at the border, shall not exceed 1,200/af and 14,400/af, respectively.

The following table summarizes the volume of actual and estimated emergency deliveries during the five-year period of the Agreement, scheduled to expire on November 10, 2008.

Emergency Delivery of a Portion of Mexico’s Colorado Treaty Water to Tijuana

Calendar Year	Delivery Volume (AF)
2003	640.9
2004	348.7
2005	163.3
2006	35.9
2007	0
2008 (estimated)	4,434.1
Estimated Total (Nov. 03 – Oct. 08)	5,622.9

Mexico has requested the continuation of a standby arrangement for emergency deliveries for Tijuana for an additional five years. Since initiation of emergency deliveries in 2003, Mexico has taken action to develop additional water supplies for the Tijuana region. In response to Mexico’s request, the IBWC, in coordination with the participating water agencies in the United States and Mexico, is preparing and plans to adopt a new IBWC Minute to extend emergency deliveries for another 5-year term. The Minute serves as the binational agreement between the two countries and framework for the emergency deliveries to Tijuana.

Previous Board actions:

On August 23, 2001, the Board: 1) authorized the General Manager to enter into an Agreement and Joint Report to facilitate Emergency Service for Delivery of Mexico’s Colorado River Treaty Water to Tijuana, Baja California, Mexico in a form approved by General Counsel; and 2) adopted a motion for a Temporary Emergency Service Fee of \$19.25/AF for the five-year term of the Agreement Authorizing Emergency Deliveries of Mexico’s Colorado River Treaty Water to Tijuana, Baja California, Mexico.

On July 26, 2000, the Board authorized the General Manager to: 1) sign an Agreement between the Water Authority and Otay Water District for Reconstruction of Connection Facilities necessary to allow Emergency Delivery of Mexico’s Colorado River Water to the Tijuana region; and 2) enter into a Memorandum of Understanding with the U.S. Section of the International Boundary and Water Commission (USIBWC) for Funding of the Connection Facilities in a form approved by General Counsel.

Discussion

The USIBWC has requested the Water Authority provide an emergency delivery rate for inclusion in the new IBWC Minute. For purposes of establishing the charge for the next five-year period, staff is proposing that the Temporary Emergency Service Fee equal the Water Authority’s standard Transportation Rate, as modified by the Board, which is currently

\$60/af. The Rate is projected in the Long Range Finance Plan to be \$64/af in 2009 through 2011 and \$65/af in 2012 and 2013.

The previous rate of \$19.25/af was adopted prior to the Water Authority's current rate structure and was based on 2001 cost figures. Adoption of the Water Authority Transportation Rate as the Temporary Emergency Service Fee accommodates the Water Authority's revised rate structure implemented in January 2003. Utilizing the Transportation Rate also takes into account the nature and scope associated with providing space available, interruptible emergency water transportation service to Tijuana.

The Temporary Emergency Service Fee adopted by the Board will be forwarded to USIBWC for inclusion in the new Minute, which will be attached to a proposed amended Agreement between the Water Authority, Metropolitan, Bureau of Reclamation, and Otay. Staff anticipates returning to the Board to seek approval for the General Manager to enter into the amended Agreement, with the approved Minute attached, in September or October.

Prepared by: Stuart H. Williams, Water Resources Specialist

Reviewed by: Ken Weinberg, Director of Water Resources

Approved by: Paul A. Lanspery, Deputy General Manager



August 20, 2008

Attention: Administrative & Finance Committee

Adopt Resolution approving amendments to the San Diego County Water Authority Local Conflict of Interest Code; Public Hearing. (Action)

Purpose

This action is to hold a public hearing to consider amendments to the San Diego County Water Authority Local Conflict of Interest Code.

Staff recommendation

Adopt Resolution No. 2008-___ approving amendments to the San Diego County Water Authority Local Conflict of Interest Code.

Fiscal impact

None.

Background

The state Political Reform Act requires each local agency to adopt a local conflict of interest code and to update its code every two years. The Water Authority last updated its Local Conflict of Interest Code in 2006. The Local Conflict of Interest Code is now included as Chapter 1.04 of the Administrative Code (Recodified). Section 1.04.120 adopts an appendix that designates those employment and consultant positions that are subject to the Local Conflict of Interest Code and the disclosure categories applicable to those positions. Amendments to the Appendix are required because of the addition, deletion or modification of designated positions. The procedure for making substantive amendments to conflict of interest codes includes a public hearing.

A copy of the proposed revised Appendix listing of designated employees and the corresponding disclosure categories is attached to this report. The revised Appendix listing designated employees and disclosure categories for those positions has been reviewed by the executive staff.

Prepared by: Audrey R. Kroeger, Legal Administrative Assistant
Daniel S. Hentschke, General Counsel

Attachment: Resolution No. 2008-___
Conflict of Interest Code Appendix (2008)

RESOLUTION NO. 2008-___

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN DIEGO COUNTY WATER AUTHORITY APPROVING AMENDMENTS TO THE SAN DIEGO COUNTY WATER AUTHORITY LOCAL CONFLICT OF INTEREST CODE

Whereas, on July 24, 2008 the Board of Directors set August 28, 2008 as the date for the Administrative and Finance Committee to hold a public hearing to consider amendments to the San Diego County Water Authority Local Conflict of Interest Code; and

Whereas, on August 28, 2008 the Administrative and Finance Committee held a public hearing to consider amendments to the San Diego County Water Authority Local Conflict of Interest Code; and

Whereas, following the public hearing the Administrative and Finance Committee recommended adoption of amendments to the San Diego County Water Authority Local Conflict of Interest Code;

Now, therefore, the Board of Directors of the San Diego County Water Authority resolves:

1. The San Diego County Water Authority Local Conflict of Interest Code Appendix (2008 Update), attached hereto, is approved.
2. The General Counsel is directed to provide a certified copy of this resolution to the Clerk of the Board of Supervisors.

PASSED, APPROVED AND ADOPTED, on this 28th day of August, 2008 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Fern M. Steiner, Chair

ATTEST:

Mark W. Watton, Secretary

Resolution No. 2008-____
Page 2 of 2

I, Doria F. Lore, Clerk of the Board of Directors of the San Diego County Water Authority, certify that the vote shown above is correct and this Resolution No. 2008-____ was duly adopted at the meeting of the Board of Directors on the date stated above.

Doria F. Lore
Clerk of the Board

APPENDIX

SAN DIEGO COUNTY WATER AUTHORITY LOCAL CONFLICT OF INTEREST CODE

List of Designated Positions and Disclosure Requirements (~~2006~~ 2008 Update)

SECTION 1: AUTHORITY AND SCOPE

This Appendix is adopted pursuant to and as a part of the San Diego County Water Authority Local Conflict of Interest Code, which adopts by reference the latest provisions of Section 18730 of Title 2 of the California Code of Regulations.

The San Diego County Water Authority Local Conflict of Interest Code contains both requirements for the disclosure of financial interests and disqualification requirements. Violations of the local conflict of interest code are subject to the administrative, criminal and civil sanctions of the Political Reform Act.

This Appendix contains a list of designated positions and disclosure requirements for employees holding designated positions. This Appendix is the "Appendix" referred to in subsection (b)(3) [Disclosure Categories] of 2 Cal. Code of Regs. Section 18730. The General Manager, in consultation with the General Counsel, may add designated positions and establish disclosure requirements for such positions whenever a new job classification is created. Such designation shall be effective pending amendment of the Code or this Appendix by the Board of Directors.

The Members of the Board of Directors, the General Manager, the Director of Finance and the Treasurer are designated as "other public officials who manage public investments" under Government Code Section 87200 and 2 Cal. Code of Regulation Section 18720. Persons in these positions are required to disclose financial interests pursuant to Government Code sections 87200 - 87210 and are therefore not included in the list set forth below. However, such persons are subject to the disqualification requirements of the San Diego County Water Authority Local Conflict of Interest Code.

SECTION 2: EFFECTIVE DATE

This ~~2006~~ 2008 update of the Appendix shall be effective the day following its approval by the code reviewing body. The San Diego County Board of Supervisors is designated by statute as the code reviewing body for the San Diego County Water Authority. Following approval by the code reviewing body, this Appendix remains in effect until repealed or superseded.

SECTION 3: LIST OF DESIGNATED POSITIONS AND DISCLOSURE CATEGORIES

The positions within the Water Authority listed in this section are "designated positions." Any person whose employment position (whether full time, part time or temporary) with the Water

Authority is a designated position, is a "designated employee" for the purposes of the local conflict of interest code. Designated employees shall disclose in the manner provided in the local conflict of interest code, those reportable financial interests which are within each of the categories represented by the numerals following each listed position. Each disclosure category is identified by a number and is described below. Disclosure requirements for interests in each disclosure category are set forth in subsection (b)(7) [Manner of Reporting] of 2 Cal. Code of Regs. Section 18730.

Category Number	Reportable Financial Interests
1	All investments
2	All sources of income
3	All interests in real property
4	All business positions
5	Investments and business positions in business entities, and sources of income, engaged directly or indirectly, in land development, construction, civil engineering, environmental consulting, land planning, real estate (including without limitation brokerage, sales, marketing, leasing, appraisal, and lending), commercial lending, banking or farming.
6	Investments and business positions in business entities, and sources of income, engaged, directly or indirectly, in development, distribution, transfer, conservation, storage, treatment, reclamation or marketing of water.
7	Investments and business positions in business entities, and sources of income, engaged in architecture, engineering, accounting, auditing, law, public relations, provision of temporary employees, office products, telecommunications, computer hardware and software, personnel services, management services, or in the manufacture, production, vending or servicing of goods, materials, machinery or equipment of the type routinely used or purchased by public water agencies; including those entities and sources within the scope of category 8.
8	Investments and business positions in business entities, and sources of income who have contracted with the Authority within the past two years or who in the future may foreseeably contract with the Authority to provide services, supplies, materials, machinery or equipment. Reporting under this category shall apply to those contracts for services, supplies, materials, machinery or equipment acquisition, the solicitation, negotiation, or administration of which are within the scope of regular and customary job duties of the employee.

<u>Designated Positions</u>	<u>Disclosure Categories</u>
<i>General Manager's Office</i>	
Assistant General Manager	1, 2, 3, 4
Deputy General Manager	1, 2, 3, 4
Executive Administrative Assistant	8
<u>Management Analyst</u>	<u>5, 6, 7, 8</u>
Special Projects- Water Policy Manager	5, 6, 7
<u>Government Relations Manager</u>	<u>5, 6, 7</u>
<i>General Counsel's Office</i>	
General Counsel	1, 2, 3, 4
Assistant General Counsel	1, 2, 3, 4
Deputy General Counsel	1, 2, 3, 4
Legal Administrative Assistant	8
<i>Administrative Services Department</i>	
Director of Administrative Services	1, 2, 3, 4
Clerk of the Board	7
Deputy Clerk of the Board	7
<u>Management Analyst</u>	<u>5, 6, 7, 8</u>
Assistant Management Analyst	<u>5, 6, 7, 8</u>
Data Base Administrator	7
Facilities Services Technician	7
Information Systems Supervisor	7
Information Systems Manager	7
Purchasing Manager	1, 2, 3, 4
Purchasing Technician I and II	8
Risk Manager	5, 6, 7
Safety Officer	8
Senior Management Analyst	<u>1, 2, 3, 4 5, 6, 7</u>
Small Contractor Program Manager	5, 7
Supervising Management Analyst	<u>1, 2, 3, 4 5, 6, 7</u>
Warehouse Supervisor	7
<i>Engineering Department</i>	
Director of Engineering	1, 2, 3, 4

Assistant Director of Engineering	1, 2, 3, 4
Assistant Management Analyst	5, 6, 7, 8
Administration and Controls Manager	1, 2, 3, 4
Construction Manager	1, 2, 3, 4
Cost Estimator	5, 6, 7
Engineer (P.E.)	5, 6, 7
Engineer I	5, 6, 7
Engineer II	5, 6, 7
Engineering Manager	1, 2, 3, 4
Engineering Technician I	5
Engineering Technician II	5
Management Analyst	5, 6, 7, 8
Principal Engineer	1, 2, 3, 4
Program Control Manager	5, 6, 7
Senior Project Scheduler	5, 6, 7
Senior Engineer	5, 6, 7
Senior Engineering Technician	5, 6, 7
Senior Management Analyst	1, 2, 3, 4
Supervising Administrative Assistant	7, 8
Supervising Engineering Tech.	5, 6, 7
Supervising Management Analyst	1, 2, 3, 4, 5, 6, 7
<i><u>Finance Department</u></i>	
Controller	1, 2, 3, 4
Deputy Director of Finance	1, 2, 3, 4
Budget Officer	8
Accounting Supervisor	8
Accountant	8
Assistant Management Analyst	5, 6, 7, 8
Investment Analyst	8
Rate and Debt Administrator	1, 2, 5
Financial Analyst	1, 2 8
Financial Services Manager/Asst. Treasurer	1, 2, 3, 4
Senior Accountant	8
<i><u>Human Resources Department</u></i>	
Director of Human Resources	1, 2, 3, 4, 5, 7
Human Resources Analyst	7

Senior Human Resources Analyst 7

Imported Water Department

Director of Imported Water 1, 2, 3, 4
 Assistant Management Analyst 5, 6, 7
 Senior Engineer 5, 6, 7
 Inter-agency Program Manager 6, 7
 Principal Water Resources Specialist 6, 7
 Senior Water Resource Specialist 6, 8
 Water Resource Specialist 6, 8
 Water Resources Manager 5, 6, 7

Colorado River Program

Colorado River Program Manager 1, 2, 3, 4
 Management Analyst 5, 6, 7, 8
 Senior Engineer 5, 6, 7
 Principal Engineer 1, 2, 3, 4
 Principal Water Resources Specialist 6, 7
 Senior Public Affairs Representative 7
 Senior Water Resource Specialist 6, 8
 Engineer (P.E.) 5, 6, 7

MWD Program

MWD Program Chief 1, 2, 3, 4
 Senior Water Resources Specialist 6, 8

Public Affairs Department

Director of Public Affairs 1, 2, 3, 4
 Education Programs Supervisor 7
 Education Programs Specialist 8
 Government Relations Manager 5, 6, 7
 Public Affairs Manager 5, 6, 7
 Public Affairs Supervisor 7
 Public Affairs Representative II 8
 Public Affairs Representative I 8
 Senior Public Affairs Representative 7
 Small Business Contracting Manager 5, 7

Operations and Maintenance Department

Director of Operations and Maintenance 1, 2, 3, 4
 Electrical/Electronics Supervisor 7
 Fleet Maintenance Supervisor 7

Management Analyst	5, <u>6</u> , 7, 8
Operations and Maintenance Manager	5, 7
<u>Principal Water Resources Specialist</u>	<u>5, 6, 7</u>
Senior Electrical/Electronics Technician	7
Senior Engineering Technician	7
Senior Maintenance Technician	7
Supervising Management Analyst	<u>1, 2, 3, 4</u> 5, 7
Senior System Operator	8
Systems Operations Supervisor	7
System Maintenance Supervisor	7
<u>Water Resources Specialist</u>	<u>5, 6, 7</u>

Right of Way Department

Director of Right of Way	1, 2, 3, 4
Engineering/Right of Way Technician I	5
Engineering/Right of Way Technician II	5
Supervising Land Surveyor	5, 7
Right of Way Supervisor	5, 7
Right of Way Agent	5, 7
Right of Way Inspector	5
Senior Right of Way Agent	5, 7
Senior Right of Way Inspector	5, 7
Senior Survey Technician	5, 8
Survey Technician	5, 8

Water Resources Department

Director of Water Resources	1, 2, 3, 4
Senior Civil Engineer	5, 6, 7
Water Resources Manager	5, 6, 7
Principal Water Resources Specialist	5, 6, 7
Water Resources Specialist	5, 6, 7
Senior Water Resources Specialist	5, 6, 7
<u>Management Analyst</u>	<u>5, 6, 7, 8</u>
<u>Assistant Management Analyst</u>	<u>5, 6, 7, 8</u>
<u>Principal Engineer</u>	<u>5, 6, 7</u>
<u>Engineer (P.E.)</u>	<u>5, 6, 7</u>

Consultants

Fair Political Practices Commission regulation [2 Cal. Code of Regs. section 18701(a)] defines "consultant" as an individual whom, pursuant to a contract with a state or local governmental agency:

(a) Makes a governmental decision whether to:

- (1) Approve a rate, rule or regulation;
- (2) Adopt or enforce a law;
- (3) Issue, deny, suspend, or revoke a permit, license, application, certificate, approval, order, or similar authorization or entitlement;
- (4) Authorize the agency to enter into, modify, or renew a contract provided it is the type of contract that requires agency approval;
- (5) Grant agency approval to a contract which requires agency approval and in which the agency is a party or to the specifications for such a contract;
- (6) Grant agency approval to a plan, design, report, study, or similar item;
- (7) Adopt, or grant agency approval of, policies, standards, or guidelines for the agency, or for any subdivision of the agency; or

(b) Serves in a staff capacity with the agency and in that capacity performs the same or substantially all the same duties for the agency that would otherwise be performed by an individual holding a position specified in the agency's local conflict of interest code.

Disclosure required:

Disclosure required by consultants shall be determined on a case-by-case basis by the General Manager, or in the case of legal service contracts by the General Counsel. The General Manager, in consultation with the General Counsel, or General Counsel may determine whether a person is a consultant and what disclosure, if any, is required by the consultant. The determination shall be in writing and shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The written determination is a public record and shall be retained for public inspection in the office of the Clerk of the Board. The written determination may be made as a part of the contract pursuant to which the consultant provides services to the Authority. Subject to the foregoing, consultants that meet the definition of paragraph (b), above, generally will disclose financial interests in the same manner as is required for the designated position the duties of which are performed, in whole or in part, by the consultant.



August 20, 2008

Attention: Administrative and Finance Committee

**Report on Water Standby Availability Charge deferrals for Fiscal Year 2009
(Information)**

Purpose

This informational item is an annual report to the Board of Directors of the parcels that have applied for and received the deferral status from the Water Standby Availability Charge for fiscal year 2009.

Background

The Water Standby Availability Charge is a stable source of revenue to the Water Authority of approximately \$11.2 million annually. It is a special assessment, shown as such on the property tax bills, and is based on a charge of \$10 per acre or parcel, whichever is greater. The collection of the charge is remitted to the Water Authority by the San Diego County Auditor and Controller.

As part of the implementation of the Water Standby Availability Charge, a procedure was developed in 1990 to allow deferral of the charge on parcels that complied with the specific terms and conditions set forth by the Board of Directors. Approval of a Water Standby Availability Charge deferral generally requires the property owner to record a covenant precluding the use of water on the land, except for natural precipitation or runoff, for the duration of the deferral. The deferred charges accrue interest at 10 percent, the legal rate of fiscal interest, compounded each year. When water service is requested, all charges that have been deferred plus interest, are due and payable. The fee for deferral and cancellation of deferral is \$500 for each application. The application fee may be waived for deferrals to establish permanent open space.

Discussion

The Board has requested an annual report of the parcels that apply for and receive the deferral status, shown in Attachment 1. Since the implementation of the Water Standby Availability Charge, the Water Authority has received and approved requests from 113 property owners covering 393 parcels and 19,546.58 acres, with total deferred Water Standby Availability Charges of \$2,475,494.48 and accrued interest of \$3,296,691.22. Each year, the Finance Department selects member agencies, on a test basis, and compares the list of authorized deferrals to verify that the parcels are not receiving water from the member agencies. In Fiscal Year 2008, deferrals for two owners were completed for 370.63 acres and one termination was processed.

Prepared by: Holly Judy, Senior Accountant
Ann Yasukochi, Management Analyst
Reviewed by: Leanne B.Wade, Controller

Attachment 1 - San Diego County Water Authority, Water Standby Availability Charge Deferral Report

San Diego County Water Authority Water Standby Availability Charge Deferral Report

The following parcels have received a deferral of their Water Standby Availability Charge during Fiscal Year 2008-2009

<u>Number</u>	<u>Name</u>	<u>Deferral Date</u>	<u>Acreage</u>	<u>Deferred Amount</u>	<u>Accrued Interest</u>
390-040-28	Lew	1990	1.00	\$ 190.00	\$372.75
393-010-29	Lew	1990	37.45	7,115.50	13,959.49
393-010-31	Lew	1990	26.81	5,093.90	9,993.43
393-010-43	Rumbeirger Trust	1990	7.52	1,428.80	2,803.08
393-011-15	Lew	1990	59.46	11,297.40	22,163.71
513-130-06	Michelsen	1990	4.04	767.60	1,505.91
130-080-37	Roberts	1990	2.10	399.00	782.77
131-100-19	Roberts	1990	14.88	2,827.20	5,546.52
131-110-06	Roberts	1990	599.17	113,842.30	223,340.61
131-180-06	Roberts	1990	650.23	123,543.70	242,373.23
131-180-16	Roberts	1990	81.22	15,431.80	30,274.75
131-180-13	Roberts	1990	1.34	254.60	499.48
597-090-44	Zaiser	1990	20.00	3,800.00	7,455.00
393-010-39	Leung	1990	13.52	2,568.80	5,039.58
468-491-16	Lewis	1990	1.00	190.00	372.75
390-060-01	Digenan	1990	53.50	10,165.00	19,942.12
390-060-05	Digenan	1990	3.08	585.20	1,148.07
389-030-14	Ramer	1991	37.00	6,660.00	11,898.86
390-060-02	Hartung	1991	95.10	17,118.00	30,583.30
390-060-06	Hartung	1991	7.84	1,411.20	2,521.27
390-060-07	Hartung	1991	11.87	2,136.60	3,817.28
390-060-08	Hartung	1991	71.60	12,888.00	23,025.91
390-060-09	Hartung	1991	85.60	15,408.00	27,528.18
390-071-01	Hartung	1991	53.50	9,630.00	17,205.11
391-060-34	Avila	1991	1.20	216.00	385.91
391-060-35	Avila	1991	1.00	180.00	321.59
391-060-36	Avila	1991	59.41	10,693.80	19,105.72
317-280-12	South Poway	1991	46.43	8,357.40	14,931.47
111-070-21	Rowan	1991	9.14	1,645.20	2,939.34
111-070-22	Rowan	1991	24.23	4,361.40	7,792.15
130-030-01	Sierra Land & Live	1991	400.00	72,000.00	128,636.36
130-030-03	Sierra Land & Live	1991	154.14	27,745.20	49,570.02
130-050-16	Sierra Land & Live	1991	5.30	954.00	1,704.43
130-060-14	Sierra Land & Live	1991	16.83	3,029.40	5,412.37
130-080-39	Sierra Land & Live	1991	73.37	13,206.60	23,595.12
134-240-06	Austin	1991	2.20	396.00	707.50
134-240-07	Austin	1991	6.59	1,186.20	2,119.28
134-240-18	Austin	1991	55.72	10,029.60	17,919.05
134-250-04	Austin	1991	395.20	71,136.00	127,092.73
427-010-21	Ruby	1991	1.00	180.00	321.59
585-040-08	Hamel	1991	14.45	2,601.00	4,646.99
585-040-09	Hamel	1991	38.21	6,877.80	12,287.99
585-090-01	Hamel	1991	79.41	14,293.80	25,537.53
513-130-07	Michelsen	1991	2.54	457.20	816.84
513-130-09	Michelsen	1991	92.47	16,644.60	29,737.51
327-140-07	Hutton	1991	7.23	1,301.40	2,325.10
134-240-19	Jiles	1991	22.72	4,089.60	7,306.55
320-010-32	Fernandez	1991	4.90	882.00	1,575.80
517-030-14	Mayberg	1991	40.00	\$ 7,200.00	\$12,863.64

Deferral						
<u>Number</u>	<u>Name</u>	<u>Date</u>	<u>Acreage</u>	<u>Deferred Amount</u>	<u>Accrued Interest</u>	
517-040-30	Mayberg	1991	37.27	6,708.60	11,985.69	
518-030-17	Mayberg	1991	61.61	11,089.80	19,813.22	
518-030-18	Mayberg	1991	4.68	842.40	1,505.05	
518-030-24	Mayberg	1991	95.40	17,172.00	30,679.77	
518-030-30	Mayberg	1991	24.60	4,428.00	7,911.14	
518-040-08	Immenschuh	1991	100.06	18,010.80	32,178.39	
321-111-11	Webb	1991	14.03	2,525.40	4,511.92	
513-063-01	Penny	1992	93.17	15,838.90	25,714.15	
513-130-08	Michelsen	1992	5.96	1,013.20	1,644.91	
520-020-09	Razooky	1992	177.44	30,164.80	48,971.97	
381-150-19	Hanlon	1992	6.60	1,122.00	1,821.55	
381-160-35	Hanlon	1992	2.24	380.80	618.22	
381-160-42	Hanlon	1992	17.41	2,959.70	4,805.02	
381-160-69	Hanlon	1992	10.69	1,817.30	2,950.35	
381-160-79	Hanlon	1992	7.53	1,280.10	2,078.22	
381-171-04	Hanlon	1992	14.33	2,436.10	3,954.96	
280-123-26	Alden	1992	4.90	833.00	1,352.36	
393-010-34	Mize	1992	11.17	1,898.90	3,082.83	
402-170-08	Scheuerman	1992	6.00	1,020.00	1,655.95	
109-392-16	Brady-Partner	1992	2.62	445.40	723.10	
513-130-17	Michelsen	1993	3.28	524.80	772.27	
513-130-19	Michelsen	1993	91.71	14,673.60	21,592.85	
520-031-04	Wartman	1993	106.64	17,062.40	25,108.07	
101-562-04	Fuller	1993	10.00	1,600.00	2,354.47	
393-070-43	Kotasek	1993	2.00	320.00	470.89	
322-010-26	Davis	1993	2.97	475.20	699.28	
241-100-15	Konyn	1993	43.16	6,905.60	10,161.89	
241-100-33	Konyn	1993	6.19	990.40	1,457.42	
276-010-10	Konyn	1993	118.22	18,915.20	27,834.55	
276-021-01	Konyn	1993	181.04	28,966.40	42,625.33	
276-031-07	Konyn	1993	39.68	6,348.80	9,342.54	
223-111-16	Coler	1993	13.66	2,185.60	3,216.21	
223-111-17	Coler	1993	5.14	822.40	1,210.20	
223-111-18	Coler	1993	34.86	5,577.60	8,207.68	
223-111-19	Coler	1993	12.12	1,939.20	2,853.62	
223-111-20	Coler	1993	10.32	1,651.20	2,429.81	
133-010-12	Borden	1993	16.04	2,566.40	3,776.57	
133-010-13	Borden	1993	25.31	4,049.60	5,959.16	
133-010-14	Borden	1993	17.92	2,867.20	4,219.21	
133-010-15	Borden	1993	8.73	1,396.80	2,055.45	
133-010-16	Borden	1993	17.79	2,846.40	4,188.60	
133-420-04	Borden	1993	19.77	3,163.20	4,654.79	
133-420-05	Borden	1993	8.57	1,371.20	2,017.78	
133-420-06	Borden	1993	10.55	1,688.00	2,483.97	
133-420-07	Borden	1993	9.51	1,521.60	2,239.10	
133-420-08	Borden	1993	30.68	4,908.80	7,223.51	
133-420-15	Borden	1993	28.54	4,566.40	6,719.66	
185-072-24	Ostrander	1993	21.54	3,446.88	5,072.24	
415-110-42	Stevens	1994	1.00	150.00	199.50	
259-191-05	Rancho Santa Fe	1994	10.64	1,596.00	2,122.65	
259-191-06	Rancho Santa Fe	1994	25.28	3,792.00	5,043.29	
259-191-13	Rancho Santa Fe	1994	30.68	4,602.00	6,120.58	
381-171-07	Hanon	1994	30.56	4,584.00	6,096.64	
268-120-14	Rancho Santa Fe	1994	17.44	2,616.00	3,479.23	
268-130-42	Rancho Santa Fe	1994	81.00	12,150.00	16,159.28	
366-080-29-01	Nigra	1994	38.27	5,740.50	7,634.76	
510-010-26	Stepina	1994	40.00	6,000.00	7,979.89	
366-030-29	Brody	1994	20.00	3,000.00	3,989.95	
366-030-43	Brody	1994	21.00	\$ 3,150.00	\$4,189.44	
366-070-46	Brody	1994	21.00	3,150.00	4,189.44	

<u>Number</u>	<u>Name</u>	<u>Deferral</u>		<u>Acreege</u>	<u>Deferred Amount</u>	<u>Accrued Interest</u>
		<u>Date</u>				
101-170-01	Spain	1994		320.00	48,000.00	63,839.14
101-170-02	Spain	1994		359.00	53,850.00	71,619.53
101-170-03	Spain	1994		527.21	79,081.50	105,176.97
264-180-18	Environmental Trust	1994		55.18	8,277.00	11,008.26
375-120-02	Foster Trust	1994		38.94	5,841.00	7,768.42
509-010-17	Marinello	1994		19.74	2,961.00	3,938.08
510-020-13	Romero	1994		12.17	1,825.50	2,427.88
510-040-05	Romero	1994		39.11	5,866.50	7,802.34
510-040-18	Romero	1994		38.01	5,701.50	7,582.89
109-392-33	Weil	1994		10.41	1,561.50	2,076.77
327-030-02	Blythe	1994		423.39	63,508.50	84,465.16
327-130-02	Blythe	1994		464.82	69,723.00	92,730.33
328-010-02	Blythe	1994		480.00	72,000.00	95,758.70
328-020-09	Blythe	1994		152.38	22,857.00	30,399.40
328-021-01	Blythe	1994		380.00	57,000.00	75,808.97
328-060-01	Blythe	1994		640.00	96,000.00	127,678.27
328-070-01	Blythe	1994		540.00	81,000.00	107,728.54
328-090-01	Blythe	1994		456.80	68,520.00	91,130.37
328-100-01	Blythe	1994		313.15	46,972.50	62,472.58
329-030-02	Blythe	1994		372.70	55,905.00	74,352.64
190-172-08	Haskell	1994		41.25	6,187.50	8,229.26
320-020-04	Machanis	1994		27.00	4,050.00	5,386.43
645-075-05	Rice-Hamel	1994		0.91	150.00	199.50
585-090-44	Rice-Hamel	1994		10.40	1,560.00	2,074.77
585-090-45	Rice-Hamel	1994		28.50	4,275.00	5,685.67
189-162-18	Patterson	1994		9.53	1,429.50	1,901.21
585-090-42	Rice-Hamel	1994		101.50	15,225.00	20,248.98
259-221-13	Rancho Santa Fe	1995		7.67	1,073.80	1,286.45
381-160-19	Hanlon	1995		6.60	924.00	1,106.98
392-060-04	Reed	1995		1.00	140.00	167.72
392-060-05	Reed	1995		7.36	1,030.40	1,234.45
277-120-60	Joe Scheuer	1995		4.08	571.20	684.32
102-052-08	Edmunson	1995		76.17	10,663.80	12,775.60
240-050-10	Hull	1995		19.49	2,728.60	3,268.96
185-091-01	Curtiss	1995		30.06	4,208.40	5,041.81
185-101-01	Curtiss	1995		39.63	5,548.20	6,646.93
185-091-02	Curtiss	1995		40.00	5,600.00	6,708.99
185-290-05	Curtiss	1995		20.20	2,828.00	3,388.04
185-201-34	Saiki	1995		119.00	16,660.00	19,959.25
185-451-15	Saiki	1995		28.65	4,011.00	4,805.32
479-381-02	Kunkel	1996		1.00	130.00	139.75
520-020-21	Ferlin	1996		19.49	2,533.70	2,723.72
216-121-21	Murphy Trust	1996		3.00	390.00	419.25
102-490-07	Deuling	1996		21.50	2,795.00	3,004.62
327-021-08	Spitsbergen	1996		120.00	15,600.00	16,769.98
128-150-23-02	Wouters	1996		16.81	2,185.30	2,349.19
585-091-08	Rice-Hamel	1996		40.00	5,200.00	5,589.99
585-091-09	Rice-Hamel	1996		40.00	5,200.00	5,589.99
585-090-07	Rice-Hamel	1996		39.59	5,146.70	5,532.70
223-100-20	Lees	1997		8.24	988.80	949.47
102-110-05	Amer. Heritage-Trust	1997		40.00	4,800.00	4,609.08
240-141-27	Hildebrand	1997		18.07	2,168.40	2,082.15
190-120-20	Gratz	1997		8.19	982.80	943.71
190-120-22	Zander	1997		14.01	1,681.20	1,614.33
190-120-23	Johnson	1997		9.97	1,196.40	1,148.81
133-070-10	Peterson	1997		151.97	18,236.40	17,511.07
133-060-22	Peterson	1997		4.03	483.60	464.37
130-080-38	Borden	1997		4.31	\$ 517.20	\$496.63
131-140-10	Borden	1997		5.14	616.80	592.27
131-170-10	Borden	1997		4.63	555.60	533.50

<u>Number</u>	<u>Name</u>	Deferral		<u>Accrued Interest</u>	
		<u>Date</u>	<u>Acreeage</u> <u>Deferred Amount</u>		
131-180-15	Borden	1997	43.31	5,197.20	4,990.49
585-090-29	Rice-Hamel	1997	32.97	3,956.40	3,799.04
131-170-11	Borden	1997	14.71	1,765.20	1,694.99
390-030-10	Hickman	1997	16.28	1,953.60	1,875.90
399-040-12	Gilbert	1998	19.31	2,124.10	1,812.11
133-070-05	Lizt	1998	12.44	1,368.40	1,167.40
133-070-11	Lizt	1998	228.57	25,142.70	21,449.66
133-070-14	Lizt	1998	198.05	21,785.50	18,585.57
133-060-21	Lizt	1998	1.47	161.70	137.95
102-731-07	Kuperman	1999	50.58	5,058.00	3,809.26
122-050-14	Center for Land Mgnt.	1999	75.14	7,514.00	5,658.92
157-021-05	Center for Land Mgnt.	1999	62.32	6,232.00	4,693.42
262-051-24	Center for Land Mgnt.	1999	44.79	4,479.00	3,373.21
262-051-10	Center for Land Mgnt.	1999	79.72	7,972.00	6,003.85
394-151-54	Miller	1999	1.00	100.00	75.31
521-010-10	Wiles Family Trust	1999	51.52	5,152.00	3,880.06
389-030-10	Hickman	1999	16.28	1,628.00	1,226.07
402-170-19	Reeber	1999	2.46	246.00	185.27
108-370-51	Richardson	1999	4.24	424.00	319.32
185-030-29	Amer. Universal Temple	1999	26.12	2,612.00	1,967.14
185-030-23	Crandall	1999	20.15	2,015.00	1,517.53
185-030-25	Lien	1999	6.87	687.00	517.39
185-030-27	Lien	1999	40.83	4,083.00	3,074.98
185-030-56	Lien	1999	25.47	2,547.00	1,918.19
185-030-57	Crandall	1999	3.60	360.00	271.12
597-090-49	Zaiser	2000	20.90	1,881.00	1,240.92
510-103-01	Wilkerson	2000	154.84	13,935.60	9,193.51
510-102-01	Wilkerson	2000	2.54	228.60	150.81
510-102-02	Wilkerson	2000	2.50	225.00	148.44
510-102-03	Wilkerson	2000	3.06	275.40	181.69
510-102-04	Wilkerson	2000	2.54	228.60	150.81
510-102-05	Wilkerson	2000	2.56	230.40	152.00
510-102-06	Wilkerson	2000	3.38	304.20	200.68
510-102-07	Wilkerson	2000	2.93	263.70	173.97
510-102-08	Wilkerson	2000	2.70	243.00	160.31
510-102-09	Wilkerson	2000	2.54	228.60	150.81
510-102-10	Wilkerson	2000	2.58	232.20	153.19
510-102-11	Wilkerson	2000	4.01	360.90	238.09
510-102-12	Wilkerson	2000	4.02	361.80	238.68
510-102-13	Wilkerson	2000	4.00	360.00	237.50
510-102-14	Wilkerson	2000	4.13	371.70	245.22
510-102-15	Wilkerson	2000	4.03	362.70	239.28
510-102-16	Wilkerson	2000	4.15	373.50	246.40
510-102-17	Wilkerson	2000	4.00	360.00	237.50
510-102-18	Wilkerson	2000	4.00	360.00	237.50
510-102-19	Wilkerson	2000	4.00	360.00	237.50
510-102-20	Wilkerson	2000	4.00	360.00	237.50
510-102-21	Wilkerson	2000	2.76	248.40	163.87
510-102-22	Wilkerson	2000	2.74	246.60	162.69
510-102-23	Wilkerson	2000	2.60	234.00	154.37
510-102-24	Wilkerson	2000	2.57	231.30	152.59
510-102-25	Wilkerson	2000	2.65	238.50	157.34
189-080-03	Andes	2000	40.00	3,600.00	2,374.97
189-080-04	Andes	2000	40.00	3,600.00	2,374.97
189-080-32	Andes/Chairo	2000	19.92	1,792.80	1,182.73
240-050-09	Appleby Family Trust	2000	109.34	9,840.60	6,491.98
240-141-28	Appleby Family Trust	2000	106.09	\$ 9,548.10	\$6,299.01
131-170-08	Roberts	2000	49.94	4,494.60	2,965.15
131-180-14	Roberts	2000	257.52	23,176.80	15,290.06
133-070-15	Rancho Pauma	2000	143.46	12,911.40	8,517.83

Deferral

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133-070-13	Rancho Pauma	2000	15.21	1,368.90	903.08
390-040-06	Morgan	2001	37.39	2,991.20	1,712.27
390-040-55	Morgan	2001	20.00	1,600.00	915.90
508-061-31	Gaston	2001	3.70	296.00	169.44
278-200-07	Lyles	2001	40.39	3,231.20	1,849.65
108-420-04	Fallbrook Land Conservancy	2001	53.43	4,274.40	2,446.81
108-420-09	Fallbrook Land Conservancy	2001	9.78	782.40	447.87
108-420-10	Fallbrook Land Conservancy	2001	10.07	805.60	461.15
108-420-11	Fallbrook Land Conservancy	2001	45.00	3,600.00	2,060.76
108-420-12	Fallbrook Land Conservancy	2001	33.55	2,684.00	1,536.41
108-420-13	Fallbrook Land Conservancy	2001	25.85	2,068.00	1,183.79
108-420-14	Fallbrook Land Conservancy	2001	8.99	719.20	411.69
108-420-15	Fallbrook Land Conservancy	2001	914.00	73,120.00	41,856.42
108-420-16	Fallbrook Land Conservancy	2001	29.06	2,324.80	1,330.80
126-230-01	Fallbrook Land Conservancy	2001	27.36	2,188.80	1,252.94
125-020-31	Fallbrook Land Conservancy	2001	10.37	829.60	474.89
102-300-09	Fallbrook Land Conservancy	2001	40.00	3,200.00	1,831.79
190-062-02	Bull	2001	40.74	3,259.20	1,865.68
216-140-39	The Environmental Trust	2002	1.41	98.70	48.45
212-050-46	The Environmental Trust	2002	1.10	77.00	37.79
168-050-01	The Environmental Trust	2002	109.45	7,661.50	3,760.58
168-040-31	The Environmental Trust	2002	0.48	70.00	34.36
306-250-15	The Environmental Trust	2002	0.20	70.00	34.36
306-250-16	The Environmental Trust	2002	0.16	70.00	34.36
306-050-29	The Environmental Trust	2002	32.27	2,258.90	1,108.76
645-074-08	The Environmental Trust	2002	1.00	70.00	34.36
645-074-18	The Environmental Trust	2002	0.90	70.00	34.36
645-075-09	The Environmental Trust	2002	0.90	70.00	34.36
631-041-10	The Environmental Trust	2002	4.93	345.10	169.39
667-040-05	The Environmental Trust	2002	15.00	1,050.00	515.38
645-075-08	The Environmental Trust	2002	0.90	70.00	34.36
276-010-03	The Environmental Trust	2002	80.00	5,600.00	2,748.71
645-102-01	The Environmental Trust	2002	1.00	70.00	34.36
645-102-02	The Environmental Trust	2002	1.00	70.00	34.36
645-102-03	The Environmental Trust	2002	1.00	70.00	34.36
645-102-11	The Environmental Trust	2002	0.90	70.00	34.36
645-061-02	The Environmental Trust	2002	40.00	2,800.00	1,374.36
645-060-07	The Environmental Trust	2002	46.47	3,252.90	1,596.66
667-040-06	The Environmental Trust	2002	5.00	350.00	171.79
398-090-12	The Environmental Trust	2002	14.06	984.20	483.09
160-300-12	The Environmental Trust	2002	50.51	3,535.70	1,735.47
678-242-11	The Environmental Trust	2002	61.81	4,326.70	2,123.72
265-320-03	The Environmental Trust	2002	40.00	2,800.00	1,374.36
678-020-02	The Environmental Trust	2002	44.10	3,087.00	1,515.23
678-020-03	The Environmental Trust	2002	49.95	3,496.50	1,716.23
678-021-03	The Environmental Trust	2002	11.17	781.90	383.79
678-020-18	The Environmental Trust	2002	122.70	8,589.00	4,215.83
678-060-30	The Environmental Trust	2002	40.81	2,856.70	1,402.19
678-060-31	The Environmental Trust	2002	9.24	646.80	317.48
678-060-32	The Environmental Trust	2002	7.23	506.10	248.41
678-060-33	The Environmental Trust	2002	2.14	149.80	73.53
593-140-13	The Environmental Trust	2002	0.52	70.00	34.36
517-060-17	The Environmental Trust	2002	73.03	5,112.10	2,509.23
517-060-18	The Environmental Trust	2002	16.82	1,177.40	577.92
517-060-19	The Environmental Trust	2002	65.77	4,603.90	2,259.78
517-060-20	The Environmental Trust	2002	25.00	\$ 1,750.00	\$858.97
517-071-09	The Environmental Trust	2002	21.36	1,495.20	733.91
517-071-10	The Environmental Trust	2002	16.82	1,177.40	577.92
518-050-04	The Environmental Trust	2002	91.31	6,391.70	3,137.31
518-050-08	The Environmental Trust	2002	22.85	1,599.50	785.10

Deferral						
<u>Number</u>	<u>Name</u>	<u>Date</u>	<u>Acreage</u>	<u>Deferred Amount</u>	<u>Accrued Interest</u>	
518-050-10	The Environmental Trust	2002	22.85	1,599.50		785.10
585-091-05	The Environmental Trust	2002	50.00	3,500.00		1,717.94
580-040-01	The Environmental Trust	2002	52.89	3,702.30		1,817.24
580-040-41	The Environmental Trust	2002	16.79	1,175.30		576.89
580-040-44	The Environmental Trust	2002	63.79	4,465.30		2,191.75
580-040-46	The Environmental Trust	2002	7.30	511.00		250.82
645-020-15	The Environmental Trust	2002	63.49	4,444.30		2,181.45
667-050-01	The Environmental Trust	2002	40.00	2,800.00		1,374.36
519-040-36	Oswall	2002	25.63	1,794.10		880.62
323-442-31	The Environmental Trust	2002	5.47	382.90		187.94
323-452-42	The Environmental Trust	2002	10.33	723.10		354.93
278-200-23	Merrie A. Jarvis Trust	2002	64.76	4,533.20		2,225.08
272-111-13	The Environmental Trust	2002	10.03	702.10		344.62
593-140-14	The Environmental Trust	2002	1.95	136.50		67.00
218-012-25	The Environmental Trust	2002	18.60	1,302.00		639.08
222-030-49	The Environmental Trust	2002	16.35	1,144.50		561.77
218-012-27	The Environmental Trust	2002	31.70	2,219.00		1,089.18
182-111-02	The Environmental Trust	2002	40.00	2,800.00		1,374.36
218-330-20	The Environmental Trust	2002	12.33	863.10		423.65
185-240-18	The Environmental Trust	2002	20.69	1,448.30		710.89
366-030-32	Harrison & Worch	2003	20.00	1,200.00		497.43
106-180-61	Fallbrook Land Conservancy	2003	14.57	874.20		362.38
101-361-62	Fallbrook Land Conservancy	2003	77.95	4,677.00		1,938.75
390-040-47	Edwards	2003	20.00	1,200.00		497.43
322-010-45	Doyle	2003	36.55	2,193.00		909.06
321-110-36	Cockerell	2003	32.65	1,959.00		812.06
108-390-25	Fallbrook Land Conservancy	2003	11.57	694.20		287.77
108-390-26	Fallbrook Land Conservancy	2003	26.25	1,575.00		652.88
122-050-11	Ctr. For Nat. Lands Mgt.	2004	57.14	2,857.00		980.30
122-050-27	Ctr. For Nat. Lands Mgt.	2004	8.34	417.00		143.08
122-442-01	Ctr. For Nat. Lands Mgt.	2004	9.06	453.00		155.43
122-442-02	Ctr. For Nat. Lands Mgt.	2004	8.28	414.00		142.05
122-442-03	Ctr. For Nat. Lands Mgt.	2004	2.50	125.00		42.89
122-441-01	Ctr. For Nat. Lands Mgt.	2004	1.40	70.00		24.02
122-441-02	Ctr. For Nat. Lands Mgt.	2004	4.64	232.00		79.60
122-441-03	Ctr. For Nat. Lands Mgt.	2004	8.56	428.00		146.86
223-651-25	Ctr. For Nat. Lands Mgt.	2004	1.03	51.50		17.67
223-651-26	Ctr. For Nat. Lands Mgt.	2004	2.39	119.50		41.00
223-070-19	Ctr. For Nat. Lands Mgt.	2004	3.96	198.00		67.94
223-072-03	Ctr. For Nat. Lands Mgt.	2004	15.35	767.50		263.35
223-072-01	Ctr. For Nat. Lands Mgt.	2004	21.73	1,086.50		372.80
223-081-10	Ctr. For Nat. Lands Mgt.	2004	18.58	929.00		318.76
223-081-11	Ctr. For Nat. Lands Mgt.	2004	38.04	1,902.00		652.62
223-081-12	Ctr. For Nat. Lands Mgt.	2004	35.73	1,786.50		612.99
222-030-48	Ctr. For Nat. Lands Mgt.	2004	20.88	1,044.00		358.22
223-030-79	Ctr. For Nat. Lands Mgt.	2004	9.90	495.00		169.85
223-030-83	Ctr. For Nat. Lands Mgt.	2004	27.22	1,361.00		466.99
223-030-80	Ctr. For Nat. Lands Mgt.	2004	78.90	3,945.00		1,353.62
190-080-01	Douglas Sylvester	2005	104.00	4,160.00		1,149.30
264-111-11	Lennar Bridges LLC	2005	99.27	3,970.80		1,097.03
213-110-07	Ctr. For Nat. Lands Mgt.	2006	115.79	3,473.70		742.21
213-110-09	Ctr. For Nat. Lands Mgt.	2006	11.98	359.40		76.79
213-110-11	Ctr. For Nat. Lands Mgt.	2006	33.25	997.50		213.13
213-111-10	Ctr. For Nat. Lands Mgt.	2006	9.27	278.10		59.42
213-112-11	Ctr. For Nat. Lands Mgt.	2006	4.15	\$ 124.50		\$26.60
213-112-13	Ctr. For Nat. Lands Mgt.	2006	14.30	429.00		91.66
213-112-16	Ctr. For Nat. Lands Mgt.	2006	3.37	101.10		21.60
213-112-17	Ctr. For Nat. Lands Mgt.	2006	8.68	260.40		55.64
213-112-19	Ctr. For Nat. Lands Mgt.	2006	3.97	119.10		25.45
213-112-21	Ctr. For Nat. Lands Mgt.	2006	2.44	73.20		15.64

<u>Number</u>	<u>Name</u>	<u>Deferral</u>		<u>Accrued Interest</u>	
		<u>Date</u>	<u>Acreage</u>		<u>Deferred Amount</u>
213-112-27	Ctr. For Nat. Lands Mgt.	2006	2.85	85.50	18.27
223-070-29	Ctr. For Nat. Lands Mgt.	2006	35.41	1,062.30	226.98
223-072-02	Ctr. For Nat. Lands Mgt.	2006	78.29	2,348.70	501.84
264-111-12	Ctr. For Nat. Lands Mgt.	2006	105.66	3,169.80	677.28
222-121-07	Ctr. For Nat. Lands Mgt.	2006	31.01	930.30	198.77
223-070-25	Ctr. For Nat. Lands Mgt.	2006	19.83	594.90	127.11
223-081-09	Ctr. For Nat. Lands Mgt.	2006	17.99	539.70	115.32
223-650-04	Ctr. For Nat. Lands Mgt.	2006	7.36	220.80	47.18
223-650-09	Ctr. For Nat. Lands Mgt.	2006	16.62	498.60	106.53
223-651-09	Ctr. For Nat. Lands Mgt.	2006	1.01	30.30	6.47
223-651-17	Ctr. For Nat. Lands Mgt.	2006	22.81	684.30	146.21
223-651-20	Ctr. For Nat. Lands Mgt.	2006	4.34	130.20	27.82
223-651-22	Ctr. For Nat. Lands Mgt.	2006	4.56	136.80	29.23
223-772-24	Ctr. For Nat. Lands Mgt.	2006	5.60	168.00	35.90
223-773-36	Ctr. For Nat. Lands Mgt.	2006	7.71	231.30	49.42
223-774-35	Ctr. For Nat. Lands Mgt.	2006	0.90	30.00	6.41
390-061-03	Ctr. For Nat. Lands Mgt.	2006	264.24	7,927.20	1,693.78
390-061-04	Ctr. For Nat. Lands Mgt.	2006	21.68	650.40	138.97
108-421-16	Fallbrook Land Conservancy	2006	8.86	265.80	56.79
108-421-17	Fallbrook Land Conservancy	2006	29.28	878.40	187.68
108-421-18	Fallbrook Land Conservancy	2006	25.78	773.40	165.25
108-421-19	Fallbrook Land Conservancy	2006	13.21	396.30	84.68
134-100-13	Stehly	2008	18.50	185.00	18.50
134-080-19	Stehly	2008	17.27	172.70	17.27
404-171-09	Back Country Land Trust	2008	38.75	387.50	38.75
404-171-11	Back Country Land Trust	2008	61.23	612.30	61.23
520-050-32	Back Country Land Trust	2008	30.07	300.70	30.07
404-170-60	Back Country Land Trust	2008	82.84	828.40	82.84
402-271-03	Back Country Land Trust	2008	39.91	399.10	39.91
402-450-36	Back Country Land Trust	2008	82.06	820.60	82.06
Totals			19,546.58	\$ 2,475,494.48	\$3,296,691.22

The following parcel terminated its deferral of its Water Standby Availability Charge during Fiscal Year 2008

130-160-05	Fairfield Farms	2007	291.90	\$	2,919.00	\$	291.90
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August 20, 2008

Attention: Administrative and Finance Committee

Potential financial impacts on property tax revenue resulting from the possible suspension of Proposition 1A (Information)

Purpose

To provide information on the potential financial impacts to the Water Authority of the State budget deficit.

Background

Since Proposition 13 was passed, the State government has shifted property tax revenue from local governments to fill the State's budget deficit. In 2004, voters passed Proposition 1A to restrict the State government from using local tax revenues such as property taxes, Vehicle License Fees (VLF), and sales taxes for the purpose of funding budget deficits. This proposition has suspension provisions that allow the State to borrow local property tax revenues during fiscal emergencies but requires the funds to be paid back within three years with interest. In addition, the State may borrow no more than twice within a decade. Fiscal Year 2009 is the first year for which the suspension provisions of Proposition 1A are available to the State of California.

In the past, the Water Authority has been impacted by the State's budget issues. In Fiscal Years 2005 and 2006, the Water Authority experienced a property tax revenue shift as part of the ERAF shift. The original formula for calculating the amount of the shift was to include cities, counties and special districts. However, during budget negotiations, a trailer bill was passed that placed the entire burden of the shift on enterprise special districts. Enterprise special districts were chosen due to the ability of these districts to recover lost revenue through rate increases. The Water Authority's share of the property tax shift for Fiscal Year 2005 and 2006 was a total of \$9,496,316 or \$4,748,158 per fiscal year.

Discussion

The State of California Fiscal Year 2009 budget has not yet been adopted and there is a projected budget deficit of approximately \$15 billion. The legislature is proposing to close the deficit by using a three-part strategy: cutting programs, borrowing from local governments and increasing revenues by closing tax loopholes. The amount to be borrowed from local governments would be approximately \$5 billion. A part of this \$5 billion could come from the suspension of Proposition 1A as well as the suspension of Proposition 42, a measure that was passed in 2002 that dedicated revenues from the state sales tax on gasoline for transportation purposes. A number of conditions must be met before the State can suspend the provisions of Proposition 1A and the conditions are listed on the following page:

- The Governor must declare a severe fiscal emergency.
- The State Legislature must enact an urgency statute, requiring a two-thirds vote of each house that suspends the property tax provisions of the proposition.
- A second statute must then be enacted by the Legislature that outlines how the loan will be repaid. The loan must be fully repaid within three years and must include interest.
- A suspension of Proposition 1A can not happen more than twice in ten years and not until prior loans have been repaid to the local agencies that were affected.

As part of the Mid-Term budget update, property tax revenue for Fiscal Year 2008 was estimated at \$8,150,430 or 1.2% of total revenue and funding sources. If Proposition 1A were suspended, the State constitution limits the amount that can be borrowed at 8 percent of the prior year's total property tax allocation to local agencies. Applying the 8% limit to Fiscal Year 2008 property tax revenue projections results in a potential loan of \$652,034. The Water Authority would need to use fund balances to recoup for the loss of revenue in Fiscal Year 2009, but would benefit from repayment in future years.

The State budget has not been approved for the new fiscal year and none of the conditions for suspension of 1A have occurred. Staff will continue to follow developments of the State budget and will keep the Board apprised of any impacts to Water Authority revenues.

Prepared by: Tandy Ramsey, Budget Officer

Reviewed by: Eric Sandler, Director of Finance/Treasurer

August 20, 2008

Attention: Administrative and Finance Committee

Controller's Report on monthly financial statements (Information)

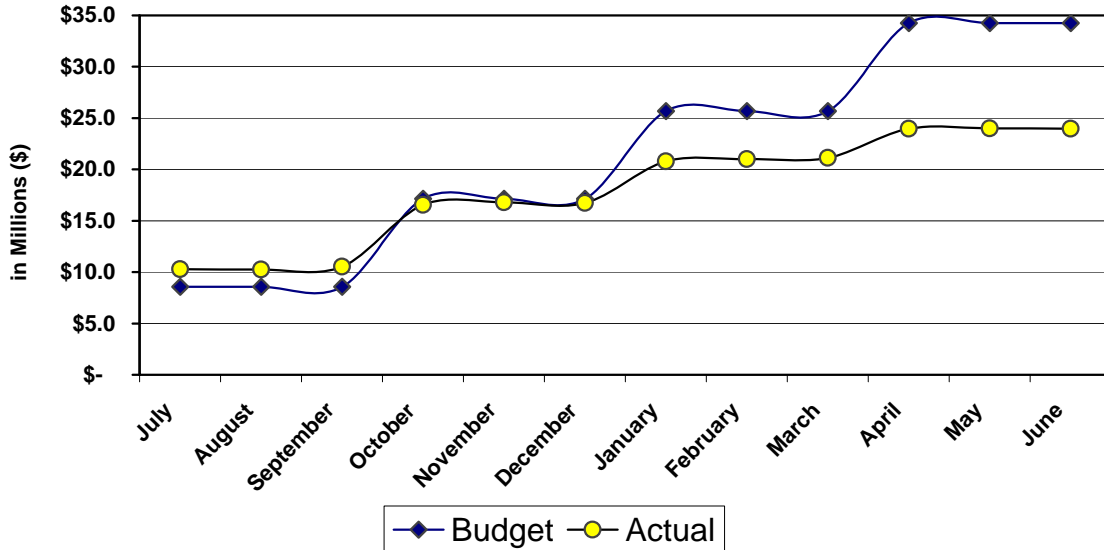
The preliminary monthly financial statements for the fiscal year ended June 30, 2008 will be available at the September 25, 2008 Board meeting. The Water Authority is still in the process of closing the fiscal year, preparing audit schedules, and preparing the Comprehensive Annual Financial Report (CAFR). As discussed at the July Board meeting, Lance, Soll and Lunghard LLP, the Water Authority's auditors, are scheduled to perform year-end audit procedures on September 8, 2008.

In a preliminary update on the Water Authority's two major sources of revenues, water sales and capacity charges, gross water sales for the twelve months ended June 30, 2008 are 612,876 acre-feet, as compared to the budget of 635,899 acre-feet. The 23,023 acre-feet, or 3.6 percent decrease in water deliveries is due in part to unanticipated high rainfall in December and January and the impact of the 20-Gallon Challenge, as well as the 30 percent reduction in Interim Agricultural Water Program (IAWP). Actual water sales revenue is \$343.5 million, or 99.4 percent of budget. Water purchases are \$267.2 million, or 100.7 percent of budget and includes the \$4.6 million in water purchased from Sutter Extension Water District and Butte Water District. Capacity charges received are \$23.9 million compared to the budget of \$34.3 million, or 69.7 percent. This reduction of \$10.3 million is due to a slow down in the housing market. The largest payments for capacity charges received during this fiscal year were from the City of San Diego (\$8.8 million), Olivenhain Municipal Water District (\$2.9 million) and Vallecitos Water District (\$2.2 million).

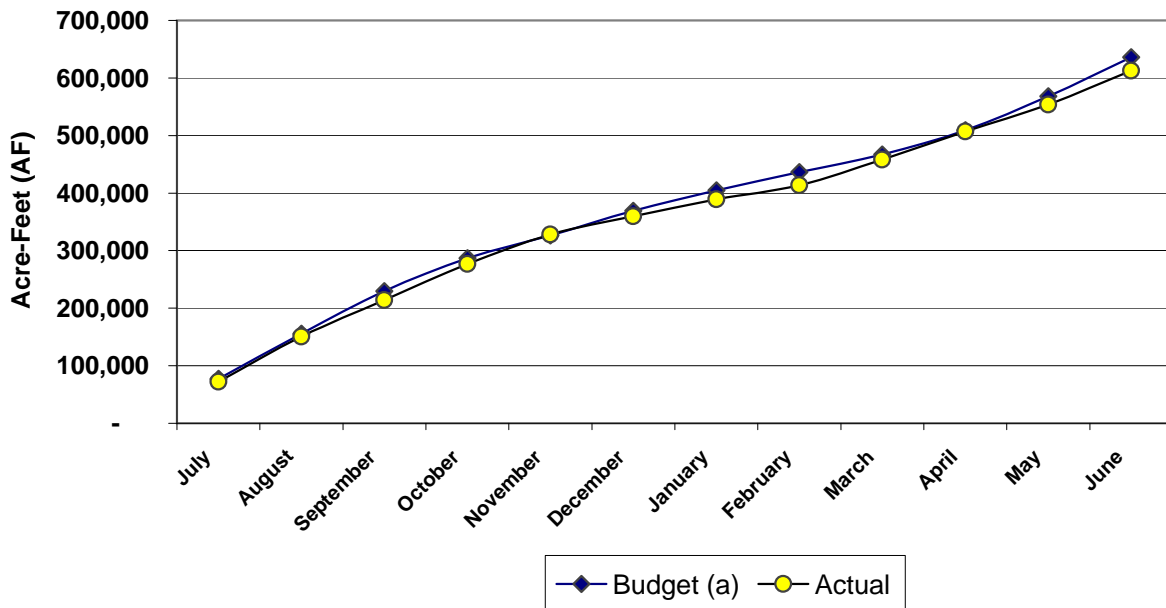
Attached is a graph depicting preliminary water sales and capacity charge revenue for the twelve months ended June 30, 2008.

Leanne B. Wade, Controller

**CAPACITY CHARGES
Budget Versus Actual
for the 12 Months Ended June 30, 2008**



**WATER SALES
Budget Versus Actual
for the 12 Months Ended June 30, 2008**



Fiscal Year 2007-2008 Cumulative Water Sales (AF)

Months	July	August	September	October	November	December	January	February	March	April	May	June
Budget (a)	77,138	155,743	229,462	286,753	326,353	369,030	404,540	436,273	467,070	509,271	568,085	635,899
Actual	72,423	150,828	213,953	276,976	327,852	359,455	389,094	413,587	458,162	507,086	553,627	612,876
AF Difference (b)	(4,715)	(4,915)	(15,509)	(9,777)	1,499	(9,575)	(15,446)	(22,686)	(8,908)	(2,185)	(14,458)	(23,023)
Cum. Actual AF												
% Difference (b/a)	-6.1%	-3.2%	-6.8%	-3.4%	0.5%	-2.6%	-3.8%	-5.2%	-1.9%	-0.4%	-2.5%	-3.6%

Fiscal Year 2006-2007 Cumulative Water Sales (AF)

Months	July	August	September	October	November	December	January	February	March	April	May	June
Budget (a)	71,500	146,110	210,510	278,680	314,430	346,190	380,890	413,130	448,110	493,210	543,330	610,000
Actual	76,221	145,355	214,622	272,487	325,020	368,759	413,123	442,871	482,701	532,973	592,933	660,226
AF Difference (b)	4,721	(755)	4,112	(6,193)	10,590	22,568	32,233	29,741	34,591	39,763	49,603	50,226
Cum. Actual AF												
% Difference (b/a)	6.6%	-0.5%	2.0%	-2.2%	3.4%	6.5%	8.5%	7.2%	7.7%	8.1%	9.1%	8.2%



San Diego County Water Authority

BOARD CALENDAR

SEPTEMBER 2008

- 3 MWD Delegates – 10:00 a.m.
- 4 Ethics Training Kearny Mesa – 1:30 p.m.
- 11 Special meeting of the Engineering and Operations Committee - 1:30 p.m.
- 22 Special meeting of the Legislation, Conservation and Outreach Committee – 10:00 a.m.
- 25 Regular Board meeting – 3:00 p.m.

OCTOBER 2008

- 8 MWD Delegates – 10:00 a.m.
- 9 **Yom Kippur – (No Special Board meeting this month)**
- 10 Special meeting of the Imported Water Committee at the Natural History Museum – 9:00 a.m.
- 17 **SCOOP – 1:00 p.m. (rescheduled from 10/29)**
- 23 Regular Board meeting – 3:00 p.m.

NOVEMBER 2008

- 12 MWD Delegates – 10:00 a.m.
- 13 Tentative Special Board meeting - 1:30 p.m.
(The combined November and December Board meeting will be held on December 18, 2008)

8/18/2008