

OTAY WATER DISTRICT
FINANCE, ADMINISTRATION AND COMMUNICATIONS
COMMITTEE MEETING
and
SPECIAL MEETING OF THE BOARD OF DIRECTORS

2554 SWEETWATER SPRINGS BOULEVARD
SPRING VALLEY, CALIFORNIA
BOARDROOM

WEDNESDAY
January 21, 2015
11:30 A.M.

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

AGENDA

1. ROLL CALL
2. PUBLIC PARTICIPATION – OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO SPEAK TO THE BOARD ON ANY SUBJECT MATTER WITHIN THE BOARD'S JURISDICTION BUT NOT AN ITEM ON TODAY'S AGENDA

DISCUSSION ITEMS

3. APPROVE AN ENGAGEMENT LETTER WITH THE AUDITING FIRM OF TEAMAN, RAMIREZ AND SMITH, INC., TO PROVIDE AUDIT SERVICES TO THE DISTRICT FOR THE FISCAL YEAR ENDING JUNE 30, 2015 (KOEPPEN) [5 minutes]
4. APPROVE AN ADJUSTMENT TO THE WHEELING RATE FOR THE DELIVERY OF TREATY WATERS TO MEXICO TO \$70.37 FOR CALENDAR YEAR 2015 AND SET MEXICO'S PLANNED PROJECT AND EMERGENCY REPAIR RESERVE FUND REQUIREMENT AT \$70,000 (DYCHITAN) [5 minutes]
5. ADOPT ORDINANCE NO. 549 AMENDING SECTION 1.03.A, DATE OF ELECTION, OF THE DISTRICT'S CODE OF ORDINANCES (WATTON) [5 minutes]
6. DEMONSTRATION OF THE DISTRICT'S DASH BOARD (SEGURA) [5 minutes]
7. ADJOURNMENT

AGENDA ITEM 3



STAFF REPORT

TYPE MEETING: Regular Board

MEETING DATE: February 4, 2015

PROJECT:

DIV. NO. All

SUBMITTED BY: Kevin Koeppen, Finance Manager

APPROVED BY: Joseph R. Beachem, Chief Financial Officer

German Alvarez, Assistant General Manager, Finance and Administration

Mark Watton, General Manager

SUBJECT: Appointment of Auditor for Fiscal Year Ending June 30, 2015

GENERAL MANAGER'S RECOMMENDATION:

That the Board authorize the General Manager to sign the engagement letters from the auditing firm of Teaman, Ramirez & Smith, Inc., to contract for audit services for the 2015 fiscal year.

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

The District is required to retain the services of an independent accounting firm to perform an audit of the District's financial records each year.

ANALYSIS:

At the Board meeting on January 7, 2014, the Board approved Teaman, Ramirez & Smith, Inc., as the District's auditors for a 1-year contract, with four (4) 1-year options, with each option year subject to Board review and approval.

Staff is recommending the appointment of Teaman, Ramirez & Smith, Inc. as the District's auditors for FY-2015, in conjunction with the first 1-year contract option. This is based on their staff's

knowledge of the District's operations and finances, their technical qualifications, and their performance as the District's auditors during the FY-2014 audit.

The audit will consist of four major components: 1) Standard Audit Services, to provide an audit opinion on the District's financial statements; 2) Agreed upon procedures related to the District's Investment Policy procedures, to issue a report on staff's compliance with District policy; 3) A State Controllers Report, required by the State of California; and 4) Assistance in preparation of the District's Comprehensive Annual Financial Report (CAFR).

The following is a tentative planning schedule for the major activities involved in completing the FY-2015 financial audit:

- May-2015: Pre-audit fieldwork (3 - 4 days).
- Aug-2015: Year-end audit fieldwork (4 - 5 days).
- Nov-2015: Board presentation of the audited financial statements.
- Dec-2015: CAFR submission to Government Finance Officers Association.

FISCAL IMPACT:

The fee for auditing services for the Fiscal Year ending June 30, 2015, will be \$26,300. This is an increase of \$500 over the prior year's fee.

STRATEGIC GOAL:

The District ensures its continued financial health through long-term financial planning, formalized financial policies, enhanced budget controls, fair pricing, debt planning, and improved financial reporting.

LEGAL IMPACT:

Required by law.

Attachments: Attachment A - Committee Action Form
Attachment B - Teaman, Ramirez & Smith, Inc. Audit Engagement Letter
Attachment C - Teaman, Ramirez & Smith, Inc. State Controllers Report Engagement Letter
Attachment D - Teaman, Ramirez & Smith, Inc. Agreed Upon Procedures Engagement Letter
Attachment E - Teaman, Ramirez & Smith, Inc. Fee Letter



ATTACHMENT A

SUBJECT/PROJECT:	Appointment of Auditor for Fiscal Year Ending June 30, 2015
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COMMITTEE ACTION:

The Finance and Administration Committee supported staff's recommendation to the Board to appoint Teaman, Ramirez & Smith, Inc., as the District's auditors for the fiscal year ending June 30, 2015.

NOTE:

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



January 6, 2015

Joseph Beachem, Chief Financial Officer
Otay Water District
2554 Sweetwater Springs Blvd
Spring Valley, CA 91778-2004

We are pleased to confirm our understanding of the services we are to provide the Otay Water District (the "District") for the year ended June 30, 2015. We will audit the financial statements of the business-type activities, and each major fund, including the related notes to the financial statements, which collectively comprise the basic financial statements, of the Otay Water District as of and for the year ended June 30, 2015. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Government Accounting Standards Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist principally of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis
2. Schedule of Funding Progress for PERS
3. Schedule of Funding Progress for DPHP

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and for which our auditors' report will not provide an opinion or any assurance on that other information.

1. Introductory Section
2. Statistical Section

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the

accounting records of the District and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the District's financial statements. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph. If our opinion is other than unqualified, we will discuss the reasons with you in advance. If our opinions on the financial statements are other than unqualified (unmodified), we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the District is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

We will also provide a report on agreed upon procedures performed on the District's calculation of its annual appropriations limit as required by Article XIII B of the California State Constitution. We will perform the procedures in the Article XIII B Appropriations Limit Uniform Guidelines as published by the League of California Cities. This report will include a statement that the report is intended solely for the information and use of management, Board of Directors and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties.

Management Responsibilities

Management is responsible for the financial statements and all accompanying information as well as all representations contained therein. As part of the audit, we will assist with preparation of your financial statements, related notes, and reports to the State Controller. Reports to the State Controller are addressed in a separate engagement letter. These nonaudit services do not constitute an audit under Government Auditing Standards and such services will not be conducted in accordance with Government Auditing Standards. You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the written representation letter our assistance with preparation of the financial statements and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. You agree to assume all management responsibilities for any nonaudit services we provide; oversee the services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accepting responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management is reliable and financial information is reliable and properly reported; for the selection and application of accounting principles; and for the preparation and fair presentation in the financial statements in conformity with U.S. generally accepted accounting principles. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and also for ensuring that financial information is reliable, complete and properly recorded. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatement and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the District complies with applicable laws, regulations, contracts, agreements, and grants for taking timely and appropriate steps to remedy any fraud and noncompliance with provisions of laws, regulations, illegal acts, violations of contracts or grant agreements, or abuse that we may report.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period or if they have changed the reasons for

such changes; and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Audit Procedures - General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the District or to acts by management or employees acting on behalf of the District. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors or any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditor is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys

as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures - Internal Controls

Our audit will include obtaining an understanding of the District and its environment, including internal control sufficient to assess the risk of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the District; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Teaman, Ramirez & Smith, Inc. and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to grantor agencies or their designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purpose of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of our firm. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies

or information contained therein to others, including other governmental agencies. In such cases, Teaman, Ramirez & Smith, Inc. is not responsible for the distribution of the copies or information contained therein.

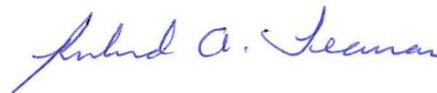
The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by a grantor or federal agency. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our final audit fieldwork on approximately August 2015 and to issue our reports approximately in October 2015. Richard Teaman is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. Our fee for these services will be \$24,800. Our invoices for these fees will be rendered as work progresses and are payable on presentation. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if have not completed our report. You will be obligated to compensate us for all time expended through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We appreciate the opportunity to be of service to the Otay Water District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

TEAMAN, RAMIREZ & SMITH, INC.



Richard A. Teaman
Certified Public Accountant

RESPONSE:

This letter correctly sets forth the understanding of the Otay Water District.

By: _____

Title: _____

Date: _____



January 6, 2015

Joseph Beachem, Chief Financial Officer
Otay Water District
2554 Sweetwater Springs Blvd
Spring Valley, CA 91778-2004

Dear Joseph:

This letter is to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide.

We will compile, from information you provide, the balance sheet of the Otay Water District (the "District") for the year ended June 30, 2015 and the related statements of revenues and expenses, and changes in fund equity for the year then ended to be included in the forms prescribed by the California State Controller (State Controller's Report) and issue an accountant's report thereon in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

The supplementary information that accompanies the State Controller's Report is additional information requested by the California State Controller. The supplementary information will be compiled from information that is the representation of management. We will not audit or review the supplementary information. We will not express an opinion or provide any assurance on such supplementary information.

The objective of a compilation is to assist you in presenting financial information in the forms prescribed by the California State Controller. We will utilize information that is your representation without undertaking to obtain or provide any assurance that there are no material modifications that should be made to those forms for them to be in conformity with the basis of accounting prescribed by the California State Controller.

You are responsible for:

- the preparation and fair presentation of the State Controller's Report in accordance with the basis of accounting prescribed by the California State Controller.
- designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the State Controller's Report.
- preventing and detecting fraud.
- identifying and ensuring that the District complies with the laws and regulations applicable to its activities.
- making all financial records and related information available to us and for the accuracy and completeness of that information.

We will conduct our compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation differs significantly from a review or an audit of financial statements. A compilation does not contemplate performing inquiry, analytical procedures, or other procedures performed in a review. Additionally, a compilation does not contemplate obtaining an understanding of the District's internal control; assessing fraud risk; testing accounting records by obtaining sufficient appropriate audit evidence through inspection, observation, confirmation, or the examination of source documents (for example, cancelled checks or bank images); or other procedures ordinarily performed in an audit. Accordingly, we will not express an opinion or provide any assurance regarding the State Controller's Report being compiled.

Our engagement cannot be relied upon to disclose errors, fraud, or illegal acts. However, we will inform the appropriate level of management of any material errors, and of any evidence or information that comes to our attention during the performance of our compilation procedures, that fraud may have occurred. In addition, we will inform you of any evidence or information that comes to our attention during the performance of our compilation procedures regarding illegal acts that may have occurred, unless they are clearly inconsequential. We have no responsibility to identify and communicate deficiencies in your internal control as part of this engagement.

If, for any reason, we are unable to complete the compilation of your State Controller's Report, we will not issue a report on such prescribed forms as a result of this engagement.

You are responsible for assuming all management responsibilities and for overseeing any other services we provide by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience. In addition, you are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for the results of such services.

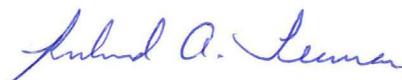
Richard Teaman is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fee to prepare the report is included in the fee quoted in the engagement letter to conduct the June 30, 2015 financial audit of the District dated January 6, 2015. The fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the work performed. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as prescribed in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

TEAMAN, RAMIREZ & SMITH, INC.



Richard A. Teaman
Certified Public Accountant

RESPONSE:

This letter correctly sets forth the understanding of the Otay Water District.

By: _____

Title: _____

Date: _____



January 6, 2015

Joseph Beachem, Chief Financial Officer
Otay Water District
2554 Sweetwater Springs Blvd
Spring Valley, CA 91778-2004

Dear Joseph:

We are pleased to confirm our understanding of the nature and limitations of the services we are to provide for the Otay Water District (the "District").

We will apply the agreed-upon procedures which the District's management has specified, listed in the attached schedule, for the investments of the District for the fiscal year ending June 30, 2015 (prepared in accordance with generally accepted accounting principles). This engagement is solely to assist the District's management in evaluating the compliance with the District's investment policy. Our engagement to apply agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described in the attached schedule either for the purpose for which this report has been requested or for any other purpose. If for any reason, we are unable to complete the procedures, we will describe any restrictions on the performance of the procedures in our report, or will not issue a report as a result of this engagement.

Because the agreed-upon procedures listed in the attached schedule do not constitute an examination, we will not express an opinion on the District's investments or any elements, accounts, or items thereof. In addition, we have no obligation to perform any procedures beyond those listed in the attached schedule.

We will submit a report listing the procedures performed and our findings. This report is intended solely for the information and use of the District, and is not intended to be and should not be used by anyone other than this specified party. Our report will contain a paragraph indicating that had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

You are responsible for the presentation of the investments of the District in accordance with generally accepted accounting principles; and for selecting the criteria and determining that such criteria are appropriate for your purposes. You are responsible for assuming all management responsibilities and for overseeing any nonattest services we provide by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience. In addition, you are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for the results of such services.

Richard A. Teaman is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

We plan to begin our procedures in approximately August 2015 and, unless unforeseeable problems encountered, the engagement should be completed in October 2015. At the conclusion of our engagement, we will require a representation letter from management that, among other things, will confirm management's responsibility for the presentation of the investments of the District in accordance with generally accepted accounting principles.

Our fees for these services will be \$1,500. The fee is based on anticipated cooperation your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will discuss it with you and arrive at a new fee before we incur the additional costs.

We appreciate the opportunity to assist you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us. If the need for additional services arises, our agreement with you will need to be revised. It is customary for us to enumerate these revisions in an addendum to this letter. If additional specified parties of the report are added, we will require that they acknowledge in writing their responsibility for the sufficiency of procedures.

Very truly yours,

TEAMAN, RAMIREZ & SMITH, INC.



Richard A. Teaman
Certified Public Accountant

RESPONSE:

This letter correctly sets forth the understanding of the Otay Water District.

By: _____

Title: _____

Date: _____

Otay Water District Agreed-Upon Procedures

Investments

1. Obtain a copy of the District's investment policy and determine that it is in effect for the fiscal year ended June 30, 2015.
2. Select 4 investments held at year end and determine if they are allowable investments under the District's Investment Policy.
3. For the four investments selected in #2 above, determine if they are held by a third party custodian designated by the District.
4. Confirm the part or original investment amount and market value of the four investments selected above with the custodian or issuer of the investments.
5. Select two investment earnings transactions that took place during the year and recomputed the earnings to determine if they proper amount was received.
6. Trace amounts received for transactions selected at #5 above into the District's bank accounts.
7. Select five investment transactions (buy, sell, trade, or maturity) occurring during the year under review and determine that the transactions are permissible under the District's investment policy.
8. Review supporting documentation for the five investments selected at #7 above to determine if the transactions were appropriately recorded in the District's general ledger.



January 6, 2015

Kevin Keoppen, Finance Manager
 Otay Water District
 2554 Sweetwater Springs Blvd
 Spring Valley, CA 91778-2004

Dear Kevin:

Pursuant to your request, we are pleased to submit this proposal to perform the audit of the Otay Water District for the year ending June 30, 2015.

For June 30, 2015, we propose the following fees:

	<u>2014/2015</u>
Audit of Financial Statements:	
Annual Audit Fee	\$ 24,800
Investment Agreed Upon Procedures	<u>1,500</u>
Total	<u>\$ 26,300</u>

Our proposed fee takes into consideration experience gained by the District's staff and refinements to the District's accounting system. This proposal assumes the scope of operations for the District will not change from the prior year. Should the scope change we would be happy to discuss those changes with you and negotiate a new fee.

The aforementioned fees do not include a Single Audit required by federal funding. If the District reaches the expenditure of federal funds threshold requiring a Single Audit for a particular year, there will be an additional fee of \$3,600 for that year. The District has not been required to have a Single Audit since we have been doing the audit.

We can appreciate your concern over any costs incurred by the District and would be happy to talk to you personally and explain in more detail our position regarding this matter.

Sincerely,

Teaman, Ramirez & Smith, Inc.

Richard A. Teaman
 Certified Public Accountant

AGENDA ITEM 4



STAFF REPORT

TYPE MEETING: Regular Board

MEETING DATE: February 4, 2015

PROJECT: DIV. NO. All

SUBMITTED BY: Marissa Dychitan,
Senior Accountant

Kevin Koeppen,
Finance Manager

APPROVED BY: Joseph R. Beachem, Chief Financial Officer
 German Alvarez, Assistant General Manager
 Mark Watton, General Manager

SUBJECT: Adjust the Wheeling Rate for the Delivery of Treaty Waters to Mexico to \$70.37 for Calendar Year 2015 and Set Mexico's Planned Project and Emergency Repair Reserve Fund Requirement at \$70,000

GENERAL MANAGER'S RECOMMENDATION:

That the Board authorize the General Manager to adjust the wheeling rate for the delivery of Treaty Waters to Mexico to \$70.37 for Calendar Year 2015 and set Mexico's Planned Project and Emergency Repair Reserve Fund requirement at \$70,000.

COMMITTEE ACTION:

See Attachment A.

PURPOSE:

To adjust the wheeling rate for the delivery of Treaty Waters to Mexico for Calendar Year 2015 and set the requirement for Mexico's Planned Project and Emergency Repair Reserve Fund.

BACKGROUND:

The agreement to provide temporary emergency deliveries to Mexico was originally executed in 2003. In 2008, the agreement was extended for a period of five years via Amendment No. 1, which subsequently expired on November 9, 2013. In February 2014, the Otay Water District's Board of Directors approved the renewal of the agreement, which we anticipate will be executed in March of 2015.

Staff is submitting this recommendation of adjustment to the wheeling rate and establishing the repair reserve, funded by Mexico and held at the San Diego County Water Authority (CWA), to be effective upon execution of the agreement. Per the draft agreement, the District has thirty days from the execution date to establish the wheeling rate and repair reserve fund.

Deliveries of water to Mexico are based on a purchase schedule provided by Mexico to the United States Commissioner on a calendar year basis. Wheeling rates and repair reserves are based on the most current calculation of costs and any changes to the rate shall be approved by the District's Board of Directors.

The \$70.37 wheeling rate for Calendar Year 2015 is based on the District's costs of energy and Operations and Maintenance (O&M) associated with delivering water to Mexico. The recommended rate represents a \$6.23 (9.7%) increase from the prior rate of \$64.14 per acre-foot approved by the Board on October 2, 2013. The year-over-year increase is primarily due to rising SDG&E costs. The District has budgeted a 9% increase in SDG&E costs for Fiscal Year 2015.

The \$70,000 reserve fund is a reserve funded by Mexico and held by CWA. The purpose of this reserve is to secure the funding of planned and unplanned repairs, approved by Mexico, to be performed by the Otay Water District on the Mexico connection. The recommended \$70,000 reserve was determined to be an appropriate level based on the District's historical cost to repair similar infrastructure in an emergency situation. Under the currently drafted terms and conditions, the minimum reserve shall not be less than seventy thousand dollars (\$70,000) and not greater than two hundred and fifty thousand dollars (\$250,000).

ANALYSIS:

Water is pumped to the Mexico connection from the District's 870-1 Pump Station, which also pumps water to the District's 870-1 Reservoir in the Otay Mesa area. There are a total of 4 energy bills (SDG&E) attributable to the pump station and these bills are used in

the calculations for the energy portion of the rate the District charges Mexico. The water volumes pumped to both Mexico and the reservoir are added together, and the energy costs for Mexico are allocated based on the respective percentage of the total water volume. Similarly, maintenance costs for the District's distribution infrastructure from CWA to the Mexico border connection are computed based on Mexico's percentage of the total water volume pumped through that portion of the District's infrastructure. The energy costs are then added to the maintenance and repair costs and expressed as an overall rate per acre-foot.

Based on the methodology described above, staff has recalculated the "unit payment due the District for delivery charges and other expenses (\$/acre-foot)" to be used by CWA on their monthly billing invoices to Mexico for water deliveries. Effective upon execution of the agreement, the proposed rate is \$70.37 per acre-foot.

Based on a review of historical repair costs a reserve of seventy thousand dollars (\$70,000) should be established.

FISCAL IMPACT:

None. This adjustment maintains the District in a projected cost neutral position.

STRATEGIC GOAL:

Strengthen the long-term financial plan.

LEGAL IMPACT:

None.

Attachments:

- A) Committee Action Form



ATTACHMENT A

SUBJECT/PROJECT:	Adjust the Wheeling Rate for the Delivery of Treaty Waters to Mexico to \$70.37 for Calendar Year 2015 and Set Mexico's Planned Project and Emergency Repair Reserve Fund Requirement at \$70,000
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COMMITTEE ACTION:

That the Finance, Administration and Communications Committee recommend that the Board authorize the General Manager to adjust the wheeling rate for the delivery of Treaty Waters to Mexico to \$70.37 for Calendar Year 2015 and set Mexico's Planned Project and Emergency Repair Reserve Fund requirement at \$70,000.

NOTE:

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

AGENDA ITEM 5



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	February 4, 2015
		PROJECT:	DIV. NO. All
SUBMITTED BY:	Mark Watton, General Manager		
APPROVED BY:	<input checked="" type="checkbox"/> German Alvarez, Assistant General Manager		
	<input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	Adopt Ordinance No. 549 Amending Section 1.03 A, Date of Election of the District's Code of Ordinances		

GENERAL MANAGER'S RECOMMENDATION:

That the Board adopt Ordinance No. 549 (Attachment B) amending Section 1.03.A, Date of Election, of the District's Code of Ordinances.

COMMITTEE ACTION:

See Attachment A.

PURPOSE:

To revise the language in Section 1.03.A in the District's Code of Ordinances related to the election of officers for the Board of Directors to change elections from January to December for consistency with recent changes in state law.

ANALYSIS:

Assembly Bill 72 ("AB72"), approved in June of 2013, amended Water Code section 71253, which now reads as follows: "Except for the directors elected at a formation election, directors elected to office shall take office *at noon on the first Friday in December succeeding their election.*" (Water Code § 71253 (emphasis added).)

Prior to this amendment, the Water Code required directors, except directors elected at the district formation election, to take office on the first Monday after January succeeding their election. According to the legislative history for AB72, the change in the law was sponsored by several water districts who wanted to avoid "lame duck" directors who had no motivation to act over their last month or two of office; thus, the new law enabled directors to take office approximately 30 days sooner than under prior law. The change in the law also made the timing for municipal water districts consistent with other types of California water districts, resulting in all water district directors in California taking office on the same date.

As a result of AB72, new or re-elected District directors now take office in December rather than January. It is recommended that Section 1.03.A of the District's Code of Ordinances be amended to move the election for officers of the Board of Directors from January to December. Section 1.03.A currently calls for officer elections to take place in January, or "at such time the Board deems necessary." Revising this section to call for elections in December, when new and re-elected directors take office, brings the District's Code of Ordinances into line with new state law timelines. The Board still maintains its discretion to move officer elections where desired.

FISCAL IMPACT: Joe Beachem, Chief Financial Officer

None.

STRATEGIC GOAL:

None.

LEGAL IMPACT:

None.

Attachments: Attachment A - Committee Action
 Attachment B - Ordinance No. 549
 Exhibit I - Strike-through Section 1
 Attachment C - Proposed Section 1



ATTACHMENT A

SUBJECT/PROJECT:	Adopt Ordinance No. 549 Amending Section 1.03.A, Date of Election, of the District's Code of Ordinances
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COMMITTEE ACTION:

The Finance, Administration and Communications Committee recommends that the Board adopt Ordinance No. 549 amending Section 1.03.A, Date of Election, of the District's Code of Ordinances

NOTE:

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

ORDINANCE NO. 549

AN ORDINANCE OF THE BOARD OF DIRECTORS
OF THE OTAY WATER DISTRICT
AMENDING SECTION 1.03.A,
DATE OF ELECTION,
OF THE DISTRICT'S CODE OF ORDINANCE

BE IT ORDAINED by the Board of Directors of Otay Water District that the District's Code of Ordinances, Section 1.03.A, Date of Election, be amended to change the date of elections from January to December for consistency with recent changes in state law. The amendment is presented in Exhibit I attached to this ordinance.

NOW, THEREFORE, BE IT RESOLVED that the amendments to Section 1.03.A, Date of Election, to the District's Code of Ordinances shall become effective immediately upon adoption.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Otay Water District at a regular meeting duly held this 4th day of February 2015, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

President

ATTEST:

District Secretary

CHAPTER 2 ADMINISTRATION OF DISTRICT

SECTION 1 BOARD OF DIRECTORS AND OFFICERS1.01 GOVERNING BODY

A. Authority of Board. The Board of Directors, acting as a Board, is the governing body of the District. The Board shall act only at its regular, regularly adjourned or special meetings.

B. Authority of Individual Board Members. All powers of the District shall be exercised and performed by the Board as a body. Individual Board members, except as provided in this Code or otherwise authorized by the Board, shall have no power to act for the District, or the Board, or to direct the Staff of the District.

C. Compensation for District Directors. Each member of the District Board of Directors shall be compensated as per Board of Directors Policy 8, *Directors Compensation, Reimbursement of Expenses and Group Insurance Benefits*, under Item A, *Directors Per Diem*, for each day's attendance at meetings of the Board, or for each day's service rendered as a member of the Board at meetings or functions approved by the Board. A request for service made by the General Manager of the District or made or approved by the President of the Board shall be deemed approved by the Board. The number of days of authorized compensation for any calendar month shall be limited to ten, regardless of the number of meetings attended or days of service rendered.

D. Staff Direction. The Board shall work through the General Manager to obtain such information as may be necessary and appropriate to assist the Board in its deliberations, and may direct Staff to implement the policies and decisions of the Board. Individual Board members shall not act independently to direct Staff in the performance of their duties, or to provide or compile data, information or reports.

1.02 OFFICERS

A. Board Officers. The Board shall elect one of its members as President, and one of its members as Vice President.

B. District Officers. The Board shall appoint officers of the District as required by law. The Board may also appoint a deputy or assistant secretary, deputy or assistant treasurer, and such other assistants and employees as it may deem necessary to operate the District. The secretary and

treasurer of the District may, but need not be, members of the Board.

1.03 ELECTION OF BOARD OFFICERS

A. Date of Election. In the month of January December of each year, or at such time the Board deems necessary, the Board shall elect a President and Vice President. Their terms shall be for one year, or until their successors are elected. The Board may, however, at its sole discretion and without cause reorganize and select new officers at anytime prior to the expiration of the one-year term.

B. Procedure for Election. The procedure in this paragraph B shall govern the election of Board President and Vice President, unless changed by action of the Board by motion at the time of the election. The General Manager shall chair the proceedings for election of the President, which shall be the first order of business after any newly elected directors have been seated or at anytime as the Board deems necessary. The newly-elected President shall assume office immediately, and shall chair the proceedings for the election of the Vice President. The chairman shall call for nominations from members of the Board. No second shall be required for nominations, although one or more members may second a nomination to indicate endorsement. No member may nominate more than one person for the position. Once all nominations have been made, the Chairman shall call for a roll call vote. Each Board member shall state the name of the candidate for whom he casts his vote. Three votes shall be required for election. If only one person should be nominated for an office, the Board may act by motion to elect such nominee.

1.04 BOARD VACANCIES

Procedure for Appointment. Vacancies in the office of Director shall be filled in accordance with the provisions of Section 1780 of the California Government Code. Such procedure permits the remaining members of the Board to fill the vacancy by appointment, provided the appointment is made within 60 days after the effective date of the vacancy, and provided further that notice of the vacancy is given as provided by law. In making such appointment, the Board shall follow the same procedure as provided for the election of its officers. In lieu of making an appointment, the remaining members of the Board may request an election to fill the vacancy.

1.05 DUTIES OF PRESIDENT

A. Meetings. The president shall preside over and conduct all meetings of the Board and hearings before the

Board. In so doing, the President shall have the following powers and responsibilities:

1. To follow the prepared agenda unless the Board concurs in any change.
2. To determine all questions of order and parliamentary procedure, unless he chooses to submit any such question to the Board for decision.
3. To maintain order and to enforce reasonable rules of decorum.
4. To determine at meetings of the Board, other than public hearings, whether or not members of the public should be heard on particular issues or otherwise be permitted to address the Board.
5. To set reasonable limits upon the length of time and the number of occasions on which a person may speak at public hearings as well as other meetings of the Board.
6. To recognize Board members who may wish to be heard.
7. To restate, where necessary, and to put to a vote all questions properly before the Board, and to announce the result of each vote.
8. To terminate debate after there has been reasonable opportunity for full discussion of any issue and further debate would be needlessly repetitive or otherwise not useful, and where proper, to put the matter to a vote.
9. To rule out of order any comment by Board members, Staff or members of the public not germane to the issue then before the Board.
10. To respond to inquiries by Board members relating to procedures, or to factual information bearing upon the business before the Board.
11. To establish standing or ad hoc committees of the Board, and to appoint the members thereof, when requested by the General Manager.
12. To declare the meeting adjourned upon such vote by the Board, or when in his judgment any emergency or other cause requires adjournment.
13. To authenticate by his signature all acts, orders, and other proceedings of the Board.

Notwithstanding the delegation of such powers to the President, any action taken by a majority of the Board on any of the foregoing matters shall be determinative thereof.

B. Board Spokesman. The President shall act as spokesman for the Board with respect to its actions and policies, and those of the District. This provision, however, shall not preclude any other officer or employee of the District from making appropriate comments within the scope of his position.

C. Public Appearances. The President, or any Board member or Staff person he designates, shall represent the Board, where it is appropriate or desirable for the District to appear, at meetings of other public agencies, before public groups, or on other public occasions. However, this provision shall not limit the attendance of any Director or authorized officer or employee of the District.

1.06 DUTIES OF VICE-PRESIDENT

A. Powers of Vice-President. The Vice-President shall act if the President is absent or unable to act, and shall exercise all of the powers of the President on such occasion.

1.07 DUTIES OF SECRETARY

A. Board Matters. With respect to the affairs of the Board of Directors, the Secretary shall have the following duties:

1. To take and prepare minutes of all Board meetings.
2. To keep in appropriate books the original copies of all final minutes, ordinances and resolutions of the Board.
3. To keep on file all Board committee reports.
4. To attest to the minutes, ordinances, resolutions and other documents of the Board.
5. To provide notice as required by law of any special meeting or regularly adjourned meeting.
6. To provide notice as required by law of any hearing before the Board.
7. In the absence of the President and Vice-President to call any meeting to order, and to preside until the election of a chairman pro tem, who shall then

exercise the powers of the President at such meeting.

B. Other Duties. The responsibilities enumerated in Section 7A are not intended to limit any other duties of the Secretary imposed by law, or assigned from time to time by the Board, or by the General Manager if the Secretary is an employee of the District.

C. Assistant Secretary. The Assistant Secretary shall act if the Secretary is absent or unable to act, and shall exercise all the powers of the Secretary on such occasion.

1.08 MEETINGS OF THE BOARD

A. Time and Place of Meetings. Regular meetings of the Board shall be held at the office of the District at 2554 Sweetwater Springs Boulevard, Spring Valley, California, at such day and hour as may be specified from time to time by resolution of the Board.

B. Public Nature of Meetings. All meetings of the Board shall be open to the public, except when the Board is convened in Closed Session as authorized under provisions of law. Meetings of Board committees composed of not more than two members of the Board shall not be public meetings, unless the committee determines otherwise.

C. Quorum and Voting Requirements. A majority of the Board of Directors shall constitute a quorum for the transaction of business. However, no ordinance, resolution or motion shall be passed without three affirmative votes.

D. Agendas for Board Meetings

1. The General Manager shall prepare the agendas for meetings. Agendas shall be based upon items requested by any Board member or by others in the normal course of the District business, or as determined by the General Manager.
2. Each agenda for a regular meeting shall provide an opportunity for members of the public to address the Board of Directors on items of interest to the public that are within the subject matter of the Board of Directors. Action by the Board of Directors on any such matter shall be taken in accordance with Section 1.08E of this Code.
3. The agenda for a regular or adjourned regular meeting may provide for a Consent Calendar for items which the General Manager deems to be of a routine nature. Action by the Board of Directors

on the Consent Calendar shall be taken in accordance with Section 1.08E of this Code.

4. At least 72 hours before a regular meeting of the Board an agenda containing a brief general description of each item of business to be transacted or discussed at the meeting shall be posted at the entrance to the District business office in a location accessible to members of the public.

E. Board Action

1. The Board shall act only by ordinance, resolution or motion. The vote on ordinances shall be recorded in the minutes. An ordinance does not require two readings at separate meetings, and unless otherwise provided by its own terms, shall become effective upon adoption. Ordinances, resolutions and other motions may be adopted by a voice vote, but on demand of any member of the Board, the roll shall be called and the vote recorded. All motions, including a motion to adopt an ordinance or to approve a resolution, shall require a second. If a second is not received, the motion shall fail without the requirement of a vote. Any member of the Board, including the Chairman, can make and second a motion, and the Chairman shall vote on all motions unless disqualified or abstaining. If a motion is not in writing, and if it is necessary for full understanding of the matter before the Board, the Chairman shall restate the question prior to the vote. Common motions may be stated in abbreviated form, and will be put into complete form in the minutes. Until the Chairman states the question, the maker with the approval of the second may modify his motion or withdraw it completely. However, after the question has been stated by the Chairman, the motion may be changed only by motion to amend, which is seconded and carried.
2. All items on the Consent Calendar on a Board Meeting Agenda may be approved without discussion upon motion duly made, seconded and approved by at least three Directors. At the request of a Director or a member of the public, an item on the Consent Calendar shall be removed from the Consent Calendar and placed on the Agenda with other items for discussion and consideration by the Board of Directors.

3. The Board shall not take action on any item not appearing on the agenda previously posted for the meeting pursuant to Section 1.08D of this Code; excepting, however, the Board may consider items not appearing on the posted agenda if:
 - (a) a majority of the Board determines that an emergency situation) as defined in Government Code Section 54956.5) exists;
 - (b) two-thirds of the Board finds that the need to take action arose after the agenda was posted; or
 - (c) the item was posted for a prior meeting occurring not more than five days prior to the current meeting and was continued to the current meeting.

F. Parliamentary Procedures Affecting Motions. After a motion has been made and seconded, any member of the Board may make any of the following motions:

1. To continue the motion to a specific time.
2. To table the motion, the effect of which defers further discussion and a vote until the majority of the Board again wishes to resume consideration of the motion.
3. To commit or refer the motion to a committee, the effect of which is to defer further consideration until the committee has reported its findings to the Board.
4. To amend the motion to modify its wording before adoption, provided the suggested amendment is germane to the original motion.
5. To propose a substitute motion, which has the effect of disposing of the motion before the Board and eliminating the necessity of a vote on the original motion.
6. To call for the question, which in fact is a motion to terminate further debate, and requires a second and an affirmative vote of the Board.

G. Routine Business. Matters of routine business such as approval of the minutes, and approval of minor matters, may be expedited by assuming unanimous consent of the members of the Board, and having the Chairman state that

without objection the matter will stand approved. If any member should object to such unanimous consent, the Chairman shall then call for a vote.

H. Orderly Discussion. In order to promote orderly discussion of the issues before the Board, each member shall be recognized by the Chair before speaking. Each member shall have a right to speak subject to Section 1.05A, sub-number 8 and 9 of this Code. Each member of the Board may seek information or comment by the Staff on any question.

I. Rules of Procedure for Board Meetings. The following shall apply to persons desiring to address the Board of Directors:

1. Anyone who desires to speak to the Board of Directors on a specific subject at a particular meeting should contact the District Secretary and give their name and address, request that the subject be placed on the Agenda for that meeting and give the reason for such request.
2. Anyone in attendance at a Board meeting, who desires to speak to an item on the Agenda that is being considered, may request to be heard by stepping to the podium and stating his or her name and address for the record.
3. Anyone in attendance at a Board meeting who desires to speak on a subject that is not on the Agenda for that meeting may request to do so by stepping to the podium and stating his or her name, address and the subject they wish to discuss. The Board shall determine in accordance with Section 1.08E3 of this Code whether the subject will be taken as an "off-docket" item and discussed at that meeting or placed on the Agenda for the next Board meeting.
4. No one in the audience shall be permitted to pose questions or carry on any discussion on any matter being considered by the board unless they first step to the podium and give their name and address as required above. Anyone failing to comply may be deemed "out of order" by the Chairman and statements or comments made by such person shall not be considered by the Board of Directors.

J. Closed Sessions. Except as required by law, all proceedings in Closed Sessions shall remain confidential.

1.09 PUBLIC HEARINGS

A. Order of Procedure. Public hearings shall be called to order by the Chairman at or as soon as practical after the time for which the hearing has been noticed. The Chairman shall interrupt at a reasonable point any business before the Board in order to proceed with such noticed public hearing. The procedure for public hearings shall generally be as follows:

1. The Secretary shall report upon the notice of the hearing which has been given.
2. The Secretary shall indicate or summarize all protests or correspondence which has been received on the issue to be heard.
3. The Staff shall present such information, exhibits and recommendations as may be appropriate.
4. The Chairman shall call upon such members of the public as may wish to be heard.
5. Board members and Staff shall attempt to answer such questions from members of the public as may be germane to the issues of the hearing.
6. Board members and Staff, after recognition by the Chairman, may ask questions of members of the public who speak.
7. Board members shall refrain from discussing the issues among themselves, or expressing their personal views, until all of the testimony has been heard and the hearing has been closed.
8. If the nature of the hearing appears to warrant sworn testimony, the Chairman may require that all persons giving testimony do so under oath. The oath may be administered by the Chairman, a Board member, or by the Secretary.
9. Any member of the public may, at his own expense, transcribe the proceedings of the hearing.

1.10 ROBERT'S RULES OF ORDER

A. Applicability. While many of the principles of Robert's Rules of Order have come to be generally accepted as the proper, fair and efficient way of conducting a meeting, such Rules were not designed for small governing boards of public agencies, and in some instances conflict with the law. Accordingly, while many of the fundamental concepts of Robert's Rules of Order have been included within the provi-

sions of this Ordinance, such Rules shall not technically apply to the affairs of the Board of Directors of this District.

1.11 SEAL OF THE DISTRICT

The Seal, an impression of which is hereby affixed to this page and bearing the words "OTAY WATER DISTRICT founded January 27, 1956" is adopted as the official Seal of this District.

CHAPTER 2 ADMINISTRATION OF DISTRICT

SECTION 1 BOARD OF DIRECTORS AND OFFICERS1.01 GOVERNING BODY

A. Authority of Board. The Board of Directors, acting as a Board, is the governing body of the District. The Board shall act only at its regular, regularly adjourned or special meetings.

B. Authority of Individual Board Members. All powers of the District shall be exercised and performed by the Board as a body. Individual Board members, except as provided in this Code or otherwise authorized by the Board, shall have no power to act for the District, or the Board, or to direct the Staff of the District.

C. Compensation for District Directors. Each member of the District Board of Directors shall be compensated as per Board of Directors Policy 8, *Directors Compensation, Reimbursement of Expenses and Group Insurance Benefits*, under Item A, Directors Per Diem, for each day's attendance at meetings of the Board, or for each day's service rendered as a member of the Board at meetings or functions approved by the Board. A request for service made by the General Manager of the District or made or approved by the President of the Board shall be deemed approved by the Board. The number of days of authorized compensation for any calendar month shall be limited to ten, regardless of the number of meetings attended or days of service rendered.

D. Staff Direction. The Board shall work through the General Manager to obtain such information as may be necessary and appropriate to assist the Board in its deliberations, and may direct Staff to implement the policies and decisions of the Board. Individual Board members shall not act independently to direct Staff in the performance of their duties, or to provide or compile data, information or reports.

1.02 OFFICERS

A. Board Officers. The Board shall elect one of its members as President, and one of its members as Vice President.

B. District Officers. The Board shall appoint officers of the District as required by law. The Board may also appoint a deputy or assistant secretary, deputy or assistant treasurer, and such other assistants and employees as it may deem necessary to operate the District. The secretary and

treasurer of the District may, but need not be, members of the Board.

1.03 ELECTION OF BOARD OFFICERS

A. Date of Election. In the month of December of each year, or at such time the Board deems necessary, the Board shall elect a President and Vice President. Their terms shall be for one year, or until their successors are elected. The Board may, however, at its sole discretion and without cause reorganize and select new officers at anytime prior to the expiration of the one-year term.

B. Procedure for Election. The procedure in this paragraph B shall govern the election of Board President and Vice President, unless changed by action of the Board by motion at the time of the election. The General Manager shall chair the proceedings for election of the President, which shall be the first order of business after any newly elected directors have been seated or at anytime as the Board deems necessary. The newly-elected President shall assume office immediately, and shall chair the proceedings for the election of the Vice President. The chairman shall call for nominations from members of the Board. No second shall be required for nominations, although one or more members may second a nomination to indicate endorsement. No member may nominate more than one person for the position. Once all nominations have been made, the Chairman shall call for a roll call vote. Each Board member shall state the name of the candidate for whom he casts his vote. Three votes shall be required for election. If only one person should be nominated for an office, the Board may act by motion to elect such nominee.

1.04 BOARD VACANCIES

Procedure for Appointment. Vacancies in the office of Director shall be filled in accordance with the provisions of Section 1780 of the California Government Code. Such procedure permits the remaining members of the Board to fill the vacancy by appointment, provided the appointment is made within 60 days after the effective date of the vacancy, and provided further that notice of the vacancy is given as provided by law. In making such appointment, the Board shall follow the same procedure as provided for the election of its officers. In lieu of making an appointment, the remaining members of the Board may request an election to fill the vacancy.

1.05 DUTIES OF PRESIDENT

A. Meetings. The president shall preside over and conduct all meetings of the Board and hearings before the

Board. In so doing, the President shall have the following powers and responsibilities:

1. To follow the prepared agenda unless the Board concurs in any change.
2. To determine all questions of order and parliamentary procedure, unless he chooses to submit any such question to the Board for decision.
3. To maintain order and to enforce reasonable rules of decorum.
4. To determine at meetings of the Board, other than public hearings, whether or not members of the public should be heard on particular issues or otherwise be permitted to address the Board.
5. To set reasonable limits upon the length of time and the number of occasions on which a person may speak at public hearings as well as other meetings of the Board.
6. To recognize Board members who may wish to be heard.
7. To restate, where necessary, and to put to a vote all questions properly before the Board, and to announce the result of each vote.
8. To terminate debate after there has been reasonable opportunity for full discussion of any issue and further debate would be needlessly repetitive or otherwise not useful, and where proper, to put the matter to a vote.
9. To rule out of order any comment by Board members, Staff or members of the public not germane to the issue then before the Board.
10. To respond to inquiries by Board members relating to procedures, or to factual information bearing upon the business before the Board.
11. To establish standing or ad hoc committees of the Board, and to appoint the members thereof, when requested by the General Manager.
12. To declare the meeting adjourned upon such vote by the Board, or when in his judgment any emergency or other cause requires adjournment.
13. To authenticate by his signature all acts, orders, and other proceedings of the Board.

Notwithstanding the delegation of such powers to the President, any action taken by a majority of the Board on any of the foregoing matters shall be determinative thereof.

B. Board Spokesman. The President shall act as spokesman for the Board with respect to its actions and policies, and those of the District. This provision, however, shall not preclude any other officer or employee of the District from making appropriate comments within the scope of his position.

C. Public Appearances. The President, or any Board member or Staff person he designates, shall represent the Board, where it is appropriate or desirable for the District to appear, at meetings of other public agencies, before public groups, or on other public occasions. However, this provision shall not limit the attendance of any Director or authorized officer or employee of the District.

1.06 DUTIES OF VICE-PRESIDENT

A. Powers of Vice-President. The Vice-President shall act if the President is absent or unable to act, and shall exercise all of the powers of the President on such occasion.

1.07 DUTIES OF SECRETARY

A. Board Matters. With respect to the affairs of the Board of Directors, the Secretary shall have the following duties:

1. To take and prepare minutes of all Board meetings.
2. To keep in appropriate books the original copies of all final minutes, ordinances and resolutions of the Board.
3. To keep on file all Board committee reports.
4. To attest to the minutes, ordinances, resolutions and other documents of the Board.
5. To provide notice as required by law of any special meeting or regularly adjourned meeting.
6. To provide notice as required by law of any hearing before the Board.
7. In the absence of the President and Vice-President to call any meeting to order, and to preside until the election of a chairman pro tem, who shall then

exercise the powers of the President at such meeting.

B. Other Duties. The responsibilities enumerated in Section 7A are not intended to limit any other duties of the Secretary imposed by law, or assigned from time to time by the Board, or by the General Manager if the Secretary is an employee of the District.

C. Assistant Secretary. The Assistant Secretary shall act if the Secretary is absent or unable to act, and shall exercise all the powers of the Secretary on such occasion.

1.08 MEETINGS OF THE BOARD

A. Time and Place of Meetings. Regular meetings of the Board shall be held at the office of the District at 2554 Sweetwater Springs Boulevard, Spring Valley, California, at such day and hour as may be specified from time to time by resolution of the Board.

B. Public Nature of Meetings. All meetings of the Board shall be open to the public, except when the Board is convened in Closed Session as authorized under provisions of law. Meetings of Board committees composed of not more than two members of the Board shall not be public meetings, unless the committee determines otherwise.

C. Quorum and Voting Requirements. A majority of the Board of Directors shall constitute a quorum for the transaction of business. However, no ordinance, resolution or motion shall be passed without three affirmative votes.

D. Agendas for Board Meetings

1. The General Manager shall prepare the agendas for meetings. Agendas shall be based upon items requested by any Board member or by others in the normal course of the District business, or as determined by the General Manager.
2. Each agenda for a regular meeting shall provide an opportunity for members of the public to address the Board of Directors on items of interest to the public that are within the subject matter of the Board of Directors. Action by the Board of Directors on any such matter shall be taken in accordance with Section 1.08E of this Code.
3. The agenda for a regular or adjourned regular meeting may provide for a Consent Calendar for items which the General Manager deems to be of a routine nature. Action by the Board of Directors

on the Consent Calendar shall be taken in accordance with Section 1.08E of this Code.

4. At least 72 hours before a regular meeting of the Board an agenda containing a brief general description of each item of business to be transacted or discussed at the meeting shall be posted at the entrance to the District business office in a location accessible to members of the public.

E. Board Action

1. The Board shall act only by ordinance, resolution or motion. The vote on ordinances shall be recorded in the minutes. An ordinance does not require two readings at separate meetings, and unless otherwise provided by its own terms, shall become effective upon adoption. Ordinances, resolutions and other motions may be adopted by a voice vote, but on demand of any member of the Board, the roll shall be called and the vote recorded. All motions, including a motion to adopt an ordinance or to approve a resolution, shall require a second. If a second is not received, the motion shall fail without the requirement of a vote. Any member of the Board, including the Chairman, can make and second a motion, and the Chairman shall vote on all motions unless disqualified or abstaining. If a motion is not in writing, and if it is necessary for full understanding of the matter before the Board, the Chairman shall restate the question prior to the vote. Common motions may be stated in abbreviated form, and will be put into complete form in the minutes. Until the Chairman states the question, the maker with the approval of the second may modify his motion or withdraw it completely. However, after the question has been stated by the Chairman, the motion may be changed only by motion to amend, which is seconded and carried.
2. All items on the Consent Calendar on a Board Meeting Agenda may be approved without discussion upon motion duly made, seconded and approved by at least three Directors. At the request of a Director or a member of the public, an item on the Consent Calendar shall be removed from the Consent Calendar and placed on the Agenda with other items for discussion and consideration by the Board of Directors.

3. The Board shall not take action on any item not appearing on the agenda previously posted for the meeting pursuant to Section 1.08D of this Code; excepting, however, the Board may consider items not appearing on the posted agenda if:
 - (a) a majority of the Board determines that an emergency situation) as defined in Government Code Section 54956.5) exists;
 - (b) two-thirds of the Board finds that the need to take action arose after the agenda was posted; or
 - (c) the item was posted for a prior meeting occurring not more than five days prior to the current meeting and was continued to the current meeting.

F. Parliamentary Procedures Affecting Motions. After a motion has been made and seconded, any member of the Board may make any of the following motions:

1. To continue the motion to a specific time.
2. To table the motion, the effect of which defers further discussion and a vote until the majority of the Board again wishes to resume consideration of the motion.
3. To commit or refer the motion to a committee, the effect of which is to defer further consideration until the committee has reported its findings to the Board.
4. To amend the motion to modify its wording before adoption, provided the suggested amendment is germane to the original motion.
5. To propose a substitute motion, which has the effect of disposing of the motion before the Board and eliminating the necessity of a vote on the original motion.
6. To call for the question, which in fact is a motion to terminate further debate, and requires a second and an affirmative vote of the Board.

G. Routine Business. Matters of routine business such as approval of the minutes, and approval of minor matters, may be expedited by assuming unanimous consent of the members of the Board, and having the Chairman state that

without objection the matter will stand approved. If any member should object to such unanimous consent, the Chairman shall then call for a vote.

H. Orderly Discussion. In order to promote orderly discussion of the issues before the Board, each member shall be recognized by the Chair before speaking. Each member shall have a right to speak subject to Section 1.05A, sub-number 8 and 9 of this Code. Each member of the Board may seek information or comment by the Staff on any question.

I. Rules of Procedure for Board Meetings. The following shall apply to persons desiring to address the Board of Directors:

1. Anyone who desires to speak to the Board of Directors on a specific subject at a particular meeting should contact the District Secretary and give their name and address, request that the subject be placed on the Agenda for that meeting and give the reason for such request.
2. Anyone in attendance at a Board meeting, who desires to speak to an item on the Agenda that is being considered, may request to be heard by stepping to the podium and stating his or her name and address for the record.
3. Anyone in attendance at a Board meeting who desires to speak on a subject that is not on the Agenda for that meeting may request to do so by stepping to the podium and stating his or her name, address and the subject they wish to discuss. The Board shall determine in accordance with Section 1.08E3 of this Code whether the subject will be taken as an "off-docket" item and discussed at that meeting or placed on the Agenda for the next Board meeting.
4. No one in the audience shall be permitted to pose questions or carry on any discussion on any matter being considered by the board unless they first step to the podium and give their name and address as required above. Anyone failing to comply may be deemed "out of order" by the Chairman and statements or comments made by such person shall not be considered by the Board of Directors.

J. Closed Sessions. Except as required by law, all proceedings in Closed Sessions shall remain confidential.

1.09 PUBLIC HEARINGS

A. Order of Procedure. Public hearings shall be called to order by the Chairman at or as soon as practical after the time for which the hearing has been noticed. The Chairman shall interrupt at a reasonable point any business before the Board in order to proceed with such noticed public hearing. The procedure for public hearings shall generally be as follows:

1. The Secretary shall report upon the notice of the hearing which has been given.
2. The Secretary shall indicate or summarize all protests or correspondence which has been received on the issue to be heard.
3. The Staff shall present such information, exhibits and recommendations as may be appropriate.
4. The Chairman shall call upon such members of the public as may wish to be heard.
5. Board members and Staff shall attempt to answer such questions from members of the public as may be germane to the issues of the hearing.
6. Board members and Staff, after recognition by the Chairman, may ask questions of members of the public who speak.
7. Board members shall refrain from discussing the issues among themselves, or expressing their personal views, until all of the testimony has been heard and the hearing has been closed.
8. If the nature of the hearing appears to warrant sworn testimony, the Chairman may require that all persons giving testimony do so under oath. The oath may be administered by the Chairman, a Board member, or by the Secretary.
9. Any member of the public may, at his own expense, transcribe the proceedings of the hearing.

1.10 ROBERT'S RULES OF ORDER

A. Applicability. While many of the principles of Robert's Rules of Order have come to be generally accepted as the proper, fair and efficient way of conducting a meeting, such Rules were not designed for small governing boards of public agencies, and in some instances conflict with the law. Accordingly, while many of the fundamental concepts of Robert's Rules of Order have been included within the provi-

sions of this Ordinance, such Rules shall not technically apply to the affairs of the Board of Directors of this District.

1.11 SEAL OF THE DISTRICT

The Seal, an impression of which is hereby affixed to this page and bearing the words "OTAY WATER DISTRICT founded January 27, 1956" is adopted as the official Seal of this District.



AGENDA ITEM 6

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	February 4, 2015
		PROJECT:	DIV. NO.: ALL
SUBMITTED BY:	Adolfo Segura, Assistant Chief, Administrative & IT Services		
APPROVED BY:	<input checked="" type="checkbox"/> Geoff Stevens, Chief Information Officer		
	<input checked="" type="checkbox"/> German Alvarez, Assistant General Manager		
	<input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	CONSTRUCTION OF DISTRICT'S DASHBOARD		

GENERAL MANAGER'S RECOMMENDATION:

No recommendation. This is an informational item only.

COMMITTEE ACTION:

See "Attachment A".

PURPOSE:

To provide information to the Board regarding the construction of the District's web-based dashboard.

ANALYSIS:

Continuing our effort to keep the District's operational presence via technology, IT staff has developed a web-based operational dashboard highlighting Water Supply Reliability, Water Distribution and Facilities, and Financial Information. The new web-based dashboard will provide a customer-centric layout that facilitates user-friendly navigation and easy to read information. The new dashboard will continue to enhance Otay's transparency to customers and education of the District's operations.

The new web-based dashboard is similar to the County Water Authority's (CWA) dashboard, which was launched in the early part of 2014. The District's dashboard will feature the ability to drill-down into the various operational panels, as well as provide standardized content and easy to read graphs. The District's dashboard will also be available to mobile devices. Lastly, the

development effort took approximately four months and was constructed by internal staff and through a small professional as-needed services agreement.

Next Steps

Staff continues to hold group meetings with internal stakeholders to obtain feedback on appearance, functionality, and presentation. Prior to launch, specific staff will be trained with content administration. Staff expects to launch the new dashboard in February of 2015.

FISCAL IMPACT: Joe Beachem, Chief Financial Officer

None. This is an informational item only.

STRATEGIC GOAL:

N/A.

LEGAL IMPACT:

None.

ATTACHMENTS: Attachment A - Committee Action Report



ATTACHMENT A

SUBJECT/PROJECT:	CONSTRUCTION OF DISTRICT'S DASHBOARD
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COMMITTEE ACTION:

The Finance, Administration and Communications Committee met on January 21, 2015, to review this item. The Committee supports presentation to the full Board for their consideration.

NOTE:

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