

OTAY WATER DISTRICT

BOARD OF DIRECTORS MEETING
DISTRICT BOARDROOM

2554 SWEETWATER SPRINGS BOULEVARD
SPRING VALLEY, CALIFORNIA

WEDNESDAY
May 4, 2016
3:30 P.M.

AGENDA

1. ROLL CALL
2. PLEDGE OF ALLEGIANCE
3. APPROVAL OF AGENDA
4. APPROVE THE MINUTES OF THE SPECIAL BOARD MEETING OF NOVEMBER 18, 2015 AND REGULAR BOARD MEETING OF MARCH 2, 2016
5. 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

CONSENT CALENDAR

6. ITEMS TO BE ACTED UPON WITHOUT DISCUSSION, UNLESS A REQUEST IS MADE BY A MEMBER OF THE BOARD OR THE PUBLIC TO DISCUSS A PARTICULAR ITEM:
 - a) APPROVE AN AGREEMENT WITH KIRK PAVING IN AN AMOUNT NOT-TO-EXCEED \$200,000 FOR AS-NEEDED ASPHALT PAVING SERVICES FROM JULY 1, 2016 THROUGH JUNE 30, 2017
 - b) APPROVE A REIMBURSEMENT AGREEMENT WITH BALDWIN & SONS, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY, FOR A PORTION OF THE CAPITAL IMPROVEMENT PROGRAM PROJECT RECPL – 20-INCH, 680 ZONE, VILLAGE 2 – HERITAGE/LA MEDIA, IN THE AMOUNT OF \$265,994.40
 - c) ADOPT RESOLUTION NO. 4300 AMENDING POLICY NO. 6, THE ANNUAL CAPITAL IMPROVEMENT PROGRAM DEVELOPMENT, OF THE DISTRICT'S CODE OF ORDINANCES TO INCREASE THE EFFICIENCY OF THE CIP PROCESS FOR BOARD APPROVED PROJECTS

- d) ADOPT RESOLUTION NO. 4301 AMENDING POLICY NO. 27, THE INVESTMENT POLICY, OF THE DISTRICT'S CODE OF ORDINANCE AND RE-DELEGATING AUTHORITY FOR ALL INVESTMENT RELATED ACTIVITIES TO THE CHIEF FINANCIAL OFFICER, IN ACCORDANCE WITH GOVERNMENT CODE SECTION 53607
- e) APPROVE LIFTING THE TWO-DAY PER WEEK LIMIT ON OUTDOOR IRRIGATION EFFECTIVE IMMEDIATELY; ALL OTHER MANDATORY WATER CONSERVATION MEASURES UNDER THE LEVEL 2 DROUGHT ALERT WOULD REMAIN IN EFFECT
- f) ADOPT RESOLUTION NO. 4299 REVISING BOARD POLICY #05-A, RECORDS POLICY AND PROCEDURES – RECORDS RETENTION AND DESTRUCTION, INCLUDING MODIFYING THE POLICY TITLE TO, “#05-A RECORDS RETENTION AND DESTRUCTION”

ACTION ITEMS

7. BOARD

- a) ADOPT A POSITION OF SUPPORT ON ASSEMBLY BILL 2470 (GONZALEZ), RELATING TO THE PROVISION OF WATER SERVICE TO TRIBAL LANDS OUTSIDE OF A WATER DISTRICT'S SERVICE AREA [BUELNA]
- b) DISCUSSION OF THE 2016 BOARD MEETING CALENDAR

REPORTS

8. GENERAL MANAGER'S REPORT

- a) SAN DIEGO COUNTY WATER AUTHORITY UPDATE

9. DIRECTORS' REPORTS/REQUESTS

10. PRESIDENT'S REPORT/REQUESTS

RECESS TO CLOSED SESSION

11. CLOSED SESSION

- a) PUBLIC EMPLOYEE PERFORMANCE EVALUATION: PERIODIC AND CUSTOMARY REVIEW IN DUE COURSE [GOVERNMENT CODE §54957.6]

TITLE: GENERAL COUNSEL

AGENDA ITEM 4

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE OTAY WATER DISTRICT November 18, 2015

1. The meeting was called to order by President Lopez at 3:46 p.m.

2. ROLL CALL

Directors Present: Croucher, Lopez, Robak, Smith and Thompson

Directors Absent: None

Staff Present: General Manager Mark Watton (arrived at 3:49 p.m.), General Counsel Dan Shinoff, Asst. GM German Alvarez, Chief Financial Officer Joe Beachem, Chief of Water Operations Pedro Porras, Chief of Engineering Rod Posada, Assistant Chief of Administration and IT Services Adolfo Segura, Assistant Chief of Water Operations Jose Martinez, District Secretary Susan Cruz and others per attached list.

3. PLEDGE OF ALLEGIANCE

4. APPROVAL OF AGENDA

A motion was made by Director Thompson, and seconded by Director Croucher and carried with the following vote:

Ayes: Directors Croucher, Lopez, Robak, Smith and Thompson
Noes: None
Abstain: None
Absent: None

to approve the agenda.

5. 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

No one wished to be heard.

WORKSHOP

6. DISCUSSION OF CONSERVATION'S IMPACT ON REVENUES AND THE CITY OF SAN DIEGO'S PROPOSED RECYCLED WATER RATE INCREASE; PRESENTATION OF A NUMBER OF FINANCIAL CONSIDERATIONS WITH REGARD TO THE CURRENT BUDGET IMPACT AND FUTURE RATE

INCREASES; AND REQUEST FOR THE BOARD CONSIDERATION AND DIRECTION

Chief Financial Officer Joe Beachem indicated that this workshop is scheduled today to discuss two issues that will significantly impact the District's budget: 1) the City of San Diego's vote to increase reclaimed water rates; and 2) the District's customer water conservation rate which is much higher than anticipated.

He presented the District's customers actual conservation level from July to October which is 26.24%. He stated that staff is projecting conservation through the end of the year will be 25.7%. He noted that the State's mandated conservation for the District is 20%. Mr. Beachem stated that the conservation level wherein the District would begin to violate its bond covenant is 17.2%. The District had budgeted a conservation level of 12% and as much as the District hoped that there would be a rebound in water sales, at this point staff is projecting a smaller rebound than anticipated. He noted that for every 1% of potable conservation, the net budget impact is \$102,000 and the total net budget impact of 1% recycled conservation is \$34,000.

In response to a question from Director Robak, Chief Financial Officer Beachem indicated that potable conservation is 10% higher than what was budgeted, and stated that he did not have the figure for recycled water. He noted that the State Governor has extended the water conservation mandate through October 2016.

Chief Financial Officer Beachem indicated with regard to recycled water, the City of San Diego has voted to increase their recycled water rate to the Otay WD 116.25% effective January 1, 2016. He stated that the fiscal impacts from customer conservation and the rate increase from the City of San Diego is approximately \$2,390,000 (please reference slide 4 of the attached powerpoint presentation for a breakdown of the \$2,390,000).

Mr. Beachem reviewed in detail how the additional expense of \$2,390,000 will impact the District's debt coverage ratio and bond covenants. He also reviewed costs that staff has identified that can be avoided and some revenue that will be greater than anticipated to help mitigate the increased costs and reduced revenues. He indicated, however, that these cost savings will not fully mitigate the impact of the increased recycled water cost and reduced revenues due to mandated conservation.

He noted that conservation and the recycled water rate increase from the City of San Diego will have an ongoing impact to the District's budget and the sooner the District can implement a rate increase, the smoother the impact is to the District's rates and the more connected the increase is to the City's actions and the Governor's mandate.

Chief Financial Officer Beachem reviewed the different rate increase options and indicated that a rate increase of 8.6% would only pass through the City of San

Diego's recycled water rate increase and would give the District low protection from violating its bond covenants. Implementing a 9.9% rate increase would put the District back, or very close to budget, and give moderate protection. Staff recommends implementing a rate increase to be effective March 1, 2016.

General Counsel Daniel Shinoff indicated that violating bond covenants can result in serious implications for the District.

Director Smith inquired if the District could increase its recycled water rate from 85% of the potable rate to 90-95%. Mr. Beachem stated that the District has a recycled water agreement with CWA that restricts the District from going above 85%. If the District were to do so, it would lose future credits equal to the amount of extra revenues gained from increasing the District's recycled water rates. Director Smith indicated that customers will inquire why potable rates are impacted by an increase to recycled water rates. General Manager Watton indicated that, per Proposition 218, the City of San Diego's recycled rate increase cannot be placed fully on recycled customers. He indicated that water is water, whether it is recycled or potable. The cost of water is discounted by 15% for recycled water.

Director Croucher suggested that staff approach CWA to see if there is a possibility of amending the District's agreement as it would help alleviate the unanticipated rate increase from the City of San Diego.

Director Smith commended staff for identifying budget savings and the deferral of costs outlined on the last page of the staff report.

In response to questions and comments from several members of the board, Chief Financial Officer Beachem stated that deferring or eliminating Capital Improvement Projects do not affect the District's debt coverage calculation as those expenditures do not become revenues, they would just remain in reserves.

General Manager Watton added that staff developed the Capital Budget as a 6-year plan. Many of the projects are maintenance (the extension of the life) of existing facilities. If these projects were to be deferred, it would work temporarily, however, the District is just postponing the Capital Investment for maintenance to another time in the future. Thus, those projects would really not go away, they accumulate until they are scheduled and completed sometime in the future. Chief Financial Officer Beachem further indicated that if the District had a significant sized capital project that could be permanently deleted, then it may provide enough reserves to possibly pay-off some debt, which would have an immediate impact on the District's debt coverage ratio. Otherwise, a year-to-year shift in the CIP projects would not provide a positive impact to the debt coverage ratio.

General Manager Watton stated that staff will review the Capital Budget for the next fiscal year and look into the possibility of deferring CIP projects, as well as, other alternatives that may help avoid increasing the District's water rates.

Director Croucher stepped off the dias at 4:31 p.m.

In response to comments from General Manager Watton, Director Smith stated that it is important to understand that there may be additional costs associated with the City of San Diego's recent action that are not included in staffs' presentation at this time. Chief Financial Officer Joe Beachem also added that it is anticipated the El Niño storms will impact the District's budget.

Director Croucher returned to the dias at 4:34 p.m.

Assistant General Manager German Alvarez clarified that the District's 9.9% proposed water rate increase includes the City of San Diego's unitary increase.

Director Thompson inquired if staff has considered a hiring freeze to assist with the budget. General Manager Watton stated that the District has downsized over the years by not filling vacant positions. He indicated that there will be two staff members who will be retiring (one in December 2015 and one in February 2016) and the District does not plan on filling their positions. In the last 7-8 years, when a vacancy occurs, the District reviews the position and determines if its duties can be automated or distributed without impacting the workload of other staff members in order to economize and increase efficiency.

Director Thompson recommended that staff defer hiring new staff members until the District has a better handle on the impacts of the City of San Diego's rate increase and conservation. If it is necessary to hire new employees, he recommended that staff members provide a justification to the board.

In response to comments from Director Smith and Croucher, General Manager Watton stated that he will have staff discuss the format of the District's water rate increase notices. It was discussed that the notices should include detailed information on how the 9.9% water rate increase will be distributed and that it should also include a comparison chart of where the District stands in comparison to other agencies with regard to water rates. Mr. Watton also stated that he will have staff draft a document that provides information on what the District has done over the years to offset water rate increases (i.e. reduction of fleet and personnel, etc.). Director Thompson suggested the document should be added to the District's website for customers to access. Director Croucher also suggested that staff provide information concerning MWD's illegal rates, the outcome of the County Water Authority's (CWA) litigation with MWD regarding their illegal rate structure, and that CWA is in the process of trying to get those funds back.

Assistant General Manager Alvarez provided additional information with regard to the downsizing of personnel. He indicated that this year the District has eliminated the following positions: Chief Information Officer, Assistant Buyer, Network Analyst, and a Customer Service Manager. This was made possible

through automation, restructuring the organization and handling workflow differently.

Director Thompson further commented on the different rate alternatives provided in staffs' presentation and stated that he would prefer the 9.9% rate increase to be implemented now for reasons cited by staff. He stated that it would coincide with the City of San Diego's rate increase and would also protect the District's bond covenant.

In response to a question from Director Smith, Chief Financial Officer Beachem indicated that with the implementation of a 9.9% rate increase, the District would have 25.7% conservation level built into the budget. In the next year, the conservation level will increase to 1%, then 2% the year after. Director Smith stated that he is comfortable with the proposed 9.9% rate increase as it would allow the District to collect the appropriate revenues to cover unknown impacts, such as, El Niño and landscape modifications by customers who want to conserve water.

Director Croucher discussed the contract between the District and the City of San Diego with regard to the District's treatment facility and inquired when the contract will expire. Finance Manager Bell indicated that the contract expires at the end of 2026. General Manager Watton commented that the City is dependent on the District's facility for storage and noted that any water that is delivered from the District's reservoir is treated. The City of San Diego also utilizes the District's conveyance system to deliver water to its customers. It is felt that the City of San Diego owes the District for a portion of the O&M costs associated with the District's facilities that they utilize. General Manager Watton indicated that staff plans to work with the City of San Diego's staff to negotiate contract terms that would respond to the issues impacting both agencies. General Manager Watton recommended that the board discuss this matter further in closed session with legal counsel.

At the request of President Lopez, District Secretary Susan Cruz made a note to schedule a Special Board Meeting in December 2016 to further discuss the contract between the District and the City of San Diego.

In response to a question from Director Croucher, Finance Manager Bell indicated that the Take-or-Pay Agreement with the City of San Diego requires the District to take 4604 AF of recycled water in calendar year 2015. The District has budgeted to take 2900 AF in calendar 2015 and is currently behind in its sales. However, General Manager Watton commented that developer projects are starting up again in the City of Chula Vista, which means there will be a need for recycled water for grading.

Director Thompson requested that staff perform a thorough review of potential recycled water customers. General Manager Watton shared that the District had a pilot program for Home Owners Associations (HOAs) to convert their community landscapes to utilize recycled water. Mr. Watton stated that staff will

look into the feasibility of offering this program again to potential recycled water customers.

Director Croucher requested that staff also inform customers of the District's limitation in providing tiered rates due to restrictions within Proposition 218.

In response to a question from Director Thompson, Chief Financial Officer Beachem stated that board members will be able to review and further discuss the language in the rate increase notices at the Special Board Meeting in December 2016. Director Thompson suggested that if the board required a follow-up discussion on the rate increase notices, an Ad Hoc Committee could be scheduled to follow the Special Board meeting.

President Lopez stated he will consider implementing an Ad Hoc Committee to review and discuss the language in the rate increase notices. He then requested that the Special Board Meeting be scheduled in the second week of December.

A motion was made by Director Robak, and seconded by Director Croucher and carried with the following vote:

Ayes: Directors Croucher, Lopez, Robak, Smith and Thompson
Noes: None
Abstain: None
Absent: None

to approve a rate increase of 9.9% and that the District form an Optimization Ad Hoc Committee.

7. ADJOURNMENT

With no further business to come before the Board, President Lopez adjourned the meeting at 5:28 p.m.

President

ATTEST:

District Secretary

AGENDA ITEM 4

MINUTES OF THE BOARD OF DIRECTORS MEETING OF THE OTAY WATER DISTRICT March 2, 2016

1. The meeting was called to order by President Thompson at 3:34 p.m.

2. ROLL CALL

Directors Present: Croucher, Lopez, Robak, Smith and Thompson

Staff Present: General Manager Mark Watton, General Counsel Dan Shinoff, Asst. General Manager German Alvarez, Chief of Engineering Rod Posada, Chief Financial Officer Joe Beachem, Chief of Operations Pedro Porras, Asst. Chief of Administration and Information Technology Adolfo Segura, Asst. Chief of Operations Jose Martinez, District Secretary Susan Cruz and others per attached list.

3. PLEDGE OF ALLEGIANCE

4. APPROVAL OF AGENDA

A motion was made by Director Lopez, and seconded by Director Croucher and carried with the following vote:

Ayes: Directors Croucher, Lopez, Robak, Smith and Thompson
Noes: None
Abstain: None
Absent: None

to approve the agenda.

5. APPROVE THE MINUTES OF THE BOARD MEETING OF AUGUST 13, 2015

A motion was made by Director Robak, seconded by Director Lopez to approve the minutes of the August 13, 2015 board meeting.

Director Thompson indicated that with regard to the last paragraph of page five (5) of the minutes he would like to suggest that the paragraph be changed to read:

The board thanked Mr. Calderon for his honesty. A motion was made to reduce the fine to \$500.

Director Robak accepted the amendment to his motion, and Director Lopez seconded and the motion carried with the following vote:

Ayes: Directors Croucher, Lopez, Robak, Smith and Thompson
Noes: None
Abstain: None
Absent: None

to approve the minutes of August 13, 2015 with Director Thompson's amendment.

6. 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

No one wished to be heard.

7. LEGISLATIVE UPDATE

Ms. Chris Frahm of Brownstein, Hyatt, Farber and Schreck provided an update on legislative bills and matters that may impact the District. She also introduced Mr. Adrian LeCesne, newly hired by her firm, who graduated from Yale University and Harvard Law School.

Ms. Frahm provided a handout of the bills her firm is currently tracking for the District. She indicated that the County of San Diego's local projects, such as desalination and the City of San Diego's Pure Water Program, are receiving a lot of attention in Sacramento. She also indicated that there has not been much legislative focus on the Delta issues and that the focus has been on the administrative side, including the Emergency Drought Legislation and the Ground Water Management Act. She shared that there are some State Ballot initiatives that are of interest; 1) Association of California Water Agencies (ACWA) League of Cities is seeking funding for water projects for disadvantaged/low income communities, storm water projects and a resolution for tiered water rates, 2) the Initiative for Delta Twin Tunnels, and 3) the Water Bond which will not be back until about 2018.

In response to an inquiry from Director Robak, Ms. Frahm indicated that there are a couple Federal funding bills that are focused on drought and funding for disadvantaged communities. She did not know specifically what is pending, but would be happy to forward the information following the meeting.

Director Smith added that he did see information from the WaterReuse Association concerning funding that they are seeking from the Federal Government for research for water reuse projects, particularly for projects for indirect and direct potable reuse.

There was discussion that there has not been good solutions for issues related to disadvantaged communities and low income customers. These are real issues

and it is felt that the current legislation will not solve the concerns that it is intended to solve. These issues do need to be addressed and it is hoped that this will happen in the future.

CONSENT CALENDAR

8. ITEMS TO BE ACTED UPON WITHOUT DISCUSSION, UNLESS A REQUEST IS MADE BY A MEMBER OF THE BOARD OR THE PUBLIC TO DISCUSS A PARTICULAR ITEM:

Director Smith pulled items 7b, APPROVE A CONTRACT FOR FINANCIAL ADVISOR, BOND COUNSEL AND DISCLOSURE COUNSEL SERVICES FOR THE ADVANCED REFUNDING OF THE 2007 CERTIFICATES OF PARTICIPATION FOR AN AMOUNT NOT-TO-EXCEED \$52,500 FOR FINANCIAL ADVISOR SERVICES AND \$55,000 FOR COMBINED BOND COUNSEL AND DISCLOSURE COUNSEL SERVICES, for discussion.

A motion was made by Director Lopez, seconded by Director Robak and carried with the following vote:

Ayes: Directors Croucher, Lopez, Robak, Smith and Thompson
Noes: None
Abstain: None
Absent: None

to approve the following consent calendar item:

- a) NULLIFY THE AUTHORIZATION TO ISSUE A PURCHASE ORDER TO ORANGE COAST DODGE AND APPROVE THE ISSUANCE OF A PURCHASE ORDER TO MIRAMAR FORD IN THE AMOUNT OF \$116,002 FOR THE PURCHASE OF ONE (1) REPLACEMENT CLASS 4 UTILITY TRUCK

President Thompson presented item 7b for discussion:

- b) APPROVE A CONTRACT FOR FINANCIAL ADVISOR, BOND COUNSEL AND DISCLOSURE COUNSEL SERVICES FOR THE ADVANCED REFUNDING OF THE 2007 CERTIFICATES OF PARTICIPATION FOR AN AMOUNT NOT-TO-EXCEED \$52,500 FOR FINANCIAL ADVISOR SERVICES AND \$55,000 FOR COMBINED BOND COUNSEL AND DISCLOSURE COUNSEL SERVICES

General Manager Watton indicated in response to an inquiry from Director Smith, that the agreement for the Financial Advisor includes a boiler plate disclaimer proposed by the Municipal Securities Rulemaking Board (MSRB) that reminds the District of the inherent conflict of interest caused by a contingent fee arrangement (the Financial Advisor's compensation is dependent upon the

successful completion of the refinancing of the District's bonds). He stated that the disclaimer is intended to make the District aware of possible issues that could occur with a contingent fee. He noted that the District is not relying solely on the Financial Advisor and that there are many staff members overseeing the refinancing and the District would not be led astray. Director Thompson added that the conflict does not exist in this situation as this is a refinancing of an existing issuance. This issuance is already a set amount and the District is just trying to attain a lower interest rate on the debt. He also noted that contingent fees are customary and a standard operating procedure as it saves the public from paying for services that it did not receive.

A motion was made by Director Smith, seconded by Director Thompson and carried with the following vote:

Ayes: Directors Croucher, Lopez, Robak, Smith and Thompson
Noes: None
Abstain: None
Absent: None

to approve staffs' recommendation.

ACTION ITEMS

9. BOARD

a) DISCUSSION OF THE 2016 BOARD MEETING CALENDAR

There were no changes to the board meeting calendar.

INFORMATIONAL ITEM

10. THE FOLLOWING ITEMS ARE PROVIDED TO THE BOARD FOR INFORMATIONAL PURPOSES ONLY. NO ACTION IS REQUIRED ON THE FOLLOWING AGENDA ITEMS:

a) REVIEW INFORMATION GATHERED AND PREPARED IN THE UPDATING OF THE INTEGRATED WATER RESOURCES PLAN (IRP) FOR IDENTIFYING AND EVALUATING CURRENT AND POTENTIAL WATER SUPPLIES FOR THE DISTRICT

Senior Civil Engineer Steve Beppler introduced Megan Brown, Corrollo Engineers, who is assisting staff in updating the District's Integrated Water Resources Plan (IRP) for FY 2015. He stated that staff is concluding the update and wished to receive the board's input on the IRP before it is finalized. He stated there has been a number of potential water resources that have been investigated and those that are determined viable have been included in the IRP. The Plan also reflects current water usage, which has been reduced due to the

State Governor's mandate to conserve water and an analysis of any water supply gap. Mr. Beppler stated staff will review the District's existing water resources, its supplies versus demands into the future, and options to expand supplies as needed. He reviewed the District's water supply sources for both potable and recycled (see slide number 7 in attached presentation to the staff report) and the capacity from each source. He noted that CWA has increased San Diego County's water supply reliability through diversification and today, only 30% of the County's water resources is imported from the Metropolitan Water District (MWD). In 1991 San Diego imported 95% of its water supply resources from MWD (see slide number 8 for the San Diego County's current supply resources which includes conservation, desalination, recycled water, transfer agreements, etc.).

Mr. Beppler indicated that water supply demand has dropped quite a bit since the development of the 2007 IRP due to conservation associated with drought. Water demand peaked at approximately 40,000 acre fee per year (AF/year) in 2006 and it is not expected that the District will rebound to the 2006 levels by 2050. Current demand is similar to the 1999 demand level of 32,000 AF/year. Staff projects, based on current demand levels, that there will not be a shortage in water supplies in the near future.

Ms. Brown reviewed the District's future water supply options, which included conservation, groundwater, imported potable water, indirect/direct potable reuse of local supplies, potable water treatment options, ocean desalination and recycled water for non-potable use.

In response to an inquiry from Director Smith, General Manager Watton indicated that the only water supply that the State Water Board provides CWA credit for is the Carlsbad desalination water. The credit for this water is distributed to each of CWA's member agencies.

In response to an inquiry from Director Robak, staff indicated that the District is currently researching the cost to convert the Ralph W. Chapman Water Recycling Facility to potable level treatment and the results of that study are still pending.

It was discussed that the District is not required to do an IRP, however, staff believes that it is good to prepare an IRP as it makes the District aware of its supply options and assures that water supplies can meet future growth requirements. It is a good planning document for the District. It is expected that the finalized IRP will be presented to the board for final adoption around June 2016.

REPORTS

11. GENERAL MANAGER'S REPORT

General Manager Watton presented information from his report. He reported on the District's emergency preparedness, disaster recovery for business continuity, Senate Bill 272, the Government Finance Officers Association Award for the District's budget, CWA's planned seven day treated water shutdown, APCD's inspection, and the District's conservation target.

He also indicated that he has provided handouts on the dias and the first is a powerpoint presentation from CWA on water supply conditions and drought response activities and a memo from the California Special District's Association calling for nominations for Seat B on their Board of Directors.

CWA Report

General Manager Watton indicated that much of the discussions at CWA has been on MWD's proposed rates and their water sales budget. MWD's water sales budget is at an all-time low which will impact rates. CWA is concerned that MWD would like to adjust their treatment rates, which would impact Otay as the District buys treated water. MWD has not taken an action on their rates, but they continue to propose rates that disadvantage CWA. CWA may need to file another lawsuit against MWD on their rates and may need to continue to file each year until the appellate court rules on the lawsuit CWA had won last year. He also shared that CWA hired a new General Counsel, Mr. Mark Hattam. Mr. Hattam is a very experienced lawyer who has handled water matters for CWA and, more extensively, for the Imperial Irrigation District. He indicated that he felt CWA will be very well served by Mr. Hattam.

Director Croucher indicated that CWA has also been focused on the El Niño storms and if the amount of rain and snow from the storms will be enough to end the drought. He noted in Sacramento the deadline for the introduction of new bills closed and 2000 new bills has been received by the legislature since January. This is in addition to the 1000 bills that were carried over from last year. He also shared that the Water Education Foundation will host an Executive Briefing on March 17, 2016 and suggested that this event may be something the President of the Board or his designee might consider attending. He indicated that the discussions will focus on the "new normal," climate change, water strategies and investing in the future. He stated that it sounds like it will be a worthwhile event.

12. DIRECTORS' REPORTS/REQUESTS

Director Robak indicated that the Union-Tribune has been publishing each of the CWA member agencies per capita water use almost on a monthly basis (based on the State report) and Otay WD's per capita water use in January 2016 was 54.4 gallons per person. He stated a recent article indicates, in comparison to January 2013, Otay WD is cumulatively above its conservation target of 20% and most of the agencies are still cumulatively meeting their targets, but there are some that are not. He inquired if the State has levied any penalties to those that

are not meeting their conservation target. General Manager Watton indicated that the only agency that has received a penalty notice, that he is aware of, is Rainbow MWD. Rainbow MWD forwarded a response to the penalty notice inquiring the legal authority the State Water Resources Control Board has to levy fines and the State Board withdrew the penalty. Director Robak also noted the invite to the Water Reliability Coalition's 3rd Annual Spring Reception scheduled on March 31. He stated that it is a worthwhile event to attend.

Director Croucher thanked staff for the tour of the Ralph W. Chapman Water Recycling Facility. He stated that the tour included a history of the facility and it was very worthwhile.

Director Smith reported, besides the regular meetings he attends (board and committee meetings), he and President Thompson met with Sweetwater Authority on February 2 to discuss common water projects and how our agencies could coordinate with the City of Chula Vista for future water projects through the Chula Vista Interagency Water Task Force. He noted that the next meeting of the Task Force is scheduled this month.

13. PRESIDENT'S REPORT

President Thompson indicated that he has submitted a written report for the meetings he has attended during the month of February 2016. His report is attached.

14. CLOSED SESSION

The board recessed to closed session at 5:23 p.m. to discuss the following matters:

- a) CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9:

1 CASE

- b) PUBLIC EMPLOYEE PERFORMANCE EVALUATION: PERIODIC AND CUSTOMARY REVIEW IN DUE COURSE [GOVERNMENT CODE §54957.6]

TITLE: GENERAL COUNSEL

The board reconvened at 6:39 p.m. and General Counsel Dan Shinoff reported that the board met in closed session and took no reportable actions.

15. ADJOURNMENT

With no further business to come before the Board, President Thompson adjourned the meeting at 6:39 p.m.

President

ATTEST:

District Secretary

President's Report
March 2, 2016 Board Meeting

A) Meetings attended during the Month of February 2016:

- 1) **February 2: Met with Sweetwater Authority to discuss agenda matters for the March 7, 2016 Chula Vista Interagency Task Force Meeting.** Attendees: Director Smith and General Manager Watton
- 2) **February 3: OWD Regular Board Meeting**
- 3) **February 16: Attended the District's Finance, Administration and Communications Committee.** Reviewed, discussed, and made recommendation on items that will be presented at the March board meeting.
- 4) **February 17: Attended the Cross Border Environmental Forum held at CILA's offices in Imperial Beach.** Attendees: Director Lopez, General Manager Watton, Chief of Engineering Posada, Environmental Compliance Specialist Coburn-Boyd.
- 5) **February 25: Attended the State of the County Address.**
- 6) **February 26: Board Agenda Briefing.** Met with General Manager Watton, General Counsel Dan Shinoff, and Attorney Jeanne Blumenfeld to review items that will be presented at the March board meeting.

AGENDA ITEM 6a



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	May 4, 2016
SUBMITTED BY:	Jose Martinez, Assistant Chief of Water Operations	PROJECT:	DIV. NO. All
APPROVED BY:	<input checked="" type="checkbox"/> Pedro Porras, Chief of Water Operations <input checked="" type="checkbox"/> German Alvarez, Assistant General Manager <input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	AUTHORIZE AGREEMENT WITH KIRK PAVING FOR ANNUAL AS-NEEDED PAVING SERVICES		

GENERAL MANAGER'S RECOMMENDATION:

That the Board authorize entering into an agreement with Kirk Paving in an amount not to exceed \$200,000 for as-needed asphalt paving services from July 1, 2016 through June 30, 2017.

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To present bid results and request that the Board authorize entering into an agreement with Kirk Paving, Lakeside, CA for as-needed asphalt paving services from July 1, 2016 through June 30, 2017 in an amount not to exceed \$200,000.

ANALYSIS:

As a regular course of business, the District is required to maintain and repair its water delivery infrastructure. Routinely this work requires the removal and re-installation of asphalt paving in public roadways. It has been shown more effective and efficient for the District to use outside contractors for its

asphalt paving work. Therefore, the District has used outside asphalt paving contract services for more than eleven (11) years.

As-needed paving services have been included in the FY 2017 Operating Budget under Contracted Services. The FY 2017 budget for annual as-needed paving under Contracted Services is \$200,000.

In accordance with the District's purchasing requirements, a notice was published and bids were solicited for this work on a "unit price" basis. On March 21, 2016 contractors attended a mandatory pre-bid meeting and on April 1, 2016 bids were received and publicly opened with the following results from three (3) bidders:

<i>Bidder</i>	<i>Weighted Score</i>
Kirk Paving, Lakeside	397.34
Frank and Son Paving, Bonita	460.10
ABC Construction, San Diego	487.14

The responsive bidder with the lowest weighted score is determined to be the lowest responsible bidder, in this case it is Kirk Paving, of Lakeside, CA.

Kirk Paving served as the FY 2016 as-needed paving service contractor for the District and has performed all required work with no issues noted. Staff is confident that they will be able to perform the required work.

Bids have been submitted on a unit-cost basis for the different types of work typically required during paving. The types of work are assigned a weight factor based on the District's experience of the frequency they will be employed during the term of the agreement and these weights are multiplied by the unit cost to determine a unit score. Unit scores are totaled to provide the overall score of the bid and the contractor with the lowest overall score is the low bidder. Please refer to Attachment B.

FISCAL IMPACT: Joe Beachem, Chief Financial Officer

The FY 2017 budget request includes \$200,000 for as-needed paving services. The project manager has projected that this requested amount is sufficient to cover the anticipated expenses for the paving needs in the 2017 fiscal year.

STRATEGIC GOAL:

Strategy: Stewards of Public Infrastructure.
Goal: Conduct the best practice preventative maintenance activities.

LEGAL IMPACT:

None.

Attachment A: Committee Action Form

Attachment B: FY 2017 As-Needed Paving Services Score Sheet



ATTACHMENT A

SUBJECT/PROJECT:	AUTHORIZE AGREEMENT WITH KIRK PAVING FOR ANNUAL AS-NEEDED PAVING SERVICES
-------------------------	---

COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee reviewed this item at a meeting held on April 19, 2016, and the following comments were made:

- Staff reviewed the staff report with the Committee and stated that the purpose of this item is to present bid results and request that the Board authorize entering into an agreement with Kirk Paving, Lakeside, CA for as-needed asphalt paving services from July 1, 2016 through June 30, 2017 in an amount not to exceed \$200,000.
- In response to a question by the Committee, staff indicated that the the overall total score for Kirk Paving dropped from 501 last year to 397.34 indicating that the overall unit cost has decreased.
- The Committee inquired if staff has looked into multi-year agreements for paving services as opposed to single-year agreements. Staff stated that they have considered multi-year agreements for paving services but determined that based on the current workflow and process the costs have continued to trend lower each year rather than be locked for two years. Most importantly, single-year agreements also make it easier to project various costs for raw materials as they are looked at annually.

Following the discussion, the Committee supported staffs' recommendation and presentation to the full board as a consent item.

ATTACHMENT B

FY 2017 As-Needed Paving Services Bid Score Sheet

Months 1-6

Item	Wght	Type of Service	<u>Kirk Paving</u>		<u>ABC Construction</u>		<u>Frank & Son Paving</u>	
			<u>Unit Bid Price</u>	<u>Total Score</u>	<u>Unit Bid Price</u>	<u>Total Score</u>	<u>Unit Bid Price</u>	<u>Total Score</u>
1	10	Asphalt 0"-6"	\$ 14.00	140	\$ 16.70	167.00	\$ 13.00	130.00
2	3	Asphalt 7"-12"	\$ 14.00	42	\$ 15.80	47.40	\$ 14.50	43.50
3	1	Cap/Sheet 0"-1"	\$ 0.10	0.1	\$ 0.20	0.20	\$ 1.00	1.00
4	1	Satin Seal	\$ 0.02	0.02	\$ 0.02	0.02	\$ 0.10	0.10
5	1	Traffic Stripping	\$ 0.20	0.2	\$ 0.20	0.20	\$ 0.75	0.75
6	3	Grinding	\$ 1.50	4.5	\$ 0.50	1.50	\$ 1.70	5.10
7	1	Traffic Loops	\$ 0.10	0.1	\$ 1.00	1.00	\$ 13.00	13.00
8	3	Sand/Seal	\$ 1.45	4.35	\$ 3.00	9.00	\$ 0.25	0.75
9	1	Base Rem/Rep	\$ 0.10	0.1	\$ 0.75	0.75	\$ 12.00	12.00
10	10	Saw Cut 0"-6"	\$ 0.20	2	\$ 0.50	5.00	\$ 1.10	11.00
11	3	Saw Cut 6"-12"	\$ 0.20	0.6	\$ 0.15	0.45	\$ 1.25	3.75
12	1	Saw Cut 12"+	\$ 0.20	0.2	\$ 0.10	0.10	\$ 1.75	1.75
13	1	Chip Seal*	\$ 1.50	1.5	\$ 0.75	0.75	\$ 1.50	1.50
14	3	1.5" Grind & Pav	\$ 1.00	3	\$ 3.40	10.20	\$ 1.95	5.85
Score Month 1-6			198.67		243.57		230.05	

Months 7-12

Item	Score	Type of Service	<u>Unit Bid Price</u>		<u>Unit Bid Price</u>		<u>Unit Bid Price</u>	
			<u>Total Score</u>	<u>Total Score</u>	<u>Total Score</u>	<u>Total Score</u>		
1	10	Asphalt 0"-6"	\$ 14.00	140	\$ 16.70	167.00	\$ 13.00	130.00
2	3	Asphalt 7"-12"	\$ 14.00	42	\$ 15.80	47.40	\$ 14.50	43.50
3	1	Cap/Sheet 0"-1"	\$ 0.10	0.1	\$ 0.20	0.20	\$ 1.00	1.00
4	1	Satin Seal	\$ 0.02	0.02	\$ 0.02	0.02	\$ 0.10	0.10
5	1	Traffic Stripping	\$ 0.20	0.2	\$ 0.20	0.20	\$ 0.75	0.75
6	3	Grinding	\$ 1.50	4.5	\$ 0.50	1.50	\$ 1.70	5.10
7	1	Traffic Loops	\$ 0.10	0.1	\$ 1.00	1.00	\$ 13.00	13.00
8	3	Sand/Seal	\$ 1.45	4.35	\$ 3.00	9.00	\$ 0.25	0.75
9	1	Base Rem/Rep	\$ 0.10	0.1	\$ 0.75	0.75	\$ 12.00	12.00
10	10	Saw Cut 0"-6"	\$ 0.20	2	\$ 0.50	5.00	\$ 1.10	11.00
11	3	Saw Cut 6"-12"	\$ 0.20	0.6	\$ 0.15	0.45	\$ 1.25	3.75
12	1	Saw Cut 12"+	\$ 0.20	0.2	\$ 0.10	0.10	\$ 1.75	1.75
13	1	Chip Seal*	\$ 1.50	1.5	\$ 0.75	0.75	\$ 1.50	1.50
14	3	1.5" Grind & Pav	\$ 1.00	3	\$ 3.40	10.20	\$ 1.95	5.85
Score Month 7-12			198.67		243.57		230.05	
Total Score			397.34		487.14		460.1	

AGENDA ITEM 6b



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	May 4, 2016
SUBMITTED BY:	Dan Martin Engineering Manager	PROJECT:	R2084-001103
		DIV. NO.	1
APPROVED BY:	<input checked="" type="checkbox"/> Rod Posada, Chief, Engineering <input checked="" type="checkbox"/> German Alvarez, Assistant General Manager <input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	Reimbursement Agreement with Baldwin & Sons, LLC, a California Limited Liability Company, for a Portion of the Capital Improvement Program Project RecPL - 20-Inch, 680 Zone, Village 2 - Heritage/La Media, Project Location Santa Victoria Road		

GENERAL MANAGER'S RECOMMENDATION:

That the Otay Water District (District) Board of Directors (Board) approve the request for the General Manager to execute a Reimbursement Agreement with Baldwin & Sons, LLC, a California Limited Liability Company (Baldwin & Sons) for the construction of a 20-inch recycled water pipeline on Santa Victoria Road between Santa Carolina Road and Santa Alexia Avenue, for a portion of the Capital Improvement Program Project RecPL - 20-Inch, 680 Zone, Village 2 - Heritage/La Media, in an amount of \$265,994.40 (see Exhibit A for Project location).

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To obtain Board authorization for the General Manager to enter into a Reimbursement Agreement (see Attachment C) with Baldwin & Sons, for reimbursement of construction costs for a 20-inch recycled water pipeline on Santa Victoria Road between Santa Carolina Road and Santa

Alexia Avenue, for a portion of the Capital Improvement Program Project RecPL - 20-Inch, 680 Zone, Village 2 - Heritage/La Media, in an amount of \$265,994.40.

ANALYSIS:

Baldwin & Sons is developing Otay Ranch Village 2. As part of this development, the District required the developer to prepare a Sub-Area Master Plan (SAMP) to document the potable and recycled water demands, existing facilities, and recommended facilities associated with servicing the development. The Otay Ranch Village 2 SAMP was approved by the District in June 2006. The approved SAMP also identified the District's Capital Improvement Program (CIP) facilities, as defined by the District's approved Water Resources Master Plan, that are to be constructed concurrent with the Otay Ranch Village 2 improvements. The Otay Ranch Village 2 CIP facilities eligible for reimbursement includes the construction of a 20-inch recycled water pipeline in Santa Victoria Road).

Since the Developer is currently required to improve Santa Victoria Road, the Developer has agreed to install approximately 2,000 linear-feet of the 20-inch recycled water pipeline and enter into a Reimbursement Agreement (see Attachment C) per Policy No. 26 with the District.

In compliance with Policy No. 26, the Developer has received three responsive bids for the pipeline construction and submitted copies to the District. Staff evaluated and certified that the bids are in compliance with Policy No. 26 requirements. The total reimbursable bid items and soft costs for each of the responsive bidders is as follows:

CONTRACTOR	BID AMOUNT	SOFT COSTS (5% PER POLICY 26)	TOTAL
Cass Construction Inc.	\$253,328.00	\$12,666.40	\$265,994.40
LB3 Enterprises Inc.	\$276,972.00	\$13,848.60	\$290,820.60
Shilling - Paradise	\$296,774.00	\$14,838.70	\$311,612.70

In accordance with Policy No. 26, Baldwin & Sons is responsible for selecting the lowest responsive and responsible bidder and will be reimbursed for the CIP portions of the Project based on the unit prices submitted with the lowest responsive responsible bid.

The District will inspect the contractors work for compliance with the District's approved plans and facilitate coordination with the contractor and developer.

FISCAL IMPACT:

Joe Beachem, Chief Financial Officer

The total budget for CIP R2084, as recommended in the draft Fiscal Year 2017 budget is \$365,000. Expenditures to date are \$599. Total commitments to date, including this Agreement, are approximately \$330,994 (see Attachment B for budget detail).

The Project Manager anticipates that, based on the attached financial analysis, the proposed budget, if approved by the Board will be sufficient to support this Project.

Finance Department has determined that, under the current rate model, 100% of the funding will be available from the Expansion Fund.

STRATEGIC GOAL:

This Project supports the District’s Mission statement, “To provide the best quality of water and wastewater service to the customers of the Otay Water District in a professional, effective, and efficient manner” and the District’s strategic goal, “To satisfy current and future water needs for potable, recycled, and wastewater services.”

LEGAL IMPACT:

None.

DM/RP:mlc

P:\WORKING\CIP R2084 Santa Victoria Reimbursement\Staff Reports\BD 5-4-16, Staff Report, Baldwin Reimbursement

- Attachments: Attachment A - Committee Action
- Attachment B - Budget Detail
- Attachment C - Reimbursement Agreement
- Exhibit A - Location Map



ATTACHMENT A

SUBJECT/PROJECT: R2084-001103	Reimbursement Agreement with Baldwin & Sons, LLC, a California Limited Liability Company, for a Portion of the Capital Improvement Program Project RecPL - 20-Inch, 680 Zone, Village 2 - Heritage/La Media, Project Location Santa Victoria Road
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COMMITTEE ACTION:

The Engineering, Operations, and Water Resources Committee (Committee) reviewed this item at a meeting held on April 19, 2016, and the following comments were made:

- Staff reviewed the staff report with the Committee and stated that the purpose of this item is to obtain Board authorization for the General Manager to enter into a Reimbursement Agreement (See attachment C) with Baldwin & Sons, for reimbursement of construction costs for a 20-inch recycled water pipeline on Santa Victoria Road between Santa Carolina Road and Santa Alexia Avenue.
- In response to several questions from the Committee, staff stated that the reimbursement agreement for the construction of regional Capital Improvement Program (CIP) facilities as included in this Developer project is routine and very standard. The District had processed similar reimbursement agreements back in 2006 and 2007 when there were many active developer projects. Staff indicated that more new developments are beginning construction in the City of Chula Vista, and that some developer projects will require these type of reimbursement agreements.
- In response to a question that was asked from the Committee about prevailing wage requirements associated with the reimbursement of the CIP project, Legal Counsel responded affirmatively that the Developer is responsible for complying with all federal, state, and local laws, including the California Labor Code. The agreement (Attachment C to the staff report) includes language regarding compliance with applicable laws.

Following the discussion, the Committee supported staffs' recommendation and presentation to the full board as a consent item.



ATTACHMENT B – Budget Detail

SUBJECT/PROJECT: R2084-001103	Reimbursement Agreement with Baldwin & Sons, LLC, a California Limited Liability Company, for a Portion of the Capital Improvement Program Project RecPL - 20-Inch, 680 Zone, Village 2 - Heritage/La Media, Project Location Santa Victoria Road
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Otay Water District					Date: April 5, 2016
R2084-RecPL - 20-Inch, 680 Zone, Village 2-Heritage/La Media					
<i>Budget</i>	<i>Committed</i>	<i>Expenditures</i>	<i>Outstanding Commitment & Forecast</i>	<i>Projected Final Cost</i>	<i>Vendor/Comments</i>
365,000					
Planning					
	-	-	-	-	
	-	-	-	-	
Total Planning	-	-	-	-	
Design					
	-	-	-	-	
	-	-	-	-	
Total Design	-	-	-	-	
Construction					
Conversion Cost Type		-	-	-	
Labor	65,000	599	64,401	65,000	
Reimbursement Agreement	265,994	-	265,994	265,994	Baldwin & Sons, LLC
Total Construction	330,994	599	330,395	330,994	
Grand Total	330,994	599	330,395	330,994	

REIMBURSEMENT AGREEMENT
For
CAPITAL IMPROVEMENT PROGRAM WATER FACILITIES
Associated With
BALDWIN & SONS, LLC AT OTAY RANCH VILLAGE 2 SOUTH BBIP
R2084

This Reimbursement Agreement (“**Agreement**”) is entered into as of this ____ day of _____, 2016, by and between the Otay Water District, a Municipal Water District formed under the Municipal Water District Act of 1911 (“**District**”) and Baldwin & Sons, LLC a California Limited Liability Company, with an address at 610 West Ash St., Suite 1500, San Diego, CA 92101 (“**Developer**”), in view of the following facts and for the following purposes:

RECITALS

A. District’s Board of Directors has adopted a Master Plan and approved a Capital Improvement Program (“**CIP**”) for all regional water facilities (“**Planned CIP Facilities**”) throughout the District. There are a number of Planned CIP Facilities within and adjacent to Otay Ranch Village 2 South BBIP (the “**Development**”), which Developer will construct within District’s service area in the City of Chula Vista, California (the “**Required CIP Facilities**”).

B. In connection with the Development and the Required CIP Facilities, Developer was required to complete a Sub-Area Master Plan (the “**SAMP**”) upon which the Required CIP Facilities are identified. If required, the SAMP has been completed, is entitled “Subarea Water Master Plan of Potable and Recycled Water for Otay Ranch Village 2,” dated June 1, 2006, and is incorporated herein by reference. Developer will complete the Required CIP Facilities as identified in the SAMP, if any, or/and as depicted or described in Exhibit A attached hereto.

C. Developer intends to develop its property, which will include substantial public improvements, including the construction of certain Required CIP Facilities, as more fully depicted or described in Exhibit B.

D. Developer recognizes that District will need to construct regional facilities to support this Development, typically in advance of the Developer paying all capacity fees.

E. Developer shall conform to, and comply with, all of the conditions set forth in District’s current Policy 26, attached hereto as Exhibit C.

F. Developer shall comply with all terms and conditions in the current District’s Code of Ordinances and in the District’s Standard Specifications.

G. Developer agrees to encourage participation by Emerging Business Enterprises on construction contracts related to this Agreement.

H. In coordination with this Agreement, Developer and District have entered into that certain Agreement Otay Ranch Village 2 South BBIP for Construction of a Water System dated March 16, 2016 (“**Construction Agreement**”), wherein Developer’s obligations regarding the construction and completion of the Required CIP Facilities are more fully set forth. The Parties

acknowledge that, where the terms and conditions of this Agreement conflict with the Construction Agreement on matters pertaining to construction and completion of the Required CIP Facilities, the Construction Agreement will control. Similarly, where the terms and conditions of the Construction Agreement conflict with this Agreement on matters pertaining to the reimbursement of Developer by District, this Agreement will control.

OPERATIVE PROVISIONS

NOW, THEREFORE, in consideration of the above Recitals and of the promises and agreements contained herein, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, District and the Developer do hereby promise and agree as follows:

1. **Project Cost and Construction**

Developer shall design, construct, install, and complete the Required CIP Facilities in the manner more fully set forth in the Construction Agreement, and shall provide all funds needed for the design, construction, installation, and completion of the Required CIP Facilities. In order to remain eligible for reimbursement as provided under this Agreement, the Required CIP Facilities must be constructed and completed within the time provided in the Construction Agreement. Furthermore, to remain eligible for reimbursement, Developer must construct the Required CIP Facilities in compliance with all applicable laws, rules and regulations. The estimated cost of the Required CIP Facilities, as set forth in the Construction Agreement, is Two Hundred Sixty-Five Thousand Nine Hundred Ninety-Four Dollars and forty cents (\$265,994.40).

2. **Reimbursement**

Developer shall be entitled to reimbursement for the cost and expense of constructing and completing the Required CIP Facilities consistent with District's Policy No. 26 and consistent with the Construction Agreement. Except as provided in Policy 26, the District will pay 100% of the reimbursement cost after the General Manager accepts the project and the Board approves the request for reimbursement.

Developer shall submit a request for reimbursement in writing to District and shall attach all documents necessary to demonstrate, to the satisfaction of District, that the Required CIP Facilities have been completed and accepted and the costs and expenses have been actually and reasonably incurred. The necessary documents shall include (i) copies of bid documents, (ii) invoices, (iii) unconditional lien releases, and (iv) any other documentation as requested by the District.

3. **Termination**

If not otherwise earlier terminated, this Agreement shall terminate on the earlier of (i) the date on which the reimbursements contemplated herein have been paid, or (ii) five (5) calendar years from the date first set forth above, which shall be the date of Board approval; however, all of Developer's warranties and indemnification obligations shall remain in effect until terminated in accordance with their respective terms. District may terminate this Agreement and its obligations upon thirty (30) days written notice to Developer, if the General Manager

determines that Developer has failed to comply with its obligations under this Agreement or under the Construction Agreement.

4. **Plan Submittal**

Developer shall be required to adhere to District's process for submittal of improvement plans, which includes securing bonding for all facilities to be constructed, construction agreements, deposits for District staff time and project acceptance.

5. **Record Keeping**

Developer shall keep an accurate record of the actual costs to construct the Required CIP Facilities for which reimbursement is requested, in accordance with generally accepted accounting procedures. Developer shall allow an authorized District representative, during Developer's regular business hours and upon reasonable notice, to examine and duplicate any records relevant to verifying the actual cost to construct the Required CIP Facilities, including, without limitation, all contract bids and invoices. Any changes occurring during construction shall be properly documented. Back-up documentation shall be kept by Developer for four (4) years after the completion of the Required CIP Facilities and be provided to District for its review upon its request.

6. **Change Orders**

No change orders will be permitted unless the change order results from a change in the work, design or specifications initiated by District during the construction of the Required CIP Facilities.

7. **General Provisions**

a. **Incorporation of Recitals and Exhibits.** The recitals set forth above and all exhibits referenced in this Agreement are hereby incorporated by reference into this Agreement to be given the same force and effect as if fully set forth herein.

b. **Amendments.** No amendment, modification, supplement, termination or waiver of any provision of this Agreement shall be effective unless executed in writing by both parties and then only in the specified instance and for the specific purpose given.

c. **Notices.** Any demand upon or notice required or permitted to be given by one party to the other party shall be in writing. Except as otherwise provided by law, any demand upon or notice required or permitted to be given by one party to the other party in connection with this Agreement shall be effective (i) on the date a personal delivery is accepted; (ii) on the date a facsimile of the notice is sent, or on the next business day if the fax is sent after 5:00 p.m. or on a Saturday, Sunday or holiday, provided that receipt and confirmation of the facsimile transmission is attached to a copy of the faxed notice; (iii) on the second business day after mailing by certified or registered United States mail, return receipt requested; or (iv) on the succeeding business day after mailing by Express Mail or after deposit with a private delivery service of general use (e.g., Federal Express), postage or fee prepaid as appropriate, addressed to the party at the address shown below:

If to District: Otay Water District
2554 Sweetwater Springs Boulevard
Spring Valley, California 91978-2004
Attn: General Manager

If to Developer: Nick Lee
Baldwin & Sons, LLC
A California Limited Partnership
610 West Ash St
San Diego, California 92101
Telephone: (619) 234-4050
Facsimile: (619) 234-4088

Notice of change of address shall be given by written notice in the manner set forth in this paragraph.

d. Indemnity. Developer agrees to defend (with attorney's approved by District), indemnify, protect, and hold harmless District, its elective and appointive boards, officials, officers, agents, and employees from and against any and all claims asserted or liability established after actual trial which arise from or are connected with or are caused or claimed to be caused by Developer or its agents, officers or employees, in the construction of the Required CIP Facilities, or any part thereof, and all expenses of investigation and defending against same; provided, however, that Developer's duty to defend, indemnify and hold harmless shall not include any claims or liability determined to be due to the sole or active negligence of the District, its elective and appointive boards, officials, officers, agents, and employees.

e. Applicable Law and Venue. This Agreement and each provision herein shall be interpreted in accordance with the laws of the State of California without regard to its conflict of laws principles. The Parties agree that the proper venue for the resolution of any disputes under this Agreement shall be with the Superior Court of the County of San Diego.

f. Successors and Assigns. This Agreement and all of the terms, conditions, and provisions hereof shall inure to the benefit of and be binding upon the parties hereto, and their respective successors and assigns; provided, however, that no assignment of this Agreement shall be made without written consent of the parties to this Agreement. Any attempt by the Developer to assign or otherwise transfer any interest in this Agreement without the prior written consent of the District shall be void.

g. Counterparts. This Agreement may be executed in multiple counterparts, each of which counterpart, if fully executed, shall be deemed an original. No counterpart shall be deemed to be an original or presumed delivered unless and until the counterpart executed by the other party to this Agreement is in the physical possession of the party seeking enforcement thereof.

h. Effective Date. This Agreement shall not bind the parties and become effective until such time as the authorized representative of Developer has executed the Agreement, and District has approved and the authorized representative of District has executed this Agreement.

i. Corporate Authority. The persons executing this Agreement on behalf of the parties hereto represent and warrant that: (i) such party is duly organized and existing; (ii) they are duly authorized to execute and deliver this Agreement on behalf of said party; (iii) by so executing this Agreement, such party is formally bound to the provisions of any other Agreement to which said is bound.

j. Waiver. The waiver of any term, condition or provision of this Agreement is valid only as to that specific waiver and does not constitute a waiver of, and shall not be construed to waive, any other term, condition or provision of this Agreement.

k. Compliance with Applicable Laws. Developer agrees to comply with all federal, state and local laws, rules, regulations and ordinances that are now or may in the future become applicable to Developer, Developer's business, equipment and personnel engaged in activities covered by this Agreement or arising out of the performance of such activities, including the California Labor Code. Where approval by the District or a District official is required, it shall be deemed general approval only and does not relieve Developer of responsibility for compliance under this Section.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, this Agreement is executed by District and by Developer as of the date first above written.

OTAY WATER DISTRICT
A California Municipal Water District

By: _____
General Manager

Approved as to Form:

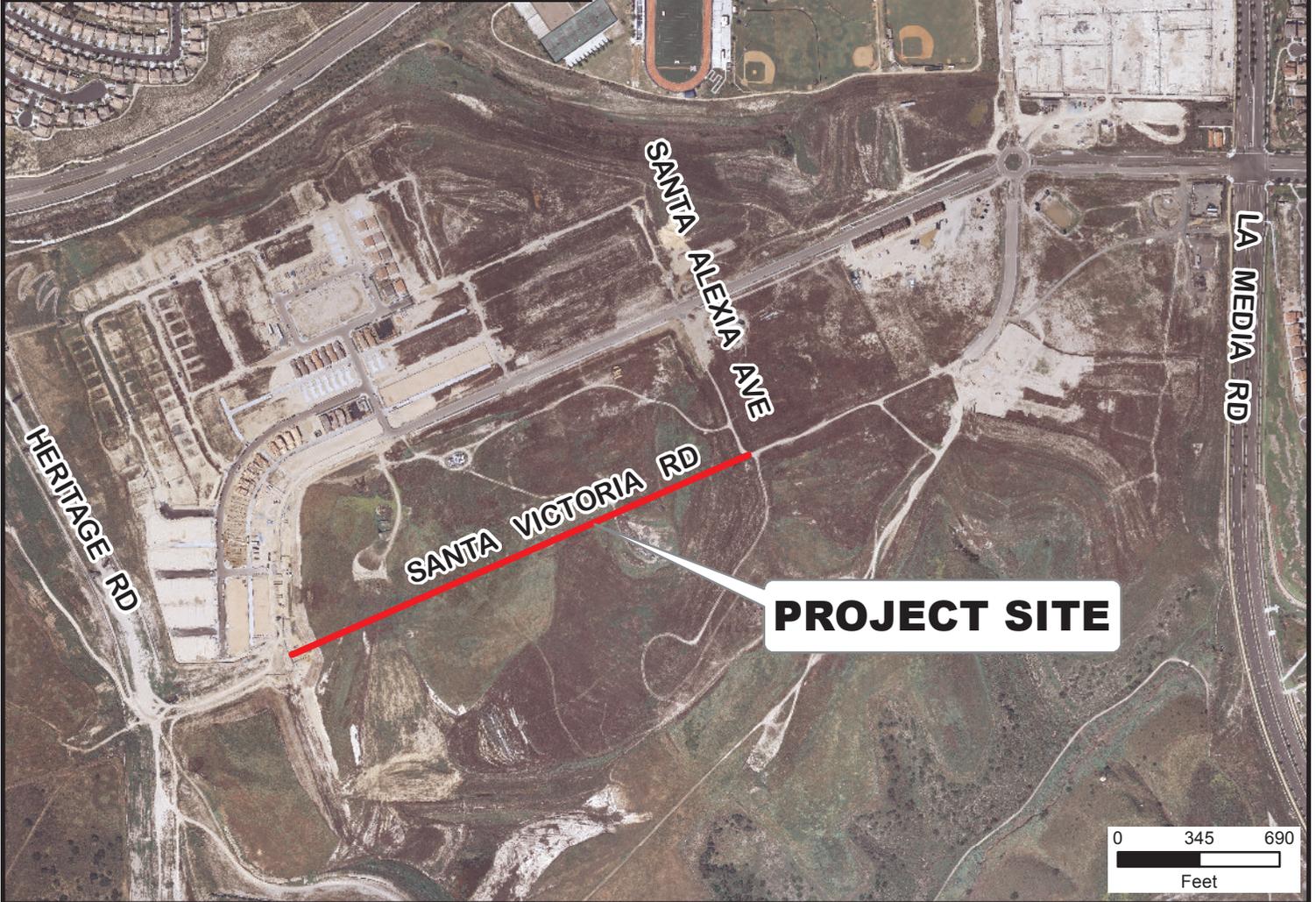
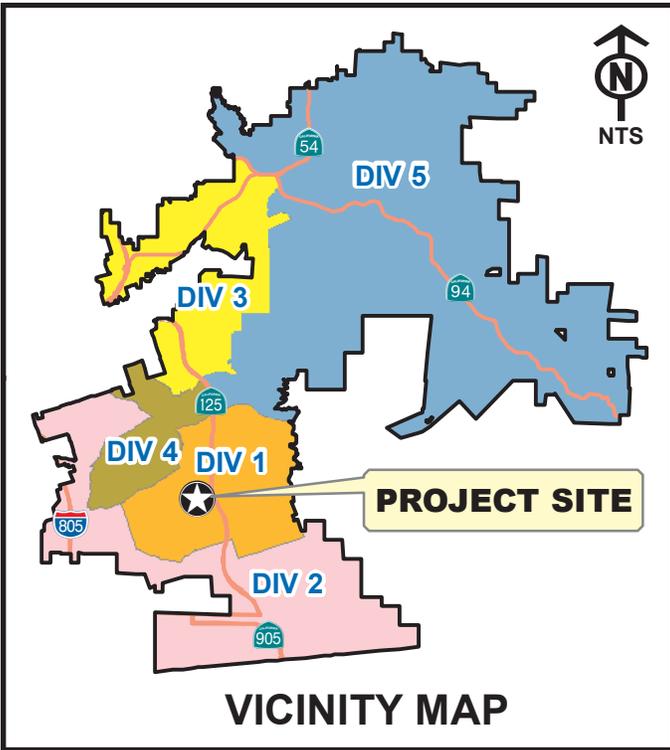
General Counsel

BALDWIN & SONS, LLC
A CALIFORNIA LIMITED LIABILITY COMPANY

By: _____

Its Vice President

Date: _____



OTAY WATER DISTRICT
20-INCH RECYCLED WATER MAIN
LOCATION MAP



**OTAY WATER DISTRICT
CAPITAL IMPROVEMENT PROGRAM**

PROJECT TITLE: RecPL - 20-Inch, 680 Zone, Village 2 - Heritage/La Media		CIP Number: R2084	
		DIRECTOR DIVISION:	1
PROJECT MANAGER:	Stephen Beppler	I.D. LOCATION:	22
ORIGINAL APPROVED DATE:	6/2/2004	PRIORITY:	2
RELATED CIP PROJECTS:	R2083, R2085	BUDGET AMOUNT:	\$365,000

DESCRIPTION OF PROJECT:

Construction of approximately 2,000 feet of 20-inch pipeline within the 680 Pressure Zone in Village 2 in Santa Victoria Road from Santa Carolina Road to Santa Alexia Avenue.

JUSTIFICATION OF PROJECT:

This project will provide transmission capacity for the recycled water supply pumped from the 680-1 Pump Station to the 680 and higher pressure zones. Significant energy savings will occur due to lower total dynamic head requirements for the 680-1 Pump Station. Funding opportunity is the United States Bureau of Reclamation Water Reclamation and Reuse Program, Title XVI of P.L. 102-575.

COMMENTS:

This is a developer driven project. A reimbursement agreement is expected to be considered by the Board in FY 2017.

Developer budget is 2,000 LF at a cost of \$150 per foot for a total of \$300,000
 Inspection and staff budget is \$65,000
 This CIP budget was reduced from \$970,000 to \$365,000 for the FY 2017 CIP budget.

FUND DETAILS:

FUNDING SOURCE:	Expansion	Betterment	Replacement	New Water Supply	Total
Expansion	100 %	0 %	0 %	0 %	100 %
TOTAL:	100 %	0 %	0 %	0 %	100 %

EXPENDITURE SCHEDULE (X \$1,000):

PRIOR YEARS:	FY	FY	FY	FY	FY	FY	FY	
TOTAL	2017	2018	2019	2020	2021	2022	Total	
	\$0	\$10	\$40	\$315	\$0	\$0	\$0	\$365

OTAY WATER DISTRICT BOARD OF DIRECTORS POLICY			
Subject	Policy Number	Date Adopted	Date Revised
DISTRICT ADMINISTRATION OF REIMBURSEMENT AGREEMENTS	26	2/10/93	7/05/06

PURPOSE

This policy establishes guidelines for how the District will administer reimbursement agreements for facilities, both Master Plan and Non-Master Plan. It also describes when and how the District will participate in the cost of such facilities.

BACKGROUND

Policy 26 requires that development which creates the need for new facilities must bear all costs to construct and finance the on-site, in-tract and off-site water, wastewater, and recycled water systems.

"On-site" facilities are defined as those pipelines, pump stations and reservoirs required within a developer's project boundaries. "Off-site" facilities are those facilities located outside a project's boundary that are required to serve the project. "In-tract" facilities are defined as those non-regional facilities that serve only the project being constructed. These facilities are typically 6 inch through 12 inch pipelines. In-tract facilities are the sole responsibility of the developer/property owner until the facilities and all required property easements are dedicated to, and accepted by, the District pursuant to authority granted by the Board to the General Manager.

The District's Master Plan includes all regional on-site and off-site facilities anticipated to be necessary to provide service throughout the District. The District's capacity fees have been calculated to pay for the cost of all the regional facilities identified in the Master Plan including the developer/property owner portion of such facilities. The District does not subsidize development but it does undertake responsibility to insure that those regional facilities necessary to serve a particular development are constructed and that the costs associated with the construction of said facilities is fairly distributed among all users.

POLICY

A. Master Plan Facilities-Reimbursement by the District: For facilities identified in the Master Plan, both on-site and off-site, the District may reimburse the developer for construction and design costs if the project meets the following guidelines:

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
DISTRICT ADMINISTRATION OF REIMBURSEMENT AGREEMENTS	26	2/10/93	7/05/06

1. The project must be in the District's approved five-year Capital Improvement Program (CIP) at the time of the request, and shall not exceed the CIP budget amount without prior Board approval.
2. The District has approved a Sub-Area Master Plan (SAMP) and any required maps, upon which the facilities are clearly described.
3. The developer makes an irrevocable offer to dedicate the facilities and any easements required for the operation and maintenance of the facilities to the District, which offer is accepted by the General Manager and all applicable language and documentation of the dedication(s) is prepared and recorded, all in the manner authorized by the Board.
4. The developer enters into an Agreement for Construction of a Water System with the District.
5. The developer/property owner obtains bids from qualified contractors and provides copies of the bids to the District. The developer/property owner is responsible for selecting the lowest responsive responsible bidder. The developer/property owner will be reimbursed for the CIP portions of the project based on the unit prices submitted with the lowest responsive responsible bid.
6. The cost of addressing environmental issues, such as burying a reservoir, shall not be reimbursable unless they are currently addressed in the District's Master Environmental Impact Report and CIP.
7. All soft costs, such as engineering, inspection, bonds, etc., will be included in the reimbursement cost at five percent of the construction costs.
8. Except as provided below, the District will pay 100 percent of the reimbursement cost after the General Manager accepts the project.
9. The District may elect to finance the facilities by borrowing if, after analysis by the Finance Department, it is determined that the borrowing fits into the District's financial plan as outlined in Policy 25.
10. If for any reason reimbursement funds are not available at the time the project is operationally complete, the District may elect to defer or a portion of the reimbursement the District determines is due the developer until the General Manager accepts

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
DISTRICT ADMINISTRATION OF REIMBURSEMENT AGREEMENTS	26	2/10/93	7/05/06

the dedication of the project and until all liens, claims and/or bonds, as applicable, have been released in the manner provided under the Agreement for Construction of a Water System.

11. Funds for reimbursement shall be carried as a CIP until the reimbursement is made.
12. Each reimbursement agreement requires approval by the Board. A Staff Report will be prepared and reviewed with the Finance Department prior to presentation to the Board for approval.
13. This type of reimbursement agreement ends five (5) years after Board's original approval. The reimbursement agreement may be terminated prior to said (5) year term by the General Manager upon a determination that the developer has failed to comply with its obligations under the Reimbursement Agreement or the Agreement for Construction of a Water System.
14. If the reimbursement agreement expires prior to the facilities by the District or prior to payment of reimbursement, the Developer shall no longer be entitled to reimbursement. The Developer may submit new documentation and request that the District enter into a new reimbursement agreement. If the District agrees to enter into a new reimbursement agreement for the facilities, however, the District may revise the terms and amounts of reimbursement at its discretion based on information available at the time of the request.
15. All reimbursement requests shall be submitted to the Board for consideration and shall not be processed without prior Board approval.

B. Non-Master Plan Facilities-Reimbursement to Developer by Future Users: Occasionally, a developer/property owner requests the District to administer a reimbursement agreement to collect money from future customers who connect to the facility built by the developer/property owner. If the District agrees, the District collects the reimbursement amount from each customer connecting to the facility, together with any other District connection fees. The reimbursement portion of the customer's payment is forwarded by the District to the developer/property owner as reimbursement.

The District may administer this type of reimbursement agreement if the developer/property owner's project meets the following criteria and guidelines:

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
DISTRICT ADMINISTRATION OF REIMBURSEMENT AGREEMENTS	26	2/10/93	7/05/06

1. The developer/property owner demonstrates the facilities to be constructed have adequate capacity to serve future customers.
2. The developer/property owner requests and executes a reimbursement agreement, which is presented to the Board for approval in conjunction with the presentation of an agreement to construct.
3. The property owner deposits with the District the estimated cost for District staff to prepare a nexus study and obtain Board approval for the reimbursement agreement. District staff will provide a written estimate of the required deposit to the property owner within 15 days of the property owner's request.
4. The property owner provides three (3) bids from qualified contractors for the purpose of establishing the cost of the facilities and the portion of the reimbursement amount which is to be allocated to future connections.
5. A nexus study shall be performed by District staff to identify those who may benefit from the construction of the proposed facility and the amount they shall reimburse the developer/property owner who constructed the facility.
6. Prior to the public notice being sent to those property owners affected by the reimbursement agreement, an informational staff report will be presented to the Board.
7. The District shall notice all those property owners that will be subject to the reimbursement charge. These property owners will then be responsible to pay their fair share of the cost of the facilities at such time as they connect to the system. The fair share will be based on their Assigned Service Unit/Equivalent Dwelling Unit (ASU/EDU) contribution to the total projected ASU/EDU to use the system. The reimbursement charge will be in addition to any other fees a property owner would pay to the District to obtain service.
8. Each reimbursement agreement requires approval by the Board. Prior to presenting a reimbursement agreement to the Board, staff must obtain two originals signed by an authorized representative of the developer/property owner. A Staff Report must then be prepared and reviewed with the Finance Department prior to presentation to the Board for approval.

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
DISTRICT ADMINISTRATION OF REIMBURSEMENT AGREEMENTS	26	2/10/93	7/05/06

9. This type of reimbursement agreement shall be valid for 10 years from the date of Board approval. After the 10 year period has lapsed the collection of the reimbursement amount by the District shall cease.
10. Concurrently with submission of a signed reimbursement agreement, the developer/property owner must pay an administrative fee to the District to defray costs related to the review of the request and the negotiation and execution of the reimbursement agreement. The amount of the administrative fee will be calculated at the staff rate existing at the time of said submission.
11. In addition, concurrently with payment of the fee described above, developer must pay a fee to defray costs estimated to be incurred per each connection to be established during the term of the reimbursement agreement. The amount of this fee will be calculated based on an estimated 6 man hours per connection. The staff rate in existence at the time the reimbursement agreement is executed will be used as a base and it will be projected to change each year to account for changes in the COLA, as determined by the District's finance department.
12. The District will not distribute any reimbursement funds to the developer/property owner until the project has been accepted by the Board. The distribution of reimbursement funds will occur as the District collects the funds from new customers who connect to the facility, but not more frequently than once per year.
13. District staff shall collect the reimbursement amount due at the same time the standard District capacity fees for the new service are collected.
14. If the reimbursement agreement expires prior to the facilities by the District or prior to payment of reimbursement, the Developer shall no longer be entitled to reimbursement. The Developer may submit new documentation and request that the District enter into a new reimbursement agreement. If the District agrees to enter into a new reimbursement agreement for the facilities, however, the District may revise the terms and amounts of reimbursement at its discretion based on information available at the time of the request.
15. All reimbursement requests shall be submitted to the Board for consideration and shall not be processed without prior Board approval.

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
DISTRICT ADMINISTRATION OF REIMBURSEMENT AGREEMENTS	26	2/10/93	7/05/06

C. Non-Master Plan Facilities-Reimbursement to Developer by the District: Normally the District would not participate in the cost of facilities which are not identified in the Master Plan. These facilities are of benefit only to the adjoining property and should ordinarily be financed solely by the developer/property owner proposing the new facility. Nonetheless, there may be circumstances where the General Manager determines that it is appropriate for the District to participate in the cost of a non-Master Plan facility. Typical reasons would be in order to accommodate future growth or betterment of the system. In these instances, the District may establish special fees to recover the reimbursement costs from benefiting property owners as they connect to the system.

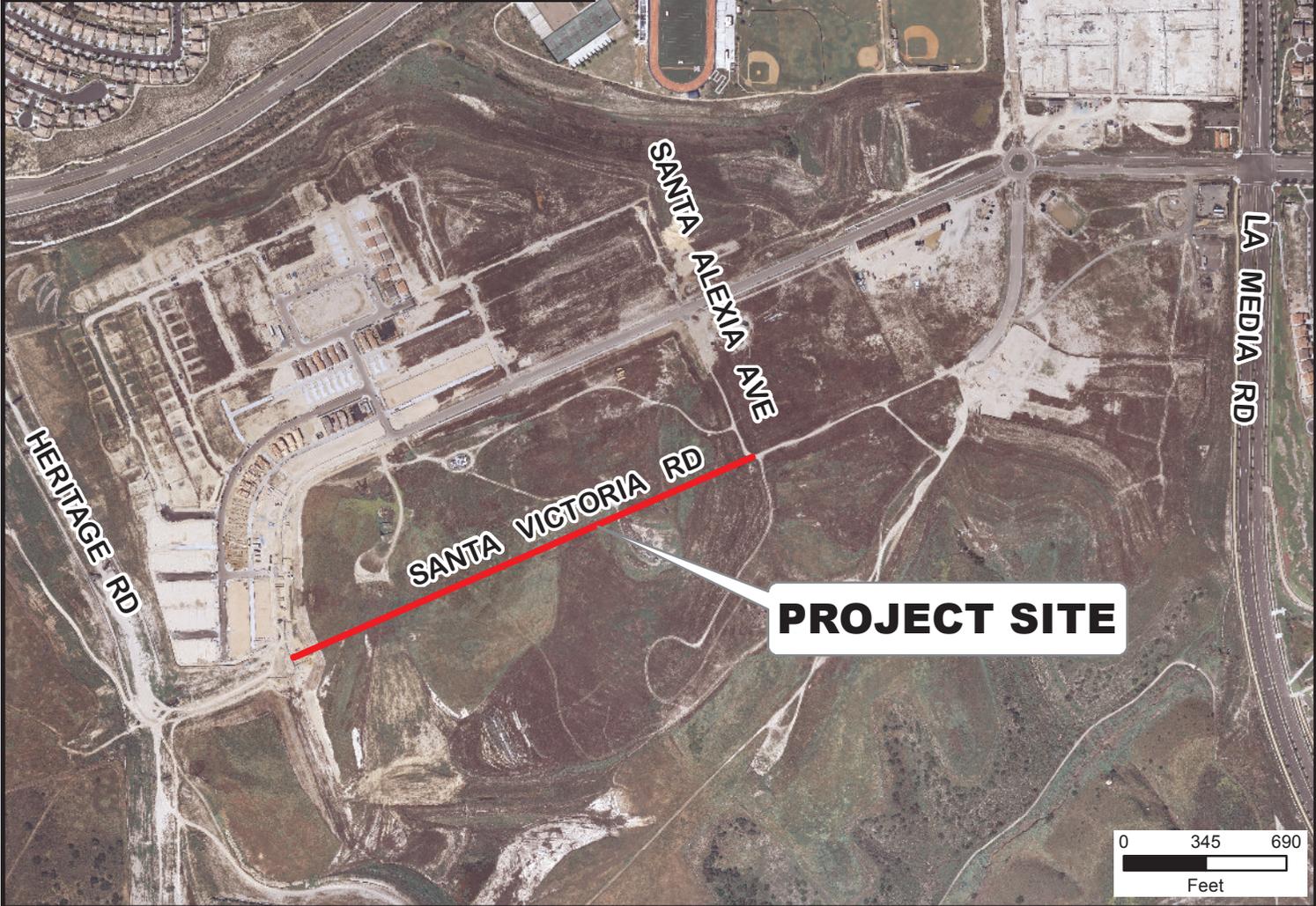
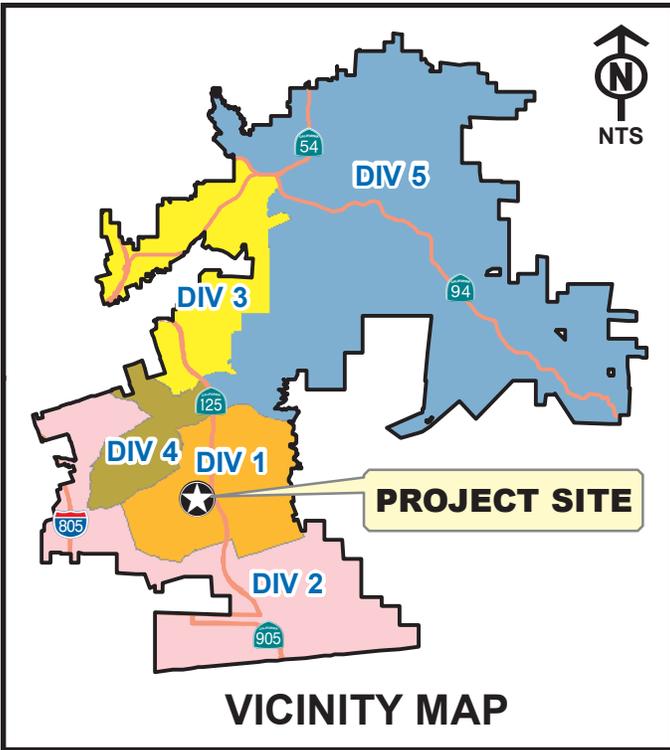
The District may reimburse the developer/property owner for construction costs if the project meets the following criteria and guidelines:

1. The General Manager has determined that it is appropriate for the District's customers to participate in the construction of the project.
2. The developer/property owner shall obtain three (3) bids from qualified contractors and provide copies of the initial bids to the District. The developer/property owner is responsible for selecting the lowest responsive bidder. The developer/property owner will be reimbursed for the CIP portions of the project based on the unit prices submitted with the lowest responsive bid.
3. A nexus study will be performed by the District to identify those property owners who may benefit from the construction of the proposed facility.
4. Prior to the public notice being sent to those property owners affected by the reimbursement agreement, an informational Staff Report shall be presented to the Board.
5. The District shall notice all those property owners which will be subject to the reimbursement charge. These properties will then be responsible to pay their fair share of the cost of the facilities, plus interest, at such time as they connect to the system.
6. The developer/property owner shall request and execute the reimbursement agreement with the District prior to awarding any contracts for construction.

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
DISTRICT ADMINISTRATION OF REIMBURSEMENT AGREEMENTS	26	2/10/93	7/05/06

7. Each reimbursement agreement requires approval by the Board. A Staff Report shall be prepared and reviewed with the Finance Department prior to presentation to the Board for approval.
8. Except as provided below, the District will pay 100 percent of the reimbursement cost after the General Manager accepts the project.
9. The District may elect to finance the facilities by borrowing, if it is determined that borrowing is in the best interest of the District's customers.
10. If for any reason reimbursement funds are not available at the time the project is operationally complete, the District may elect to defer the reimbursement until the General Manager determines that it is appropriate to make payments.
11. Funds for reimbursement shall be carried as a CIP until the reimbursement has been made.
12. This type of reimbursement agreement contains no end date for the collection by the District of its contributed share of the cost, and shall be the responsibility of all current and subsequent property owners.
13. District staff shall collect the reimbursement amount due at the same time the standard District capacity fees for the new service are collected.
14. If the reimbursement agreement expires prior to the facilities by the District or prior to payment of reimbursement, the Developer shall no longer be entitled to reimbursement. The Developer may submit new documentation and request that the District enter into a new reimbursement agreement. If the District agrees to enter into a new reimbursement agreement for the facilities, however, the District may revise the terms and amounts of reimbursement at its discretion based on information available at the time of the request.
15. All reimbursement requests shall be submitted to the Board for consideration and shall not be processed without prior Board approval.



OTAY WATER DISTRICT
20-INCH RECYCLED WATER MAIN
LOCATION MAP





AGENDA ITEM 6c

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	May 4, 2016
SUBMITTED BY:	Kevin Koeppen, Finance Manager	PROJECT:	DIV. NO. All
APPROVED BY:	<input checked="" type="checkbox"/> Joseph R. Beachem, Chief Financial Officer <input checked="" type="checkbox"/> German Alvarez, Assistant General Manager <input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	Adopt Resolution No. 4300 Amending Policy No. 6, the Annual Capital Improvement Program Development, of the District's Code of Ordinances		

GENERAL MANAGER'S RECOMMENDATION:

That the Board adopt Resolution No. 4300 amending Policy No. 6, the Annual Capital Improvement Program Development, of the District's Code of Ordinances.

COMMITTEE ACTION:

See Attachment A.

PURPOSE:

To request that the Board adopt Resolution No. 4300 amending Policy No. 6, the District's Annual Capital Improvement Program Development, which will increase the efficiency of the CIP process for Board approved projects.

ANALYSIS:

As a normal course of business, the District reviews its policies to ensure they are effective and efficient. During a recent review of the District's Annual Capital Improvement Program Development Policy No. 6, staff noted that the General Manager's authority to redistribute CIP funds across projects was limited in that the annual CIP budget was not exceeded. This limitation could result in undue delays in the natural progression of these projects.

External circumstances such as environmental constraints, the economy or developer plans can significantly impact the timing of CIP projects. These circumstances can result in projects being accelerated or delayed by months or even several years.

The District has set a strategic planning goal to spend 95% of the annual CIP budget. As the District strives to attain the 95% goal, it is more likely that the total fiscal year budget will be exceeded. Circumstances may arise and could prevent the efficient progression of CIP projects due to the need to obtain Board approval of projects that are ready to move forward within their individual approved budgets. This amendment is being recommended to prevent potential delays in the prudent progression of CIP projects.

Staff is recommending that the General Manager be allowed to redistribute CIP funds across projects as long as the expenditures do not exceed the total individual Board approved project budgets and the District has adequate reserves to fund the accelerated projects.

FISCAL IMPACT: Joe Beachem, Chief Financial Officer

None.

STRATEGIC GOAL:

Demonstrate financial health through formalized policies, prudent investing, and efficient operations.

LEGAL IMPACT:

None.

General Manager

Attachments:

- A) Committee Action Form
- B) Resolution No. 4300
 Exhibit 1 - Policy No. 6 (Strike-through)
- C) Proposed Policy No. 6



ATTACHMENT A

SUBJECT/PROJECT:	Adopt Resolution No. 4300 Amending Policy No. 6, the Annual Capital Improvement Program Development, of the District's Code of Ordinances
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COMMITTEE ACTION:

The Finance, Administration, and Communications Committee reviewed this item at a meeting held on March 17, 2016 and the following comments were made:

- Staff is proposing that the Board amend Policy 6, Annual Capital Improvement Program (CIP) Development, of the District's Code of Ordinances, to increase the efficiency of the CIP process for Board approved projects.
- Staff indicated that a CIP project's progression can be impacted by environmental constraints, the economy, development plans, etc. which can slow or speed up the project.
- The General Manager currently has the authority to redistribute CIP funds across projects and move budgets forward as long as the annual CIP budget for individual projects are not exceeded.
- The District has modified its Strategic Plan goal for CIP projects, setting a target of expending 95% of the fiscal year CIP budget by the end of the fiscal year. With a more aggressive CIP program, circumstance may arise that may require that the fiscal year CIP budget be exceeded because a project is now ready to be moved forward.
- To prevent potential delays in moving a project forward due to the need to obtain board approval, staff is proposing that the General Manager be authorized to redistribute CIP funds, as long as the expenditures do not exceed the total individual Board approved project budgets and the District has adequate reserves to fund the accelerated projects.

- Staff noted that if the required funding to move a project forward would exceed the project's total approved budget, the project would be presented to the board for approval of the additional funding.
- There was further discussion that funding is available in the CIP reserves, they are just not budgeted to be expended in the particular fiscal year. The committee felt the language in the proposed policy was too general with regard to which reserves would be utilized. The committee requested that staff revisit this language and put in more narrow language. Staff has revised the language to read, "as long as the total budget of the project is not exceeded and there is adequate funding in the CIP reserves." The amended strike-thru (Exhibit 1) and proposed (Attachment C) copies of Policy 6 is attached to the staff report .

Upon completion of the discussion, the Committee supported staffs' recommendation with the proposed language change to the policy noted above. The committee supported presentation to the full board on the consent calendar.

RESOLUTION NO. 4300

A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE OTAY WATER DISTRICT AMENDING POLICY 6
THE ANNUAL CAPITAL IMPROVEMENT PROGRAM
DEVELOPMENT OF THE DISTRICT'S CODE OF
ORDINANCES

WHEREAS, the Otay Water District Board of Directors has been presented with an amended Policy No. 6 of the District's Code of Ordinances for the management of the Otay Water District; and

WHEREAS, the amended Policy No. 6 has been reviewed and considered by the Board, and it is in the interest of the District to adopt the amended policy; and

WHEREAS, the strike-through copy of the proposed policy is attached as Exhibit 1 to this resolution; and

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Board of Directors of the Otay Water District that the amended Policy No. 6, incorporated herein as Attachment C, is hereby adopted.

PASSED, APPROVED AND ADOPTED by the Board of Directors of Otay Water District at a board meeting held this 4th day of May 2016, by the following vote:

Ayes:
Noes:
Abstain:
Absent:

President

ATTEST:

District Secretary

OTAY WATER DISTRICT BOARD OF DIRECTORS POLICY			
Subject	Policy Number	Date Adopted	Date Revised
ANNUAL CAPITAL IMPROVEMENT PROGRAM DEVELOPMENT	06	10/15/84	6/4/145 /4/16

PURPOSE

To define the policy on the preparation and approval of the annual Capital Improvement Program.

BACKGROUND

District staff develops and maintains a Water Resources Master Plan (WRMP), an Integrated Water Resources Plan (IRP), and Strategic Plan that collectively are used to prepare the annual Capital Improvement Program (CIP) and to identify the CIP projects required for ultimate build out. The WRMP is revised every five years and adopted by the Board. Annually, staff prepares a six-year moving window CIP that provides information on budget assumptions, source of funds, allocation of funds, project costs, project location, description, justification, scheduling, etc. The six-year CIP is submitted and presented to the Board of Directors to obtain approval for staff to proceed with implementation to plan, design, and construct facilities and programs necessary to meet the needs of the District.

POLICY

The General Manager, or his designee, shall prepare a proposed six-year CIP for submission to the Board of Directors for their review prior to and approval by June 30 of each fiscal year.

The CIP projects shall be reviewed and updated annually to consider appropriate revisions based on the most recent WRMP, IRP, Strategic Plan, and market condition information. The timing of projects shall be based on necessity and availability of financing. The intent is that new CIP projects will be installed as development requires the facilities. With regard to all CIP projects, it is acknowledged that compliance with the California Environmental Quality Act adds a measure of unpredictability with regard to the timing of CIP projects.

The WRMP, IRP, and the CIP projects shall be divided into two phases: Phase I - one to six years; and Phase II - seven to ultimate buildout. CIP project sheets for projects in Phase I shall be prepared and identify estimated total cost, cash expenditure timing, location, description, justification, funding allocation, and schedule. For the Phase II CIP projects, the CIP shall identify the need for the projects, along with their estimated total cost and funding allocation.

Upon approval by the Board of Directors of the annual six-year CIP, staff is authorized to proceed with planning, design, construction, etc. of those projects that have budgets within the current fiscal year. The General Manager is authorized to

OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY

Subject	Policy Number	Date Adopted	Date Revised
ANNUAL CAPITAL IMPROVEMENT PROGRAM DEVELOPMENT	06	10/15/84	6/4/145 /4/16

redistribute funds between approved CIP projects as long as the total ~~fiscal year project~~ budget is not exceeded and the District has adequate CIP reserves to fund the project. In addition, the General Manager is authorized to exceed the budget for specific CIP projects under the following conditions:

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- a. For CIP projects less than or equal to \$50,000, the cumulative amount of the specific CIP project expenditures does not exceed that authorized under Code of Ordinances Section 2.01, Authority of the General Manager.
- b. For CIP projects more than \$50,000, the amount being authorized does not exceed the ~~lesser~~ of 25% of the specific CIP project budget amount or that authorized under Code of Ordinances Section 2.01, Authority of the General Manager.
- c. The total fiscal year CIP budget is not exceeded.

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OTAY WATER DISTRICT BOARD OF DIRECTORS POLICY			
Subject	Policy Number	Date Adopted	Date Revised
ANNUAL CAPITAL IMPROVEMENT PROGRAM DEVELOPMENT	06	10/15/84	5/4/16

PURPOSE

To define the policy on the preparation and approval of the annual Capital Improvement Program.

BACKGROUND

District staff develops and maintains a Water Resources Master Plan (WRMP), an Integrated Water Resources Plan (IRP), and Strategic Plan that collectively are used to prepare the annual Capital Improvement Program (CIP) and to identify the CIP projects required for ultimate build out. The WRMP is revised every five years and adopted by the Board. Annually, staff prepares a six-year moving window CIP that provides information on budget assumptions, source of funds, allocation of funds, project costs, project location, description, justification, scheduling, etc. The six-year CIP is submitted and presented to the Board of Directors to obtain approval for staff to proceed with implementation to plan, design, and construct facilities and programs necessary to meet the needs of the District.

POLICY

The General Manager, or his designee, shall prepare a proposed six-year CIP for submission to the Board of Directors for their review prior to and approval by June 30 of each fiscal year.

The CIP projects shall be reviewed and updated annually to consider appropriate revisions based on the most recent WRMP, IRP, Strategic Plan, and market condition information. The timing of projects shall be based on necessity and availability of financing. The intent is that new CIP projects will be installed as development requires the facilities. With regard to all CIP projects, it is acknowledged that compliance with the California Environmental Quality Act adds a measure of unpredictability with regard to the timing of CIP projects.

The WRMP, IRP, and the CIP projects shall be divided into two phases: Phase I - one to six years; and Phase II - seven to ultimate buildout. CIP project sheets for projects in Phase I shall be prepared and identify estimated total cost, cash expenditure timing, location, description, justification, funding allocation, and schedule. For the Phase II CIP projects, the CIP shall identify the need for the projects, along with their estimated total cost and funding allocation.

Upon approval by the Board of Directors of the annual six-year CIP, staff is authorized to proceed with planning, design, construction, etc. of those projects that have budgets within the current fiscal year. The General Manager is authorized to

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
ANNUAL CAPITAL IMPROVEMENT PROGRAM DEVELOPMENT	06	10/15/84	5/4/16

redistribute funds between approved CIP projects as long as the total project budget is not exceeded and the District has adequate CIP reserves to fund the project. In addition, the General Manager is authorized to exceed the budget for specific CIP projects under the following conditions:

- a. For CIP projects less than or equal to \$50,000, the cumulative amount of the specific CIP project expenditures does not exceed that authorized under Code of Ordinances Section 2.01, Authority of the General Manager.
- b. For CIP projects more than \$50,000, the amount being authorized does not exceed the lesser of 25% of the specific CIP project budget amount or that authorized under Code of Ordinances Section 2.01, Authority of the General Manager.
- c. The total fiscal year CIP budget is not exceeded.



AGENDA ITEM 6d

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	May 4, 2016
SUBMITTED BY:	Rita Bell, Finance Manager	PROJECT:	DIV. NO. All
APPROVED BY:	<input checked="" type="checkbox"/> Joseph R. Beachem, Chief Financial Officer <input checked="" type="checkbox"/> German Alvarez, Assistant General Manager <input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	Adopt Resolution No. 4301 Amending Policy No. 27, the Investment Policy, of the District's Code of Ordinances and Re-Delegating Authority for All Investment Related Activities to the Chief Financial Officer		

GENERAL MANAGER'S RECOMMENDATION:

That the Board adopt Resolution No. 4301 amending Policy No. 27, the Investment Policy, of the District's Code of Ordinances and re-delegating authority for all investment related activities to the Chief Financial Officer, in accordance with Government Code Section 53607.

COMMITTEE ACTION:

See Attachment A.

PURPOSE:

Government Code Section 53646 recommends that the District's Investment Policy be rendered to the Board on an annual basis for review. In addition, Government Code Section 53607 requires that for the Chief Financial Officer's delegation of authority to remain effective, the governing board must re-delegate authority over investment activities on an annual basis.

ANALYSIS:

The primary goals of the Investment Policy are to assure compliance with the California Government Code, Sections 53600 et seq. The primary objectives, in priority order, of investment activities are:

1. Protect the principal of the funds.
2. Remain sufficiently liquid to enable the District to meet all operating requirements which might be reasonably anticipated.
3. The District's return is a market rate of return that is commensurate with the conservative investments approach to meet the first two objectives of safety and liquidity.

The code provides a broad range of investment options for local agencies, including Federal Treasuries, Federal Agencies, Callable Federal Agencies, the State Pool, the County Pool, high-grade corporate debt, and others. Over recent years, the size of the District's portfolio has declined from \$110 million in 2010 to \$83 million as of February 29, 2016. The reduction is primarily due to planned outlays for construction projects.

Because of the District's adherence to a conservative range of authorized investments, we have been able to maintain a healthy and diversified portfolio with no investment losses despite an extended period of turmoil and instability in the national financial markets. The policy is consistent with the current law and the overall objectives of the policy are being met.

FISCAL IMPACT: Joe Beachem, Chief Financial Officer

None.

STRATEGIC GOAL:

Demonstrate financial health through formalized policies, prudent investing, and efficient operations.

LEGAL IMPACT:

None.

Attachments:

- A) Committee Action Form
- B) Resolution No. 4301
 Exhibit 1 - Policy No. 27 (Strike-through)
- C) Policy No. 27 Proposed
- D) Presentation



ATTACHMENT A

SUBJECT/PROJECT:	Adopt Resolution No. 4301 Amending Policy No. 27, the Investment Policy, of the District's Code of Ordinances and Re-Delegating Authority for All Investment Related Activities to the Chief Financial Officer
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COMMITTEE ACTION:

The Finance, Administration and Communications Committee reviewed this item at a meeting held on April 20, 2016 and the following comments were made:

- Staff is requesting that the board receive the District's Investment Policy (Policy No. 27) for review, and re-delegates authority for all investment related activities to the Chief Financial Officer, in accordance with Government Code Section 53607.
- It was indicated that the District's current Investment Policy complies with California Government Code Sections 53600 through 53692 and the policy has received certification from the Association of Public Treasurers of the United States and Canada (APT US&C).
- Staff is recommending two changes to the Investment Policy:
 - Indicate that qualified brokers must prove certification with the Financial Industry Regulatory Agency (FINRA) which replaced the National Association of Securities Dealers.
 - An increase in the LAIF deposit limit from \$50 million to \$65 million.
- Based on the Government Code, the District's fund objectives in order of priority are: 1) Safety; 2) Liquidity; and 3) Yield.
- The following are the various instruments in which the District invests in:

- Bank Deposits
- LAIF
- County Pool
- Government Sponsored Entities (GSE's)

Staff reviewed the objectives of (1) Safety and (2) Liquidity and how they relate to each of the District's investment categories (please see slides 6 and 7 of Attachment D to the staff report).

- The annual yield on the District's various investments, as of February 29, 2016, and compared to FY 2015 follows:

	<u>FY16</u>	<u>FY15</u>
Otay	0.78%	0.64%
LAIF	0.47%	0.27%
County Pool	0.68%	0.48%

- The District reconciles cash and performs a rolling seven (7) day forecast on a daily basis to determine the District's immediate cash needs. Staff noted the target levels kept in each investment category (please see slide number 9 of Attachment D to the staff report).
- Staff presented a breakdown of the District's investment portfolio, as of February 29, 2016, which totaled approximately \$84.3 million (please see slide 10 in Attachment D to the staff report).
- In response to an inquiry from the committee, staff indicated that LAIF is where the District holds 30 to 60 days of its cash needs. At the end of February, the District's LAIF account was higher than normal because two of the District's investments had been called and they were placed in the LAIF account until they were reinvested. Today, the investment in LAIF is approximately \$6 million and the San Diego County Pool remains at about \$16.5 million. Staff noted that as interest rates drop, the District is receiving more *calls* on its existing investments which will need to be reinvested.

Following the discussion, the committee supported staffs' recommendation and presentation to the full board on the consent calendar.

RESOLUTION NO. 4301

A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE OTAY WATER DISTRICT AMENDING POLICY 27
THE INVESTMENT POLICY OF THE DISTRICT'S
CODE OF ORDINANCES

WHEREAS, the Otay Water District Board of Directors has been presented with an amended Policy No. 27 of the District's Code of Ordinances for the management of the Otay Water District; and

WHEREAS, the amended Policy No. 27 has been reviewed and considered by the Board, and it is in the interest of the District to adopt the amended policy; and

WHEREAS, the strike-through copy of the proposed policy is attached as Exhibit 1 to this resolution; and

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Board of Directors of the Otay Water District that the amended Policy No. 27, incorporated herein as Attachment C, is hereby adopted.

PASSED, APPROVED AND ADOPTED by the Board of Directors of Otay Water District at a board meeting held this 4th day of May 2016, by the following vote:

Ayes:
Noes:
Abstain:
Absent:

President

ATTEST:

District Secretary

OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY

Subject	Policy Number	Date Adopted	Date Revised
INVESTMENT POLICY	27	9/15/93	5/6/15 4/16

1.0: POLICY

It is the policy of the Otay Water District to invest public funds in a manner which will provide maximum security with the best interest return, while meeting the daily cash flow demands of the entity and conforming to all state statues governing the investment of public funds.

2.0: SCOPE

This investment policy applies to all financial assets of the Otay Water District. The District pools all cash for investment purposes. These funds are accounted for in the District's audited Comprehensive Annual Financial Report (CAFR) and include:

- 2.1) General Fund
- 2.2) Capital Project Funds
 - 2.2.1) Designated Expansion Fund
 - 2.2.2) Restricted Expansion Fund
 - 2.2.3) Designated Betterment Fund
 - 2.2.4) Restricted Betterment Fund
 - 2.2.5) Designated Replacement Fund
 - 2.2.6) Restricted New Water Supply Fund
- 2.3) Other Post Employment Fund (OPEB)
- 2.4) Debt Reserve Fund

Exceptions to the pooling of funds do exist for tax-exempt debt proceeds, debt reserves and deferred compensation funds. Funds received from the sale of general obligation bonds, certificates of participation or other tax-exempt financing vehicles are segregated from pooled investments and the investment of such funds are guided by the legal documents that govern the terms of such debt issuances.

3.0: PRUDENCE

Investments should be made with judgment and care, under current prevailing circumstances, which persons of prudence, discretion and intelligence, exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

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The standard of prudence to be used by investment officials shall be the "Prudent Person" and/or "Prudent Investor" standard (California Government Code 53600.3) and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

4.0: OBJECTIVE

As specified in the California Government Code 53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives, in priority order, of the investment activities shall be:

- 4.1) Safety: Safety of principal is the foremost objective of the investment program. Investments of the Otay Water District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, the District will diversify its investments by investing funds among a variety of securities offering independent returns and financial institutions.
- 4.2) Liquidity: The Otay Water District's investment portfolio will remain sufficiently liquid to enable the District to meet all operating requirements which might be reasonably anticipated.
- 4.3) Return on Investment: The Otay Water District's investment portfolio shall be designed with the objective of attaining a benchmark rate of return throughout budgetary and economic cycles, commensurate with the District's investment risk constraints and the cash flow characteristics of the portfolio.

5.0 DELEGATION OF AUTHORITY

Authority to manage the Otay Water District's investment program is derived from the California Government Code, Sections 53600 through

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53692. Management responsibility for the investment program is hereby delegated to the Chief Financial Officer (CFO), who shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials and their procedures in the absence of the CFO.

The CFO shall establish written investment policy procedures for the operation of the investment program consistent with this policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the CFO.

6.0: ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the General Manager any material financial interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the District.

7.0: AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The Chief Financial Officer shall maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers who are authorized to provide investment services in the State of California. These may include "primary" dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (Uniform Net Capital Rule). No public deposit shall be made except in a qualified public depository as established by state laws. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the District with the following, as appropriate:

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- Audited Financial Statements.
- Proof of ~~National Association of Security Dealers (NASD)~~
Financial Industry Regulatory Authority (FINRA)
certification.
- Proof of state registration.
- Completed broker/dealer questionnaire.
- Certification of having read the District's Investment Policy.
- Evidence of adequate insurance coverage.

An annual review of the financial condition and registrations of qualified bidders will be conducted by the CFO. A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the District invests.

8.0: AUTHORIZED AND SUITABLE INVESTMENTS

From the governing body perspective, special care must be taken to ensure that the list of instruments includes only those allowed by law and those that local investment managers are trained and competent to handle. The District is governed by the California Government Code, Sections 53600 through 53692, to invest in the following types of securities, as further limited herein:

8.01) United States Treasury Bills, Bonds, Notes or those instruments for which the full faith and credit of the United States are pledged for payment of principal and interest. There is no percentage limitation of the portfolio which can be invested in this category, although a five-year maturity limitation is applicable.

8.02) Local Agency Investment Fund (LAIF), which is a State of California managed investment pool, may be used up to the maximum permitted by State Law (currently \$~~50~~65 million). The District may also invest bond proceeds in LAIF with the same but independent maximum limitation.

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8.03) Bonds, debentures, notes and other evidence of indebtedness issued by any of the following government agency issuers:

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- Federal Home Loan Bank (FHLB)
- Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")
- Federal National Mortgage Association (FNMA or "Fannie Mae")
- Government National Mortgage Association (GNMA or "Ginnie Mae")
- Federal Farm Credit Bank (FFCB)
- Federal Agricultural Mortgage Corporation (FAMCA or "Farmer Mac")

There is no percentage limitation of the portfolio which can be invested in this category, although a five-year maturity limitation is applicable. Government agencies whose implied guarantee has been reduced or eliminated shall require an "A" rating or higher by a nationally recognized statistical rating organization.

8.04) Interest-bearing demand deposit accounts and Certificates of Deposit (CD) will be made only in Federal Deposit Insurance Corporation (FDIC) insured accounts. For deposits in excess of the insured maximum of \$250,000, approved collateral shall be required in accordance with California Government Code, Section 53652. Investments in CD's are limited to 15 percent of the District's portfolio.

8.05) Commercial paper, which is short-term, unsecured promissory notes of corporate and public entities. Purchases of eligible commercial paper may not exceed 10 percent of the outstanding paper of an issuing corporation, and maximum investment maturity will be restricted to 270 days. Investment is further limited as described in California Government Code, Section 53601(h). Purchases of commercial paper may not exceed 10 percent of the District's portfolio and no more than 10 percent of the outstanding commercial paper of any single issuer.

8.06) Medium-term notes defined as all corporate debt securities with a maximum remaining maturity of five years or less, and that meet the further requirements of California

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Government Code, Section 53601(k). Investments in medium-term notes are limited to 10 percent of the District's portfolio.

8.07) Money market mutual funds that invest only in Treasury securities and repurchase agreements collateralized with Treasury securities, and that meet the further requirements of California Government Code, Section 53601(l). Investments in money market mutual funds are limited to 10 percent of the District's portfolio.

8.08) The San Diego County Treasurer's Pooled Money Fund, which is a County managed investment pool, may be used by the Otay Water District to invest excess funds. There is no percentage limitation of the portfolio which can be invested in this category.

8.09) Under the provisions of California Government Code 53601.6, the Otay Water District shall not invest any funds covered by this Investment Policy in inverse floaters, range notes, interest-only strips derived from mortgage pools, or any investment that may result in a zero interest accrual if held to maturity. Also, the borrowing of funds for investment purposes, known as leveraging, is prohibited.

9.0: INVESTMENT POOLS/MUTUAL FUNDS

A thorough investigation of the pool/fund is required prior to investing, and on a continual basis. There shall be a questionnaire developed which will answer the following general questions:

- A description of eligible investment securities, and a written statement of investment policy and objectives.
- A description of interest calculations and how it is distributed, and how gains and losses are treated.
- A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
- A description of who may invest in the program, how often, and what size deposits and withdrawals are allowed.
- A schedule for receiving statements and portfolio listings.

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- Are reserves, retained earnings, etc., utilized by the pool/fund?
- A fee schedule, and when and how is it assessed.
- Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

10.0 COLLATERALIZATION

Collateralization will be required on certificates of deposit exceeding the \$250,000 FDIC insured maximum. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 102% of market value of principal and accrued interest. Collateral will always be held by an independent third party with whom the entity has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the entity and retained. The right of collateral substitution is granted.

11.0: SAFEKEEPING AND CUSTODY

All security transactions entered into by the Otay Water District shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third party custodian designated by the District and evidenced by safekeeping receipts.

12.0: DIVERSIFICATION

The Otay Water District will diversify its investments by security type and institution, with limitations on the total amounts invested in each security type as detailed in Paragraph 8.0, above, so as to reduce overall portfolio risks while attaining benchmark average rate of return. With the exception of U.S. Treasury securities, government agencies, and authorized pools, no more than 50% of the District's total investment portfolio will be invested with a single financial institution.

13.0: MAXIMUM MATURITIES

To the extent possible, the Otay Water District will attempt to match its investments with anticipated cash flow requirements. Unless

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matched to a specific cash flow, the District will not directly invest in securities maturing more than five years from the date of purchase. However, for time deposits with banks or savings and loan associations, investment maturities will not exceed two years. Investments in commercial paper will be restricted to 270 days.

14.0: INTERNAL CONTROL

The Chief Financial Officer shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

15.0: PERFORMANCE STANDARDS

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

The Otay Water District's investment strategy is passive. Given this strategy, the basis used by the CFO to determine whether market yields are being achieved shall be the State of California Local Agency Investment Fund (LAIF) as a comparable benchmark.

16.0: REPORTING

The Chief Financial Officer shall provide the Board of Directors monthly investment reports which provide a clear picture of the status of the current investment portfolio. The management report should include comments on the fixed income markets and economic conditions, discussions regarding restrictions on percentage of investment by categories, possible changes in the portfolio structure going forward and thoughts on investment strategies. Schedules in the quarterly report should include the following:

- A listing of individual securities held at the end of the reporting period by authorized investment category.
- Average life and final maturity of all investments listed.
- Coupon, discount or earnings rate.
- Par value, amortized book value, and market value.

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- Percentage of the portfolio represented by each investment category.

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17.0: INVESTMENT POLICY ADOPTION

The Otay Water District's investment policy shall be adopted by resolution of the District's Board of Directors. The policy shall be reviewed annually by the Board and any modifications made thereto must be approved by the Board.

18.0: GLOSSARY

See Appendix A.

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APPENDIX A: GLOSSARY

ACTIVE INVESTING: Active investors will purchase investments and continuously monitor their activity, often looking at the price movements of their stocks many times a day, in order to exploit profitable conditions. Typically, active investors are seeking short term profits.

AGENCIES: Federal agency securities and/or Government-sponsored enterprises.

BANKERS' ACCEPTANCE (BA): A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BENCHMARK: A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BROKER/DEALER: Any individual or firm in the business of buying and selling securities for itself and others. Broker/dealers must register with the SEC. When acting as a broker, a broker/dealer executes orders on behalf of his/her client. When acting as a dealer, a broker/dealer executes trades for his/her firm's own account. Securities bought for the firm's own account may be sold to clients or other firms, or become a part of the firm's holdings.

CERTIFICATE OF DEPOSIT (CD): A short or medium term, interest bearing, FDIC insured debt instrument offered by banks and savings and loans. Money removed before maturity is subject to a penalty. CDs are a low risk, low return investment, and are also known as "time deposits", because the account holder has agreed to keep the money in the account for a specified amount of time, anywhere from a few months to several years.

COLLATERAL: Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

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COMMERCIAL PAPER: An unsecured short-term promissory note, issued by corporations, with maturities ranging from 2 to 270 days.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report for the Otay Water District. It includes detailed financial information prepared in conformity with generally accepted accounting principles (GAAP). It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed statistical section.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a set date.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE: A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DERIVATIVES: (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

DISCOUNT: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g., U.S. Treasury Bills.

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DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures deposits in member banks and thrifts, currently up to \$100,000 per deposit.

FEDERAL FARM CREDIT BANK (FFCB): The Federal Farm Credit Bank system supports agricultural loans and issues securities and bonds in financial markets backed by these loans. It has consolidated the financing programs of several related farm credit agencies and corporations.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL AGRICULTURAL MORTGAGE CORPORATION (FAMC or Farmer Mac): A stockholder owned, publicly-traded corporation that was established under the Agricultural Credit Act of 1987, which added a new Title VIII to the Farm Credit Act of 1971. Farmer Mac is a government sponsored enterprise, whose mission is to provide a secondary market for agricultural real estate mortgage loans, rural housing mortgage loans, and rural utility cooperative loans. The corporation is authorized to purchase and guarantee securities. Farmer Mac guarantees that all security holders will receive timely payments of principal and interest.

FEDERAL HOME LOAN BANK (FHLB): Government sponsored wholesale banks (currently 12 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies.

FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC or Freddie Mac): A stockholder owned, publicly traded company chartered by the United States federal government in 1970 to purchase mortgages and related securities, and then issue securities and bonds in financial markets

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backed by those mortgages in secondary markets. Freddie Mac, like its competitor Fannie Mae, is regulated by the United States Department of Housing and Urban Development (HUD).

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA or Fannie Mae): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

FINANCIAL INDUSTRY REGULATORY AUTHORITY, INC. (FINRA): An independent, not-for-profit organization authorized by Congress to protect America's investors by making sure the securities industry operates fairly and honestly. It is dedicated to investor protection and market integrity through effective and efficient regulation of the securities industry. FINRA is the successor to the National Association of Securities Dealers, Inc. (NASD).

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): A government owned agency which buys mortgages from lending institutions, securitizes them, and then sells them to investors. Because the payments to investors are guaranteed by the full faith and credit of the U.S. Government, they return slightly less interest than other mortgage-backed securities.

INTEREST-ONLY STRIPS: A mortgage backed instrument where the investor receives only the interest, no principal, from a pool of mortgages. Issues are highly interest rate sensitive, and cash flows vary between interest periods. Also, the maturity date may occur earlier than that stated if all loans within the pool are pre-paid. High prepayments on

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underlying mortgages can return less to the holder than the dollar amount invested.

INVERSE FLOATER: A bond or note that does not earn a fixed rate of interest. Rather, the interest rate is tied to a specific interest rate index identified in the bond/note structure. The interest rate earned by the bond/note will move in the opposite direction of the index. An inverse floater increases the market rate risk and modified duration of the investment.

LEVERAGE: Investing with borrowed money with the expectation that the interest earned on the investment will exceed the interest paid on the borrowed money.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL AGENCY INVESTMENT FUND (LAIF): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase/reverse repurchase agreements that establish each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrower.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

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MUTUAL FUNDS: An open-ended fund operated by an investment company which raises money from shareholders and invests in a group of assets, in accordance with a stated set of objectives. Mutual funds raise money by selling shares of the fund to the public. Mutual funds then take the money they receive from the sale of their shares (along with any money made from previous investments) and use it to purchase various investment vehicles, such as stocks, bonds, and money market instruments.

MONEY MARKET MUTUAL FUNDS: An open-end mutual fund which invests only in money markets. These funds invest in short term (one day to one year) debt obligations such as Treasury bills, certificates of deposit, and commercial paper.

~~**NATIONAL ASSOCIATION OF SECURITIES DEALERS (NASD):** A self-regulatory organization of the securities industry responsible for the operation and regulation of the NASDAQ stock market and over the counter markets. Its regulatory mandate includes authority over firms that distribute mutual fund shares as well as other securities.~~

PASSIVE INVESTING: An investment strategy involving limited ongoing buying and selling actions. Passive investors will purchase investments with the intention of long term appreciation and limited maintenance, and typically don't actively attempt to profit from short term price fluctuations. Also known as a buy-and-hold strategy.

PRIMARY DEALER: A designation given by the Federal Reserve System to commercial banks or broker/dealers who meet specific criteria, including capital requirements and participation in Treasury auctions. These dealers submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission registered securities broker/dealers, banks, and a few unregulated firms.

PRUDENT PERSON RULE: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state—the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

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PUBLIC SECURITIES ASSOCIATION (PSA): A trade organization of dealers, brokers, and bankers who underwrite and trade securities offerings.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RANGE NOTE: An investment whose coupon payment varies and is dependent on whether the current benchmark falls within a pre-determined range.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

REGIONAL DEALER: A securities broker/dealer, registered with the Securities & Exchange Commission (SEC), who meets all of the licensing requirements for buying and selling securities.

REPURCHASE AGREEMENT (RP OR REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money that is increasing bank reserves.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding securities issues following their initial distribution.

SECURITIES & EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

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SEC RULE 15C3-1: See Uniform Net Capital Rule.

STRUCTURED NOTES: Notes issued by Government Sponsored Enterprises (FHLB, FNMA, FAMCA, etc.), and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BONDS: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

TREASURY NOTES: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

YIELD: The rate of annual income return on an investment, expressed as a percentage. (a) INCOME YIELD is obtained by dividing the current dollar income by the current market price for the security. (b) NET YIELD or YIELD TO MATURITY is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

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1.0: POLICY

It is the policy of the Otay Water District to invest public funds in a manner which will provide maximum security with the best interest return, while meeting the daily cash flow demands of the entity and conforming to all state statutes governing the investment of public funds.

2.0: SCOPE

This investment policy applies to all financial assets of the Otay Water District. The District pools all cash for investment purposes. These funds are accounted for in the District's audited Comprehensive Annual Financial Report (CAFR) and include:

- 2.1) General Fund
- 2.2) Capital Project Funds
 - 2.2.1) Designated Expansion Fund
 - 2.2.2) Restricted Expansion Fund
 - 2.2.3) Designated Betterment Fund
 - 2.2.4) Restricted Betterment Fund
 - 2.2.5) Designated Replacement Fund
 - 2.2.6) Restricted New Water Supply Fund
- 2.3) Other Post Employment Fund (OPEB)
- 2.4) Debt Reserve Fund

Exceptions to the pooling of funds do exist for tax-exempt debt proceeds, debt reserves and deferred compensation funds. Funds received from the sale of general obligation bonds, certificates of participation or other tax-exempt financing vehicles are segregated from pooled investments and the investment of such funds are guided by the legal documents that govern the terms of such debt issuances.

3.0: PRUDENCE

Investments should be made with judgment and care, under current prevailing circumstances, which persons of prudence, discretion and intelligence, exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

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The standard of prudence to be used by investment officials shall be the "Prudent Person" and/or "Prudent Investor" standard (California Government Code 53600.3) and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

4.0: OBJECTIVE

As specified in the California Government Code 53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives, in priority order, of the investment activities shall be:

- 4.1) Safety: Safety of principal is the foremost objective of the investment program. Investments of the Otay Water District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, the District will diversify its investments by investing funds among a variety of securities offering independent returns and financial institutions.

- 4.2) Liquidity: The Otay Water District's investment portfolio will remain sufficiently liquid to enable the District to meet all operating requirements which might be reasonably anticipated.

- 4.3) Return on Investment: The Otay Water District's investment portfolio shall be designed with the objective of attaining a benchmark rate of return throughout budgetary and economic cycles, commensurate with the District's investment risk constraints and the cash flow characteristics of the portfolio.

5.0 DELEGATION OF AUTHORITY

Authority to manage the Otay Water District's investment program is derived from the California Government Code, Sections 53600 through 53692. Management responsibility for the investment program is hereby

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delegated to the Chief Financial Officer (CFO), who shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials and their procedures in the absence of the CFO.

The CFO shall establish written investment policy procedures for the operation of the investment program consistent with this policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the CFO.

6.0: ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the General Manager any material financial interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the District.

7.0: AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The Chief Financial Officer shall maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers who are authorized to provide investment services in the State of California. These may include "primary" dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (Uniform Net Capital Rule). No public deposit shall be made except in a qualified public depository as established by state laws. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the District with the following, as appropriate:

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- Audited Financial Statements.
- Proof of Financial Industry Regulatory Authority (FINRA) certification.
- Proof of state registration.
- Completed broker/dealer questionnaire.
- Certification of having read the District's Investment Policy.
- Evidence of adequate insurance coverage.

An annual review of the financial condition and registrations of qualified bidders will be conducted by the CFO. A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the District invests.

8.0: AUTHORIZED AND SUITABLE INVESTMENTS

From the governing body perspective, special care must be taken to ensure that the list of instruments includes only those allowed by law and those that local investment managers are trained and competent to handle. The District is governed by the California Government Code, Sections 53600 through 53692, to invest in the following types of securities, as further limited herein:

8.01) United States Treasury Bills, Bonds, Notes or those instruments for which the full faith and credit of the United States are pledged for payment of principal and interest. There is no percentage limitation of the portfolio which can be invested in this category, although a five-year maturity limitation is applicable.

8.02) Local Agency Investment Fund (LAIF), which is a State of California managed investment pool, may be used up to the maximum permitted by State Law (currently \$65 million). The District may also invest bond proceeds in LAIF with the same but independent maximum limitation.

8.03) Bonds, debentures, notes and other evidence of indebtedness issued by any of the following government agency issuers:

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- Federal Home Loan Bank (FHLB)
- Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")
- Federal National Mortgage Association (FNMA or "Fannie Mae")
- Government National Mortgage Association (GNMA or "Ginnie Mae")
- Federal Farm Credit Bank (FFCB)
- Federal Agricultural Mortgage Corporation (FAMCA or "Farmer Mac")

There is no percentage limitation of the portfolio which can be invested in this category, although a five-year maturity limitation is applicable. Government agencies whose implied guarantee has been reduced or eliminated shall require an "A" rating or higher by a nationally recognized statistical rating organization.

8.04) Interest-bearing demand deposit accounts and Certificates of Deposit (CD) will be made only in Federal Deposit Insurance Corporation (FDIC) insured accounts. For deposits in excess of the insured maximum of \$250,000, approved collateral shall be required in accordance with California Government Code, Section 53652. Investments in CD's are limited to 15 percent of the District's portfolio.

8.05) Commercial paper, which is short-term, unsecured promissory notes of corporate and public entities. Purchases of eligible commercial paper may not exceed 10 percent of the outstanding paper of an issuing corporation, and maximum investment maturity will be restricted to 270 days. Investment is further limited as described in California Government Code, Section 53601(h). Purchases of commercial paper may not exceed 10 percent of the District's portfolio and no more than 10 percent of the outstanding commercial paper of any single issuer.

8.06) Medium-term notes defined as all corporate debt securities with a maximum remaining maturity of five years or less, and that meet the further requirements of California Government Code, Section 53601(k). Investments in medium-term notes are limited to 10 percent of the District's portfolio.

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8.07) Money market mutual funds that invest only in Treasury securities and repurchase agreements collateralized with Treasury securities, and that meet the further requirements of California Government Code, Section 53601(1). Investments in money market mutual funds are limited to 10 percent of the District's portfolio.

8.08) The San Diego County Treasurer's Pooled Money Fund, which is a County managed investment pool, may be used by the Otay Water District to invest excess funds. There is no percentage limitation of the portfolio which can be invested in this category.

8.09) Under the provisions of California Government Code 53601.6, the Otay Water District shall not invest any funds covered by this Investment Policy in inverse floaters, range notes, interest-only strips derived from mortgage pools, or any investment that may result in a zero interest accrual if held to maturity. Also, the borrowing of funds for investment purposes, known as leveraging, is prohibited.

9.0: INVESTMENT POOLS/MUTUAL FUNDS

A thorough investigation of the pool/fund is required prior to investing, and on a continual basis. There shall be a questionnaire developed which will answer the following general questions:

- A description of eligible investment securities, and a written statement of investment policy and objectives.
- A description of interest calculations and how it is distributed, and how gains and losses are treated.
- A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
- A description of who may invest in the program, how often, and what size deposits and withdrawals are allowed.
- A schedule for receiving statements and portfolio listings.
- Are reserves, retained earnings, etc., utilized by the pool/fund?
- A fee schedule, and when and how is it assessed.

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- Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

10.0 COLLATERALIZATION

Collateralization will be required on certificates of deposit exceeding the \$250,000 FDIC insured maximum. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 102% of market value of principal and accrued interest. Collateral will always be held by an independent third party with whom the entity has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the entity and retained. The right of collateral substitution is granted.

11.0: SAFEKEEPING AND CUSTODY

All security transactions entered into by the Otay Water District shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third party custodian designated by the District and evidenced by safekeeping receipts.

12.0: DIVERSIFICATION

The Otay Water District will diversify its investments by security type and institution, with limitations on the total amounts invested in each security type as detailed in Paragraph 8.0, above, so as to reduce overall portfolio risks while attaining benchmark average rate of return. With the exception of U.S. Treasury securities, government agencies, and authorized pools, no more than 50% of the District's total investment portfolio will be invested with a single financial institution.

13.0: MAXIMUM MATURITIES

To the extent possible, the Otay Water District will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the District will not directly invest in securities maturing more than five years from the date of purchase. However, for time deposits with banks or savings and loan associations, investment maturities will not exceed two years. Investments in commercial paper will be restricted to 270 days.

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14.0: INTERNAL CONTROL

The Chief Financial Officer shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

15.0: PERFORMANCE STANDARDS

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

The Otay Water District's investment strategy is passive. Given this strategy, the basis used by the CFO to determine whether market yields are being achieved shall be the State of California Local Agency Investment Fund (LAIF) as a comparable benchmark.

16.0: REPORTING

The Chief Financial Officer shall provide the Board of Directors monthly investment reports which provide a clear picture of the status of the current investment portfolio. The management report should include comments on the fixed income markets and economic conditions, discussions regarding restrictions on percentage of investment by categories, possible changes in the portfolio structure going forward and thoughts on investment strategies. Schedules in the quarterly report should include the following:

- A listing of individual securities held at the end of the reporting period by authorized investment category.
- Average life and final maturity of all investments listed.
- Coupon, discount or earnings rate.
- Par value, amortized book value, and market value.
- Percentage of the portfolio represented by each investment category.

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17.0: INVESTMENT POLICY ADOPTION

The Otay Water District's investment policy shall be adopted by resolution of the District's Board of Directors. The policy shall be reviewed annually by the Board and any modifications made thereto must be approved by the Board.

18.0: GLOSSARY

See Appendix A.

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APPENDIX A: GLOSSARY

ACTIVE INVESTING: Active investors will purchase investments and continuously monitor their activity, often looking at the price movements of their stocks many times a day, in order to exploit profitable conditions. Typically, active investors are seeking short term profits.

AGENCIES: Federal agency securities and/or Government-sponsored enterprises.

BANKERS' ACCEPTANCE (BA): A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BENCHMARK: A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BROKER/DEALER: Any individual or firm in the business of buying and selling securities for itself and others. Broker/dealers must register with the SEC. When acting as a broker, a broker/dealer executes orders on behalf of his/her client. When acting as a dealer, a broker/dealer executes trades for his/her firm's own account. Securities bought for the firm's own account may be sold to clients or other firms, or become a part of the firm's holdings.

CERTIFICATE OF DEPOSIT (CD): A short or medium term, interest bearing, FDIC insured debt instrument offered by banks and savings and loans. Money removed before maturity is subject to a penalty. CDs are a low risk, low return investment, and are also known as "time deposits", because the account holder has agreed to keep the money in the account for a specified amount of time, anywhere from a few months to several years.

COLLATERAL: Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMMERCIAL PAPER: An unsecured short-term promissory note, issued by corporations, with maturities ranging from 2 to 270 days.

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COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report for the Otay Water District. It includes detailed financial information prepared in conformity with generally accepted accounting principles (GAAP). It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed statistical section.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a set date.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE: A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DERIVATIVES: (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

DISCOUNT: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g., U.S. Treasury Bills.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

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FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures deposits in member banks and thrifts, currently up to \$100,000 per deposit.

FEDERAL FARM CREDIT BANK (FFCB): The Federal Farm Credit Bank system supports agricultural loans and issues securities and bonds in financial markets backed by these loans. It has consolidated the financing programs of several related farm credit agencies and corporations.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL AGRICULTURAL MORTGAGE CORPORATION (FAMC or Farmer Mac): A stockholder owned, publicly-traded corporation that was established under the Agricultural Credit Act of 1987, which added a new Title VIII to the Farm Credit Act of 1971. Farmer Mac is a government sponsored enterprise, whose mission is to provide a secondary market for agricultural real estate mortgage loans, rural housing mortgage loans, and rural utility cooperative loans. The corporation is authorized to purchase and guarantee securities. Farmer Mac guarantees that all security holders will receive timely payments of principal and interest.

FEDERAL HOME LOAN BANK (FHLB): Government sponsored wholesale banks (currently 12 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies.

FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC or Freddie Mac): A stockholder owned, publicly traded company chartered by the United States federal government in 1970 to purchase mortgages and related securities, and then issue securities and bonds in financial markets backed by those mortgages in secondary markets. Freddie Mac, like its competitor Fannie Mae, is regulated by the United States Department of Housing and Urban Development (HUD).

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FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA or Fannie Mae): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

FINANCIAL INDUSTRY REGULATORY AUTHORITY, INC. (FINRA): An independent, not-for-profit organization authorized by Congress to protect America's investors by making sure the securities industry operates fairly and honestly. It is dedicated to investor protection and market integrity through effective and efficient regulation of the securities industry. FINRA is the successor to the National Association of Securities Dealers, Inc. (NASD).

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): A government owned agency which buys mortgages from lending institutions, securitizes them, and then sells them to investors. Because the payments to investors are guaranteed by the full faith and credit of the U.S. Government, they return slightly less interest than other mortgage-backed securities.

INTEREST-ONLY STRIPS: A mortgage backed instrument where the investor receives only the interest, no principal, from a pool of mortgages. Issues are highly interest rate sensitive, and cash flows vary between interest periods. Also, the maturity date may occur earlier than that stated if all loans within the pool are pre-paid. High prepayments on underlying mortgages can return less to the holder than the dollar amount invested.

INVERSE FLOATER: A bond or note that does not earn a fixed rate of interest. Rather, the interest rate is tied to a specific interest

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rate index identified in the bond/note structure. The interest rate earned by the bond/note will move in the opposite direction of the index. An inverse floater increases the market rate risk and modified duration of the investment.

LEVERAGE: Investing with borrowed money with the expectation that the interest earned on the investment will exceed the interest paid on the borrowed money.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL AGENCY INVESTMENT FUND (LAIF): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase/reverse repurchase agreements that establish each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrower.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

MUTUAL FUNDS: An open-ended fund operated by an investment company which raises money from shareholders and invests in a group of assets, in accordance with a stated set of objectives. Mutual funds raise money by selling shares of the fund to the public. Mutual funds then take the money they receive from the sale of their shares (along with any money made from previous investments) and use it to purchase

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various investment vehicles, such as stocks, bonds, and money market instruments.

MONEY MARKET MUTUAL FUNDS: An open-end mutual fund which invests only in money markets. These funds invest in short term (one day to one year) debt obligations such as Treasury bills, certificates of deposit, and commercial paper.

PASSIVE INVESTING: An investment strategy involving limited ongoing buying and selling actions. Passive investors will purchase investments with the intention of long term appreciation and limited maintenance, and typically don't actively attempt to profit from short term price fluctuations. Also known as a buy-and-hold strategy.

PRIMARY DEALER: A designation given by the Federal Reserve System to commercial banks or broker/dealers who meet specific criteria, including capital requirements and participation in Treasury auctions. These dealers submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission registered securities broker/dealers, banks, and a few unregulated firms.

PRUDENT PERSON RULE: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state—the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

PUBLIC SECURITIES ASSOCIATION (PSA): A trade organization of dealers, brokers, and bankers who underwrite and trade securities offerings.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

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RANGE NOTE: An investment whose coupon payment varies and is dependent on whether the current benchmark falls within a pre-determined range.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

REGIONAL DEALER: A securities broker/dealer, registered with the Securities & Exchange Commission (SEC), who meets all of the licensing requirements for buying and selling securities.

REPURCHASE AGREEMENT (RP OR REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money that is increasing bank reserves.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding securities issues following their initial distribution.

SECURITIES & EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SEC RULE 15C3-1: See Uniform Net Capital Rule.

STRUCTURED NOTES: Notes issued by Government Sponsored Enterprises (FHLB, FNMA, FAMCA, etc.), and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

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TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BONDS: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

TREASURY NOTES: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

YIELD: The rate of annual income return on an investment, expressed as a percentage. (a) INCOME YIELD is obtained by dividing the current dollar income by the current market price for the security. (b) NET YIELD or YIELD TO MATURITY is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.



INVESTMENT POLICY No. 27 & PERFORMANCE REVIEW

May 4, 2016



POLICY REVIEW

- **Purpose:**

- Annual Policy Review

- Delegation of Investment Authority



INVESTMENT POLICY GUIDELINES

A. California Government Code:

Sections 53600 through 53692.

B. Investment Policy Certification:

Association of Public Treasurers of the United States & Canada (APT US&C).

Benefits of Certification:

- Trust and confidence that the District's Investment Policy is a professionally accepted policy.
- Assurance that the District is abiding by professional standards to ensure prudent management of public funds.



Policy Changes

Changes have been made in the past when they are needed. There are two recommended changes to the Investment Policy dated May 6, 2015.

- Qualified brokers must prove certification with the Financial Industry Regulatory Agency (FINRA).
- LAIF increased the deposit limit from \$50 million to \$65 million.



INVESTMENT OBJECTIVE

To safeguard principal, maintain liquidity, and to achieve a market investment return.

Fund Objectives (in order of priority)

- Safety
- Liquidity
- Yield

Safety

Category	Safety
Bank Deposits	Amounts in excess of \$250,000 FDIC limit are required by California Government Code to be 110% collateralized by the bank.
LAIF	Mandated by applicable State Statutes* and State law, invested in a conservative manner and limits the investments to fixed-income securities.
County Pool	Mandated by State law, invested in a conservative manner and limits the investments to fixed-income securities. S&P Rating of AAf/Sl, indicates extremely strong protection against losses and low sensitivity to changing market conditions.
GSE's	Guaranteed by the Federal Government.

* Applicable State Statutes

- No. California Government Code 16429.3 states that monies placed with the Treasurer for deposit in the LAIF by cities, counties, special districts, nonprofit corporations, or qualified quasi-governmental agencies shall not be subject to either of the following:
 - Transfer or loan pursuant to Sections 16310, 16312, or 16313.
 - Impoundment or seizure by any state official or state agency.
- California Government Code 16429.4 states that the right of a city, county, city and county, special district, nonprofit corporation, or qualified quasi-governmental agency, to withdraw its deposited money from the LAIF upon demand may not be altered, impaired, or denied in any way by any state official or state agency based upon the States failure to adopt a State Budget by July 1 of each new fiscal year.



Liquidity

- Maintain highly liquid investments with a hold strategy.

Category	Availability
Bank Deposits	Immediately
LAIF	Same day
County Pool	2-3 days
GSE's	Can be converted to cash in 2-3 days



Annual Yield Performance

YTD as of February 29, 2016

	FY16	FY15
Otay	0.78%	0.64%
LAIF	0.47%	0.27%
County Pool	0.68%	0.48%



Cash Management

- The District reconciles cash and performs a rolling 7-day forecast on a daily basis.

Levels by Investment Type

Category	Target Levels
Bank Deposits	Outstanding checks and current days electronic payments
LAIF	Short-term (30-60 days) obligations
County Pool	Amounts in excess of bank deposit and LAIF targets that are to be invested using the laddering approach or fund short-term obligations such as current year debt payments
GSE's	Target 2-3 year issuances with a laddering approach

INVESTMENT PORTFOLIO

As of February 29, 2016

		Authorized	
	\$(‘000s)	\$ / %	Actual %
LAIF (Operating)	\$11,814	\$65 mil	14.53%
Govt. Agency Bonds	\$52,933	100%	65.11%
Bank Deposits & CDs	\$82	15%	0.10%
San Diego County Pool	\$16,465	50%	20.25%
TOTAL	\$84,294		



REQUESTED BOARD ACTION

Re-delegate authority for all investment related activities to the Chief Financial Officer (CFO), in accordance with Government Code Section 53607).



Questions?

AGENDA ITEM 6e



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	May 4, 2016
SUBMITTED BY:	Armando Buelna Communications Officer	PROJECT:	Various DIV.NO. ALL
APPROVED BY:	<input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	Revising the Emergency Drought Action Plan		

GENERAL MANAGER'S RECOMMENDATION:

That the Board of Directors authorize the General Manager to lift the two-day per week limit on outdoor irrigation effective immediately. Irrigation would be set at no more than three days per week, and up to 15 minutes per irrigation station. All other mandatory water conservation measures under the Level 2 - Drought Alert would remain in effect.

COMMITTEE ACTION:

See Attachment A.

PURPOSE:

To give customers more flexibility to deep-water trees to maintain the urban forest, establish water-wise landscaping, protect investments in residential and commercial landscaping, and maintaining fire-safe buffers in wildland-urban interface areas.

BACKGROUND:

Because of extreme drought across the state of California, on August 6, 2014, the Board of Directors declared a Water Shortage Response Level 2- Supply Alert condition. Under the Level 2 - Supply Alert, many voluntary water conservation measures become mandatory and the District increased its conservation messaging to all customers.

As emergency drought conditions persisted into 2015, on April 1, 2015, Governor Jerry Brown issued an executive order requiring

mandatory water conservation for all urban residential and commercial customers. The Governor also directed the State Water Resources Control Board (SWRCB) to take immediate action to achieve a 25 percent reduction in urban potable water use.

On May 5, 2015, the SWRCB adopted emergency regulations mandating all urban water suppliers to cut potable water use by 8 to 36 percent depending on their residential gallons-per-capita-per-day average in 2013. The SWRCB set the Otay Water District's water conservation target at 20 percent of 2013 levels.

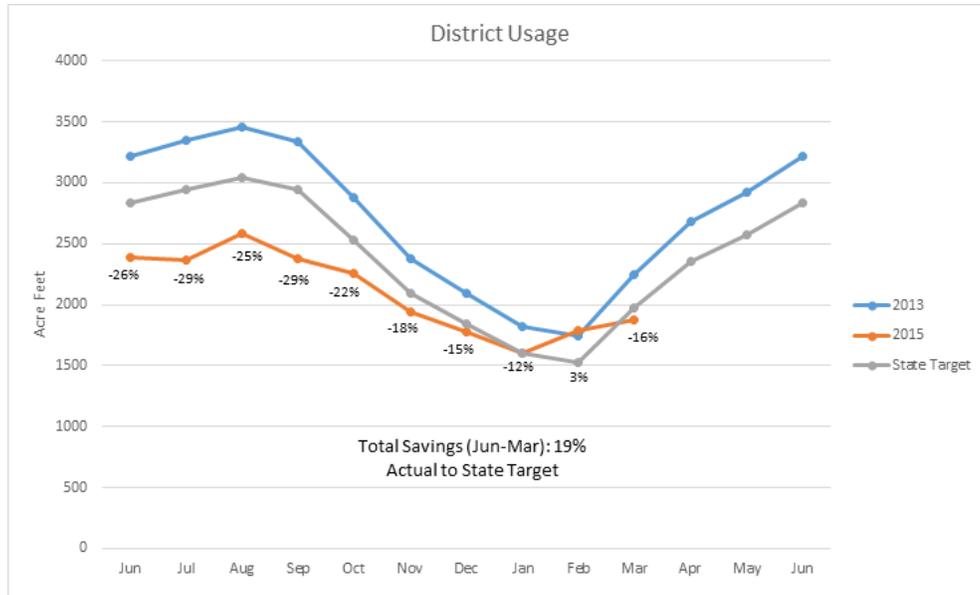
In June, 2015, the District adopted Ordinance No. 551 which declared a state drought emergency and called for mandatory conservation measures to achieve the state mandated conservation target and implemented Section 40 of the District's Code of Ordinances. In adopting Ordinance No. 551, the District noted that it did not have a water supply shortage. Rather, because of the SWRCB mandate, Ordinance 551 was to reduce potable water use 20 percent based on 2013 levels in compliance with the SWRCB action.

In February, 2016, the SWCRB began allowing urban water suppliers to request credits for investments made in drought-resilient water supplies, as well as growth and climate adjustments, but extended the mandatory conservation regulations through October 31, 2016.

CONSERVATION OUTREACH

In response to the SWRCB mandate, staff took a variety of actions to advise customers of the conservation target including calls and emails to all District customers; letters to the District's top 10 percent of residential users as well as all potable commercial irrigation customers; conservation messages on the outside of the bill envelopes, inserts and messages on the bill itself; online target usage tracking; leak alarm notifications; water waste tracking; and community outreach to numerous homeowners and commercial customers.

While containing a number of elements, the District's response to the state drought emergency was designed to be scaled up or down based on customer response to conservation messages and meeting the state's conservation targets. For example, following an initial high level of outreach that resulted in the District exceeding its conservation goal, the campaign was scaled back to bring conservation levels more in line with the cumulative target.



As a result, despite February 2016 being one of the hottest months on record in San Diego County, the District ended the initial measurement period (June 2015 to March 2016) with its cumulative conservation level within one percent of the state's 20 percent target.

IMPACT OF CONSERVATION MANDATE

The SWRCB conservation target, unfortunately, did not give credit to agencies that had already made significant gains in water conservation or to regions that had worked to develop drought-proof water supplies. For example, as a result diversifying its water supplies over the past 25 years, in 2015, the San Diego County Water Authority (SDCWA) had enough water to meet 99 percent of its typical water demands for its member agencies despite four years of record drought. When the Claude "Bud" Lewis Desalination Plant came online in late 2015, the region had 107 percent of the water it would need to meet typical demand.

Another consequence of the state action resulted in limiting outdoor irrigation to no more than two days per week. This neglected to take into consideration the possible impact reduced irrigation would have on the health of trees in the urban forest. Trees already stressed due to years of drought, were they to die, represent not only a lost investment to owners and a diminishing of a region's quality of life, but can be costly to remove, create a hazard and resulting liability to homeowners, and can become a fire danger particularly in areas within the wildland urban fire interface.

Moreover, irrigation limited to two days a week is inadequate to deep water trees, to establish drought tolerant landscaping, maintain the health of plants used in fire-safe buffers, and this can be especially problematic in areas with little precipitation and high evapotranspiration rates such as San Diego County.

REVISED CONSERVATION TARGET

Based on numerous statewide requests to make conservation standards more equitable, in February 2016, the SWRCB began allowing urban water suppliers to request credits for investments made in drought-resilient water supplies, along with adjustments for growth and climate.

Suppliers in San Diego applied for and, because of investments made in the Claude "Bud" Lewis Carlsbad Desalination Plant, were approved for the maximum credit of 8 percent toward achieving their conservation target. The revised conservation standards in San Diego County were lowered to between 8 to 29 percent, with a regional aggregate target of 13 percent. No agency, however, can go below 8 percent. Otay received the maximum 8 percent reduction credit, reducing its conservation target from 20 percent to 12 percent based on 2013 levels.

The timeframe for the cumulative savings calculation will be from June 2015 until October 2016. To date, the District is exceeding the state mandated target with a cumulative savings of 19 percent.

In response to obtaining the drought-resilient supply credit, on March 24, 2016, the SDCWA Board of Directors voted to rescind its previous ordinance declaring a regional drought response Level 2 or requiring member agencies to limit outdoor watering to no more than two days per week. This action gives member agencies the flexibility to choose the most appropriate drought level for their individual agency and their unique state-mandated water conservation standard.

RECOMMENDATION:

Staff recommends the Board authorize the General Manager to lift the two-day per week limit on outdoor irrigation effective immediately. Outdoor irrigation would be permitted up to three days per week, and up to 15 minutes per irrigation station. All other mandatory water conservation measures under the Level 2 - Drought Alert condition would remain in effect.

Staff believes that returning to a traditional three-day per week irrigation schedule authorized under a Level 2 - Drought Alert condition will enable the District to meet its 12 percent cumulative conservation target while also permitting customers more flexibility to deep-water trees to maintain the urban forest, protect investments in residential landscaping, establish new water-wise landscaping, and maintaining fire-safe buffers in wildland-urban interface areas.

Staff will then advise customers of the new conservation target via its newsletter, bill inserts, and social media, but will also continue to closely monitor the rate of conservation and will react accordingly to ensure customers remain mindful of the cumulative conservation target.

FISCAL IMPACT: Joe Beachem, Chief Financial Officer

It is expected that water sales will gradually increase as result of this action, though the rate of that increase is difficult to predict. The proposed FY 2017 budget projects a slight recovery in sales, which would be in line with the staff recommendation.

STRATEGIC GOAL:

Actively manage water supply and demand.

LEGAL IMPACT:

None

Attachments: Attachment A - Committee Action



ATTACHMENT A

SUBJECT/PROJECT:	Revising the Emergency Drought Action Plan
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COMMITTEE ACTION:

The Finance, Administration and Communications Committee reviewed this item at a meeting held on April 20, 2016 and the following comments were made:

- Staff is requesting that the Board authorize the General Manager to lift the two-day per week limit on outdoor irrigation. While the statewide drought is not over, supply conditions have improved this year.
- Additionally, based on numerous requests to make conservation standards more equitable, in February, the State Water Resources Control Board began allowing urban water suppliers to request credits for investments made in drought-resilient water supplies, along with adjustments for growth and climate.
- Suppliers in San Diego applied for and, because of investments made in the Carlsbad Desalination Plant, were approved for the maximum credit of 8 percent toward achieving their unique conservation target.
- Otay received the maximum credit of 8 percent, reducing its conservation target from 20 percent to 12 percent. The timeframe for the new conservation target is from June of 2015 until October 31, 2016. To date, the District is exceeding its target with a cumulative savings of 19 percent.
- After state action in March, CWA's board of directors rescinded its ordinance declaring a regional drought Level 2, and requiring member agencies to limit outdoor watering to no more than two days per week. This action was taken to give member agencies the flexibility to choose the most appropriate drought response for their individual agency and their unique conservation target. As a result of this action, staff recommends returning to a traditional

three-day per week irrigation schedule, as authorized under Otay's Level 2 - Drought Alert condition.

- With the board's authorization, outdoor irrigation would be permitted up to three days per week, and up to 15 minutes per irrigation station. All other mandatory water conservation measures under the Level 2 - Drought Alert condition would remain in effect.
- It is felt that even with the return to a three-day per week schedule, the District would still meet its 12 percent cumulative conservation target, while giving customers more flexibility to deep-water their trees, protect their investments in residential landscaping, establish new water-wise landscaping, and maintain fire-safe buffers in wildland-urban interface areas.
- Staff will advise customers of the new conservation target via its newsletter, bill inserts, and social media, as well as, continue to closely monitor the rate of conservation. The District will react accordingly to ensure customers remain mindful of the cumulative conservation target of 12%.
- Staff noted that the State Water Resources Control Board would be holding a workshop today, April 20, to discuss possible changes to the State-wide Standards from input received from water agencies throughout the State. There may be additional changes to the State-wide Standards in the next month or so.

Following the discussion, the committee supported staffs' recommendation and presentation to the full board on the consent calendar.

AGENDA ITEM 6f



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	May 04, 2016
		PROJECT:	DIV. NO. ALL
SUBMITTED BY:	Michael Kerr Information Technology Manager		
APPROVED BY:	<input checked="" type="checkbox"/> Adolfo Segura, Chief, Administrative Services <input checked="" type="checkbox"/> German Alvarez, Assistant General Manager <input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	ADOPT RESOLUTION #4299 TO REVISE BOARD POLICY #05-A, RECORDS POLICY AND PROCEDURES - RECORDS RETENTION AND DESTRUCTION		

GENERAL MANAGER'S RECOMMENDATION:

That the Board adopt Resolution #4299 in support of revisions to Board Policy #05-A, Records Policy and Procedures - Records Retention and Destruction, including modification of policy/subject title to "#05-A Records Retention and Destruction".

COMMITTEE ACTION:

Please see "Attachment A".

PURPOSE:

To request that the Board adopt Resolution #4299 (Attachment B) and approve revisions to Board Policy #05-A, Records Policy and Procedures - Records Retention and Destruction (Exhibit 1).

ANALYSIS:

Consistent with the District's Strategic Plan, the District regularly reviews policies and procedures to ensure they are streamlined and are clear and consistent with applicable laws.

Updates deemed appropriate at this time are detailed below and revisions are shown in the attached strike-through versions of the policy (Exhibit 1).

Board Policy #05-A, Records Policy and Procedures - Records Retention and Destruction

In cooperation with General Counsel, staff has reviewed the current Records Retention and Destruction program as well as those of some of our neighboring agencies and determined that some changes would be appropriate at this time. The most significant proposed change is that most email communication does not create records that must be preserved under the law. Retaining only email that is directly relevant to District business and/or required by law, will streamline and minimize overhead associated with the management of email and cost.

Based on researched policies and referenced email management practices by neighboring agencies, staff is recommending an email lifecycle or retention of 100 days from origination (sent or received) to destruction, unless otherwise noted in the District's Records Retention Schedule (Attachment D). Staff also conferred with General Counsel to ensure the District's retention and destruction practice is aligned with applicable laws. Staff concludes that this modification of the email retention policy is both applicable for statutory and regulatory compliance as this policy addresses both business and non-business email in a transitory state.

Non-business/transitory emails do not qualify as official records as they are temporary and non-substantive in nature to include copies or reproduced or printed documents, preliminary work materials, and information only items, therefore can be deleted when no longer needed.

Business email that needs to be preserved will be profiled according to the records retention schedule and maintained accordingly. For example, substantive emails related to a contract and/or a project will be placed in the contract or project file and kept for the same duration of time as the official record series.

Other proposed changes to streamline the District's records management practice is the merging of similar record types with same or similar retention periods.

Based on the above, it is requested that the Board of Directors adopt Resolution #4299 in support of the proposed revisions to be effective July 1, 2016.

FISCAL IMPACT: Joe Beachem, Chief Financial Officer

None.

STRATEGIC GOAL:

Optimize the District's Operating Efficiency.

LEGAL IMPACT:

None.

ATTACHMENTS:

Attachment A - Committee Action Report

Attachment B - Resolution #4299

Exhibit 1 - Draft Copy, Board Policy #05-A, Records Policy
And Procedures - Retention and Destruction

Attachment C - Proposed Copy, Board Policy #05-A, Records Retention and
Destruction

Attachment D - Otay Water District - Records Retention Schedule



ATTACHMENT A

SUBJECT/PROJECT:	ADOPT RESOLUTION #4299 TO REVISE BOARD POLICY #05-A, RECORDS POLICY AND PROCEDURES - RECORDS RETENTION AND DESTRUCTION
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COMMITTEE ACTION:

The Finance, Administration and Communications Committee reviewed this item at a meeting held on April 20, 2016 and the following comments were made:

- Staff is requesting that the Board approve revisions to Board Policy 05-A, Records Policy and Procedures - Records Retention and Destruction and approve a title change to 'Records Retention and Destruction'.
- Staff regularly reviews policies and procedures to ensure that they are streamlined, clear, and consistent with applicable laws.
- Staff, in consultation with the District's counsel, has reviewed the current Records Retention and Destruction program, as well as, those of other neighboring agencies and determined that changes would be appropriate at this time. Based on researched policies and email management practices, staff is recommending an email retention period of 100 days from origination to destruction or unless otherwise noted in the District's Records Retention Schedule. This policy would be implemented on 7/1/2016.
- According to the California Public Records Act, a 'record' is defined as 'any writing containing information relating to the conduct of the public's business prepared, owned, used or retained by any state or local agency regardless of physical form or characteristics.' Emails that meet this criteria are currently saved by District staff in the appropriate location, thus, preserving its retention period according to the District's Records Retention Schedule. Some examples of these email records include those related to Capital Improvement Projects, Financial Records, or other supporting documents referenced in the retention schedule.
- In conferring with Counsel, staff has determined that the current 13-month retention period of non-business emails can be costly due to the volume, associated storage, and administrative costs. Staff

also concludes that 13 months retention of email is unnecessary for transitory non-business emails.

- In modifying the policy, staff has also made a distinction between an email 'record' and emails that are 'non-records'. Emails that do not meet the criteria of a 'record' are defined as transitory in nature. Some examples of transitory e-mails include routine requests for information or publication, personal notes or replies where no administrative action is needed, and miscellaneous informational communications with no substantive information.
- These 'transitory' emails do not qualify as records based on its content and should be deleted when they are no longer needed. Should the Board approve and adopt this resolution, transitory emails that are past the 100-day threshold will be automatically deleted per the new policy effective July 1. This change in the policy will also affect voicemail and/or voice recordings, and other created inbox folders within the email system.
- Staff indicated in response to an inquiry from the Committee that the most substantive change to the policy is the reference to the administrator of the policy. The administrator was the Chief of Information Technology. As that position was eliminated when the individual in the position retired earlier this year, the title of the administrator required updating. The proposed policy identifies the General Manager as the administrator of the policy. Staff also wished to inform the Board of the change in retention for business and non-business related emails before the changes were implemented.
- The committee noted that this policy recognizes the District's responsibility to produce records and allows it to manage costs associated with the maintenance of records. The Committee commended staff for their proactive approach to balance the public's right to know and the costs associated with the Public Records Request Act.

Following the discussion, the committee supported staffs' recommendation and presentation to the full board on the consent calendar.

RESOLUTION NO. 4299

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE OTAY WATER DISTRICT
TO REVISE AND UPDATE VARIOUS DISTRICT BOARD POLICIES

WHEREAS, the Board of Directors of Otay Water District have established policies, procedures, ordinances, and resolutions for the efficient operation of the District; and

WHEREAS, it is the policy of the District to establish procedures to review policies, procedures, ordinances, and resolutions periodically to ensure they are current and relevant; and

WHEREAS, District staff has identified policy number 05-A, as requiring revisions as per the attached strike-through copy. All other required Board policies do not require updates and are current at this time;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Otay Water District amend policy number 05-A in the form presented to the Board at this meeting.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Otay Water District at a regular meeting held this 4th of May, 2016.

President

ATTEST:

Secretary

OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY

Subject	Policy Number	Date Adopted	Date Revised
RECORDS POLICY AND PROCEDURES -- RECORDS RETENTION AND DESTRUCTION	05-A	2/3/10	<u>7/1/16</u>

I. PURPOSE

To ensure that necessary records and documents of the Otay Water District are adequately protected and maintained and to ensure that records that are no longer needed or are of no value are discarded at the proper time. ~~This Policy is also~~ serves as assistance in providing management with the information necessary for ~~and the purpose of~~ aiding of District employees in understanding their obligations in retaining electronic documents that are developed during phases of records creation and to assist in controlling the life cycle of all District records, including e-mail, Web files, text files, sound and movie files, PDF documents, and all Microsoft Office or other formatted files.

II. SCOPE

This policy is applicable to all District departments and offices directly responsible to the General Manager. The objectives of the Records Retention Policy are:

- To ensure that all legal, historical, fiscal, and administrative requirements are satisfied before records are destroyed.
- To conserve District resources, such as space and staff time, by managing records and removing inactive or obsolete material from office files.
- To maintain a regular, controlled flow of records from offices to destruction or archive storage.

III. POLICY

This ~~policy~~Policy represents the District's policy regarding the retention and disposal of records, including electronic documents. Attached as **Appendix 1** is a Record Retention Schedule that is approved as the District's maintenance, retention and disposal schedule for physical records and the retention and disposal of electronic documents.

IV. DEFINITION

- (a) Public Record - Any writing as set forth in California Government Code Section 6252, but generally shall include any writing containing information relating to the conduct of the public's business prepared, owned, used or retained by the District, regardless of physical form or characteristics.

OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY

Subject	Policy Number	Date Adopted	Date Revised
RECORDS POLICY AND PROCEDURES -- RECORDS RETENTION AND DESTRUCTION	05-A	2/3/10	<u>7/1/16</u>

- (b) Records Management - The planned and systematic control of business records from their creation or receipt, through final disposition.
- (c) Records Retention Schedule - The document that outlines how long a document must be kept by law, or longer, if needed for District operations.
- (d) Official Record - The records to which retention schedules apply.
- (e) Retention Period - The length of time a record needs to be maintained to satisfy the purposes for which it was created, and to fulfill legal, fiscal, and administrative requirements of the District.
- (f) Transitory Records - Records that are of informal communications produced via a computer (E-mail), routine requests, posted notes or other temporary medium. Transitory records are designed to have a limited retention period and as such, are not considered records unless they are in relation to another document or project.
- (g) Abbreviations - The following abbreviations are used in the Records Retention Schedule:

A = Active Financial Audit

ACT = Active (e.g., while the contract is active or while an employee is still working for the District)

C = Closed, Expired

CY = Calendar Year

FY = Fiscal Year

L = Life of Facility

P = Permanent

R = Revised, Cancelled, Obsolete, or Superseded

T = Termination, Death

V. ADMINISTRATION

A. General

1. The District's ~~Chief Information Officer (the "Administrator")~~ General Manager is the officer in charge of the administration of this Policy and the implementation of processes and procedures to ensure that the Record Retention Schedule is followed.
2. The General Manager ~~Administrator~~ is also authorized to, ~~in consultation with the General Manager:~~ make modifications to these procedures and to the ~~Record Retention Schedule~~

OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY

Subject	Policy Number	Date Adopted	Date Revised
RECORDS POLICY AND PROCEDURES -- RECORDS-- RETENTION AND DESTRUCTION	05-A	2/3/10	<u>7/1/16</u>

from time to time to ensure that it is in compliance with local, state and federal laws ~~and including~~ es policies and procedures, ~~-the appropriate documents~~ and record categories for the District; work with the District's General Counsel to monitor local, state and federal laws affecting record retention; periodically ~~annually~~ review the record retention and disposal program; and monitor compliance with this Policy.

B. Suspension of Record Disposal due to Litigation or Claims

In the event the District is served with any subpoena or request for documents or any employee becomes aware of a governmental investigation or audit or the commencement of any litigation against or concerning the District, such employee shall inform the General Manager ~~Administrator~~ and any further disposal of documents shall be suspended until such time as the General Manager ~~Administrator~~, with the advice of counsel, determines otherwise. The General Manager ~~Administrator~~ shall take steps to promptly inform all staff of any suspension in the further disposal of documents.

~~C.~~ Records Retention Schedule Organization

1. The Record Retention Schedule is organized by type of records ~~and reflects each department's responsibility,~~ description of records, governing authority, and its retention period.

~~D. Records Management, Filing and Destruction~~ ~~If deemed necessary by the Administrator and the General Manager, a person, firm or service may be retained to assist the District with the management, filing, retention and destruction of records. If the aggregate payments under the contract do not exceed the General Manager's contracting authority, the General Manager is authorized to determine the terms and conditions of such contract in consultation with the General Counsel.~~

D. Destruction of Records

All records shown on the Records Retention Schedule shall be retained for the period indicated on the Records Retention

OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY

Subject	Policy Number	Date Adopted	Date Revised
RECORDS POLICY AND PROCEDURES -- RECORDS RETENTION AND DESTRUCTION	05-A	2/3/10	<u>7/1/16</u>

Schedule and may be destroyed thereafter. The General Manager or designee of the District is authorized to destroy records of the District according to the Records Retention Schedule without further authorization from the Board of Directors.

E. Method of Destruction of Records

Official records at the end of their retention period are eligible for destruction. A destruction approval report is used to list eligible records and obtain appropriate approvals. Official records shall not be destroyed if any legal action, audit or government investigation involving those records is identified. Destruction of paper records shall be by shredding or other legally acceptable method. A Certificate of Destruction or other accepted form of documentation shall be prepared and saved permanently within the District's Retention Management System. Electronic records shall be deleted by removing those records from the system on which they reside and erasing the data. Deleted electronic records, including emails are considered to have been disposed/destroyed once they are deleted from the active computer system and any storage devices.

CITATIONS

B & P - Business and Professions Code

CCP - Code of Civil Procedures

CCR - Code of California Regulations

CEQA - California Environmental Quality Act

CFR - Code of Federal Regulations

CVC - California Vehicle Code

GC - Government Code

H&S - Health & Safety

LC - Labor Code

OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY

Subject	Policy Number	Date Adopted	Date Revised
RECORDS POLICY AND PROCEDURES - RECORDS RETENTION AND DESTRUCTION	05-A	2/3/10	<u>7/1/16</u>

OMB - Office Management & Budget

OPS - Opinion Attorney General

OSHA - Occupational Safety & Health Act

PC - Penal Code

USC - United States Code

WC - Water Code

OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY

Subject	Policy Number	Date Adopted	Date Revised
RECORDS RETENTION AND DESTRUCTION	05-A	2/3/10	7/1/16

I. PURPOSE

To ensure that necessary records and documents of the Otay Water District are adequately protected and maintained and to ensure that records that are no longer needed or are of no value are discarded at the proper time. This Policy also serves as assistance in providing management with the information necessary for and aiding of District employees in understanding their obligations in retaining electronic documents that are developed during phases of records creation and to assist in controlling the life cycle of all District records, including e-mail, Web files, text files, sound and movie files, PDF documents, and all Microsoft Office or other formatted files.

II. SCOPE

This policy is applicable to all District departments and offices directly responsible to the General Manager. The objectives of the Records Retention Policy are:

- To ensure that all legal, historical, fiscal, and administrative requirements are satisfied before records are destroyed.
- To conserve District resources, such as space and staff time, by managing records and removing inactive or obsolete material from office files.
- To maintain a regular, controlled flow of records from offices to destruction or archive storage.

III. POLICY

This policy represents the District's policy regarding the retention and disposal of records, including electronic documents. Attached as **Appendix 1** is a Record Retention Schedule that is approved as the District's maintenance, retention and disposal schedule for physical records and the retention and disposal of electronic documents.

IV. DEFINITION

- (a) Public Record - Any writing as set forth in California Government Code Section 6252, but generally shall include any writing containing information relating to the conduct of the public's business prepared, owned, used or retained by the District, regardless of physical form or characteristics.

OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY

Subject	Policy Number	Date Adopted	Date Revised
RECORDS RETENTION AND DESTRUCTION	05-A	2/3/10	7/1/16

- (b) Records Management - The planned and systematic control of business records from their creation or receipt, through final disposition.
- (c) Records Retention Schedule - The document that outlines how long a document must be kept by law, or longer, if needed for District operations.
- (d) Official Record - The records to which retention schedules apply.
- (e) Retention Period - The length of time a record needs to be maintained to satisfy the purposes for which it was created, and to fulfill legal, fiscal, and administrative requirements of the District.
- (f) Transitory Records - Records that are of informal communications produced via a computer (E-mail), routine requests, posted notes or other temporary medium. Transitory records are designed to have a limited retention period and as such, are not considered records unless they are in relation to another document or project.
- (g) Abbreviations - The following abbreviations are used in the Records Retention Schedule:

A = Active Financial Audit

ACT = Active (e.g., while the contract is active or while an employee is still working for the District)

C = Closed, Expired

CY = Calendar Year

FY = Fiscal Year

L = Life of Facility

P = Permanent

R = Revised, Cancelled, Obsolete, or Superseded

T = Termination, Death

V. ADMINISTRATION

A. General

1. The District's General Manager is the officer in charge of the administration of this Policy and the implementation of processes and procedures to ensure that the Record Retention Schedule is followed.
2. The General Manager is also authorized to make modifications to these procedures and to the Record Retention Schedule from time to time to ensure that it is in compliance with local, state and federal laws including policies and procedures, the appropriate documents and record categories for the District; work with the District's General Counsel

OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY

Subject	Policy Number	Date Adopted	Date Revised
RECORDS RETENTION AND DESTRUCTION	05-A	2/3/10	7/1/16

to monitor local, state and federal laws affecting record retention; periodically review the record retention and disposal program; and monitor compliance with this Policy.

B. Suspension of Record Disposal due to Litigation or Claims

In the event the District is served with any subpoena or request for documents or any employee becomes aware of a governmental investigation or audit or the commencement of any litigation against or concerning the District, such employee shall inform the General Manager and any further disposal of documents shall be suspended until such time as the General Manager, with the advice of counsel, determines otherwise. The General Manager shall take steps to promptly inform all staff of any suspension in the further disposal of documents.

C. Records Retention Schedule Organization

1. The Record Retention Schedule is organized by type of records, description of records, governing authority, and its retention period.

D. Destruction of Records

All records shown on the Records Retention Schedule shall be retained for the period indicated on the Records Retention Schedule and may be destroyed thereafter. The General Manager or designee of the District is authorized to destroy records of the District according to the Records Retention Schedule without further authorization from the Board of Directors.

E. Method of Destruction of Records

Official records at the end of their retention period are eligible for destruction. A destruction approval report is used to list eligible records and obtain appropriate approvals. Official records shall not be destroyed if any legal action, audit or government investigation involving those records is identified. Destruction of paper records shall be by shredding or other legally acceptable method. A Certificate of Destruction or other accepted form of documentation shall be prepared and saved permanently within the District's Retention Management System. Electronic

OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY

Subject	Policy Number	Date Adopted	Date Revised
RECORDS RETENTION AND DESTRUCTION	05-A	2/3/10	7/1/16

records shall be deleted by removing those records from the system on which they reside and erasing the data. Deleted electronic records, including emails are considered to have been disposed/destroyed once they are deleted from the active computer system and any storage devices.

CITATIONS

- B & P - Business and Professions Code
- CCP - Code of Civil Procedures
- CCR - Code of California Regulations
- CEQA - California Environmental Quality Act
- CFR - Code of Federal Regulations
- CVC - California Vehicle Code
- GC - Government Code
- H&S - Health & Safety
- LC - Labor Code
- OMB - Office Management & Budget
- OPS - Opinion Attorney General
- OSHA - Occupational Safety & Health Act
- PC - Penal Code
- USC - United States Code
- WC - Water Code

Otay Water District - Records Retention Schedule

No.	Record Series Title	Record Series Description	Authority	Retention (Yrs)	
				Legal	OWD
1	Accounts Payable	Records relating to payment of financial obligations. Includes benefit billing, vendor invoices, check requests, receiving documents and blue copy of checks.	WC §50942; GC §60201; GC §12236	FY+7	FY+7
2	Annexation	Records relating to Annexation and De-Annexation or Detachment.	WC §50942; GC §60201; GC §12236; WC §60201(d)(10)	P	P
3	Audits	Supporting documentation for financial audits. Records include reports, notes, account reconciliation, and backup information.	WC §50942; GC §60201; GC §12236	FY+7	FY+7
4	Availability	Listing of Availability Charges.	WC §50942; GC §60201; GC §12236	A+3	A+3
5	Backflow Compliance	Records include notifications, reports of testing and maintenance of backflow preventors.	WC §50942; GC §60201; GC §12236, GC 17 CCR § 7605(f)	CY+3	CY+3
6	Bankruptcies	Court documents reflecting Otay as a creditor in customer's bankruptcy.	WC §50942; GC §60201	A+2	A+2
7	Bank Statements and Reconciliation	Records relating to banking activities. Includes statements reflecting deposits, withdrawals, reconciliations, check registers for operating and payroll bank accounts.	GC § 34090; 26 CFR 1.6001-1	A+5	A+5
8	Benefit Administration	Documentation related to medical benefits including, but not limited to, third party benefit administrators, medical/prescription drugs, dental insurance, life insurance, deferred comp, flexible spending accounts, disability insurance, COBRA administration, retiree billing summary, benefits consultants, CalPERS retirement, employee assistance program, and pre-paid legal plan.	GC § 6250 et seq.; OMB A-129; 29 CFR 1602.30, 1602.32	R+7	R+7
9	Benefit Summary Plan Descriptions	Records related to medical, dental, and flexible benefit summary plans.	GC § 6250 et seq.; 29 USC §§ 1027, 1037; 45 CFR § 160.414	ACT+6	P
10	Board of Directors	Records relating to the Board of Directors including agenda, minutes of the Board of Directors, staff reports, audio and video recordings, minutes of Board Standing and Ad Hoc Committee Meetings, and board adopted Resolutions and Code of Ordinances (code policies and code sections)	WC §50942; GC §60201; GC §12236; WC §60201(d)(2)&(3)	P	P
11	Budget - Published Budgets	Published operating and capital budgets as adopted by the Board of Directors to include District Strategic Plan, Employee Survey, and Customer Satisfaction Surveys.	WC §50942; GC §60201; GC §12236	P	P
12	Claims	Records related to liability claims and OWD property losses, liability due to vehicle accidents, property damage due to water main breaks, and FEMA claims.	WC §50942; GC §60201; GC §12236	ACT+3	ACT+5
13	As Built Plans	Includes plans for Potable Water, Sewer, Recycled Water and related facilities	WC §50942	P	P

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Otay Water District - Records Retention Schedule

No.	Record Series Title	Record Series Description	Authority	Retention (Yrs)	
				Legal	OWD
14a	Contracts and Agreements (A)	Records relating to obligations under contracts and/or agreements between OWD and outside parties. Includes banking services, blanket POs, deferral agreements, financial services, general consulting, general contracts, general services, general interagency agreements, Joint Participation Agreements (JPA), lobbying files, labor services, leases, legal services, service/maintenance, sewer contracts and non-CIP warranties.	WC §50942; GC §60201; GC §12236; CCP §§ 336a, 337, 337.2, 343; B&P §7042.5; GC §4004; H&S § 19850	T+5 non capital	T+10
14b	Contracts and Agreements (B)	Records relating to obligations under contracts and/or agreements between OWD and outside parties. Includes construction services, design consulting, environmental consulting, management construction, professional engineering services, professional environment services, and reimbursement agreements, CIP, development agreements and warranties.	WC §50942; GC §§ 4004, 12236, 60201; CCP §§ 336a, 337, 337.1, 337.2, 337.5, 337.6, 337.15, 343; H&S § 19850	T+10	T+20
14c	Contracts and Agreements (C)	Records relating to obligations under contracts and/or agreements between OWD and outside parties. Includes permanent interagency agreements, Land Use and Memorandums of Understanding (MOU)	WC §50942; GC §§ 4004, 12236, 60201; CCP §§ 336a, 337, 337.1, 337.2, 337.5, 337.6, 337.15, 343; H&S § 19850	P	P
15a	Correspondence (A)	Records relating to internal and external communications including, but not limited to, memos, reports, faxes and letters. Correspondence of a general nature, not related to any specific projects or contracts.	WC §50942; GC §60201; GC §12236	3	3
15b	Correspondence (B)	Records relating communications including, but not limited to, memos, reports, faxes and letters related to potential or future development normally generated by Public Services.	WC §50942; GC §60201; GC §12236	3	10
16	Corrosion Control Records	Records relating to corrosion control tests, methods, procedures, test data, reports and cathodic protection.	WC §50942; GC §60201; GC §12236; 40 CFR 141.91	CY+12	CY+12
17	County Collected Revenues	Revenues collected through the county tax rolls including portion of the 1% property tax, availability fees, debt related assessment and delinquencies.	WC §50942; GC §60201; GC §12236	A+3	A+3
18	Debt	Records relating to long-term debt having to do with bonds and loans, including but not limited to Certificates of Participation (COPS), General Obligation Bond, Water Revenue Bond, State Sewer Loan and State Water Resource Control Board	WC §50942; GC §60201; GC §12236; CCP §337.5	C+10	P
19	District Policies & Guidelines	Records providing administrative procedures and guidelines that are approved by the Board of Directors, including but not limited to Human Resources policies and purchasing manual.	WC §50942; GC §60201; GC §12236	R+2	R+5

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				Legal	OWD
20	DMV	Driving records including DMV Pull notice.	WC §50942; GC §60201; GC §12236; CVC 1808.45/.46/.47; GC §12946; 8 USC 1324(a)	CY+7	CY+7
21	Drug & Alcohol Tests	Confidential records relating to drug and alcohol testing (random and suspicious, excluding pre-employment and previous employer).	WC §50942; GC §60201; GC §12236; USDOT title 49	CY+7	CY+7
22	Employee Eligibility & Benefit Files	Records relating to individual employee benefits. Files may include, but are not limited to, enrollment forms and change requests for health, life, dental, vision, deferred comp pension, long term disability insurance, leave of absence, computer loan and tuition reimbursement. Records relating to immigration documentation, eligibility to work in the U.S. (I-9 form).	WC §50942; GC §60201(12); GC §12236; WC §60201(d)(10); GC 6250 et seq.; OMB A-129; 29 CFR 1602.30; 29 CFR 1602.32	T+7	T+7
23	Employee MOU	Employee MOU. Records including negotiations and amendment to MOU (side letter agreement). Documentation related to employee association negotiations, current enforced MOU and history.	WC §50942; GC §60201; GC §12236; 29 USC §§ 203, 207, 211	P	P
24	Employee Personnel Files	Records relating to individual employees. Includes employment applications, employment actions (e.g., promotions, reclassifications, transfers, discipline, and salary information), performance evaluations, educational documents, and separation documents. Upon employee separation, additional information such as reference checks, ethnicity and disclosures.	WC §50942; GC §60201; GC §12236	T+7	T+7
25	Employee Relations	Records relating to association representatives including correspondence, employee association financial statement, employees' association election representation, reported grievances and actions taken, and documents related to employee investigations.	WC §50942; GC §60201; GC §12236; GC §12946; 29 USC 211; 29 CFR 1602	C+2	C+10
26	Employee Surveys	Records may include, but are not limited to, forms completed by OWD employees in response to questions regarding OWD administrative policy, departmental policy or amenities.	WC §50942; GC §60201; GC §12236; GC §12946; 29 USC 516.6(2); 29 CFR 1602.14	CY+2	CY+10
27	Employee Training	Records related to employee training on district policies, procedures, and orientations including training logs/sign-in sheets. Training includes, but is not limited to, safety, tailgate, HAZWOPER and employee trainings.	WC §50942; GC §60201; GC §§ 6250 et seq.; GC §34090	CY+7 or T+7	CY+7 or T+7
28	Environmental Studies	Records related to environment studies not specific to projects such as Multiple Species Conservation Program and Habitat Management Area (HMA) reports.	WC §50942; GC §60201; GC §12236; CCP §338; GC §34090; 14 CCR §§ 15000 et seq.	CY+7, C/CY+2 or P	P

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No.	Record Series Title	Record Series Description	Authority	Retention (Yrs)	
				Legal	OWD
30	Financial Reports and Statements	Records relating to audits performed by contracted auditors including Comprehensive Annual Financial Report (CAFR), State Controller's Report and Single Audit Report.	WC §50942; GC §60201; GC §12236	ACT+4/7*	P
31a	Fixed Assets (Infrastructure)	Purchase of infrastructure assets, equipment, and facilities, related to Bond Debt	WC §50942; GC §60201; GC §12236	P	P
31b	Fixed Assets (Non-infrastructure)	Purchase of non-infrastructure assets, equipment, and facilities, not related to Bond Debt	WC §50942; GC §60201; GC §12236; GC §§ 6250 et seq.	L+2	L+2
32	Fuel and Oil Usage Files	Records documenting the amount of fuel delivered and dispensed.	WC §50942; GC §60201; GC §12236; CCP §337	A+3	CY+7
33	Fuel Storage Tanks	Records relating to leak detection monitoring, cleanup, and condition of fuel storage tanks.	WC §50942; GC §60201; GC §12236	P	P
34a	GL Journal Entries	Records including General Journal Entry Posting (Located in IG General Ledger).	WC §50942; GC §60201; GC §12236	P	p
34b	GL Journal Vouchers	Records including General Journal Vouchers and supporting documentation.	WC §50942; GC §60201; GC §12236	A+4	A+4
35	Grants	Records relating to City, State, and Federal requests and approvals for new and on-going District projects whether as an individual agency or in conjunction with member agencies. This includes grant applications, grants and grant agreements. This excludes CIP related grants.	WC §50942; GC §60201; GC §12236	C+5	C+5
36	Hazardous Compliance Plans	Documents related to compliance plans for hazardous material including Underground Storage Tank (UST) Monitoring System Certification, UST Response Plan, UST Monitoring Plan and Spill Prevention and Countermeasure (SPCC) Plan	WC §50942; GC §60201; GC §12236; Cal OSHA; 40 CFR 122.21; GC § 34090	CY+2, CY+10 or P	P
37	Hazardous Material	Records related to the use of hazardous waste, hazardous materials, chemicals leaks and spills, chlorine, and asbestos records. Includes asbestos training records, asbestos medical records, handling, transportation, use, generation and disposal of hazardous waste, chemical spill cleanup, disposal manifests, removal receipts, sludge reports and fees, pesticides/herbicide, material safety data sheets and environment workplace safety sampling and studies	WC §50942; GC §60201; GC §12236; Cal OSHA; 40 CFR 122.21	P	P
38	Incident Reports	Records relating to accidents/incidents, including vehicle, property and personnel. Includes but is not limited to, investigation reports, public complaints, traffic collision coding, and report of traffic accidents occurring in CA.	29CFR 1904.2, 29 CFR 1904.6	C+7	C+7
39	Incorporation Records	State approved formation documents creating the Otay Municipal Water District.	WC §50942; GC §60201(1); GC §12236	P	P

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				Legal	OWD
40	Insurance Policies	Records relating to contracts for liability coverage involving employee on the job injuries, OWD property, or third property liability, owner - controlled insurance program, aircraft, crime, travel accident and contracts for insurance brokers.	WC §50942; GC §60201; GC §12236	P	P
41a	Interagency Files (General)	Records such as correspondences, reports, interagency billing relating to cities and other interagencies including but not limited to San Diego County Water Authority, Metropolitan Water District, sister agencies (Padre, Helix, Sweetwater, etc.), City of Chula Vista, City of San Diego, County of San Diego, State of California, Water Conservation Garden JPA, and California Urban Water Conservation Council	WC §50942; GC §60201; GC §12236	CY+2	CY+2
41b	Interagency Files (Permanent)	Records such as correspondences, reports, including election card filing, and statement of economic interest relating to cities and other interagencies including but not limited to San Diego County Water Authority, Metropolitan Water District, and LAFCO	WC §50942; GC §60201; GC § 34090; GC §§ 6250 et seq.; GC § 81009	T+7 or P	P
42	Investment	Records relating to purchase contract documentation of investments.	WC §50942; GC §60201; GC §12236; WC §60201(d)(10); 26 CFR 1.6001-1	A+5	A+5
43	Job Descriptions	Current and historical job descriptions.	WC §50942; GC §60201; GC §12236	SU+2	R+10
44	Laboratory Analysis	Records of all laboratory analysis performed by the District or external laboratories. Analysis for potable, reclaimed water systems, and reclamation plant. Receipt of samples, tracking sheets, lists and logs showing locations and dates of samples. This excludes CIP related lab analysis.	WC §50942; GC §60201; GC §12236	CY+12	CY+12
45	Land Surveys	Records relating to information on control and boundary monuments, above and below ground structures including but not limited to survey books, field books, and data.	WC §50942; GC §60201; GC §12236; 40 CFR 141.33	CY+10	P
46	Legal Opinions (Confidential)	Records relating to legal opinions on issues, problems and policies impacting OWD.	GC § 34090; GC § 6254	R+2	R+2
47	Liens	Liens on Properties/Parcels for unpaid debts.	WC §50942; GC §60201; GC §12236	A+3	A+3
48	Litigation	Records relating to threatened, pending or settled litigation. This excludes CIP related claims.	WC §50942; GC §60201; GC §12236; CCP §583.320(a)(3)	C+3	C+6
49	Medical and Exposure Records	Records related to medical examination/exposure including, but not limited to, substance, hearing, and respirator testing.	WC §50942; GC §60201; GC §12236; 29 CFR 1910.1020	T+30	P

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				Legal	OWD
50	Payroll	Records related to employee payroll file including garnishment/court orders, employee deduction (W-4 Form), tax levies and CalPERS Summary Report.	WC §50942; GC §60201; GC §12236; 29 CFR 516.6	T+7	T+7
51	Pension	Records related to employee pensions prior to 1995, excluding CalPERS.	WC §50942; GC §60201; GC §12236; 29 CFR 516.6	30Y	2025
52	Permits, Licenses and Certifications	District-wide permits, licenses and certifications required for business including, but not limited to, hazardous material permit, radio station authorization, APCD, storm water general permit, waste discharge requirement, master reclamation permit, EPA identification number, RW site certification, underground storage tank operating permit, lab certification and permit to operate air pressure tank.	WC §50942; GC §60201; GC §12236;	T+4	T+4
53	Procedures & Guidelines	Records providing administrative procedures and guidelines that are approved by the General Manager or at the departmental level for operating day-to-day business. This includes departmental procedures, guidelines, standard operating procedures, employee handbook, performance evaluation manual, records retention schedule, and other required program for disaster and emergency management plans such as National Incident Management System (NIMS) Emergency Management Plan, Standardized Emergency Management Plan (SEMS), Injury Illness Prevention Program (IIPP), Fire Department Emergency Plans, evacuation plans, vulnerability assessment, emergency response inspection requirements and first response training records.	WC §50942; GC §60201; GC §12236	R+2 (while active)	R+5
54	Projects	Records relating to the construction of OWD projects (CIP, Non-CIP, and Developer). This includes, but is not limited to, engineering test records, environmental reports, daily construction reports, study reports, task orders, design reports, developer bonds, reimbursement request, claims, grants, warranties, and miscellaneous project files.	GC § 34090; CCP § 337.15	C+10	C+20
55	Public Notices	Notices pertaining to public hearings for availability fees, rate increases, annexations, detachments, water conservation, and environment impact.	WC §50942; GC §60201; GC §12236	P	P
56	Public Services District Fees and Deposits	Calculation of Public Services District Fees and Deposits filed quarterly by fiscal year. This includes annexation and capacity fees.	WC §50942; GC §60201(d)(10); GC §12236	P	P
57	Real Property	Records related to the property and structural purchase including drawings, grant deeds, title transfers, beneficiary, escrow instruction, appraisal, quitclaims, easement, outside user easements, exclusive easement, encroachment and use of private laterals (sphagetti lines).	WC §50942; GC §60201; GC §12236; 24 CFR 570.502(b)(3)	P	P

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58	Recruitment / Selection Files	Records relating to the interview and selection process for prospective employees.	GC §12946; GC §6250 et. seq.; 29 CFR 1602, et. seq.; 29 CFR 1607, 29 CFR 1627.3	C+3	C+3
59	Regulatory Compliance	Regulatory compliance records required by outside agencies to include, but not be limited, to Air Pollution Control District (APCD), Air Resource Board (ARB), Bureau of Automotive Repair (BAR), Division of Drinking Water (DDW) of the California Water Board, California Highway Patrol (CHP), California Occupational Safety and Health Program (CalOSHA), California Regional Water Quality Control Board (CRWQCB), California State Board of Equalization (BOE), Department of Environmental Health (DEH), Employment Development Department (EDD), Environmental Laboratory Accreditation Program (ELAP), Equal Employment Opportunities Commission (EEOC), Internal Revenue Service (IRS), Local Agency Formation Commission (LAFCO). San Diego Regional Water Quality Control Board (SDWQCB) and Social Security Administration (SSA)	WC §50942; GC §60201; GC §12236; GC § 34090	CY + 12	P
60a	Reports and Studies	Records related to reports and studies completed by outside vendors or in-house on areas that impact the operations of OWD. This includes, but is not limited general reports and studies, customer surveys and appraisals of properties for possible acquisition. Records related to reports and studies completed by outside vendors or in-house on areas that impact the operations of OWD. This includes but is not limited project technical reports, Sub-Area Master Plan (SAMP) and Water Resource Master Plan. Program Environmental Impact Report (PEIR), Integrated Water Resources Plan, Urban Water Management Plan and Water Supply Assessment and Verification Reports.	WC §50942; GC §60201; GC §12236; GC § 34090; GC § 6294	C+2 or CY + 2	P
61	Request for Proposals (RFP)/ Invitation for Bids	Records related to request for proposals, invitation for bids, proposals, bids and quotations.	WC §50942; GC §60201; GC §12236	C+2	C+2
62	Safety	Records relating general nature of safety and risk management, including but not limited to safety inspection forms, hot permits, confine space entry, lockout/tagout, ergonomic, full body harness, and trenching/excavation.	WC §50942; GC §60201; GC §12236; 29 CFR 1904.4; OMB 1220-0029	C+5; R+2	CY+5
63	Salary Administration	Records relating to collected survey data used in determining and monitoring compensation for various OWD classifications.	WC §50942(12); GC §60201; GC §12236; OMB 1220-0029	C+7	C+7

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64	Security Records	Records relating to the security issues for facilities, includes police incident reports.	WC §50942; GC §60201; GC §12236	CY+2	CY+5
65	Surplus Declaration and Disposal	Records related to the surplus declaration and disposal of District minor assets as any individual items (materials, supplies, and equipment) which had an acquisition cost of \$5,000 or less.	WC §50942; GC §60201; GC §12236; GC § 34090	CY+2	CY+5
66	Tax Reports	Tax report filing including but limited to Payroll Tax Forms (DE6, W2, 941), AP Tax Forms (1096, 1099 and W-9 Forms), Form 5500F, Form 990N, Underground Storage Tank Maintenance Fee Return, Government Entity Diesel Fuel Tax Return, and State, Local and District Sales and Use Tax Return	WC §50942; GC §60201; GC §12236; GC § 34090	CY + 15	P
67	Underground Utilities	Records regarding notices for the location of underground utilities for purpose of digging.	WC §50942; GC §60201; GC §12236; GC § 4003, GC § 4004; H&S § 19850	P	P
68	Water Conservation	Records relating to Water Conservation programs, IAWP (SAWR) Reduction Plan, large and residential survey reports.	WC §50942; GC §60201; GC §12236	C+2	C+2
69	Workers' Compensation Files	Records relating to Workers' Compensation. Records include checks, injuries, litigated and non-litigated cases, and ergonomic records of work site inspections/recommendations (maintained in HR). Includes 300, 300A and 301 forms.	WC §50942; GC §60201; GC §12236; 8 CCR § 15400.2; Cal. Labor Code § 110, et seq.	P	P
70	Email System	Email and voicemail system backup; transitory records that are informal communications produced via computer or electronic devices to include routine requests for information, routine communication containing no substantive information. Official Email records pertaining to record description (this document) will be retained according to retention schedule.	GC §60201; GC § 34090 OPS §80-1006	100 Days	100 Days
72	District Services Permits	Records related to District meter services including but not limited to water, sewer and recycled services, Service Installation Requests (SIRs), fire services, annexations, plan checks and legacy Water Sewer Orders (WSOs).	WC §50942; GC §60201(d)(10); GC §12236	P	P
75	Certificate of Destruction	Records relating to destruction of documents, including certificate of destruction, invoices and destruction approval reports.	WC §50942; GC §60201; GC §12236; GC § 34090	P	P
76	Recycled Water Sites	Records relating to OWD recycled water use sites. This includes, but is not limited to, test reports, inspection reports, controller charts, recycled water use agreements, data sheets, approval letters, and general correspondence.	WC §50942; GC §60201; GC §12236; GC § 34090	P	P
77	Records Retention Program Records –	Schedules, Destruction Records, Policy, and Procedures	GC §60201	P	P

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AGENDA ITEM 7a



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	May 4, 2016
SUBMITTED BY:	Armando Buelna Communications Officer	PROJECT:	DIV. NO. 5
APPROVED BY:	<input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	Adopt a Position of Support on Assembly Bill 2470 (Gonzalez), Relating to the Provision of Water Service to Tribal Lands Outside of a Water District's Service Area.		

GENERAL MANAGER'S RECOMMENDATION:

That the Board of Directors adopt a position in support of Assembly Bill 2470 (Gonzalez), relating to the provision of water service to tribal lands outside of a water district's service area.

COMMITTEE ACTION:

N/A

PURPOSE:

To adopt a position in support of Assembly Bill 2470 (Gonzalez) relating to the provision of water service to tribal lands outside of a water district's service area.

ANALYSIS:

If enacted, Assembly Bill 2470 would facilitate the provision of water service to tribal lands while recognizing tribal sovereignty. Authored by Assemblywoman Lorena Gonzalez, AB 2470's principal co-author is State Senator Joel Anderson. AB 2470 is sponsored by the Sycuan Band of the Kumeyaay Nation and only applies to Sycuan tribal lands.

AB 2470, as amended on April 12, 2016, upon the request of the tribe, would require an adjacent water district to provide water service to tribal lands located outside of a water district's service area, at substantially the same terms available to other current district customers, when specific conditions are met. For instance, it would require Sycuan to make all required payments as if it were annexed

into a municipal water district's service area, and would make payments a condition of continued service of water by the district.

AB 2470 would also deem the service area of a municipal water district, and any public agency providing water service to the district, to include those tribal lands. In effect, AB 2470 would create a "virtual annexation" process for Sycuan tribal lands.

BACKGROUND

Sycuan is one of the 18 federally recognized Tribal Nation Reservations in San Diego County. The Sycuan Band is a sovereign government and is therefore not subject to state and local laws and regulations, except for those required under a Compact with the State of California. Sycuan borders the Padre Dam Water District and the Otay Water District on three sides.

For years, Sycuan has been interested in securing imported water service including submitting a petition to annex the original reservation parcels to Otay in 2008, later withdrawing the annexation application. It has also paid to extend a water line within the Padre Dam's service area to the boundary of the original reservation.

In a document shared by Sycuan outlining the need for this legislation, it states in part:

"To ensure the public's safety in the event of a wildfire, earthquake, prolonged drought or other public emergency, Sycuan needs legislation requiring either adjoining municipal water district to serve the developed portions of the original Reservation, assuming the tribe pays all necessary and appropriate charges as any other similarly situated development or government entity. Legislation would also reflect the unique government-to-government relationship between the tribe and the state."

Under existing law, the Cortese-Knox-Hertzberg Act, the state Legislature delegated the power to control the boundaries of cities and special districts to Local Agency Formation Commissions (LAFCOs). The Act prohibits water districts from providing water service to the lands outside their boundaries, unless the area is annexed within their boundaries or they obtain written approval to serve territory outside their boundaries.

Provision of water service would therefore require LAFCO's approval, annexation to either Padre Dam or Otay, and annexations to the Metropolitan Water District of Southern California (MWD) and the San Diego County Water Authority (CWA). This also subjects the tribe to MWD's Administrative Code, the County Water Authority Act, CWA's

Annexation Policies and Procedures, as well as those of the retail water district.

In its communications, Sycuan cites "artificial state-created processes" that make the provision of water service to the reservation lengthy, costly, unnecessary, and with uncertain outcomes. By amending existing law, Sycuan is asking the state Legislature to recognize a government-to-government relationship with the tribe, and enact a new relationship that better reflects the unique circumstances that exist between the tribe and the state.

As noted, this legislation is proposed by the Sycuan Band of the Kumeyaay Nation and was authored by Assemblywoman Gonzalez with Senator Anderson as its principle co-author. It is also co-authored by:

- Assemblymember Toni Atkins
- Assemblymember Brian Jones
- Assemblymember Brian Maienschein
- Assemblymember Shirley Weber
- Senator Marty Block
- Senator Ben Hueso

The number of co-authors suggests local state officials are willing to create this new relationship between Sycuan and the state.

On April 12, 2016, Metropolitan's board of directors considered this legislation and voted to support AB 2470, if amended. On April 20, 2016, CWA also took a Support position on AB 2470.

CWA, Otay, and Padre Dam have been actively engaged in modifying AB 2470 and will continue to work closely with the author's office. It is anticipated that, if enacted, a side letter agreement would be developed to memorialize the terms of water service delivery between the water district and the Sycuan Band of the Kumeyaay Nation.

This matter was not contemplated when adopting the 2016 Legislative Program. AB 2470 will be acted upon this legislative session and could impact Otay Water District, which necessitates bringing this matter to the Board's attention.

Staff is recommending that the Board adopt a position in support of AB 2470.

FISCAL IMPACT:

Joe Beachem, Chief Financial Officer



AB-2470 Municipal water districts: water service: Indian tribes. (2015-2016)

AMENDED IN ASSEMBLY APRIL 26, 2016
 AMENDED IN ASSEMBLY APRIL 12, 2016
 AMENDED IN ASSEMBLY APRIL 04, 2016
 AMENDED IN ASSEMBLY MARCH 29, 2016
 AMENDED IN ASSEMBLY MARCH 28, 2016

CALIFORNIA LEGISLATURE— 2015–2016 REGULAR SESSION

ASSEMBLY BILL

No. 2470

**Introduced by Assembly Member Gonzalez
 (Principal coauthor: Senator Anderson)
 (Coauthors: Assembly Members Atkins, Jones, Maienschein, Waldron, and Weber)
 (Coauthors: Senators Block and Hueso)**

February 19, 2016

An act to add Section 71611.5 to the Water Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

AB 2470, as amended, Gonzalez. Municipal water districts: water service: Indian tribes.

Existing law, the Municipal Water District Law of 1911, provides for the formation of municipal water districts and grants to those districts specified powers. Existing law permits a district to acquire, control, distribute, store, spread, sink, treat, purify, recycle, recapture, and salvage any water for the beneficial use of the district, its inhabitants, or the owners of rights to water in the district. Existing law authorizes a district to sell water under its control, without preference, to cities, other public corporations and agencies, and persons, within the district for use within the district. Existing law authorizes a district to sell or otherwise dispose of water above that required by consumers within the district to any persons, public corporations or agencies, or other consumers.

This bill, upon the request of an Indian tribe and the satisfaction of certain conditions, would require a district to provide service of water at substantially the same terms applicable to the customers of the district to an Indian tribe's lands that are not within a district, as prescribed, if the Indian tribe's lands meet certain ~~requirements~~ *requirements and the Indian tribe satisfies prescribed conditions*. The bill would deem the service areas of a district and of any public ~~agency~~ *agencies* providing water to the district for all purposes to include an Indian tribe's land for a prescribed period of time if the district provides service of water to the Indian tribe's lands under these provisions. ~~This bill would require an Indian tribe provided water service under these provisions to make all required payments as if it were annexed into a district's service area and would~~

~~make the payments a condition of continued service of water by the district.~~ By imposing new duties on a municipal water district, this bill would create a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: yes

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 71611.5 is added to the Water Code, to read:

71611.5. ~~(a)~~ Notwithstanding any other law, ~~upon law:~~

(a) Upon the request of an Indian tribe and the satisfaction of the conditions stated in subdivision (b), a district shall provide service of water at substantially the same terms applicable to the customers of the district to an Indian tribe's lands that are not within a district as if the lands had been fully annexed ~~within~~ into the district and ~~any other special districts~~ into any other public agencies required for the provision of water service if the Indian tribe's lands meet all of the following requirements:

- (1) The lands were owned by the tribe on January 1, 2016.
- (2) The lands are contiguous with at least two districts.
- (3) The lands lie within the special study area of at least one district.
- (4) At least 70 percent of the Indian tribe's total Indian lands are currently within the boundaries of one or more districts.

(b) Before a district provides service of water pursuant to this section, the Indian tribe shall satisfy ~~both~~ all of the following conditions:

- (1) The Indian tribe complies with all federal and tribal laws.
- (2) The Indian tribe acquires all federal and tribal approvals necessary for the applicable district to provide water service to the tribal lands on substantially the same terms applicable to customers of the district.
- (3) The Indian tribe shall by agreement accept all terms of, and payments to (including service payments), the district and any public agency providing water to said district, as if the Indian tribe's lands were fully annexed into the district and into the service area of any other public agency, which terms and payments are also a condition of continued service by a district and by any public agency providing water to said district.*

(c) If a district provides service of water to an Indian tribe's lands pursuant to this section, the service areas of the district and of any public ~~agency~~ agencies providing water to the district are deemed for all purposes to include the Indian tribe's lands for the longest of the following periods of time:

- (1) The time service of water is provided by the district to the Indian tribe.
- (2) The time moneys are owed by the Indian tribe to the district for the service of water.
- (3) The term of any agreement between the district and the Indian tribe.

~~(d) An Indian tribe provided water service pursuant to this section shall make all required payments, including service payments, as if it were annexed into a district's service area. The payments are a condition of continued service of water by the district pursuant to this section.~~

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.

Date of Hearing: April 20, 2016

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Susan Talamantes Eggman, Chair

AB 2470 (Gonzalez) – As Amended April 12, 2016

SUBJECT: Municipal water districts: water service: Indian tribes.

SUMMARY: Requires a municipal water district, upon request of an Indian tribe, to provide water service to a tribe's land outside the district. Specifically, **this bill:**

- 1) Requires, notwithstanding any other provision of law, a municipal water district, upon request of an Indian tribe and the satisfaction of the conditions stated in 3), below, to provide water service to the tribe's lands that are not within a district, if the Indian tribe's land meet all of the following requirements:
 - a) The lands were owned by the tribe on January 1, 2016;
 - b) The lands are contiguous with at least two districts;
 - c) The lands lie within the special study area of at least one district; and,
 - d) At least 70% of the Indian tribe's total Indian lands are currently within the boundaries of one or more districts.
- 2) Requires a district to provide water service, upon request of an Indian tribe, at substantially the same terms applicable to the customer of the district to an Indian tribe's lands that are not within the district, as if the lands had been fully annexed within the district, and any other special districts required for the provision of water service.
- 3) Requires the Indian tribe, before a district provides water service, to satisfy both of the following conditions:
 - a) The Indian tribe complies with all federal and tribal laws; and,
 - b) The Indian tribe acquires all federal and tribal approvals necessary for the applicable district to provide water service to the tribal lands on substantially the same terms applicable to customers of the district.
- 4) Deems, if a district provides water service to an Indian tribe's lands pursuant to this bill, the service areas of the district and of any public agency providing water to the district include the Indian tribe's lands for the longest of the following periods of time:
 - a) The time water service is provided by the district to the Indian tribe;
 - b) The time moneys are owed by the Indian tribe to the district for water service; and,
 - c) The term of any agreement between the district and the Indian tribe.

- 5) Requires an Indian tribe that is provided water service pursuant to this bill to make all required payments, including service payments, as if it were annexed into a district's service area. Provides that payments are a condition of continued water service by the district pursuant to this bill.
- 6) States that no reimbursement is required by this bill because a local agency or school district has the authority to levy service charges, fees, or other assessments sufficient to pay for the program or level of service mandated by this bill.

EXISTING LAW:

- 1) Defines district to mean a municipal water district formed, pursuant to the Municipal Water District Act of 1911.
- 2) Authorizes a municipal water district to sell water under its control, without preference, to cities, other public corporations and agencies, and persons within the district for use within the district. Defines "water" to include potable and nonpotable water.
- 3) Authorizes a municipal water district to supply and deliver water to property not subject to district taxes at special rates, terms, and conditions as determined by the Board.
- 4) Establishes the Cortese-Knox-Hertzberg Act (Act), which defines the procedures for the organization and reorganization of cities, counties, and special districts, including district annexation.
- 5) Authorizes a city or district to provide new or extended services by contract or agreement outside its jurisdictional boundaries, if it requests and receives written approval from the local agency formation commission (LAFCO) in the affected county, as specified.

FISCAL EFFECT: This bill is keyed fiscal.

COMMENTS:

- 1) **Author's Statement.** According to the author, "California was admitted into the Union as the 31st state in 1850. The Sycuan Reservation was established through Executive Order of President Ulysses Grant in 1875. Nearly all of the tribal reservations in California were never included within the boundaries of neighboring municipal water districts. The Sycuan Reservation is uniquely placed in relation to surrounding water district boundaries. [The] reservation is surrounded on three sides by two different water districts, the Otay Municipal Water District and the Padre Dam Municipal Water District. Both districts are retail water agencies and members of both the San Diego County Water Authority and the Metropolitan Water District.

"Within the last 15 years, due in part to the economic success of the tribal government gaming operation, the tribe has purchased a number of private parcels of land. These purchases occurred for a number of reasons, but primarily to provide adequate space for tribal member housing. In addition, the tribe has desired to keep adjoining land as permanent open space; to prevent further future development; to protect cultural and archaeological resources; and to expand the tribe's economic diversification. These lands of course are the

aboriginal territory of the Sycuan Tribe pre-dating the establishment of California, the US, Mexico or even European contact by thousands of years.

"Ironically, to better serve tribal homes on after-acquired parcels with a safe and reliable source of drinking water (as a result of unsafe groundwater due to upstream contamination), the tribe paid millions of dollars to extend the water line within the boundaries of the [Padre Dam Municipal Water District]. This line terminates a mere two feet from the boundary of the original reservation, yet cannot be extended on to the original reservation without lengthy, costly, unnecessary and uncertain artificial state-created processes, including affirmative votes by [the] County Water Authority and Metropolitan Water District, LAFCO review and approval and CEQA analysis.

"The original reservation, or the 'hole in the donut', is entirely dependent upon groundwater in a fractured rock system. This creates a unique public safety problem in the event of an earthquake or other emergency situation. To ensure the public's safety in the event of a wildfire, earthquake, prolonged drought or other public emergency, Sycuan needs legislation requiring either adjoining water district to serve the developed portions of the original Reservation, assuming the tribe pays all necessary and appropriate charges as any other similarly situated development or governmental entity. Legislation would also reflect the unique government-to-government relationship between the tribe and the state."

- 2) **Bill Summary.** This bill requires a municipal water district, upon request of an Indian tribe, to provide water service to the tribe's lands that are not within a district. This bill only applies if the tribe's land meet specified requirements: a) the lands were owned by the tribe on January 1, 2016; b) the lands are contiguous with at least two districts; c) the lands lie within the special study area of at least one district; and, d) at least 70% of the tribe's total Indian lands are currently within the boundaries of one or more districts. A district would have to provide water service at the same terms available to their current customers. This bill also establishes conditions that an Indian tribe must meet prior to receiving water service. Under this bill, the service area of the district and any public agency providing water would include the tribe's land, as specified.

The perimeters established by this bill currently apply to the Sycuan Nation in San Diego County. The Sycuan's original reservation is contiguous with two municipal water districts, Otay Water District and Padre Dam Municipal Water District, and is within a special study area in Padre Dam Municipal Water District. This bill is sponsored by the Sycuan Band of the Kumeyaay Nation (Sycuan).

- 3) **Background.** According to the 2013 San Diego Integrated Regional Water Management Plan, San Diego County features the largest number of Tribes and Reservations in the state, including the Sycuan, one of the 18 federally recognized Tribal Nation Reservations. The Sycuan Band is a sovereign government and is therefore not subject to state and local laws and regulations, except for those required under a Compact with the state. The tribal nations are subject to federal requirements and compliance with the Federal Clean Water Act and Safe Drinking Water Act. According to the San Diego Integrated Regional Water Management Plan, "Though tribes may have adequate, modern, systems in place, they cannot purchase or receive imported water without annexing all or part of their systems to a water district, which can be a barrier because it may be considered a lack of acknowledgement of Tribes' sovereign governmental status."

The municipal water districts, which surround Sycuan's original reservation, are, however, subject to LAFCO. The Cortese-Knox-Hertzberg Act delegates the Legislature's power to control the boundaries of cities and special districts to LAFCOs. The Act prohibits the districts from providing water service to the lands outside their boundaries, unless the area is annexed within their boundaries or they obtain written approval to serve territory outside their boundaries.

The San Diego County Water Authority (SDCWA) is a regional umbrella agency that oversees the distribution of potable water, invokes emergency store quotas and maintains agreements between neighboring agencies for emergency interconnections. SDCWA is a water wholesaler and purchases more than half of the water used in the region from the Metropolitan Water District of Southern California (Metropolitan) and sells it to its 24 member agencies, including Padre Dam Municipal Water District and Otay Municipal Water District. According to San Diego LAFCO's municipal service review, "Membership in SDCWA is a prerequisite for gaining entitlement to imported Colorado River water and membership requires local agencies to defer to SDCWA in certain areas of governance; for example, SDCWA boundaries determine where agencies can extend service."

Annexations to member agencies like Padre Dam and Otay Municipal Water District also require annexations to the entities that provide them with the imported potable water they provide to their customers. Under existing law, for Padre Dam Municipal Water District to provide water service to the tribe's lands outside its boundaries would require LAFCO approval pursuant to the Act, and must also be consistent with Metropolitan's Administrative Code, the County Water Authority Act, and SDCWA's Annexation Policies and Procedures which requires the Water Authority to evaluate the adequacy of water supplies and facilities to meet the needs of the proposed annexed territory. Sycuan submitted a petition in 2008 to the Otay Water District to annex the original reservation parcels to the district, but later withdrew the application.

- 4) **Policy Consideration.** The Legislature has delegated the power to control local boundaries to the 58 LAFCOs, directing the LAFCOs to discourage urban sprawl, preserve open space and agricultural lands, and provide efficient government services, while considering local conditions and circumstances. This bill bypasses LAFCO, and does not require the usual annexation process to occur. Currently, Metropolitan and the Eastern Municipal Water District in Riverside County are undergoing an annexation process to include a commercial zone within the Pechanga Indian Reservation into the district. Proponents of this bill argue that it is appropriate for the Legislature to make this determination, instead of LAFCO, to reflect the unique relationship between the state and the tribe. The Committee may wish to consider if this bill will set a precedent and may encourage additional tribes to bypass the local process, and instead, ask for a statutory fix from the Legislature.
- 5) **Arguments in Support.** Supporters argue that the Sycuan Tribe's original reservation is served through groundwater wells in a fractured rock system. This bill would authorize the tribe to purchase water, under the same terms and conditions as other, from an adjacent municipal water district.
- 6) **Arguments in Opposition.** None on file.

REGISTERED SUPPORT / OPPOSITION:**Support**

Sycuan Band of the Kumeyaay Nation [SPONSOR]
Ace Parking
Agua Caliente Band of Cahuilla Indians Tribal Council
Associated General Contractors of America, San Diego Chapter, Inc.
Barona Band of Mission Indians
Barrio Station
California Teamsters Public Affairs Council
Deputy Sheriffs' Association of San Diego County
Endangered Habitats League (if amended)
JDRF, San Diego Chapter
Kumeyaay Diegueno Land Conservancy
Law Office of Cynthia L. Eldred, APC
Leong-Kuba Sea Products, Inc
Mayor Kevin L. Faulconer, City of San Diego
Mayor Randy Voepel, City of Santee
Mocerri Produce
Mothers Against Drunk Driving, San Diego Affiliate
Ocean Defenders Alliance
Paradise Creek Educational Park
PlanSEA.org
Urban Corps of San Diego County
San Diego Gas & Electric
San Diego Museum of Man
San Diego Police Officers Association, Inc.
San Diego Regional Chamber of Commerce
San Diego Regional EDC
Santa Ynez Band of Chumash Indians\
Supervisor Bill Horn, 5th District, County of San Diego
The Art Miles Mural Project
The Metropolitan Water District of Southern California (if amended)
UNITE HERE
Urban Corps of San Diego County
Wildcoast
Individual letters (3)

Opposition

None on file

Analysis Prepared by: Misa Lennox / L. GOV. / (916) 319-3958

SYCUAN BAND OF THE KUMEYAAY NATION*Municipal Water Availability Situation Analysis***March 1, 2016**

California was admitted into the Union as the 31st state in 1850. The Sycuan Reservation was established through Executive Order of President Ulysses Grant in 1875. Nearly all of the tribal reservations in California were never included within the boundaries of neighboring municipal water districts.

The Sycuan Reservation is uniquely placed in relation to surrounding water district boundaries. As the attached map indicates, the reservation is surrounded on three sides by two different water districts, the Otay Municipal Water District (OMWD) and the Padre Dam Municipal Water District (PDMWD). Both districts are retail water agencies and members of both the San Diego County Water Authority (CWA) and the Metropolitan Water District (MWD).

Within the last 15 years, due in part to the economic success of the tribal government gaming operation, the tribe has purchased a number of private parcels of land. These purchases occurred for a number of reasons, but primarily to provide adequate space for tribal member housing. In addition, the tribe has desired to keep adjoining land as permanent open space; to prevent further future development; to protect cultural and archaeological resources; and to expand the tribe's economic diversification. These lands of course are the aboriginal territory of the Sycuan Tribe pre-dating the establishment of California, the US, Mexico or even European contact by thousands of years.

Ironically, to better serve tribal homes on after-acquired parcels with a safe and reliable source of drinking water (as a result of unsafe groundwater due to upstream contamination), the tribe paid millions of dollars to extend the water line within the boundaries of the PDMWD. This line terminates a mere two feet from the boundary of the original reservation, yet cannot be extended on to the original reservation without lengthy, costly, unnecessary and uncertain artificial state-created processes, including affirmative votes by CWA and MWD, LAFCO review and approval and CEQA analysis.

The original reservation, or the "hole in the donut", is entirely dependent upon groundwater in a fractured rock system. This creates a unique public safety problem in the event of an earthquake or other emergency situation.

To ensure the public's safety in the event of a wildfire, earthquake, prolonged drought or other public emergency, Sycuan needs legislation requiring either adjoining municipal water district to serve the developed portions of the original Reservation, assuming the tribe pays all necessary and appropriate charges as any other similarly situated development or governmental entity. Legislation would also reflect the unique government-to-government relationship between the tribe and the state.



AGENDA ITEM 7b

STAFF REPORT

TYPE MEETING:	Regular Board Meeting	MEETING DATE:	May 4, 2016
SUBMITTED BY:	Mark Watton, General Manager	W.O./G.F. NO:	DIV. NO.
APPROVED BY:	<input checked="" type="checkbox"/> Susan Cruz, District Secretary <input checked="" type="checkbox"/> Mark Watton, General Manager		
SUBJECT:	Board of Directors 2016 Calendar of Meetings		

GENERAL MANAGER'S RECOMMENDATION:

At the request of the Board, the attached Board of Director's meeting calendar for 2016 is being presented for discussion.

PURPOSE:

This staff report is being presented to provide the Board the opportunity to review the 2016 Board of Director's meeting calendar and amend the schedule as needed.

COMMITTEE ACTION:

N/A

ANALYSIS:

The Board requested that this item be presented at each meeting so they may have an opportunity to review the Board meeting calendar schedule and amend it as needed.

STRATEGIC GOAL:

N/A

FISCAL IMPACT:

None.

LEGAL IMPACT:

None.

Attachment: Calendar of Meetings for 2016

**Board of Directors, Workshops
and Committee Meetings
2016**

Regular Board Meetings:

January 6, 2016
February 3, 2016
March 2, 2016
April 6, 2016
May 4, 2016
June 1, 2016
July 6, 2016
August 3, 2016
September 7, 2016
October 5, 2016
November 2, 2016
December 7, 2016

**Special Board or Committee Meetings (3rd
Wednesday of Each Month or as Noted)**

January 20, 2016
February 17, 2016
March 16, 2016
April 20, 2016
May 18, 2016
June 15, 2016
July 20, 2016
August 17, 2016
September 21, 2016
October 19, 2016
November 16, 2016
December 21, 2016

SPECIAL BOARD MEETINGS:

May 23, 2016, 3:00 p.m. - Fiscal Year 2017 Budget Workshop

AGENDA ITEM 8



STAFF REPORT

TYPE		MEETING			
MEETING:	Regular Board	DATE:	May 4, 2016		
SUBMITTED	Mark Watton	W.O./G.F.	N/A	DIV.	N/A
BY:	General Manager	NO:	NO.		
APPROVED BY:	<input checked="" type="checkbox"/> Mark Watton, General Manager				
SUBJECT:	General Manager's Report				

ADMINISTRATIVE SERVICES:

Purchasing and Facilities:

- Trane Tracer Summit Building Management Update - The District's Operations and Administrative HVAC systems are managed by Trane's Tracer Building Management software. The latest version provides convenient management tools to more efficiently run each system. By fine-tuning schedules and room occupancies, the District can expect summertime air conditioning savings of 15% and more.

Human Resources:

- 2016 Employee Picnic and Holiday Party - Please mark your calendars to attend our Picnic and Holiday Party. The Picnic will be held at Rohr Park in Chula Vista on July 16th from 11:00 am - 4:00 pm., and the Holiday Party will be held at the Harbor House in Seaport Village on December 10th from 6:00 pm - 11:00 pm.
- Recruitments/New Hires - The District is recruiting for a Communications Officer and is preparing to recruit for a Construction Inspector I/II. These positions are critical to District operations.
- New Hires/Promotions - There were no regular new hires/promotions in the month of April.

Safety & Security:

- Emergency Preparedness WebEOC Training Exercise - Staff completed the April 2016 monthly exercise, which consisted of assigning a task/request for emergency resources to the San Diego County Water

Authority in Task Tracker and using/attaching the Mutual Aid request form.

- Training - Staff attended/completed the following:
 - *District Revised Confined Space (CS) Entry Procedures Program* - District staff received refresher training/instruction on the revised/updated District CS entry procedures program and associated forms.
 - *District Hearing Conservation Program* - The 2016 annual hearing testing as part of the District's regulatory compliance Hearing Conservation Program was completed. The results were zero cases reporting occupational hearing Standard Threshold Shifts. There is no further action required on the part of the District.

INFORMATION TECHNOLOGY AND STRATEGIC PLANNING:

- Update on Co-Location and Redundancy Services - As part of our Disaster Recovery plan, staff has completed the installation of enterprise redundant computing equipment at a local San Diego co-location datacenter. Services include, Eden Financials, SharePoint, GIS and Customer Service systems. Staff will be conducting fail-over testing and fine-tuning during the next 90 days.
- InfraMap for Wachs Machine - Staff has deployed the Wachs mobile solution for field valve exercising and data collection. The Wachs mobile solution offers automation of data collection, which allows field crews to record valve-exercising data (e.g., turns, high torque) electronically, resulting in greater efficiency.

FINANCE:

- FY 2017 Budget - Staff is preparing the FY 2017 Budget and six-year CIP plan, which is scheduled to be presented to the Board of Directors on May 23, 2016.
- Capacity Fee RFP - Staff is preparing to issue a request for proposals (RFP's) to perform a capacity fee study.
- Comprehensive Annual Financial Report (CAFR) Award - For the 12th consecutive year, a Certificate of Achievement for Excellence in Financial Reporting was awarded by the Government Finance Officers Association (GFOA), to the Finance Department for the CAFR for the fiscal year ended June 30, 2015. This is the highest form of recognition in governmental accounting and financial reporting. Its attainment is recognized in the industry as a significant accomplishment by a government agency and its management.
- District's Landscape Contest Winner - Barbara and Nick Amafitano's residence at 526 Trailridge Drive, Bonita, was selected as the District's 2016 Landscape Contest winner. Participating in turf removal rebate programs, 4,300 square feet of grass was removed and replaced with water conserving drought tolerant landscape. In the 14 years they have occupied the home, the water usage has been

reduced by an impressive 78% when comparing the highest annual recorded usage compared to the lowest with all the grass removed. Due to a previous family commitment, they will not be able to attend the Landscape Contest Awards Ceremony scheduled for Saturday, May 7, 2016, at the Water Conservation Garden.

- 2007 Certificate of Participation (COPs) Advanced Refunding - The District was successful in the advanced refunding of the 2007 COPs on April 26, 2016. In March, staff had informed the Board that based on the then current rates, the estimated savings was 8% or \$170,000 annually. On the day of the sale, there were 8 bids, with the winning bid from JP Morgan of 2.48%. This favorable bid, in combination with the general lowering of interest rates, resulted in a savings of 13.06% or \$269,721 annually. The total savings over the life of the bonds is \$5,664,140. Staff is very pleased with the results of this refinancing and appreciates the support of the Board in making this happen. Staff also acknowledges the good work and assistance from Suzanne Harrell, our financial advisor, and Bob Whalen, our bond counsel for the success of this refunding.
- Upcoming Outreach Events:
 - o May 7, 2016: Landscape Contest Awards Ceremony at the Water Conservation Garden
 - o May 14, 2016: Butterfly Festival at the Water Conservation Garden
- Financial Reporting:
 - o For the nine months ended March 31, 2016, there are total revenues of \$60,307,482 and total expenses of \$61,828,163. The expenses exceeded revenues by \$1,520,681. The reduced water sales from conservation is driving the year-to-date expenses to exceed the year-to-date revenue.
 - o The market value shown in the Portfolio Summary and in the Investment Portfolio Details as of March 31, 2016 total \$81,265,677 with an average yield to maturity of 0.79%. The total earnings year-to-date are \$490,985.

ENGINEERING AND WATER SYSTEM OPERATIONS:

Engineering:

- **927 Zone, Force Main Assessment and Repair Project:** This Project consists of inspection, condition assessment, and repair of the existing Ralph W. Chapman Water Reclamation Facility (RWCWRF) 1980 era, 16,000 feet long, 14-inch diameter steel force main. Due to the presence of cultural resources (artifacts) found at several work sites, the project was delayed such that Pipeline Inspection and Condition Analysis Corporation (PICA) will return to inspect the lower 12,000 feet of force main and construction of force main improvements on October 2016. Blow off replacements, cathodic

protection system rehabilitation, and other improvements will be publicly advertised for construction bids in late May 2016. (R2116)

- **SR-11 Potable Water Utility Relocations:** This project consists of the relocation of existing pipelines in Sanyo Avenue and utility easements and is currently in the construction phase. The contractor, Coffman Specialties Inc., has relocated the 10-inch, 12-inch, and 18-inch mains and these mains have been tied into the system. In April 2016, the contractor completed punch list items consisting of final contract submittals. It is anticipated that this construction contract will reach contract acceptance in May 2016. A second amendment to both Caltrans Utility Agreement Numbers 33592 and 33622, and final reimbursement payments, will be processed after closeout of Coffman's contract. The overall project is within budget and on schedule. (P2453)
- **944-1, 944-2, & 458-2 Reservoir Interior/Exterior Coatings & Upgrades:** This project consists of removing and replacing the interior and exterior coatings of the 944-1 0.3 MG Reservoir, the 944-2 3.0 MG Reservoir, and the 458-2 1.8 MG Reservoir, along with providing structural upgrades to ensure the tanks comply with both State and Federal OSHA standards as well as the American Water Works Association and the County Health Department standards. The overall project reached substantial completion on December 3, 2015 (beyond the approved contract date). A credit change order to complete the assessment of liquidated damages associated with the project's late delivery was processed unilaterally, as approved by the Board in February 2016. Punch list items that consisted of final administrative deliverables were resolved and contract acceptance was processed in April 2016. The District has received a total of four (4) Stop Payment Notices from subcontractors on the project. The District has been notified that three (3) of the Stop Payment Notices have been resolved. In accordance with applicable State law, the District is withholding funds and retaining contract bonding until the District is notified of resolution associated with the remaining Stop Payment Notice. The project is within budget. (P2531, P2532, P2535)
- **624 Pressure Zone Pressure Reducing Stations (PRSs) and 944-1R Pressure Reducing Station No. 3 Improvements Projects:** This construction project consists of improvements from two (2) Capital Improvement Program (CIP) projects, P2541 and R2110. The CIP P2541 improvements will provide two (2) PRSs feeding the 485 Pressure Zone and 458 Pressure Zones from the 624 Pressure Zone (Terra Nova Drive 624/485 PRS and Sequoia Street 624/458 PRS, respectively) to improve fire flow and enhance system reliability. The CIP R2110 improvements include retrofit of an existing PRS vault (944-1R PRS No. 3) with a sump pump, ventilation system, and hatch drain improvements to mitigate water intrusion. Construction of the project facilities was substantially completed in April 2016 and the facilities have been placed into service. Current work

consists of punch list items in preparation for contract acceptance. The project is within budget and is scheduled for contract acceptance in May 2016. (P2541, R2110)

- **Rosarito Desalination:** Staff and representatives from NSC Agua continue to coordinate on complying with the California Water Resources Control Board Drinking Water Program regulatory requirements related to source water quality testing. NSC Agua has chosen Suez as its EPC partner and technology provider for the proposed Rosarito Desalination project. The State of Baja California extended the bid deadline for the production and conveyance of desalinated water Phase I from March 23 to April 21, 2016. Three tenders were submitted. The technical aspects of the tenders will be evaluated by the Comisión Estatal del Agua de Baja California (CEA), an agency that is responsible for regulating the State's water and sewerage industry and a team appointed by the Governor of Baja California. The financial tenders will be opened on May 20, 2016.

The draft EIR/EIS is tentatively scheduled to be ready for its 45-day public review period in May 2016.

An update of this project was presented to the Desalination Committee on April 27, 2016. (P2451)

- **711-1 & 711-2 Reservoir Interior/Exterior Coatings & Upgrades:** This project consists of removing and replacing the interior and exterior coatings of the 711-1 3.1 MG Reservoir and the 711-2 2.3 MG Reservoir, along with providing structural upgrades, to ensure the tanks comply with both State and Federal OSHA standards as well as the American Water Works Association and the County Health Department standards. The contractor, Advanced Industrial Services, Inc., has completed the work to coat the interior and exterior of the 711-1 Reservoir. Current work consists of cleaning, disinfection, and preparations to test the 711-1 Reservoir and place it into service. It is anticipated that the 711-1 Reservoir will be placed into service and work on the 711-2 Reservoir will begin in May 2016. The project is within budget and on schedule to complete in September 2016. (P2529 & P2530)
- **Operations Yard Property Acquisition Improvements:** This project consists of the construction of an approximate 27,700 square-foot asphalt concrete parking lot including storm drainage facilities, chain-link fence, and area lighting. Work to complete subgrade and import base material was performed in April. The project is within budget and on schedule to complete in May 2016. (P2537)
- **980-1 Reservoir Interior/Exterior Coatings & Upgrades:** This project consists of removing and replacing the interior and exterior coatings of the 980-1, 5.0 MG, Reservoir, along with

providing structural upgrades, to ensure the tank complies with both State and Federal OSHA standards as well as the American Water Works Association and the County Health Department standards. Structural repairs and replacement of the roof rafters of the 980-1 reservoir are complete. Removal and replacement of the interior coating began in April 2016. The project is within budget and on schedule to complete in August 2016. (P2545)

- **Rancho San Diego Basin Sewer Rehabilitation - Phase 1:** This project consists of sewer system improvements at fourteen (14) locations within the Rancho San Diego Basin. The work includes replacement of approximately 3,250 linear feet of 8-inch gravity sewer main and the installation of four (4) new manholes. Work to replace the sewer located in Donahue Drive is scheduled to begin in May 2016. It is anticipated that sewer replacement work located within the existing sewer easements between Julianna Street and Hillsdale Road will also begin in May 2016. The project is within budget and construction completion is anticipated in August 2016. (S2033)
- **Recycled Water Fire Hydrant Installations:** This project consists of installing fire hydrants/filling stations on the recycled water system for fire suppression. The project includes meeting Title 22 requirements, obtaining regulatory approval, establishing protocol, and site selection. On April 13, 2016, a fill station was constructed at the end of Hunte Parkway. The facility is a locked enclosure within a District easement with easy access to fire department trucks and street sweepers (see photos below). Staff submitted the project to be enrolled in Order WQ 2014-0090-DWQ, General Waste Discharge Requirements for Recycled Water Use (General Order). On April 13, 2016, the District submitted an amendment to the existing permit to update the Rules and Regulations for Recycled Water Use and submitted a program for training for review and approval by the Regional Board, DDW, and the County DEH. A yearly report will also be required to document the use, training, and inspection performed by the District. The amendment was submitted on April 11, 2016 for the Agencies' review. Prior to the installation, the local HOA was notified with a letter and by phone to explain the work and construction duration. The HOA thanked the District for the notification and had no objection to the installation. The final step is to receive approval for the Amendment and training program. (R2122)



- **Water Facilities Master Plan Update:** This project will update the District's existing Water Resources Master Plan that was previously updated in October 2008 and revised in May 2013. Staff received and is currently reviewing the consultant's (Atkins) 90% draft submittal. Work on the program environmental impact report (PEIR) for the plan is underway and an environmental field survey of future CIP projects was completed in late March. A first draft of the PEIR is expected in early May and the final PEIR should be ready for Board consideration in the fall of this year. (P1210)
- **Agency Utility Coordination - Partnering:** On March 30, 2016, District staff participated in an Agency Utility Coordination and Partnering meeting held at the Caltrans District 11 Headquarters. Attendees included representatives from Caltrans, the County of San Diego, the City of San Diego, SANDAG, SDG&E, AT&T, and the Otay Water District. The focus of the meeting was to initiate a utilities partnering process and begin discussions on best practices to enhance coordination between agencies. It is anticipated that the number of participating agencies/utility companies will grow and that meetings will be held on a quarterly basis. Future meetings will include improved coordination of project work.
- **Pure Water Cost Allocation Update:** On February 10, 2016, the City of San Diego Planning Department issued a notice of a draft Program Environmental Impact Report (PEIR) for the Pure Water Program. The public notice, PEIR and technical appendices can be found at the following link: <https://www.sandiego.gov/planning/programs/ceqa>

On April 7, 2016, the Metro Commission and the Metro Wastewater Joint Powers Authority (Metro JPA) held a special meeting to consider submitting a joint response letter on the project. All comments were due April 11, 2016. Below is a copy of the comment letter submitted by Metro JPA.



April 7, 2016

Myra Herrmann, Environmental Planner
City of San Diego – Planning Department
1010 2nd Avenue, Suite 1200
East Tower, MS 413
San Diego, CA 92101

Subject: Comments on the Draft Environmental Impact Report for the Pure Water Program
(438188/SCH No. 2014111068)

Dear Ms. Herrmann:

The Metropolitan Wastewater Joint Powers Authority (Metro JPA) is a coalition of municipalities and special districts that share in the use of the City of San Diego's regional wastewater facilities. These agencies collectively account for approximately 35 percent of the system's upkeep and capital costs.

The Metro JPA has reviewed the City of San Diego's (City's) Pure Water Program Environmental Impact Report (PEIR). As a regional commission, Metro JPA fully supports the goals and objectives of the Pure Water Program to address regional wastewater issues while producing a new drought resistant source of water supply for the public benefit.

Metro JPA is also supportive of other regional projects that are being planned or contemplated to achieve the same goals and objectives of the Pure Water Program. These projects may serve as replacement for a portion of project requirements within the Pure Water Program to achieve the secondary equivalency. Therefore, the PEIR should include some discussion of these projects and how they may affect the deployment of the Pure Water Program project elements.

Consideration of these other regional projects would allow the Metro JPA to support ongoing collaboration and encourage efficient deployment of projects that will help with the secondary equivalency at a regional level. Encouraging collaboration and continual partnership to find the best solutions for the entire region will help to ensure our wastewater ratepayers are protected.

We appreciate the opportunity to comment on the Draft PEIR. Questions regarding this letter and further coordination on these issues should be directed to Mr. Greg Humora, Metro TAC Chair.

Sincerely,
Metro JPA Commissioners

The Joint Powers Authority Proactively Addressing Regional Wastewater Issues

Chula Vista • Coronado • Del Mar • El Cajon • Imperial Beach • La Mesa • Lemon Grove Sanitation District
National City • Otay Water District • Poway • Padre Dam Municipal Water District
County of San Diego, representing East Otay, Lakeside/Alpine, Spring Valley & Winter Gardens Sanitation Districts

- **Groundwater Basin Boundary Modification:** On March 3, 2016, the City of San Diego, Sweetwater Authority, the U.S. Navy, CalAm, and the District met to discuss a basin boundary modification as a preliminary step to creating one or more Groundwater Sustainability Agencies and to develop plans for sustainable management of the San Diego Formation Water Resource. On March 31, 2016, the City of San Diego filed an application with the California Department of Water Resources (DWR) for a scientific-based modification to the boundaries of the San Diego Formation Groundwater Aquifer, and on April 8, 2016, DWR classified the application as complete and ready for public review.
- **Inspection Status Update:** In FY 2016, the Inspection Division is supporting approximately \$9,869,000 of Developer projects and \$7,660,000 of CIP projects under construction, for a combined total of \$17,529,000. As of April 2016, the District's Inspection Division staff supported the inspection needs of approximately 55% of all CIP and Developer work for FY 2016. The District's As-Needed Construction Management and Inspection contracts supported the remaining 45% of FY 2016 inspection needs. Approximately two-thirds of the consultant inspection in FY 2016 consists of specialty inspection including, but not limited to, inspections by National Association of Corrosion Engineers (NACE) certified inspectors for the District's reservoir coating projects. Inspection during FY 2015 resulted in a similar trend when compared to FY 2016. In FY 2015, the District's Inspection Division staff inspected approximately 60% of all inspection work with the remaining 40% of the inspection work performed by the District's consultants. Projects scheduled to go to construction in the next two years will require greater inspection resources. These CIP and Developer projects include the following: 870-2 Pump Station Replacement (CIP-P2083), Campo Road Sewer Main Replacement (CIP-S2024), 850-2 Reservoir Interior/Exterior Coating (CIP-P2544), Otay Ranch Village 2 South (Dev-D0740), Otay Ranch Village 3 (Dev-D0954).
- For the month of March 2016, the District sold 4 meters (8 EDUs) generating \$79,389 in revenue. Projection for this period was 14 meters (21 EDUs), with budgeted revenue of \$190,542. Total revenue for Fiscal Year 2016 is \$2,997,344, against the annual budget of \$2,286,500.
- The following table summarizes Engineering's project purchases and Change Orders issued during the period of March 16, 2016 through April 19, 2016 that were within staff signatory authority:

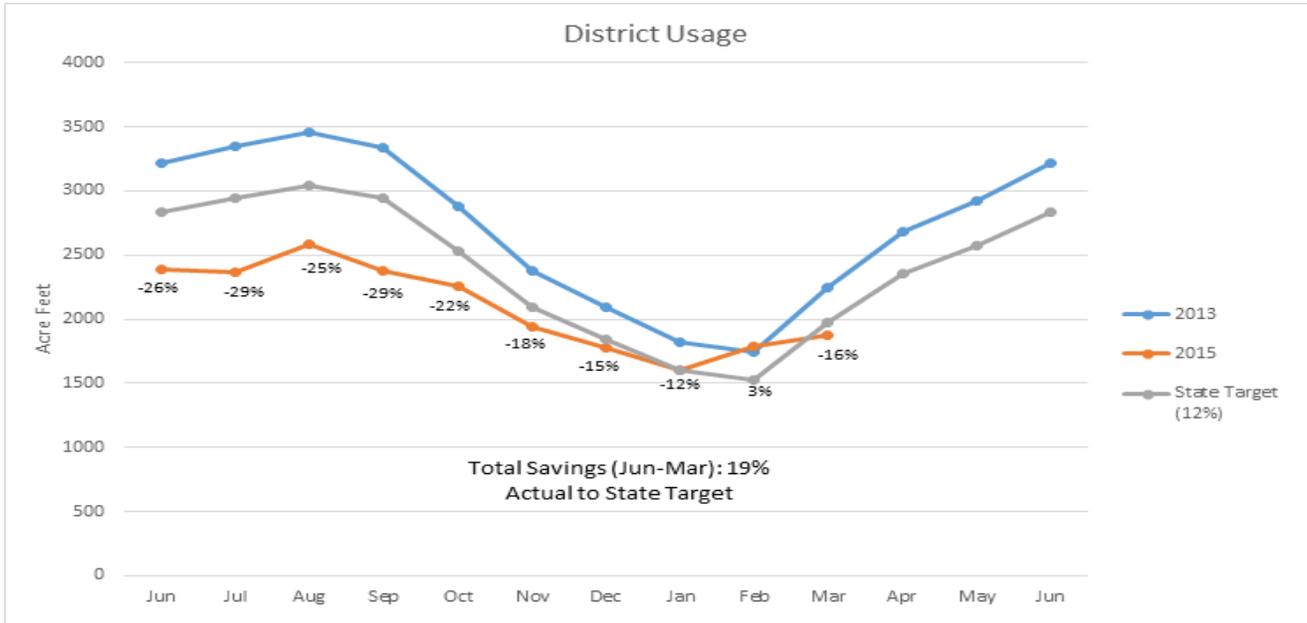
Date	Action	Amount	Contractor/ Consultant	Project
3/28/16	P.O.	\$4,995.00	Aerial Mob LLC	Drone Inspection (P2545)

Water Systems Operation (Reporting the month of March):

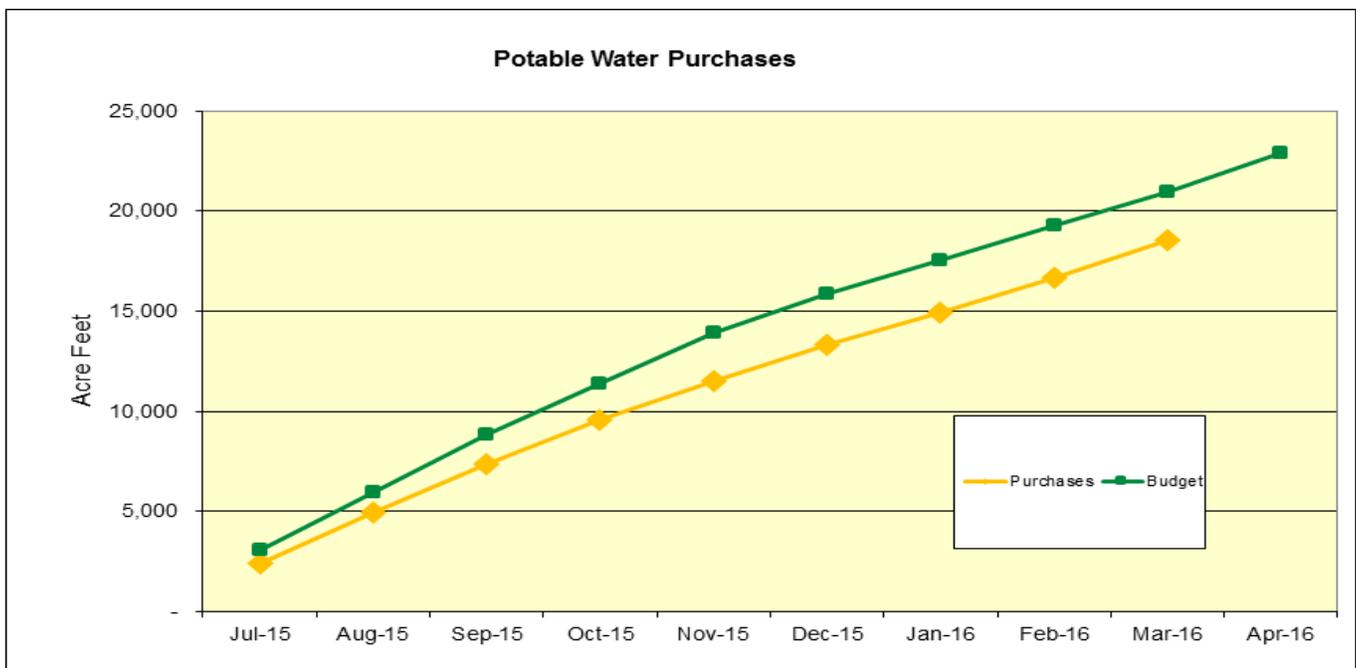
- The Annual Drinking Water Report was submitted electronically to the State of California Water Boards. Correspondence was received from the water boards that the report was received and was acceptable.
- On March 10, a planned shutdown on Sequoia Street in Chula Vista was performed for the construction of a new pressure reducing station between the 624 and 458 pressure zones. One meter was highlined and no customers were affected.
- On March 16, staff performed a planned shutdown on Blossom Lane in Spring Valley for the construction of a new emergency interconnect between Otay Water District and Helix Water District. Three residential meters were affected. A water trailer was provided.
- On April 6, the stand-by generator at the 1296-1 Pump Station in Jamul ran for its normal weekly testing. During the generator run test, the fuel solenoid valve opened to transfer fuel from the bulk tank to the day tank, located inside the generator room. When the generator turned off and the day tank was full, the fuel solenoid closed but did not close completely, allowing a leak-by of approximately 0.03 gpm. Staff arrived on site and noticed the day tank was full and overflowing. As soon as it was determined that the drainage went off site, the proper authorities were contacted. Staff coordinated with regulatory agencies and an outside contractor to ensure that a proper cleanup of the spilled fuel was completed.
- On April 20, the County performed a follow-up inspection on site at the 1296-1 Pump Station. The inspector reviewed the District's account of the events that led to the spill, the clean-up actions that were taken, and inspected the pump station site and spill area. The inspector verbally stated that it appeared that the District had taken the appropriate measures to report and respond to the spill and the cleanup of the impacted areas.
- On April 14, staff submitted an action plan to the State of California Water Boards regarding special mandatory lead and copper sampling for potable water that contains a blend of desalinated water from the Carlsbad Desalination Plant. The first round of sampling will be completed prior to June 1 and the second round will be completed prior to September 30. The samples will be tested by a state certified contracted laboratory and the results sent to the State of California Water Boards.

Conservation and Water Purchases:

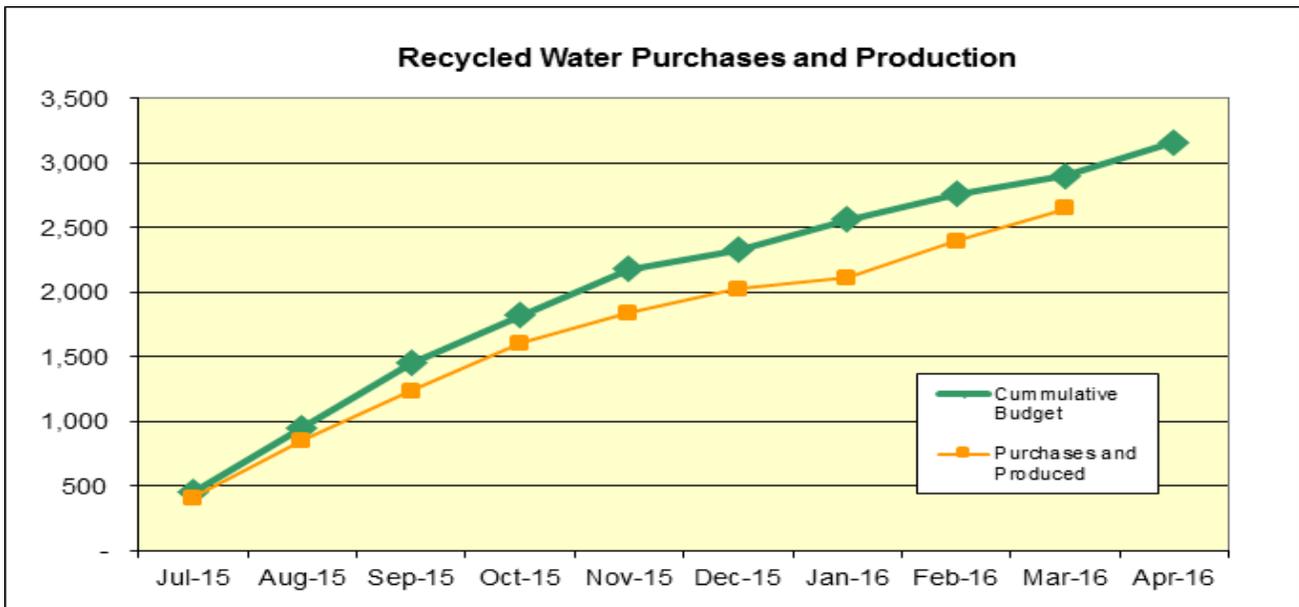
- Conservation Target - The District conserved 16% in March over 2013 levels. The cumulative conservation savings from June 2015 through March 2016 is 19%, surpassing the state's mandated reduction of 12%.



- The March potable water purchases were 1,880.2 acre-feet which is 11.5% above the budget of 1,685.9 acre-feet. The cumulative purchases through March were 18,568.5 acre-feet which is 11.5% below the cumulative budget of 20,990.0 acre-feet.



- The March recycled water purchases and production were 251.2 acre-feet which is 79.7% above the budget of 139.8 acre-feet. The cumulative production and purchases through March is 2,649.4 acre-feet which is 8.8% below the cumulative budget of 2,903.7 acre-feet.

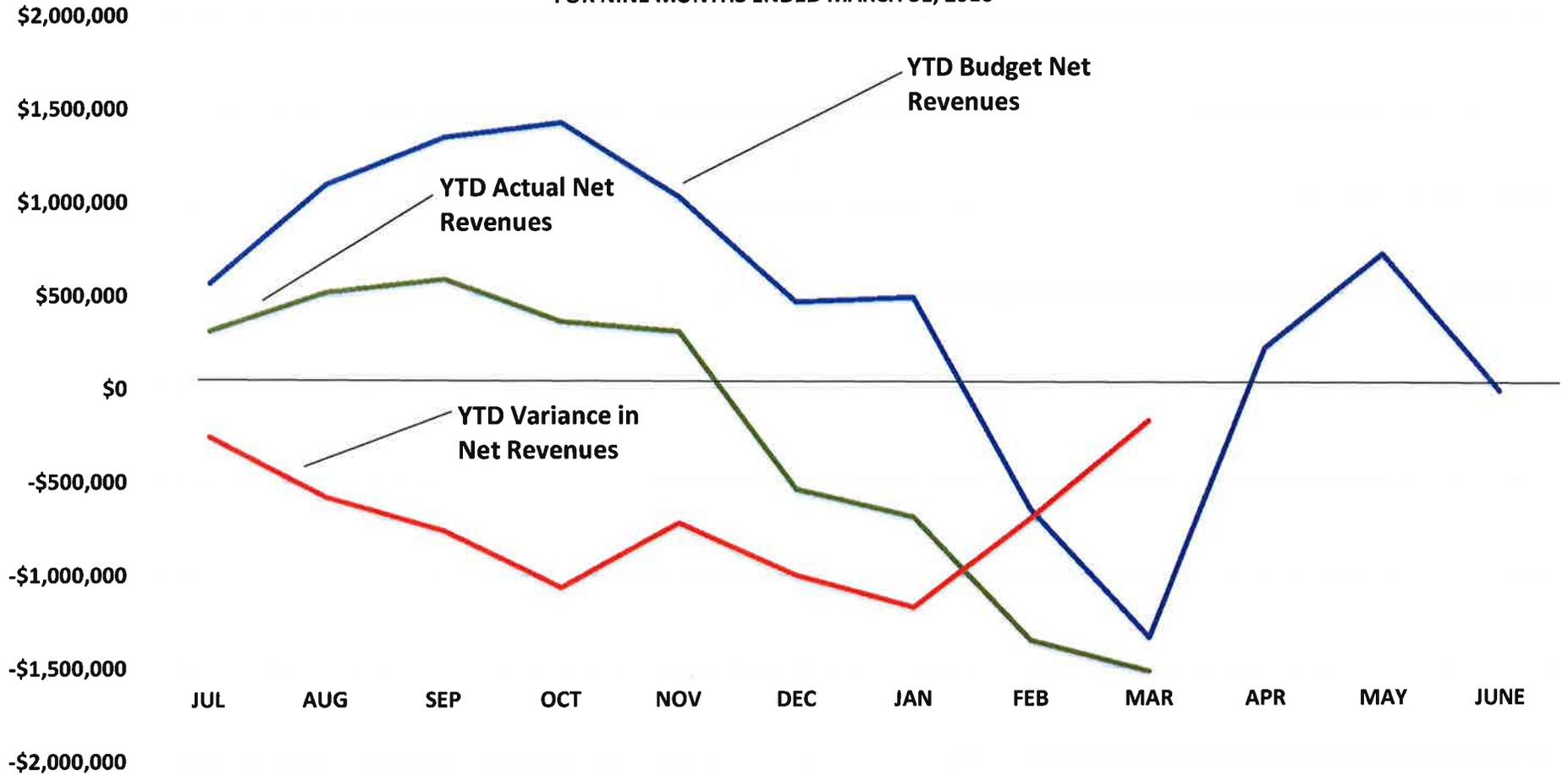


Potable, Recycled, and Sewer (Reporting up to the month of March):

- Total number of potable water meters is 49,493.
- Recycled water consumption for the month of March is as follows:
 - Total consumption was 220.6 acre-feet or 71,852,880 gallons and the average daily consumption was 2,317,835 gallons per day.
 - Total cumulative recycled water consumption since July 1, 2015 is 2504.8 acre-feet.
 - Total number of recycled water meters is 714.
- Wastewater flows for the month of March were as follows:
 - Total basin flow, gallons per day: 1,647,355. This is an increase of 1.46% from March 2015.
 - Spring Valley Sanitation District Flow to Metro, gallons per day: 544,840.
 - Total Otay flow, gallons per day: 1,102,516.
 - Flow Processed at the Ralph W. Chapman Water Recycling Facility, gallons per day: 579,032.
 - Flow to Metro from Otay Water District was 523,484 gallons per day.

By the end of March there were 6,099 wastewater EDUs.

**COMPARATIVE BUDGET SUMMARY
NET REVENUE AND EXPENSES
FOR NINE MONTHS ENDED MARCH 31, 2016**



Actual Net Revenues for March were negative \$166,788, which is \$521,965 better than budgeted negative net revenues of \$688,753. The year-to-date net revenues through March were negative \$1,520,681, which is \$180,746 below the year-to-date budgeted negative net revenues of \$1,339,935.

OTAY WATER DISTRICT
COMPARATIVE BUDGET SUMMARY
 FOR NINE MONTHS ENDED MARCH 31, 2016

	Annual Budget	Actual	Budget	YTD Variance	Var %
REVENUES:					
Potable Water Sales	\$ 41,344,900	\$ 26,179,865	\$ 30,548,600	\$ (4,368,735)	(14.3%)
Recycled Water Sales	9,116,000	5,907,849	6,498,500	(590,651)	(9.1%)
Potable Energy Charges	2,311,300	1,493,485	1,624,700	(131,215)	(8.1%)
Potable System Charges	13,292,300	10,081,290	10,027,200	54,090	0.5%
Potable MWD & CWA Fixed Charges	11,946,600	8,575,544	8,616,300	(40,756)	(0.5%)
Potable Penalties	888,600	590,991	657,400	(66,409)	(10.1%)
Total Water Sales	<u>78,899,700</u>	<u>52,829,024</u>	<u>57,972,700</u>	<u>(5,143,676)</u>	<u>(8.9%)</u>
Sewer Charges	3,206,300	2,383,771	2,409,700	(25,929)	(1.1%)
Meter Fees	66,200	65,295	49,700	15,595	31.4%
Capacity Fee Revenues	1,134,800	1,034,793	851,100	183,693	21.6%
Non-Operating Revenues	1,873,600	1,508,435	1,358,700	149,735	11.0%
Tax Revenues	3,897,900	2,404,001	2,256,300	147,701	6.5%
Interest	157,500	82,164	118,100	(35,936)	(30.4%)
Total Revenues	<u>\$ 89,236,000</u>	<u>\$ 60,307,482</u>	<u>\$ 65,016,300</u>	<u>\$ (4,708,818)</u>	<u>(7.2%)</u>
EXPENSES:					
Potable Water Purchases	\$ 32,332,100	\$ 21,342,314	\$ 24,104,800	\$ 2,762,486	11.5%
Recycled Water Purchases	1,705,800	1,474,182	1,445,700	(28,482)	(2.0%)
CWA-Infrastructure Access Charge	1,931,400	1,447,419	1,447,800	381	0.0%
CWA-Customer Service Charge	1,777,800	1,341,550	1,341,300	(250)	(0.0%)
CWA-Reliability Charge	950,400	475,026	475,200	174	0.0%
CWA-Emergency Storage Charge	4,681,800	3,530,659	3,530,700	41	0.0%
MWD-Capacity Res Charge	806,400	643,092	604,800	(38,292)	(6.3%)
MWD-Readiness to Serve Charge	1,798,800	1,190,441	1,349,100	158,659	11.8%
Subtotal Water Purchases	<u>45,984,500</u>	<u>31,444,683</u>	<u>34,299,400</u>	<u>2,854,717</u>	<u>8.3%</u>
Power Charges	3,112,800	2,118,433	2,334,500	216,067	9.3%
Payroll & Related Costs	20,381,000	14,860,216	14,906,250	46,034	0.3%
Material & Maintenance	3,612,800	2,189,994	2,642,800	452,806	17.1%
Administrative Expenses	5,137,800	2,990,039	3,917,785	927,746	23.7%
Legal Fees	250,000	156,798	187,500	30,702	16.4%
Expansion Reserve	2,695,800	2,021,900	2,021,900	-	0.0%
Betterment Reserve	2,400,000	1,800,000	1,800,000	-	0.0%
Replacement Reserve	3,421,000	2,565,800	2,565,800	-	0.0%
New Supply Fee	35,000	26,300	26,300	-	0.0%
OPEB Trust	1,006,000	754,500	754,500	-	0.0%
Sewer Replacement	1,199,300	899,500	899,500	-	0.0%
Total Expenses	<u>\$ 89,236,000</u>	<u>\$ 61,828,163</u>	<u>\$ 66,356,235</u>	<u>\$ 4,528,073</u>	<u>6.8%</u>
EXCESS REVENUES(EXPENSE)	<u>\$ -</u>	<u>\$ (1,520,681)</u>	<u>\$ (1,339,935)</u>	<u>\$ (180,746)</u>	

**OTAY WATER DISTRICT
INVESTMENT PORTFOLIO REVIEW
March 31, 2016**

INVESTMENT OVERVIEW & MARKET STATUS:

The federal funds rate has remained constant for over 5 years. On December 16, 2015, at the Federal Reserve Board’s regular scheduled meeting, the federal funds rate was increased from 0.25% to 0.50%” in response to the nation’s gradual economic improvement. The Committee judges that there has been considerable improvement in labor market conditions this year, and it is reasonably confident that inflation will rise, over the medium term, to its 2 percent objective. The stance of monetary policy remains accommodative after this increase, thereby supporting further improvement in labor market conditions and a return to 2 percent inflation. There have been no further changes made to the federal funds rate at the Federal Reserve Board’s subsequent regular meetings, the most recent of which was held on March 16, 2016. In determining the timing and size of future adjustments to the target range for the federal funds rate, they went on to say: *“the Committee will assess realized and expected economic conditions relative to its objectives of maximum employment and 2 percent inflation. This assessment will take into account a wide range of information, including measures of labor market conditions, indicators of inflation pressures and inflation expectations, and readings on financial and international developments. In light of the current shortfall of inflation from 2 percent, the Committee will carefully monitor actual and expected progress toward its inflation goal. The Committee expects that economic conditions will evolve in a manner that will warrant only gradual increases in the federal funds rate; the federal funds rate is likely to remain, for some time, below levels that are expected to prevail in the longer run. However, the actual path of the federal funds rate will depend on the economic outlook as informed by incoming data.”*

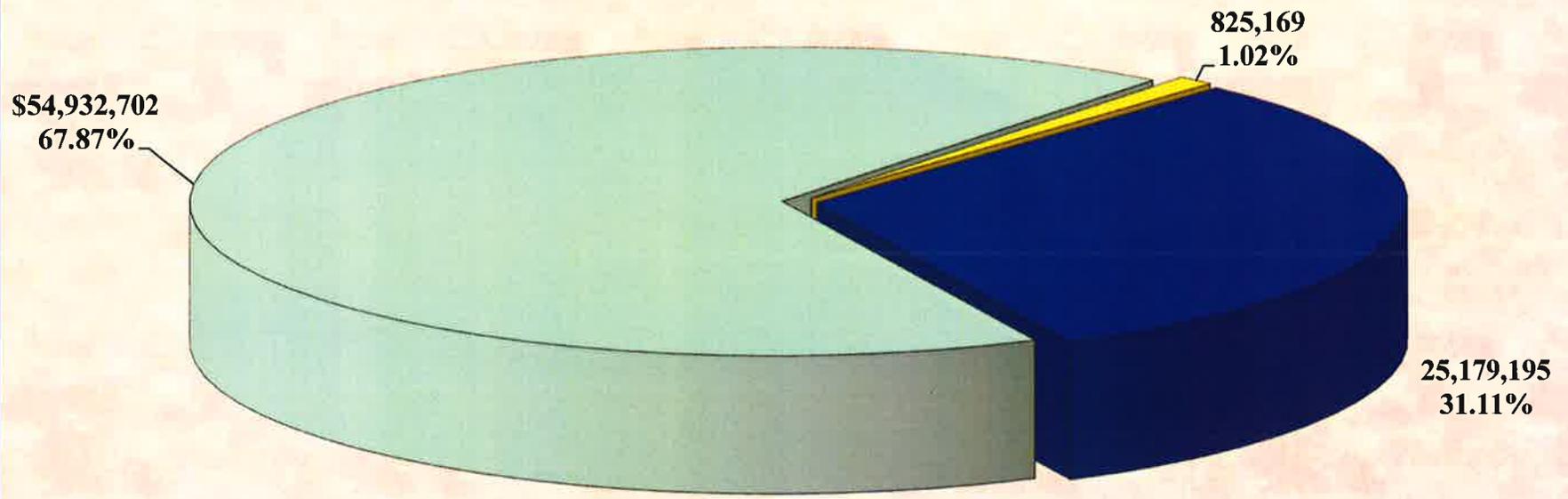
The District’s overall effective rate of return at March 31, 2016 was 0.79%, which was one basis point above the previous month. At the same time the LAIF return on deposits has improved over the previous month, reaching an average effective yield of 0.506% for the month of March 2016. Based on our success at maintaining a competitive rate of return on our portfolio during this extended period of low interest rates, no changes in investment strategy regarding returns on investment are being considered at this time. The desired portfolio mix is important in mitigating any liquidity risk from unforeseen changes in LAIF or County Pool policy.

In accordance with the District’s Investment Policy, all District funds continue to be managed based on the objectives, in priority order, of safety, liquidity, and return on investment.

PORTFOLIO COMPLIANCE: March 31, 2016

	<u>Investment</u>	<u>State Limit</u>	<u>Otay Limit</u>	<u>Otay Actual</u>
8.01:	Treasury Securities	100%	100%	0
8.02:	Local Agency Investment Fund (Operations)	\$50 Million	\$50 Million	\$8.71 Million
8.02:	Local Agency Investment Fund (Bonds)	100%	100%	0
8.03:	Federal Agency Issues	100%	100%	67.87%
8.04:	Certificates of Deposit	30%	15%	.10%
8.05:	Short-Term Commercial Notes	25%	10%	0
8.06:	Medium-Term Commercial Debt	30%	10%	0
8.07:	Money Market Mutual Funds	20%	10%	0
8.08:	San Diego County Pool	100%	100%	20.34%
12.0:	Maximum Single Financial Institution	100%	50%	.92%

Otay Water District Investment Portfolio: 03/31/2016

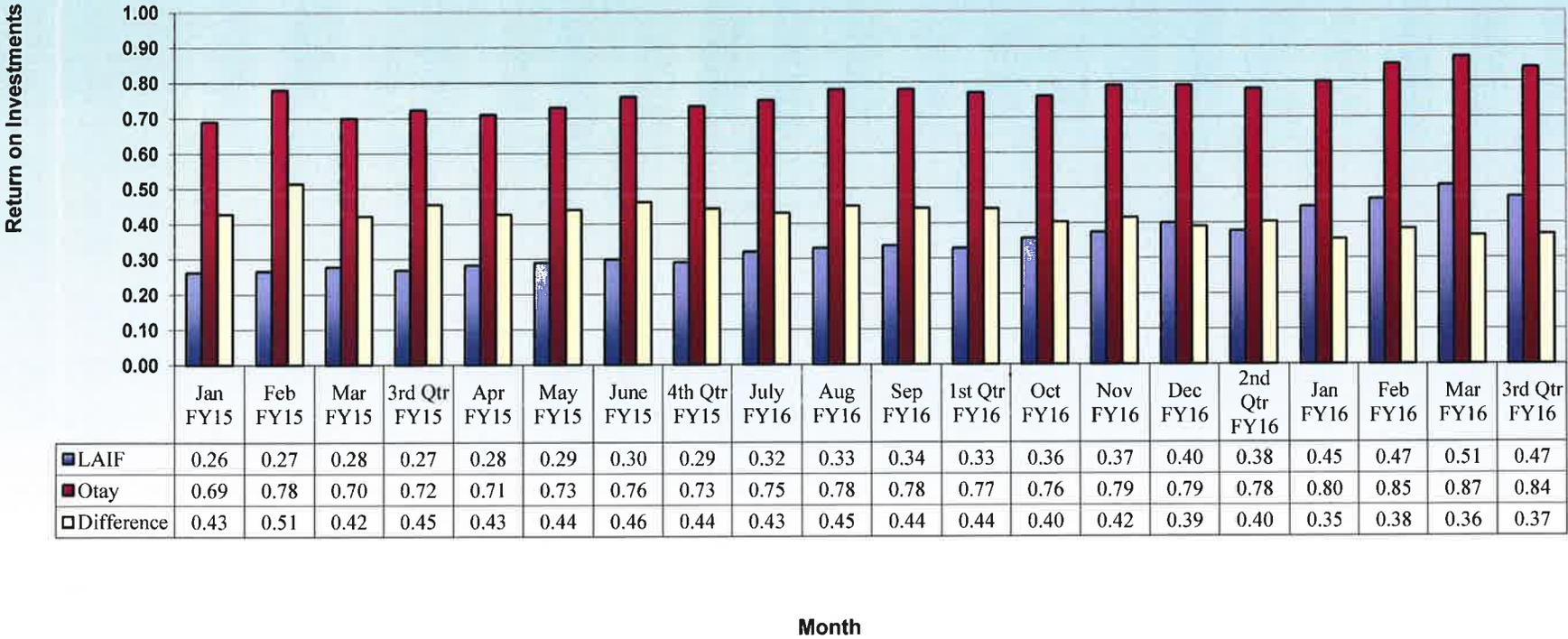


Total Cash and Investments: \$80,937,066

- Banks (Passbook/Checking/CD)
- Pools (LAIF & County)
- Agencies & Corporate Notes

Performance Measure FY-16 Return on Investment

Target: Meet or Exceed 100% of LAIF



**Month End
Portfolio Management
Portfolio Summary
March 31, 2016**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Federal Agency Issues- Callable	50,935,000.00	50,959,632.95	50,934,588.89	63.51	977	752	1.045	1.060
Federal Agency Issues - Coupon	4,000,000.00	4,001,560.00	3,998,113.33	4.99	759	253	0.610	0.618
Certificates of Deposit - Bank	81,833.21	81,833.21	81,833.21	0.10	731	661	0.030	0.030
Local Agency Investment Fund (LAIF)	8,714,388.85	8,716,315.25	8,714,388.85	10.87	1	1	0.499	0.506
San Diego County Pool	16,464,806.10	16,763,000.00	16,464,806.10	20.53	1	1	0.650	0.659
Investments	80,196,028.16	80,522,341.41	80,193,730.38	100.00%	660	491	0.882	0.894
Cash								
Passbook/Checking (not included in yield calculations)	743,335.46	743,335.46	743,335.46		1	1	0.354	0.359
Total Cash and Investments	80,939,363.62	81,265,676.87	80,937,065.84		660	491	0.882	0.894

Total Earnings	March 31	Month Ending	Fiscal Year To Date
Current Year		60,961.71	490,984.52
Average Daily Balance		82,899,450.68	82,178,728.12
Effective Rate of Return		0.87%	0.79%

I hereby certify that the investments contained in this report are made in accordance with the District Investment Policy Number 27 adopted by the Board of Directors on May 7, 2014. The market value information provided by Interactive Data Corporation. The investments provide sufficient liquidity to meet the cash flow requirements of the District for the next six months of expenditures.


 _____ 4-25-16
 Joseph Beachem, Chief Financial Officer

**Month End
Portfolio Management
Portfolio Details - Investments
March 31, 2016**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 360	Days to Maturity	Maturity Date
Federal Agency Issues- Callable												
3133EECX6	2313	Federal Farm Credit Bank		11/25/2014	2,000,000.00	1,999,660.00	2,000,000.00	0.610		0.602	238	11/25/2016
3134G5A47	2301	Federal Home Loan Mortgage		06/30/2014	2,000,000.00	2,003,780.00	2,000,000.00	0.650		0.641	273	12/30/2016
3133EELR9	2317	Federal Farm Credit Bank		01/27/2015	2,000,000.00	1,996,800.00	1,999,588.89	0.625		0.616	301	01/27/2017
3133EEXC9	2323	Federal Farm Credit Bank		04/20/2015	2,000,000.00	1,996,740.00	2,000,000.00	0.690		0.681	370	04/06/2017
3136G23G0	2304	Federal National Mortgage Assoc		08/15/2014	2,000,000.00	2,001,800.00	2,000,000.00	1.050		1.036	501	08/15/2017
3134G8NM7	2345	Federal Home Loan Mortgage		03/29/2016	2,000,000.00	2,000,360.00	2,000,000.00	0.850	AA	0.838	546	09/29/2017
3134G6TJ2	2319	Federal Home Loan Mortgage		04/27/2015	2,000,000.00	2,000,740.00	2,000,000.00	0.875		0.863	574	10/27/2017
3134G7XJ5	2331	Federal Home Loan Mortgage		09/18/2015	2,000,000.00	2,000,740.00	2,000,000.00	1.000	AA	0.986	626	12/18/2017
3134G7B75	2332	Federal Home Loan Mortgage		09/29/2015	2,000,000.00	2,002,900.00	2,000,000.00	1.016		1.002	637	12/29/2017
3133EEYE4	2320	Federal Farm Credit Bank		04/16/2015	2,000,000.00	1,997,640.00	2,000,000.00	1.000		0.986	655	01/16/2018
3130A7H73	2346	Federal Home Loan Bank		03/29/2016	2,000,000.00	2,001,480.00	2,000,000.00	1.000	AA	0.986	727	03/29/2018
3130A4WT5	2322	Federal Home Loan Bank		04/27/2015	2,000,000.00	2,000,100.00	2,000,000.00	1.020		1.006	756	04/27/2018
3130A56B0	2325	Federal Home Loan Bank		05/04/2015	1,200,000.00	1,200,024.00	1,200,000.00	1.120	AA	1.105	763	05/04/2018
3130A52G3	2324	Federal Home Loan Bank		05/11/2015	2,000,000.00	2,000,300.00	2,000,000.00	1.050	AA	1.036	770	05/11/2018
3134G6V264	2326	Federal Home Loan Mortgage		06/29/2015	2,000,000.00	2,003,060.00	2,000,000.00	1.250	AA	1.233	819	06/29/2018
3136G2LZ8	2330	Fannie Mae		09/28/2015	2,000,000.00	2,003,060.00	2,000,000.00	1.250		1.233	910	09/28/2018
3135G0G64	2336	Fannie Mae		10/30/2015	2,000,000.00	2,000,040.00	2,000,000.00	1.100		1.085	941	10/29/2018
3134G7D81	2333	Federal Home Loan Mortgage		10/29/2015	2,000,000.00	2,001,140.00	2,000,000.00	1.300		1.282	941	10/29/2018
3136G2R665	2334	Fannie Mae		11/19/2015	2,000,000.00	2,000,820.00	2,000,000.00	1.150		1.134	962	11/19/2018
3134G76C0	2335	Federal Home Loan Mortgage		11/23/2015	2,000,000.00	2,000,320.00	2,000,000.00	1.200		1.184	966	11/23/2018
3130A6UZ8	2338	Federal Home Loan Bank		12/28/2015	2,000,000.00	2,006,320.00	2,000,000.00	1.375		1.356	1,001	12/28/2018
3130A72G9	2339	Federal Home Loan Bank		01/29/2016	2,000,000.00	2,003,680.00	2,000,000.00	1.500		1.479	1,033	01/29/2019
3134G8KL2	2340	Federal Home Loan Mortgage		02/26/2016	2,000,000.00	2,000,880.00	2,000,000.00	1.300		1.282	1,061	02/26/2019
3136G2ZW0	2342	Federal National Mortgage Assoc		02/26/2016	1,030,000.00	1,030,587.10	1,030,000.00	1.125		1.110	1,061	02/26/2019
3136G2ZW0	2343	Federal National Mortgage Assoc		02/26/2016	2,705,000.00	2,706,541.85	2,705,000.00	1.125		1.110	1,061	02/26/2019
3134G8Q44	2344	Federal Home Loan Mortgage		03/29/2016	2,000,000.00	2,000,120.00	2,000,000.00	1.350		1.332	1,092	03/29/2019
Subtotal and Average			49,063,601.66		50,935,000.00	50,959,632.95	50,934,588.89			1.045	752	
Federal Agency Issues - Coupon												
3135G0YE7	2286	Federal National Mortgage Assoc		04/01/2014	2,000,000.00	2,001,300.00	2,000,469.36	0.625		0.558	147	08/26/2016
3133EECX6	2329	Federal Farm Credit Bank		06/26/2015	2,000,000.00	2,000,260.00	1,997,643.97	0.550	AA	0.661	360	03/27/2017
Subtotal and Average			3,998,065.89		4,000,000.00	4,001,560.00	3,998,113.33			0.610	253	

**Month End
Portfolio Management
Portfolio Details - Investments
March 31, 2016**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 360	Days to Maturity	Maturity Date
Certificates of Deposit - Bank												
2050003183-7	2341	California Bank & Trust		01/22/2016	81,833.21	81,833.21	81,833.21	0.030		0.030	661	01/22/2018
Subtotal and Average			81,833.21		81,833.21	81,833.21	81,833.21			0.030	661	
Local Agency Investment Fund (LAIF)												
LAIF	9001	STATE OF CALIFORNIA			8,714,388.85	8,716,315.25	8,714,388.85	0.506		0.499	1	
LAIF BABS 2010	9012	STATE OF CALIFORNIA		07/01/2015	0.00	0.00	0.00	0.267		0.263	1	
Subtotal and Average			11,124,066.27		8,714,388.85	8,716,315.25	8,714,388.85			0.499	1	
San Diego County Pool												
SD COUNTY POOL	9007	San Diego County			16,464,806.10	16,763,000.00	16,464,806.10	0.659		0.650	1	
Subtotal and Average			16,464,806.10		16,464,806.10	16,763,000.00	16,464,806.10			0.650	1	
Total and Average			82,899,450.68		80,196,028.16	80,522,341.41	80,193,730.38			0.882	491	

**Month End
Portfolio Management
Portfolio Details - Cash
March 31, 2016**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 360	Days to Maturity
Union Bank											
UNION MONEY	9002	STATE OF CALIFORNIA			10,002.19	10,002.19	10,002.19	0.010		0.010	1
PETTY CASH	9003	STATE OF CALIFORNIA			2,950.00	2,950.00	2,950.00			0.000	1
UNION OPERATING	9004	STATE OF CALIFORNIA			666,420.21	666,420.21	666,420.21	0.400		0.395	1
PAYROLL	9005	STATE OF CALIFORNIA		07/01/2015	27,891.35	27,891.35	27,891.35			0.000	1
RESERVE-10 COPS	9010	STATE OF CALIFORNIA			2,262.50	2,262.50	2,262.50	0.010		0.010	1
RESERVE-10 BABS	9011	STATE OF CALIFORNIA			5,941.63	5,941.63	5,941.63	0.010		0.010	1
UBNA-2010 BOND	9013	STATE OF CALIFORNIA		07/01/2015	0.00	0.00	0.00			0.000	1
UBNA-FLEX ACCT	9014	STATE OF CALIFORNIA		07/01/2015	27,867.58	27,867.58	27,867.58			0.000	1
Average Balance			0.00								1
Total Cash and Investments			82,899,450.68		80,939,363.62	81,265,676.87	80,937,065.84			0.882	491

**Month End
GASB 31 Compliance Detail
Sorted by Fund - Fund
March 1, 2016 - March 31, 2016**

CUSIP	Investment #	Fund	Investment Class	Maturity Date	Beginning Invested Value	Purchase of Principal	Addition to Principal	Redemption of Principal	Adjustment in Value		Ending Invested Value
									Amortization Adjustment	Change in Market Value	
Fund: Treasury Fund											
LAIF	9001	99	Fair Value		11,804,783.31	0.00	1,800,000.00	4,900,000.00	0.00	11,531.94	8,716,315.25
UNION MONEY	9002	99	Amortized		10,002.29	0.00	4,025,252.19	4,025,252.29	0.00	0.00	10,002.19
PETTY CASH	9003	99	Amortized		2,950.00	0.00	0.00	0.00	0.00	0.00	2,950.00
UNION OPERATING	9004	99	Amortized		1,443,123.39	0.00	436,109.72	1,212,812.90	0.00	0.00	666,420.21
PAYROLL	9005	99	Amortized		27,891.35	0.00	0.00	0.00	0.00	0.00	27,891.35
SD COUNTY POOL	9007	99	Fair Value		16,435,000.00	0.00	0.00	0.00	0.00	328,000.00	16,763,000.00
RESERVE-10 COPS	9010	99	Amortized		8,017.53	0.00	116.28	5,871.31	0.00	0.00	2,262.50
RESERVE-10 BABS	9011	99	Amortized		21,055.87	0.00	305.38	15,419.62	0.00	0.00	5,941.63
LAIF BABS 2010	9012	99	Fair Value		0.00	0.00	0.00	0.00	0.00	0.00	0.00
UBNA-2010 BOND	9013	99	Amortized		0.00	0.00	0.00	0.00	0.00	0.00	0.00
UBNA-FLEX ACCT	9014	99	Amortized		35,981.46	0.00	0.00	8,113.88	0.00	0.00	27,867.58
3135G0YE7	2286	99	Fair Value	08/26/2016	1,999,900.00	0.00	0.00	0.00	0.00	1,400.00	2,001,300.00
3134G5A47	2301	99	Fair Value	12/30/2016	2,002,920.00	0.00	0.00	0.00	0.00	860.00	2,003,780.00
3136G23G0	2304	99	Fair Value	08/15/2017	2,001,660.00	0.00	0.00	0.00	0.00	140.00	2,001,800.00
3133EECX6	2313	99	Fair Value	11/25/2016	1,998,480.00	0.00	0.00	0.00	0.00	1,180.00	1,999,660.00
3133EELR9	2317	99	Fair Value	01/27/2017	1,995,040.00	0.00	0.00	0.00	0.00	1,760.00	1,996,800.00
3130A4MF6	2318	99	Fair Value	03/29/2018	2,001,260.00	0.00	0.00	2,000,000.00	0.00	-1,260.00	0.00
3134G6TJ2	2319	99	Fair Value	10/27/2017	2,001,360.00	0.00	0.00	0.00	0.00	-620.00	2,000,740.00
3133EEYE4	2320	99	Fair Value	01/16/2018	1,995,320.00	0.00	0.00	0.00	0.00	2,320.00	1,997,640.00
3130A4WT5	2322	99	Fair Value	04/27/2018	2,000,020.00	0.00	0.00	0.00	0.00	80.00	2,000,100.00
3133EEXC9	2323	99	Fair Value	04/06/2017	1,997,160.00	0.00	0.00	0.00	0.00	-420.00	1,996,740.00
3130A52G3	2324	99	Fair Value	05/11/2018	2,000,300.00	0.00	0.00	0.00	0.00	0.00	2,000,300.00
3130A56B0	2325	99	Fair Value	05/04/2018	1,200,012.00	0.00	0.00	0.00	0.00	12.00	1,200,024.00
3134G6V264	2326	99	Amortized	06/29/2018	2,000,000.00	0.00	0.00	0.00	0.00	0.00	2,000,000.00
3133EEC73	2329	99	Amortized	03/27/2017	1,997,445.43	0.00	0.00	0.00	198.54	0.00	1,997,643.97
3136G2LZ8	2330	99	Amortized	09/28/2018	2,000,000.00	0.00	0.00	0.00	0.00	0.00	2,000,000.00
3134G7XJ5	2331	99	Fair Value	12/18/2017	2,000,100.00	0.00	0.00	0.00	0.00	640.00	2,000,740.00
3134G7B75	2332	99	Amortized	12/29/2017	2,000,000.00	0.00	0.00	0.00	0.00	0.00	2,000,000.00
3134G7D81	2333	99	Fair Value	10/29/2018	2,002,100.00	0.00	0.00	0.00	0.00	-960.00	2,001,140.00
3136G2R665	2334	99	Amortized	11/19/2018	2,000,000.00	0.00	0.00	0.00	0.00	0.00	2,000,000.00

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**Month End
GASB 31 Compliance Detail
Sorted by Fund - Fund**

CUSIP	Investment #	Fund	Investment Class	Maturity Date	Beginning Invested Value	Purchase of Principal	Addition to Principal	Redemption of Principal	Adjustment in Value		Ending Invested Value
									Amortization Adjustment	Change in Market Value	
Fund: Treasury Fund											
3134G76C0	2335	99	Amortized	11/23/2018	2,000,000.00	0.00	0.00	0.00	0.00	0.00	2,000,000.00
3135G0G64	2336	99	Amortized	10/29/2018	2,000,000.00	0.00	0.00	0.00	0.00	0.00	2,000,000.00
3134G87F0	2337	99	Fair Value	12/28/2018	2,000,160.00	0.00	0.00	2,000,000.00	0.00	-160.00	0.00
3130A6UZ8	2338	99	Amortized	12/28/2018	2,000,000.00	0.00	0.00	0.00	0.00	0.00	2,000,000.00
3130A72G9	2339	99	Amortized	01/29/2019	2,000,000.00	0.00	0.00	0.00	0.00	0.00	2,000,000.00
3134G8KL2	2340	99	Amortized	02/26/2019	2,000,000.00	0.00	0.00	0.00	0.00	0.00	2,000,000.00
2050003183-7	2341	99	Amortized	01/22/2018	81,833.21	0.00	0.00	0.00	0.00	0.00	81,833.21
3136G2ZW0	2342	99	Amortized	02/26/2019	1,030,000.00	0.00	0.00	0.00	0.00	0.00	1,030,000.00
3136G2ZW0	2343	99	Fair Value	02/26/2019	2,698,589.15	0.00	0.00	0.00	0.00	7,952.70	2,706,541.85
3134G8Q44	2344	99	Fair Value	03/29/2019	0.00	2,000,000.00	0.00	0.00	0.00	120.00	2,000,120.00
3134G8NM7	2345	99	Amortized	09/29/2017	0.00	2,000,000.00	0.00	0.00	0.00	0.00	2,000,000.00
3130A7H73	2346	99	Fair Value	03/29/2018	0.00	2,000,000.00	0.00	0.00	0.00	1,480.00	2,001,480.00
Subtotal					82,792,464.99	6,000,000.00	6,261,783.57	14,167,470.00	198.54	354,056.64	81,241,033.74
Total					82,792,464.99	6,000,000.00	6,261,783.57	14,167,470.00	198.54	354,056.64	81,241,033.74

**Month End
Activity Report
Sorted By Issuer
March 1, 2016 - March 31, 2016**

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value		Transaction Date	Par Value		Ending Balance
				Beginning Balance	Current Rate		Purchases or Deposits	Redemptions or Withdrawals	
Issuer: STATE OF CALIFORNIA									
Union Bank									
UNION MONEY	9002	STATE OF CALIFORNIA			0.010		4,025,252.19	4,025,252.29	
UNION OPERATING	9004	STATE OF CALIFORNIA			0.400		436,109.72	1,212,812.90	
RESERVE-10 COPS	9010	STATE OF CALIFORNIA			0.010		116.28	5,871.31	
RESERVE-10 BABS	9011	STATE OF CALIFORNIA			0.010		305.38	15,419.62	
UBNA-FLEX ACCT	9014	STATE OF CALIFORNIA					0.00	8,113.88	
Subtotal and Balance				1,549,021.89			4,461,783.57	5,267,470.00	743,335.46
Local Agency Investment Fund (LAIF)									
LAIF	9001	STATE OF CALIFORNIA			0.506		1,800,000.00	4,900,000.00	
Subtotal and Balance				11,814,388.85			1,800,000.00	4,900,000.00	8,714,388.85
Issuer Subtotal				11.685%	13,363,410.74		6,261,783.57	10,167,470.00	9,457,724.31
Issuer: California Bank & Trust									
Certificates of Deposit - Bank									
Subtotal and Balance				81,833.21					81,833.21
Issuer Subtotal				0.101%	81,833.21		0.00	0.00	81,833.21
Issuer: Fannie Mae									
Federal Agency Issues- Callable									
Subtotal and Balance				6,000,000.00					6,000,000.00
Issuer Subtotal				7.413%	6,000,000.00		0.00	0.00	6,000,000.00
Issuer: Federal Farm Credit Bank									
Federal Agency Issues- Callable									
Subtotal and Balance				8,000,000.00					8,000,000.00

**Month End
Activity Report
March 1, 2016 - March 31, 2016**

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value		Current Rate	Transaction Date	Par Value		Ending Balance
				Beginning Balance				Purchases or Deposits	Redemptions or Withdrawals	
Issuer: Federal Farm Credit Bank										
Federal Agency Issues - Coupon										
Subtotal and Balance				2,000,000.00						2,000,000.00
Issuer Subtotal			12.355%	10,000,000.00			0.00	0.00		10,000,000.00
Issuer: Federal Home Loan Bank										
Federal Agency Issues- Callable										
3130A4MF6	2318	Federal Home Loan Bank			1.300	03/29/2016	0.00	2,000,000.00		
3130A7H73	2346	Federal Home Loan Bank			1.000	03/29/2016	2,000,000.00	0.00		
Subtotal and Balance				11,200,000.00			2,000,000.00	2,000,000.00		11,200,000.00
Issuer Subtotal			13.838%	11,200,000.00			2,000,000.00	2,000,000.00		11,200,000.00
Issuer: Federal Home Loan Mortgage										
Federal Agency Issues- Callable										
3134G87F0	2337	Federal Home Loan Mortgage			1.450	03/28/2016	0.00	2,000,000.00		
3134G8Q44	2344	Federal Home Loan Mortgage			1.350	03/29/2016	2,000,000.00	0.00		
3134G8NM7	2345	Federal Home Loan Mortgage			0.850	03/29/2016	2,000,000.00	0.00		
Subtotal and Balance				18,000,000.00			4,000,000.00	2,000,000.00		20,000,000.00
Issuer Subtotal			24.710%	18,000,000.00			4,000,000.00	2,000,000.00		20,000,000.00
Issuer: Federal National Mortgage Assoc										
Federal Agency Issues- Callable										
Subtotal and Balance				5,735,000.00						5,735,000.00
Federal Agency Issues - Coupon										
Subtotal and Balance				2,000,000.00						2,000,000.00
Issuer Subtotal			9.557%	7,735,000.00			0.00	0.00		7,735,000.00
Issuer: San Diego County										

**Month End
Activity Report
March 1, 2016 - March 31, 2016**

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value	Current Rate	Transaction Date	Par Value	Ending Balance	
				Beginning Balance			Purchases or Deposits		Redemptions or Withdrawals
Issuer: San Diego County									
San Diego County Pool									
				<u>16,464,806.10</u>				<u>16,464,806.10</u>	
			Subtotal and Balance	16,464,806.10			0.00	0.00	16,464,806.10
			Issuer Subtotal	16,464,806.10			0.00	0.00	16,464,806.10
			Total	100.000%	82,845,050.05		12,261,783.57	14,167,470.00	80,939,363.62

**Month End
Duration Report
Sorted by Investment Type - Investment Type
Through 03/31/2016**

Security ID	Investment #	Fund	Issuer	Investment Class	Book Value	Par Value	Market Value	Current Rate	YTM 360	Current Yield	Maturity/ Call Date	Modified Duration
3134G5A47	2301	99	Federal Home Loan Mortgage	Fair	2,000,000.00	2,000,000.00	2,003,780.00	.6500000	0.641	0.397	12/30/2016	0.744
3136G23G0	2304	99	Federal National Mortgage Assoc	Fair	2,000,000.00	2,000,000.00	2,001,800.00	1.050000	1.036	0.984	08/15/2017	1.357
3133EECX6	2313	99	Federal Farm Credit Bank	Fair	2,000,000.00	2,000,000.00	1,999,660.00	.6100000	0.602	0.636	11/25/2016	0.646
3133EELR9	2317	99	Federal Farm Credit Bank	Fair	1,999,588.89	2,000,000.00	1,996,800.00	.6250000	0.616	0.821	01/27/2017	0.817
3134G6TJ2	2319	99	Federal Home Loan Mortgage	Fair	2,000,000.00	2,000,000.00	2,000,740.00	.8750000	0.863	0.851	10/27/2017	1.552
3133EEYE4	2320	99	Federal Farm Credit Bank	Fair	2,000,000.00	2,000,000.00	1,997,640.00	1.000000	0.986	1.067	01/16/2018	1.767
3130A4WT5	2322	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,000,100.00	1.020000	1.006	1.018	04/27/2018	2.036
3133EEXC9	2323	99	Federal Farm Credit Bank	Fair	2,000,000.00	2,000,000.00	1,996,740.00	.6900000	0.681	0.852	04/06/2017	1.004
3130A52G3	2324	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,000,300.00	1.050000	1.036	1.043	05/11/2018	2.074
3130A56B0	2325	99	Federal Home Loan Bank	Fair	1,200,000.00	1,200,000.00	1,200,024.00	1.120000	1.105	1.119	05/04/2018	2.052
3134G6V264	2326	99	Federal Home Loan Mortgage	Amort	2,000,000.00	2,000,000.00	2,003,060.00	1.250000	1.233	1.181	06/29/2018	2.200
3136G2LZ8	2330	99	Fannie Mae	Amort	2,000,000.00	2,000,000.00	2,003,060.00	1.250000	1.233	1.188	09/28/2018	2.445
3134G7XJ5	2331	99	Federal Home Loan Mortgage	Fair	2,000,000.00	2,000,000.00	2,000,740.00	1.000000	0.986	0.978	12/18/2017	1.691
3134G7B75	2332	99	Federal Home Loan Mortgage	Amort	2,000,000.00	2,000,000.00	2,002,900.00	1.016125	1.002	0.932	12/29/2017	1.721
3134G7D81	2333	99	Federal Home Loan Mortgage	Fair	2,000,000.00	2,000,000.00	2,001,140.00	1.300000	1.282	1.278	10/29/2018	2.513
3136G2R665	2334	99	Fannie Mae	Amort	2,000,000.00	2,000,000.00	2,000,820.00	1.150000	1.134	1.134	11/19/2018	2.574
3134G76C0	2335	99	Federal Home Loan Mortgage	Amort	2,000,000.00	2,000,000.00	2,000,320.00	1.200000	1.184	1.194	11/23/2018	2.585
3135G0G64	2336	99	Fannie Mae	Amort	2,000,000.00	2,000,000.00	2,000,040.00	1.100000	1.085	1.099	10/29/2018	2.523
3130A6UZ8	2338	99	Federal Home Loan Bank	Amort	2,000,000.00	2,000,000.00	2,006,320.00	1.375000	1.356	1.258	12/28/2018	2.674
3130A72G9	2339	99	Federal Home Loan Bank	Amort	2,000,000.00	2,000,000.00	2,003,680.00	1.500000	1.479	1.434	01/29/2019	2.752
3134G8KL2	2340	99	Federal Home Loan Mortgage	Amort	2,000,000.00	2,000,000.00	2,000,880.00	1.300000	1.282	1.285	02/26/2019	2.836
3136G2ZW0	2342	99	Federal National Mortgage Assoc	Amort	1,030,000.00	1,030,000.00	1,030,587.10	1.125000	1.110	1.105	02/26/2019	2.845
3136G2ZW0	2343	99	Federal National Mortgage Assoc	Fair	2,705,000.00	2,705,000.00	2,706,541.85	1.125000	1.110	1.105	02/26/2019	2.845
3134G8Q44	2344	99	Federal Home Loan Mortgage	Fair	2,000,000.00	2,000,000.00	2,000,120.00	1.350000	1.332	1.348	03/29/2019	2.924
3134G8NM7	2345	99	Federal Home Loan Mortgage	Amort	2,000,000.00	2,000,000.00	2,000,360.00	.8500000	0.838	0.838	09/29/2017	1.482
3130A7H73	2346	99	Federal Home Loan Bank	Fair	2,000,000.00	2,000,000.00	2,001,480.00	1.000000	0.986	0.962	03/29/2018	1.970

**Month End
Duration Report
Sorted by Investment Type - Investment Type
Through 03/31/2016**

Security ID	Investment #	Fund	Issuer	Investment Class	Book Value	Par Value	Market Value	Current Rate	YTM 360	Current Yield	Maturity/ Call Date	Modified Duration
3135G0YE7	2286	99	Federal National Mortgage Assoc	Fair	2,000,469.36	2,000,000.00	2,001,300.00	.6250000	0.558	0.495	08/26/2016	0.402
3133EEC73	2329	99	Federal Farm Credit Bank	Amort	1,997,643.97	2,000,000.00	2,000,260.00	.5500000	0.661	0.537	03/27/2017	0.984
2050003183-7	2341	99	California Bank & Trust	Amort	81,833.21	81,833.21	81,833.21	.0300000	0.030	0.030	01/22/2018	1.806 †
LAIF	9001	99	STATE OF CALIFORNIA	Fair	8,714,388.85	8,714,388.85	8,716,315.25	.5060000	0.499	0.506		0.000
LAIF BABS 2010	9012	99	STATE OF CALIFORNIA	Fair	0.00	0.00	0.00	.2670000	0.263	0.267		0.000
SD COUNTY	9007	99	San Diego County	Fair	16,464,806.10	16,464,806.10	16,763,000.00	.6590000	0.650	0.659		0.000
Report Total					80,193,730.38	80,196,028.16	80,522,341.41			0.876		1.314 †

† = Duration can not be calculated on these investments due to incomplete Market price data.

**Month End
Interest Earnings
Sorted by Fund - Fund
March 1, 2016 - March 31, 2016
Yield on Beginning Book Value**

CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Ending Book Value	Maturity Date	Current Annualized Rate	Annualized Yield	Adjusted Interest Earnings		
										Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings
Fund: Treasury Fund												
LAIF	9001	99	LA1	8,714,388.85	11,814,388.85	8,714,388.85		0.506	0.476	4,780.61	0.00	4,780.61
UNION MONEY	9002	99	PA1	10,002.19	10,002.29	10,002.19		0.010	0.257	2.18	0.00	2.18
UNION OPERATING	9004	99	PA1	666,420.21	1,443,123.39	666,420.21		0.400	0.510	624.99	0.00	624.99
SD COUNTY POOL	9007	99	LA3	16,464,806.10	16,464,806.10	16,464,806.10		0.659	0.659	9,215.33	0.00	9,215.33
RESERVE-10 COPS	9010	99	PA1	2,262.50	8,017.53	2,262.50		0.010	0.003	0.02	0.00	0.02
RESERVE-10 BABS	9011	99	PA1	5,941.63	21,055.87	5,941.63		0.010	0.003	0.05	0.00	0.05
3135G0YE7	2286	99	FAC	2,000,000.00	2,000,566.47	2,000,469.36	08/26/2016	0.625	0.556	1,041.67	-97.11	944.56
3134G5A47	2301	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	12/30/2016	0.650	0.638	1,083.33	0.00	1,083.33
3136G23G0	2304	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	08/15/2017	1.050	1.030	1,750.00	0.00	1,750.00
3133EECX6	2313	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	11/25/2016	0.610	0.599	1,016.67	0.00	1,016.67
3133EELR9	2317	99	MC1	2,000,000.00	1,999,547.22	1,999,588.89	01/27/2017	0.625	0.638	1,041.66	41.67	1,083.33
3130A4MF6	2318	99	MC1	0.00	2,000,000.00	0.00	03/29/2018	1.300	1.318	2,022.22	0.00	2,022.22
3134G6TJ2	2319	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	10/27/2017	0.875	0.859	1,458.33	0.00	1,458.33
3133EEYE4	2320	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	01/16/2018	1.000	0.981	1,666.67	0.00	1,666.67
3130A4WT5	2322	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	04/27/2018	1.020	1.001	1,700.00	0.00	1,700.00
3133EEXC9	2323	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	04/06/2017	0.690	0.677	1,150.00	0.00	1,150.00
3130A52G3	2324	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	05/11/2018	1.050	1.030	1,750.00	0.00	1,750.00
3130A56B0	2325	99	MC1	1,200,000.00	1,200,000.00	1,200,000.00	05/04/2018	1.120	1.099	1,120.00	0.00	1,120.00
3134G6V264	2326	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	06/29/2018	1.250	1.226	2,083.33	0.00	2,083.33
3133EEC73	2329	99	FAC	2,000,000.00	1,997,445.43	1,997,643.97	03/27/2017	0.550	0.657	916.67	198.54	1,115.21
3136G2LZ8	2330	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	09/28/2018	1.250	1.226	2,083.33	0.00	2,083.33
3134G7XJ5	2331	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	12/18/2017	1.000	0.981	1,666.66	0.00	1,666.66
3134G7B75	2332	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	12/29/2017	1.016	0.997	1,693.54	0.00	1,693.54
3134G7D81	2333	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	10/29/2018	1.300	1.276	2,166.67	0.00	2,166.67
3136G2R665	2334	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	11/19/2018	1.150	1.153	1,958.79	0.00	1,958.79
3134G76C0	2335	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	11/23/2018	1.200	1.177	2,000.00	0.00	2,000.00
3135G0G64	2336	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	10/29/2018	1.100	1.079	1,833.34	0.00	1,833.34
3134G87F0	2337	99	MC1	0.00	2,000,000.00	0.00	12/28/2018	1.450	1.470	2,175.00	0.00	2,175.00
3130A6UZ8	2338	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	12/28/2018	1.375	1.349	2,291.67	0.00	2,291.67

Data Updated: SET_ME8: 04/18/2016 17:54

Run Date: 04/18/2016 - 17:54

Portfolio OTAY

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IE (PRF_IE) 7.2.0

Report Ver. 7.3.5

**Month End
Interest Earnings
March 1, 2016 - March 31, 2016**

CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Ending Book Value	Maturity Date	Current Annualized Rate	Yield	Adjusted Interest Earnings		
										Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings
Fund: Treasury Fund												
3130A72G9	2339	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	01/29/2019	1.500	1.472	2,500.00	0.00	2,500.00
3134G8KL2	2340	99	MC1	2,000,000.00	2,000,000.00	2,000,000.00	02/26/2019	1.300	1.276	2,166.67	0.00	2,166.67
2050003183-7	2341	99	BCD	81,833.21	81,833.21	81,833.21	01/22/2018	0.030	0.030	2.11	0.00	2.11
3136G2ZW0	2342	99	MC1	1,030,000.00	1,030,000.00	1,030,000.00	02/26/2019	1.125	1.104	965.62	0.00	965.62
3136G2ZW0	2343	99	MC1	2,705,000.00	2,705,000.00	2,705,000.00	02/26/2019	1.125	1.104	2,535.93	0.00	2,535.93
3134G8Q44	2344	99	MC1	2,000,000.00	0.00	2,000,000.00	03/29/2019	1.350	0.913	150.00	0.00	150.00
3134G8NM7	2345	99	MC1	2,000,000.00	0.00	2,000,000.00	09/29/2017	0.850	0.575	94.44	0.00	94.44
3130A7H73	2346	99	MC1	2,000,000.00	0.00	2,000,000.00	03/29/2018	1.000	0.676	111.11	0.00	111.11
Subtotal				80,880,654.69	82,775,786.36	80,878,356.91			0.866	60,818.61	143.10	60,961.71
Total				80,880,654.69	82,775,786.36	80,878,356.91			0.866	60,818.61	143.10	60,961.71



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	May 4, 2016
SUBMITTED BY:	Rita Bell, <i>Rita Bell</i> Finance Manager, Controller and Budgetary Srvcs	W.O./G.F. NO:	DIV. NO.
APPROVED BY:	Joseph Beachem, Chief Financial Officer (Chief)		
APPROVED BY:	German Alvarez, Assistant General Manager (Asst. GM)		
SUBJECT:	Accounts Payable Demand List		

PURPOSE:

Attached is the list of demands for the Board's information.

FISCAL IMPACT:

<u>SUMMARY FOR PERIOD 3/24/2016 - 4/20/2016</u>	<u>NET DEMANDS</u>
CHECKS (2045525 - 2045722)	\$ 1,792,495.97
VOID CHECKS (2)	(\$ 213.91)
TOTAL CHECKS	\$ 1,792,282.06
WIRE TO:	
CALPERS - OTHER POST EMPLOYMENT BENEFITS (MONTHLY)	\$ 123,900.00
CITY TREASURER - RECLAIMED WATER PURCHASE (3/3/16-4/4/16)	\$ 151,801.60
CITY TREASURER - RECLAIMED WATER PURCHASE (NOV 2015 TAKE OR PAY)	\$ 617,629.91
OTAY WATER DISTRICT - BI-WEEKLY PAYROLL DEDUCTION	\$ 658.00
OTAY WATER DISTRICT - BI-WEEKLY PAYROLL DEDUCTION	\$ 651.00
PREFERRED BENEFIT INSURANCE - DENTAL & COBRA CLAIMS (MAR 2016)	\$ 16,136.49
SAN DIEGO COUNTY WATER AUTH - WATER DELIVERIES & CHARGES (FEB 2015)	\$ 3,105,144.83
STATE DISBURSEMENT UNIT - BI-WEEKLY PAYROLL DEDUCTION	\$ 237.69
STATE DISBURSEMENT UNIT - BI-WEEKLY PAYROLL DEDUCTION	\$ 621.22
STATE DISBURSEMENT UNIT - BI-WEEKLY PAYROLL DEDUCTION	\$ 237.69
STATE DISBURSEMENT UNIT - BI-WEEKLY PAYROLL DEDUCTION	\$ 621.22
STATE OF CALIFORNIA - CA SALES USE TAX (1ST QTR 2016)	\$ 1,631.00
UNION BANK - BI-WEEKLY PAYROLL TAXES	\$ 142,925.66
UNION BANK - BI-WEEKLY PAYROLL TAXES	\$ 162,271.87
UNION BANK NA - COPS 1996 (MONTHLY)	\$ 1,269.45
UNION BANK NA - COPS 1996 (QUARTERLY)	\$ 21,708.62
TOTAL CASH DISBURSEMENTS	\$ 6,139,728.31

RECOMMENDED ACTION:

That the Board received the attached list of demands.

Jb/Attachment

CHECK REGISTER

Otay Water District

Date Range: 3/24/2016 - 4/20/2016

Check #	Date	Vendor	Vendor Name	Invoice	Inv. Date	Description	Amount	Check Total
2045525	03/30/16	11466	A&G INSTRUMENT SERVICE AND	35872	03/08/16	CALIBRATION SERVICES (3/8/16)	1,337.60	1,337.60
2045526	03/30/16	08488	ABLEFORCE INC	6341	03/04/16	SHAREPOINT SERVICES (2/4/16)	437.50	437.50
2045621	04/13/16	17165	ADRIANA MORALES	1872040816	04/08/16	CUSTOMER REFUND	158.90	158.90
2045622	04/13/16	13901	ADVANCED INDUSTRIAL SVCS INC	403312016	03/22/16	711-1 & 2 RESERVOIR (ENDING 3/31/16)	220,970.00	220,970.00
2045527	03/30/16	13901	ADVANCED INDUSTRIAL SVCS INC	102292016	03/04/16	980-1 RESERVOIR (ENDING 2/29/16)	126,872.50	
				302292016	03/04/16	711-1 & 2 RESERVOIR (ENDING 2/29/16)	90,226.25	217,098.75
2045528	03/30/16	12174	AECOM TECHNICAL SERVICES INC	38	03/02/16	DISINFECTION SYSTEM (ENDING 2/26/16)	5,450.00	5,450.00
2045529	03/30/16	11462	AEGIS ENGINEERING MGMT INC	1411	03/09/16	DEVELOPER PLAN REVIEW (2/1/16-3/4/16)	10,654.58	10,654.58
2045530	03/30/16	15024	AIRX UTILITY SURVEYORS INC	30	03/01/16	AS-NEEDED LAND SURVEYING (2/1/16-2/29/16)	5,460.00	
				103012016	03/01/16	UTILITY LOCATING SERVICES (2/1/16-2/29/16)	1,332.00	6,792.00
2045576	04/06/16	17158	ALEJANDRO FRANCO	Ref002458435	04/04/16	UB Refund Cst #0000161973	205.32	205.32
2045531	03/30/16	14462	ALYSON CONSULTING	CM201620	03/07/16	MGMT/INSP (2/1/16-2/29/16)	4,410.00	
				CM201626	03/07/16	MGMT/INSP (2/1/16-2/29/16)	4,290.00	
				CM201623	03/07/16	MGMT/INSP (2/1/16-2/29/16)	3,600.00	
				CM201621	03/07/16	MGMT/INSP (2/1/16-2/29/16)	3,360.00	
				CM201625	03/07/16	MGMT/INSP (2/1/16-2/29/16)	3,300.00	
				CM201624	03/07/16	MGMT/INSP (2/1/16-2/29/16)	3,150.00	
				CM201627	03/07/16	MGMT/INSP (2/1/16-2/29/16)	1,760.00	
				CM201622	03/07/16	MGMT/INSP (2/1/16-2/29/16)	1,350.00	
				CM201619	03/07/16	MGMT/INSP (2/1/16-2/29/16)	300.00	25,520.00
2045623	04/13/16	06166	AMERICAN MESSAGING	L1109570QD	04/01/16	PAGERS (MAR 2016)	213.33	213.33
2045671	04/20/16	17169	ANA ORYAN	Ref002458630	04/18/16	UB Refund Cst #0000119061	38.16	38.16
2045577	04/06/16	08967	ANTHEM EAP	55590	03/29/16	EMPLOYEE ASSISTANCE PROG (APR-JUNE 2016)	929.91	929.91
2045624	04/13/16	03492	AQUA-METRIC SALES COMPANY	0060188IN	03/23/16	OMNI C2 METERS	7,851.51	7,851.51
2045578	04/06/16	17152	ARMANDO TELLECHEA	Ref002458429	04/04/16	UB Refund Cst #0000068921	7.60	7.60
2045579	04/06/16	17105	ARTIANO SHINOFF & HOLTZ APC	213543	03/16/16	LEGAL SERVICES (FEB 2016)	20,000.00	20,000.00
2045672	04/20/16	07785	AT&T	000007888201	04/02/16	TELEPHONE SERVICES (3/2/16-4/1/16)	5,903.12	5,903.12
2045532	03/30/16	12810	ATKINS	1833644	03/10/16	2015 WFMP UPDATE (8/3/15-1/31/16)	21,133.98	21,133.98
2045580	04/06/16	17138	AVALON II CALIFORNIA IV LP	Ref002458414	04/04/16	UB Refund Cst #0000185023	501.86	501.86
2045625	04/13/16	06970	BATTIKHA, SAM	040616040716	04/11/16	TRAVEL EXPENSE REIMB (4/6/16-4/7/16)	183.73	183.73

CHECK REGISTER

Otay Water District

Date Range: 3/24/2016 - 4/20/2016

Check #	Date	Vendor	Vendor Name	Invoice	Inv. Date	Description	Amount	Check Total
2045673	04/20/16	17188	BOBBY JOHNSON	Ref002458649	04/18/16	UB Refund Cst #0000222273	18.15	18.15
2045674	04/20/16	17181	BRAD KIDD	Ref002458642	04/18/16	UB Refund Cst #0000215644	25.96	25.96
2045626	04/13/16	10970	BRENNTAG PACIFIC INC	BPI610599	03/24/16	SODIUM HYPOCHLORITE	3,316.65	
				BPI608770	03/17/16	SODIUM HYPOCHLORITE	2,435.89	
				BPI610598	03/24/16	SODIUM HYPOCHLORITE	1,408.83	7,161.37
2045533	03/30/16	10970	BRENNTAG PACIFIC INC	BPI605371	03/02/16	SODIUM HYPOCHLORITE	2,906.79	
				BPI606589	03/09/16	SODIUM HYPOCHLORITE	2,585.10	
				BPI605741	03/04/16	SODIUM HYPOCHLORITE	1,819.65	
				BPI607194	03/10/16	SODIUM HYPOCHLORITE	1,090.06	8,401.60
2045581	04/06/16	17156	C EDWARD REED	Ref002458433	04/04/16	UB Refund Cst #0000153660	53.85	53.85
2045675	04/20/16	02970	CALIFORNIA LAND SURVEYORS	11077020116	02/01/16	MEMBERSHIP DUES	174.00	174.00
2045627	04/13/16	01432	CALIFORNIA URBAN WATER	G12016179	04/11/16	2016 DUES	2,315.81	2,315.81
2045628	04/13/16	01004	CALOLYMPIC SAFETY	349557	03/23/16	HAZWOP SAFETY	256.76	256.76
2045676	04/20/16	17189	CALVIN MILLISON	Ref002458650	04/18/16	UB Refund Cst #0000222745	33.34	33.34
2045629	04/13/16	02758	CARMEL BUSINESS SYSTEMS INC	7999	03/22/16	DESTRUCTION SERVICES (3/18/16)	38.50	
				8000	03/25/16	SCANNING SERVICES (3/18/16)	35.00	73.50
2045534	03/30/16	02758	CARMEL BUSINESS SYSTEMS INC	7997	03/08/16	SCANNING SERVICES (3/4/16)	35.00	35.00
2045535	03/30/16	15177	CAROLLO ENGINEERS INC	147618	03/10/16	2015 IWRP UPDATE (ENDING 2/29/16)	426.00	426.00
2045630	04/13/16	17022	CASTLE ACCESS INC	0223090887	04/01/16	COLOCATION SERVICES	2,083.25	2,083.25
2045536	03/30/16	02911	CELARTEM INC	PSI137746	03/02/16	SOFTWARE MAINTENANCE	655.00	655.00
2045677	04/20/16	16746	CH2M HILL ENGINEERS INC	381060721	03/23/16	2015 UWMP UPDATE (1/30/16-2/26/16)	3,327.74	3,327.74
2045678	04/20/16	17172	CHRISTOPHER BOLLES	Ref002458633	04/18/16	UB Refund Cst #0000162023	9.71	9.71
2045537	03/30/16	02026	CHULA VISTA ELEM SCHOOL DIST	AR045578	03/03/16	GARDEN TOURS (1/21/16)	540.00	540.00
2045631	04/13/16	02026	CHULA VISTA ELEM SCHOOL DIST	AR045708	03/16/16	GARDEN TOURS (2/11/16-2/25/16)	810.00	
				AR045716	03/23/16	GARDEN TOURS (12/2/15 & 12/3/15)	540.00	1,350.00
2045679	04/20/16	15256	CIGNA GROUP INSURANCE / LINA	9267041016	04/10/16	AD&D & SUPP LIFE INS (APR 2016)	4,471.35	4,471.35
2045632	04/13/16	12674	CITY OF CHULA VISTA	071060PU0040416	04/04/16	UTILITY PERMITS (7/1/15-3/31/16)	11,880.00	11,880.00
2045582	04/06/16	00234	CITY TREASURER	1000161618	03/22/16	LABORATORY ANALYSIS (FEB 2016)	1,220.00	1,220.00
2045633	04/13/16	16807	CIVIC LINK STRATEGIES	Jan2016OWD	02/09/16	CONSULTANT FOR CITY OF SD RECYCLED WTR	9,000.00	9,000.00
2045680	04/20/16	04119	CLARKSON LAB & SUPPLY INC	83525	02/29/16	BACTERIOLOGICAL TESTING (2/24/16)	356.00	

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				83524	02/29/16	BACTERIOLOGICAL TESTING (2/17/16)	188.00	
				83526	02/29/16	BACTERIOLOGICAL TESTING (2/23/16)	178.00	722.00
2045583	04/06/16	16030	CORA CONSTRUCTORS INC	00016091	03/03/16	RETAINAGE RELEASE	15,004.35	15,004.35
2045634	04/13/16	12334	CORODATA MEDIA STORAGE INC	DS1272735	03/31/16	TAPE STORAGE (MAR 2016)	408.65	408.65
2045538	03/30/16	00099	COUNTY OF SAN DIEGO	DPWAROTAYMW	03/10/16	EXCAVATION PERMITS (FEB 2016)	604.30	604.30
2045635	04/13/16	00184	COUNTY OF SAN DIEGO	2818032416	03/24/16	UPFP PERMIT RENEWAL (4/30/16-4/30/17)	446.00	446.00
2045681	04/20/16	00184	COUNTY OF SAN DIEGO	2003193E6023603	04/04/16	SHUT DOWN TEST (3/30/16)	213.00	
				2003193E6022403	04/14/16	SHUT DOWN TEST (3/30/16)	213.00	
				2003193E6021403	04/04/16	SHUT DOWN TEST (3/30/16)	213.00	
				2003193E6021203	04/04/16	SHUT DOWN TEST (3/30/16)	213.00	
				2003193E6163603	04/04/16	SHUT DOWN TEST (3/30/16)	142.00	
				2003193E6163503	04/04/16	SHUT DOWN TEST (3/30/16)	142.00	
				2003193E6022003	04/04/16	SHUT DOWN TEST (3/30/16)	142.00	
				2003193E6166603	04/04/16	SHUT DOWN TEST (3/15/16)	142.00	
				2003193E6168203	04/04/16	SHUT DOWN TEST (3/18/16)	142.00	
				2003193E6166703	04/04/16	SHUT DOWN TEST (3/15/16)	142.00	1,704.00
2045636	04/13/16	02756	COX COMMUNICATIONS INC	6702032616	03/26/16	TELECOMM SVCS / METRO-E (3/24/16-4/23/16)	3,866.35	
				9601032916	03/29/16	INTERNET SERVICES (3/29/16-4/28/16)	600.00	4,466.35
2045584	04/06/16	17155	DAVID CISNEROS	Ref002458432	04/04/16	UB Refund Cst #0000147842	6.12	6.12
2045539	03/30/16	17023	EH WACHS	INV119926	03/08/16	CP #19 VALVE MACHINE	27,939.64	27,939.64
2045682	04/20/16	17173	ELASSAAD WALID	Ref002458634	04/18/16	UB Refund Cst #0000163087	38.27	38.27
2045683	04/20/16	17186	ELEAZAR HERNANDEZ	Ref002458647	04/18/16	UB Refund Cst #0000217884	16.03	16.03
2045684	04/20/16	17183	ELIZABETH MILLER	Ref002458644	04/18/16	UB Refund Cst #0000217538	9.23	9.23
2045685	04/20/16	08023	EMPLOYEE BENEFIT SPECIALISTS	0074886IN	03/31/16	EMPLOYEE BENEFITS (MAR 2016)	675.00	675.00
2045585	04/06/16	08023	EMPLOYEE BENEFIT SPECIALISTS	0074317IN	02/29/16	EMPLOYEE BENEFITS (FEB 2016)	692.50	692.50
2045540	03/30/16	03227	ENVIROMATRIX ANALYTICAL INC	6030767	03/14/16	LAB ANALYSIS (2/26/16-3/9/16)	470.00	
				6030576	03/07/16	LAB ANALYSIS (2/19/16-2/25/16)	445.00	915.00
2045637	04/13/16	03227	ENVIROMATRIX ANALYTICAL INC	6030922	03/21/16	LAB ANALYSIS (3/7/16-3/16/16)	480.00	
				6031175	03/28/16	LAB ANALYSIS (3/11/16-3/17/16)	445.00	925.00
2045586	04/06/16	17161	ESSENCE DAWSON	Ref002458438	04/04/16	UB Refund Cst #0000174578	116.36	116.36
2045638	04/13/16	14320	EUROFINS EATON ANALYTICAL INC	L0258596	04/04/16	OUTSIDE LAB SERVICES (3/14/16)	265.00	265.00

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2045639	04/13/16	03546	FERGUSON WATERWORKS # 1083	0547298	03/24/16	INVENTORY	8,767.29	
				0547485	03/17/16	HOSE	540.55	9,307.84
2045541	03/30/16	03546	FERGUSON WATERWORKS # 1083	0545666	03/08/16	GATE CAPS	1,296.00	1,296.00
2045640	04/13/16	16469	FIRST CHOICE SERVICES	057201	03/24/16	COFFEE SERVICES	516.38	516.38
2045542	03/30/16	16469	FIRST CHOICE SERVICES	056607	03/10/16	COFFEE SERVICES	353.34	353.34
2045543	03/30/16	11962	FLEETWASH INC	x716323	03/04/16	VEHICLE WASHING	58.32	58.32
2045641	04/13/16	11962	FLEETWASH INC	x724823	03/18/16	VEHICLE WASHING	70.01	70.01
2045686	04/20/16	01612	FRANCHISE TAX BOARD	Ben2458702	04/21/16	BI-WEEKLY PAYROLL DEDUCTION	100.00	100.00
2045587	04/06/16	17149	FRANCISCO RIVERA	Ref002458426	04/04/16	UB Refund Cst #0000020025	80.65	80.65
2045642	04/13/16	13563	FRIENDS OF THE WATER	300	03/22/16	GARDEN TOURS (MAR 2016)	700.00	700.00
2045687	04/20/16	17182	GABE GONZALES	Ref002458643	04/18/16	UB Refund Cst #0000216222	1,755.83	1,755.83
2045688	04/20/16	17166	GLENN JACOB	Ref002458627	04/18/16	UB Refund Cst #0000013355	191.57	191.57
2045689	04/20/16	17174	H & H INDUSTRIES INC	Ref002458635	04/18/16	UB Refund Cst #0000163106	86.64	86.64
2045544	03/30/16	00174	HACH COMPANY	9836535	03/11/16	HACH APA6000	1,342.99	1,342.99
2045545	03/30/16	00201	HARRINGTON INDL PLASTICS LLC	004G3755	03/14/16	DEFECTION FLANGES	130.06	130.06
2045690	04/20/16	05986	HAVS INCORPORATED	7335	02/24/16	BOARD ROOM MAINTENANCE	1,942.80	1,942.80
2045546	03/30/16	02008	HELIX ENVIRONMNTL PLANNING INC	16	03/07/16	ENVIRONMENTAL SERVICES (2/1/16-2/29/16)	10,777.02	10,777.02
2045643	04/13/16	13349	HUNSAKER & ASSOCIATES	2016010070	03/15/16	LAND SURVEYING (1/22/16-2/19/16)	10,050.00	10,050.00
2045644	04/13/16	03743	HYDROTEX	271963	03/17/16	OIL	3,402.60	3,402.60
2045645	04/13/16	15622	ICF JONES & STOKES INC	0113690	03/21/16	ENVIRONMENTAL SERVICES (1/30/16-2/26/16)	4,326.47	
				0113685	03/21/16	ENVIRONMENTAL SERVICES (1/30/16-2/26/16)	2,738.50	
				0113681	03/21/16	ENVIRONMENTAL SERVICES (1/30/16-2/26/16)	259.44	7,324.41
2045547	03/30/16	08969	INFOSEND INC	102945	03/02/16	BILL PRINTING SERVICES (FEB 2016)	2,040.76	
				103139	03/09/16	BILL PRINTING SERVICES (2/4/16)	379.29	2,420.05
2045646	04/13/16	03380	INSIGHT PUBLIC SECTOR INC	1100465788	03/15/16	EMAIL/WEB SECURITY	17,421.50	17,421.50
2045548	03/30/16	02372	INTERIOR PLANT SERVICE INC	13932	02/20/16	PLANT SERVICES (FEB 2016)	226.00	226.00
2045647	04/13/16	13899	INTERMEDIA.NET INC	1604001777	04/01/16	EMAIL SERVICES	3,215.35	3,215.35
2045588	04/06/16	17163	INTERNATIONAL INDUSTRIAL PARK	5000032916	04/04/16	CUSTOMER REFUND	1,559.87	1,559.87
2045549	03/30/16	17135	IRENE JACKSON	8133032516	03/25/16	CUSTOMER REFUND	1,071.64	1,071.64

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2045550	03/30/16	14737	IWATER INC	7381	03/08/16	GPS AND GEODATABASE SVCS (2/29/16-3/4/16)	3,487.50	
				7382	03/11/16	GPS AND GEODATABASE SERVICES	3,037.50	6,525.00
2045551	03/30/16	03078	J&R CONCRETE PRODUCTS INC	56952	03/03/16	14-INCH MAIN VAULT	13,500.00	13,500.00
2045648	04/13/16	10563	JCI JONES CHEMICALS INC	683855	03/15/16	CHEMICALS FOR TREATMENT PLANT	1,684.65	1,684.65
2045691	04/20/16	17167	JERRY ZUCK	Ref002458628	04/18/16	UB Refund Cst #0000017592	23.57	23.57
2045589	04/06/16	17159	JESSE WATERS	Ref002458436	04/04/16	UB Refund Cst #0000163670	35.05	35.05
2045692	04/20/16	17177	JESSICA SHARP	Ref002458638	04/18/16	UB Refund Cst #0000205101	14.09	14.09
2045590	04/06/16	17157	JORGE F OJEDA	Ref002458434	04/04/16	UB Refund Cst #0000160336	130.66	130.66
2045693	04/20/16	17168	JOSEPH HACK	Ref002458629	04/18/16	UB Refund Cst #0000024573	12.08	12.08
2045694	04/20/16	17180	KARIN MILES	Ref002458641	04/18/16	UB Refund Cst #0000213920	26.81	26.81
2045591	04/06/16	17151	KIRK LUJAN	Ref002458428	04/04/16	UB Refund Cst #0000032509	35.81	35.81
2045552	03/30/16	05840	KIRK PAVING INC	6086	03/08/16	ASPHALT CONCRETE PAVING	4,379.25	4,379.25
2045649	04/13/16	05840	KIRK PAVING INC	6092	03/22/16	ASPHALT CONCRETE PAVING	12,279.75	12,279.75
2045592	04/06/16	12276	KONECRANES INC	SDG01099857	03/23/16	HOIST INSPECTION	575.00	575.00
2045593	04/06/16	17147	KURT KING	Ref002458424	04/04/16	UB Refund Cst #0000011857	154.11	154.11
2045650	04/13/16	05632	LARSON, BRAD	032816	04/07/16	SAFETY BOOTS	146.45	146.45
2045651	04/13/16	15615	LAYFIELD USA CORPORATION	E06450	03/22/16	RESERVOIR FLOATING COVER MAINT (MAR 2016)	13,100.00	13,100.00
2045594	04/06/16	17139	LEO GONZALEZ	Ref002458416	04/04/16	UB Refund Cst #0000203455	311.51	311.51
2045695	04/20/16	07784	LICON, HECTOR	HL041816	04/18/16	PRESCRIPTION GLASSES	470.00	470.00
2045696	04/20/16	13749	LONDON GROUP REALTY ADVISORS	1179	04/04/16	OUTSIDE SERVICES (2/3/16-3/23/16)	8,137.50	8,137.50
2045697	04/20/16	17191	LUSARDI CONSTRUCTION CO	Ref002458652	04/18/16	UB Refund Cst #0000223528	1,695.85	1,695.85
2045698	04/20/16	17192	LUSARDI CONSTRUCTION CO	Ref002458653	04/18/16	UB Refund Cst #0000223531	1,759.85	1,759.85
2045699	04/20/16	17185	MAGDALENA TROCHE	Ref002458646	04/18/16	UB Refund Cst #0000217872	10.89	10.89
2045595	04/06/16	17150	MARGO VILLARIN	Ref002458427	04/04/16	UB Refund Cst #0000024452	71.69	71.69
2045700	04/20/16	17194	MARIA HARO	Ref002458655	04/18/16	UB Refund Cst #0000224429	20.03	20.03
2045596	04/06/16	17154	MARICELA LEON	Ref002458431	04/04/16	UB Refund Cst #0000146428	63.34	63.34
2045701	04/20/16	17179	MARIE MORRISON	Ref002458640	04/18/16	UB Refund Cst #0000207944	10.64	10.64

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2045553	03/30/16	05329	MASTER METER INC	148046	03/02/16	INTERNAL MEASURING CHAMBERS	3,482.33	3,482.33
2045652	04/13/16	08403	MCR TECHNOLOGIES INC	35460	03/17/16	PRESSURE TRANSDUCER	833.28	833.28
2045702	04/20/16	17171	MICHELLE FLORESCA	Ref002458632	04/18/16	UB Refund Cst #0000160151	123.85	123.85
2045597	04/06/16	17162	MIRIAM FIERRO	Ref002458439	04/04/16	UB Refund Cst #0000184969	52.06	52.06
2045598	04/06/16	17142	MISSION CAPITAL LLC	Ref002458419	04/04/16	UB Refund Cst #0000221785	112.34	112.34
2045599	04/06/16	16613	MISSION RESOURCE CONSERVATION	363	04/01/16	HOME WATER USE EVALUATION	187.50	187.50
2045554	03/30/16	15136	MISSION UNIFORM SERVICE	502043659	03/08/16	UNIFORM SERVICES	405.79	
				501998569	03/01/16	UNIFORM SERVICES	392.11	
				502034309	03/07/16	UNIFORM SERVICES	115.88	
				502080760	03/14/16	UNIFORM SERVICES	115.88	1,029.66
2045653	04/13/16	15136	MISSION UNIFORM SERVICE	502136955	03/22/16	UNIFORM SERVICES	400.99	
				502089672	03/15/16	UNIFORM SERVICES	387.01	
				502126794	03/21/16	UNIFORM SERVICES	121.62	
				502172886	03/28/16	UNIFORM SERVICES	121.62	
				502136954	03/22/16	UNIFORM SERVICES	105.06	
				501998568	03/01/16	UNIFORM SERVICES	105.06	
				502043658	03/08/16	UNIFORM SERVICES	87.84	
				502089671	03/15/16	UNIFORM SERVICES	76.36	
				502037239	03/08/16	UNIFORM SERVICES	37.92	1,443.48
2045654	04/13/16	15854	MITSUBISHI UFJ SEC (USA) INC	0408160011	04/12/16	REMARKETING AGENT FEE (1/1/16-3/31/16)	1,969.18	1,969.18
2045555	03/30/16	16956	MONTGOMERY CONST SVCS INC	202292016	03/03/16	OPS YARD IMPROVEMENTS (ENDING 2/29/16)	74,549.35	74,549.35
2045600	04/06/16	16255	NATIONWIDE RETIREMENT	Ben2458483	04/07/16	BI-WEEKLY DEFERRED COMP PLAN	11,680.12	11,680.12
2045703	04/20/16	16255	NATIONWIDE RETIREMENT	Ben2458692	04/21/16	BI-WEEKLY DEFERRED COMP PLAN	11,430.17	11,430.17
2045601	04/06/16	16505	NIGHTCLUBPOOL LLC	107	03/25/16	OUTSIDE SERVICES	1,200.00	1,200.00
2045704	04/20/16	17170	NYDA PAMINTUAN	Ref002458631	04/18/16	UB Refund Cst #0000121190	44.69	44.69
2045602	04/06/16	03215	O'DONNELL, MICHAEL	04052016MO	04/05/16	TUITION REIMBURSEMENT	93.18	93.18
2045556	03/30/16	00510	OFFICE DEPOT INC	826760020001	03/01/16	OFFICE SUPPLIES	483.98	
				829524070001	03/11/16	OFFICE SUPPLIES	62.27	546.25
2045655	04/13/16	00510	OFFICE DEPOT INC	830998017001	03/24/16	OFFICE SUPPLIES	1,403.33	
				829107391001	03/18/16	OFFICE SUPPLIES	508.96	
				829213174001	03/21/16	OFFICE SUPPLIES	286.60	
				830135986001	03/17/16	OFFICE SUPPLIES	252.58	

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				830346566001	03/23/16	OFFICE SUPPLIES	123.29	
				830346973001	03/23/16	OFFICE SUPPLIES	119.43	
				829092181001	03/18/16	OFFICE SUPPLIES	34.82	
				829092254001	03/18/16	OFFICE SUPPLIES	25.91	
				829107476001	03/19/16	OFFICE SUPPLIES	17.26	2,772.18
2045656	04/13/16	06856	ORPAK USA INC	47251	03/21/16	FUEL SYSTEM UPGRADE	2,700.00	2,700.00
2045557	03/30/16	01002	PACIFIC PIPELINE SUPPLY	306891	03/09/16	INVENTORY	1,610.28	1,610.28
2045558	03/30/16	15081	PINOMAKI DESIGN	5157	03/01/16	OUTSIDE SERVICES	85.00	85.00
2045559	03/30/16	03351	POSADA, ROD	032016032216	03/23/16	TRAVEL EXPENSE REIMB (3/20/16-3/22/16)	1,110.69	1,110.69
2045657	04/13/16	07161	POULIN, WILLIAM	050116050416	04/11/16	MEAL ADVANCEMENT	131.00	131.00
2045560	03/30/16	13059	PRIORITY BUILDING SERVICES	48031	02/01/16	JANITORIAL SERVICES (FEB 2016)	4,199.00	4,199.00
2045603	04/06/16	03613	PSOMAS	116388	03/14/16	AS-NEEDED DESIGN (ENDING 3/5/16)	813.75	813.75
2045658	04/13/16	00078	PUBLIC EMPLOYEES RET SYSTEM	Ben2458485	04/07/16	BI-WEEKLY PERS CONTRIBUTION	186,269.92	186,269.92
2045561	03/30/16	00078	PUBLIC EMPLOYEES RET SYSTEM	Ben2457343	03/24/16	BI-WEEKLY PERS CONTRIBUTION	185,780.99	185,780.99
2045604	04/06/16	17160	REBECA TELLEZ	Ref002458437	04/04/16	UB Refund Cst #0000171726	146.31	146.31
2045705	04/20/16	17175	RICARDO DIAZ	Ref002458636	04/18/16	UB Refund Cst #0000175726	25.79	25.79
2045562	03/30/16	08972	RICK ENGINEERING COMPANY	0047264	03/01/16	CAMPO ROAD SUPPORT (1/1/16-1/31/16)	39,547.94	39,547.94
2045706	04/20/16	08972	RICK ENGINEERING COMPANY	0047698	03/25/16	CAMPO ROAD SUPPORT (2/1/16-2/29/16)	30,526.23	30,526.23
2045563	03/30/16	00521	RICK POST WELD & WET TAPPING	11131	03/04/16	WELDING	525.00	525.00
2045707	04/20/16	17176	RITA SHAYA	Ref002458637	04/18/16	UB Refund Cst #0000188299	108.46	108.46
2045605	04/06/16	17153	ROBERT GONZALEZ	Ref002458430	04/04/16	UB Refund Cst #0000073364	94.01	94.01
2045708	04/20/16	17193	ROBERT L. MERRITT LIVING TRUST	Ref002458654	04/18/16	UB Refund Cst #0000223822	1,345.91	1,345.91
2045709	04/20/16	16587	ROCHA, DAVID	041016	04/15/16	SAFETY BOOTS	150.00	150.00
2045606	04/06/16	17143	ROGER PARSONS	Ref002458420	04/04/16	UB Refund Cst #0000222090	47.40	47.40
2045607	04/06/16	17148	RUBEN PADILLA	Ref002458425	04/04/16	UB Refund Cst #0000019971	166.77	166.77
2045659	04/13/16	17164	SABAH ZAKI	0007040816	04/08/16	CUSTOMER REFUND	75.00	75.00
2045660	04/13/16	02683	SAFECHECKS INC	0528396	03/31/16	CHECK STOCK	937.35	937.35
2045661	04/13/16	00003	SAN DIEGO COUNTY WATER AUTH	0000001391	03/24/16	MWD SCWS - HEWS	300.00	300.00
2045564	03/30/16	00121	SAN DIEGO GAS & ELECTRIC	032116	03/21/16	UTILITY EXPENSES (MONTHLY)	25,425.95	

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				032316	03/23/16	UTILITY EXPENSES (MONTHLY)	788.43	26,214.38
2045608	04/06/16	00121	SAN DIEGO GAS & ELECTRIC	032916	03/29/16	UTILITY EXPENSES (MONTHLY)	58,011.74	
				032516	03/25/16	UTILITY EXPENSES (MONTHLY)	26,176.87	
				032416	03/24/16	UTILITY EXPENSES (MONTHLY)	104.00	84,292.61
2045662	04/13/16	00121	SAN DIEGO GAS & ELECTRIC	040516	04/05/16	UTILITY EXPENSES (MONTHLY)	77,027.98	77,027.98
2045609	04/06/16	16196	SARA ALVIZ	Ref002458415	04/04/16	UB Refund Cst #0000196071	100.00	100.00
2045610	04/06/16	17141	SCOT CONWAY	Ref002458418	04/04/16	UB Refund Cst #0000207647	29.44	29.44
2045710	04/20/16	17178	SONIA RIVERA	Ref002458639	04/18/16	UB Refund Cst #0000205698	32.97	32.97
2045711	04/20/16	17187	SOUZA AND SOUZA CONSTRUCTION	Ref002458648	04/18/16	UB Refund Cst #0000222232	1,644.62	1,644.62
2045663	04/13/16	03516	SPECIAL DISTRICT RISK	52792	04/05/16	PROPERTY & LIABILITY INS (PRORATED)	1,351.47	
				0001041116	04/11/16	PROPERTY DEDUCTIBLE	500.00	1,851.47
2045565	03/30/16	04843	SPRING VALLEY KIWANIS	06092016	03/06/16	SPONSORSHIP	500.00	500.00
2045712	04/20/16	13564	STAR-NEWS PUBLISHING CO, THE	4132016	04/13/16	SUBSCRIPTION RENEWAL	90.00	90.00
2045713	04/20/16	05755	STATE WATER RESOURCES	43077041416	04/14/16	CERTIFICATION RENEWAL	80.00	80.00
2045611	04/06/16	05755	STATE WATER RESOURCES	9452040416	04/04/16	CERTIFICATION RENEWAL	300.00	
				0851040416	04/04/16	CERTIFICATION RENEWAL	300.00	600.00
2045714	04/20/16	15974	SUN LIFE FINANCIAL	Ben2458690	04/21/16	MONTHLY CONTRIBUTION TO LTD	4,973.18	4,973.18
2045612	04/06/16	17144	SUNDT CONSTRUCTION INC	Ref002458421	04/04/16	UB Refund Cst #0000222118	2,465.00	2,465.00
2045613	04/06/16	17145	SUNDT CONSTRUCTION INC	Ref002458422	04/04/16	UB Refund Cst #0000223566	2,465.00	2,465.00
2045566	03/30/16	10339	SUPREME OIL COMPANY	421615	03/03/16	UNLEADED FUEL	7,382.27	
				421616	03/03/16	DIESEL FUEL	3,603.55	10,985.82
2045664	04/13/16	16610	SVPR COMMUNICATIONS	1095	02/01/16	CONSULTANT SERVICES	4,000.00	
				1094	01/01/16	CONSULTANT SERVICES	4,000.00	8,000.00
2045715	04/20/16	17190	TC CONSTRUCTION COMPANY INC.	Ref002458651	04/18/16	UB Refund Cst #0000222814	585.78	585.78
2045567	03/30/16	02376	TECHKNOWSION INC	2642	03/11/16	SCADA UPGRADES	26,051.30	26,051.30
2045716	04/20/16	15926	TEXAS CHILD SUPPORT UNIT	Ben2458704	04/21/16	BI-WEEKLY PAYROLL DEDUCTION	184.61	184.61
2045614	04/06/16	15926	TEXAS CHILD SUPPORT UNIT	Ben2458493	04/07/16	BI-WEEKLY PAYROLL DEDUCTION	184.61	184.61
2045568	03/30/16	16668	TRACE3 INC	80308	02/04/16	CISCO ROUTERS	8,414.32	8,414.32
2045665	04/13/16	16668	TRACE3 INC	81366	03/22/16	CISCO DEVICES	29,174.01	29,174.01

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Date Range: 3/24/2016 - 4/20/2016

Check #	Date	Vendor	Vendor Name	Invoice	Inv. Date	Description	Amount	Check Total
2045569	03/30/16	00870	TRANSCAT INC	1079237	03/04/16	ANNUAL CALIBRATION	473.12	473.12
2045570	03/30/16	00427	UNDERGROUND SERVICE ALERT OF	220160488	03/01/16	UNDERGROUND ALERTS (MONTHLY)	295.50	295.50
2045666	04/13/16	15675	UNITED SITE SERVICES INC	1143873965	03/25/16	PORTABLE TOILET RENTAL (3/24/16-4/20/16)	98.17	
				1143888778	03/30/16	PORTABLE TOILET RENTAL (3/25/16-4/21/16)	79.98	178.15
2045615	04/06/16	15675	UNITED SITE SERVICES INC	1143858362	03/16/16	PORTABLE TOILET RENTAL (3/16/16-4/12/16)	79.98	79.98
2045717	04/20/16	00350	UNITED STATES POSTAL SERVICE	3951041816	04/18/16	PREPAID POSTAGE MACHINE	6,000.00	6,000.00
2045571	03/30/16	07674	US BANK	CC20160322009	03/22/16	CAL CARD EXPENSES (MONTHLY)	79,958.09	79,958.09
2045718	04/20/16	06829	US SECURITY ASSOCIATES INC	1042976	11/30/15	PATROLLING SERVICES (NOV 2015)	264.00	
				1081102	12/31/15	PATROLLING SERVICES (DEC 2015)	264.00	
				1127806	01/31/16	PATROLLING SERVICES (JAN 2016)	264.00	
				1170441	02/29/16	PATROLLING SERVICES (FEB 2016)	264.00	
				1208350	03/31/16	PATROLLING SERVICES (MAR 2016)	264.00	1,320.00
2045719	04/20/16	01095	VANTAGEPOINT TRANSFER AGENTS	Ben2458698	04/21/16	BI-WEEKLY DEFERRED COMP PLAN	14,416.83	14,416.83
2045616	04/06/16	01095	VANTAGEPOINT TRANSFER AGENTS	Ben2458489	04/07/16	BI-WEEKLY DEFERRED COMP PLAN	14,498.10	14,498.10
2045720	04/20/16	06414	VANTAGEPOINT TRANSFER AGENTS	Ben2458700	04/21/16	BI-WEEKLY 401A PLAN	3,215.77	3,215.77
2045617	04/06/16	06414	VANTAGEPOINT TRANSFER AGENTS	Ben2458491	04/07/16	BI-WEEKLY 401A PLAN	4,215.77	4,215.77
2045667	04/13/16	03329	VERIZON WIRELESS	9762510717	03/21/16	CELLULAR & WIRELESS SVCS (2/22/16-3/21/16)	1,717.40	1,717.40
2045618	04/06/16	03329	VERIZON WIRELESS	9762510713	03/21/16	CELLULAR & WIRELESS SVCS (2/22/16-3/21/16)	4,932.76	4,932.76
2045619	04/06/16	17140	VICTOR MARISCAL	Ref002458417	04/04/16	UB Refund Cst #0000205990	141.41	141.41
2045668	04/13/16	15807	WATCHLIGHT CORPORATION, THE	464464	03/22/16	FIRE PANEL (2/25/16 & 3/9/16)	1,685.14	
				463691	03/15/16	MONITORING SERVICES (APR 2016)	1,473.92	
				464465	03/22/16	SECURITY SYSTEM SERVICE CALL (3/10/16)	1,321.60	
				464469	03/22/16	SECURITY SYSTEM SERVICE CALL (3/14/16)	623.47	
				464476	03/22/16	SECURITY SYSTEM SERVICE CALL (3/14/16)	623.47	
				464467	03/22/16	SECURITY SYSTEM SERVICE CALL (3/10/16)	238.00	
				464473	03/22/16	SECURITY SYSTEM SERVICE CALL (3/9/16)	136.00	
				464474	03/22/16	SECURITY SYSTEM SERVICE CALL (3/10/16)	68.00	6,169.60
2045572	03/30/16	15807	WATCHLIGHT CORPORATION, THE	463897	03/11/16	SECURITY SYSTEM SERVICE CALL (2/29/16)	664.13	
				463898	03/11/16	SECURITY SYSTEM SERVICE CALL (2/29/16)	158.69	
				463900	03/11/16	SECURITY SYSTEM SERVICE CALL (2/29/16)	136.00	
				463902	03/11/16	SECURITY SYSTEM SERVICE CALL (2/29/16)	136.00	1,094.82
2045669	04/13/16	15726	WATER SYSTEMS CONSULTING INC	1833	02/29/16	HYDRAULIC MODELING (ENDING 2/29/16)	1,620.00	1,620.00

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Otay Water District

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Check #	Date	Vendor	Vendor Name	Invoice	Inv. Date	Description	Amount	Check Total
2045670	04/13/16	03781	WATTON, MARK	030116033116	04/07/16	MILEAGE REIMBURSEMENT (3/1/16-3/31/16)	102.06	102.06
2045573	03/30/16	01343	WE GOT YA PEST CONTROL	103184	02/18/16	BEE REMOVAL	230.00	
				103272	02/19/16	BEE REMOVAL	115.00	345.00
2045721	04/20/16	01343	WE GOT YA PEST CONTROL	103824	03/16/16	BEE REMOVAL	115.00	115.00
2045620	04/06/16	17146	ZAKER GROUP	Ref002458423	04/04/16	UB Refund Cst #0000223649	22.99	22.99
2045722	04/20/16	17184	ZAMIRA TRAVIS	Ref002458645	04/18/16	UB Refund Cst #0000217757	25.36	25.36
2045574	03/30/16	15567	ZETTA INC	INV00027981	03/01/16	STORAGE USAGE (FEB-MAR 2016)	2,731.25	2,731.25
2045575	03/30/16	03151	ZHAO, MING	020816021116	03/01/16	TRAVEL EXPENSE REIMB (2/8/16-2/11/16)	205.00	205.00
							Amount Pd Total:	1,792,495.97
							Check Grand Total:	1,792,495.97